

Exhibit 1 to Appendix A

DESIGNATION AND LOCATION OF SERVICE CENTERS

SERVICE CENTER

[To be filled in by Verizon]

Exhibit 2 to Appendix A

CONSUMER PROTECTION REPORTING REQUIREMENTS

SERVICE REPORTS

Significant Outage Report (Quarterly)

The Franchisee shall provide reports of Significant Outages, Significant Outage Reports, containing the date, time, location, number of homes affected, cause and duration of each outage, and such other information as the Commissioner shall reasonably require. Franchisee shall also include information related to automatic credits provided to Subscribers in relation to Significant Outages reported.

Interconnection Report (Upon Request)

Upon request of the Commissioner, the Franchisee shall submit to the Commissioner a report detailing its compliance with the requirements set forth in Section 8.1.6 of the Agreement.

TELEPHONE REPORT

A report containing the information detailing compliance with the standards required in Section 3.4.1 of Appendix A of the Agreement shall be submitted to the Commissioner in the form contained in the attached exhibit and according to the definitions set forth herein. Such report shall be submitted on a quarterly basis, except that a report regarding Supervisor Callback Within Four Hours shall be supplied upon request. If due to technological, service or other changes the Franchisee believes changes in the form of this report is appropriate, the Franchisee may petition the Commissioner for a change in form, which the Commissioner may grant if in his or her discretion such a change is in the interest of subscribers. To the extent there are references below to voicemail systems or other call response methods that the Company does not utilize, those sections shall not apply.

A. Telephone Reporting Definitions

1. Calls Offered.

All “calls” other than those which receive busy signals, made to the Franchisee’s sales, service, pay-per-view (other than pay-per-view automatic ordering), billing and any other lines for subscribers or potential subscribers (in short, all lines other than the Franchisee’s business office lines and its automated pay-per-view ordering lines), twenty-four (24) hours a day. All calls described in this report may be initiated by a voice response unit rather than a live representative.

2. Calls Handled.

All Calls Offered to the VRU which are not Lost Calls (see below).

3. Lost Calls.

a. Number: All Calls Offered which request, or hold for, a live customer service representative (“CSR”) (i.e., calls which neither request an automated response nor leave a taped message, or request an automated response then continue to hold for a CSR) but hang up before a live CSR comes to the phone.

b. Percent: Percentage of Calls Offered which are Lost Calls.

4. Average Wait Time.

“Wait Time” is defined as the number of seconds a caller waits, after the conclusion of recorded or automated phone system instructions and routing, before the earliest of the following occurs: a live CSR comes to the phone, or the caller leaves a recorded message, or the caller hangs up. Average Wait Time is the total Wait Time of all Calls Offered, which remain on the line after the commencement of Wait Time until they receive service ~~from~~ a live CSR, leave a recorded message, or hang up, divided by the number of such calls. Calls Offered which hang up prior to the commencement of Wait Time will not be counted in either the numerator or denominator of this calculated average, nor will any After Hours calls.

5. All Trunks Busy.

The Total amount of time in the reporting period during which the level of use of the Franchisee’s phone lines was such that a caller attempting to call any one of the phone lines included in Calls Offered would have received a busy signal (a period is considered within All Trunks Busy if, for example, all “service” lines are busy, even if “billing” lines are available, unless the Franchisee’s system automatically rolls calls from occupied lines into available lines).

6. Overflow Device. (During Normal Hours).

a. Total Calls Seeking CSR:

All Calls Offered during Normal Hours which remain on the line at the conclusion of any recorded or automated phone system instructions and routing. This should be the same number as the denominator in the calculation of Average Wait Time.

b. Calls Receiving CSR Within Thirty (30) Seconds:

The number of Total Calls Seeking CSR which were picked up by a live CSR within 30 seconds of the commencement of Wait Time. This number shall not include any calls picked up by a CSR after thirty (30) seconds of Wait Time has run, or any calls which leave a message, or any Lost Calls.

c. Total Messages Left:

The number of Total Calls Seeking CSR which leave messages. The number in this category when added to the number in the Calls Receiving CSR Within Thirty (30) Seconds category will add up to less than Total Calls Seeking CSR, because the following types of Total Calls Seeking CSR will not be included in either category: calls which are lost because the caller hangs up after thirty (30) seconds without leaving a message and callers who receive help from a CSR after waiting more than thirty (30) seconds.

d. Messages Requiring Callbacks:

The number of Total Calls Seeking CSR which leave messages which require callbacks. The difference between this category and Total Messages Left will be callers who leave messages which do not require further contact (because, for example, the caller's message reports an outage or other problem which was resolved shortly after the call, or the message simply reports an opinion on programming content) or are unreturnable (because, for example, the caller left no phone number or identification).

e. Messages Returned Within One (1) Business Day:

This is the number of Messages Requiring Callbacks which were returned within one (1) business day (including both calls which are successfully completed and calls in which the customer does not answer the phone).

f. Automated Calls Within Thirty (30) Seconds:

The number of Calls Offered which are handled by automated interaction between the customer and the telephone and/or billing system. This number shall not include any calls which roll over to the overflow device or during which for any other reason the automated response to the caller does not commence within thirty (30) seconds of the conclusion of initial recorded or automated phone service instructions and routing.

7. After Normal Hours.

a. Calls Offered After Hours:

All Calls Offered which come in After Hours. (These calls are separate from the Overflow Device category because all After Hours callers who remain on the line after recorded and automated information has been offered are immediately rolled into the message recording system, with no regular CSR availability).

b. After Hours Messages Returned Within One (1) Business Day:

Defined in the same manner as Messages Returned Within One (1) Business Day, except this category covers the messages received After Hours.

8. Supervisor Callback Requests:

All Calls Offered, requesting contact with a supervisor, including both requests made to live CSRs as well as requests left on recorded messages.

9. Supervisor Callback Within Four Hours:

All supervisor Callback requests which are returned by a supervisor within four (4) “calling hours.” “Calling hours” are defined as 9 a.m. to 10 p.m. on weekdays, 10 a.m. to 10 p.m. on weekends. (It is recognized that some late evening callers requesting a supervisor may request that a callback be made later than the early morning hours of the following day. While such callbacks should not be included in Supervisor Callback Within Four Hours, it is understood that callbacks that take longer than four hours at the request of the caller are acceptable exceptions to the four hour requirement, provided the Company keeps records of such requests and makes them available to the Commissioner at the Commissioner’s request.)

Exhibit 3 to Appendix A

ANNUAL CABLE CONSUMER REPORT CARD

Subject to the terms of Section 13.1 hereof, within forty-five (45) days from the end of each calendar year, Franchisee shall post on its website, and provide to the leasing or sales office of each MDU with which Franchisee has executed a marketing agreement for Cable Service, an Annual Cable Consumer Report Card setting forth the following information on a City-wide basis:

(1) Customer service performance information, including:

(a) Percentage of calls answered by voice response units ("VRU");

(b) Percentage of calls abandoned by VRU; and

(c) Percentage of busy calls by VRU.

(2) Subscriber rights and remedies, including but not limited to contact information related to Subscriber complaints and customer service within Verizon, as well as contact information for DoITT for Subscriber issues; Subscriber credit policy, privacy notice, and billing and payment information.

(3) Price of services information.

(4) Content/channel changes and improvement information.

(5) Significant Outage information, including:

(a) Summary of categories of Significant Outages that occurred by VSO, in the Franchise Area during the preceding calendar year;

(b) Percentage of each category of Significant Outage that occurred by VSO in the Franchise Area during the preceding calendar year; and

(c) Remedies performed Franchisee for each category of Significant Outage during the preceding calendar year.

APPENDIX B

PEG CHANNELS

Date	Number of Channels	
<u>Within 180 Days of the</u> Effective Date	4 P each Borough, 5 City-wide E/G	25 channels
January 1, 2009	Additional 2 P each Borough, Additional 1 City-wide E/G	11 channels
January 1, 2012	Additional 1 P each Borough, Additional 2 City-wide E/G	7 channels
6 years after Effective Date	Additional 2 P each Borough	10 channels
	53 channels total	

APPENDIX C

FORM OF COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

[CAO]

THIS AGREEMENT (the “Agreement”) made on this [] day of [], 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon”), with a place of business at 140 West Street, New York, New York 10007 and [CAO], a New York not-for-profit corporation (the “CAO”) designated by the Borough President of [borough name] (the “Borough President”), with a place of business at [address].

WHEREAS, the City of New York (the “City”), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise (“Franchise Agreement”) to operate a Cable System (the “System”) throughout the entire territorial boundaries of the City (“Service Area”), which among other boroughs includes the Borough of [borough name] (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of [borough name]; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels (“Public Access Channels”), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the “Code”), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such

other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in [borough name]; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I -DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of [borough name], and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II -GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of DOLLAR (\$____) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a “Cash Grant”) payable as follows:

DOLLARS (\$_____) shall be due and payable within ninety (90) days of the Effective Date;

DOLLARS (\$_____) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

DOLLARS (\$_____) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

DOLLARS (\$_____) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon’s obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public

Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of [_____]. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III -OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies, in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV -PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at (____) ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty days (180) of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a "Public Access Channel Origination Site") and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Origination Site, as designated on Exhibit 1. Upon one hundred eighty days (180) days written notice from the CAO to Verizon that a Public Access Channel Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V -MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information

that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

[balance of page intentionally left blank]

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

[CAO NAME]

ATTEST:

BY: _____
[Signatory]

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
[Signatory]

APPENDIX D

FRANCHISE FIBER RIGHT OF USE

Pursuant to the terms of Article 9 of the Franchise, and in consideration for the rights and benefits provided to the Franchisee under the Franchise, the Franchisee shall provide to the City the exclusive right to use of certain fiber optic strands as more fully described in Exhibit 1 to this Appendix D. For purposes of this Appendix D, capitalized terms used herein but not otherwise defined below shall have the meanings ascribed to such terms in the Franchise.

Section 1 DEFINITIONS

1.1 “Connection Points” shall mean the locations at which the City Equipment may be connected to the Franchise Fibers as described on Exhibit 1 to this Appendix D.

1.2 “Franchise Fibers” are identified in Exhibit 1 to this Appendix D as the span locations of the fiber optic strands to be granted to the City hereunder.

1.3 The “City Equipment” shall mean any optronic, electronic, optical, or power equipment, and any other facilities, material or equipment owned, possessed or utilized by the City in connection with the use of the Franchise Fibers, including all innerducts (and other conduit tubing) and fiber optic cable in any telecommunications network owned by the City and connecting to any of the Franchise Fibers.

1.4 “Governmental Authority” shall mean any federal, state, regional, county, city, municipal, local, territorial, or tribal government, whether foreign or domestic, or any department, agency, bureau or other administrative or regulatory body obtaining authority from any of the foregoing, including without limitation, courts, public utilities and other authorities.

1.5 “Underlying Rights” shall mean all deeds, leases, easements, rights-of-way agreements, licenses, franchises, permits, grants and other rights, titles and interests that are necessary for the construction, installation, maintenance, operation, use or repair of the Franchise Fibers and Verizon’s supporting facilities, as applicable.

1.6 “Underlying Rights Requirements” shall mean the requirements, terms, conditions, obligations, liabilities, restrictions, and/or limitations on the City’s right to use and operate the Franchise Fibers and to access, install, repair, maintain and replace the City Equipment as set forth in the Right of Use granted by Article 9 of the Franchise and this Appendix D, in the Underlying Rights, in all applicable government codes, ordinances, laws, rules, permits, approvals and regulations, and all safety, operational and other rules and regulations imposed in connection with any of the foregoing or otherwise.

1.7 “Verizon Network” shall mean all of the physical facilities constructed, maintained and/or operated by the Franchisee or its Affiliates in the City which are utilized by Franchisee or its Affiliates for the provision of services, including, without limitation, Telecommunications Services, Information Services, or Cable Services.

Section 2 GRANT OF RIGHTS

2.1 *Right of Use of Franchise Fibers:* On the terms and subject to the conditions set forth herein, and consistent with the priority list set forth in **Exhibit 1** to this **Appendix D**, Franchisee grants to the City during the Term of the Franchise an exclusive right of use of the Franchise Fibers (the “Right of Use”) solely for the City’s noncommercial use.

2.2 *Franchisee’s Title:* Franchisee shall retain undivided, absolute legal title and ownership in the Franchise Fibers and the City’s rights pursuant to this **Appendix D** and Article 9 of the Franchise shall be limited solely to the Right of Use described herein during the Term of the Franchise.

2.3 *Limitation on City’s Rights:* Nothing herein shall be construed to confer upon the City any right to maintain, modify or alter the Franchise Fibers or Verizon’s supporting facilities, or the right of physical access to the Franchise Fibers or Verizon’s supporting facilities, or the right to encumber or use Verizon’s supporting facilities or any part thereof.

Section 3 TERM

3.1 *Term:* Subject to the terms of the Franchise, Section 3.2 hereof, and the priority list set forth on **Exhibit 1** to this **Appendix D**, the City’s Right of Use shall commence on the Effective Date of the Franchise and shall terminate in accordance with Section 3.2 of this **Appendix D**.

3.2 *Termination:* Upon the earlier of: (i) the expiration of the Term of the Franchise in accordance with Section 3.2 of the Franchise or (ii) the earlier termination of the Franchise pursuant to the terms of the Franchise, the City’s Right of Use shall immediately terminate, and all rights of the City to use the Franchise Fibers, or any parts thereof, shall cease upon written notice to the City from the Franchisee of such termination (the “Termination Notice”). Upon receipt by the City of the Termination Notice, the City shall immediately cease all use of the Franchise Fibers and at the City’s sole cost and expense remove any and all City Equipment connected with the Franchise Fibers or the Verizon’s supporting facilities.

Section 4 USE OF THE FRANCHISE FIBERS

4.1 *Compliance with Underlying Rights:* The City represents, covenants and warrants that it will use the Franchise Fibers granted hereunder in compliance with and subject to the Underlying Rights Requirements and all other applicable codes, ordinances, laws, rules and regulations of any Governmental Authority having jurisdiction over such Franchise Fibers.

4.2 *Permitted Use:* Subject to the provisions of the Right of Use granted by Article 9 of the Franchise and this **Appendix D**, the City may use the Franchise Fibers for the noncommercial purposes of the City and for no other purpose. The City acknowledges and agrees nothing herein shall be construed to confer upon the City any rights to use any fibers or other equipment or facilities, other than the Franchise Fibers, included or incorporated in the Verizon's supporting facilities or any portion of the Verizon Network except as expressly set forth in the Franchise.

Section 5 UNDERLYING RIGHTS

5.1 *Franchisee Underlying Rights:* Subject to the terms and provisions of this **Appendix D**, Franchisee agrees to obtain and maintain during the Term all Underlying Rights necessary for its construction, installation, maintenance and repair of the Franchise Fibers. The Right of Use granted hereunder is subject to the terms of the Underlying Rights, and is subject to the terms under which the Underlying Rights are owned or held by the grantor or grantors of the Underlying Rights, including covenants, conditions, restrictions, easements, reversionary and other interests, bonds, mortgages and indentures, and other matters, whether or not of record, and to the rights of tenants and licensees in possession. The Right of Use granted hereunder is further subject and subordinate to the prior right of the grantor or grantors of the Underlying Rights to use the right of way for other activities, including railroad operations, telecommunications uses, pipeline operations or any other purposes, and to the prior right of Franchisee to use its rights granted under the Underlying Rights. The rights granted to the City herein, if any, are made expressly subject to each and every limitation, restriction, condition or reservation in or affecting the Underlying Rights. Nothing herein shall be construed to be a representation, warranty or covenant of Franchisee's right, title or interest with respect to any of the Underlying Rights or with respect to the City's right to benefit from any of the Underlying Rights.

Section 6 ACCESS TO CONNECTION POINTS

6.1 *Connection:* The Franchisee shall provide the City with access to the Franchise Fibers at the Connection Points designated in **Exhibit 1** to this **Appendix D**. All terminations at Connection Points will be performed by the Franchisee in accordance with Franchisee's applicable specifications and operating procedures. The cost of such terminations at all Connection Points shall be the sole responsibility of the Franchisee.

6.2 *Access to Connection Points:* The City shall provide the Franchisee with all necessary legal, technical and physical access to all Connection Points as necessary to effectuate the objectives and obligations of this **Appendix D**.

6.3 *No Access by the City:* The City will not be entitled to any physical access to the Franchise Fibers or Verizon's supporting facilities.

6.4 *Franchisee Control:* Franchisee shall control all activities concerning access to the Verizon Network, including the Franchise Fibers and Verizon's supporting facilities.

6.5 *No Maintenance or Repair by Franchisee:* Any maintenance or repair work required respecting the Franchise Fibers required by the City for any reason, including, without limitation, splicing of the Franchise Fibers or the installation of handholes or other physical access points shall be undertaken only by Franchisee at the City's request. All such work shall be performed for such charges and on such terms and conditions as are agreed to by the Parties in writing.

6.6 *Remediation/Removal of Hazardous Materials:* To the extent the installation of any Franchise Fibers at any Connection Points requires the removal or remediation of hazardous materials, such removal or remediation shall be the sole responsibility of the City and the Franchisee shall have no obligation to perform such installation until all appropriate removal and remediation of hazardous materials has been completed by the City to the reasonable satisfaction of the Franchisee.

Section 7 OPERATIONS

7.1 *No Interference by the City:* The City shall not interfere with, or adversely affect the use by any other Person of the Verizon Network and/or any electronic or optronic equipment used by such Person in connection therewith.

7.2 *No Interference by Franchisee:* Franchisee shall not interfere with, or materially or adversely affect (or permit another Person under the direct control of Franchisee to materially interfere with, or materially or adversely affect) the City's use of the Franchise Fibers and/or the City Equipment. Franchisee further agrees that it shall use best efforts to avoid interfering with, or materially or adversely affecting, any fiber facilities, directly connected to points of entry to City buildings, owned or operated by any other entity providing similar fiber facilities to the City as Franchisee has agreed to provide pursuant to this Appendix D (the "Third Party Facilities"); provided however, that the parties hereto agree that Franchisee shall rely solely on information provided by the City and thus presumed accurate regarding the location and nature of any such Third Party Facilities and that the Franchisee shall not incur any liability pursuant to this Section 7.2 which arises due to the City's failure to provide Franchisee with accurate information with respect to the location or nature of such Third Party Facilities.

7.3 *No Obligation to Supply Electronics:* The City acknowledges and agrees that Franchisee is not supplying, nor is Franchisee obligated to supply to the City, any of the City Equipment, optronics or electronics or optical or electrical equipment, electrical power, any related facilities, or any space for the placement thereof (except as expressly agreed by the Parties pursuant to another agreement or agreements executed by the Parties), all of which are the sole responsibility of the City.

7.4 *Compliance with Applicable Authority:* The City represents, warrants and covenants that it will use and operate the Franchise Fibers and use, operate, maintain, repair and replace the City Equipment consistent with and subject to the terms of the Franchise, the Underlying Rights Requirements and all applicable codes, ordinances, laws, rules and regulations.

7.5 *Process for Response to Complaints:* Franchisee shall respond to City complaints and/or requests in accordance with the practices described on Exhibit 2 hereto.

Section 8

RELOCATION, REPLACEMENT AND CONDEMNATION OF CUSTOMER FIBERS

8.1 *Relocation Request:* If Franchisee receives notice of any request, intent or plan by any third Person (“Relocation Request”), including, but not limited to, any Governmental Authority, to relocate or require the relocation of any segment of Verizon’s supporting facilities affecting the Franchise Fibers, Franchisee shall notify the City of such Relocation Request and shall keep the City advised of the status of any such proceedings and negotiations related thereto. If relocation is required as a result of any such Relocation Request, Franchisee shall, to the extent possible, give the City at least sixty (60) days’ prior written notice of any such required relocation (“Relocation Notice”) including an estimate of the cost of such relocation. Franchisee shall have the right to relocate the Franchise Fibers and to the extent Franchisee is not reimbursed for the costs of such relocation by a third party or Governmental Authority, the City shall pay any costs associated with the relocation of the Franchise Fibers.

8.2 *Replacement:* In the event all or any part of the Franchise Fibers shall require replacement during the Term, such replacement shall be made as soon as reasonably practicable at Franchisee’s sole cost and expense; provided, however, that if the replacement of the Franchise Fibers is required as a result of the negligence or willful misconduct of the City, then Franchisee shall replace the Franchise Fibers and the City shall pay all costs associated therewith.

8.3 *Condemnation:* In the event any portion of Verizon’s supporting facilities affecting the Franchise Fibers, and/or the Underlying Rights, become the subject of a condemnation proceeding which is not dismissed within one hundred eighty (180) days of the date of filing of such proceeding and which could reasonably be expected to result in a taking by any Governmental Authority or other party cloaked with the power of

eminent domain for public purpose or use, both Parties shall be entitled, to the extent permitted under applicable law, to participate in any condemnation proceedings to seek to obtain compensation by separate awards for the economic value of their respective interests in the portion of Verizon's supporting facilities and/or the Franchise Fibers subject to such condemnation. Franchisee shall notify the City as soon as practicable of receipt of any notice of any condemnation proceeding filed against Verizon's supporting facilities, the Franchise Fibers or the Underlying Rights.

Section 9 CONFIDENTIALITY

9.1 *Proprietary and Confidential Information:* The City agrees that it shall treat any information provided to the City by Verizon pursuant this Appendix D as "proprietary and confidential" in accordance with the provisions of Section 11.1 of the Franchise.

Section 10 INDEMNIFICATION

10.1 *Indemnification:* Franchisee hereby agrees to indemnify, defend, protect and hold harmless the City, and its employees, officers, directors and agents (the "City Indemnified Persons"), from and against, and assumes liability for all suits, actions, damages, claims, losses, fines, judgments, costs and expenses (including reasonable attorneys', accountants' and experts' fees and disbursements) of any character ("Claims"): (a) suffered or incurred by the City Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property which in whole or in part arise on account of the negligent acts or omissions, of Franchisee in the construction of the Franchise Fibers and/or in the performance or non-performance of its repair and maintenance obligations or exercise of its rights under this Right of Use, including any material violation by Franchisee of any Governmental Authority; or (b) under the workers compensation laws asserted by any employee of Franchisee or its agents, contractors, customers or any other Person providing goods or services for or on behalf of any of the foregoing in connection with this Right of Use suffered or incurred by the City Indemnified Persons or any of them. Franchisee's indemnification obligations hereunder shall not be applicable to any Claims to the extent caused by, arising out of or in connection with the negligence, intentional acts or omissions or misconduct of the City Indemnified Persons or any of them.

10.2 The City hereby agrees to indemnify, defend, protect and hold harmless Franchisee and its Affiliates, and their employees, officers, directors and agents (the "Franchisee Indemnified Persons"), from and against, and assumes liability for all Claims (as defined in Section 10.1, above): (a) suffered or incurred by the Franchisee Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property (including, without limitation, the Verizon Network) which in whole or in part arise as a result of the negligent acts or omissions, of the City in the performance or non-performance of its obligations or

exercise of its rights under this Right of Use, including any violation by the City of any Underlying Right Requirements or any Governmental Authority; (b) under the workers compensation laws asserted by any employee of the City, or its agents, contractors, customers or any other Person providing goods or services to any of the foregoing in connection with this Right of Use, and suffered or incurred by the Franchisee Indemnified Persons or any of them; (c) suffered or incurred by the Franchisee Indemnified Persons or any of them and arising out of or resulting from the City's: (i) use or operation of the Franchise Fibers, or the ownership, use, operation, installation, repair, maintenance or replacement of the City Equipment (if any); (ii) the conduct of the City's business, including, without limitation, the provision of any services or the content of any video, voice or data carried through the Franchise Fibers; or (iii) the violation of any Underlying Rights Requirements applicable to the City; or (d) suffered or incurred by Franchisee Indemnified Persons or any of them and arising out of, caused by, related to or based upon a contractual or other relationship between such claiming Party and the City as it relates to the Franchise Fibers, the City Equipment, the Underlying Rights Requirements or this Right of Use, including any claim for interruption of service or in respect of service quality. The City's indemnification obligations hereunder shall not be applicable to any claims to the extent caused by the negligence, intentional acts or omissions or misconduct of Franchisee Indemnified Persons or any of them.

10.3 Either Party seeking indemnification hereunder ("Indemnatee") shall promptly notify the City or Franchisee, as appropriate, of the nature and amount of such claim and the method and means proposed by the Indemnatee for defending or satisfying such claim. The Parties shall consult and cooperate with each other respecting the defense and satisfaction of such claim, including the selection of and direction to legal counsel. Neither Party shall pay or settle any such claim without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

10.4 Subject to Section 10.5, below, nothing contained herein shall operate as a limitation on the right of either Party to bring an action for damages against any third Person, including indirect, special or consequential damages, based on any acts or omissions of such third Person as such acts or omissions may affect the construction, operation or use of the Franchise Fibers or the Verizon Network, except as may be limited by Underlying Rights Requirements; provided, however, that each Party hereto shall assign such rights or claims, execute such documents and do whatever else may be reasonably necessary to enable the other Party to pursue any such action against such third Person.

10.5 Notwithstanding the foregoing provisions of this Section 10, to the extent Franchisee is required under the terms and provisions of any Underlying Rights to indemnify the grantor or provider thereof from and against any and all claims, demands, suits, judgments, liabilities, losses or expenses arising out of or related to such Underlying Rights, regardless of the cause and regardless of whether such claims, demands, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, actions or inaction of such grantor or provider and its employees, servants,

agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right, the City hereby releases such grantor or provider from the same, regardless of whether such claims, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, willful misconduct or other action or inaction, of such grantor or provider or its employees, servants, agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right.

Section 11 **ASSIGNMENT**

11.1 *Assignment:* The City shall not have the right to assign any rights to use of the Franchise Fibers without the written consent of Franchisee, which consent may be withheld in its absolute discretion.

11.2 *Binding On Permitted Assigns:* Subject to the provisions of this Section, this Right of Use and each of the Parties' respective rights and obligations hereunder, shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective permitted successors and assigns.

EXHIBIT 1 TO APPENDIX D
FRANCHISE FIBER ROUTES AND SPANS

This Exhibit is filed under separate cover as it contains information that is proprietary and confidential and is exempt from disclosure pursuant to New York Public Officer's Law 87(2)(c),(d), (f) & (i).

EXHIBIT 2 TO APPENDIX D

A. Lines and Circuit Trouble/Outages:

1. For any line or circuit trouble/outage, DoITT may call in a trouble ticket to Verizon Business services at the following number: 1-800 444-1111.
2. Lines and circuits shall be identified pursuant to the designations set forth in Exhibit 1

B. Ticket Escalation

1. Trouble tickets initiated pursuant to Section A.1. above which require escalation or unique review by Franchisee, shall be addressed by the Verizon Business Service Management Team, which will make all the necessary calls and keep the customer updated as to the status of such trouble ticket in accordance with the following management review order:

1st level – Service Manager

2nd level – Manager, Service Management

3rd level – Director, Customer Service, NorthEast

2. Verizon Business is also the interface for DoITT on issues which require internal intervention with other departments (i.e. billing, provisioning, construction, engineering, maintenance, etc.).

APPENDIX E
FORM OF SECURITY

SAMPLE

EXHIBIT E-1

FORM OF PERFORMANCE BOND

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 Fifty Million Dollars (\$50,000,000), 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 a potential 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; provided, however, that to the extent the Obligee provides the Principal with any written notice of such potential default prior to such 30-day period, the Obligee shall provide the Surety with a copy of such written notice simultaneous with transmission of same to the Principal.

2. In the event of default by the Principal, Obligee shall deliver to Surety a valid court order demonstrating a final judgment not subject to appeal or further judicial relief, together with a written statement of the details of the default resulting in such judgment within thirty (30) days after the entry of such judgment, such notice to be delivered by certified mail to address of said Surety as stated herein.

3. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee. Such termination or cancellation shall not affect any liability incurred or accrued under this bond prior to the effective date of such cancellation.

4. 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.

5. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

6. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

7. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

8. This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

IN WITNESS WHEREOF, the above bounded Principal and Surety have
hereunto signed and sealed this bond effective this _____ day of _____, 2008.

Principal

Surety

By: _____

By: _____

Attorney-in-Fact

SAMPLE

EXHIBIT E-2

FORM OF LETTER OF CREDIT

This is an EXAMPLE of a letter of credit. In no way does this guarantee that the JPMorgan Chase Letter of Credit will read exactly as stated below:

Dated

OUR L/C NO.: XXXX-123456

APPLICANT REF. NO.: VZ12

TO:

CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBD STREET

NEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC.

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

ATTN:

EXECUTIVE VICE PRESIDENT

AND

GENERAL MANAGER

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT
IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO 600

DOCUMENTARY CREDIT NUMBER: XXXX-123456

DATE OF ISSUE: JUNE XX, 2008

BENEFICIARY: CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBDNEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

DATE AND PLACE OF EXPIRY:

JUNE XX, 2009

AT OUR COUNTER

DOCUMENTARY CREDIT AMOUNT: USD \$20,000,000.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.

BY PAYMENT

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO THE CITY OF NEW YORK VIA SWIFT, TELEX, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF JUNE XX, 2009. UPON SUCH NOTICE TO THE CITY OF NEW YORK, THE CITY OF NEW YORK MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING EXACTLY AS FOLLOWS:

THE AMOUNT OF THIS DRAWING USD UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER XXX REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TPTS-XXX AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR

II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF, SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS AN AUTOMATIC EXTENSION PROVISION IS EXPRESSLY INCORPORATED INTO SUCH AMENDMENT.

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A., AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT MENTIONING THEREON DRAWN ON JPMORGAN CHASE BANK, N.A., LETTER OF CREDIT NUMBER XXX WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

“THE AMOUNT OF THIS DRAWING LIMITED TO THE AMOUNT REFLECTED ON THE ACCOMPANYING COURT ORDER USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXX-123456 REPRESENTS FUNDS DUE THE CITY OF NEW YORK, NY AS:” THE APPLICANT, VERIZON NEW YORK INC., FAILED TO PERFORM UNDER MATERIAL PROVISIONS OF AGREEMENT (DATED) BETWEEN CITY OF NEW YORK, NY AND VERIZON NEW YORK INC. UNDER A COURT ORDER DEMONSTRATING A FINAL JUDGMENT IN FAVOR OF THE CITY OF NEW YORK NOT SUBJECT TO APPEAL OR FURTHER JUDICIAL RELIEF’.

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO JPMORGAN CHASE BANK, N.A., C/O JPMORGAN TREASURY SERVICES, STANDBY LETTER OF CREDIT DEPT. 4TH FL. 10420 HIGHLAND MANOR DRIVE, TAMPA, FLORIDA 33610.

CUSTOMER INQUIRY NUMBER IS 1-800-634-1969 CHOOSE OPTION 1. E-MAIL ADDRESS IS: GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

AUTHORIZED SIGNATURE

APPENDIX F

FTTP UPGRADE SCHEDULE

All dates in this schedule refer to December 31 of the year indicated, except for the year 2014, which refers to June 30.

Cumulative Prems Passed (k) - % Complete								
Boro	Type	2008	2009	2010	2011	2012	2013	2014
Manhattan	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	57%	62%	66%	73%	82%	91%	100%
	Total	57%	62%	67%	73%	82%	91%	100%
Bronx	SFU	30%	46%	59%	69%	84%	96%	100%
	MDU	6%	23%	39%	58%	75%	92%	100%
	Total	13%	29%	45%	61%	77%	93%	100%
Queens	SFU	23%	39%	55%	69%	82%	95%	100%
	MDU	7%	21%	37%	54%	72%	93%	100%
	Total	15%	30%	46%	61%	77%	94%	100%
Staten Island	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	100%	100%	100%	100%	100%	100%	100%
	Total	98%	100%	100%	100%	100%	100%	100%
Brooklyn	SFU	17%	33%	47%	63%	77%	92%	100%
	MDU	8%	27%	42%	57%	76%	93%	100%
	Total	12%	30%	45%	60%	76%	93%	100%
NYC	SFU	32%	46%	59%	71%	83%	95%	100%
	MDU	27%	40%	51%	63%	78%	92%	100%
	Total	29%	42%	54%	66%	79%	93%	100%

APPENDIX G

FRANCHISE AREA

[See Attached Map]

NEW YORK CITY LFA

New Jersey

Manhattan

Bronx

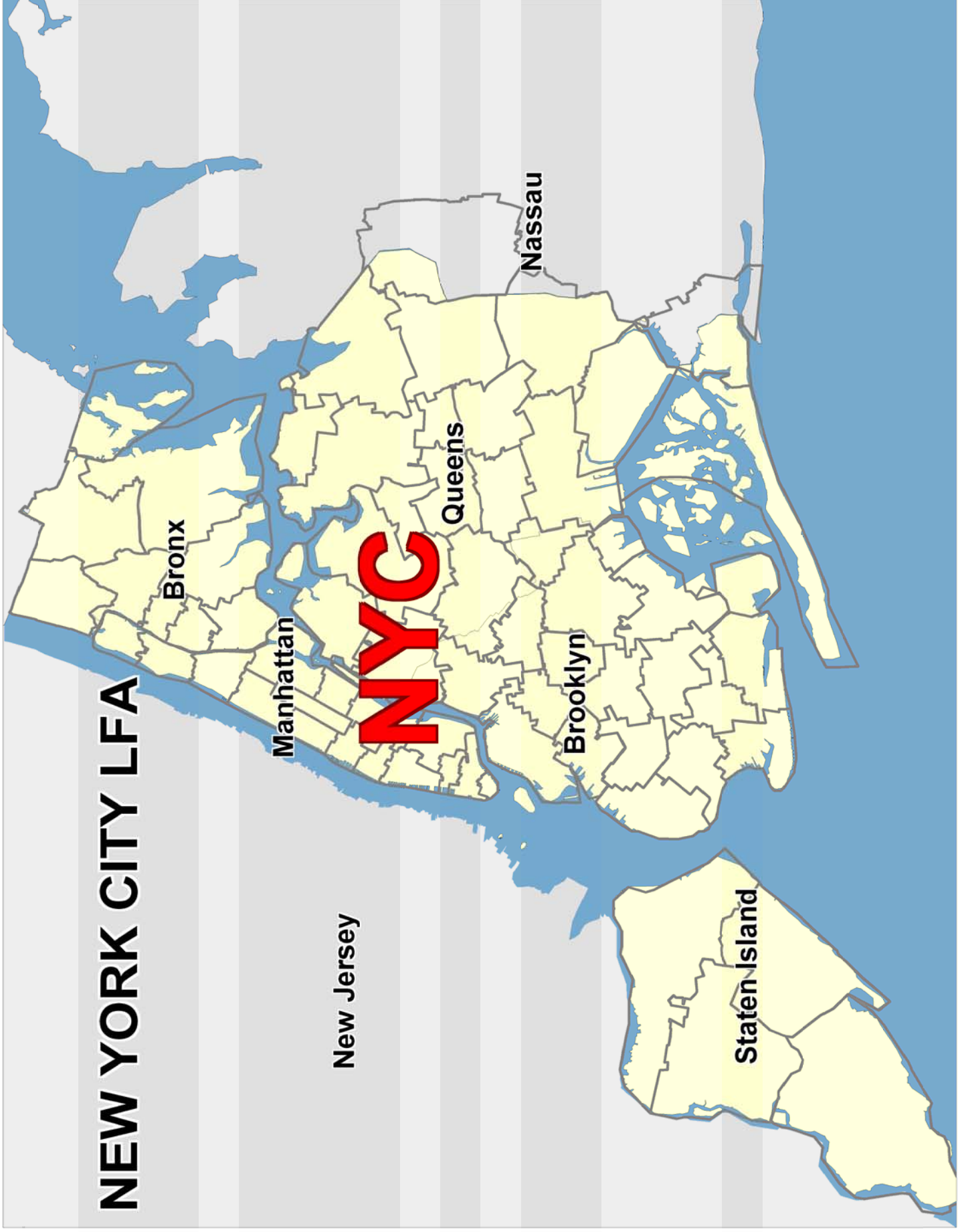
NYC

Queens

Brooklyn

Nassau

Staten Island



APPENDIX H

FORM OF GUARANTY

In consideration of the award of the Cable Franchise Agreement by and between the City of New York and Verizon New York Inc., dated _____2008, we, Verizon Communications Inc., hereby unconditionally and irrevocably agree to provide all the financial resources necessary for the satisfactory performance of the obligations of the Franchisee under the Cable Franchise Agreement and also to be legally liable for performance of the obligations of the Franchisee in case of default or revocation of the Cable Franchise Agreement.

Signature

Corporate Seal

Type or Print Name

Title & Official Name of Guarantor

Date

APPENDIX I

INVESTIGATION CLAUSE

1.1 The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

1.1 (a) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York; or

(b) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City.

1.2 (a) The commission or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(b) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to Section 1.3 below without the City incurring any penalty or damages for delay or otherwise.

1.3 The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(a) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a

member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(b) The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

1.4 The Commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

(a) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(b) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(c) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(d) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under 1.3 above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in 1.2(a) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

1.5 (a) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(b) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(c) The term “entity” as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City, or otherwise transacts business with the City.

(d) The term “member” as used herein shall be defined as any person associated with another person or entity as a partner, director, officer, principal or employee.

APPENDIX J

SYSTEM ARCHITECTURE

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

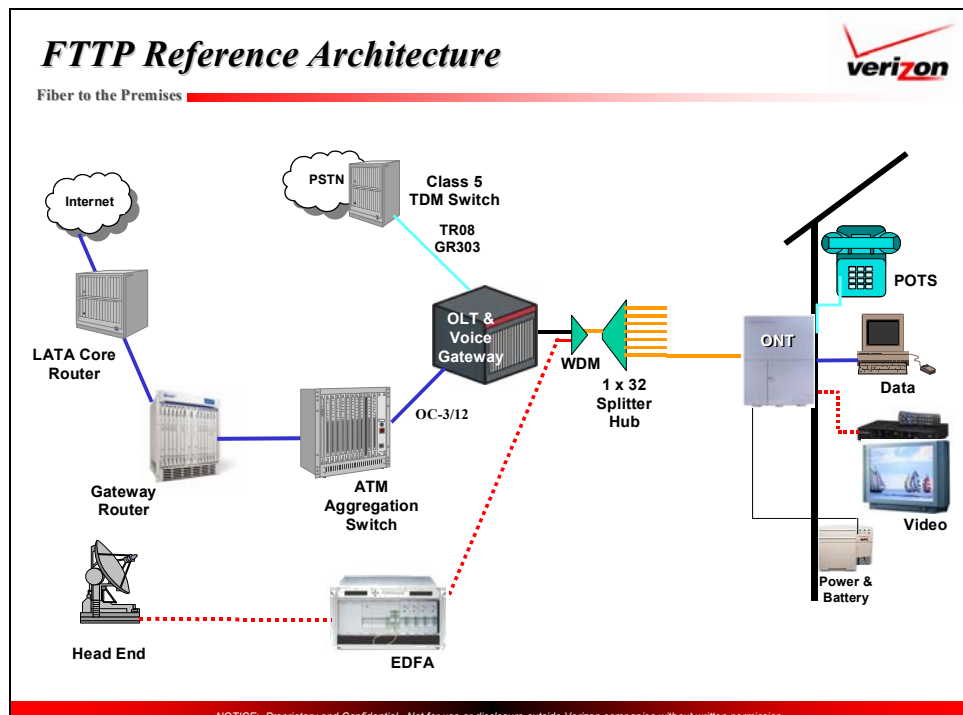


Figure 2-FTTP Full Build and Overlay Architectures

At the national or regional level, a “super” headend (SHE) shall serve as the single point of national content aggregation (see Figure 1). All content shall be encoded into MPEG2 streams and transported over nationwide SONET and/or ROADM services. In each market where Verizon seeks to offer service, the broadcast cable television traffic is off loaded from the long haul network and terminated at a Video Hub Office (VHO). Network redundancy and route diversity shall extend from the SHE to the VHO.

The VHO serves as the metro or local point of aggregation. It is here that off-air and public, education, and government (PEG) channels (where appropriate) are combined with the broadcast cable television coming from the SHE. Interactive Program Guides (IPG) shall be controlled from this site, also. The service that exits the VHO shall look like the final product viewed by the end user subscriber.

Cable television traffic is converted to optical signals at the VHO and transported over Verizon’s metro area, inter-office facilities (IOF) to Video Serving Offices (VSOs). Voice and high-speed data signals are combined with the cable television at this location for final transport to the subscriber premises over Verizon’s FTTP Passive Optical Network (PON).

At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The VSO is a location within the central office containing FTTP equipment. If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

APPENDIX K
FORM OF FRANCHISE FEE REPORT

Franchise Fee Schedule/Report XX Quarter 2008

City of New York

Verizon - fBA

New York

Franchise Fee Rate:

5.00%

	October	November	December	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)				
Usage Based Charges (e.g. PayPer View, Installation)				
Advertising				
Home Shopping				
Late Payment				
Other Misc. (Leased Access & Other Misc.)				
Franchise Fee Billed				
PEG Fee Billed				
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation				
Franchise Fee Due				
Verizon is hereby requesting that this information be treated by the Franchise Authority as confidential business information.				

The calculations set forth herein were conducted in accordance with the applicable provisions of the cable franchise agreement by and between Verizon NY Inc. and the City of New York and Verizon's applicable internal financial policies and are true and accurate to the best of my knowledge.

Signature:

Manager, Verizon Settlement Administration

Tab 7

From: marie.c.lasota@verizon.com [mailto:marie.c.lasota@verizon.com]
Sent: Tuesday, April 29, 2008 5:00 PM
To: Regal, Bruce
Cc: MAhlbaum@doitt.nyc.gov; BPinkard@wileyrein.com; john.raposa@verizon.com
Subject: VZ Video Franchise Closing items-Questions

Bruce, Attached are two sample documents (Reps and Warranties; Ass't Sec. Certif) we have prepared as required by the closing conditions in the franchise agreement. Could you please review them and let me know if they are acceptable to the City for use at Closing.

Also related to the Closing--we have a question about the VENDEX and Local Law 34 Certifications referenced in the document (sec. 2.12), is there a particular format/form that the City has that is the 'official' certification, indicating that VZ has complied with those requirements?

If we can also get a copy of the ULURP/City SEQRA letter--meaning the letter that grants the waiver from VZ having to go through City SEQRA (hope that makes sense) for our records, that would be helpful as well.

We would also like to set a firm time for the Closing, assuming a favorable FCRC vote on the 27th--does Wednesday, May 28th at 1 p.m. work for the City?

Please let me know.

Thanks for your attention to this.

Marie

**Attorney-Client Privileged-Confidential-
Verizon Proprietary**

Marie C. Lasota
Assistant General Counsel
Video Franchising
phone: 703-351-3054

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CERTIFICATE REGARDING REPRESENTATIONS AND WARRANTIES

(Reference: Franchise Agreement § 2.5)

This Certificate is delivered on this 28th day of May, 2008 (this "Certificate"), by the undersigned Senior Vice President and General Manager, New York Region, of VERIZON NEW YORK INC., a New York corporation (the "Company"), in such capacity, pursuant to Section 2.5 of the Cable Franchise Agreement by and between the City of New York, a political subdivision of the State of New York, and the Company, to be dated on or about May 28, 2008 (the "Agreement").

The undersigned hereby certifies on behalf of the Company that the representations and warranties made by the Company in the Agreement are true and correct as of the date hereof.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on behalf of the Company on the date first set forth above.

VERIZON NEW YORK INC.

By: _____
Maura C. Breen
Senior Vice President and General
Manager, New York Region

The undersigned Veronica C. Glennon, Assistant Secretary of the Company, in such capacity, hereby certifies that the above officer of the Company is the duly qualified and elected Senior Vice President and General Manager, New York Region, of the Company and the signature set forth above is such officer's true and genuine signature.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on behalf of the Company on the date first set forth above.

VERIZON NEW YORK INC.

By: _____
Veronica C. Glennon
Assistant Secretary

ASSISTANT SECRETARY'S CERTIFICATE

VERIZON NEW YORK INC.

This Assistant Secretary's Certificate is delivered on this ____ day of May, 2008 (this "Certificate"), by the undersigned Assistant Secretary of VERIZON NEW YORK INC., a New York corporation (the "Company"), in such capacity, pursuant to Section 2.4 of the Cable Franchise Agreement by and between the City of New York, a political subdivision of the State of New York, and the Company dated on or about May 12, 2008 (the "Agreement").

The undersigned hereby certifies on behalf of the Company, as follows:

1. Attached hereto as Annex 1 is a true and complete copy of resolutions duly adopted by the Board of Directors of the Company, by unanimous written consent of the Directors, authorizing the Company to execute and deliver the Agreement and to perform its obligations thereunder, and approving of the execution, delivery and performance of all other documents, certificates, and other instruments required to be furnished to the City of New York by and pursuant to the terms of the Agreement. Such resolutions have not in any way been amended, modified, revoked or rescinded, have been in full force and effect since their adoption to and including the date hereof and are now in full force and effect.
2. Attached hereto as Annex 2 is a true and complete copy of the Bylaws of the Company as in effect on the date hereof, and such Bylaws have not been amended, repealed, modified or restated.
3. Attached hereto as Annex 3 is a true and complete copy of the Certificate of Incorporation of the Company, as amended, as in effect on the date hereof, and such certificate has not been further amended, repealed, modified or restated.
4. Attached hereto as Annex 4 is a true and complete copy of a certificate issued by the Department of State of the State of New York attesting to the continued existence of the Company in the State of New York.
5. Attached hereto as Annex 5 is a schedule containing the true and genuine signature of Maura C. Breen, Senior Vice President-General Manager, NY/CT Region, Verizon Telecom, who has been delegated authority by the Chairman and Chief Executive Officer of Verizon Communications Inc. to, and is duly authorized by the Board of Directors of the Company to, execute and deliver the Agreement and all other documents, certificates, and other instruments required to be furnished to the City of New York by and pursuant to the terms of the Agreement, and who is executing and delivering the Agreement in compliance with, and as authorized by, the terms and conditions of all applicable corporate policies and procedures of the Company and its ultimate parent company, Verizon Communications Inc.

6. There are no liquidation or dissolution proceedings pending or to my knowledge threatened against the Company as of the date hereof, nor has any other event occurred adversely affecting or threatening the continued existence of the Company.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on behalf of the Company on the date first set forth above.

VERIZON NEW YORK INC.

By: _____
Bruce P. Beausejour
Vice President, General Counsel and
Assistant Secretary

The undersigned Veronica C. Glennon, Assistant Secretary of the Company, in such capacity, hereby certifies that the above officer of the Company is the duly qualified and elected Vice President, General Counsel and Assistant Secretary of the Company and the signature set forth above is such officer's true and genuine signature.

IN WITNESS WHEREOF, the undersigned has executed and delivered this Certificate on behalf of the Company on the date first set forth above.

VERIZON NEW YORK INC.

By: _____
Veronica C. Glennon Assistant
Secretary

ANNEX 1
to
Certificate

Resolutions

See attached.

ANNEX 2
to
Certificate

Bylaws

See attached.

ANNEX 3
to
Certificate

Certificate of Incorporation

See attached.

ANNEX 4
to
Certificate

Good Standing Certificate

See attached.

Authorized Signatory

<u>Name</u>	<u>Office</u>	<u>Signature</u>
Maura C. Breen	Senior Vice President- General Manager, NY/CT Region, Verizon Telecom	_____

Tab 8

From: Raposa, John F.
Sent: Tuesday, May 06, 2008 12:56 PM
To: 'Regal, Bruce'
Cc: Lasota, Marie C.
Subject: NYC Closing Requirements - Opinion of VZNY counsel

Draft attached per your request.

John F. Raposa
Vice President & Deputy General Counsel - Video
Verizon
1515 North Court House Road, Suite 500
Arlington, VA 22201
(703) 351-3120
FAX (703) 351-3666
john.raposa@verizon.com

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[Letterhead of McGuireWoods LLP]

May 28, 2008

New York City Department of Information
Technology and Telecommunications
75 Park Place, 9th Floor
New York, New York 10007

**Verizon New York Inc.
Cable Franchise Agreement**

Ladies and Gentlemen:

We have acted as special New York counsel to Verizon New York Inc., a New York corporation (the “Company”), in connection with the transactions contemplated by the Cable Franchise Agreement dated May 28, 2008 (the “Agreement”) between the Company and the City of New York, a political subdivision of the State of New York (the “City”). This opinion letter is furnished to you pursuant to Section 2.4 of the Agreement. Unless otherwise defined herein, terms used herein have the meanings provided for in the Agreement.

In connection with this opinion letter, we have examined the Agreement and the following:

- (i) a certificate from the Vice President, General Counsel and Assistant Secretary of the Company certifying as to true and correct copies of its certificate of incorporation, bylaws and board of directors resolutions, and as to the incumbency and specimen signatures of officers or other persons authorized to execute the Agreement on behalf of the Company;
- (ii) a certificate from the Secretary of State of the State of New York attesting to the filing of the certificate of incorporation of the Company, and the absence of any filing of any certificate, order or record of dissolution of the Company (the “State Certificate”); and
- (iii) originals, or copies identified to our satisfaction as being true copies, of such other records, documents and instruments as we have deemed necessary for the purposes of this opinion letter.

For all purposes of the opinions expressed herein, we have assumed, without independent investigation, that: (i) to the extent that we have reviewed and relied upon certificates, representations and assurances from of the Company or authorized representatives thereof or from public officials, all of such certificates, representations and assurances are

accurate as to factual matters; (ii) the signatures of individuals signing the Agreement are genuine; (iii) all documents submitted to us as originals are authentic, complete and accurate and all documents submitted to us as copies conform to authentic original documents; (iv) the City has complied with all applicable laws and regulations in granting the franchise described in the Agreement, and the City otherwise has the full power and authority to execute, deliver and perform the Agreement; (v) the City has duly executed and delivered the Agreement pursuant to due authorization, and the Agreement is a valid, binding and enforceable obligation of the City; and (vi) all disputes, actions or proceedings relating to the Agreement will be brought in the courts of the State of New York or a federal court sitting in New York in a diversity action and will be decided by such courts applying the laws of the State of New York.

Based on and subject to the foregoing and the other limitations, qualifications and exclusions set forth in this opinion letter, we are of the opinion that:

1. The Company is a validly existing corporation and is in good standing under the laws of the State of New York as of the date set forth in the State Certificate.

2. The Company has the corporate power and authority to execute, deliver and perform the terms and provisions of the Agreement and has taken all necessary corporate action to authorize the execution, delivery and performance thereof.

3. The Company has duly executed and delivered the Agreement, and the Agreement constitutes its valid, binding and enforceable obligation.

The opinions set forth above are subject to the following qualifications and limitations:

(a) Our opinions are limited to the federal law of the United States, and the laws of the State of New York, and we do not express any opinion concerning any other law.

(b) Our opinions are subject to the effect of any applicable bankruptcy, insolvency (including, without limitation, laws relating to preferences, fraudulent transfers and equitable subordination), reorganization, moratorium and other similar laws affecting creditors' rights generally.

(c) Our opinions are subject to the effect of general principles of equity (regardless of whether considered in a proceeding in equity or at law), including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing. In applying such principles, a court, among other things, might limit the availability of specific equitable remedies (such as injunctive relief and the remedy of specific performance), might not allow a party to exercise certain remedies upon the occurrence of a default deemed immaterial or might decline to order a party to perform certain covenants in the Agreement.

(d) Certain provisions of the Agreement may not be enforceable under applicable law in whole or in part. For example, a court may refuse to enforce a covenant if and to the extent that it deems such covenant to be violative of applicable public policy, such as provisions requiring indemnification of a party against liability for its own wrongful or negligent acts. In addition, we express no opinion regarding any provisions which are not consistent with

federal or state constitutional principles. A court may also not enforce an agreement to make an agreement in the future or obligations that are expressly aspirational.

(e) We note that the Agreement states that it will become effective on the date that the New York Public Service Commission issues a certificate of confirmation for the franchise granted thereunder. We express no opinion concerning such certificate of confirmation or any other certificates, permits, licenses or approvals of, or any filings with, governmental authorities that may be required for the performance by the Company of its obligations under the Agreement or concerning the compliance of the Company with any applicable telecommunication laws and regulations.

The foregoing opinions are being furnished to the City for the purpose referred to in the first paragraph of this opinion letter, and this opinion letter is not to be furnished to any other person or entity or used or relied upon for any other purpose without our prior written consent. The opinions set forth herein are made as of the date hereof, and we assume no obligation to supplement this opinion letter if any applicable laws change after the date hereof or if we become aware after the date hereof of any facts that might change the opinions expressed herein.

Very truly yours,

Tab 9

From: Lasota, Marie C.
Sent: Tuesday, May 06, 2008 2:41 PM
To: Regal, Bruce
Cc: Ahlbaum, Mitchel
Subject: VZ-NYC video franchise-LOC question

Bruce, our bank is asking if it is necessary to include the endorsement set forth in section 15.10.1 related to the Letter of Credit:

...The Letter of Credit shall contain the following endorsement:

“It is hereby understood and agreed that this letter of credit may not be canceled or not renewed by the issuer/surety until at least ninety (90) days after receipt by the New York City Department of Information Technology and Telecommunications of a written notice stating such intention to cancel or not to renew.”

The bank (Chase) claims that it has several other LOCs in favor of the City that do not have the endorsement, and thus seeks not to include it on this LOC. If the endorsement is not necessary, I believe it would require a deletion of the language from the franchise agreement.

Please let me know the City's position on this so I can advise the bank. If you would like to see the current draft LOC (which mirrors the Form document attached to the franchise agreement as an exhibit), please let me know.

Thanks.

Marie

**Attorney-Client Privileged-Confidential-
Verizon Proprietary**

Marie C. Lasota
Assistant General Counsel
Video Franchising
phone: 703-351-3054

Tab 10

From: Pinkard, Brendon [mailto:BPinkard@wileyrein.com]
Sent: Wednesday, May 14, 2008 5:04 PM
To: Regal, Bruce
Cc: tcabe@doitt.nyc.gov; Raposa, John F.; Lasota, Marie C.; ptrane@telecominsightgroup.com
Subject: Revised Franchise Agreement and Appendices

Bruce,

Attached please find a redline draft of the franchise and appendices reflecting the minor changes we have discussed. Please let us know if you have any questions or concerns.

Thanks,

Brendon



Brendon M. Pinkard
Attorney At Law
Wiley Rein LLP

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Washington, DC 20006
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Cable Franchise Agreement

by and between

The City of New York

and

Verizon New York Inc.

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APPENDICES

Appendix A: Customer Protection Standards

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Appendix K: Form of Franchise Fee Report

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement”) is entered into by and between the City of New York, a validly organized and existing political subdivision of the State of New York (the “City”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon” or the “Franchisee”).

WHEREAS, the City 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; and

WHEREAS, the Franchisee is in the process of upgrading its existing Telecommunications Services (as hereinafter defined) and Information Services (as hereinafter defined) network through the installation of the FTTP Network (as hereinafter defined) in the Franchise Area (as hereinafter defined) which transmits Non-Cable Services pursuant to authority determined by Franchisee to have been 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 (as hereinafter defined) or Title VI of the Communications Act; and

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

WHEREAS, no cable franchisee has ever agreed to provide Cable Service throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, the City wishes to grant Franchisee a nonexclusive franchise to operate a Cable System (as hereinafter defined) throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, pursuant to Section 363(a) of the New York City Charter (the “City Charter”), franchises are to be awarded by the City in accordance with the provisions of authorizing resolutions adopted by the City Council of the City (the “City Council”); and

WHEREAS, the City Council adopted Resolution No. 538 on September 27, 2006 (the “Resolution”) which authorizes, until September 27, 2011, the Department of Information Technology and Telecommunications (“DoITT”) to grant nonexclusive franchises for the provision of cable television services; and

WHEREAS, the delivery of Cable Services is in the City’s interest, and the availability of such competitive service to all households in the City on a timely basis pursuant to the terms of this Agreement will significantly benefit the City; and

WHEREAS, the City, pursuant to the terms of the Cable Act (as hereinafter defined), has identified the City’s future cable-related community needs and interests and, pursuant to the City

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

Charter, has issued a solicitation for cable television franchises (the “Solicitation”) to which the Franchisee responded; and

WHEREAS, in response to the Solicitation, the Franchisee offered to operate and maintain a Cable System and provide Cable Services (as hereinafter defined) and to perform certain additional undertakings; and

WHEREAS, the Franchisee and the City completed arm’s-length negotiations regarding the terms and conditions pursuant to which the City intends to grant to the Franchisee, and the Franchisee intends to accept from the City, a franchise (the “Franchise”) described generally in Section 4.1 hereof and more specifically as described by the complete terms of this Agreement; and

WHEREAS, the City has, with respect to the proposed grant of the Franchise, complied with the New York State Environmental Quality Act (“SEQRA”) (Section 8-0101 et seq. of the New York State Environmental Conservation Law), the SEQRA regulations set forth at Part 617 of Title 6 of the New York Code of Rules and Regulations, and the City Environmental Quality Review process (Chapter 5 of Title 62 and Chapter 6 of Title 43 of the Rules of the City of New York); and

WHEREAS, the Department of City Planning determined pursuant to Section 363(c) of the City Charter that the grant of this Franchise would not have land use impacts or implications and therefore is not subject to the Uniform Land Use Review Procedure (“ULURP”) set forth in Section 197-c of the City Charter;

WHEREAS, the Franchisee has completed all required submissions under the City’s VENDEX process, and the City’s review thereof has been completed; and

WHEREAS, pursuant to Section 371 of the City Charter, the Franchise and Concession Review Committee (the “FCRC”) held a public hearing on the proposed Franchise terms of this Agreement memorializing the terms and conditions of the proposed Franchise; and

WHEREAS, said hearing before the FCRC was held within 30 days of the date that DoITT filed the proposed Franchise with the FCRC; and

WHEREAS, a notice of said hearing and a summary of the terms and conditions of the proposed Franchise were properly published in the City Record; and

WHEREAS, at least 15 days, excluding Sundays and legal holidays, elapsed between publication of said hearing notice and summary in the City Record and the commencement of such hearing before the FCRC; and

WHEREAS, before the FCRC hearing, the requirements regarding publication of notice of such hearing as set forth in Section 371 of the City Charter were met; and

WHEREAS, the FCRC has approved the grant to the Franchisee of the Franchise and the terms of this Agreement as described herein; and

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

WHEREAS, pursuant to Section ~~595~~895.1 of Title 9 of the New York Code of Rules and Regulations, the Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; the Franchisee's plans for its Cable System were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

WHEREAS, the City and the Franchisee have determined that this Agreement complies with the franchise standards set forth in the Resolution, Section 363 of the City Charter, Section 626 of the Cable Act as amended, Section 221 of the Public Service Law, the regulations of the Public Service Commission, and all other applicable laws and regulations; and

WHEREAS, the City, following said public hearing, determined that this Franchise granting the Franchisee a nonexclusive franchise complies with the franchise standards set forth in the Cable Act, the Resolution, the aforementioned Public Service Law, the regulations of the NY PSC (including any necessary waivers that the parties may seek and obtain) and all other applicable laws and regulations; and

WHEREAS, the City and 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 foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

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 and the Communications Act are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *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.

1.2. *Application:* Application of Verizon New York Inc. for a Cable Television Franchise in the City of New York, filed on April 15, 2008.

1.3. *Agreement:* This Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.5. *Borough President:* Each President of one of the five boroughs within the City of New York, any Borough President's designee, or any successor thereto.

1.6. *Cable Act:* The Cable Communications Policy Act of 1984 (codified at 47 U.S.C. §§ 521-573).

1.7. *Cable Law:* The Cable Act, 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, to the extent authorized under and consistent with federal law.

1.8. *Cable Service or Cable Services:* Shall be defined herein as it is defined under 47 U.S.C. § 522(6), as amended.

1.9. *Cable System or System:* Shall be defined herein as it is defined under 47 U.S.C. § 522(7), as amended.

1.10. *Channel:* Shall be defined herein as it is defined under 47 U.S.C. § 522(4), as amended.

1.11. *Channel Position:* Shall mean the position on a television receiver, tuner, converter or similar device which is selected to receive a specific Channel.

1.12. *Communications Act:* The Communications Act of 1934, as amended, including, without limitation, the Cable Act.

1.13. *Closing:* Shall be defined as provided in Section 2.1 hereof.

1.14. *Commissioner:* Shall mean the Commissioner of DoITT, the Commissioner's designee or any successor thereto.

1.15. *Community Access Organization ("CAO"):* Shall mean, with respect to any particular borough of the City, the nonprofit corporation that has been designated in connection with that borough pursuant to the agreements substantially in the form set forth in Appendix C to this Agreement.

1.16. *Controlling Person:* A Person with the ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee's affairs.

1.17. *Corporation Counsel:* The Corporation Counsel of the City, the Corporation Counsel's designee, or any successor thereto.

1.18. *DoITT:* The Department of Information Technology and Telecommunications, or any successor thereto.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.20. *FCRC*: Shall mean the Franchise and Concession Review Committee of the City of New York.

1.21. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, 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 Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.22. *Franchise Area*: The incorporated area (entire existing territorial limits) of the City, and such additional areas as may be annexed or acquired.

1.23. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees (including for which consent of the City is required under Article 13 hereof).

1.24. *FTTP Network*: The Franchisee's fiber-to-the-premise telecommunications network in the Franchise Area as described in the Application.

1.25. *FTTP Network Created*: All transport connections and equipment in the FTTP Network have been established and are operational to the fiber distribution terminal serving the residence requesting fiber-enabled services (whether Cable Service or Non-Cable Services). Additionally, for MDUs, Franchisee has obtained building access and prepositioned its facilities in the MDU which are necessary for serving residences within the MDU requesting fiber-enabled services (whether Cable Service or Non-Cable Services).

1.26. *Government/Educational Access Channel*: An Access Channel which the Franchisee shall make available for the sole noncommercial use of the City or for noncommercial use 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 as specified by the City, as provided in Article 8 and Appendix B to this Agreement.

1.27. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee (or any Affiliate) from the operation of the Cable System to provide Cable Service in the Franchise Area, as follows:

1.27.1. Gross Revenue includes, without limitation: all Subscriber 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 Franchisee over the Cable System in the Franchise 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,

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) video on demand and pay-per-view; (iv) revenues from the sale or lease of channel(s) or channel capacity; (v) compensation received by Franchisee that is derived from the operation of the Cable System to provide Cable Service with respect to commissions that are paid to Franchisee or an Affiliate providing Cable Service under this Franchise as compensation for promotion or exhibition of any products or services on the Cable System, such as a “home shopping” or similar channel, subject to the exceptions below; and (vi) charges described to Subscribers as attributable to Franchise Fees (as hereinafter defined) and PEG Grants. Gross Revenue shall also include all advertising revenue which is received directly or indirectly by the Franchisee ~~or~~; any Affiliate from or in connection with the distribution of any ~~s~~Service over the System (and including, without limitation, compensation for use of studio or other facilities and equipment associated with production or distribution of any programming or advertising to be distributed as part of a Cable Service). The allocation shall be based on the number of Subscribers in the Franchise 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.

1.27.2. Except as provided above, Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business and in accordance with generally accepted accounting principles (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; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, provided, however, that any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System paid to Franchisee or an Affiliate 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 City including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by the LFA, a state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity; taxes imposed on Subscribers by law, which the Franchisee is obligated to collect; any foregone revenue which 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 Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which 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 Franchisee of marketing costs incurred by 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.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.27.3. Gross Revenues derived from Cable Services provided over the Cable System in the Franchise Area that are provided to Subscribers as part of a bundle of services that include Non-Cable Services shall be treated in accordance with Section 10.5 hereof.

1.28. *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.

1.29. *Landlord*: The term "landlord" shall mean and include the owner or owners of the freehold of the premises or lesser estate therein, a mortgagee or vendee in possession, assignee of rents, receiver, executor, trustee, lessee, agent, or any other person, firm or corporation, directly or indirectly in control of a dwelling, or any designee of the foregoing enumerated Persons formally authorized to approve physical alterations, improvements or modifications to such dwelling including the installation of Franchisee's facilities.

1.30. *Leading Technology*: The highest level of performance and capability (including, but not limited to, with respect to plant or other equipment; transmission capacity to subscribers' premises; channel offerings; video-on-demand services; construction techniques; consumer service; facilities, equipment, systems and operations; and performance standards), that has been commonly accepted, developed and commercially deployed in the wireline cable television industry and is economically reasonable and technically feasible.

1.31. *Local Franchise Authority ("LFA" or the "City")*: The City of New York, New York, or the lawful successor, transferee, or assignee thereof.

1.32. *Multiple Dwellings ("MDUs")*: Shall have the meaning set forth therefore in NY CLS Mult D § 4(7).

1.33. *Non-Cable Services*: Any service that does not constitute Cable Service pursuant to law including, but not limited to, Information Services and Telecommunications Services.

1.34. *Non-Residential Subscriber*: A Subscriber that is not a Resident.

1.35. *Non-Standard Installation*: Any installation which does not constitute a Standard Installation as defined in Section 1.45 hereof.

1.36. *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.

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

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

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.40. *Public Access Channel:* An Access Channel which the Franchisee shall make available to a CAO, at no charge, as provided in Article 8 and Appendices B and C to this Agreement.

1.41. *Public Rights-of-Way:* The surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the City and any other property within the City, to the extent to which there exist public easements or public rights of way. Public Rights-of-Way do not include the electromagnetic spectrum above the surface of a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.42. *Resident:* An occupant who: (i) resides in a dwelling which has or is entitled to receive from the City a residential certificate of occupancy, including, without limitation, a private dwelling, class A multiple dwelling, or an interim multiple dwelling; or (ii) has continuously resided in the same building as a permanent resident and who takes occupancy pursuant to a lease (or other similar arrangement) of at least six (6) months duration. For purposes of this Agreement, the terms “private dwelling,” “class A multiple dwelling,” and “interim multiple dwelling” shall have the same meaning as they have or may have in NY CLS Mult D, as such law may from time to time be amended.

1.43. *Residential Subscriber:* A Subscriber that is a Resident.

1.44. *Service Area:* All portions of the Franchise Area with a video service office (“VSO”) that is open for sales and Cable Service is being offered.

1.45. *Standard Installation:* A residence requesting Cable Service that is Video Network Created as of the date of the request for service.

1.46. *Subscriber:* A Person who lawfully receives Cable Service over the Cable System.

1.47. *Telecommunication Services:* Shall be defined herein as it is defined under 47 U.S.C. § 153(46), as amended.

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

1.49. *Video Network Created:* Video transport connections and equipment have been established and are operational to the fiber distribution terminal serving the residence requesting Cable Service. Additionally, for MDUs, Verizon has obtained building access and prepositioned its video facilities in the MDU which are necessary for serving requesting residences within the MDU.

1.50. *Video Programming:* Shall be defined herein as it is defined under 47 U.S.C. § 522(20), as amended.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.51. *Video Service Office or VSO:* A wire center that has been upgraded by Franchisee to be video-capable and which thereby may be opened for sales for the provision of Cable Service by Franchisee.

1.52. *Wholly Owned Affiliate:* Any entity of which 100% of the ownership interest is ultimately held by Verizon Communications, Inc.

2. CLOSING; CLOSING CONDITIONS

2.1. *Closing:* This Agreement shall be executed and the obligations herein shall commence on the closing of this Agreement (herein referred to as the “Closing”). The Closing shall be the first day on which all of the following conditions have been met and this Agreement has been fully executed and delivered:

2.2. *FCRC Resolution:* The FCRC shall have adopted a resolution approving this Franchise;

2.3. *Certified Copies of Resolutions:* The Franchisee shall have furnished the City with a certified copy of the resolution(s) duly adopted by the Board of Directors or other authorized representative of the Franchisee, approving the execution, delivery and performance of this Agreement and approving the execution, delivery and performance of all other documents, certificates, and other instruments required to be furnished to the City by and pursuant to the terms of this Agreement;

2.4. *Opinion of Franchisee’s Counsel:* The City shall have received an opinion dated as of the date of the Closing from outside counsel to the Franchisee in form and substance reasonably satisfactory to the Commissioner and the Corporation Counsel;

2.5. *Representations and Warranties:* The Franchisee shall have provided the City with a certificate of an officer of the Franchisee certifying that the representations and warranties made by the Franchisee in this Agreement are true and correct as of the Closing;

2.6. *Government Approvals:* The Franchisee shall have provided the City with evidence of approval of the transactions contemplated by this Agreement from any necessary governmental authorities, and all notice periods and waiting periods required by law to pass in connection with such transactions shall have passed, except the certificate of confirmation to be issued or renewed by the PSC pursuant to Section ~~594~~891.4 of the PSC regulations and issuance of an FCC CUID;

2.7. *Performance Bond:* The Franchisee shall have furnished to the City the Performance Bond, pursuant to Article 15 hereof;

2.8. *Security Fund/Letter of Credit:* The Franchisee shall have deposited with the City the Security Fund/Letter of Credit, pursuant to Article 15 hereof;

2.9. *Liability Insurance Policy:* The Franchisee shall have secured its liability insurance policy pursuant to Article 12 hereof;

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

2.10. *Guaranty*: The Franchisee shall have secured and delivered to the Commissioner and the Comptroller a guaranty executed by the Guarantor in the form set forth at Appendix H to this Agreement, which guaranty shall have been authorized, executed and delivered by the Guarantor;

2.11. *W-9 Form*: The Franchisee shall have submitted an IRS W-9 form certifying the Franchisee's tax ID number;

2.12. *VENDEX*: The Franchisee has completed all required submissions under the City's VENDEX process, and the City's review thereof has been completed; and

2.13. *Other Documents*: The Franchisee shall have delivered such other documents as may be reasonably requested by the City.

2.14. *Waiver*: To the extent permitted by law, any of the above Closing conditions may be waived by the Commissioner, provided such waiver shall not be a waiver of any substantive requirement of this Agreement as set forth hereinafter.

3. EFFECTIVE DATE AND TERM:

3.1. *Effective Date & Term*: This Agreement and the Franchise granted herein shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following the Closing; provided that implementation of this Agreement shall be subject to the applicable registration provisions of City Charter sections 375 and 328. The term (the "Term") of this Agreement and the Franchise granted herein shall be twelve (12) years from the Effective Date, or until June 30, 2020, whichever is later, unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the City in writing of the same, which notification shall become a part of this Franchise.

3.2. *Termination*: The termination of this Agreement and the Franchise granted hereunder shall occur upon the earliest to occur of: (i) the end of the Term; or (ii) the earlier termination of the Franchise and this Agreement as provided for in this Agreement. The Franchise shall be considered revoked and terminated automatically upon any termination of this Agreement as provided hereunder.

3.3. *Renewal on Expiration*: Subject to 47 U.S.C. § 546, the City reserves the right at the end of the Term to grant, or grant on new terms and conditions, or not grant, renewal of the Franchise without any presumption in favor of a renewal of the Franchise.

4. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

4.1. *Grant of Authority*: The City hereby grants the Franchisee the right to provide Cable Service within the Franchise Area until the end of the Term, subject to the terms and conditions of this Agreement. The parties acknowledge that this Agreement is not in and of itself a sufficient source for the right of the Franchisee to occupy the Public Rights-of-Way for the provision of any service and is intended to grant such right only in accompaniment with a separate authority to occupy the affected Public Rights-of-Way. The parties further

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

acknowledge (a) that this Agreement does not include all of the terms and conditions which the City would require for such occupancy, (b) that the Franchisee claims that it has preexisting authority to occupy any or all of the Public Rights-of-Way with the facilities that are being installed to provide Cable Services under this Agreement, (c) that the City disputes such claim, and (d) that such dispute is the subject of the Pending Litigation (as defined in Section 18.14 hereof). The parties further acknowledge that if the Pending Litigation results in a final determination (after all opportunities to appeal have been either pursued or expired) that with respect to any of the Public Rights-of-Way the Franchisee does not have authority preexisting this Agreement to occupy such Public Rights-of-Way, then the Franchisee's right to occupy such Public Rights-of-Way with such facilities, including for the provision of Cable Services, shall be conditional on the Franchisee's reaching agreement with the City on the terms and conditions of such occupancy, and that absent such agreement, this Agreement and the Franchise granted hereunder shall terminate immediately on written notice from the City.

4.2. *The FTTP Network:* Consistent with Section 18.14 and 18.15 hereof, upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the City's police power, the City has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

4.3. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the City 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 law or this Franchise to provide Cable Service.

4.4. *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. Further, the parties to this Franchise agree that this Franchise is consistent with applicable federal and state law and the parties agree to be bound by the terms hereof.

4.5. *No Waiver:* The failure of either the City or Franchisee 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 other (neither the City nor the Franchisee) from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

4.6. *Construction of Agreement:*

4.6.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives.

4.6.2. Nothing herein shall be construed to limit the scope or applicability of 47 U.S.C. § 545, as amended.

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4.6.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Agreement, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on either party of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

4.7. *Police Powers:* Nothing in this Franchise shall be construed to prohibit the City's reasonable, necessary and lawful exercise of the City's police powers, including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the City may deem necessary in the exercise of its police power, including any lawful right to compel relocation of Cable System facilities in the Public Rights-of-Way in the event of sewer and water line work, road-widenings and other adjustments to the Public Rights-of-Way, and the provisions of New York City Administrative Code § 6-115.1 (the "MacBride Principles"); provided, however, that such laws and regulations are reasonable and not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

4.8. *Restoration and Inspection of Municipal Property:* In order to avoid interference with the City's ability to deliver public services, any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

4.9. *Restoration of Subscriber Premises:* The Franchisee shall ensure that each 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, provision or disconnection of Cable Service.

5. DEPLOYMENT; PROVISION OF CABLE SERVICE

5.1. *Initial Deployment:* Subject to the exceptions and checkpoint extensions set forth in this Article, the FTTP Network will pass all households served by Franchisee's wire centers within the Franchise Area in accordance with the table attached hereto as Appendix F, with final completion no later than June 30, 2014. For purposes of this Agreement including Appendix F, "pass" or "passage" of a household shall mean MDU's whether or not network created and single family units whether or not a drop is installed.

5.1.1. *Exceptions:* The FTTP Network deployment schedule set forth in Appendix F shall be subject to the following exceptions: (A) for periods of Force Majeure; (B) for periods of delay beyond the normal permitting or approval time period, or due to issuance of a stop work order issued by the City, where such stop work order is not caused by action on the part of Franchisee; and (C) for periods of delay resulting from Franchisee's inability to obtain authority to access private rights-of-way.

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5.1.2. *Checkpoint Extensions:* Within thirty (30) days of each of the dates set forth below (each, a “Checkpoint”), the Franchisee shall conduct an evaluation of its “video penetration rate” (as hereinafter defined) in the Franchise Area and, in the event such evaluation determines that Franchisee has not achieved the applicable video penetration rate at each such Checkpoint, the Franchisee shall be afforded an extension of its deployment and service availability obligations pursuant to Sections 5.1, 5.2 and 5.3 hereof, in accordance with the following:

5.1.2.1. *First Checkpoint:* If, by June 30, 2010, Franchisee has achieved a video penetration rate in the Franchise Area which is less than fifteen percent (15%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.2. *Second Checkpoint:* If, by June 30, 2011, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty percent (20%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.3. *Third Checkpoint:* If, by June 30, 2012, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty-five percent (25%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such Ceheckpoint being proportionately extended to reflect the extended final completion date.

5.1.2.4. For purposes of this Agreement, the term “video penetration rate” shall mean:

FiOS TV billable lines in service
(FTTP passed single family units whether or not a drop is installed
+ residential units within FTTP network created MDU’s)
in VSOs that are open for sales (OFS).

5.1.3. In the event Franchisee seeks to exercise its right to an extension of its deployment and service availability obligations at any Checkpoint pursuant to this Section 5.1, Franchisee shall, within sixty (60) days from the applicable Checkpoint, provide the City with written documentation, in a format to be reasonably determined by Franchisee, justifying the basis for Franchisee’s exercise of such extension. Such written documentation shall be treated as confidential and proprietary consistent with Section 11.1 hereof, and shall include, the number of residential units within FTTP Network Created MDUs and FTTP passed single family units (hereinafter, “SFUs,”) along with other elements of the formula set forth in Section 5.1.2.4 of this Agreement, as may be reasonably necessary to satisfy the objectives of this Section 5.1.3.

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5.1.4. Consistent with the schedule set forth in Appendix F, nothing herein shall be construed to limit Franchisee's discretion with respect to the order of geographic areas to be wired, provided, however, that at each Checkpoint described above, the estimated median household income of all homes passed shall not be greater than the average household income of all households in New York City (based on the calculations set forth in the 2000 census data).

5.2. *VSO Conversions:* Subject to periods of Force Majeure and the checkpoint extensions set forth at subsection 5.1.2 above, not later than June 30, 2014, Franchisee shall have completed the upgrade of all of Franchisee's wire centers located within or serving the Franchise Area such that all of Franchisee's wire centers within or serving the Franchise Area constitute video-capable VSOs open for sales.

5.3. Service Availability:

5.3.1. *Initial Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units, at Franchisee's expense, except that Franchisee may charge a standard installation fee, and may make Cable Service available to businesses, in conformance with Section 5.4. The parties hereto agree that the terms of this Section 5.3.1 satisfy the minimum standards set forth in 16 NYCRR Section 895.5.

5.4. *Provision of Service:* Subject to the exceptions set forth in Subsection 5.5 hereof, Franchisee shall make Cable Service available to all residential dwelling units in the Service Area. Franchisee agrees that it shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area.

5.4.1. *Installations of Cable Service – Standard Installations:* Franchisee shall perform all Standard Installations of Cable Service within seven (7) business days after any such request is received by the Franchisee, unless a later date is agreed to with the requesting potential residential Subscriber.

5.4.1.1. If the Franchisee is unable to fulfill a potential residential Subscriber's request for Standard Installation of Cable Service within seven (7) business days of Franchisee's receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), the Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for Franchisee's inability to perform the requested Standard Installation within seven (7) business days or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); and (ii) the date by which Franchisee anticipates performing such Standard Installation. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Standard Installation request subsequent to the later of: (i) the date which is seven (7) business days from the date which is seven (7) business days following a potential Subscriber's initial request for Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

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5.4.1.2. All Standard Installations will be in accordance with FCC requirements governing appropriate grounding and connection of equipment to ensure reception of Cable Service.

5.4.1.3. Consistent with the requirements of Appendix A the Franchisee will offer Subscribers “appointment window” alternatives for arrival to perform all Standard Installations.

5.4.2. *Installations of Cable Service – Non-Standard Installations:* Franchisee shall perform all Non-Standard Installations of Cable Service within six (6) months after any such request is received by the Franchisee, unless either a later date is agreed to with the requesting potential residential Subscriber or Franchisee advises the requesting potential residential Subscriber of the current unavailability of Cable Service at the location as set forth in Subsection 5.4.2.1.

5.4.2.1. If the Franchisee is unable to fulfill a potential residential Subscriber’s request for Non-Standard Installation of Cable Service within six (6) months of Franchisee’s receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for the current unavailability of Cable Service at the requesting location; and (ii) a good faith estimate of the date by which Franchisee believes that Cable Service may be available at the location. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Non-Standard Installation request subsequent to the later of: (i) the date which is six (6) months from the date which is six (6) months following a potential Subscriber’s initial request for Non-Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

5.5. *Exceptions:* Franchisee’s Cable Service availability obligation as set forth in Section 5.4 shall be subject to the following exceptions: (A) where the FTTP Network has not been deployed or a VSO is not yet opened for sales; (B) for periods of Force Majeure; and (C) periods of delay caused by Franchisee’s inability, after good faith efforts, to obtain valid legal authority to access any MDU in the Franchise Area for the purpose of providing Cable Service to units within such MDU on other than commercially unreasonable terms and conditions with respect to each such MDU.

5.5.1. *Commercial Unreasonability:* The phrase “commercially unreasonable terms and conditions” means any one or more of the following circumstances:

5.5.1.1. The landlord is imposing buildout, installation and/or maintenance requirements to serve the MDU that require a financial investment which results in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee’s weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$;

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5.5.1.2. The landlord is requiring removal or other remediation of hazardous materials;

5.5.1.3. The landlord, despite the legal requirements of Public Service Law Section 228, is demanding payment above the compensation contemplated by Section 228; and

5.5.1.4. A bulk sales, exclusive marketing or other arrangement is in effect in the MDU that reduces Franchisee's reasonably anticipated penetration rate resulting in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee's weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$.

5.5.2. *Access:* The phrase "Franchisee's inability, after good faith efforts, to obtain valid legal authority" as used herein shall be understood in the context, where applicable, of the legal obligations of landlords under Section 228 of the New York State Public Service Law ("Section 228"), or any successor provision of like effect, and therefore in instances in which the Franchisee believes that a landlord is in violation of Section 228, Franchisee is obligated to provide such landlord with notice of Section 228 and the legal obligations imposed upon such landlord pursuant thereto and pursue remedies available thereunder as appropriate in Franchisee's judgment, acting reasonably.

5.5.2.1. *Additional Procedures:* Beginning July 1, 2012, in each case in which the Franchisee needs to obtain access to the property in response to a request for Cable Service where the FTTP Network has been deployed and the VSO is opened for sales, Franchisee shall undertake (and document in written form) the following steps within the following time periods:

5.5.2.1.1. Send promptly (but in no event later than thirty (30) days after receipt of a request for Cable Service) to the property owner or managing agent notice of its intent to wire for Cable Service;

5.5.2.1.2. Attempt to negotiate a survey date and ~~writing~~ wiring method with the property owner or agent;

5.5.2.1.3. If not yet successful in obtaining access, send a second (2nd) notice of intent to wire including specific reference to Franchisee's access rights, and attempt to wire;

5.5.2.1.4. If the property owner or agent prevents wiring, request assistance from the Commissioner and/or the PSC; and

5.5.2.1.5. If access is not provided within one hundred and eighty (180) days of the first notice to the property owner or agent of intention to wire, file a petition pursuant to 16 NYCRR § 898.4 seeking an order for entry to the property.

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5.5.2.2. The Commissioner may waive, or extend the dates for complying with, the requirements of this Section 5.5.2 upon a showing of good cause by the Franchisee.

5.6. *Periodic Reevaluation:* In the event that Franchisee delays service availability to any MDU in the Franchise Area pursuant to the terms of Section 5.5, Franchisee agrees that it will conduct periodic reevaluations of each such MDU to determine whether circumstances have changed in a manner that would enable Franchisee to obtain valid legal authority to access such MDU on commercially reasonable terms and conditions.

5.7. *Technology and Education Fund/Municipal Facilities Service Grant:* In lieu of, and in satisfaction for, the Franchisee's obligation to provide free service outlets and free Cable Service to public buildings, and in order to further the City's objective of funding technological and educational needs throughout the City, the Franchisee hereby agrees to pay to the City the aggregate sum of Four Million Dollars (\$4,000,000)(the "Technology, Educational & Municipal Facilities Grant") payable in accordance with the following schedule: (i) the first (1st) Technology, Educational & Municipal Facilities Grant payment in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) shall be payable on the date which is thirty (30) days from the Effective Date hereof; (ii) the second (2nd) Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the fourth (4th) anniversary of the Effective Date hereof; and (iii) the third (3rd), and final, Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the seventh (7th) anniversary of the Effective Date hereof.

5.7.1. The Technology, Educational & Municipal Facilities Grant will be used by the City to support the provision of technology services to City government locations and/or City government-related locations in each of the five boroughs of the City where technology services are made or to be made available to the community, such as (for example) New York City Housing Authority community centers, City Department for the Aging community centers and similar facilities. Decisions as to the specific facilities to be supported by said Technology, Educational & Municipal Facilities Grant within each borough shall be made by the City in consultation with the Borough President of the applicable borough. Franchisee shall exercise no discretion as to the allocation or distribution of funds from the Technology, Educational & Municipal Facilities Grant in any manner whatsoever.

6. SYSTEM FACILITIES

6.1. *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and in a manner that limits disruption to public use of City streets, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner, and in a manner which protects the City's property from damage.

6.2. *System Characteristics:* During the Term hereof, Franchisee's Cable System as described in Appendix J, shall meet or exceed the following requirements:

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6.2.1. The System shall initially be designed and operated with a digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

6.2.2. 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.

6.2.3. The Cable System must conform to all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, and shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry procedures:

6.2.3.1. Cable Law;

6.2.3.2. Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

6.2.3.3. National Electrical Code;

6.2.3.4. National Electrical Safety Code (NESC).

6.3. Cable System Tests and Inspections:

6.3.1. The Franchisee shall perform all tests necessary to demonstrate compliance with the requirements of the Franchise, and to ensure that the Cable System components are operating as required; provided, however, that Franchisee's testing obligations under this Article 6 shall be limited solely to those tests which are designed for, and applicable to, a fiber optic network transmitting optical spectrum. All tests shall be conducted in accordance with federal rules and any applicable United States National Cable Television Association's Recommended Practices for measurement and testing. In the event that the FCC's technical performance standards are repealed or are no longer applicable to the Cable System, such standards shall remain in force and effect until the Commissioner, or a designee thereof, and the Franchisee agree to new standards.

6.3.2. The Franchisee shall conduct tests as follows:

6.3.2.1. Proof of Performance tests on the Cable System at least once every six (6) months or as required by FCC rules, whichever is more often, except as federal law otherwise limits the Franchisee's obligation. In consultation with DoITT, the Cable System monitor test points shall be established in accordance with good engineering practices and consistent with FCC guidelines;

6.3.2.2. Special Proof of Performance tests, as limited by the City, of the Cable System or a segment thereof when Subscriber complaints indicate tests are warranted;

6.3.2.3. Tests shall be supervised by a senior engineer of the Franchisee, who shall sign all records of tests provided to the City;

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6.3.2.4. The City shall have the right to designate a City employee (or a third party consultant operating on the City's behalf, provided that such third party consultant executes, in advance, a nondisclosure agreement in a form reasonably acceptable to Franchisee) to visually inspect Franchisee's Cable System in order to verify compliance with Section 6.1 hereof and witness and/or review all required Proof of Performance Tests. The Franchisee shall provide the City with at least two (2) business days' notice of, and opportunity to observe, any such Proof of Performance Tests performed on the Cable System;

6.3.2.5. The Franchisee shall retain written reports of the results of any tests required by the FCC, and such reports shall be submitted to the City upon the City's request. The City shall have the same rights the FCC has to inspect the Franchisee's performance test data;

6.3.2.6. If any test indicates that any part or component of the Cable System fails to meet applicable requirements, the Franchisee, without requirement of additional notice or request from the City, shall take corrective action, retest the locations and advise the City of the action taken and results achieved, and supply the City with a copy of the results within thirty days from the date corrective action was completed; and

6.3.2.7. The Commissioner may, for good cause shown, waive or limit the system test and inspection provisions in this Section 6.3.

6.4. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area, and, to the extent necessary to effectuate the objectives of Article 8 hereof, with agreed upon CAO facilities. Franchisee shall use reasonable efforts to interconnect its Cable System with the existing cable operator(s). Franchisee shall initiate interconnection negotiations with the existing cable operator(s) to cablecast, on a live basis, Public, Educational and Governmental Access programming consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall attempt to negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. The Franchisee and the existing cable operator(s) shall negotiate the interconnection agreement on reasonable terms and conditions. If, despite Franchisee's reasonable efforts, Franchisee is unable to successfully negotiate interconnection of its Cable System with the existing cable operator(s), the City shall make all best efforts to facilitate such negotiations between Franchisee and such other cable operator(s).

6.5. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

6.6. *Program Services:* Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be

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interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels).

7. LEADING TECHNOLOGY

7.1. *Leading Technology:* The parties hereto acknowledge and agree that the FTTP Network, and the Cable Services provided thereby, as described in Appendix J, will when built constitute a “Leading Technology” that includes more extensive fiber facilities, in lieu of coaxial cable facilities, than is currently, or ever has been, provided by any other Cable Service provider within the City as of the Effective Date.

7.1.1. The Franchisee will, at the City’s request (but not before the first anniversary of the Effective Date of the Franchise Agreement and not more often than once in any thirty-six (36) month period), prepare and submit to the City a report (in a mutually agreeable format) setting forth the Franchisee’s review and assessment of the current state of cable technology and its current plans, if any, to enhance its Cable System (provided however, that this reporting requirement will be in abeyance to the extent that a substantial competing franchisee delivering service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the City is then using a system in the City that fails to provide at least comparable capacity, reliability and feature richness to Franchisee’s system).

7.1.2. Upon the submission of each report as described in the preceding Section 7.1.1 the City may undertake an evaluation of such report, with an opportunity for Franchisee to comment on any City evaluation, and Franchisee will subsequently commence good faith discussions with the City, and implement agreements resulting from such good faith discussions, regarding enhancements, if any, to be made to the Cable System to maintain its leading technology status (provided however, that the requirement pursuant to this Section 7.1.2. will be in abeyance to the extent that a substantial competing franchisee delivering Cable Service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the Franchise Area is then using a system in the Franchise Area that fails to provide at least comparable capacity, reliability and feature richness to the FTTP Network).

8. PEG SERVICES

8.1. PEG Set Aside:

8.1.1. In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall, not later than one hundred eighty (180) days from the Effective Date (or, with respect to any Governmental/Educational Access Channels, such later date as may be agreed upon by the City and Franchisee in the event Franchisee reasonably requests an extension in order to complete necessary work), provide on the Basic Service Tier use of twenty-five (25) access channels in total, as set forth immediately below in Section 8.1.1.1 (each, an “Access Channel”):

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8.1.1.1. *Public Access Channel*:. Four (4) Public Access Channels for each Borough (i.e. four (4) Public Access Channels for Manhattan, four (4) Public Access Channels for Staten Island, four (4) Public Access Channels for Brooklyn, four (4) Public Access Channels for the Bronx, four (4) Public Access Channels for Queens).

8.1.1.2. *Government/Educational Access Channels*: Five (5) Governmental/Educational Access Channels, one of which is designated by the City for Educational Access Channel programming, which are cablecast City-wide.

8.1.2. In addition to providing the Access Channels described in Section 8.1.1 above, the Franchisee shall provide the City with the following additional Access Channels on the Basic Service Tier, subject to the conditions set forth below:

8.1.2.1. No sooner than January 1, 2009, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City: (i) an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels); and (ii) one (1) additional Governmental/ Educational Access Channel which shall be cablecast City-wide.

8.1.2.2. No sooner than January 1, 2012, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City: (i) one (1) additional Public Access Channel for each Borough (for a total of five (5) additional Public Access Channels); and (ii) two (2) additional Governmental/Educational Access Channels which shall be cablecast City-wide.

8.1.2.3. No sooner than the date which is the sixth (6th) Anniversary of the Effective Date hereof, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels).

8.1.2.4. No single additional Governmental/Educational Access Channel or additional Governmental/Educational Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee unless all existing Governmental/Educational Access Channels are providing original, non-text, non-duplicative programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months. With respect to the Public Access Channels to be carried in each Borough, no single additional Public Access Channel or additional Public Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee in the applicable Borough unless all existing Public Access Channels in the applicable Borough are providing programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months.

8.1.3. The City hereby authorizes Franchisee to transmit all Access Channel programming within and without City jurisdictional boundaries. In the event that one or more Public or Governmental/Educational Access Channels are not being utilized by the City or the CAO's, the provisions of 16 NYCRR 895.4 (c)(12) shall be applicable.

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8.1.4. Within ten (10) days after the Effective Date of this Agreement, the City shall notify Franchisee of the programming to be carried on each of the Public or Governmental/Educational Access Channels set aside by Franchisee as listed in Appendix B. Thereafter, Franchisee shall assign the Public or Governmental/Educational Access Channel programming on such Public or Governmental/Educational Access Channels on its channel lineup as set forth in such notice, to the extent such Access Channel assignments do not interfere with any pre-existing channels assignments or contractual obligations. Franchisee shall not be required to make Borough-specific Public or Governmental/Educational channels available to Subscribers until one or more VSOs in the specific borough are open for sales.

8.1.5. The Franchisee shall carry the programming on each of the respective Public or Governmental/Educational Access Channels as indicated in Appendix B. In the future, the Franchisee shall assign the Public or Governmental/Educational Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of the Franchisee's respective channel lineup. The Franchisee shall not arbitrarily or capriciously change such channel assignments, and the Franchisee shall minimize the number of such changes; provided, however, that the Franchisee may change such channel assignments as it deems appropriate so long as (i) the Franchisee gives the appropriate CAO(s) or the Governmental/Educational/Access Channel programmer ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) the Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such Public or Governmental/Educational Access Channels changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising contemplated under this Section 8.1.5), and (B) providing notice of such changes in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

8.1.6. *Governmental/Educational Interconnection:* The City shall designate in writing to the Franchisee up to one (1) physical site for each Governmental/Educational Access Channel provided pursuant to Section 8.1 hereof (for a total of up to eight (8) sites) within the Franchise Area for the purpose of interconnection of Governmental/Educational Access Channel facilities with the Cable System (each, a "GE Access Interconnection Site").

8.1.6.1. Upon one hundred eighty (180) days written notice from the City (or such later date as may be agreed upon by the City and the Franchisee) and subject to the successful completion of all required site preparation work by the City and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the City, provide upstream Governmental/Educational Access Channel transmission connections between its video channel aggregation point and each of the GE Access Interconnection Sites in

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order to permit the signals to be correctly routed from the GE Access Interconnection Site for the distribution to Subscribers.

8.1.6.2. The City shall provide to Franchisee at the GE Access Interconnection Sites a suitable video signal and a suitable audio signal for each Governmental/Educational Access Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the Governmental/Educational Access Channel signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the City as is reasonably necessary for Franchisee to fulfill such obligations; provided, however, that neither Franchisee nor the required site work contemplated hereunder shall impose any unreasonable material burdens on the City.

8.1.6.3. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Governmental/Educational Access Channel signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Governmental/Educational Access Channel facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the City, make such changes in either the equipment and facilities referred to in this Subsection 8.1.6 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

8.1.7. *Community Access Organizations:* The respective Borough Presidents have each designated an independent, not-for-profit, nonmembership corporation, organized pursuant to the New York Not-for-Profit Corporation Law, to serve as the Community Access Organization for the applicable Borough, under whose jurisdiction the Public Access Channels shall be placed for purposes of Article 8 of this Agreement. The CAO's shall undertake such activities and shall adopt such rules and regulations as are required, and may adopt rules and regulations not inconsistent with this Agreement, the CAO Agreements (as hereinafter defined) attached as Appendix C to this Agreement, the Certificate of Incorporation of the CAO's, the By-Laws of the CAO's, the rules and regulations of the Public Service Commission, and applicable law. The CAO's shall each maintain tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986, as amended.

8.1.8. *Use of Public Access Channels.* The Public Access Channels for each Borough shall be under the jurisdiction of the CAO for such Borough. Such Public Access Channels shall be used for the purpose of distributing noncommercial services by the public, any other charitable, nonprofit purpose or other similar purpose, including, without limitation, the generation of revenues by activities reasonably related to such uses and purposes, or any other purpose agreed to between the Franchisee and the CAO.

8.1.8.1. *Public Access Interconnection:* The Franchisee shall effectuate the interconnection of any Public Access Channel facilities with the Cable System for purposes

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of transmitting the Public Access Channels contemplated in this Article 8 in accordance with the terms of the CAO Agreements (as hereinafter defined).

8.1.9. *No Editorial Control by Franchisee:* The Franchisee shall not exercise editorial control over programming or distribution of services over any Access Channel used by any Person(s), so long as such Access Channel is being used for the purposes authorized herein and except where the Franchisee is utilizing any such Access Channel pursuant to the fallow time provisions of the Cable Law.

8.1.10. *PEG Channel Quality:* Each Public and Governmental/Educational Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee's lowest tier of service, provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any Public or Governmental/Educational Access Channels content provided to Franchisee by any Public or Governmental/Educational Access Channel programmer.

8.2. *Governmental and Educational Access Grant:* Franchisee shall provide a grant to the City in the amount of Ten Million Dollars (\$10,000,000) in twelve (12) equal annual installments of Eight Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents (\$833,333.33) over the Franchise Term to be used in support of the production of local Governmental/Educational Access programming (the "Annual GE Grant"). Each annual installment of the Annual GE Grant shall be payable to the City by the Franchisee not later than the date which is sixty (60) days from each anniversary of the Effective Date during the Term hereof (except for the first installment of the Annual GE Grant, which shall be payable not later than the date which is sixty (60) days of the Effective Date). Such grant shall be used solely by the City for Educational Governmental Access, capital costs. Upon request by Franchisee, the City shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 8.2.

8.3. *Community Access Grant:* Franchisee shall pay to the CAO's certain funding (collectively, the "CAO Grants") pursuant to the terms of certain Community Access Organization Grant and Use Agreements by and between the respective CAO's in the City and the Franchisee (collectively the "CAO Agreements"), substantially in the form attached hereto as Appendix C. The Franchisee and the City acknowledge and agree that:

8.3.1. the amount of the CAO Grants and the terms and conditions of the CAO Agreements were negotiated solely between the Franchisee and the respective CAO's and the City was not a party to any such negotiations;

8.3.2. the CAO Grants, or any portion thereof, shall not constitute a deduction against Franchise Fees payable to the City by Franchisee pursuant to this Agreement; and

8.3.3. consistent with applicable federal and state law, the City shall not exercise any editorial control over any programming carried on any Access Channels set aside for any CAO's pursuant to this Agreement or the CAO Agreements.

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8.4. *Franchisee PEG Liability Immunity:* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any Access Channels.

8.5. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.7 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, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

9. INET

Requirements for an Institutional Network are set forth in Appendix D.

10. FRANCHISE FEES

10.1. *Payment to City:* Franchisee shall pay to the City 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. In the event that said payments are not received by the LFA within forty-five (45) days following the end of the applicable calendar quarter, following at least thirty (30) days written notice from the LFA that the Franchise Fee has not been paid, Franchisee shall pay interest on such overdue Franchise Fee amount at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the LFA retroactive to the first day that such Franchise Fee payment was due. 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.

10.2. *Acceptance of Payment:* No acceptance of any such payment shall be construed as an accord that the payment is the correct amount, nor shall such acceptance of payment be construed as a release of any claim the City may have for further or additional sums payable under this Agreement. Nothing herein shall be construed in such a way to affect a waiver by either party of applicable statutes of limitation with respect to Franchise Fee payments.

10.3. *Supporting Information:* Along with each quarterly Franchise Fee payment, the Franchisee shall submit to DoITT, or such other entity as the Commissioner may designate, with a copy to the Comptroller, a report in a form reasonably acceptable to the Commissioner (a form of such report that is currently in acceptable form is attached hereto as Appendix K) showing the basis for the computation for such quarterly Franchise Fee payment.

10.4. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due. Franchisee shall maintain the records necessary to

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confirm the accurate payment of Franchise Fees during this period and during any pendency of litigation.

10.5. *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 10 are provided to Subscribers in conjunction with Non-Cable Services, and the total cost of the bundle reflects a discount from the aggregate retail prices of the services contained therein, the Franchise Fee shall be applied to the retail price of the Cable Services in the bundle reduced by no more than a proportionate share of the overall discount.

10.5.1. By way of illustrative example of the formula described in the foregoing Section 10.5, if Cable Service A is sold separately at a price of \$40 a month, Non-Cable Service B is sold separately at a price of \$40 a month and Non-Cable Service C is sold separately at a price of \$40 a month, but the three services when purchased together are sold for \$100 a month, the amount of the \$100 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$33.33 per month. As a second example, if Cable Service A is sold separately at a price of \$50 a month, Non-Cable Service B is sold separately at a price of \$63 a month, Non-Cable Service C is sold separately at a price of \$74 a month, but the three services when purchased together are sold for \$150 a month, the amount of the \$150 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$40.11 per month.

10.6. *626 Offset*: 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; provided, however, that the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all other existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Franchise Area expressed in writing in the franchise agreement, or the renewal of any existing franchise agreement of each respective cable provider. 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 Franchisee's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

11. REPORTS AND RECORDS

11.1. *Open Books and Records*: Upon reasonable written notice to the Franchisee and consistent with Section 11.1.1 below, the City shall have the right to inspect Franchisee's books and records pertaining to 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, including, but not limited to, the calculation of Franchise Fees in accordance with Section 10.5 hereof. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the City. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Any records to be inspected by the City pursuant to this Article 11 shall be made available by Franchisee to the City in a mutually agreeable format and location, including, at the City's request, at a designated office of the Franchisee in the City.

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Notwithstanding anything to the contrary set forth in this Agreement, 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive. Any information disclosed to the City that the Franchisee reasonably identifies as confidential or competitively sensitive (including, without limitation, financial information related to the calculation of Franchise Fees) shall be treated by the City as confidential under Section 87(2) (d) of the New York Public Officers Law and the City shall disclose such information only to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. If the City receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, competitively sensitive, a trade secret or proprietary, the City shall notify Franchisee of such request. If the City determines in good faith that public disclosure of the requested information is required under FOIL or pursuant to a court order, the City shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. Nothing in this Article 11 is intended to be inconsistent with or otherwise impair the authority of the Comptroller under Section 93(b) of the New York City Charter to perform audits.

11.1.1. *Franchisee's Response to Records Requests:* In the event the City provides the Franchisee with a written request to inspect or review Franchisee's books and records pursuant to Section 11.1 above, Franchisee shall, within fifteen (15) days of Franchisee's receipt of such written request, provide the City with access to any information Franchisee is reasonably able to collect in response to such request and shall, within thirty (30) days from receipt of such request make available to the City all pertinent information in response to such request, consistent with the terms of Section 11.1 above; provided however, that to the extent there is additional information which Franchisee is unable to reasonably collect in such thirty (30) day period, Franchisee shall provide the City with a written notice setting forth the nature of such additional information and the date on which Franchisee shall provide access to such additional information.

11.2. *Annual and Quarterly Reports:* Subject to the confidentiality requirements of Section 11.1 above, the Franchisee shall submit a written report to the Commissioner no later than forty-five (45) days after the end of each calendar year or calendar quarter, as the case may be, during the Term of this Franchise (except where otherwise expressly indicated herein), which report shall be in a form reasonably satisfactory to the Commissioner, that shall include the information described in Sections 11.2.1 through 11.2.4; provided, however, that unless otherwise expressly described below, Franchisee's reporting obligations pursuant to this Section 11.2 shall not commence until six (6) months after Cable Service is made available by Franchisee on a commercial basis directly to multiple Subscribers in the Franchise Area.

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11.2.1. After July 1, 2012, Franchisee shall provide the City with an annual report regarding the MDUs for which Franchisee is using the “Additional Procedures” contained in section 5.5.2.1 of this Franchise and the status of such procedures.

11.2.2. A quarterly report showing the total number of Significant Outages (as defined in Appendix A of this Franchise) which occurred during the quarter, and with respect to each such Significant Outage, the time it occurred, its cause and duration and the households.

11.2.3. In addition to the reports to be provided as expressly set forth in this Article 11, the Franchisee shall also provide the reports described in Section 10.3 and Appendix A (including but not limited to Sections 2.5.3, 3.4.3, 6.5.3 and 7.5.3) and Exhibit 2 to Appendix A of this Franchise.

11.2.4. Franchisee shall provide at each Checkpoint date as listed in section 5.1.2 of this Franchise, a report (based on the calculations set forth in the 2000 census data) showing the estimated median household income of all homes passed and the average household income of all households in New York City.

11.3. *Records Required:* Franchisee shall at all times maintain:

11.3.1. Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term “complaint” as used herein refers to complaints about any aspect of the Cable System or Franchisee’s cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

11.3.2. Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

11.3.3. Records of service calls for repair and maintenance for a period of six (6) years after resolution by 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;

11.3.4. Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended;

11.3.5. Commencing on February 15, 2009, in order to track compliance with the benchmarks established in Appendix F, records showing the number of MDUs and SFUs passed by the FTTP Network in each Borough during the preceding year, and the cumulative number of MDUs and SFUs passed by the FTTP Network in each Borough since Franchisee commenced construction of the FTTP Network;

11.3.6. Commencing on February 15, 2009, records showing which wire centers servicing the Franchise Area have been upgraded so as to make them video capable VSOs open for sales consistent with Section 5.2 of this Franchise. Such records shall also show which wire

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center upgrades, if any, have been delayed due to the exceptions contained in the opening clause of Section 5.2 of this Franchise;

11.3.7. Commencing on February 15, 2009, records of MDUs and SFUs that were Video Network Created during the preceding year and the total number of MDUs and SFUs in each Borough throughout the City that have been Video Network Created throughout the City. Such records shall show the number of MDUs and SFUs by Borough that could not be Video Network Created due to an exception contained in Section 5.5 of this Franchise which became effective during the year, and the cumulative number of MDUs and SFUs in each Borough that are not Video Network Created due to the exceptions contained in Section 5.5 of this Franchise;

11.3.8. Franchisee shall maintain records documenting the applicability of the Section 5.5.1 exceptions; and make such records available for inspection by the Commissioner or the Commissioner's designee at a designated Franchisee office location;

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

11.3.10. Franchisee shall maintain accurate maps and improvement plans which show the location, size and a general description of all facilities installed in the public ways and any power supply sources, including voltages and connections. Maps shall be based on post-construction inspection to verify location;

11.3.11. Notwithstanding the requirements of Section 11.1 of this Agreement, upon written notice, the Commissioner may request additional information pursuant to this Franchise as may be reasonably necessary for the performance of any of the Commissioner's duties or any other City official's duty as it pertains to this Franchise. Franchisee's response to such request may be provided to the Commissioner in oral or written form, at Franchisee's sole discretion.

11.4. *Service Availability Meeting:* Not later than eight (8) months from each calendar year, upon ten (10) days written notice from the Commissioner, a representative of the Franchisee will hold a meeting with the Commissioner or designated representatives thereof to discuss information on the status of Franchisee's deployment of Cable Services in the City and Franchisee's compliance with the requirements of Article 5 of this Franchise (the "Annual Service Availability Meeting"). If, as a result of any Annual Service Availability Meeting, the Commissioner or designated representative thereof reasonably determines that an additional meeting regarding the topics addressed in the Annual Service Availability Meeting is required, the parties shall hold one (1) additional meeting per calendar year to further discuss such topics. Any information provided to the City by Franchisee in connection with any Annual Service Availability Meeting or additional meeting pursuant to this Section 11.4 shall be treated by the City as confidential and proprietary consistent with Section 11.1 hereof.

11.5. *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, or if expressly described otherwise in this Franchise.

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11.6. *File for Public Inspection:* Throughout the term of this Agreement, the Franchisee shall maintain a file available for public inspection during normal business hours at its service centers, or such other business office as may be designated by Franchisee, as required by Appendix A to this Agreement.

12. INSURANCE AND INDEMNIFICATION

12.1. *Insurance Generally; Types of Insurance:* The Franchisee shall continuously maintain one or more liability insurance policies meeting the requirements of this Section 12 throughout the Term (with the minimum limits and special conditions specified). Such insurance shall be issued by companies that meet the standards of Section 12.2(a) hereof and shall be primary (and non-contributing) to any insurance or self-insurance maintained by the City. The Franchisee has, as a condition of the Closing, provided proof of insurance pursuant to Section 12.3 hereof documenting compliance with the insurance requirements of this Section 12 as of the Closing.

(a) The Franchisee shall provide a Commercial General Liability Insurance policy covering the Franchisee as Named Insured and the City as an Additional Insured. Coverage for the City as Additional Insured shall specifically include the City's officials, employees and agents, and shall be at least as broad as Insurance Services Office ("ISO") Form CG 2010 (11/85 ed.) This policy shall protect the City and the Franchisee from claims for property damage and/or bodily injury, including death, which may arise from the performance of, or failure to perform, the Franchisee's obligations under this Agreement and the activities and operations conducted in connection with the provision of Cable Service under this Agreement. Coverage under this policy shall be at least as broad as that provided by ISO Form CG 0001 (1/96 ed.), must be "occurrence" based rather than "claims-made", and shall include, without limitation, the following types of coverage: Premises Operations, Products and Completed Operations, Contractual Liability (including the tort liability of another assumed in a contract), Broad Form Property Damage, Medical Payments, Independent Contractors, Personal Injury (Contractual Exclusion deleted), Cross Liability, Explosion, Collapse and Underground Property, and Incidental Malpractice. If such insurance contains an aggregate limit, it shall apply separately to the operations and activities undertaken pursuant to the Franchise. The Commercial General Liability Insurance policy described herein shall be maintained at all times with limits no less than Five Million Dollars (\$5,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) aggregate.

(b) The Commercial General Liability Insurance policy referred to in the preceding subsection (a) shall contain each of the following endorsements:

(i) The City of New York together with its officials, employees and agents is an Additional Insured with coverage as broad as ISO Forms CG 2010 (11/85 ed.) and CG 0001 (1/96 ed.); and

(ii) The Duties in the Event of Occurrence, Claim or Suit condition of the policy is amended per the following: if and insofar as knowledge of an "occurrence", "claim", or "suit" is relevant to the City of New York as Additional Insured under this policy, such knowledge by an agent, servant, official, or employee of the City of New York will not be

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considered knowledge on the part of the City of New York of the “occurrence”, “claim”, or “suit” unless the following position shall have received notice thereof from such agent, servant, official, or employee: Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department; and

(iii) Any notice, demand or other writing by or on behalf of the Named Insured to the Insurance Company shall also be deemed to be a notice, demand, or other writing on behalf of the City as Additional Insured. Any response by the Insurance Company to such notice, demand or other writing shall be addressed to Named Insured and to the City at the following addresses: Insurance Unit, NYC Comptroller’s Office, 1 Centre Street – Room 1222, New York, N.Y. 10007; and Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, NY 10007 (or replacement addresses of which the City notifies the Franchisee); and

(c) The Franchisee shall provide Workers Compensation Insurance and Disability Benefits Insurance in accordance with the Laws of the State of New York (with minimum limits as required by New York State law without regard to jurisdiction) on behalf of all employees undertaking activities or providing services pursuant to this Agreement.

(d) The Franchisee shall provide, and ensure that each subcontractor (if any) provides, Employers’ Liability Insurance affording compensation due to bodily injury by accident or disease sustained by any employee arising out of and in the course of his/her employment under this Agreement. The Employers’ Liability Insurance policy described herein shall be maintained at all times with limits no less than \$1 million per accident/disease/policy limit.

(e) The Franchisee shall provide a Comprehensive Business Automobile Liability policy for liability arising out of any automobile including owned, non-owned, leased and hired automobiles to be used in connection with undertaking activities or providing services pursuant to this Agreement. The Automobile Liability Insurance policy described herein shall be maintained at all times with limits no less than Two Million Dollars (\$2,000,000) combined single limit each accident. If automobiles are used for transporting hazardous materials, the Franchisee shall provide pollution liability broadened coverage for covered autos (endorsement CA 99 48) as well as proof of MCS 90.

(f) All insurers shall waive their rights of subrogation against the City, its officials, employees and agents.

(g) The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on indemnity in this Agreement given as a matter of law.

12.2. General Requirements for Insurance Policies:

(a) All required insurance policies shall be maintained with companies that are authorized or permitted to conduct business in the State of New York and have an A.M. Best

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rating of at least A- VII or a Standard and Poor's rating of at least AA, unless prior written approval is obtained from the Mayor's Office of Operations (or successor entity thereto).

(b) The Franchisee shall be solely responsible for the payment of all premiums for all required policies and all deductibles and self-insured retentions to which such policies are subject, whether or not the City is an insured under the policy. Any self-insured retention must be reasonable and is subject to approval by the City.

(c) Except for insurance required pursuant to Sections 12.1(c) and 12.1(d) herein, all policies shall contain a provision stating that the insurer or its authorized representative(s) shall use reasonable efforts to provide thirty (30) days prior written notice of intent to non-renew, cancellation or material adverse change to the City, except that ten (10) day notice for nonpayment of premium shall apply. Such notice shall be sent to the City pursuant to Section 18.6 hereof, and to the City's Comptroller ("the Comptroller"), attn: Office of Contract Administration, Municipal Building, Room 1005, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee).

(d) On or before the date of cancellation, termination or material adverse change affecting the City of any policies with respect to notices described in the preceding subsection (c) of this section 12.2., the Franchisee shall obtain and furnish to the City, with a copy to the Comptroller, replacement insurance binders demonstrating that replacement insurance fully compliant with this Section 12 has been obtained.

12.3. Proof of Insurance:

(a) The Franchisee has delivered to the City, as a condition of the Closing, for each policy required under this Agreement, a Certificate or Certificates of Insurance evidencing the effectiveness of all insurance required under this Agreement. All Certificates of Insurance shall be in a form reasonably acceptable to the City and shall certify the issuance and effectiveness of the types of insurance required herein, each with the specified minimum limits and conditions.

(b) A Certificate or Certificates of Insurance confirming renewals of, or changes to, insurance policies required hereunder shall be submitted to the City within ten (10) days of the expiration or renewal date of coverage of policies required under this Agreement. Such Certificates of Insurance shall comply with the requirements of the preceding subsection (a).

(c) The Franchisee shall be obligated to provide the City with a copy of any policy required by this Section 12 upon the demand for such policy by the Commissioner or the New York City Law Department; provided, however, that any policies or other related information provided by Franchisee (or Franchisee's designee, including, but limited to, an Affiliate or Franchisee's insurer) to the City pursuant to this subsection 12.43(c) shall be treated by the City as confidential and proprietary consistent with the provisions of Section 11.1 of this Franchise.

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12.4. *Operations of the Franchisee:*

(a) Acceptance by the City of a certificate hereunder does not excuse the Franchisee from securing a policy consistent with all provisions of this Section 12 or of any liability arising from its failure to do so.

(b) The Franchisee shall be responsible for providing continuous insurance coverage in the manner, form, and limits required by this Agreement and shall be authorized to provide service pursuant to this Agreement and the Franchise only during the effective period of all required coverage.

(c) In the event of any loss, damage, injury or accident arising under this Agreement, the Franchisee (once the Franchisee's Risk Management Claims Group becomes aware of any of the foregoing circumstances) shall promptly notify in writing the commercial general liability insurance carrier, and, where applicable, the worker's compensation and/or other insurance carrier, of any loss, damage, injury, or accident, and any claim or suit arising under this Agreement from the operations of the Franchisee or its subcontractors, promptly, but not later than 20 days after Franchisee's Risk Management Claims Group becomes aware of such event. The Franchisee's notice to the commercial general liability insurance carrier must expressly specify that "this notice is being given on behalf of the City of New York as Additional Insured as well as the Franchisee as Named Insured." The Franchisee's notice to the insurance carrier shall contain the following information: the name of the Franchisee, the number of the applicable policy, the date of the occurrence, the location (street address and borough) of the occurrence, and, to the extent known to the Franchisee, the identity of the persons or things injured, damaged or lost. Additionally:

(i) At the time notice is provided to the insurance carrier(s), the Franchisee shall provide copies of such notice to the Comptroller and the Commissioner. Notice to the Comptroller shall be sent to the Insurance Unit, NYC Comptroller's Office, 1 Centre Street – Room 1222, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee). Notice to the Commissioner shall be sent to the address set forth in Section 18.6 hereof; and

(ii) If the Franchisee fails to provide any of the foregoing notices in a timely and complete manner, the Franchisee shall indemnify the City for all losses, judgments, settlements and expenses, including reasonable attorneys' fees, arising from an insurer's disclaimer of coverage citing late notice by or on behalf of the City.

12.5. *Insurance Notices, Filings, Submissions:* Wherever reference is made in this Section 12 to documents to be sent to the Commissioner (e.g., notices, filings, or submissions), such documents shall be sent to the address set forth in Section 18.6 hereof.

12.6. *Disposal of Hazardous Materials:* If pursuant to this Agreement the Franchisee is involved in the disposal of hazardous materials, the Franchisee shall dispose of such materials only at sites where the disposal site operator maintains Pollution Legal Liability Insurance in the amount of at least Two Million Dollars (\$2,000,000) for losses arising from such disposal site.

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12.7. *Other Remedies:* Insurance coverage in the minimum amounts provided for herein shall not relieve the Franchisee or subcontractors of any liability under this Agreement, nor shall it preclude the City from exercising any rights or taking such other actions as are available to it under any other provisions of this Agreement or applicable law.

12.8. *Franchisee Indemnification Obligations:* The Franchisee shall indemnify, defend and hold the City, its officers, agents and employees (the “Indemnitees”) harmless from any and all liabilities, suits, damages, claims and expenses (including, without limitation, reasonable attorneys’ fees and disbursements) (“Damages”) that may be imposed upon or asserted against any of the Indemnitees arising out of the Franchisee’s performance of, or its failure to perform, its obligations under this Agreement and/or its provision of services hereunder, provided, however, that the foregoing liability and indemnity obligation of the Franchisee pursuant to this Section 12.8 shall not apply to any Damages to the extent arising out of any willful misconduct or gross negligence of an Indemnitee. Insofar as the facts and law relating to any Damages would preclude the City from being completely indemnified by the Franchisee, the City shall be partially indemnified by the Franchisee to the fullest extent provided by law, except to the extent such Damages arise out of any willful misconduct or gross negligence of any Indemnitee. This indemnification is independent of the Franchisee’s obligations to obtain insurance as provided under this agreement.

12.9. *Defense of Claim, Etc:* If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event to which reference is made in Section 12.8 herein, then upon demand by the City, the Franchisee shall either resist, defend or satisfy such claim, action or proceeding in such Indemnitee’s name, by the attorneys for or approved by the Franchisee’s insurance carrier (if the defense of such claim, action or proceeding is provided by the insurance carrier) or by the Franchisee’s attorneys. The foregoing notwithstanding, in the event an Indemnitee believes additional representation is needed, such Indemnitee may engage its own attorneys to assist such Indemnitee’s defense of such claim, action or proceeding, as the case may be, at its sole cost and expense. The Franchisee shall not settle any claim with respect to which the Franchisee is required to indemnify the Indemnitees pursuant to Section 12.8 without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

12.10. *No Claims Against Officers, Employees, or Agents:* Franchisee agrees not to make any claim against any officer or employee of the City or officer or employee of an agent of the City, in their individual capacity, for, or on account of, anything done or omitted in connection with this Agreement, to the extent that such officer or employee of the City or officer or employee of an agent of the City was acting within the lawful course and scope of his employment or agency. Nothing contained in this Agreement shall be construed to hold the City liable for any lost profits, or any consequential damages incurred by Franchisee or any Person acting or claiming by, through or under Franchisee.

12.11. *Limitation on Indemnification:* As between the City and the Franchisee, the indemnifications obligations of the Franchisee pursuant to Section 12.8 above shall not apply to any Damages arising out of the distribution of programming over the Governmental/Educational

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Access Channels, the Institutional Network available to and used by the City, and/or the Public Access Channels, to the extent that such claim does not arise out of an act or failure to act by the Franchisee.

12.12. *No Applicability to Pending Litigation:* Franchisee's indemnification obligations pursuant to this Article shall have no applicability to the litigation referenced and defined in Section 18.14.

13. TRANSFER OF FRANCHISE

13.1. *City Approval Required:* Subject to the provisions of this Article, the Franchisee shall apply to the City for approval of any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of the Franchisee, the Cable System, the Cable System assets, or the Franchise by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose; provided however that the foregoing, requirements of this Section 13.1 shall not be applicable with respect to transfers of any ownership interests contemplated hereunder which are effectuated as a result of any transactions involving the exchange of publicly traded shares. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

13.1.1. all information and forms required under federal law;

13.1.2. any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

13.1.3. a report detailing any changes in ownership of voting or non-voting interests of over five percent;

13.1.4. other information necessary to provide a complete and accurate understanding of the financial position of the Cable System before and after the proposed transaction;

13.1.5. complete information regarding any potential impact of the transaction on Subscriber rates and service; and

13.1.6. any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if the Franchisee believes that the requested information is confidential and proprietary, then the Franchisee must provide the following documentation to the City: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential; and (iii) a statement that the documents are available at the Franchisee's designated offices for inspection by the City.

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13.2. *City Action on Transfer:* To the extent not prohibited by federal law, the City may: (i) grant; (ii) grant subject to conditions directly related to concerns relevant to the transactions; (iii) deny any such transactions; or (iv) not take action, in which case the transactions shall be deemed granted, unless the requesting party and the LFA expressly agree in writing to an extension, pursuant to Section 617 of the Communications Act, 47 U.S.C. § 537.

13.3. *Waiver of Transfer Application Requirements:* To the extent consistent with federal law, the City may waive in writing any requirement that information be submitted as part of the transfer application, without thereby waiving any rights the City may have to request such information after the application is filed.

13.4. *Subsequent Approvals:* The City's approval of a transaction described in this Article in one instance shall not render unnecessary approval of any subsequent transaction.

13.5. *Approval Does Not Constitute Waiver:* Approval by the City of a transfer described in this Article shall not constitute a waiver or release of any of the rights of the City under this Agreement, whether arising before or after the date of the transfer.

13.6. *No Consent Required For Transfers Securing Indebtedness:* The Franchisee shall not be required to file an application or obtain the consent or approval of the City 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. However, the Franchisee will notify the City within ten (10) days if at any time there is a mortgage or security interest granted on substantially all of the assets of the Cable System. The submission of the Franchisee's audited financial statements prepared for the Franchisee's bondholders shall constitute such notice.

13.7. *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to pay any fee or file an application or obtain the consent or approval of the City for any transfer of an ownership or other interest in Franchisee, the Cable System, or the Cable System assets to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of 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. However, the Franchisee will notify the City within thirty (30) days if at any time a transfer covered by this subsection occurs.

14. RENEWAL OF FRANCHISE

14.1. *Governing Law:* The City and Franchisee agree that any proceedings undertaken by the City that relate to renewal or possible renewal of this Franchise shall be subject to, and shall not be inconsistent with, the Cable Law, including without limitation 47 U.S.C. § 546, as such may be amended from time to time.

14.2. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the City agree that at any time during the Term, while affording the public

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appropriate notice and opportunity to comment consistent with New York State law and the City Charter, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise granted hereunder and, if agreement is reached on the terms and conditions of such a renewal the City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

14.3. *Non-Renewal/Termination:* In the event that the City (i) does not grant a renewal of the Franchise at the scheduled expiration date of the Term; or (ii) this Agreement is terminated for any other lawful reason prior to the scheduled expiration of the Term, then the Term of the Franchise shall expire and all rights of the Franchisee under the Franchise shall cease, provided however that nothing in this Section shall be inconsistent with the terms of Section 18.21, provisions of this Agreement expressly providing for the survival of certain provisions after such termination or expiration, or the provisions of subsection 14.3.1 below.

14.3.1. If the Franchisee continues to provide Cable Service after the termination or expiration of the Term of the Franchise, and the Franchise has not been renewed, then the Franchisee shall be bound by all of the Franchisee's obligations under this Franchise for the period of such continuing provision of Cable Service.

14.4. *Consistent Terms:* Franchisee and the City consider the terms set forth in this Article 14 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

15. DEFAULT AND REMEDIES

15.1. *Defaults.* In the event of any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Agreement (each such breach, default, failure or other noncompliance being referred to herein as a "Default"), which Default is not cured within the specific cure period provided for in this Agreement (or if no specific cure period is provided for in this Agreement then within the cure period described in Section 15.3 below), then the City may:

15.1.1. cause a withdrawal from the cash Security Fund, pursuant to the provisions of Section 15.11 herein;

15.1.2. make a demand upon the Performance Bond pursuant to the provisions of Section 15.9 herein;

15.1.3. draw down on the Letter of Credit pursuant to the provisions of Section 15.10 herein;

15.1.4. pursue any rights the City may have under the Guaranty;

15.1.5. seek and/or pursue money damages from the Franchisee as compensation for such Default;

15.1.6. seek to restrain by injunction the continuation of the Default; and/or

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15.1.7. pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement, provided however the City shall only have the right to terminate this Agreement upon the occurrence of a Revocation Default (defined hereinafter).

15.2. *Notice of Default:* If at any time the City believes that Franchisee has committed any Default, the City shall notify the Franchisee's designated franchise service manager, and the Franchisee representatives identified in Section 18.6 hereof, of such alleged Default. If, thereafter, the City determines that Franchisee is not in Default, the City shall promptly provide the Franchisee with written notice of such determination. However, if the City determines that such notice has failed to result in a resolution of the matter, the City shall then notify Franchisee in writing of the alleged Default and identifying the specific provision of the Franchise on which the alleged Default is based (for purposes of this Article, the "Notice of Default").

15.3. *Franchisee's Right to Cure or Respond:* Except as set forth in Section 15.3.1 below, Franchisee shall have thirty (30) days from receipt of the Notice of Default to: (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default. Upon cure of any alleged Default, the City shall provide written confirmation that such cure has, to the knowledge of the Commissioner or designated representative thereof, been effected.

15.3.1. With respect to the following Franchise obligations, Franchisee shall have ten (10) days from the receipt of Notice of Default to (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default: (a) payment of Franchise Fees, Annual GE Grants, or Technology, Educational & Municipal Facility Grants; and (b) maintenance of Security pursuant to Sections 15.9, 15.10 and 15.11.

15.4. *Extended Time to Complete Cure:* Notwithstanding anything in the preceding to the contrary, no Default shall exist if a breach or default is curable, and a cure period is provided therefor in this Article 15 or otherwise, but work to be performed, acts to be done, or conditions to be removed to effect such cure cannot, by their nature, reasonably be performed, done or removed within the cure period provided, so long as the Franchisee shall have commenced curing the same within the specified cure period and shall diligently and continuously prosecute the same promptly to completion.

15.5. *Miscellaneous Matters Regarding Default, Cure and Remedies:* The rights and remedies described in Section 15.1 hereof shall not be exclusive, but each and every right and remedy specifically provided or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed appropriate by the City, except as provided herein. The exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy, nor shall any delay or omission in taking any action or exercising any remedies with respect to any Default be construed to be a waiver of or acquiescence to any Default. The exercise of any such right or remedy by the City shall not release the Franchisee from its obligations or any liability under this Agreement, provided that nothing in this Section 15.5 or in this Agreement is intended to authorize or shall result in double recovery of damages by the City.

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15.6. *Revocation Defaults; Definition of Revocation Default:* A Revocation Default shall mean any of the following occurrences or events:

15.6.1. any failure by the Franchisee to maintain in effect the cash Security Fund described in Section 15.11 hereof and/or the Letter of Credit described in Section 15.10 hereof in accordance with the provisions of said sections, which failure continues for ten (10) business days after notice;

15.6.2. any failure by the Franchisee to maintain in effect the Performance Bond described in Section 15.9 hereof in accordance with the provisions of said section, which failure continues for ten (10) business days after notice;

15.6.3. if the Franchisee intentionally makes a material false entry, or repeated false entries that are material in the aggregate, in the books of account of the Franchisee applicable to this Agreement, or a material false statement (or repeated false statements that are material in the aggregate) in reports or other filings submitted to the City (materiality for purposes of this clause being defined as material with respect to accurately documenting the Franchisee's compliance with its obligations under this Agreement);

15.6.4. if the Franchisee fails to maintain insurance coverage or otherwise materially breaches Article 12 hereof and such failure continues for ten (10) business days after notice from the City to the Franchisee;

15.6.5. if the Franchisee engages in a course of conduct intentionally designed to practice fraud or deceit upon the City;

15.6.6. if the Franchisee, intentionally engages or has engaged in any material misrepresentation in any representation or warranty contained herein;

15.6.7. if there is any transfer of the Franchise other than in accordance with Article 13;

15.6.8. the conviction, guilty plea or plea of nolo contendere of the Franchisee, any Controlling Person, any director or officer of the Franchisee, or any employee or agent of the Franchisee or of any Controlling Person acting under the express direction or with the actual consent of any of the foregoing, of any offense, including, without limitation, bribery or fraud, arising out of or in connection with this Agreement, the award of the franchise granted pursuant to this Agreement, provided that such shall constitute a Revocation Default with respect to any of the foregoing with respect to a malfeasant director, officer, employee or agent of the Franchisee or of any Controlling Person only if the Franchisee or the applicable Controlling Person refuses to disassociate itself from, or terminate the employment of, said director, officer, employee or agent;

15.6.9. the conviction or guilty plea of any City officer, employee, or agent of the offense of bribery or fraud with respect to this Agreement which arises out of any act of the

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Franchisee of any Controlling Person, or of any agent or employee thereof acting under the express direction or actual consent of the foregoing;

15.6.10. any abandonment of service in default of the obligations described in Section 15.13 hereof; and

15.6.11. any persistent and repeated pattern of material Defaults, even if individual Defaults constructing such a persistent and repeated pattern are subsequently cured after their occurrence or remediated by recourse to security provided to the City under Sections 15.9 through 15.11 hereof or by other means; provided, however, that this provision shall not apply to alleged Defaults subject to good faith disputes.

15.7. *Remedies of the City for Revocation Defaults:* In the event of a Revocation Default, the City may (in addition to any other remedy which the City may have under Section 15.1 hereof) at its option, give to the Franchisee a written notice (“Notice of Revocation”), in accordance with Section 15.8 hereof, stating that this Agreement and the Franchise granted hereunder shall be revoked on the date specified in such notice (which date shall not be less than ninety (90) days from the giving of the notice), and this Agreement and the Franchise granted hereunder shall terminate on the date set forth in such notice as if such date were the date provided in this Agreement for the scheduled expiration of this Agreement and the franchise granted herein. Notwithstanding the preceding however, during the period between the Notice of Revocation provided pursuant to this Section 15.7 and thirty days prior to the date of revocation set forth in such notice, the Franchisee may submit to the City any material it wishes to document that no Revocation Default has occurred or that revocation as a remedy for such Revocation Default would not be in the best interests of the City. If the City after reviewing such material determines that a Revocation Default has not occurred, or determines in its discretion that termination as a remedy for such Revocation Default would not be in the best interests of the City, then the City shall notify the Franchisee of its withdrawal of the Notice of Revocation which notice shall thereby no longer be effective.

15.8. *Revocation:* In the event the City has not received a satisfactory response from Franchisee to the Notice of Revocation, it may then seek revocation of the Franchise at a hearing. The City shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such hearing, a written notice specifying the time and place of such hearing which shall not be earlier than as provided for in Section 15.7 and stating its intent to revoke the Franchise.

15.8.1. At the designated hearing, 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 City, 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.

15.8.2. Following the hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the City in writing and thereafter the City shall determine (i) whether an event of Revocation Default has occurred under this Franchise; (ii)

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whether such event of Revocation Default is excusable; and (iii) whether such event of Revocation Default has been cured or will be cured by the Franchisee. The City shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the City determines that it will revoke the Franchise, the City shall promptly provide Franchisee with a written determination setting forth the City's reasoning for such revocation. Franchisee may appeal such written determination of the City to an appropriate court, which shall have the power to review the decision of the City de novo. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the City.

15.9. Performance Bond:

15.9.1. Establishment: The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement, a performance bond, for the benefit of the City, on the form attached hereto as Appendix E and from an institution satisfactory to the City, in an amount as provided in Section 15.9.2 below (the "Performance Bond"). The "City of New York acting by and through the Department of Information Technology and Telecommunications" shall serve as the sole obligee under the Performance Bond. The attorney-in-fact who signs the Performance Bond must file with the bond a certified copy of his/her power of attorney to sign the bond. The Performance Bond shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement.

15.9.2. Amount and Term: The initial amount of the Performance Bond shall be Fifty Million Dollars (\$50,000,000), which amount may at Franchisee's option be periodically reduced pursuant to the following schedule if at the scheduled reduction date Franchisee has timely completed its deployment obligations under Appendix F hereof. The Performance Bond provided hereunder shall provide that it shall remain in effect during the term of this Agreement and for one year thereafter unless within such one year period DoITT notifies the Franchisee that the Performance Bond shall remain in full force and effect because of the pendency of any litigation or the assertion of any claim which has not been brought to final judgment and for which the Performance Bond provides security.

15.9.2.1. Reduction Schedule: The required amount of the Performance Bond shall be reduced in accordance with the following schedule as of December 31 of the year indicated so long as Franchisee has attained the "NYC Total" percentage of households passed required as of that date as set forth in Appendix F, except that the date for reduction in calendar year 2014 shall be June 30 of that year, subject to the same requirement. If Franchisee does not attain the "NYC Total" percentage of households passed required as of the date as set forth in Appendix F due to the triggering of one or more of the Checkpoint Extensions provided for in Section 5.1.2 or otherwise, then the required amount of the Performance Bond shall be reduced only when the "NYC Total" percentage of households passed thereafter is attained.

2008: Thirty-Five Million Dollars (\$35,000,000)

2009: Thirty Million Dollars (\$30,000,000)

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2010: Twenty-Five Million Dollars (\$25,000,000)

2011: Fifteen Million Dollars (\$15,000,000)

2012: Ten Million Dollars (\$10,000,000)

2013: Five Million Dollars (\$5,000,000)

2014: One Million Dollars (\$1,000,000)

15.9.3. *Claim Against the Performance Bond:* The City may make a claim against the Performance Bond in such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations referenced in Section 15.9.2 (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such claim may be permitted by a final judgment of a court of competent jurisdiction. The City may not seek recourse against the Performance Bond for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Performance Bond, recourse to the Letter of Credit, or withdrawal from the cash Security Fund.

15.10. *Letter of Credit:*

15.10.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement and for one year thereafter, a letter of credit, for the benefit of the City, in a form and issued by a bank satisfactory to the City, in an amount as provided in Section 15.10.2 below (the "Letter of Credit"). The Letter of Credit shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement. The "City of New York acting by and through the Department of Information technology and Telecommunications" shall be named as the beneficiary. The original Letter of Credit shall be deposited with the City. The Letter of Credit shall contain the following endorsement or with language with similar effect:

"It is hereby understood and agreed that this letter of credit may not be canceled or not renewed by the issuer/surety until at least ninety (90) days after receipt by the New York City Department of Information Technology and Telecommunications of a written notice stating such intention to cancel or not to renew."

15.10.2. *Amount:* The Letter of Credit shall be in the amount of Twenty Million Dollars (\$20,000,000).

15.10.3. *Drawdown Against the Letter of Credit:*

15.10.3.1. The City may draw down against the Letter of Credit such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations under this Agreement not otherwise met in accordance with this Agreement (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such drawdown may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Letter of Credit for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Letter of Credit, recourse to the Performance Bond, or withdrawal from the cash Security Fund.

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15.10.3.2. In addition to its right to draw down on the Letter of Credit for any of the reasons set forth in 15.10.3.1 hereof, the City may draw down in full on the Letter of Credit at any time such Letter of Credit has less than thirty (30) days to run before it is scheduled to expire and no replacement or renewal Letter of Credit has been given in its place. In the event of a drawdown for such reason, the City will hold the proceeds as cash security (paying to itself any interest earned) in lieu of a Letter of Credit (with the City having the right to make withdrawals for the same purposes as drawdowns are permitted on the Letter of Credit) until a replacement Letter of Credit is put in place, at which time such drawdown proceeds will be returned to the Franchisee less any proper withdrawals and any reasonable transaction expenses. In the event of a drawdown on the Letter of Credit as contemplated by this Section 15.10.3.2, and until such time as a replacement Letter of Credit is obtained in accordance herewith, the replenishment obligations of the Franchisee with respect to the moneys held by the City following such drawdown as cash security shall correspond to the replenishment obligations (and rights) of the Franchisee applicable to the cash Security Fund under Section 15.11.

15.10.3.3. Within two business days after any drawdown against the Letter of Credit, the City shall notify Franchisee of the date and amount thereof.

15.10.4. *Replenishment:* Until the expiration of one year after the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that at least One Hundred Thousand Dollars (\$100,000) (cumulatively or in a single instance) has been drawn down against the Letter of Credit, Franchisee shall obtain a replacement or additional Letter of Credit such that the total amount available under the letter(s) of credit obtained shall be restored to the amount required in Section 15.10.2.

15.11. Cash Security Fund:

15.11.1. *Establishment and Amount:* Franchisee shall deposit with DoITT as a condition to the Closing a certified check, bank check or wire transfer, payable to the “City of New York,” in the amount of One Million Dollars (\$1,000,000), to be held by the City as security (together with the other elements of security provided for under this Agreement) for performance of Franchisee’s obligations under this Agreement (the “Security Fund”).

15.11.2. *Withdrawals From or Claims Under the Security Fund:* The City may make withdrawals from the Security Fund of such amounts as are necessary to satisfy (to the degree possible) Franchisee’s obligations under this Agreement that are not otherwise satisfied (and to reimburse the City for costs, losses or damages incurred as the result of Franchisee’s failure(s) to satisfy its obligations), to the extent that such withdrawal may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Security Fund for any costs, losses or damages for which the City has previously been compensated through a withdrawal from the Security Fund, recourse to the Performance Bond provided for in this Agreement or drawdown against the Letter of Credit provided for in this Agreement. Within two business days after any withdrawal from the Security Fund, the City shall notify the Franchisee of the date and amount thereof.

15.11.3. *Replenishment:* Until the expiration of one year after the end of the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that

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any amount has been withdrawn from the Security Fund as provided in Section 15.11.2, the Franchisee shall restore to the Security Fund the amount thus withdrawn.

15.11.4. *Return of Security Fund:* Within thirty (30) days of the end of the Term, the City shall pay over to the Franchisee any amounts remaining in the Security Fund.

15.12. *Not a Limit on Liability:* Neither the Franchisee's obligations under this Agreement nor Franchisee's liability for non-performance of any such obligations are limited in nature or amount by the acceptance or availability of the Performance Bond provided pursuant to Section 15.9, the Letter of Credit provided pursuant to Section 15.10 or the cash Security fund provided by Section 15.11.

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

16. CUSTOMER PROTECTION STANDARDS

16.1. *Generally:* Franchisee shall comply with the consumer protection standards set forth in Parts 890 and 896 of the NY PSC rules and regulations and the provisions of Appendix A hereto.

16.2. *Privacy Protection:* The Franchisee shall comply with the provisions of 47 U.S.C. § 551 and any other applicable law, including any local standards to the extent not inconsistent with the terms of this Franchise established in accordance with applicable law, with respect to the protection of the privacy of Subscribers.

16.3. *Parental Control:* Franchisee shall make available to any Subscriber, if not already incorporated in standard equipment that is offered to all Subscribers, a device that offers as an option the ability to limit access to programming to Persons who provide a personal identification number or other means provided by the Franchisee only to a Subscriber, or other similar means of allowing parents to control children's access to programming in the Subscriber household. Provided, however, that it is not the intention of the parties that this Agreement be construed as placing any responsibility or liability on the Franchisee for the exercise of or failure to exercise such parental controls as are offered and Franchisee shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls as are offered.

16.4. *Information to City:* The Franchisee shall provide subscriber information requested by the City for the purpose of enforcement of this Franchise, to the extent the provision of such information does not violate applicable law (including, without limitation, 47 U.S.C. § 551).

17. EMPLOYMENT AND PURCHASING

17.1. *Right to Bargain Collectively:* The Franchisee shall recognize the right of its employees to bargain collectively through representatives of their own choosing in accordance

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with applicable law. The Franchisee shall recognize and deal with the representatives duly designated or selected by the majority of its employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or any other terms, conditions, or privileges of employment as required by law. The Franchisee shall not dominate, interfere with, participate in the management or control of, or give financial support to any union or association of its employees.

17.2. *No Discrimination:* The Franchisee shall not: (i) refuse to hire, train, or employ; (ii) bar or discharge from employment; or (iii) discriminate against any individual in compensation, hours of employment, or any other term, condition, or privilege of employment, including, without limitation, promotion, upgrading, demotion, downgrading, transfer, layoff, and termination, on the basis of race, creed, color, national origin, sex, age, handicap, marital status, affectional preference or sexual orientation in accordance with applicable law. The Franchisee agrees to comply in all respects with all applicable federal, state and local employment discrimination laws and requirements during the term of this Agreement.

17.3. *Local Employment Plan:* Within thirty (30) days of the Effective Date hereof, the Franchisee shall, at its own cost and expense, develop, maintain and implement and disclose to the City (subject to appropriate and lawful confidentiality restrictions), a plan, consistent with Franchisee's collective bargaining agreements, for the recruitment, education, training, and employment of residents of the City for the opportunities to be created by the deployment and provision of service contemplated in this Agreement.

17.4. *City Vendors:* To the extent feasible and consistent with applicable law, and with due regard to price and quality considerations, the Franchisee shall utilize vendors located in the City in connection with the deployment and provision of service contemplated by this Agreement.

17.5. *Local Law Requirements:* The Franchisee agrees to comply in all respects with the provisions of the Mayor's Executive Order No. 50 (April 25, 1980) (codified at Title 10 Sections 1-14 of the Rules of the City of New York) and City Administrative Code 6-108.1 (1984) and all rules and regulations promulgated thereunder (collectively, the "EEO Requirements"), as such EEO Requirements may be amended, modified or succeeded throughout the Term of this Agreement. Notwithstanding the fact that the EEO Requirements do not apply on their face to Franchisee in its capacity as a franchisee, the Franchisee shall comply in all respects with the provisions of such EEO Requirements and successor and replacement laws, orders and regulations adopted following the date of this Agreement. As required by said Executive Order No. 50, the provisions of Sections 50.30 and 50.31 of the Final Rule implementing said Order are incorporated herein by this reference.

18. MISCELLANEOUS PROVISIONS

18.1. *Competition:* The parties agree that this Agreement, when compared to the terms of the City's cable television franchise agreements in existence as of the Closing, contains economic and regulatory burdens which, when taken as a whole, are not greater or lesser than those placed upon other cable operators operating within the Franchise Area.

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18.2. *Actions of Parties:* Any action to be taken by the City and/or the Commissioner pursuant to this Agreement shall be taken in accordance with the applicable provisions of the City Charter, as said Charter may be amended or modified throughout the Term of this Agreement. 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, unless expressly agreed otherwise herein.

18.3. *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.

18.4. *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 City.

18.5. *Force Majeure:* Subject to the procedures set forth in the last sentence of this Section 18.5, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Franchisee's capability to perform, Franchisee shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. The Franchisee shall notify the Commissioner in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

18.6. *Notices:* Every notice, order, petition, document, or other direction or communication to be served upon the City or the Franchisee shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses (unless expressly stated otherwise in this Agreement):

If to the Franchisee, to:

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Verizon New York Inc.
Maura C. Breen, Senior Vice President/~~&~~ General Manager ~~—New York~~
Regional Operations
140 West Street
31st Floor
New York, NY 10007

with a copy to:

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

With a copy to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

If to the City, to:

Department of Information Technology and Telecommunications
75 Park Place, Ninth Floor
New York, NY 10007
Attention: Commissioner

with a copy to:

New York City Law Department
100 Church Street, Sixth Floor
New York, NY 10007
Attention: Chief, Economic Development Division

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

18.7. *Additional Representations and Warranties:* In addition to the representations, warranties, and covenants of the Franchisee to the City set forth elsewhere herein, the Franchisee represents and warrants to the City and covenants and agrees that, as of the Closing:

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18.7.1. *Organization, Standing and Power:* The Franchisee is a corporation duly organized and validly existing under the laws of the State of New York and is duly authorized to do business in the State of New York and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

18.7.2. *Authorization:* The execution, delivery and performance of this Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly, legally and validly authorized by all necessary action on the part of the Franchisee. This Agreement and all other agreements entered into in connection with the transaction contemplated hereby have been duly executed and delivered by the Franchisee and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Franchisee.

18.7.3. *Compliance with Law:* The Franchisee is in compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the provision of the services contemplated herein and has obtained or will obtain prior to the provision of service to the public all government licenses, permits, and authorizations necessary for the provision of the service, except approval by the NY PSC.

18.7.4. *Ownership Interests:* Franchisee is a wholly owned subsidiary of NYNEX Corporation, which itself is a wholly owned subsidiary of Verizon Communications, Inc.

18.7.5. *Compliance with City Contracts:* The Franchisee has not received notice from the City of any default or noncompliance with any existing written contract or other written agreement with the City, unless such default or noncompliance has subsequently been cured or otherwise resolved to the City's satisfaction or such notice has been withdrawn by the City or otherwise determined by the City or a court of competent jurisdiction to have been issued in error.

18.8. *Compliance with Laws; Licenses and Permits:* With respect to its activities pursuant to this Agreement, the Franchisee shall comply with: (i) all applicable laws, rules, regulations, orders, writs, decrees and judgments (including, but not limited to, those of the PSC and the FCC) and any other federal, state agency or authority of competent jurisdiction; and (ii) all local laws and all rules, regulations, orders, of the City and of DoITT consistent with this Agreement. The Franchisee shall have the sole responsibility for obtaining all permits, licenses and other forms of approval or authorization necessary to construct, operate, maintain, upgrade, replace or repair the System, or any part thereof.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

18.10. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall not be effective unless mutually agreed to in writing by the parties and shall be subject to the approval of the NY PSC, pursuant to the Cable Law.

18.11. *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. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder," and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires.

18.12. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by, or a final order of any state or federal regulatory authority having competent 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, subject to the obligations of the parties as applicable under Section 18.4 above.

18.13. *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.

18.14. *Pending Litigation:* Nothing in this Franchise shall be construed to prejudice or affect any position taken by either the City or Franchisee in the litigation now pending in the Supreme Court, County of New York, captioned The City of New York v. Verizon New York Inc., Index No. 402961/03 (the "Pending Litigation").

18.15. *FTTP Network Status:* In the event of a lawful termination or non-renewal of the Franchise, the legal status of the FTTP Network in the rights-of-way will revert to whatever status it has as a system providing only services that do not include Cable Service, as such status may be ultimately determined by the final outcome of the litigation referred to in Section 18.14 above. In implementation of the intent of the preceding sentence, if and so long as the Franchisee shall have separate lawful authority to maintain facilities providing services of the type being carried over the FTTP Network in the City's Public Rights-of-Way, the Franchisee shall not be required to remove or 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 Franchisee from providing Cable Service.

18.16. *NY PSC Approval:* This Franchise is subject to confirmation by the NY PSC. Franchisee shall file a petition for confirmation with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

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18.17. *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, and in no event shall Franchisee be subject to rate regulation, except to the extent Franchisee is no longer subject to Effective Competition (as that term is defined by federal law) or such rate regulation is authorized to be imposed as a result of a change in federal law.

18.18. *Publishing Information:* Except as otherwise permitted in this Franchise, the City hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

18.19. *No Third Party Beneficiaries:* This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

18.20. *City Official:* The Commissioner is the City official that is responsible for the continuing administration of this Agreement.

18.21. *Holdover.* To the extent required or permitted by PSC regulations, in the event the Franchisee continues to provide Cable Service within the Franchise Area after the term of this Agreement, the Franchisee shall continue to comply with all applicable provisions of this Agreement, including, without limitation, all compensation and other payment provisions of this Agreement, throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise granted pursuant to this Agreement.

18.22. *Investigations Clause:* Franchisee shall comply with the City's standard "Investigations Clause" to be included in City contracts and agreements pursuant to Section 4(b) of Mayoral Executive Order 16 of 1978, as set forth in Appendix I hereto, and in the event of any failure as described therein shall be subject to the penalties set forth therein.

18.23. *Interpretation:* This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party because that party drafted, or caused that party's legal representative to draft, any of its provisions.

18.24. *Voluntary Execution:* The parties acknowledge that each has read this Agreement, that each fully understands its rights, privileges and duties under this Agreement, and that each enters into this Agreement freely and voluntarily. Each party further acknowledges that it has had the opportunity to consult with counsel of its own choosing in the negotiation or and agreement to the provisions of this Agreement.

18.25. *Execution in Counterparts:* This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute a single agreement.

18.26 *Approval of Amendments:* In the event this Agreement is to be amended in any manner which affects the City's interest in an adverse and substantial manner, agreement by the City to such amendment shall only be effective if such amendment is approved by the FCRC.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

AGREED TO THIS ____ DAY OF _____, 2008.

The City of New York:

By: _____
Deputy Mayor

By: _____
Paul Cosgrave, Commissioner

Approved as to form and certified as to legal authority:

Acting Corporation Counsel

Attest:

By: _____
City Clerk [City Seal]

Verizon New York Inc.

By: _____
Maura C. Breen, Senior Vice President/-&
General Manager - ~~NY/CT Region, Verizon Telecom~~ Regional Operations

Approved as to form:

John Raposa, Vice President & Deputy General Counsel –
Verizon Telecom

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APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

Appendix C: Form Community Access Organization Agreement

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APPENDIX A
CONSUMER PROTECTION STANDARDS

APPENDIX A
CONSUMER PROTECTION STANDARDS
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Section 1 **SOLICITATION OF SUBSCRIPTIONS**

1.1 Uniforms/Identification Cards/Name Badges. Each employee of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her employment with the Franchisee. The photograph on the identification card shall prominently show the employee's name and/or identification number. Such employee shall prominently display such identification card and shall show it to all such members of the public. Each employee of any contractor or subcontractor of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her name, the name of such contractor or subcontractor and the name of the Franchisee. The parties acknowledge that each Franchisee employee who routinely comes into contact with members of the public at their places of residence shall wear a uniform provided by the Franchisee, in addition to the foregoing requirements with respect to identification cards, except to the extent such requirement is affected by or subject to any contractual agreement(s) between the Franchisee and any Person other than the City.

1.2 Subscription Information.

1.2.1 At the time of installation to the Subscriber who is receiving the installation, and at least once a year to all Subscribers, with a copy to DoITT, the Franchisee shall provide the following subscription information in a clear, complete and comprehensible form:

(i) a description of the Cable Services provided by the Franchisee, accompanied by a listing of the charges for each such Service, either alone or in combination;

(ii) a listing of all rates, terms and conditions for each Cable Service or tier of Cable Service, both alone and in combination, and all other charges, such as for installation, for application of Cable Service to additional television sets, for deposits on equipment, for stolen or lost converters and other equipment, for returned checks and for relocating cable outlets;

(iii) a general explanation of other devices which may be used in conjunction with the System, such as devices provided as contemplated in 47 C.F.R. § 76.1621, remote control devices, and parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices) and a listing of the Franchisee's charges for connecting such devices to the System;

(iv) a description of the Franchisee's billing and collection procedures (including payment requirements to avoid disconnection of service), the use of payment coupons, the amount of any applicable late fees, and a description of the option of paying in person, consistent with these consumer protection standards;

(v) the procedure for the resolution of billing disputes;

(vi) a description of the Franchisee's policies concerning credits for service interruptions and outages, consistent with these consumer protection standards;

(vii) an explanation of the procedures and charges, if any, for upgrading, downgrading or disconnecting Services, consistent with these consumer protection standards;

(viii) the required time periods for installation requests, consistent with these consumer protection standards; and

(ix) a statement that all Franchisee employees, contractors, or subcontractors who routinely come into contact with members of the public at their places of residence shall wear a uniform and Franchisee identification card, to the extent required by Section 1.1, which they shall prominently display and show to all such members of the public.

1.2.2 Within fifteen (15) days of a written request by the Commissioner to the Franchisee, the Franchisee shall provide the Commissioner with a written description of Franchisee's procedures for accommodating non-English speaking Subscribers ("Franchisee's Non-English Procedures").

1.2.3 The Franchisee shall deliver three (3) copies of all such subscription information to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber. The Franchisee agrees that the City assumes no liability for the subscription information by virtue of its review of such information.

1.3 Right of Rescission. Anyone who requests the installation of Cable Service from the Franchisee shall have the right to rescind such request at any time prior to the point in time at which physical installation upon the premises begins. Anyone who requests a particular Service from the Franchisee shall have the same right of rescission, except that such right shall expire once the requested Service is actually received by such Person.

Section 2 **INSTALLATION**

2.1 Information Provided to Subscribers.

2.1.1 At the time of installation, the Franchisee shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." The Welcome Kit shall provide the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form:

(i) the location, hours of operation and telephone number(s) for each of the Franchisee's existing Service Centers and a telephone number for information as to where each Payment Center is located;

(ii) the toll-free telephone number for the Franchisee's customer service telephone system, including any cable information service line established by the Franchisee (which is described further in this Appendix A), accompanied by a brief description of the services and information that may be obtained by dialing each number;

(iii) a general description of how equipment, including, but not limited to, devices provided as contemplated in 47 C.F.R. § 76.1621, wireless remote control devices, parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices), is obtained and used in conjunction with the System, and the terms for rental and loaner equipment, including deposit requirements, if any, and procedures for return of equipment and the Subscriber's liability for lost, stolen or damaged equipment;

(iv) the policies governing Service Interruptions, Significant Service Interruptions, Outages, and Significant Outages as defined in Section 6.2.1 of this Appendix A and repair service;

(v) the policies and procedures for obtaining credits consistent with Section 10 of this Appendix A and the return of any deposits;

(vi) the complaint resolution process, including notice that anyone who is dissatisfied with the way in which the Franchisee has handled a complaint has the right to speak to a Franchisee supervisor or to contact the NY PSC and the City at the addresses and telephone numbers listed in the Welcome Kit, and any such changes shall be communicated to Subscribers via the Franchisee's semi-annual notice to Subscribers (which address and telephone number of the City may be changed by the Commissioner, in a notice to be provided to the Franchisee, from time to time);

(vii) the procedures by which the Subscriber will be notified of any rate increases, any change in programming Services (as defined in Section 8.1.1 of this Appendix A), any change in the price or conditions for the rental of equipment, any change in the location or hours of the Service Centers, any change in billing practices, practices regarding Service interruption, or any significant change in the policies or information set forth in the Welcome Kit;

(viii) the requirements concerning Subscriber privacy which are set forth in the Cable Act or any rules or regulations established by the City pursuant to Section 16.3 of this Agreement;

(ix) if provided to the Franchisee by the City in a format reasonably acceptable to the Franchisee: (A) a listing of the currently available Public and Governmental/Educational Access Channels, (B) a description of the purposes and uses of such Channels, and (C) general information regarding how a Person can utilize or obtain further information regarding such Channels; Franchisee shall also make the foregoing information available on its website, subject to Franchisee's technical

capability to do so, including, but not limited to, limitations with respect to character capacity;

- (x) the rules governing the termination of Cable Service;
- (xi) the steps for resubscribing to Cable Service after an involuntary termination.

With respect to the provision of the Welcome Kit to new Subscribers, the Franchisee shall also provide any information to such Subscribers that is required by applicable law but is not listed above.

2.1.2 The Franchisee shall train and make available customer service representatives to aid by telephone visually impaired consumers who cannot read the Welcome Kit. The Franchisee shall also make available by telephone bilingual customer service representatives to communicate with non-English speaking consumers regarding the information contained in the Welcome Kit.

2.1.3 The Franchisee shall distribute the then current version of the Welcome Kit to all new Subscribers at the time of installation, and to any other person on request. Any Person who makes such a request in person to a customer service representative or salesperson of the Franchisee must be supplied with a copy of the Welcome Kit immediately. The Franchisee must mail, by first class, the Welcome Kit to any Person who requests one by telephone within ten (10) business days of such request.

2.1.4 The Franchisee shall provide each customer service representative and each salesperson of the Franchisee with copies of the most current Welcome Kit and shall advise them of the requirements of this Section 2.1 of this Appendix A.

2.1.5 The Franchisee shall submit the Welcome Kit, as well as any subsequent updates of it, to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber and from time to time thereafter upon the Commissioner's request.

2.2 Channel Line-Up. The Franchisee must either (i) provide Subscribers with a Channel Line-up card for all Cable Services which shall be updated on an annual basis thereafter; or (ii) provide Subscribers with dial location information electronically on screens that can be controlled by the consumer, provided, however, that the Franchisee shall automatically provide such a card (and annual updates thereof) to all Subscribers who cannot access such information electronically, and shall further provide such a card to any Subscriber upon request.

2.3 Procedure for Installation

2.3.1 Once a request for Cable Service is received, the Franchisee shall offer "appointment window" time blocks of not more than four (4) hours on weekdays, for the selection of the Subscriber or potential Subscriber, during which the Franchisee's work crew shall arrive to perform the installation of the necessary equipment to receive

Cable Service (on Saturdays the Franchisee may in its discretion offer “appointment windows,” but shall, in any event, comply with the full 8:00 a.m. to 5:00 p.m. working period described in Section 2.3.2 below). The Franchisee shall use reasonable efforts to complete the installation during that appointment.

2.3.2 The Franchisee shall provide installation services including initial installation, continuously at least during the periods of 8:00 a.m. to 5:00 p.m. on weekdays and 8:00 a.m. to 5:00 p.m. on Saturdays and, for connection of additional outlets and upgrading of Cable Service for which all work can be performed indoors, continuously during the periods of 8:00 a.m. to 5:00 p.m. As required by Section 5.4 of the body of this Agreement, the Franchisee shall provide installation throughout its Franchise Area on a nondiscriminatory basis.

2.3.3 Consistent with the terms of Article 5 of the Franchise, unless a later date is requested by a potential Subscriber, the Franchisee shall complete installation of Cable Service for any new Subscriber and any upgrade or downgrade for any existing Subscriber within seven (7) business days after any such request is received, provided that if weekend installation is requested, installation shall be completed by no later than the fourth (4th) Saturday following the date the request is received. Notwithstanding the foregoing, such time period shall not apply to any building not currently wired for Cable Service as to which the Franchisee is, upon a showing to and with the approval of the Commissioner, in compliance with its obligations regarding access to such building pursuant to Article 5 of the body of this Agreement, or except as provided in Section 18.5 of the body of this Agreement.

2.3.4 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers to perform any visit to a Subscriber’s premises to perform its obligations under this Section 2.3.

2.4 Nature of the Request for Installation

2.4.1 The Franchisee shall not discriminate among Subscribers or potential Subscribers because someone living in the same household is already or was a Subscriber, unless the Franchisee can demonstrate, to the Commissioner’s satisfaction, that: (i) the Franchisee has a reasonable basis for believing that a Person(s) living in the household is (are) attempting to deceive the Franchisee or (ii) such Person(s) has (have) failed to respond to a reasonable request from the Franchisee for information which would enable the Franchisee to determine whether such Person(s) is (are) entitled to receive Cable Service.

2.5 Records of Requests for Cable Service

2.5.1 The Franchisee shall keep records capable of showing all requests for Cable Service, which shall contain, with respect to each request for Cable Service, the name and address of the Person requesting Cable Service, the date on which Cable Service was requested, the date and appointment period on which Cable Service was scheduled to be provided and the date and appointment period on which Cable Service

was actually provided. In the event that the Franchisee is unable to provide Cable Service, the Franchisee shall keep records showing in reasonable detail the number of attempts the Franchisee has made to provide such Cable Service and the reason the Franchisee was unable to provide Cable Service. These records shall be assembled continuously.

2.5.2 Any information in the records required by Section 2.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorizes the Franchisee, in writing, to destroy any information required by Section 2.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time or may require that the information be turned over to the Commissioner in lieu of its destruction in accordance with Section 11.1 of the body of this Agreement.

2.5.3 A report summarizing the information contained in the records required by Section 2.5.1 regarding all requests for Cable Service for the preceding quarter shall be submitted in written or electronic form to the Commissioner by the forty-fifth (45th) day following the end of each calendar quarter, containing the following information

- (i) the number of requests for Standard Installations;
- (ii) the number of Standard Installations made;
- (iii) the number of Standard Installation and service appointments made;
- (iv) the number of Standard Installation and service appointments met; and
- (v) the number of Standard Installations and service appointments rescheduled by the Franchisee.

To the extent permitted by state and federal privacy laws, upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commissioner to verify and supplement the information contained in the report required by the preceding sentence and the Franchisee's compliance with its obligations under Section 2.5.1; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 2.5.1 hereof. The Commissioner may waive the submission of such records as the Commissioner deems appropriate.

2.5.4 Franchisee's reporting requirements pursuant to Section 2.5.3 hereof shall not commence until the third (3rd) calendar quarter following the Effective Date of this Agreement. Notwithstanding the foregoing, with respect to reports in connection with Franchisee's obligation under Section 2.3.3 hereof regarding Saturday installation requests, Franchisee's reporting obligations shall commence on the date which is one (1) year from the Effective Date of this Agreement.

Section 3 **SERVICE CENTERS**

3.1 Service Centers

3.1.1 Subject to the requirements of Subsection 3.1.1.1 hereof, the Franchisee shall initially establish and maintain one (1) Service Center in each of the five (5) Boroughs of the Franchise Area. The Franchisee shall notify Subscribers and the Commissioner of the opening, and thereafter any change in the location, of these Service Centers.

3.1.1.1 With respect to each Borough in the Franchise Area, Franchisee's obligation to establish and maintain each Service Center pursuant to Section 3.1.1 hereof shall not commence until ninety (90) days from the date on which Franchisee determines that Franchisee has achieved a Subscriber base of ten thousand (10,000) Subscribers in the applicable Borough.

3.1.1.2 Within ninety (90) days from the date on which Franchisee achieves an aggregate Subscriber base of sixty thousand (60,000) Subscribers in any Borough, Franchisee shall establish and maintain one (1) additional Service Center in each such Borough; provided however, that nothing herein shall be construed to require Franchisee to establish and maintain more than a total of two (2) Service Centers in any Borough. All such Service Centers will be conveniently located near mass transit.

3.1.2 Except on the legal holidays recognized by the City of New York, a list of which shall be supplied to the Franchisee upon request to the Commissioner, these Service Centers shall be open continuously for at least nine (9) hours on weekdays and for at least five (5) hours on Saturdays, subject to Franchisee's contractual agreements with Persons other than the City. The Franchisee shall staff each Service Center so it is capable of providing on Saturday the same level of service it provides during any weekday, such that waiting time for any service on Saturday is not significantly different than during any weekday.

3.1.3 The Service Centers shall be designed so as to provide access in accordance with applicable law.

3.1.4 The Franchisee shall maintain on file at each Service Center, or on its website for public inspection current copies of its billing practices and payment requirements and general informational materials (including monthly bill stuffers) and shall keep such records at its central office for a period of two (2) years, to be mailed or otherwise delivered to a specified Service Center within a reasonable time upon the City's or a Subscriber's request. The foregoing records shall be maintained independent of, and in addition to, Franchisee's public inspection file maintained pursuant to 47 C.F.R. § 76.1700.

3.2 Training of Employees

3.2.1 Franchisee employees who regularly come in contact with the public shall be trained to perform efficiently the various tasks, including responding to consumer inquiries and complaints, necessary to provide consumer services in a responsible and courteous manner.

3.2.2 All Franchisee employees shall identify themselves by name or preassigned identification number when answering Franchisee telephone lines routinely used by members of the public. The Franchisee shall maintain a system to enable the Franchisee to identify the particular employee who answered any telephone call in such manner.

3.2.3 Franchisee employees shall refer any Person who is dissatisfied with the resolution or handling of any complaint concerning the Franchisee to a supervisor. Franchisee supervisors shall be available to speak to such Persons. If, due to unforeseen circumstances, a supervisor is temporarily unavailable to speak with such a Person, then that Person will be contacted by a supervisor as soon as practicable. If the Subscriber is not contacted by the supervisor or otherwise requests such information, a nonsupervisory employee shall inform the Subscriber of the foregoing information.

3.2.4 The Franchisee shall ensure that some employees at its office speak any language used by a substantial percentage of the Franchisee's Subscribers with whom they come into contact in the course of their employment.

3.2.5 To the extent the Franchisee uses contractors or subcontractors who regularly come into contact with the public on the Franchisee's behalf, the Franchisee shall ensure that such contractors or subcontractors receive the training and follow the procedures outlined in Sections 3.2.1-3.2.4 above.

3.3 Telephone Lines

3.3.1 The Franchisee shall have local telephone or toll-free lines for receiving requests for repair or installation services, for reporting service interruptions and for responding to billing questions. The lines shall be answered twenty-four (24) hours per day, seven (7) days per week by Franchisee employees with respect to service problems (such as for the reporting of interruptions or outages in service and the scheduling of service repairs) and, at a minimum, during normal business hours with respect to installation-related and billing-related matters and questions; but in no event shall such lines be operated for fewer hours than required, or less comprehensively than required, by applicable federal or state requirements. In the event a Franchisee employee receives, but is unable to respond to, a Subscriber call after normal business hours regarding any of the issues described in this Section 3.3.1, such Franchisee employee shall create a notation on Subscriber's record (to enable informed employee response upon business hours follow-up), including any appropriate Subscriber information, consistent with Franchisee's practices and procedures. For purposes of this Section 3.3.1, normal business hours shall have the meaning set forth in 47 C.F.R. § 76.309 and 16 NYCRR § 890.

3.4 Standard of Service for the Telephone System

3.4.1 The Franchisee shall maintain a telephone system throughout the term of this Agreement which shall be capable, at a minimum, of meeting each of the following standards:

- (i) each telephone call shall be answered within at least thirty (30) seconds;
- (ii) callers shall receive a busy signal not more than three percent (3%) of the time in any one (1) month period;
- (iii) callers shall not be kept on hold for longer than thirty (30) seconds;
- (iv) no more than ten percent (10%) of all calls (measured on a quarterly basis) shall be kept on hold for thirty (30) seconds;
- (v) any automated menu system shall provide, within ninety (90) seconds (or one hundred twenty (120) seconds during peak periods), an opportunity, which may include pressing "0" or remaining on the line without entering a menu option, for the caller to connect to a customer service representative; and
- (vi) all menus and subsidiary menus shall provide an opportunity to connect to a customer service representative.

3.4.2 Reasonable variations in these performance standards shall be permitted during abnormal operating conditions, including, by way of illustrative example, during trunk line failures.

3.4.3 The Franchisee shall provide quarterly reports to the Commissioner containing information relevant to the question of whether its telephone system continues to conform to Section 3.4.1 of this Appendix A. Franchisee's quarterly reports provided pursuant to this subsection 3.4.3 shall be measured for purposes of compliance with the requirements hereof solely on a quarterly basis, but shall reflect, for informational purposes, Franchisee's metrics on a month-by-month basis. If the Commissioner determines, based on complaints or any other evidence, that the Franchisee's telephone service does not meet the standards set forth in this Section 3.4, or any variations in those standards previously agreed to by the Commissioner, then the Commissioner has the authority to order the Franchisee to take appropriate action to meet such standards. Failure of the Commissioner to issue such order, however, shall not constitute a waiver of the City's rights with respect to any failure by the Franchisee to comply with its obligations pursuant to this Appendix A or this Agreement.

Section 4 **BILLING**

4.1 The Format of a Subscriber's Bill

4.1.1 The bill shall be designed in such a way as to present the information contained therein clearly, comprehensibly and accurately to Subscribers.

4.1.2 The bill shall contain itemized charges for each category of Cable Service and piece of equipment for which a charge is imposed (including late charges, if any), an explicit due date, the name and address of the Franchisee and telephone number for the Franchisee's office responsible for inquiries, billing, the NY PSC's toll-free Subscriber Assistance telephone number and the telephone number specified by the Commissioner for the resolution of billing disputes. The bill shall state the billing period, amount of current billing and appropriate credits or past due balances, if any. Unless prohibited by law, the Franchisee may accurately designate that portion of a Subscriber's bill attributable to the amount of any compensation payment to be made by the Franchisee or any other Person to the City pursuant to this Agreement.

4.2 Billing Procedures

4.2.1 All bills shall be rendered monthly, unless otherwise authorized by the Subscriber, or unless service was provided for less than one (1) month (because, for example, the Subscriber received service, from activation to cancellation, for less than one month.)

4.2.2 The Franchisee shall use reasonable efforts to cooperate with any regulated and accredited banking or financial institution that provides Subscribers with an optional payment mechanism whereby they can directly pay any bills electronically from their residence or business, when such mechanism is economically and technically feasible and viable, and provided that the Commissioner may reduce or relieve the Franchisee of such obligations where such relief is appropriate in light of the circumstances, including the nature of the institution and the burden to the Franchisee. To the extent permitted by applicable law, the Franchisee may "pass through" to the Subscriber any charges imposed on the Franchisee in connection with such bill payment by any such institution, so long as the Franchisee provides prior notice of such charge to the Subscriber.

4.2.3 The Franchisee shall credit any Subscriber who has voluntarily interrupted Cable Service, pursuant to the requirements established by the Franchisee, with a rebate on his or her monthly bill for the period(s) during which service was voluntarily interrupted, provided that the Franchisee may charge any such Subscriber a reconnection charge.

4.2.4 Any returned check charge imposed by the Franchisee shall be consistent with the requirements of N.Y. General Obligations Law, Ch. 24-A § 5-328 or any successor provision thereto.

4.3 Procedures for Collecting Late Bills

4.3.1 No bill shall be due less than fifteen (15) days from the date of the mailing of the bill by the Franchisee to the Subscriber.

4.3.2 A bill shall not be considered delinquent until at least forty-five (45) days have elapsed from the mailing of the bill to the Subscriber and payment has not been received by the Franchisee, provided that no bill shall be mailed more than fifteen (15) days prior to the date Cable Services covered by such bill commence, except in cases where a Subscriber requests advance billing. Late fees not to exceed the maximum percent allowed by law may be applied to a delinquent bill, so long as the billing dispute resolution procedures set forth in Section 4.4 of this Appendix A have not been initiated.

4.3.3 The Franchisee shall not physically or electronically discontinue Cable Service for nonpayment of bills rendered for Cable Service until: (i) the Subscriber is delinquent in payment for Cable Service; and (ii) at least five (5) days have elapsed after a separate written notice of impending discontinuance has been served personally upon a Subscriber; or (iii) at least eight (8) days have elapsed after mailing to the Subscriber a separate written notice of impending discontinuance (for which postage is paid by the Franchisee), addressed to such Person at the premises where the Subscriber requests billing; or (iv) at least five (5) days have elapsed after a Subscriber has either signed for or refused a certified letter (postage to be paid by the Franchisee) containing a separate written notice of impending discontinuance addressed to such Person at the premises where the Subscriber requests billing. Notice of impending Cable Service discontinuance must clearly state the amount in arrears, the total amount required to be paid to avoid discontinuance of Cable Service, collection fees, if any, reconnection charges if applicable, and the date by which such payment must be made, the location of Service Centers where such payment may be made, or how the Subscriber can get information (e.g., via the Franchisee's website and/or by calling a toll-free number) about the location of each Payment Center where such payment may be made. Receipt of a subsequently dishonored negotiable instrument in response to a notice of discontinuance shall not constitute payment, and the Franchisee shall not be required to issue an additional notice prior to discontinuance.

4.3.4 As described in Section 4.5 of this Appendix A, the Franchisee may under certain circumstances refer a delinquent account to a private collection agency. The Franchisee agrees that it will not, and will instruct all collection agencies collecting delinquent accounts on behalf of the Franchisee not to, refer any delinquent account to a credit agency except if the Subscriber has closed an account with an outstanding balance of more than fifty dollars (\$50) and that balance has been pending for more than ninety (90) days. If, however, the Subscriber subsequently pays the outstanding balance, the Franchisee shall notify any credit agencies that were previously informed of the outstanding balance.

4.4 Procedure for the Resolution of Billing Disputes

4.4.1 The billing dispute resolution procedure shall be initiated once a Subscriber contacts the Franchisee's department which handles billing questions or the Commissioner, in writing, so long as such contact occurs within thirty (30) days from the date of receipt of the bill by the Subscriber. If the Subscriber contacts the Commissioner, the Commissioner shall notify the Franchisee, by mail, by telephone or by electronic

means, that the dispute resolution procedure has been initiated and the Franchisee shall then contact the Subscriber to discuss the dispute.

4.4.2 The Subscriber shall not be required to pay the disputed portion of the bill until the dispute is resolved. The Franchisee shall not apply finance charges, issue delinquency or termination notices, or initiate collection procedures for the disputed portion of the bill pending resolution of the dispute.

4.4.3 The Franchisee shall promptly undertake whatever review is necessary to resolve the dispute, and shall notify the Subscriber of the results of the review as soon as it is completed, but in no case later than twenty (20) business days after receipt from the Subscriber of the billing dispute, problem or complaint notification.

4.4.4 The Franchisee shall, upon the Subscriber's or the City's written request, notify the Subscriber in writing of its proposed resolution of the billing dispute, shall provide the address and telephone number to be provided from time to time by the Commissioner and by which a Subscriber may notify the City of a billing dispute, problem or complaint, and shall inform the Subscriber that unless an appeal is taken to the Commissioner within ten (10) business days after the date of postmark on the notification letter, the Franchisee's resolution of the dispute shall be considered final. If, in response to a Subscriber's written request, the Franchisee resolves the dispute over the phone or in person, then no written response need be provided to the Subscriber. Where no appeal is taken, the amount the Franchisee claims is due must be paid within twenty (20) days after the date of postmark on the notification letter.

4.4.5 If the Subscriber appeals the Company's resolution within the aforementioned period, the amount under dispute by the Subscriber will not be due until at least one (1) week after the dispute has been resolved by Franchisee.

4.4.6 The procedures set forth in Sections 7.3.1 - 7.3.5 of this Appendix A shall apply to billing disputes appealed to the Commissioner.

4.5 Referral of Delinquent Accounts to a Collection Agency

4.5.1 If the billing dispute resolution procedures have not been initiated, the delinquent account may be referred to a private collection agency for appropriate action no sooner than ten (10) business days after it becomes delinquent or, where a Subscriber voluntarily terminates any Cable Service and the amount due is delinquent but not in dispute, no sooner than ten (10) business days after the final bill is mailed to the Subscriber.

4.5.2 If the billing dispute resolution procedures have been initiated, the delinquent account shall not be referred to a collection agency prior to the conclusion of those procedures, including any appeal to the Commissioner.

4.5.3 The Franchisee agrees that a referral to a private collection agency in violation of Sections 4.3.4, 4.5.1, or 4.5.2 of this Appendix A shall result in injury to the Subscriber which will be difficult to ascertain and to prove. The Franchisee therefore

agrees that, it will send to the affected Subscriber a letter of apology and notify, in writing, the collection agency, copies of which such letter and notice shall be sent to the Commissioner. Further, if any credit agency is contacted by the Franchisee or any collection agency collecting delinquent accounts on behalf of the Franchisee in violation of Section 4.3.4 of this Appendix A, the Franchisee shall, in addition to taking the foregoing actions, (i) notify the credit agency contacted as a result of such referral that the referral was wrongly made and should not adversely affect the Subscriber's credit standing, a copy of which notice(s) shall be sent to the affected Subscriber and the Commissioner.

Section 5

EQUIPMENT PROVIDED BY THE FRANCHISEE

5.1 Types of Equipment To Be Provided

5.1.1 The Franchisee shall comply with 47 C.F.R. § 76.1621 or any successor provision thereto.

5.1.2 The Franchisee shall supply a closed caption decoder to any hearing impaired Subscriber who requests one at a charge not to exceed the Franchisee's cost, unless the technology for such decoding is already incorporated in other equipment being provided to the subscriber.

5.2 Terms for Rental and Loaner Equipment

5.2.1 As provided in this Appendix A, the Franchisee may require deposits on certain equipment it provides to Subscribers, provided that the Franchisee shall return to Subscribers their deposits together with a reasonable amount of interest, and provided further that there shall be no discrimination among or between Subscribers in either the requirement for or the amount of any deposit. The Franchisee shall permit the return of such equipment to any Service Center. When equipment is returned, the Franchisee shall either promptly test it to ensure that it is not damaged or waive any damage claims, and shall give the Subscriber a receipt showing, in addition to the date and time of the return and the Subscriber name, the model and serial number of the returned equipment. The Franchisee shall return to the Subscriber his or her deposit, plus interest minus any reasonable amount, if any, deducted for damage to the equipment or the amount of any outstanding balance owed to the Franchisee within the next applicable billing cycle.

5.2.2 If such equipment is lost, damaged or stolen by reason of an intentional, wrongful act by, or the gross negligence of, the Subscriber, or if the Subscriber gives the equipment to a third party to return to the Franchisee and the third party does not do so, then the Subscriber shall be liable for the value of the equipment as determined by the Franchisee and consistent with Franchisee's annually published rates. If such equipment is lost, damaged or stolen through the wrongful act of a third party, or any other event outside the Subscriber's control (such as a burglary or a fire in the Subscriber's building), then the Subscriber shall have no liability for the equipment,

provided that the Subscriber files with the Franchisee a police report on the cause of any such loss, theft or damage to any equipment. The Franchisee shall keep records showing the resolution of Subscriber claims regarding lost, stolen or damaged equipment, which records shall be submitted in written or computer disk form to the Commissioner as the Commissioner may reasonably request from time to time, within fifteen (15) days of such request.

5.2.3 For billing purposes, the return of rental equipment shall be deemed to have taken place on the day such equipment is returned.

5.3 Notice That Equipment Is Available. The Franchisee shall provide in the Welcome Kit information about the availability and function of the equipment described in this Section 5 of this Appendix A, as well as where such equipment may be obtained.

5.4 Demonstration of Equipment. The Franchisee shall provide free demonstration of such equipment at the Service Centers.

Section 6

SERVICE OUTAGES AND SERVICE INTERRUPTIONS

6.1 The Franchisee shall exercise its best efforts to limit any scheduled Outage (as hereinafter defined) of any Cable Service for any purpose to periods of minimum use. Except in emergencies or incidents requiring immediate action, the Franchisee shall provide the Commissioner and all affected Subscribers with prior notice of scheduled Outage, if such scheduled Outages will last longer than four (4) hours.

6.2 Time Periods by Which Outages and Service Interruptions Must Be Corrected and Repairs Made.

6.2.1 The Franchisee shall maintain sufficient repair and maintenance crews so as to be able to correct Outages, Significant Outages, Service Interruptions, Significant Service Interruptions, and other problems requiring repair, within the following time periods:

(i) In the event of an “Outage,” which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions that is not caused by the Subscriber’s television receiver or the Subscriber and that affects fewer than one hundred (100) Subscribers served from the same VSO, such Outage shall be repaired within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day. For purposes of this Section 6, “loss of picture or sound” shall mean the absence of picture or sound quality that conforms to the requirements of Section 6.2 of the Franchise.

(ii) In the event of a “Significant Outage,” which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all

channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions, which is not caused by the Subscriber's television receiver or the Subscriber, and that affects one hundred (100) or more Subscribers served from the same VSO, such Significant Outage shall be corrected within eighteen (18) hours after the Franchisee learns of it.

(iii) In the event of a "Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound on one or more cable channels affecting fewer than one hundred (100) Subscribers served from the same VSO, excluding conditions beyond the control of the Franchisee, the Franchisee shall begin working on the problem promptly and in no event later than twenty-four (24) hours after the Service Interruption becomes known.

(iv) In the event of a "Significant Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound of one or more cable channels that affects one hundred (100) or more Subscribers served from the same VSO, Franchisee shall repair the problem within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day.

6.2.2 The Franchisee shall maintain, at all times, an adequate repair and service force in order to satisfy its obligations pursuant to the foregoing Section 6.2.1. In order to satisfy its obligations pursuant to Section 6.2.1, in cases where it is necessary to enter upon a Subscriber's premises to correct any reception problem or other service problem, the Franchisee shall make available service calls continuously during the period of 7:30 a.m. to 7:00 p.m. May 1 through October 30 and 7:30 a.m. to 6:00 pm November 1 through April 30 on weekdays and continuously for at least eight (8) hours on each Saturday. During weekday periods, a Subscriber may request any four (4) hour period for the Franchisee to correct any such problem, provided that the Franchisee's customer service representatives shall at all times endeavor to be aware of service or other problems in adjacent areas which may obviate the need to enter a Subscriber's premises. The Franchisee shall provide on Saturday the same level of service it provides during any weekday, such that repair services provided on Saturday are not significantly different than during any weekday (other than a weekday evening).

6.2.3 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 6.2. In no event shall the Franchisee cancel any necessary scheduled service call later than 5:00 pm on the preceding business day, except in circumstances beyond the Franchisee's control.

6.3 Failure To Meet Time Periods May Be Excused. The Franchisee's failure to correct Outages, Significant Outages, Service Interruptions, or Significant Service Interruptions, or to make repairs within the stated time periods shall be excused if the Franchisee could not obtain access to a Subscriber's premises.

6.4 Repair Service and Disconnection Charges. In the event that the Cable Act is amended, or following a final order or determination by a court or regulatory agency having competent jurisdiction, following the exhaustion of all appeals thereto, such that the requirements of this section are not prohibited under applicable law and equivalent obligations are imposed upon all cable operators in the Franchise Area, then the following provisions shall be applicable:

(a) the Franchisee shall not impose any fee or charge any Subscriber for any service call to his or her premises to perform any repair or maintenance work, unless such work was necessitated by an intentional act or negligence of such Subscriber.

(b) The Franchisee shall not charge any fee for disconnection when a Subscriber returns the Company's equipment to a Service Center or via the self-addressed envelope provided by the Company. A fee may, however, be charged if the Franchisee has to collect the equipment from the Subscriber's premises and the Subscriber has been informed in advance of such charge and the alternative methods of returning the Franchisee's equipment. If the Subscriber pays the amount in arrears to the Franchisee when the Franchisee is on the Subscriber's premises to disconnect Service, then the Franchisee may charge the Subscriber a reasonable collection fee, provided that such Subscriber is notified of such collection fee in the notice required by Section 4.3.3.

6.5 Records of Repair Service Requests

6.5.1 Franchisee shall keep records showing in both individual and summary form all requests for repair service received from Subscribers, which shall show, at a minimum, the name and address of the affected Subscriber, the date and the approximate time of request, the date and approximate time the Franchisee responds, the date and approximate time Cable Service is restored, the type and the probable cause of the problem.

6.5.2 Any information in the records required by Section 6.5.1 of this Appendix A may be destroyed six (6) years after such information was collected, unless the Commissioner authorizes the Franchisee, in writing, to destroy any information required by Section 6.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

6.5.3 The Franchisee shall submit to the Commissioner a report in such form and containing such information as the Commissioner may reasonably request, not including specific Subscriber names or addresses, summarizing the information contained in the records required by Section 6.5.1 of this Appendix A in written or computer disk form on a quarterly basis, such report to be submitted by the forty-fifth (45th) day following the end of each calendar quarter. Upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commission to verify and supplement the information contained in the report required by the preceding sentence and the

Franchisee's compliance with its obligations under Section 6.5.1 of this Appendix A; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 6.5.1 hereof. The Commissioner may waive the submission of such reports as the Commissioner deems appropriate.

6.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the number of Significant Outages which occurred during the preceding calendar quarter, summarized by both Borough and VSO.

6.6 Plan for Correction. In the event the Commissioner notifies the Franchisee in writing that DoITT has determined that there has been an excessive number identified a routine pattern of Significant Outages in any Borough or community served by a particular VSO, Franchisee shall submit to the Commissioner, on a quarterly basis within forty-five (45) days of the end of each applicable calendar quarter during the Term hereof and subject to the confidentiality provisions of Section 11.1, a "Plan for Correction" outlining Franchisee's plan for minimizing the occurrence of such Significant Outages in the applicable Borough or community. Franchisee's obligation to submit such quarterly Plan for Correction pursuant to this Section 6.6 shall cease upon Franchisee's demonstration, to the reasonable satisfaction of the Commissioner, that Franchisee has minimized the occurrence of Significant Outages in the applicable Borough or community for two (2) consecutive calendar quarters.

Section 7 **SUBSCRIBER COMPLAINTS**

7.1 Operation of the Service Centers and Payment Centers. As set forth in Section 3 of this Appendix A, the Franchisee shall operate its Service Centers, train its employees and maintain its telephone lines so that Subscribers' complaints are resolved quickly, professionally and politely. The Franchisee agrees to use reasonable efforts to monitor Franchisee's Payment Centers to ensure that such Payment Centers are operating in a manner consistent with the terms of this Appendix A, to the extent applicable; provided, however, that nothing herein shall be construed to limit any rights Franchisee may have or liabilities Franchisee may incur pursuant to applicable law or the terms of this Appendix A. For purposes of this Appendix A, "Payment Center" shall be defined as "a facility operated by a third party where Subscribers may make payments."

7.2 Time Period for the Resolution of Complaints. Except where another time period is required by any other provision of this Appendix A or this Agreement, the Franchisee shall make its best efforts to resolve all complaints received by the Franchisee

within ten (10) business days, or earlier to the extent practicable. Within two (2) business days of receiving a written complaint or a complaint forwarded to the Franchisee by the Commissioner, the Franchisee shall notify the Person who made the complaint, either by telephone or in writing, that the complaint has been received and that the Franchisee will make its best efforts to resolve such complaint within ten (10) business days of receipt of such complaint by the Franchisee. Complaints which constitute billing disputes shall be subject to the procedures set forth in Section 4.4 of this Appendix A in lieu of the requirements of this Section 7.2.

7.3 Appeal of a Resolution to the Commissioner

7.3.1 As provided in Section 2.1.1 (vi) of this Appendix A, a Subscriber may notify the Commissioner about a complaint that is not resolved to the Subscriber's satisfaction. As set forth in Section 2.1.1(vi) of this Appendix A, the Franchisee shall also provide notice in the Welcome Kit of the right described in the preceding sentence.

7.3.2 The Commissioner shall notify the Franchisee by mail, telephone, or electronic means, of any such appeal within one (1) week after it is received by the Commissioner.

7.3.3 If the Franchisee's stated resolution of the complaint is appealed to the Commissioner, then the Franchisee shall assist the Commissioner in the investigation thereof by the Commissioner, by providing or making available whatever documents, materials or other types of information are reasonably requested by the Commissioner.

7.3.4 The Commissioner shall have thirty (30) days in which to complete the investigation and to notify the Franchisee of the manner in which the Commissioner believes the dispute should be resolved. Before completing the investigation, the Commissioner shall consult both with the Person who registered the complaint and with the Franchisee; provided, however, that final resolution of any dispute shall be in Franchisee's sole discretion, to the extent such resolution is not inconsistent with this Agreement, applicable federal, state, or local laws.

7.3.5 Complaints may be referred to the Commissioner before the Franchisee has issued a resolution, if the Franchisee has exceeded the time allowed for resolving complaints under Section 7.4 of this Appendix A.

7.4 Referral of Complaints from the Commissioner to the Franchisee

7.4.1 If the Commissioner is contacted directly about a complaint concerning the Franchisee, the Commissioner shall notify the Franchisee.

7.4.2 Within ten (10) business days after being notified about the complaint, the Franchisee shall issue to the Commissioner a report detailing the investigation thoroughly, describing the findings, explaining any corrective steps which are being taken and indicating that the Person who registered the complaint has been notified of the resolution.

7.5 Complaint Records

7.5.1 The Franchisee shall maintain complaint records, which shall record the date a complaint is received, the name and address of the affected Subscriber, a description of the complaint (which may be located in the “comments” section of the Franchisee’s records), the date of resolution, a description of the resolution and an indication of whether the resolution was appealed to the Commissioner.

7.5.2 Any information in the records required by Section 7.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorizes the Franchisee, in writing, to destroy any information required by Section 7.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

7.5.3 The Franchisee shall submit to the Commissioner the records required by Section 7.5.1 of this Appendix A, in summary form only, in written or electronic form on a quarterly basis; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee’s obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 7.5.1 hereof.

7.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the following information with respect to Subscriber complaints:

- (i) the total number of complaints received by Franchisee in each Borough;
- (ii) the nature and current status of all complaints received by Franchisee in each Borough, described in appropriate sub-categories, including, but not limited to, billing, equipment related issues, installation related issues, credit adjustments, missed appointments and service calls, and such other complaint categories as may be tracked in Verizon’s internal customer service system; and
- (iii) the percentage of complaints resolved and percentage of complaints outstanding in each Borough.

Section 8 **NOTICE**

8.1 Notice Required

8.1.1 The Franchisee shall provide notice to the Commissioner and all Subscribers of any of the following changes, which notice shall be provided no later than thirty (30) days prior to the effective date of any such change (provided, however, all such notices shall be provided in a manner consistent with NY PSC rules), unless the Franchisee does not know of such change at that time, in which case the Franchisee must provide such notice: (a) within five (5) business days of the date upon which the Franchisee first knows of such change, in writing to the Commissioner and electronically on the Channel on which available Cable Services are listed or any other Channel as may be designated by the Franchisee, at least ten (10) times a day during the two (2) week period immediately following such fifth business day, and (b) to all affected Subscribers in the earliest practicable monthly bill sent to Subscribers or a separate mailing made within the same period following such change:

(i) any change in the rates or charges or significant terms or conditions for the receipt of any Cable Service (provided that any such notification may be provided solely via email or via U.S. mail); or

(ii) any significant change in billing practices (provided that any such notification may be provided solely via email or via U.S. mail)

(iii) any notices with respect to programming or network changes as required under NYCLS Pub. Ser. §224-a.

The foregoing notice requirements are in addition to the notice requirements contained elsewhere in this Appendix A, including those regarding the termination of Cable Service and Outages and Service Interruptions.

8.1.2 The Franchisee shall post on the earliest practicable date at any affected Service Centers any anticipated change in the location or significant changes in the hours of operation of such Service Centers.

8.1.3 The Company shall, as part of any annual updates to its Subscriber Handbook, list any significant change of any of the policies or other information set forth in the Subscriber Handbook. On its website the Company shall make available the most current version of its Subscriber Handbook.

8.1.4 Unless otherwise explicitly provided, all notices required by Section 8.1.1 shall be in writing no later than the periods specified in Section 8.1.1, except that any notice in connection with a change in Channel Position or an increase or decrease in the number of hours a Cable Service is carried over the System may be provided electronically on the System, so long as such electronic notice is made at least ten (10) times a day during the two (2) week period prior to the effective date of such change. All notices required by Section 8.1.1 of this Appendix A shall specify, as applicable, the Cable Service or Cable Services affected, the new rate, charge, term or condition, the effect of the change, and the effective date of the change.

8.1.5 The Franchisee shall comply with any and all applicable state and local law notice requirements including, but not limited to, those required by

Section 224-a of the New York Public Service Law and Section 890 of the NY PSC regulations.

Section 9

TERMINATION OF SERVICE AND DISCONNECTION

9.1 Notice of Termination of Service. As described in Section 4.3.3 of this Appendix A, the Franchisee may terminate Cable Service to any Subscriber whose bill has not been paid after it becomes delinquent, so long as the Franchisee gives proper notice to the Subscriber as provided in Section 4.3.3 of this Appendix A and the billing dispute resolution procedures have not been initiated.

9.2 Termination on Sundays, Holidays or Evenings. The Franchisee shall not terminate Cable Service to Subscribers at any time when the Service Centers are closed.

9.3 Resubscription to Cable Service. The Franchisee shall not refuse to serve a former Subscriber whose Cable Service was terminated by the Franchisee, so long as all past bills and late charges have been paid in full, and subject to verification that any such Subscriber has a credit rating acceptable to Franchisee.

9.4 Length of Time to Disconnection. If disconnection occurs at the Subscriber's written or oral request, then, for billing purposes, it shall be deemed to have occurred three (3) days after the Franchisee receives the request for disconnection unless (i) it in fact occurs earlier or (ii) the Subscriber requests a longer period.

9.5 Scheduling Appointments. The Franchisee shall provide Subscribers with "appointment window" time blocks of no more than four (4) hours on weekdays running continuously from 7:30 a.m. to 9:00 p.m. for selection of Subscribers, during which its work crew shall visit the Subscriber's premises to disconnect service and to remove any Franchisee equipment. On Saturdays, the Franchisee shall also provide such service disconnection and equipment removal at any time between 9:00 a.m. to 5:00 p.m., but may, in its sole discretion, choose not provide "appointment window" time blocks. Further, the Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 9.5.

Section 10

CREDITS

10.1 Grounds. As a result of the Franchisee's failure to comply with these consumer protection standards, the Franchisee shall provide to each affected Subscriber or potential Subscriber, as applicable, the following credits:

(i) for any Significant Service Interruption as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable

Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Significant Service Interruption occurred for each twenty-four (24) hour period during which a Significant Service Interruption continues for at least four (4) continuous hours, provided that: (i) the affected Subscriber has reported the Significant Service Interruption to the Franchisee and (ii) the Franchisee has verified that the reported Significant Service Interruption has occurred consistent with the Subscriber's claim;

(ii) for any Outage as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Outage occurred for each twenty-four (24) hour period during which a Service Outage continues for at least four (4) continuous hours, provided that (i) the affected Subscriber has reported the Outage to the Franchisee and (ii) the Franchisee has verified that the reported Outage has occurred consistent with the Subscriber's claim;

(iii) for any Significant Outage, as defined in Section 6.2, which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access) a minimum credit in an amount equal to one-thirtieth (1/30) times the average bill for recurring charges for Cable Services (i.e., all charges for Cable Service minus nonrecurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscribers in the affected area for the then current monthly billing period for the Cable Service(s) as to which the Significant Outage occurred for each twenty-four (24) hour period during which the Significant Outage persists for at least four (4) hours, provided that: (i) the affected Subscriber has reported the Significant Outage to the Franchisee and (ii) the Franchisee has verified that the reported Significant Outage has occurred consistent with the Subscriber's claim;

(iv) for a failure of a Verizon representative to arrive at the Subscriber's premises within the appointment window period for repair service calls, a credit of \$25 will be applied to the customer's bill in the next available billing period. However, to the extent the Subscriber is not available when the crew arrives or if the crew does not have appropriate access to the Subscriber premises in order to address the service issue, this credit will not apply.

10.2 Application of Credits. With respect to any credit described in Section 10.1(i)-(iii), the Company shall, upon request of or notice from a Subscriber, provide a credit on such Subscriber's bill for Subscribers affected by a Significant Service Interruption, Outage or Significant Outage. With respect to any credit described in Section 10.1(iii), the Company shall automatically (without requiring a request from

each Subscriber) provide a credit on each Subscriber's bill for Subscribers affected by a Significant Outage that occurs, at least in part, between 6:00 p.m. and 12:00 a.m. In the event the Franchisee cannot determine all Subscribers affected by a Significant Outage in excess of four (4) continuous hours or no part of such Significant Outage occurs between the hours of 6:00 p.m. and 12:00 a.m. then Franchisee shall provide a credit to any eligible Subscriber who makes application therefor by either written or oral notice within ninety (90) days of such Significant Outage.

Section 11

MISCELLANEOUS REQUIREMENTS

11.1 Charge for Downgrades. The Franchisee may impose a charge upon a Subscriber for any downgrading of a Subscriber's Cable Service in accordance with Section 890.63 of the PSC regulations.

11.2 Overpayment Credits. If, at any time, the Franchisee becomes aware or if it is determined that a Subscriber is entitled to credit(s) otherwise than as a result of the operation of Section 10 of this Appendix A, the Franchisee shall (i) promptly credit such Subscriber's account, or (ii) in the event the Subscriber has terminated service, promptly issue a check.

11.3 Procedures for Contacting Subscribers. Following the scheduling of an appointment with any Subscriber within the time periods specified elsewhere in this Appendix A (the "appointment period"), the Franchisee shall:

(i) make a reasonable effort, within a reasonable time prior to the appointment period, to telephone the Subscriber or potential Subscriber to confirm the appointment, provided, however, that the obligation to make such telephone call shall not apply where the appointment is scheduled to occur: (i) within forty-eight (48) hours of the initial scheduling of the appointment or (ii) before or during the next business day if the request is made after 4:00 p.m. on a Friday. If such telephone call is not answered, in person or by an answering machine, the Franchisee shall use best efforts to make a second call to such Subscriber or potential Subscriber within a reasonable time thereafter to confirm the appointment; and

(ii) during the appointment period, either: (a) arrive at the Subscriber's or potential Subscriber's premises, as promised, or (b) prior to such arrival, telephone the Subscriber's or potential Subscriber's premises to determine whether the Subscriber is present during such appointment period. If, upon arrival at the Subscriber's or potential Subscriber's premises, the Franchisee is not able to secure access to the premises, the Franchisee's employee or representative shall make a reasonable effort to arrange for the premises to be telephoned immediately to determine whether the Subscriber or potential Subscriber is present. If such telephone call is not answered in person, the Franchisee shall, if possible, leave a notice under the door of the premises advising that the Franchisee did arrive at the premises during the appointment period, and the completion of such tasks shall be deemed an appropriate cancellation by the Franchisee of the scheduled appointment. In the event that, prior to arrival at the

Subscriber's or potential Subscriber's premises, the Franchisee telephones the Subscriber to determine whether the Subscriber is present at the premises and such call is not answered in person or by a device which states that the Subscriber is, in fact, present and awaiting the Franchisee's arrival, then the Subscriber shall be deemed to have cancelled the scheduled appointment.

(iii) From time to time, the Franchisee may use contractors or subcontractors to perform work at a Subscriber's premises. If the City receives a significant number of complaints from Subscribers regarding confusion in identifying such contractors or subcontractors performing work at Subscribers' premises, the City and Franchisee shall discuss and mutually agree upon a practice to address such issue.

11.4 Receipts. In connection with any transaction between the Franchisee and a Subscriber which involves a visit to a Subscriber's premises or place of business, the Franchisee will, in each such case when requested by the Subscriber, provide such Subscriber a written receipt briefly describing such transaction and the date and time thereof. The Franchisee shall reasonably seek to inform each such Subscriber in writing of the availability of such a receipt.

11.5 Governing Federal and State Law. In the event that any of the provisions of this Appendix A of this Agreement are preempted by and unenforceable under any rules or regulations promulgated by the NY PSC, adopted by the New York State legislature, the FCC or the United States Congress, the rules or regulations adopted by the applicable governing body or regulatory agency shall govern and the Franchisee's compliance with such rules or regulations shall be deemed satisfactory performance.

Section 12

FAILURE TO COMPLY WITH THESE REQUIREMENTS

12.1 Material Requirements. Any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Appendix A shall constitute a Default as defined in Section 15.1 of the body of this Agreement. Any such Default that constitutes substantial and material Default shall fall within the scope of Section 15.6.11 of the body of this Agreement and any persistent or repeated pattern of such Defaults shall fall within the scope of Section 15.6.11 of the body of this Agreement, provided that no substantial and material Default nor any persistent or repeated pattern of action or inaction in connection with this Appendix A shall be deemed to fall within the scope of Section 15.6.11 of the body of this Agreement by reason of actions or inactions which are taken in the good faith belief that such do not constitute a Default, during pendency of a good faith dispute as to whether such actions or inactions at issue constitute a Default.

12.2 Reporting. The Franchisee shall provide reports documenting its compliance with the requirements of this Appendix A and other customer service matters as set forth in Exhibit 2 attached hereto and made a part hereof.

Section 13
ANNUAL CABLE CONSUMER REPORT CARD

13.1 Annual Cable Consumer Report Card Requirements. The Franchisee shall provide an Annual Cable Consumer Report Card setting forth the information described in Exhibit 3 attached hereto and made a part hereof; provided, however, that Franchisee's obligation to provide such Annual Cable Consumer Report Card shall not commence until forty-five (45) days from the end of the first full calendar year in which each cable operator in the Franchise Area, or portion thereof, is subject to a substantially equivalent obligation as contemplated under this Section 13.1 pursuant to the terms of a valid and effective cable franchise agreement by and between each such respective cable operator and the City.

Exhibit 1 to Appendix A

DESIGNATION AND LOCATION OF SERVICE CENTERS

SERVICE CENTER

[To be filled in by Verizon]

CONSUMER PROTECTION REPORTING REQUIREMENTS

SERVICE REPORTS

Significant Outage Report (Quarterly)

The Franchisee shall provide reports of Significant Outages, Significant Outage Reports, containing the date, time, location, number of homes affected, cause and duration of each outage, and such other information as the Commissioner shall reasonably require. Franchisee shall also include information related to automatic credits provided to Subscribers in relation to Significant Outages reported.

Interconnection Report (Upon Request)

Upon request of the Commissioner, the Franchisee shall submit to the Commissioner a report detailing its compliance with the requirements set forth in Section 8.1.6 of the Agreement.

TELEPHONE REPORT

A report containing the information detailing compliance with the standards required in Section 3.4.1 of Appendix A of the Agreement shall be submitted to the Commissioner in the form contained in the attached exhibit and according to the definitions set forth herein. Such report shall be submitted on a quarterly basis, except that a report regarding Supervisor Callback Within Four Hours shall be supplied upon request. If due to technological, service or other changes the Franchisee believes changes in the form of this report is appropriate, the Franchisee may petition the Commissioner for a change in form, which the Commissioner may grant if in his or her discretion such a change is in the interest of subscribers. To the extent there are references below to voicemail systems or other call response methods that the Company does not utilize, those sections shall not apply.

A. Telephone Reporting Definitions

1. Calls Offered.

All “calls” other than those which receive busy signals, made to the Franchisee’s sales, service, pay-per-view (other than pay-per-view automatic ordering), billing and any other lines for subscribers or potential subscribers (in short, all lines other than the Franchisee’s business office lines and its automated pay-per-view ordering lines), twenty-four (24) hours a day. All calls described in this report may be initiated by a voice response unit rather than a live representative.

2. Calls Handled.

All Calls Offered to the VRU which are not Lost Calls (see below).

3. Lost Calls.

a. Number: All Calls Offered which request, or hold for, a live customer service representative (“CSR”) (i.e., calls which neither request an automated response nor leave a taped message, or request an automated response then continue to hold for a CSR) but hang up before a live CSR comes to the phone.

b. Percent: Percentage of Calls Offered which are Lost Calls.

4. Average Wait Time.

“Wait Time” is defined as the number of seconds a caller waits, after the conclusion of recorded or automated phone system instructions and routing, before the earliest of the following occurs: a live CSR comes to the phone, or the caller leaves a recorded message, or the caller hangs up. Average Wait Time is the total Wait Time of all Calls Offered, which remain on the line after the commencement of Wait Time until they receive service from a live CSR, leave a recorded message, or hang up, divided by the number of such calls. Calls Offered which hang up prior to the commencement of Wait Time will not be counted in either the numerator or denominator of this calculated average, nor will any After Hours calls.

5. All Trunks Busy.

The Total amount of time in the reporting period during which the level of use of the Franchisee’s phone lines was such that a caller attempting to call any one of the phone lines included in Calls Offered would have received a busy signal (a period is considered within All Trunks Busy if, for example, all “service” lines are busy, even if “billing” lines are available, unless the Franchisee’s system automatically rolls calls from occupied lines into available lines).

6. Overflow Device. (During Normal Hours).

a. Total Calls Seeking CSR:

All Calls Offered during Normal Hours which remain on the line at the conclusion of any recorded or automated phone system instructions and routing. This should be the same number as the denominator in the calculation of Average Wait Time.

b. Calls Receiving CSR Within Thirty (30) Seconds:

The number of Total Calls Seeking CSR which were picked up by a live CSR within 30 seconds of the commencement of Wait Time. This number shall not include any calls picked up by a CSR after thirty (30) seconds of Wait Time has run, or any calls which leave a message, or any Lost Calls.

c. Total Messages Left:

The number of Total Calls Seeking CSR which leave messages. The number in this category when added to the number in the Calls Receiving CSR Within Thirty (30) Seconds category will add up to less than Total Calls Seeking CSR, because the following types of Total Calls Seeking CSR will not be included in either category: calls which are lost because the caller hangs up after thirty (30) seconds without leaving a message and callers who receive help from a CSR after waiting more than thirty (30) seconds.

d. Messages Requiring Callbacks:

The number of Total Calls Seeking CSR which leave messages which require callbacks. The difference between this category and Total Messages Left will be callers who leave messages which do not require further contact (because, for example, the caller's message reports an outage or other problem which was resolved shortly after the call, or the message simply reports an opinion on programming content) or are unreturnable (because, for example, the caller left no phone number or identification).

e. Messages Returned Within One (1) Business Day:

This is the number of Messages Requiring Callbacks which were returned within one (1) business day (including both calls which are successfully completed and calls in which the customer does not answer the phone).

f. Automated Calls Within Thirty (30) Seconds:

The number of Calls Offered which are handled by automated interaction between the customer and the telephone and/or billing system. This number shall not include any calls which roll over to the overflow device or during which for any other reason the automated response to the caller does not commence within thirty (30) seconds of the conclusion of initial recorded or automated phone service instructions and routing.

7. After Normal Hours.

a. Calls Offered After Hours:

All Calls Offered which come in After Hours. (These calls are separate from the Overflow Device category because all After Hours callers who remain on the line after recorded and automated information has been offered are immediately rolled into the message recording system, with no regular CSR availability).

b. After Hours Messages Returned Within One (1) Business Day:

Defined in the same manner as Messages Returned Within One (1) Business Day, except this category covers the messages received After Hours.

8. Supervisor Callback Requests:

All Calls Offered, requesting contact with a supervisor, including both requests made to live CSRs as well as requests left on recorded messages.

9. Supervisor Callback Within Four Hours:

All supervisor Callback requests which are returned by a supervisor within four (4) "calling hours." "Calling hours" are defined as 9 a.m. to 10 p.m. on weekdays, 10 a.m. to 10 p.m. on weekends. (It is recognized that some late evening callers requesting a supervisor may request that a callback be made later than the early morning hours of the following day. While such callbacks should not be included in Supervisor Callback Within Four Hours, it is understood that callbacks that take longer than four hours at the request of the caller are acceptable exceptions to the four hour requirement, provided the Company keeps records of such requests and makes them available to the Commissioner at the Commissioner's request.)

Exhibit 3 to Appendix A

ANNUAL CABLE CONSUMER REPORT CARD

Subject to the terms of Section 13.1 hereof, within forty-five (45) days from the end of each calendar year, Franchisee shall post on its website, and provide to the leasing or sales office of each MDU with which Franchisee has executed a marketing agreement for Cable Service, an Annual Cable Consumer Report Card setting forth the following information on a City-wide basis:

(1) Customer service performance information, including:

- (a) Percentage of calls answered by voice response units (“VRU”);
- (b) Percentage of calls abandoned by VRU; and
- (c) Percentage of busy calls by VRU.

(2) Subscriber rights and remedies, including but not limited to contact information related to Subscriber complaints and customer service within Verizon, as well as contact information for DoITT for Subscriber issues;² Subscriber credit policy, privacy notice, and billing (including a statement that Subscribers may, upon request, receive a written description of any resolution of a billing dispute) and payment information.

(3) Price of services information.

(4) Content/channel changes and improvement information.

(5) Significant Outage information, including:

- (a) Summary of categories of Significant Outages that occurred by VSO, in the Franchise Area during the preceding calendar year;
- (b) Percentage of each category of Significant Outage that occurred by VSO in the Franchise Area during the preceding calendar year; and
- (c) Remedies performed Franchisee for each category of Significant Outage during the preceding calendar year.

APPENDIX B

PEG CHANNELS

Date	Number of Channels	
Within 180 Days of the Effective Date	4 P each Borough, 5 City-wide E/G	25 channels
January 1, 2009	Additional 2 P each Borough, Additional 1 City-wide E/G	11 channels
January 1, 2012	Additional 1 P each Borough, Additional 2 City-wide E/G	7 channels
6 years after Effective Date	Additional 2 P each Borough	10 channels
	53 channels total	

APPENDIX C

FORM OF COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

[CAO]

THIS AGREEMENT (the “Agreement”) made on this [] day of [], 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon”), with a place of business at 140 West Street, New York, New York 10007 and [CAO], a New York not-for-profit corporation (the “CAO”) designated by the Borough President of [borough name] (the “Borough President”), with a place of business at [address].

WHEREAS, the City of New York (the “City”), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise (“Franchise Agreement”) to operate a Cable System (the “System”) throughout the entire territorial boundaries of the City (“Service Area”), which among other boroughs includes the Borough of [borough name] (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of [borough name]; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels (“Public Access Channels”), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the “Code”), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such

other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in [borough name]; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I -DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of [borough name], and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II -GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of DOLLAR (\$____) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a “Cash Grant”) payable as follows:

DOLLARS (\$_____) shall be due and payable within ninety (90) days of the Effective Date;

DOLLARS (\$_____) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

DOLLARS (\$_____) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

DOLLARS (\$_____) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon’s obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public

Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of [_____]. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III -OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies, in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV -PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at (_____) ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty days (180) of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a "Public Access Channel Origination Site") and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Origination Site, as designated on Exhibit 1. Upon one hundred eighty days (180) days written notice from the CAO to Verizon that a Public Access Channel Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V -MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information

that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

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5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

[CAO NAME]

ATTEST:

BY: _____
[Signatory]

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
[Signatory]

APPENDIX D

FRANCHISE FIBER RIGHT OF USE

Pursuant to the terms of Article 9 of the Franchise, and in consideration for the rights and benefits provided to the Franchisee under the Franchise, the Franchisee shall provide to the City the exclusive right to use of certain fiber optic strands as more fully described in Exhibit 1 to this Appendix D. For purposes of this Appendix D, capitalized terms used herein but not otherwise defined below shall have the meanings ascribed to such terms in the Franchise.

Section 1 DEFINITIONS

1.1 “Connection Points” shall mean the locations at which the City Equipment may be connected to the Franchise Fibers as described on Exhibit 1 to this Appendix D.

1.2 “Franchise Fibers” are identified in Exhibit 1 to this Appendix D as the span locations of the fiber optic strands to be granted to the City hereunder.

1.3 The “City Equipment” shall mean any optronic, electronic, optical, or power equipment, and any other facilities, material or equipment owned, possessed or utilized by the City in connection with the use of the Franchise Fibers, including all innerducts (and other conduit tubing) and fiber optic cable in any telecommunications network owned by the City and connecting to any of the Franchise Fibers.

1.4 “Governmental Authority” shall mean any federal, state, regional, county, city, municipal, local, territorial, or tribal government, whether foreign or domestic, or any department, agency, bureau or other administrative or regulatory body obtaining authority from any of the foregoing, including without limitation, courts, public utilities and other authorities.

1.5 “Underlying Rights” shall mean all deeds, leases, easements, rights-of-way agreements, licenses, franchises, permits, grants and other rights, titles and interests that are necessary for the construction, installation, maintenance, operation, use or repair of the Franchise Fibers and Verizon’s supporting facilities, as applicable.

1.6 “Underlying Rights Requirements” shall mean the requirements, terms, conditions, obligations, liabilities, restrictions, and/or limitations on the City’s right to use and operate the Franchise Fibers and to access, install, repair, maintain and replace the City Equipment as set forth in the Right of Use granted by Article 9 of the Franchise and this Appendix D, in the Underlying Rights, in all applicable government codes, ordinances, laws, rules, permits, approvals and regulations, and all safety, operational and other rules and regulations imposed in connection with any of the foregoing or otherwise.

1.7 “Verizon Network” shall mean all of the physical facilities constructed, maintained and/or operated by the Franchisee or its Affiliates in the City which are utilized by Franchisee or its Affiliates for the provision of services, including, without limitation, Telecommunications Services, Information Services, or Cable Services.

Section 2 GRANT OF RIGHTS

2.1 *Right of Use of Franchise Fibers:* On the terms and subject to the conditions set forth herein, and consistent with the priority list set forth in **Exhibit 1** to this **Appendix D**, Franchisee grants to the City during the Term of the Franchise an exclusive right of use of the Franchise Fibers (the “Right of Use”) solely for the City’s noncommercial use.

2.2 *Franchisee’s Title:* Franchisee shall retain undivided, absolute legal title and ownership in the Franchise Fibers and the City’s rights pursuant to this **Appendix D** and Article 9 of the Franchise shall be limited solely to the Right of Use described herein during the Term of the Franchise.

2.3 *Limitation on City’s Rights:* Nothing herein shall be construed to confer upon the City any right to maintain, modify or alter the Franchise Fibers or Verizon’s supporting facilities, or the right of physical access to the Franchise Fibers or Verizon’s supporting facilities, or the right to encumber or use Verizon’s supporting facilities or any part thereof.

Section 3 TERM

3.1 *Term:* Subject to the terms of the Franchise, Section 3.2 hereof, and the priority list set forth on **Exhibit 1** to this **Appendix D**, the City’s Right of Use shall commence on the Effective Date of the Franchise and shall terminate in accordance with Section 3.2 of this **Appendix D**.

3.2 *Termination:* Upon the earlier of: (i) the expiration of the Term of the Franchise in accordance with Section 3.2 of the Franchise or (ii) the earlier termination of the Franchise pursuant to the terms of the Franchise, the City’s Right of Use shall immediately terminate, and all rights of the City to use the Franchise Fibers, or any parts thereof, shall cease upon written notice to the City from the Franchisee of such termination (the “Termination Notice”). Upon receipt by the City of the Termination Notice, the City shall immediately cease all use of the Franchise Fibers and at the City’s sole cost and expense remove any and all City Equipment connected with the Franchise Fibers or the Verizon’s supporting facilities.

Section 4 USE OF THE FRANCHISE FIBERS

4.1 *Compliance with Underlying Rights:* The City represents, covenants and warrants that it will use the Franchise Fibers granted hereunder in compliance with and subject to the Underlying Rights Requirements and all other applicable codes, ordinances, laws, rules and regulations of any Governmental Authority having jurisdiction over such Franchise Fibers.

4.2 *Permitted Use:* Subject to the provisions of the Right of Use granted by Article 9 of the Franchise and this **Appendix D**, the City may use the Franchise Fibers for the noncommercial purposes of the City and for no other purpose. The City acknowledges and agrees nothing herein shall be construed to confer upon the City any rights to use any fibers or other equipment or facilities, other than the Franchise Fibers, included or incorporated in the Verizon's supporting facilities or any portion of the Verizon Network except as expressly set forth in the Franchise.

Section 5

UNDERLYING RIGHTS

5.1 *Franchisee Underlying Rights:* Subject to the terms and provisions of this **Appendix D**, Franchisee agrees to obtain and maintain during the Term all Underlying Rights necessary for its construction, installation, maintenance and repair of the Franchise Fibers. The Right of Use granted hereunder is subject to the terms of the Underlying Rights, and is subject to the terms under which the Underlying Rights are owned or held by the grantor or grantors of the Underlying Rights, including covenants, conditions, restrictions, easements, reversionary and other interests, bonds, mortgages and indentures, and other matters, whether or not of record, and to the rights of tenants and licensees in possession. The Right of Use granted hereunder is further subject and subordinate to the prior right of the grantor or grantors of the Underlying Rights to use the right of way for other activities, including railroad operations, telecommunications uses, pipeline operations or any other purposes, and to the prior right of Franchisee to use its rights granted under the Underlying Rights. The rights granted to the City herein, if any, are made expressly subject to each and every limitation, restriction, condition or reservation in or affecting the Underlying Rights. Nothing herein shall be construed to be a representation, warranty or covenant of Franchisee's right, title or interest with respect to any of the Underlying Rights or with respect to the City's right to benefit from any of the Underlying Rights.

Section 6

ACCESS TO CONNECTION POINTS

6.1 *Connection:* The Franchisee shall provide the City with access to the Franchise Fibers at the Connection Points designated in **Exhibit 1** to this **Appendix D**. All terminations at Connection Points will be performed by the Franchisee in accordance with Franchisee's applicable specifications and operating procedures. The cost of such terminations at all Connection Points shall be the sole responsibility of the Franchisee.

6.2 *Access to Connection Points:* The City shall provide the Franchisee with all necessary legal, technical and physical access to all Connection Points as necessary to effectuate the objectives and obligations of this **Appendix D**.

6.3 *No Access by the City:* The City will not be entitled to any physical access to the Franchise Fibers or Verizon's supporting facilities.

6.4 *Franchisee Control:* Franchisee shall control all activities concerning access to the Verizon Network, including the Franchise Fibers and Verizon's supporting facilities.

6.5 *No Maintenance or Repair by ~~Franchisee~~the City:* Any maintenance or repair work required respecting the Franchise Fibers required by the City for any reason, including, without limitation, splicing of the Franchise Fibers or the installation of handholes or other physical access points shall be undertaken only by Franchisee at the City's request. All such work shall be performed for such charges and on such terms and conditions as are agreed to by the Parties in writing.

6.6 *Remediation/Removal of Hazardous Materials:* To the extent the installation of any Franchise Fibers at any Connection Points requires the removal or remediation of hazardous materials, such removal or remediation shall be the sole responsibility of the City and the Franchisee shall have no obligation to perform such installation until all appropriate removal and remediation of hazardous materials has been completed by the City to the reasonable satisfaction of the Franchisee.

Section 7 OPERATIONS

7.1 *No Interference by the City:* The City shall not interfere with, or adversely affect the use by any other Person of the Verizon Network and/or any electronic or optronic equipment used by such Person in connection therewith.

7.2 *No Interference by Franchisee:* Franchisee shall not interfere with, or materially or adversely affect (or permit another Person under the direct control of Franchisee to materially interfere with, or materially or adversely affect) the City's use of the Franchise Fibers and/or the City Equipment. Franchisee further agrees that it shall use best efforts to avoid interfering with, or materially or adversely affecting, any fiber facilities, directly connected to points of entry to City buildings, owned or operated by any other entity providing similar fiber facilities to the City as Franchisee has agreed to provide pursuant to this Appendix D (the "Third Party Facilities"); provided however, that the parties hereto agree that Franchisee shall rely solely on information provided by the City and thus presumed accurate regarding the location and nature of any such Third Party Facilities and that the Franchisee shall not incur any liability pursuant to this Section 7.2 which arises due to the City's failure to provide Franchisee with accurate information with respect to the location or nature of such Third Party Facilities.

7.3 *No Obligation to Supply Electronics:* The City acknowledges and agrees that Franchisee is not supplying, nor is Franchisee obligated to supply to the City, any of the City Equipment, optronics or electronics or optical or electrical equipment, electrical power, any related facilities, or any space for the placement thereof (except as expressly agreed by the Parties pursuant to another agreement or agreements executed by the Parties), all of which are the sole responsibility of the City.

7.4 *Compliance with Applicable Authority:* The City represents, warrants and covenants that it will use and operate the Franchise Fibers and use, operate, maintain, repair and replace the City Equipment consistent with and subject to the terms of the Franchise, the Underlying Rights Requirements and all applicable codes, ordinances, laws, rules and regulations.

7.5 *Process for Response to Complaints:* Franchisee shall respond to City complaints and/or requests in accordance with the practices described on Exhibit 2 hereto.

Section 8

RELOCATION, REPLACEMENT AND CONDEMNATION OF CUSTOMER FIBERS

8.1 *Relocation Request:* If Franchisee receives notice of any request, intent or plan by any third Person (“Relocation Request”), including, but not limited to, any Governmental Authority, to relocate or require the relocation of any segment of Verizon’s supporting facilities affecting the Franchise Fibers, Franchisee shall notify the City of such Relocation Request and shall keep the City advised of the status of any such proceedings and negotiations related thereto. If relocation is required as a result of any such Relocation Request, Franchisee shall, to the extent possible, give the City at least sixty (60) days’ prior written notice of any such required relocation (“Relocation Notice”) including an estimate of the cost of such relocation. Franchisee shall have the right to relocate the Franchise Fibers and to the extent Franchisee is not reimbursed for the costs of such relocation by a third party or Governmental Authority, the City shall pay any costs associated with the relocation of the Franchise Fibers.

8.2 *Replacement:* In the event all or any part of the Franchise Fibers shall require replacement during the Term, such replacement shall be made as soon as reasonably practicable at Franchisee’s sole cost and expense; provided, however, that if the replacement of the Franchise Fibers is required as a result of the negligence or willful misconduct of the City, then Franchisee shall replace the Franchise Fibers and the City shall pay all costs associated therewith.

8.3 *Condemnation:* In the event any portion of Verizon’s supporting facilities affecting the Franchise Fibers, and/or the Underlying Rights, become the subject of a condemnation proceeding which is not dismissed within one hundred eighty (180) days of the date of filing of such proceeding and which could reasonably be expected to result in a taking by any Governmental Authority or other party cloaked with the power of

eminent domain for public purpose or use, both Parties shall be entitled, to the extent permitted under applicable law, to participate in any condemnation proceedings to seek to obtain compensation by separate awards for the economic value of their respective interests in the portion of Verizon's supporting facilities and/or the Franchise Fibers subject to such condemnation. Franchisee shall notify the City as soon as practicable of receipt of any notice of any condemnation proceeding filed against Verizon's supporting facilities, the Franchise Fibers or the Underlying Rights.

Section 9 CONFIDENTIALITY

9.1 *Proprietary and Confidential Information:* The City agrees that it shall treat any information provided to the City by Verizon pursuant this Appendix D as "proprietary and confidential" in accordance with the provisions of Section 11.1 of the Franchise.

Section 10 INDEMNIFICATION

10.1 *Indemnification:* Franchisee hereby agrees to indemnify, defend, protect and hold harmless the City, and its employees, officers, directors and agents (the "City Indemnified Persons"), from and against, and assumes liability for all suits, actions, damages, claims, losses, fines, judgments, costs and expenses (including reasonable attorneys', accountants' and experts' fees and disbursements) of any character ("Claims"): (a) suffered or incurred by the City Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property which in whole or in part arise on account of the negligent acts or omissions, of Franchisee in the construction of the Franchise Fibers and/or in the performance or non-performance of its repair and maintenance obligations or exercise of its rights under this Right of Use, including any material violation by Franchisee of any Governmental Authority; or (b) under the workers compensation laws asserted by any employee of Franchisee or its agents, contractors, customers or any other Person providing goods or services for or on behalf of any of the foregoing in connection with this Right of Use suffered or incurred by the City Indemnified Persons or any of them. Franchisee's indemnification obligations hereunder shall not be applicable to any Claims to the extent caused by, arising out of or in connection with the negligence, intentional acts or omissions or misconduct of the City Indemnified Persons or any of them.

10.2 The City hereby agrees to indemnify, defend, protect and hold harmless Franchisee and its Affiliates, and their employees, officers, directors and agents (the "Franchisee Indemnified Persons"), from and against, and assumes liability for all Claims (as defined in Section 10.1, above): (a) suffered or incurred by the Franchisee Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property (including, without limitation, the Verizon Network) which in whole or in part arise as a result of the negligent acts or omissions, of the City in the performance or non-performance of its obligations or

exercise of its rights under this Right of Use, including any violation by the City of any Underlying Right Requirements or any Governmental Authority; (b) under the workers compensation laws asserted by any employee of the City, or its agents, contractors, customers or any other Person providing goods or services to any of the foregoing in connection with this Right of Use, and suffered or incurred by the Franchisee Indemnified Persons or any of them; (c) suffered or incurred by the Franchisee Indemnified Persons or any of them and arising out of or resulting from the City's: (i) use or operation of the Franchise Fibers, or the ownership, use, operation, installation, repair, maintenance or replacement of the City Equipment (if any); (ii) the conduct of the City's business, including, without limitation, the provision of any services or the content of any video, voice or data carried through the Franchise Fibers; or (iii) the violation of any Underlying Rights Requirements applicable to the City; or (d) suffered or incurred by Franchisee Indemnified Persons or any of them and arising out of, caused by, related to or based upon a contractual or other relationship between such claiming Party and the City as it relates to the Franchise Fibers, the City Equipment, the Underlying Rights Requirements or this Right of Use, including any claim for interruption of service or in respect of service quality. The City's indemnification obligations hereunder shall not be applicable to any claims to the extent caused by the negligence, intentional acts or omissions or misconduct of Franchisee Indemnified Persons or any of them.

10.3 Either Party seeking indemnification hereunder ("Indemnatee") shall promptly notify the City or Franchisee, as appropriate, of the nature and amount of such claim and the method and means proposed by the Indemnatee for defending or satisfying such claim. The Parties shall consult and cooperate with each other respecting the defense and satisfaction of such claim, including the selection of and direction to legal counsel. Neither Party shall pay or settle any such claim without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

10.4 Subject to Section 10.5, below, nothing contained herein shall operate as a limitation on the right of either Party to bring an action for damages against any third Person, including indirect, special or consequential damages, based on any acts or omissions of such third Person as such acts or omissions may affect the construction, operation or use of the Franchise Fibers or the Verizon Network, except as may be limited by Underlying Rights Requirements; provided, however, that each Party hereto shall assign such rights or claims, execute such documents and do whatever else may be reasonably necessary to enable the other Party to pursue any such action against such third Person.

10.5 Notwithstanding the foregoing provisions of this Section 10, to the extent Franchisee is required under the terms and provisions of any Underlying Rights to indemnify the grantor or provider thereof from and against any and all claims, demands, suits, judgments, liabilities, losses or expenses arising out of or related to such Underlying Rights, regardless of the cause and regardless of whether such claims, demands, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, actions or inaction of such grantor or provider and its employees, servants,

agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right, the City hereby releases such grantor or provider from the same, regardless of whether such claims, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, willful misconduct or other action or inaction, of such grantor or provider or its employees, servants, agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right.

Section 11 ASSIGNMENT

11.1 *Assignment:* The City shall not have the right to assign any rights to use of the Franchise Fibers without the written consent of Franchisee, which consent may be withheld in its absolute discretion.

11.2 *Binding On Permitted Assigns:* Subject to the provisions of this Section, this Right of Use and each of the Parties' respective rights and obligations hereunder, shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective permitted successors and assigns.

EXHIBIT 1 TO APPENDIX D
FRANCHISE FIBER ROUTES AND SPANS

This Exhibit is filed under separate cover as it contains information that is proprietary and confidential and is exempt from disclosure pursuant to New York Public Officer's Law 87(2)(c),(d), (f) & (i).

EXHIBIT 2 TO APPENDIX D

A. Lines and Circuit Trouble/Outages:

1. For any line or circuit trouble/outage, DoITT may call in a trouble ticket to Verizon Business services at the following number: 1-800 444-1111.
2. Lines and circuits shall be identified pursuant to the designations set forth in Exhibit 1

B. Ticket Escalation

1. Trouble tickets initiated pursuant to Section A.1. above which require escalation or unique review by Franchisee, shall be addressed by the Verizon Business Service Management Team, which will make all the necessary calls and keep the customer updated as to the status of such trouble ticket in accordance with the following management review order:

1st level – Service Manager

2nd level – Manager, Service Management

3rd level – Director, Customer Service, NorthEast

2. Verizon Business is also the interface for DoITT on issues which require internal intervention with other departments (i.e. billing, provisioning, construction, engineering, maintenance, etc.).

APPENDIX E
FORM OF SECURITY

SAMPLE

EXHIBIT E-1

FORM OF PERFORMANCE BOND

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 Fifty Million Dollars (\$50,000,000), 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 a potential 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; provided, however, that to the extent the Obligee provides the Principal with any written notice of such potential default prior to such 30-day period, the Obligee shall provide the Surety with a copy of such written notice simultaneous with transmission of same to the Principal.

2. In the event of default by the Principal, Obligee shall deliver to Surety a valid court order demonstrating a final judgment not subject to appeal or further judicial relief, together with a written statement of the details of the default resulting in such judgment within thirty (30) days after the entry of such judgment, such notice to be delivered by certified mail to address of said Surety as stated herein.

3. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee. Such termination or cancellation shall not affect any liability incurred or accrued under this bond prior to the effective date of such cancellation.

4. 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.

5. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

6. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

7. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

8. This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

IN WITNESS WHEREOF, the above bounded Principal and Surety have
hereunto signed and sealed this bond effective this _____ day of _____, 2008.

Principal

Surety

By: _____

By: _____

Attorney-in-Fact

SAMPLE

EXHIBIT E-2

FORM OF LETTER OF CREDIT

This is an EXAMPLE of a letter of credit. In no way does this guarantee that the JPMorgan Chase Letter of Credit will read exactly as stated below:

Dated

OUR L/C NO.: XXXX-123456

APPLICANT REF. NO.: VZ12

TO:

CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBD STREET

NEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC.

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

ATTN:

EXECUTIVE VICE PRESIDENT

AND

GENERAL MANAGER

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT
IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO 600

DOCUMENTARY CREDIT NUMBER: XXXX-123456

DATE OF ISSUE: JUNE XX, 2008

BENEFICIARY: CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBDNEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

DATE AND PLACE OF EXPIRY:

JUNE XX, 2009

AT OUR COUNTER

DOCUMENTARY CREDIT AMOUNT: USD \$20,000,000.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.

BY PAYMENT

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO THE CITY OF NEW YORK VIA SWIFT, TELEX, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF JUNE XX, 2009. UPON SUCH NOTICE TO THE CITY OF NEW YORK, THE CITY OF NEW YORK MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING EXACTLY AS FOLLOWS:

THE AMOUNT OF THIS DRAWING USD UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER XXX REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TPTS-XXX AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR

II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF, SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS AN AUTOMATIC EXTENSION PROVISION IS EXPRESSLY INCORPORATED INTO SUCH AMENDMENT.

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A., AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT MENTIONING THEREON DRAWN ON JPMORGAN CHASE BANK, N.A., LETTER OF CREDIT NUMBER XXX WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

“THE AMOUNT OF THIS DRAWING LIMITED TO THE AMOUNT REFLECTED ON THE ACCOMPANYING COURT ORDER USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXX-123456 REPRESENTS FUNDS DUE THE CITY OF NEW YORK, NY AS:” THE APPLICANT, VERIZON NEW YORK INC., FAILED TO PERFORM UNDER MATERIAL PROVISIONS OF AGREEMENT (DATED) BETWEEN CITY OF NEW YORK, NY AND VERIZON NEW YORK INC. UNDER A COURT ORDER DEMONSTRATING A FINAL JUDGMENT IN FAVOR OF THE CITY OF NEW YORK NOT SUBJECT TO APPEAL OR FURTHER JUDICIAL RELIEF’.

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO JPMORGAN CHASE BANK, N.A., C/O JPMORGAN TREASURY SERVICES, STANDBY LETTER OF CREDIT DEPT. 4TH FL. 10420 HIGHLAND MANOR DRIVE, TAMPA, FLORIDA 33610.

CUSTOMER INQUIRY NUMBER IS 1-800-634-1969 CHOOSE OPTION 1. E-MAIL ADDRESS IS: GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

AUTHORIZED SIGNATURE

APPENDIX F

FTTP UPGRADE SCHEDULE

All dates in this schedule refer to December 31 of the year indicated, except for the year 2014, which refers to June 30.

Cumulative Prems Passed (k) - % Complete								
Boro	Type	2008	2009	2010	2011	2012	2013	2014
Manhattan	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	57%	62%	66%	73%	82%	91%	100%
	Total	57%	62%	67%	73%	82%	91%	100%
Bronx	SFU	30%	46%	59%	69%	84%	96%	100%
	MDU	6%	23%	39%	58%	75%	92%	100%
	Total	13%	29%	45%	61%	77%	93%	100%
Queens	SFU	23%	39%	55%	69%	82%	95%	100%
	MDU	7%	21%	37%	54%	72%	93%	100%
	Total	15%	30%	46%	61%	77%	94%	100%
Staten Island	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	100%	100%	100%	100%	100%	100%	100%
	Total	98%	100%	100%	100%	100%	100%	100%
Brooklyn	SFU	17%	33%	47%	63%	77%	92%	100%
	MDU	8%	27%	42%	57%	76%	93%	100%
	Total	12%	30%	45%	60%	76%	93%	100%
NYC	SFU	32%	46%	59%	71%	83%	95%	100%
	MDU	27%	40%	51%	63%	78%	92%	100%
	Total	29%	42%	54%	66%	79%	93%	100%

APPENDIX G

FRANCHISE AREA

[See Attached Map]

NEW YORK CITY LFA

New Jersey

Manhattan

Bronx

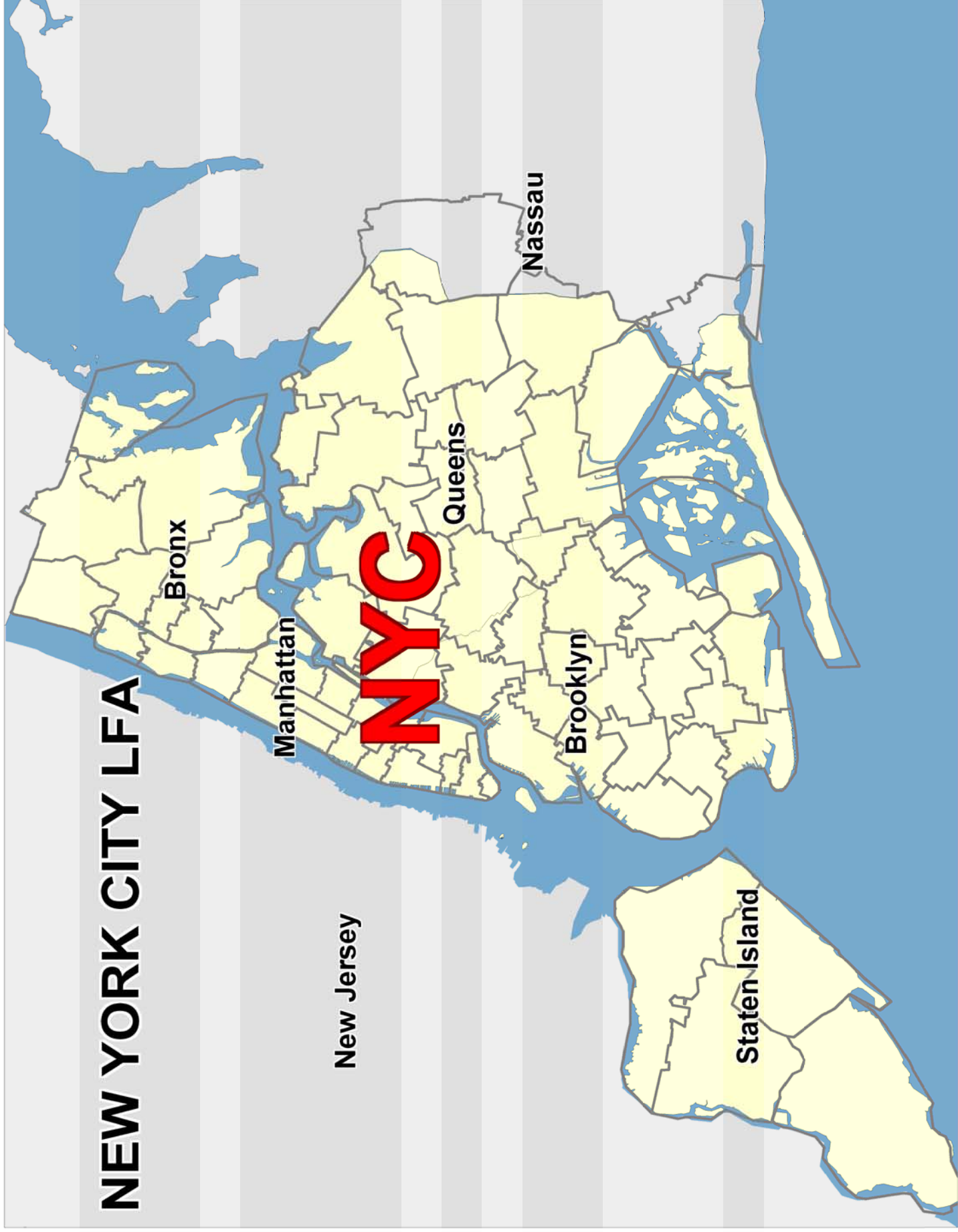
NYC

Queens

Brooklyn

Nassau

Staten Island



APPENDIX H

FORM OF GUARANTY

In consideration of the award of the Cable Franchise Agreement by and between the City of New York and Verizon New York Inc., dated _____2008, we, Verizon Communications Inc., hereby unconditionally and irrevocably agree to provide all the financial resources necessary for the satisfactory performance of the obligations of the Franchisee under the Cable Franchise Agreement and also to be legally liable for performance of the obligations of the Franchisee in case of default or revocation of the Cable Franchise Agreement.

Signature

Corporate Seal

Type or Print Name

Title & Official Name of Guarantor

Date

APPENDIX I

INVESTIGATION CLAUSE

1.1 The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

1.1 (a) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York; or

(b) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City.

1.2 (a) The commission or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(b) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to Section 1.3 below without the City incurring any penalty or damages for delay or otherwise.

1.3 The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(a) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a

member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(b) The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

1.4 The Commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

(a) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(b) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(c) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(d) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under 1.3 above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in 1.2(a) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

1.5 (a) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(b) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(c) The term “entity” as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City, or otherwise transacts business with the City.

(d) The term “member” as used herein shall be defined as any person associated with another person or entity as a partner, director, officer, principal or employee.

APPENDIX J

SYSTEM ARCHITECTURE

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

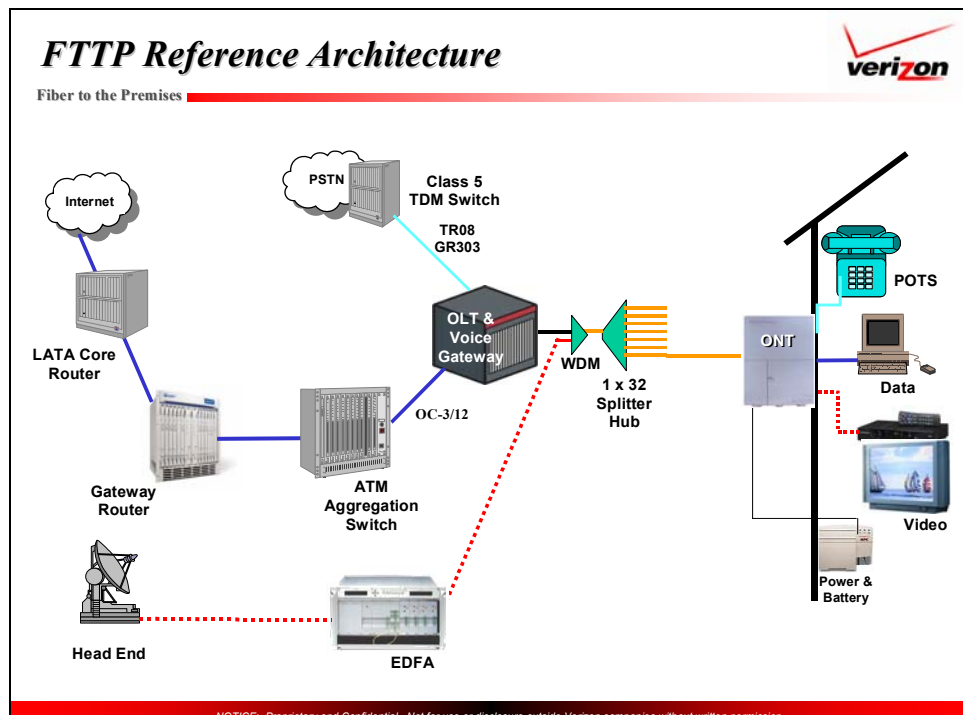


Figure 2-FTTP Full Build and Overlay Architectures

At the national or regional level, a “super” headend (SHE) shall serve as the single point of national content aggregation (see Figure 1). All content shall be encoded into MPEG2 streams and transported over nationwide SONET and/or ROADM services. In each market where Verizon seeks to offer service, the broadcast cable television traffic is off loaded from the long haul network and terminated at a Video Hub Office (VHO). Network redundancy and route diversity shall extend from the SHE to the VHO.

The VHO serves as the metro or local point of aggregation. It is here that off-air and public, education, and government (PEG) channels (where appropriate) are combined with the broadcast cable television coming from the SHE. Interactive Program Guides (IPG) shall be controlled from this site, also. The service that exits the VHO shall look like the final product viewed by the end user subscriber.

Cable television traffic is converted to optical signals at the VHO and transported over Verizon’s metro area, inter-office facilities (IOF) to Video Serving Offices (VSOs). Voice and high-speed data signals are combined with the cable television at this location for final transport to the subscriber premises over Verizon’s FTTP Passive Optical Network (PON).

At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The VSO is a location within the central office containing FTTP equipment. If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

APPENDIX K
FORM OF FRANCHISE FEE REPORT

Franchise Fee Schedule/Report XX Quarter 2008

City of New York

Verizon - fBA

New York

Franchise Fee Rate:

5.00%

	October	November	December	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)				
Usage Based Charges (e.g. PayPer View, Installation)				
Advertising				
Home Shopping				
Late Payment				
Other Misc. (Leased Access & Other Misc.)				
Franchise Fee Billed				
PEG Fee Billed				
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation				
Franchise Fee Due				
Verizon is hereby requesting that this information be treated by the Franchise Authority as confidential business information.				

The calculations set forth herein were conducted in accordance with the applicable provisions of the cable franchise agreement by and between Verizon NY Inc. and the City of New York and Verizon's applicable internal financial policies and are true and accurate to the best of my knowledge.

Signature:

Manager, Verizon Settlement Administration

Tab 11

From: Pinkard, Brendon [mailto:BPinkard@wileyrein.com]
Sent: Thursday, May 15, 2008 10:41 AM
To: Regal, Bruce
Cc: tcabe@doitt.nyc.gov; Raposa, John F.; Lasota, Marie C.; ptrane@telecominsightgroup.com
Subject: RE: Revised Franchise Agreement and Appendices

Bruce,

Attached please find a clean set of the franchise documents, as well as a blackline of the franchise agreement including the changed reference from "9 NYCRR" to "16 NYCRR." Also, will you be providing a copy of these latest documents to the Comptroller's office and the incumbents? If not, please let us know if you would like for us to do so.

Thanks,

Brendon

From: Regal, Bruce [mailto:bregal@law.nyc.gov]
Sent: Thursday, May 15, 2008 9:41 AM
To: Pinkard, Brendon
Cc: tcabe@doitt.nyc.gov; John Raposa; Marie Lasota; ptrane@telecominsightgroup.com
Subject: RE: Revised Franchise Agreement and Appendices

My understanding is that the Mayor's Office of Contract Services will be providing the blackline version to the FCRC members, so they can see the changes that have been made since they received the previous version. DoITT will also now hereafter use the version incorporating the changes to respond to those members of the public who hereafter request a copy of the agreement. We believe those steps are consistent with the City Charter notice requirements. Does Verizon believe there is anything else that is appropriate in terms of notice of the blacklined changes that should be done to assure consistency with PSC requirements?

Also one quick item I noticed: where the change in the whereas clause on page 4 was made to renumber 595.1 to 895.1, I think the Title 9 reference will also need to be changed to Title 16.

From: Pinkard, Brendon [mailto:BPinkard@wileyrein.com]
Sent: Wednesday, May 14, 2008 5:04 PM
To: Regal, Bruce
Cc: tcabe@doitt.nyc.gov; John Raposa; marie.c.lasota@verizon.com; ptrane@telecominsightgroup.com
Subject: Revised Franchise Agreement and Appendices

Bruce,

Attached please find a redline draft of the franchise and appendices reflecting the minor changes we have discussed. Please let us know if you have any questions or concerns.

Thanks,

Brendon



Brendon M. Pinkard
Attorney At Law
Wiley Rein LLP

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Cable Franchise Agreement

by and between

The City of New York

and

Verizon New York Inc.

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APPENDICES

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VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement”) is entered into by and between the City of New York, a validly organized and existing political subdivision of the State of New York (the “City”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon” or the “Franchisee”).

WHEREAS, the City 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; and

WHEREAS, the Franchisee is in the process of upgrading its existing Telecommunications Services (as hereinafter defined) and Information Services (as hereinafter defined) network through the installation of the FTTP Network (as hereinafter defined) in the Franchise Area (as hereinafter defined) which transmits Non-Cable Services pursuant to authority determined by Franchisee to have been 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 (as hereinafter defined) or Title VI of the Communications Act; and

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

WHEREAS, no cable franchisee has ever agreed to provide Cable Service throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, the City wishes to grant Franchisee a nonexclusive franchise to operate a Cable System (as hereinafter defined) throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, pursuant to Section 363(a) of the New York City Charter (the “City Charter”), franchises are to be awarded by the City in accordance with the provisions of authorizing resolutions adopted by the City Council of the City (the “City Council”); and

WHEREAS, the City Council adopted Resolution No. 538 on September 27, 2006 (the “Resolution”) which authorizes, until September 27, 2011, the Department of Information Technology and Telecommunications (“DoITT”) to grant nonexclusive franchises for the provision of cable television services; and

WHEREAS, the delivery of Cable Services is in the City’s interest, and the availability of such competitive service to all households in the City on a timely basis pursuant to the terms of this Agreement will significantly benefit the City; and

WHEREAS, the City, pursuant to the terms of the Cable Act (as hereinafter defined), has identified the City’s future cable-related community needs and interests and, pursuant to the City

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

Charter, has issued a solicitation for cable television franchises (the “Solicitation”) to which the Franchisee responded; and

WHEREAS, in response to the Solicitation, the Franchisee offered to operate and maintain a Cable System and provide Cable Services (as hereinafter defined) and to perform certain additional undertakings; and

WHEREAS, the Franchisee and the City completed arm’s-length negotiations regarding the terms and conditions pursuant to which the City intends to grant to the Franchisee, and the Franchisee intends to accept from the City, a franchise (the “Franchise”) described generally in Section 4.1 hereof and more specifically as described by the complete terms of this Agreement; and

WHEREAS, the City has, with respect to the proposed grant of the Franchise, complied with the New York State Environmental Quality Act (“SEQRA”) (Section 8-0101 et seq. of the New York State Environmental Conservation Law), the SEQRA regulations set forth at Part 617 of Title 6 of the New York Code of Rules and Regulations, and the City Environmental Quality Review process (Chapter 5 of Title 62 and Chapter 6 of Title 43 of the Rules of the City of New York); and

WHEREAS, the Department of City Planning determined pursuant to Section 363(c) of the City Charter that the grant of this Franchise would not have land use impacts or implications and therefore is not subject to the Uniform Land Use Review Procedure (“ULURP”) set forth in Section 197-c of the City Charter;

WHEREAS, the Franchisee has completed all required submissions under the City’s VENDEX process, and the City’s review thereof has been completed; and

WHEREAS, pursuant to Section 371 of the City Charter, the Franchise and Concession Review Committee (the “FCRC”) held a public hearing on the proposed Franchise terms of this Agreement memorializing the terms and conditions of the proposed Franchise; and

WHEREAS, said hearing before the FCRC was held within 30 days of the date that DoITT filed the proposed Franchise with the FCRC; and

WHEREAS, a notice of said hearing and a summary of the terms and conditions of the proposed Franchise were properly published in the City Record; and

WHEREAS, at least 15 days, excluding Sundays and legal holidays, elapsed between publication of said hearing notice and summary in the City Record and the commencement of such hearing before the FCRC; and

WHEREAS, before the FCRC hearing, the requirements regarding publication of notice of such hearing as set forth in Section 371 of the City Charter were met; and

WHEREAS, the FCRC has approved the grant to the Franchisee of the Franchise and the terms of this Agreement as described herein; and

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

WHEREAS, pursuant to Section 895.1 of Title 16 of the New York Code of Rules and Regulations, the Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; the Franchisee's plans for its Cable System were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

WHEREAS, the City and the Franchisee have determined that this Agreement complies with the franchise standards set forth in the Resolution, Section 363 of the City Charter, Section 626 of the Cable Act as amended, Section 221 of the Public Service Law, the regulations of the Public Service Commission, and all other applicable laws and regulations; and

WHEREAS, the City, following said public hearing, determined that this Franchise granting the Franchisee a nonexclusive franchise complies with the franchise standards set forth in the Cable Act, the Resolution, the aforementioned Public Service Law, the regulations of the NY PSC (including any necessary waivers that the parties may seek and obtain) and all other applicable laws and regulations; and

WHEREAS, the City and 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 foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

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 and the Communications Act are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *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.

1.2. *Application:* Application of Verizon New York Inc. for a Cable Television Franchise in the City of New York, filed on April 15, 2008.

1.3. *Agreement:* This Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.5. *Borough President*: Each President of one of the five boroughs within the City of New York, any Borough President's designee, or any successor thereto.

1.6. *Cable Act*: The Cable Communications Policy Act of 1984 (codified at 47 U.S.C. §§ 521-573).

1.7. *Cable Law*: The Cable Act, 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, to the extent authorized under and consistent with federal law.

1.8. *Cable Service or Cable Services*: Shall be defined herein as it is defined under 47 U.S.C. § 522(6), as amended.

1.9. *Cable System or System*: Shall be defined herein as it is defined under 47 U.S.C. § 522(7), as amended.

1.10. *Channel*: Shall be defined herein as it is defined under 47 U.S.C. § 522(4), as amended.

1.11. *Channel Position*: Shall mean the position on a television receiver, tuner, converter or similar device which is selected to receive a specific Channel.

1.12. *Communications Act*: The Communications Act of 1934, as amended, including, without limitation, the Cable Act.

1.13. *Closing*: Shall be defined as provided in Section 2.1 hereof.

1.14. *Commissioner*: Shall mean the Commissioner of DoITT, the Commissioner's designee or any successor thereto.

1.15. *Community Access Organization ("CAO")*: Shall mean, with respect to any particular borough of the City, the nonprofit corporation that has been designated in connection with that borough pursuant to the agreements substantially in the form set forth in Appendix C to this Agreement.

1.16. *Controlling Person*: A Person with the ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee's affairs.

1.17. *Corporation Counsel*: The Corporation Counsel of the City, the Corporation Counsel's designee, or any successor thereto.

1.18. *DoITT*: The Department of Information Technology and Telecommunications, or any successor thereto.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.20. *FCRC*: Shall mean the Franchise and Concession Review Committee of the City of New York.

1.21. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, 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 Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.22. *Franchise Area*: The incorporated area (entire existing territorial limits) of the City, and such additional areas as may be annexed or acquired.

1.23. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees (including for which consent of the City is required under Article 13 hereof).

1.24. *FTTP Network*: The Franchisee's fiber-to-the-premise telecommunications network in the Franchise Area as described in the Application.

1.25. *FTTP Network Created*: All transport connections and equipment in the FTTP Network have been established and are operational to the fiber distribution terminal serving the residence requesting fiber-enabled services (whether Cable Service or Non-Cable Services). Additionally, for MDUs, Franchisee has obtained building access and prepositioned its facilities in the MDU which are necessary for serving residences within the MDU requesting fiber-enabled services (whether Cable Service or Non-Cable Services).

1.26. *Government/Educational Access Channel*: An Access Channel which the Franchisee shall make available for the sole noncommercial use of the City or for noncommercial use 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 as specified by the City, as provided in Article 8 and Appendix B to this Agreement.

1.27. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee (or any Affiliate) from the operation of the Cable System to provide Cable Service in the Franchise Area, as follows:

1.27.1. Gross Revenue includes, without limitation: all Subscriber 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 Franchisee over the Cable System in the Franchise 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,

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) video on demand and pay-per-view; (iv) revenues from the sale or lease of channel(s) or channel capacity; (v) compensation received by Franchisee that is derived from the operation of the Cable System to provide Cable Service with respect to commissions that are paid to Franchisee or an Affiliate providing Cable Service under this Franchise as compensation for promotion or exhibition of any products or services on the Cable System, such as a “home shopping” or similar channel, subject to the exceptions below; and (vi) charges described to Subscribers as attributable to Franchise Fees (as hereinafter defined) and PEG Grants. Gross Revenue shall also include all advertising revenue which is received directly or indirectly by the Franchisee or any Affiliate from or in connection with the distribution of any service over the System (and including, without limitation, compensation for use of studio or other facilities and equipment associated with production or distribution of any programming or advertising to be distributed as part of a Cable Service). The allocation shall be based on the number of Subscribers in the Franchise 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.

1.27.2. Except as provided above, Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business and in accordance with generally accepted accounting principles (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; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, provided, however, that any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System paid to Franchisee or an Affiliate 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 City including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by the LFA, a state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity; taxes imposed on Subscribers by law, which the Franchisee is obligated to collect; any foregone revenue which 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 Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which 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 Franchisee of marketing costs incurred by 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.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.27.3. Gross Revenues derived from Cable Services provided over the Cable System in the Franchise Area that are provided to Subscribers as part of a bundle of services that include Non-Cable Services shall be treated in accordance with Section 10.5 hereof.

1.28. *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.

1.29. *Landlord*: The term "landlord" shall mean and include the owner or owners of the freehold of the premises or lesser estate therein, a mortgagee or vendee in possession, assignee of rents, receiver, executor, trustee, lessee, agent, or any other person, firm or corporation, directly or indirectly in control of a dwelling, or any designee of the foregoing enumerated Persons formally authorized to approve physical alterations, improvements or modifications to such dwelling including the installation of Franchisee's facilities.

1.30. *Leading Technology*: The highest level of performance and capability (including, but not limited to, with respect to plant or other equipment; transmission capacity to subscribers' premises; channel offerings; video-on-demand services; construction techniques; consumer service; facilities, equipment, systems and operations; and performance standards), that has been commonly accepted, developed and commercially deployed in the wireline cable television industry and is economically reasonable and technically feasible.

1.31. *Local Franchise Authority ("LFA" or the "City")*: The City of New York, New York, or the lawful successor, transferee, or assignee thereof.

1.32. *Multiple Dwellings ("MDUs")*: Shall have the meaning set forth therefore in NY CLS Mult D § 4(7).

1.33. *Non-Cable Services*: Any service that does not constitute Cable Service pursuant to law including, but not limited to, Information Services and Telecommunications Services.

1.34. *Non-Residential Subscriber*: A Subscriber that is not a Resident.

1.35. *Non-Standard Installation*: Any installation which does not constitute a Standard Installation as defined in Section 1.45 hereof.

1.36. *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.

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

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

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

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1.40. *Public Access Channel:* An Access Channel which the Franchisee shall make available to a CAO, at no charge, as provided in Article 8 and Appendices B and C to this Agreement.

1.41. *Public Rights-of-Way:* The surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the City and any other property within the City, to the extent to which there exist public easements or public rights of way. Public Rights-of-Way do not include the electromagnetic spectrum above the surface of a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.42. *Resident:* An occupant who: (i) resides in a dwelling which has or is entitled to receive from the City a residential certificate of occupancy, including, without limitation, a private dwelling, class A multiple dwelling, or an interim multiple dwelling; or (ii) has continuously resided in the same building as a permanent resident and who takes occupancy pursuant to a lease (or other similar arrangement) of at least six (6) months duration. For purposes of this Agreement, the terms “private dwelling,” “class A multiple dwelling,” and “interim multiple dwelling” shall have the same meaning as they have or may have in NY CLS Mult D, as such law may from time to time be amended.

1.43. *Residential Subscriber:* A Subscriber that is a Resident.

1.44. *Service Area:* All portions of the Franchise Area with a video service office (“VSO”) that is open for sales and Cable Service is being offered.

1.45. *Standard Installation:* A residence requesting Cable Service that is Video Network Created as of the date of the request for service.

1.46. *Subscriber:* A Person who lawfully receives Cable Service over the Cable System.

1.47. *Telecommunication Services:* Shall be defined herein as it is defined under 47 U.S.C. § 153(46), as amended.

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

1.49. *Video Network Created:* Video transport connections and equipment have been established and are operational to the fiber distribution terminal serving the residence requesting Cable Service. Additionally, for MDUs, Verizon has obtained building access and prepositioned its video facilities in the MDU which are necessary for serving requesting residences within the MDU.

1.50. *Video Programming:* Shall be defined herein as it is defined under 47 U.S.C. § 522(20), as amended.

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1.51. *Video Service Office or VSO:* A wire center that has been upgraded by Franchisee to be video-capable and which thereby may be opened for sales for the provision of Cable Service by Franchisee.

1.52. *Wholly Owned Affiliate:* Any entity of which 100% of the ownership interest is ultimately held by Verizon Communications, Inc.

2. CLOSING; CLOSING CONDITIONS

2.1. *Closing:* This Agreement shall be executed and the obligations herein shall commence on the closing of this Agreement (herein referred to as the “Closing”). The Closing shall be the first day on which all of the following conditions have been met and this Agreement has been fully executed and delivered:

2.2. *FCRC Resolution:* The FCRC shall have adopted a resolution approving this Franchise;

2.3. *Certified Copies of Resolutions:* The Franchisee shall have furnished the City with a certified copy of the resolution(s) duly adopted by the Board of Directors or other authorized representative of the Franchisee, approving the execution, delivery and performance of this Agreement and approving the execution, delivery and performance of all other documents, certificates, and other instruments required to be furnished to the City by and pursuant to the terms of this Agreement;

2.4. *Opinion of Franchisee’s Counsel:* The City shall have received an opinion dated as of the date of the Closing from outside counsel to the Franchisee in form and substance reasonably satisfactory to the Commissioner and the Corporation Counsel;

2.5. *Representations and Warranties:* The Franchisee shall have provided the City with a certificate of an officer of the Franchisee certifying that the representations and warranties made by the Franchisee in this Agreement are true and correct as of the Closing;

2.6. *Government Approvals:* The Franchisee shall have provided the City with evidence of approval of the transactions contemplated by this Agreement from any necessary governmental authorities, and all notice periods and waiting periods required by law to pass in connection with such transactions shall have passed, except the certificate of confirmation to be issued or renewed by the PSC pursuant to Section 891.4 of the PSC regulations and issuance of an FCC CUID;

2.7. *Performance Bond:* The Franchisee shall have furnished to the City the Performance Bond, pursuant to Article 15 hereof;

2.8. *Security Fund/Letter of Credit:* The Franchisee shall have deposited with the City the Security Fund/Letter of Credit, pursuant to Article 15 hereof;

2.9. *Liability Insurance Policy:* The Franchisee shall have secured its liability insurance policy pursuant to Article 12 hereof;

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2.10. *Guaranty*: The Franchisee shall have secured and delivered to the Commissioner and the Comptroller a guaranty executed by the Guarantor in the form set forth at Appendix H to this Agreement, which guaranty shall have been authorized, executed and delivered by the Guarantor;

2.11. *W-9 Form*: The Franchisee shall have submitted an IRS W-9 form certifying the Franchisee's tax ID number;

2.12. *VENDEX*: The Franchisee has completed all required submissions under the City's VENDEX process, and the City's review thereof has been completed; and

2.13. *Other Documents*: The Franchisee shall have delivered such other documents as may be reasonably requested by the City.

2.14. *Waiver*: To the extent permitted by law, any of the above Closing conditions may be waived by the Commissioner, provided such waiver shall not be a waiver of any substantive requirement of this Agreement as set forth hereinafter.

3. EFFECTIVE DATE AND TERM:

3.1. *Effective Date & Term*: This Agreement and the Franchise granted herein shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following the Closing; provided that implementation of this Agreement shall be subject to the applicable registration provisions of City Charter sections 375 and 328. The term (the "Term") of this Agreement and the Franchise granted herein shall be twelve (12) years from the Effective Date, or until June 30, 2020, whichever is later, unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the City in writing of the same, which notification shall become a part of this Franchise.

3.2. *Termination*: The termination of this Agreement and the Franchise granted hereunder shall occur upon the earliest to occur of: (i) the end of the Term; or (ii) the earlier termination of the Franchise and this Agreement as provided for in this Agreement. The Franchise shall be considered revoked and terminated automatically upon any termination of this Agreement as provided hereunder.

3.3. *Renewal on Expiration*: Subject to 47 U.S.C. § 546, the City reserves the right at the end of the Term to grant, or grant on new terms and conditions, or not grant, renewal of the Franchise without any presumption in favor of a renewal of the Franchise.

4. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

4.1. *Grant of Authority*: The City hereby grants the Franchisee the right to provide Cable Service within the Franchise Area until the end of the Term, subject to the terms and conditions of this Agreement. The parties acknowledge that this Agreement is not in and of itself a sufficient source for the right of the Franchisee to occupy the Public Rights-of-Way for the provision of any service and is intended to grant such right only in accompaniment with a separate authority to occupy the affected Public Rights-of-Way. The parties further

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acknowledge (a) that this Agreement does not include all of the terms and conditions which the City would require for such occupancy, (b) that the Franchisee claims that it has preexisting authority to occupy any or all of the Public Rights-of-Way with the facilities that are being installed to provide Cable Services under this Agreement, (c) that the City disputes such claim, and (d) that such dispute is the subject of the Pending Litigation (as defined in Section 18.14 hereof). The parties further acknowledge that if the Pending Litigation results in a final determination (after all opportunities to appeal have been either pursued or expired) that with respect to any of the Public Rights-of-Way the Franchisee does not have authority preexisting this Agreement to occupy such Public Rights-of-Way, then the Franchisee's right to occupy such Public Rights-of-Way with such facilities, including for the provision of Cable Services, shall be conditional on the Franchisee's reaching agreement with the City on the terms and conditions of such occupancy, and that absent such agreement, this Agreement and the Franchise granted hereunder shall terminate immediately on written notice from the City.

4.2. *The FTTP Network:* Consistent with Section 18.14 and 18.15 hereof, upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the City's police power, the City has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

4.3. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the City 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 law or this Franchise to provide Cable Service.

4.4. *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. Further, the parties to this Franchise agree that this Franchise is consistent with applicable federal and state law and the parties agree to be bound by the terms hereof.

4.5. *No Waiver:* The failure of either the City or Franchisee 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 other (neither the City nor the Franchisee) from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

4.6. *Construction of Agreement:*

4.6.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives.

4.6.2. Nothing herein shall be construed to limit the scope or applicability of 47 U.S.C. § 545, as amended.

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4.6.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Agreement, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on either party of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

4.7. *Police Powers:* Nothing in this Franchise shall be construed to prohibit the City's reasonable, necessary and lawful exercise of the City's police powers, including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the City may deem necessary in the exercise of its police power, including any lawful right to compel relocation of Cable System facilities in the Public Rights-of-Way in the event of sewer and water line work, road-widenings and other adjustments to the Public Rights-of-Way, and the provisions of New York City Administrative Code § 6-115.1 (the "MacBride Principles"); provided, however, that such laws and regulations are reasonable and not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

4.8. *Restoration and Inspection of Municipal Property:* In order to avoid interference with the City's ability to deliver public services, any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

4.9. *Restoration of Subscriber Premises:* The Franchisee shall ensure that each 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, provision or disconnection of Cable Service.

5. DEPLOYMENT; PROVISION OF CABLE SERVICE

5.1. *Initial Deployment:* Subject to the exceptions and checkpoint extensions set forth in this Article, the FTTP Network will pass all households served by Franchisee's wire centers within the Franchise Area in accordance with the table attached hereto as Appendix F, with final completion no later than June 30, 2014. For purposes of this Agreement including Appendix F, "pass" or "passage" of a household shall mean MDU's whether or not network created and single family units whether or not a drop is installed.

5.1.1. *Exceptions:* The FTTP Network deployment schedule set forth in Appendix F shall be subject to the following exceptions: (A) for periods of Force Majeure; (B) for periods of delay beyond the normal permitting or approval time period, or due to issuance of a stop work order issued by the City, where such stop work order is not caused by action on the part of Franchisee; and (C) for periods of delay resulting from Franchisee's inability to obtain authority to access private rights-of-way.

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5.1.2. *Checkpoint Extensions:* Within thirty (30) days of each of the dates set forth below (each, a “Checkpoint”), the Franchisee shall conduct an evaluation of its “video penetration rate” (as hereinafter defined) in the Franchise Area and, in the event such evaluation determines that Franchisee has not achieved the applicable video penetration rate at each such Checkpoint, the Franchisee shall be afforded an extension of its deployment and service availability obligations pursuant to Sections 5.1, 5.2 and 5.3 hereof, in accordance with the following:

5.1.2.1. *First Checkpoint:* If, by June 30, 2010, Franchisee has achieved a video penetration rate in the Franchise Area which is less than fifteen percent (15%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.2. *Second Checkpoint:* If, by June 30, 2011, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty percent (20%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.3. *Third Checkpoint:* If, by June 30, 2012, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty-five percent (25%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such Checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.4. For purposes of this Agreement, the term “video penetration rate” shall mean:

FiOS TV billable lines in service
(FTTP passed single family units whether or not a drop is installed
+ residential units within FTTP network created MDU's)
in VSOs that are open for sales (OFS).

5.1.3. In the event Franchisee seeks to exercise its right to an extension of its deployment and service availability obligations at any Checkpoint pursuant to this Section 5.1, Franchisee shall, within sixty (60) days from the applicable Checkpoint, provide the City with written documentation, in a format to be reasonably determined by Franchisee, justifying the basis for Franchisee's exercise of such extension. Such written documentation shall be treated as confidential and proprietary consistent with Section 11.1 hereof, and shall include, the number of residential units within FTTP Network Created MDUs and FTTP passed single family units (hereinafter, “SFUs,”) along with other elements of the formula set forth in Section 5.1.2.4 of this Agreement, as may be reasonably necessary to satisfy the objectives of this Section 5.1.3.

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5.1.4. Consistent with the schedule set forth in Appendix F, nothing herein shall be construed to limit Franchisee's discretion with respect to the order of geographic areas to be wired, provided, however, that at each Checkpoint described above, the estimated median household income of all homes passed shall not be greater than the average household income of all households in New York City (based on the calculations set forth in the 2000 census data).

5.2. *VSO Conversions:* Subject to periods of Force Majeure and the checkpoint extensions set forth at subsection 5.1.2 above, not later than June 30, 2014 Franchisee shall have completed the upgrade of all of Franchisee's wire centers located within or serving the Franchise Area such that all of Franchisee's wire centers within or serving the Franchise Area constitute video-capable VSOs open for sales.

5.3. Service Availability:

5.3.1. *Initial Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units, at Franchisee's expense, except that Franchisee may charge a standard installation fee, and may make Cable Service available to businesses, in conformance with Section 5.4. The parties hereto agree that the terms of this Section 5.3.1 satisfy the minimum standards set forth in 16 NYCRR Section 895.5.

5.4. *Provision of Service:* Subject to the exceptions set forth in Subsection 5.5 hereof, Franchisee shall make Cable Service available to all residential dwelling units in the Service Area. Franchisee agrees that it shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area.

5.4.1. *Installations of Cable Service – Standard Installations:* Franchisee shall perform all Standard Installations of Cable Service within seven (7) business days after any such request is received by the Franchisee, unless a later date is agreed to with the requesting potential residential Subscriber.

5.4.1.1. If the Franchisee is unable to fulfill a potential residential Subscriber's request for Standard Installation of Cable Service within seven (7) business days of Franchisee's receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), the Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for Franchisee's inability to perform the requested Standard Installation within seven (7) business days or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); and (ii) the date by which Franchisee anticipates performing such Standard Installation. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Standard Installation request subsequent to the later of: (i) the date which is seven (7) business days from the date which is seven (7) business days following a potential Subscriber's initial request for Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

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5.4.1.2. All Standard Installations will be in accordance with FCC requirements governing appropriate grounding and connection of equipment to ensure reception of Cable Service.

5.4.1.3. Consistent with the requirements of Appendix A the Franchisee will offer Subscribers “appointment window” alternatives for arrival to perform all Standard Installations.

5.4.2. *Installations of Cable Service – Non-Standard Installations:* Franchisee shall perform all Non-Standard Installations of Cable Service within six (6) months after any such request is received by the Franchisee, unless either a later date is agreed to with the requesting potential residential Subscriber or Franchisee advises the requesting potential residential Subscriber of the current unavailability of Cable Service at the location as set forth in Subsection 5.4.2.1.

5.4.2.1. If the Franchisee is unable to fulfill a potential residential Subscriber’s request for Non-Standard Installation of Cable Service within six (6) months of Franchisee’s receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for the current unavailability of Cable Service at the requesting location; and (ii) a good faith estimate of the date by which Franchisee believes that Cable Service may be available at the location. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Non-Standard Installation request subsequent to the later of: (i) the date which is six (6) months from the date which is six (6) months following a potential Subscriber’s initial request for Non-Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

5.5. *Exceptions:* Franchisee’s Cable Service availability obligation as set forth in Section 5.4 shall be subject to the following exceptions: (A) where the FTTP Network has not been deployed or a VSO is not yet opened for sales; (B) for periods of Force Majeure; and (C) periods of delay caused by Franchisee’s inability, after good faith efforts, to obtain valid legal authority to access any MDU in the Franchise Area for the purpose of providing Cable Service to units within such MDU on other than commercially unreasonable terms and conditions with respect to each such MDU.

5.5.1. *Commercial Unreasonability:* The phrase “commercially unreasonable terms and conditions” means any one or more of the following circumstances:

5.5.1.1. The landlord is imposing buildout, installation and/or maintenance requirements to serve the MDU that require a financial investment which results in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee’s weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$;

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5.5.1.2. The landlord is requiring removal or other remediation of hazardous materials;

5.5.1.3. The landlord, despite the legal requirements of Public Service Law Section 228, is demanding payment above the compensation contemplated by Section 228; and

5.5.1.4. A bulk sales, exclusive marketing or other arrangement is in effect in the MDU that reduces Franchisee's reasonably anticipated penetration rate resulting in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee's weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$.

5.5.2. *Access:* The phrase "Franchisee's inability, after good faith efforts, to obtain valid legal authority" as used herein shall be understood in the context, where applicable, of the legal obligations of landlords under Section 228 of the New York State Public Service Law ("Section 228"), or any successor provision of like effect, and therefore in instances in which the Franchisee believes that a landlord is in violation of Section 228, Franchisee is obligated to provide such landlord with notice of Section 228 and the legal obligations imposed upon such landlord pursuant thereto and pursue remedies available thereunder as appropriate in Franchisee's judgment, acting reasonably.

5.5.2.1. *Additional Procedures:* Beginning July 1, 2012, in each case in which the Franchisee needs to obtain access to the property in response to a request for Cable Service where the FTTP Network has been deployed and the VSO is opened for sales, Franchisee shall undertake (and document in written form) the following steps within the following time periods:

5.5.2.1.1. Send promptly (but in no event later than thirty (30) days after receipt of a request for Cable Service) to the property owner or managing agent notice of its intent to wire for Cable Service;

5.5.2.1.2. Attempt to negotiate a survey date and wiring method with the property owner or agent;

5.5.2.1.3. If not yet successful in obtaining access, send a second (2nd) notice of intent to wire including specific reference to Franchisee's access rights, and attempt to wire;

5.5.2.1.4. If the property owner or agent prevents wiring, request assistance from the Commissioner and/or the PSC; and

5.5.2.1.5. If access is not provided within one hundred and eighty (180) days of the first notice to the property owner or agent of intention to wire, file a petition pursuant to 16 NYCRR § 898.4 seeking an order for entry to the property.

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5.5.2.2. The Commissioner may waive, or extend the dates for complying with, the requirements of this Section 5.5.2 upon a showing of good cause by the Franchisee.

5.6. *Periodic Reevaluation:* In the event that Franchisee delays service availability to any MDU in the Franchise Area pursuant to the terms of Section 5.5, Franchisee agrees that it will conduct periodic reevaluations of each such MDU to determine whether circumstances have changed in a manner that would enable Franchisee to obtain valid legal authority to access such MDU on commercially reasonable terms and conditions.

5.7. *Technology and Education Fund/Municipal Facilities Service Grant:* In lieu of, and in satisfaction for, the Franchisee's obligation to provide free service outlets and free Cable Service to public buildings, and in order to further the City's objective of funding technological and educational needs throughout the City, the Franchisee hereby agrees to pay to the City the aggregate sum of Four Million Dollars (\$4,000,000)(the "Technology, Educational & Municipal Facilities Grant") payable in accordance with the following schedule: (i) the first (1st) Technology, Educational & Municipal Facilities Grant payment in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) shall be payable on the date which is thirty (30) days from the Effective Date hereof; (ii) the second (2nd) Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the fourth (4th) anniversary of the Effective Date hereof; and (iii) the third (3rd), and final, Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the seventh (7th) anniversary of the Effective Date hereof.

5.7.1. The Technology, Educational & Municipal Facilities Grant will be used by the City to support the provision of technology services to City government locations and/or City government-related locations in each of the five boroughs of the City where technology services are made or to be made available to the community, such as (for example) New York City Housing Authority community centers, City Department for the Aging community centers and similar facilities. Decisions as to the specific facilities to be supported by said Technology, Educational & Municipal Facilities Grant within each borough shall be made by the City in consultation with the Borough President of the applicable borough. Franchisee shall exercise no discretion as to the allocation or distribution of funds from the Technology, Educational & Municipal Facilities Grant in any manner whatsoever.

6. SYSTEM FACILITIES

6.1. *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and in a manner that limits disruption to public use of City streets, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner, and in a manner which protects the City's property from damage.

6.2. *System Characteristics:* During the Term hereof, Franchisee's Cable System as described in Appendix J, shall meet or exceed the following requirements:

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6.2.1. The System shall initially be designed and operated with a digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

6.2.2. 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.

6.2.3. The Cable System must conform to all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, and shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry procedures:

6.2.3.1. Cable Law;

6.2.3.2. Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

6.2.3.3. National Electrical Code;

6.2.3.4. National Electrical Safety Code (NESC).

6.3. Cable System Tests and Inspections:

6.3.1. The Franchisee shall perform all tests necessary to demonstrate compliance with the requirements of the Franchise, and to ensure that the Cable System components are operating as required; provided, however, that Franchisee's testing obligations under this Article 6 shall be limited solely to those tests which are designed for, and applicable to, a fiber optic network transmitting optical spectrum. All tests shall be conducted in accordance with federal rules and any applicable United States National Cable Television Association's Recommended Practices for measurement and testing. In the event that the FCC's technical performance standards are repealed or are no longer applicable to the Cable System, such standards shall remain in force and effect until the Commissioner, or a designee thereof, and the Franchisee agree to new standards.

6.3.2. The Franchisee shall conduct tests as follows:

6.3.2.1. Proof of Performance tests on the Cable System at least once every six (6) months or as required by FCC rules, whichever is more often, except as federal law otherwise limits the Franchisee's obligation. In consultation with DoITT, the Cable System monitor test points shall be established in accordance with good engineering practices and consistent with FCC guidelines;

6.3.2.2. Special Proof of Performance tests, as limited by the City, of the Cable System or a segment thereof when Subscriber complaints indicate tests are warranted;

6.3.2.3. Tests shall be supervised by a senior engineer of the Franchisee, who shall sign all records of tests provided to the City;

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6.3.2.4. The City shall have the right to designate a City employee (or a third party consultant operating on the City's behalf, provided that such third party consultant executes, in advance, a nondisclosure agreement in a form reasonably acceptable to Franchisee) to visually inspect Franchisee's Cable System in order to verify compliance with Section 6.1 hereof and witness and/or review all required Proof of Performance Tests. The Franchisee shall provide the City with at least two (2) business days' notice of, and opportunity to observe, any such Proof of Performance Tests performed on the Cable System;

6.3.2.5. The Franchisee shall retain written reports of the results of any tests required by the FCC, and such reports shall be submitted to the City upon the City's request. The City shall have the same rights the FCC has to inspect the Franchisee's performance test data;

6.3.2.6. If any test indicates that any part or component of the Cable System fails to meet applicable requirements, the Franchisee, without requirement of additional notice or request from the City, shall take corrective action, retest the locations and advise the City of the action taken and results achieved, and supply the City with a copy of the results within thirty days from the date corrective action was completed; and

6.3.2.7. The Commissioner may, for good cause shown, waive or limit the system test and inspection provisions in this Section 6.3.

6.4. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area, and, to the extent necessary to effectuate the objectives of Article 8 hereof, with agreed upon CAO facilities. Franchisee shall use reasonable efforts to interconnect its Cable System with the existing cable operator(s). Franchisee shall initiate interconnection negotiations with the existing cable operator(s) to cablecast, on a live basis, Public, Educational and Governmental Access programming consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall attempt to negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. The Franchisee and the existing cable operator(s) shall negotiate the interconnection agreement on reasonable terms and conditions. If, despite Franchisee's reasonable efforts, Franchisee is unable to successfully negotiate interconnection of its Cable System with the existing cable operator(s), the City shall make all best efforts to facilitate such negotiations between Franchisee and such other cable operator(s).

6.5. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

6.6. *Program Services:* Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be

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interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels).

7. LEADING TECHNOLOGY

7.1. *Leading Technology:* The parties hereto acknowledge and agree that the FTTP Network, and the Cable Services provided thereby, as described in Appendix J, will when built constitute a “Leading Technology” that includes more extensive fiber facilities, in lieu of coaxial cable facilities, than is currently, or ever has been, provided by any other Cable Service provider within the City as of the Effective Date.

7.1.1. The Franchisee will, at the City’s request (but not before the first anniversary of the Effective Date of the Franchise Agreement and not more often than once in any thirty-six (36) month period), prepare and submit to the City a report (in a mutually agreeable format) setting forth the Franchisee’s review and assessment of the current state of cable technology and its current plans, if any, to enhance its Cable System (provided however, that this reporting requirement will be in abeyance to the extent that a substantial competing franchisee delivering service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the City is then using a system in the City that fails to provide at least comparable capacity, reliability and feature richness to Franchisee’s system).

7.1.2. Upon the submission of each report as described in the preceding Section 7.1.1 the City may undertake an evaluation of such report, with an opportunity for Franchisee to comment on any City evaluation, and Franchisee will subsequently commence good faith discussions with the City, and implement agreements resulting from such good faith discussions, regarding enhancements, if any, to be made to the Cable System to maintain its leading technology status (provided however, that the requirement pursuant to this Section 7.1.2. will be in abeyance to the extent that a substantial competing franchisee delivering Cable Service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the Franchise Area is then using a system in the Franchise Area that fails to provide at least comparable capacity, reliability and feature richness to the FTTP Network).

8. PEG SERVICES

8.1. PEG Set Aside:

8.1.1. In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall, not later than one hundred eighty (180) days from the Effective Date (or, with respect to any Governmental/Educational Access Channels, such later date as may be agreed upon by the City and Franchisee in the event Franchisee reasonably requests an extension in order to complete necessary work), provide on the Basic Service Tier use of twenty-five (25) access channels in total, as set forth immediately below in Section 8.1.1.1 (each, an “Access Channel”):

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8.1.1.1. *Public Access Channel*:. Four (4) Public Access Channels for each Borough (i.e. four (4) Public Access Channels for Manhattan, four (4) Public Access Channels for Staten Island, four (4) Public Access Channels for Brooklyn, four (4) Public Access Channels for the Bronx, four (4) Public Access Channels for Queens).

8.1.1.2. *Government/Educational Access Channels*: Five (5) Governmental/Educational Access Channels, one of which is designated by the City for Educational Access Channel programming, which are cablecast City-wide.

8.1.2. In addition to providing the Access Channels described in Section 8.1.1 above, the Franchisee shall provide the City with the following additional Access Channels on the Basic Service Tier, subject to the conditions set forth below:

8.1.2.1. No sooner than January 1, 2009, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City: (i) an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels); and (ii) one (1) additional Governmental/ Educational Access Channel which shall be cablecast City-wide.

8.1.2.2. No sooner than January 1, 2012, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City: (i) one (1) additional Public Access Channel for each Borough (for a total of five (5) additional Public Access Channels); and (ii) two (2) additional Governmental/Educational Access Channels which shall be cablecast City-wide.

8.1.2.3. No sooner than the date which is the sixth (6th) Anniversary of the Effective Date hereof, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels).

8.1.2.4. No single additional Governmental/Educational Access Channel or additional Governmental/Educational Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee unless all existing Governmental/Educational Access Channels are providing original, non-text, non-duplicative programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months. With respect to the Public Access Channels to be carried in each Borough, no single additional Public Access Channel or additional Public Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee in the applicable Borough unless all existing Public Access Channels in the applicable Borough are providing programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months.

8.1.3. The City hereby authorizes Franchisee to transmit all Access Channel programming within and without City jurisdictional boundaries. In the event that one or more Public or Governmental/Educational Access Channels are not being utilized by the City or the CAO's, the provisions of 16 NYCRR 895.4 (c)(12) shall be applicable.

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8.1.4. Within ten (10) days after the Effective Date of this Agreement, the City shall notify Franchisee of the programming to be carried on each of the Public or Governmental/Educational Access Channels set aside by Franchisee as listed in Appendix B. Thereafter, Franchisee shall assign the Public or Governmental/Educational Access Channel programming on such Public or Governmental/Educational Access Channels on its channel lineup as set forth in such notice, to the extent such Access Channel assignments do not interfere with any pre-existing channels assignments or contractual obligations. Franchisee shall not be required to make Borough-specific Public or Governmental/Educational channels available to Subscribers until one or more VSOs in the specific borough are open for sales.

8.1.5. The Franchisee shall carry the programming on each of the respective Public or Governmental/Educational Access Channels as indicated in Appendix B. In the future, the Franchisee shall assign the Public or Governmental/Educational Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of the Franchisee's respective channel lineup. The Franchisee shall not arbitrarily or capriciously change such channel assignments, and the Franchisee shall minimize the number of such changes; provided, however, that the Franchisee may change such channel assignments as it deems appropriate so long as (i) the Franchisee gives the appropriate CAO(s) or the Governmental/Educational/Access Channel programmer ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) the Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such Public or Governmental/Educational Access Channels changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising contemplated under this Section 8.1.5), and (B) providing notice of such changes in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

8.1.6. *Governmental/Educational Interconnection:* The City shall designate in writing to the Franchisee up to one (1) physical site for each Governmental/Educational Access Channel provided pursuant to Section 8.1 hereof (for a total of up to eight (8) sites) within the Franchise Area for the purpose of interconnection of Governmental/Educational Access Channel facilities with the Cable System (each, a "GE Access Interconnection Site").

8.1.6.1. Upon one hundred eighty (180) days written notice from the City (or such later date as may be agreed upon by the City and the Franchisee) and subject to the successful completion of all required site preparation work by the City and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the City, provide upstream Governmental/Educational Access Channel transmission connections between its video channel aggregation point and each of the GE Access Interconnection Sites in

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order to permit the signals to be correctly routed from the GE Access Interconnection Site for the distribution to Subscribers.

8.1.6.2. The City shall provide to Franchisee at the GE Access Interconnection Sites a suitable video signal and a suitable audio signal for each Governmental/Educational Access Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the Governmental/Educational Access Channel signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the City as is reasonably necessary for Franchisee to fulfill such obligations; provided, however, that neither Franchisee nor the required site work contemplated hereunder shall impose any unreasonable material burdens on the City.

8.1.6.3. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Governmental/Educational Access Channel signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Governmental/Educational Access Channel facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the City, make such changes in either the equipment and facilities referred to in this Subsection 8.1.6 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

8.1.7. *Community Access Organizations:* The respective Borough Presidents have each designated an independent, not-for-profit, nonmembership corporation, organized pursuant to the New York Not-for-Profit Corporation Law, to serve as the Community Access Organization for the applicable Borough, under whose jurisdiction the Public Access Channels shall be placed for purposes of Article 8 of this Agreement. The CAO's shall undertake such activities and shall adopt such rules and regulations as are required, and may adopt rules and regulations not inconsistent with this Agreement, the CAO Agreements (as hereinafter defined) attached as Appendix C to this Agreement, the Certificate of Incorporation of the CAO's, the By-Laws of the CAO's, the rules and regulations of the Public Service Commission, and applicable law. The CAO's shall each maintain tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986, as amended.

8.1.8. *Use of Public Access Channels.* The Public Access Channels for each Borough shall be under the jurisdiction of the CAO for such Borough. Such Public Access Channels shall be used for the purpose of distributing noncommercial services by the public, any other charitable, nonprofit purpose or other similar purpose, including, without limitation, the generation of revenues by activities reasonably related to such uses and purposes, or any other purpose agreed to between the Franchisee and the CAO.

8.1.8.1. *Public Access Interconnection:* The Franchisee shall effectuate the interconnection of any Public Access Channel facilities with the Cable System for purposes

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of transmitting the Public Access Channels contemplated in this Article 8 in accordance with the terms of the CAO Agreements (as hereinafter defined).

8.1.9. *No Editorial Control by Franchisee:* The Franchisee shall not exercise editorial control over programming or distribution of services over any Access Channel used by any Person(s), so long as such Access Channel is being used for the purposes authorized herein and except where the Franchisee is utilizing any such Access Channel pursuant to the fallow time provisions of the Cable Law.

8.1.10. *PEG Channel Quality:* Each Public and Governmental/Educational Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee's lowest tier of service, provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any Public or Governmental/Educational Access Channels content provided to Franchisee by any Public or Governmental/Educational Access Channel programmer.

8.2. *Governmental and Educational Access Grant:* Franchisee shall provide a grant to the City in the amount of Ten Million Dollars (\$10,000,000) in twelve (12) equal annual installments of Eight Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents (\$833,333.33) over the Franchise Term to be used in support of the production of local Governmental/Educational Access programming (the "Annual GE Grant"). Each annual installment of the Annual GE Grant shall be payable to the City by the Franchisee not later than the date which is sixty (60) days from each anniversary of the Effective Date during the Term hereof (except for the first installment of the Annual GE Grant, which shall be payable not later than the date which is sixty (60) days of the Effective Date). Such grant shall be used solely by the City for Educational Governmental Access, capital costs. Upon request by Franchisee, the City shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 8.2.

8.3. *Community Access Grant:* Franchisee shall pay to the CAO's certain funding (collectively, the "CAO Grants") pursuant to the terms of certain Community Access Organization Grant and Use Agreements by and between the respective CAO's in the City and the Franchisee (collectively the "CAO Agreements"), substantially in the form attached hereto as Appendix C. The Franchisee and the City acknowledge and agree that:

8.3.1. the amount of the CAO Grants and the terms and conditions of the CAO Agreements were negotiated solely between the Franchisee and the respective CAO's and the City was not a party to any such negotiations;

8.3.2. the CAO Grants, or any portion thereof, shall not constitute a deduction against Franchise Fees payable to the City by Franchisee pursuant to this Agreement; and

8.3.3. consistent with applicable federal and state law, the City shall not exercise any editorial control over any programming carried on any Access Channels set aside for any CAO's pursuant to this Agreement or the CAO Agreements.

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8.4. *Franchisee PEG Liability Immunity:* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any Access Channels.

8.5. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.7 from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the forgoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

9. INET

Requirements for an Institutional Network are set forth in Appendix D.

10. FRANCHISE FEES

10.1. *Payment to City:* Franchisee shall pay to the City 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. In the event that said payments are not received by the LFA within forty-five (45) days following the end of the applicable calendar quarter, following at least thirty (30) days written notice from the LFA that the Franchise Fee has not been paid, Franchisee shall pay interest on such overdue Franchise Fee amount at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the LFA retroactive to the first day that such Franchise Fee payment was due. 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.

10.2. *Acceptance of Payment:* No acceptance of any such payment shall be construed as an accord that the payment is the correct amount, nor shall such acceptance of payment be construed as a release of any claim the City may have for further or additional sums payable under this Agreement. Nothing herein shall be construed in such a way to affect a waiver by either party of applicable statutes of limitation with respect to Franchise Fee payments.

10.3. *Supporting Information:* Along with each quarterly Franchise Fee payment, the Franchisee shall submit to DoITT, or such other entity as the Commissioner may designate, with a copy to the Comptroller, a report in a form reasonably acceptable to the Commissioner (a form of such report that is currently in acceptable form is attached hereto as Appendix K) showing the basis for the computation for such quarterly Franchise Fee payment.

10.4. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due. Franchisee shall maintain the records necessary to

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confirm the accurate payment of Franchise Fees during this period and during any pendency of litigation.

10.5. *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 10 are provided to Subscribers in conjunction with Non-Cable Services, and the total cost of the bundle reflects a discount from the aggregate retail prices of the services contained therein, the Franchise Fee shall be applied to the retail price of the Cable Services in the bundle reduced by no more than a proportionate share of the overall discount.

10.5.1. By way of illustrative example of the formula described in the foregoing Section 10.5, if Cable Service A is sold separately at a price of \$40 a month, Non-Cable Service B is sold separately at a price of \$40 a month and Non-Cable Service C is sold separately at a price of \$40 a month, but the three services when purchased together are sold for \$100 a month, the amount of the \$100 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$33.33 per month. As a second example, if Cable Service A is sold separately at a price of \$50 a month, Non-Cable Service B is sold separately at a price of \$63 a month, Non-Cable Service C is sold separately at a price of \$74 a month, but the three services when purchased together are sold for \$150 a month, the amount of the \$150 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$40.11 per month.

10.6. *626 Offset*: 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; provided, however, that the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all other existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Franchise Area expressed in writing in the franchise agreement, or the renewal of any existing franchise agreement of each respective cable provider. 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 Franchisee's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

11. REPORTS AND RECORDS

11.1. *Open Books and Records*: Upon reasonable written notice to the Franchisee and consistent with Section 11.1.1 below, the City shall have the right to inspect Franchisee's books and records pertaining to 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, including, but not limited to, the calculation of Franchise Fees in accordance with Section 10.5 hereof. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the City. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Any records to be inspected by the City pursuant to this Article 11 shall be made available by Franchisee to the City in a mutually agreeable format and location, including, at the City's request, at a designated office of the Franchisee in the City.

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Notwithstanding anything to the contrary set forth in this Agreement, 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive. Any information disclosed to the City that the Franchisee reasonably identifies as confidential or competitively sensitive (including, without limitation, financial information related to the calculation of Franchise Fees) shall be treated by the City as confidential under Section 87(2) (d) of the New York Public Officers Law and the City shall disclose such information only to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. If the City receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, competitively sensitive, a trade secret or proprietary, the City shall notify Franchisee of such request. If the City determines in good faith that public disclosure of the requested information is required under FOIL or pursuant to a court order, the City shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. Nothing in this Article 11 is intended to be inconsistent with or otherwise impair the authority of the Comptroller under Section 93(b) of the New York City Charter to perform audits.

11.1.1. *Franchisee's Response to Records Requests:* In the event the City provides the Franchisee with a written request to inspect or review Franchisee's books and records pursuant to Section 11.1 above, Franchisee shall, within fifteen (15) days of Franchisee's receipt of such written request, provide the City with access to any information Franchisee is reasonably able to collect in response to such request and shall, within thirty (30) days from receipt of such request make available to the City all pertinent information in response to such request, consistent with the terms of Section 11.1 above; provided however, that to the extent there is additional information which Franchisee is unable to reasonably collect in such thirty (30) day period, Franchisee shall provide the City with a written notice setting forth the nature of such additional information and the date on which Franchisee shall provide access to such additional information.

11.2. *Annual and Quarterly Reports:* Subject to the confidentiality requirements of Section 11.1 above, the Franchisee shall submit a written report to the Commissioner no later than forty-five (45) days after the end of each calendar year or calendar quarter, as the case may be, during the Term of this Franchise (except where otherwise expressly indicated herein), which report shall be in a form reasonably satisfactory to the Commissioner, that shall include the information described in Sections 11.2.1 through 11.2.4; provided, however, that unless otherwise expressly described below, Franchisee's reporting obligations pursuant to this Section 11.2 shall not commence until six (6) months after Cable Service is made available by Franchisee on a commercial basis directly to multiple Subscribers in the Franchise Area.

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11.2.1. After July 1, 2012, Franchisee shall provide the City with an annual report regarding the MDUs for which Franchisee is using the “Additional Procedures” contained in section 5.5.2.1 of this Franchise and the status of such procedures.

11.2.2. A quarterly report showing the total number of Significant Outages (as defined in Appendix A of this Franchise) which occurred during the quarter, and with respect to each such Significant Outage, the time it occurred, its cause and duration and the households.

11.2.3. In addition to the reports to be provided as expressly set forth in this Article 11, the Franchisee shall also provide the reports described in Section 10.3 and Appendix A (including but not limited to Sections 2.5.3, 3.4.3, 6.5.3 and 7.5.3) and Exhibit 2 to Appendix A of this Franchise.

11.2.4. Franchisee shall provide at each Checkpoint date as listed in section 5.1.2 of this Franchise, a report (based on the calculations set forth in the 2000 census data) showing the estimated median household income of all homes passed and the average household income of all households in New York City.

11.3. *Records Required:* Franchisee shall at all times maintain:

11.3.1. Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term “complaint” as used herein refers to complaints about any aspect of the Cable System or Franchisee’s cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

11.3.2. Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

11.3.3. Records of service calls for repair and maintenance for a period of six (6) years after resolution by 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;

11.3.4. Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended;

11.3.5. Commencing on February 15, 2009, in order to track compliance with the benchmarks established in Appendix F, records showing the number of MDUs and SFUs passed by the FTTP Network in each Borough during the preceding year, and the cumulative number of MDUs and SFUs passed by the FTTP Network in each Borough since Franchisee commenced construction of the FTTP Network;

11.3.6. Commencing on February 15, 2009, records showing which wire centers servicing the Franchise Area have been upgraded so as to make them video capable VSOs open for sales consistent with Section 5.2 of this Franchise. Such records shall also show which wire

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center upgrades, if any, have been delayed due to the exceptions contained in the opening clause of Section 5.2 of this Franchise;

11.3.7. Commencing on February 15, 2009, records of MDUs and SFUs that were Video Network Created during the preceding year and the total number of MDUs and SFUs in each Borough throughout the City that have been Video Network Created throughout the City. Such records shall show the number of MDUs and SFUs by Borough that could not be Video Network Created due to an exception contained in Section 5.5 of this Franchise which became effective during the year, and the cumulative number of MDUs and SFUs in each Borough that are not Video Network Created due to the exceptions contained in Section 5.5 of this Franchise;

11.3.8. Franchisee shall maintain records documenting the applicability of the Section 5.5.1 exceptions; and make such records available for inspection by the Commissioner or the Commissioner's designee at a designated Franchisee office location;

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

11.3.10. Franchisee shall maintain accurate maps and improvement plans which show the location, size and a general description of all facilities installed in the public ways and any power supply sources, including voltages and connections. Maps shall be based on post-construction inspection to verify location;

11.3.11. Notwithstanding the requirements of Section 11.1 of this Agreement, upon written notice, the Commissioner may request additional information pursuant to this Franchise as may be reasonably necessary for the performance of any of the Commissioner's duties or any other City official's duty as it pertains to this Franchise. Franchisee's response to such request may be provided to the Commissioner in oral or written form, at Franchisee's sole discretion.

11.4. *Service Availability Meeting:* Not later than eight (8) months from each calendar year, upon ten (10) days written notice from the Commissioner, a representative of the Franchisee will hold a meeting with the Commissioner or designated representatives thereof to discuss information on the status of Franchisee's deployment of Cable Services in the City and Franchisee's compliance with the requirements of Article 5 of this Franchise (the "Annual Service Availability Meeting"). If, as a result of any Annual Service Availability Meeting, the Commissioner or designated representative thereof reasonably determines that an additional meeting regarding the topics addressed in the Annual Service Availability Meeting is required, the parties shall hold one (1) additional meeting per calendar year to further discuss such topics. Any information provided to the City by Franchisee in connection with any Annual Service Availability Meeting or additional meeting pursuant to this Section 11.4 shall be treated by the City as confidential and proprietary consistent with Section 11.1 hereof.

11.5. *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, or if expressly described otherwise in this Franchise.

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11.6. *File for Public Inspection:* Throughout the term of this Agreement, the Franchisee shall maintain a file available for public inspection during normal business hours at its service centers, or such other business office as may be designated by Franchisee, as required by Appendix A to this Agreement.

12. INSURANCE AND INDEMNIFICATION

12.1. *Insurance Generally; Types of Insurance:* The Franchisee shall continuously maintain one or more liability insurance policies meeting the requirements of this Section 12 throughout the Term (with the minimum limits and special conditions specified). Such insurance shall be issued by companies that meet the standards of Section 12.2(a) hereof and shall be primary (and non-contributing) to any insurance or self-insurance maintained by the City. The Franchisee has, as a condition of the Closing, provided proof of insurance pursuant to Section 12.3 hereof documenting compliance with the insurance requirements of this Section 12 as of the Closing.

(a) The Franchisee shall provide a Commercial General Liability Insurance policy covering the Franchisee as Named Insured and the City as an Additional Insured. Coverage for the City as Additional Insured shall specifically include the City's officials, employees and agents, and shall be at least as broad as Insurance Services Office ("ISO") Form CG 2010 (11/85 ed.) This policy shall protect the City and the Franchisee from claims for property damage and/or bodily injury, including death, which may arise from the performance of, or failure to perform, the Franchisee's obligations under this Agreement and the activities and operations conducted in connection with the provision of Cable Service under this Agreement. Coverage under this policy shall be at least as broad as that provided by ISO Form CG 0001 (1/96 ed.), must be "occurrence" based rather than "claims-made", and shall include, without limitation, the following types of coverage: Premises Operations, Products and Completed Operations, Contractual Liability (including the tort liability of another assumed in a contract), Broad Form Property Damage, Medical Payments, Independent Contractors, Personal Injury (Contractual Exclusion deleted), Cross Liability, Explosion, Collapse and Underground Property, and Incidental Malpractice. If such insurance contains an aggregate limit, it shall apply separately to the operations and activities undertaken pursuant to the Franchise. The Commercial General Liability Insurance policy described herein shall be maintained at all times with limits no less than Five Million Dollars (\$5,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) aggregate.

(b) The Commercial General Liability Insurance policy referred to in the preceding subsection (a) shall contain each of the following endorsements:

(i) The City of New York together with its officials, employees and agents is an Additional Insured with coverage as broad as ISO Forms CG 2010 (11/85 ed.) and CG 0001 (1/96 ed.); and

(ii) The Duties in the Event of Occurrence, Claim or Suit condition of the policy is amended per the following: if and insofar as knowledge of an "occurrence", "claim", or "suit" is relevant to the City of New York as Additional Insured under this policy, such knowledge by an agent, servant, official, or employee of the City of New York will not be

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considered knowledge on the part of the City of New York of the “occurrence”, “claim”, or “suit” unless the following position shall have received notice thereof from such agent, servant, official, or employee: Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department; and

(iii) Any notice, demand or other writing by or on behalf of the Named Insured to the Insurance Company shall also be deemed to be a notice, demand, or other writing on behalf of the City as Additional Insured. Any response by the Insurance Company to such notice, demand or other writing shall be addressed to Named Insured and to the City at the following addresses: Insurance Unit, NYC Comptroller’s Office, 1 Centre Street – Room 1222, New York, N.Y. 10007; and Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, NY 10007 (or replacement addresses of which the City notifies the Franchisee); and

(c) The Franchisee shall provide Workers Compensation Insurance and Disability Benefits Insurance in accordance with the Laws of the State of New York (with minimum limits as required by New York State law without regard to jurisdiction) on behalf of all employees undertaking activities or providing services pursuant to this Agreement.

(d) The Franchisee shall provide, and ensure that each subcontractor (if any) provides, Employers’ Liability Insurance affording compensation due to bodily injury by accident or disease sustained by any employee arising out of and in the course of his/her employment under this Agreement. The Employers’ Liability Insurance policy described herein shall be maintained at all times with limits no less than \$1 million per accident/disease/policy limit.

(e) The Franchisee shall provide a Comprehensive Business Automobile Liability policy for liability arising out of any automobile including owned, non-owned, leased and hired automobiles to be used in connection with undertaking activities or providing services pursuant to this Agreement. The Automobile Liability Insurance policy described herein shall be maintained at all times with limits no less than Two Million Dollars (\$2,000,000) combined single limit each accident. If automobiles are used for transporting hazardous materials, the Franchisee shall provide pollution liability broadened coverage for covered autos (endorsement CA 99 48) as well as proof of MCS 90.

(f) All insurers shall waive their rights of subrogation against the City, its officials, employees and agents.

(g) The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on indemnity in this Agreement given as a matter of law.

12.2. General Requirements for Insurance Policies:

(a) All required insurance policies shall be maintained with companies that are authorized or permitted to conduct business in the State of New York and have an A.M. Best

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rating of at least A- VII or a Standard and Poor's rating of at least AA, unless prior written approval is obtained from the Mayor's Office of Operations (or successor entity thereto).

(b) The Franchisee shall be solely responsible for the payment of all premiums for all required policies and all deductibles and self-insured retentions to which such policies are subject, whether or not the City is an insured under the policy. Any self-insured retention must be reasonable and is subject to approval by the City.

(c) Except for insurance required pursuant to Sections 12.1(c) and 12.1(d) herein, all policies shall contain a provision stating that the insurer or its authorized representative(s) shall use reasonable efforts to provide thirty (30) days prior written notice of intent to non-renew, cancellation or material adverse change to the City, except that ten (10) day notice for nonpayment of premium shall apply. Such notice shall be sent to the City pursuant to Section 18.6 hereof, and to the City's Comptroller ("the Comptroller"), attn: Office of Contract Administration, Municipal Building, Room 1005, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee).

(d) On or before the date of cancellation, termination or material adverse change affecting the City of any policies with respect to notices described in the preceding subsection (c) of this section 12.2., the Franchisee shall obtain and furnish to the City, with a copy to the Comptroller, replacement insurance binders demonstrating that replacement insurance fully compliant with this Section 12 has been obtained.

12.3. Proof of Insurance:

(a) The Franchisee has delivered to the City, as a condition of the Closing, for each policy required under this Agreement, a Certificate or Certificates of Insurance evidencing the effectiveness of all insurance required under this Agreement. All Certificates of Insurance shall be in a form reasonably acceptable to the City and shall certify the issuance and effectiveness of the types of insurance required herein, each with the specified minimum limits and conditions.

(b) A Certificate or Certificates of Insurance confirming renewals of, or changes to, insurance policies required hereunder shall be submitted to the City within ten (10) days of the expiration or renewal date of coverage of policies required under this Agreement. Such Certificates of Insurance shall comply with the requirements of the preceding subsection (a).

(c) The Franchisee shall be obligated to provide the City with a copy of any policy required by this Section 12 upon the demand for such policy by the Commissioner or the New York City Law Department; provided, however, that any policies or other related information provided by Franchisee (or Franchisee's designee, including, but limited to, an Affiliate or Franchisee's insurer) to the City pursuant to this subsection 12.3(c) shall be treated by the City as confidential and proprietary consistent with the provisions of Section 11.1 of this Franchise.

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12.4. Operations of the Franchisee:

(a) Acceptance by the City of a certificate hereunder does not excuse the Franchisee from securing a policy consistent with all provisions of this Section 12 or of any liability arising from its failure to do so.

(b) The Franchisee shall be responsible for providing continuous insurance coverage in the manner, form, and limits required by this Agreement and shall be authorized to provide service pursuant to this Agreement and the Franchise only during the effective period of all required coverage.

(c) In the event of any loss, damage, injury or accident arising under this Agreement, the Franchisee (once the Franchisee's Risk Management Claims Group becomes aware of any of the foregoing circumstances) shall promptly notify in writing the commercial general liability insurance carrier, and, where applicable, the worker's compensation and/or other insurance carrier, of any loss, damage, injury, or accident, and any claim or suit arising under this Agreement from the operations of the Franchisee or its subcontractors, promptly, but not later than 20 days after Franchisee's Risk Management Claims Group becomes aware of such event. The Franchisee's notice to the commercial general liability insurance carrier must expressly specify that "this notice is being given on behalf of the City of New York as Additional Insured as well as the Franchisee as Named Insured." The Franchisee's notice to the insurance carrier shall contain the following information: the name of the Franchisee, the number of the applicable policy, the date of the occurrence, the location (street address and borough) of the occurrence, and, to the extent known to the Franchisee, the identity of the persons or things injured, damaged or lost. Additionally:

(i) At the time notice is provided to the insurance carrier(s), the Franchisee shall provide copies of such notice to the Comptroller and the Commissioner. Notice to the Comptroller shall be sent to the Insurance Unit, NYC Comptroller's Office, 1 Centre Street – Room 1222, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee). Notice to the Commissioner shall be sent to the address set forth in Section 18.6 hereof; and

(ii) If the Franchisee fails to provide any of the foregoing notices in a timely and complete manner, the Franchisee shall indemnify the City for all losses, judgments, settlements and expenses, including reasonable attorneys' fees, arising from an insurer's disclaimer of coverage citing late notice by or on behalf of the City.

12.5. Insurance Notices, Filings, Submissions: Wherever reference is made in this Section 12 to documents to be sent to the Commissioner (e.g., notices, filings, or submissions), such documents shall be sent to the address set forth in Section 18.6 hereof.

12.6. Disposal of Hazardous Materials: If pursuant to this Agreement the Franchisee is involved in the disposal of hazardous materials, the Franchisee shall dispose of such materials only at sites where the disposal site operator maintains Pollution Legal Liability Insurance in the amount of at least Two Million Dollars (\$2,000,000) for losses arising from such disposal site.

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12.7. *Other Remedies:* Insurance coverage in the minimum amounts provided for herein shall not relieve the Franchisee or subcontractors of any liability under this Agreement, nor shall it preclude the City from exercising any rights or taking such other actions as are available to it under any other provisions of this Agreement or applicable law.

12.8. *Franchisee Indemnification Obligations:* The Franchisee shall indemnify, defend and hold the City, its officers, agents and employees (the “Indemnitees”) harmless from any and all liabilities, suits, damages, claims and expenses (including, without limitation, reasonable attorneys’ fees and disbursements) (“Damages”) that may be imposed upon or asserted against any of the Indemnitees arising out of the Franchisee’s performance of, or its failure to perform, its obligations under this Agreement and/or its provision of services hereunder, provided, however, that the foregoing liability and indemnity obligation of the Franchisee pursuant to this Section 12.8 shall not apply to any Damages to the extent arising out of any willful misconduct or gross negligence of an Indemnitee. Insofar as the facts and law relating to any Damages would preclude the City from being completely indemnified by the Franchisee, the City shall be partially indemnified by the Franchisee to the fullest extent provided by law, except to the extent such Damages arise out of any willful misconduct or gross negligence of any Indemnitee. This indemnification is independent of the Franchisee’s obligations to obtain insurance as provided under this agreement.

12.9. *Defense of Claim, Etc:* If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event to which reference is made in Section 12.8 herein, then upon demand by the City, the Franchisee shall either resist, defend or satisfy such claim, action or proceeding in such Indemnitee’s name, by the attorneys for or approved by the Franchisee’s insurance carrier (if the defense of such claim, action or proceeding is provided by the insurance carrier) or by the Franchisee’s attorneys. The foregoing notwithstanding, in the event an Indemnitee believes additional representation is needed, such Indemnitee may engage its own attorneys to assist such Indemnitee’s defense of such claim, action or proceeding, as the case may be, at its sole cost and expense. The Franchisee shall not settle any claim with respect to which the Franchisee is required to indemnify the Indemnitees pursuant to Section 12.8 without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

12.10. *No Claims Against Officers, Employees, or Agents:* Franchisee agrees not to make any claim against any officer or employee of the City or officer or employee of an agent of the City, in their individual capacity, for, or on account of, anything done or omitted in connection with this Agreement, to the extent that such officer or employee of the City or officer or employee of an agent of the City was acting within the lawful course and scope of his employment or agency. Nothing contained in this Agreement shall be construed to hold the City liable for any lost profits, or any consequential damages incurred by Franchisee or any Person acting or claiming by, through or under Franchisee.

12.11. *Limitation on Indemnification:* As between the City and the Franchisee, the indemnifications obligations of the Franchisee pursuant to Section 12.8 above shall not apply to any Damages arising out of the distribution of programming over the Governmental/Educational

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Access Channels, the Institutional Network available to and used by the City, and/or the Public Access Channels, to the extent that such claim does not arise out of an act or failure to act by the Franchisee.

12.12. *No Applicability to Pending Litigation:* Franchisee's indemnification obligations pursuant to this Article shall have no applicability to the litigation referenced and defined in Section 18.14.

13. TRANSFER OF FRANCHISE

13.1. *City Approval Required:* Subject to the provisions of this Article, the Franchisee shall apply to the City for approval of any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of the Franchisee, the Cable System, the Cable System assets, or the Franchise by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose; provided however that the foregoing, requirements of this Section 13.1 shall not be applicable with respect to transfers of any ownership interests contemplated hereunder which are effectuated as a result of any transactions involving the exchange of publicly traded shares. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

13.1.1. all information and forms required under federal law;

13.1.2. any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

13.1.3. a report detailing any changes in ownership of voting or non-voting interests of over five percent;

13.1.4. other information necessary to provide a complete and accurate understanding of the financial position of the Cable System before and after the proposed transaction;

13.1.5. complete information regarding any potential impact of the transaction on Subscriber rates and service; and

13.1.6. any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if the Franchisee believes that the requested information is confidential and proprietary, then the Franchisee must provide the following documentation to the City: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential; and (iii) a statement that the documents are available at the Franchisee's designated offices for inspection by the City.

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13.2. *City Action on Transfer:* To the extent not prohibited by federal law, the City may: (i) grant; (ii) grant subject to conditions directly related to concerns relevant to the transactions; (iii) deny any such transactions; or (iv) not take action, in which case the transactions shall be deemed granted, unless the requesting party and the LFA expressly agree in writing to an extension, pursuant to Section 617 of the Communications Act, 47 U.S.C. § 537.

13.3. *Waiver of Transfer Application Requirements:* To the extent consistent with federal law, the City may waive in writing any requirement that information be submitted as part of the transfer application, without thereby waiving any rights the City may have to request such information after the application is filed.

13.4. *Subsequent Approvals:* The City's approval of a transaction described in this Article in one instance shall not render unnecessary approval of any subsequent transaction.

13.5. *Approval Does Not Constitute Waiver:* Approval by the City of a transfer described in this Article shall not constitute a waiver or release of any of the rights of the City under this Agreement, whether arising before or after the date of the transfer.

13.6. *No Consent Required For Transfers Securing Indebtedness:* The Franchisee shall not be required to file an application or obtain the consent or approval of the City 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. However, the Franchisee will notify the City within ten (10) days if at any time there is a mortgage or security interest granted on substantially all of the assets of the Cable System. The submission of the Franchisee's audited financial statements prepared for the Franchisee's bondholders shall constitute such notice.

13.7. *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to pay any fee or file an application or obtain the consent or approval of the City for any transfer of an ownership or other interest in Franchisee, the Cable System, or the Cable System assets to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of 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. However, the Franchisee will notify the City within thirty (30) days if at any time a transfer covered by this subsection occurs.

14. RENEWAL OF FRANCHISE

14.1. *Governing Law:* The City and Franchisee agree that any proceedings undertaken by the City that relate to renewal or possible renewal of this Franchise shall be subject to, and shall not be inconsistent with, the Cable Law, including without limitation 47 U.S.C. § 546, as such may be amended from time to time.

14.2. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the City agree that at any time during the Term, while affording the public

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appropriate notice and opportunity to comment consistent with New York State law and the City Charter, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise granted hereunder and, if agreement is reached on the terms and conditions of such a renewal the City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

14.3. *Non-Renewal/Termination:* In the event that the City (i) does not grant a renewal of the Franchise at the scheduled expiration date of the Term; or (ii) this Agreement is terminated for any other lawful reason prior to the scheduled expiration of the Term, then the Term of the Franchise shall expire and all rights of the Franchisee under the Franchise shall cease, provided however that nothing in this Section shall be inconsistent with the terms of Section 18.21, provisions of this Agreement expressly providing for the survival of certain provisions after such termination or expiration, or the provisions of subsection 14.3.1 below.

14.3.1. If the Franchisee continues to provide Cable Service after the termination or expiration of the Term of the Franchise, and the Franchise has not been renewed, then the Franchisee shall be bound by all of the Franchisee's obligations under this Franchise for the period of such continuing provision of Cable Service.

14.4. *Consistent Terms:* Franchisee and the City consider the terms set forth in this Article 14 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

15. DEFAULT AND REMEDIES

15.1. *Defaults.* In the event of any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Agreement (each such breach, default, failure or other noncompliance being referred to herein as a "Default"), which Default is not cured within the specific cure period provided for in this Agreement (or if no specific cure period is provided for in this Agreement then within the cure period described in Section 15.3 below), then the City may:

15.1.1. cause a withdrawal from the cash Security Fund, pursuant to the provisions of Section 15.11 herein;

15.1.2. make a demand upon the Performance Bond pursuant to the provisions of Section 15.9 herein;

15.1.3. draw down on the Letter of Credit pursuant to the provisions of Section 15.10 herein;

15.1.4. pursue any rights the City may have under the Guaranty;

15.1.5. seek and/or pursue money damages from the Franchisee as compensation for such Default;

15.1.6. seek to restrain by injunction the continuation of the Default; and/or

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15.1.7. pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement, provided however the City shall only have the right to terminate this Agreement upon the occurrence of a Revocation Default (defined hereinafter).

15.2. *Notice of Default:* If at any time the City believes that Franchisee has committed any Default, the City shall notify the Franchisee's designated franchise service manager, and the Franchisee representatives identified in Section 18.6 hereof, of such alleged Default. If, thereafter, the City determines that Franchisee is not in Default, the City shall promptly provide the Franchisee with written notice of such determination. However, if the City determines that such notice has failed to result in a resolution of the matter, the City shall then notify Franchisee in writing of the alleged Default and identifying the specific provision of the Franchise on which the alleged Default is based (for purposes of this Article, the "Notice of Default").

15.3. *Franchisee's Right to Cure or Respond:* Except as set forth in Section 15.3.1 below, Franchisee shall have thirty (30) days from receipt of the Notice of Default to: (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default. Upon cure of any alleged Default, the City shall provide written confirmation that such cure has, to the knowledge of the Commissioner or designated representative thereof, been effected.

15.3.1. With respect to the following Franchise obligations, Franchisee shall have ten (10) days from the receipt of Notice of Default to (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default: (a) payment of Franchise Fees, Annual GE Grants, or Technology, Educational & Municipal Facility Grants; and (b) maintenance of Security pursuant to Sections 15.9, 15.10 and 15.11.

15.4. *Extended Time to Complete Cure:* Notwithstanding anything in the preceding to the contrary, no Default shall exist if a breach or default is curable, and a cure period is provided therefor in this Article 15 or otherwise, but work to be performed, acts to be done, or conditions to be removed to effect such cure cannot, by their nature, reasonably be performed, done or removed within the cure period provided, so long as the Franchisee shall have commenced curing the same within the specified cure period and shall diligently and continuously prosecute the same promptly to completion.

15.5. *Miscellaneous Matters Regarding Default, Cure and Remedies:* The rights and remedies described in Section 15.1 hereof shall not be exclusive, but each and every right and remedy specifically provided or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed appropriate by the City, except as provided herein. The exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy, nor shall any delay or omission in taking any action or exercising any remedies with respect to any Default be construed to be a waiver of or acquiescence to any Default. The exercise of any such right or remedy by the City shall not release the Franchisee from its obligations or any liability under this Agreement, provided that nothing in this Section 15.5 or in this Agreement is intended to authorize or shall result in double recovery of damages by the City.

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15.6. *Revocation Defaults; Definition of Revocation Default:* A Revocation Default shall mean any of the following occurrences or events:

15.6.1. any failure by the Franchisee to maintain in effect the cash Security Fund described in Section 15.11 hereof and/or the Letter of Credit described in Section 15.10 hereof in accordance with the provisions of said sections, which failure continues for ten (10) business days after notice;

15.6.2. any failure by the Franchisee to maintain in effect the Performance Bond described in Section 15.9 hereof in accordance with the provisions of said section, which failure continues for ten (10) business days after notice;

15.6.3. if the Franchisee intentionally makes a material false entry, or repeated false entries that are material in the aggregate, in the books of account of the Franchisee applicable to this Agreement, or a material false statement (or repeated false statements that are material in the aggregate) in reports or other filings submitted to the City (materiality for purposes of this clause being defined as material with respect to accurately documenting the Franchisee's compliance with its obligations under this Agreement);

15.6.4. if the Franchisee fails to maintain insurance coverage or otherwise materially breaches Article 12 hereof and such failure continues for ten (10) business days after notice from the City to the Franchisee;

15.6.5. if the Franchisee engages in a course of conduct intentionally designed to practice fraud or deceit upon the City;

15.6.6. if the Franchisee, intentionally engages or has engaged in any material misrepresentation in any representation or warranty contained herein;

15.6.7. if there is any transfer of the Franchise other than in accordance with Article 13;

15.6.8. the conviction, guilty plea or plea of nolo contendere of the Franchisee, any Controlling Person, any director or officer of the Franchisee, or any employee or agent of the Franchisee or of any Controlling Person acting under the express direction or with the actual consent of any of the foregoing, of any offense, including, without limitation, bribery or fraud, arising out of or in connection with this Agreement, the award of the franchise granted pursuant to this Agreement, provided that such shall constitute a Revocation Default with respect to any of the foregoing with respect to a malfeasant director, officer, employee or agent of the Franchisee or of any Controlling Person only if the Franchisee or the applicable Controlling Person refuses to disassociate itself from, or terminate the employment of, said director, officer, employee or agent;

15.6.9. the conviction or guilty plea of any City officer, employee, or agent of the offense of bribery or fraud with respect to this Agreement which arises out of any act of the

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Franchisee of any Controlling Person, or of any agent or employee thereof acting under the express direction or actual consent of the foregoing;

15.6.10. any abandonment of service in default of the obligations described in Section 15.13 hereof; and

15.6.11. any persistent and repeated pattern of material Defaults, even if individual Defaults constructing such a persistent and repeated pattern are subsequently cured after their occurrence or remediated by recourse to security provided to the City under Sections 15.9 through 15.11 hereof or by other means; provided, however, that this provision shall not apply to alleged Defaults subject to good faith disputes.

15.7. *Remedies of the City for Revocation Defaults:* In the event of a Revocation Default, the City may (in addition to any other remedy which the City may have under Section 15.1 hereof) at its option, give to the Franchisee a written notice (“Notice of Revocation”), in accordance with Section 15.8 hereof, stating that this Agreement and the Franchise granted hereunder shall be revoked on the date specified in such notice (which date shall not be less than ninety (90) days from the giving of the notice), and this Agreement and the Franchise granted hereunder shall terminate on the date set forth in such notice as if such date were the date provided in this Agreement for the scheduled expiration of this Agreement and the franchise granted herein. Notwithstanding the preceding however, during the period between the Notice of Revocation provided pursuant to this Section 15.7 and thirty days prior to the date of revocation set forth in such notice, the Franchisee may submit to the City any material it wishes to document that no Revocation Default has occurred or that revocation as a remedy for such Revocation Default would not be in the best interests of the City. If the City after reviewing such material determines that a Revocation Default has not occurred, or determines in its discretion that termination as a remedy for such Revocation Default would not be in the best interests of the City, then the City shall notify the Franchisee of its withdrawal of the Notice of Revocation which notice shall thereby no longer be effective.

15.8. *Revocation:* In the event the City has not received a satisfactory response from Franchisee to the Notice of Revocation, it may then seek revocation of the Franchise at a hearing. The City shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such hearing, a written notice specifying the time and place of such hearing which shall not be earlier than as provided for in Section 15.7 and stating its intent to revoke the Franchise.

15.8.1. At the designated hearing, 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 City, 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.

15.8.2. Following the hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the City in writing and thereafter the City shall determine (i) whether an event of Revocation Default has occurred under this Franchise; (ii)

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whether such event of Revocation Default is excusable; and (iii) whether such event of Revocation Default has been cured or will be cured by the Franchisee. The City shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the City determines that it will revoke the Franchise, the City shall promptly provide Franchisee with a written determination setting forth the City's reasoning for such revocation. Franchisee may appeal such written determination of the City to an appropriate court, which shall have the power to review the decision of the City de novo. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the City.

15.9. Performance Bond:

15.9.1. Establishment: The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement, a performance bond, for the benefit of the City, on the form attached hereto as Appendix E and from an institution satisfactory to the City, in an amount as provided in Section 15.9.2 below (the "Performance Bond"). The "City of New York acting by and through the Department of Information Technology and Telecommunications" shall serve as the sole obligee under the Performance Bond. The attorney-in-fact who signs the Performance Bond must file with the bond a certified copy of his/her power of attorney to sign the bond. The Performance Bond shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement.

15.9.2. Amount and Term: The initial amount of the Performance Bond shall be Fifty Million Dollars (\$50,000,000), which amount may at Franchisee's option be periodically reduced pursuant to the following schedule if at the scheduled reduction date Franchisee has timely completed its deployment obligations under Appendix F hereof. The Performance Bond provided hereunder shall provide that it shall remain in effect during the term of this Agreement and for one year thereafter unless within such one year period DoITT notifies the Franchisee that the Performance Bond shall remain in full force and effect because of the pendency of any litigation or the assertion of any claim which has not been brought to final judgment and for which the Performance Bond provides security.

15.9.2.1. Reduction Schedule: The required amount of the Performance Bond shall be reduced in accordance with the following schedule as of December 31 of the year indicated so long as Franchisee has attained the "NYC Total" percentage of households passed required as of that date as set forth in Appendix F, except that the date for reduction in calendar year 2014 shall be June 30 of that year, subject to the same requirement. If Franchisee does not attain the "NYC Total" percentage of households passed required as of the date as set forth in Appendix F due to the triggering of one or more of the Checkpoint Extensions provided for in Section 5.1.2 or otherwise, then the required amount of the Performance Bond shall be reduced only when the "NYC Total" percentage of households passed thereafter is attained.

2008: Thirty-Five Million Dollars (\$35,000,000)

2009: Thirty Million Dollars (\$30,000,000)

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2010: Twenty-Five Million Dollars (\$25,000,000)

2011: Fifteen Million Dollars (\$15,000,000)

2012: Ten Million Dollars (\$10,000,000)

2013: Five Million Dollars (\$5,000,000)

2014: One Million Dollars (\$1,000,000)

15.9.3. *Claim Against the Performance Bond:* The City may make a claim against the Performance Bond in such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations referenced in Section 15.9.2 (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such claim may be permitted by a final judgment of a court of competent jurisdiction. The City may not seek recourse against the Performance Bond for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Performance Bond, recourse to the Letter of Credit, or withdrawal from the cash Security Fund.

15.10. Letter of Credit:

15.10.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement and for one year thereafter, a letter of credit, for the benefit of the City, in a form and issued by a bank satisfactory to the City, in an amount as provided in Section 15.10.2 below (the "Letter of Credit"). The Letter of Credit shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement. The "City of New York acting by and through the Department of Information technology and Telecommunications" shall be named as the beneficiary. The original Letter of Credit shall be deposited with the City. The Letter of Credit shall contain the following endorsement or with language with similar effect:

"It is hereby understood and agreed that this letter of credit may not be canceled or not renewed by the issuer/surety until at least ninety (90) days after receipt by the New York City Department of Information Technology and Telecommunications of a written notice stating such intention to cancel or not to renew."

15.10.2. *Amount:* The Letter of Credit shall be in the amount of Twenty Million Dollars (\$20,000,000).

15.10.3. Drawdown Against the Letter of Credit:

15.10.3.1. The City may draw down against the Letter of Credit such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations under this Agreement not otherwise met in accordance with this Agreement (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such drawdown may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Letter of Credit for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Letter of Credit, recourse to the Performance Bond, or withdrawal from the cash Security Fund.

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15.10.3.2. In addition to its right to draw down on the Letter of Credit for any of the reasons set forth in 15.10.3.1 hereof, the City may draw down in full on the Letter of Credit at any time such Letter of Credit has less than thirty (30) days to run before it is scheduled to expire and no replacement or renewal Letter of Credit has been given in its place. In the event of a drawdown for such reason, the City will hold the proceeds as cash security (paying to itself any interest earned) in lieu of a Letter of Credit (with the City having the right to make withdrawals for the same purposes as drawdowns are permitted on the Letter of Credit) until a replacement Letter of Credit is put in place, at which time such drawdown proceeds will be returned to the Franchisee less any proper withdrawals and any reasonable transaction expenses. In the event of a drawdown on the Letter of Credit as contemplated by this Section 15.10.3.2, and until such time as a replacement Letter of Credit is obtained in accordance herewith, the replenishment obligations of the Franchisee with respect to the moneys held by the City following such drawdown as cash security shall correspond to the replenishment obligations (and rights) of the Franchisee applicable to the cash Security Fund under Section 15.11.

15.10.3.3. Within two business days after any drawdown against the Letter of Credit, the City shall notify Franchisee of the date and amount thereof.

15.10.4. *Replenishment:* Until the expiration of one year after the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that at least One Hundred Thousand Dollars (\$100,000) (cumulatively or in a single instance) has been drawn down against the Letter of Credit, Franchisee shall obtain a replacement or additional Letter of Credit such that the total amount available under the letter(s) of credit obtained shall be restored to the amount required in Section 15.10.2.

15.11. Cash Security Fund:

15.11.1. *Establishment and Amount:* Franchisee shall deposit with DoITT as a condition to the Closing a certified check, bank check or wire transfer, payable to the “City of New York,” in the amount of One Million Dollars (\$1,000,000), to be held by the City as security (together with the other elements of security provided for under this Agreement) for performance of Franchisee’s obligations under this Agreement (the “Security Fund”).

15.11.2. *Withdrawals From or Claims Under the Security Fund:* The City may make withdrawals from the Security Fund of such amounts as are necessary to satisfy (to the degree possible) Franchisee’s obligations under this Agreement that are not otherwise satisfied (and to reimburse the City for costs, losses or damages incurred as the result of Franchisee’s failure(s) to satisfy its obligations), to the extent that such withdrawal may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Security Fund for any costs, losses or damages for which the City has previously been compensated through a withdrawal from the Security Fund, recourse to the Performance Bond provided for in this Agreement or drawdown against the Letter of Credit provided for in this Agreement. Within two business days after any withdrawal from the Security Fund, the City shall notify the Franchisee of the date and amount thereof.

15.11.3. *Replenishment:* Until the expiration of one year after the end of the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that

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any amount has been withdrawn from the Security Fund as provided in Section 15.11.2, the Franchisee shall restore to the Security Fund the amount thus withdrawn.

15.11.4. *Return of Security Fund:* Within thirty (30) days of the end of the Term, the City shall pay over to the Franchisee any amounts remaining in the Security Fund.

15.12. *Not a Limit on Liability:* Neither the Franchisee's obligations under this Agreement nor Franchisee's liability for non-performance of any such obligations are limited in nature or amount by the acceptance or availability of the Performance Bond provided pursuant to Section 15.9, the Letter of Credit provided pursuant to Section 15.10 or the cash Security fund provided by Section 15.11.

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

16. CUSTOMER PROTECTION STANDARDS

16.1. *Generally:* Franchisee shall comply with the consumer protection standards set forth in Parts 890 and 896 of the NY PSC rules and regulations and the provisions of Appendix A hereto.

16.2. *Privacy Protection:* The Franchisee shall comply with the provisions of 47 U.S.C. § 551 and any other applicable law, including any local standards to the extent not inconsistent with the terms of this Franchise established in accordance with applicable law, with respect to the protection of the privacy of Subscribers.

16.3. *Parental Control:* Franchisee shall make available to any Subscriber, if not already incorporated in standard equipment that is offered to all Subscribers, a device that offers as an option the ability to limit access to programming to Persons who provide a personal identification number or other means provided by the Franchisee only to a Subscriber, or other similar means of allowing parents to control children's access to programming in the Subscriber household. Provided, however, that it is not the intention of the parties that this Agreement be construed as placing any responsibility or liability on the Franchisee for the exercise of or failure to exercise such parental controls as are offered and Franchisee shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls as are offered.

16.4. *Information to City:* The Franchisee shall provide subscriber information requested by the City for the purpose of enforcement of this Franchise, to the extent the provision of such information does not violate applicable law (including, without limitation, 47 U.S.C. § 551).

17. EMPLOYMENT AND PURCHASING

17.1. *Right to Bargain Collectively:* The Franchisee shall recognize the right of its employees to bargain collectively through representatives of their own choosing in accordance

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with applicable law. The Franchisee shall recognize and deal with the representatives duly designated or selected by the majority of its employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or any other terms, conditions, or privileges of employment as required by law. The Franchisee shall not dominate, interfere with, participate in the management or control of, or give financial support to any union or association of its employees.

17.2. *No Discrimination:* The Franchisee shall not: (i) refuse to hire, train, or employ; (ii) bar or discharge from employment; or (iii) discriminate against any individual in compensation, hours of employment, or any other term, condition, or privilege of employment, including, without limitation, promotion, upgrading, demotion, downgrading, transfer, layoff, and termination, on the basis of race, creed, color, national origin, sex, age, handicap, marital status, affectional preference or sexual orientation in accordance with applicable law. The Franchisee agrees to comply in all respects with all applicable federal, state and local employment discrimination laws and requirements during the term of this Agreement.

17.3. *Local Employment Plan:* Within thirty (30) days of the Effective Date hereof, the Franchisee shall, at its own cost and expense, develop, maintain and implement and disclose to the City (subject to appropriate and lawful confidentiality restrictions), a plan, consistent with Franchisee's collective bargaining agreements, for the recruitment, education, training, and employment of residents of the City for the opportunities to be created by the deployment and provision of service contemplated in this Agreement.

17.4. *City Vendors:* To the extent feasible and consistent with applicable law, and with due regard to price and quality considerations, the Franchisee shall utilize vendors located in the City in connection with the deployment and provision of service contemplated by this Agreement.

17.5. *Local Law Requirements:* The Franchisee agrees to comply in all respects with the provisions of the Mayor's Executive Order No. 50 (April 25, 1980) (codified at Title 10 Sections 1-14 of the Rules of the City of New York) and City Administrative Code 6-108.1 (1984) and all rules and regulations promulgated thereunder (collectively, the "EEO Requirements"), as such EEO Requirements may be amended, modified or succeeded throughout the Term of this Agreement. Notwithstanding the fact that the EEO Requirements do not apply on their face to Franchisee in its capacity as a franchisee, the Franchisee shall comply in all respects with the provisions of such EEO Requirements and successor and replacement laws, orders and regulations adopted following the date of this Agreement. As required by said Executive Order No. 50, the provisions of Sections 50.30 and 50.31 of the Final Rule implementing said Order are incorporated herein by this reference.

18. MISCELLANEOUS PROVISIONS

18.1. *Competition:* The parties agree that this Agreement, when compared to the terms of the City's cable television franchise agreements in existence as of the Closing, contains economic and regulatory burdens which, when taken as a whole, are not greater or lesser than those placed upon other cable operators operating within the Franchise Area.

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18.2. *Actions of Parties:* Any action to be taken by the City and/or the Commissioner pursuant to this Agreement shall be taken in accordance with the applicable provisions of the City Charter, as said Charter may be amended or modified throughout the Term of this Agreement. 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, unless expressly agreed otherwise herein.

18.3. *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.

18.4. *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 City.

18.5. *Force Majeure:* Subject to the procedures set forth in the last sentence of this Section 18.5, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Franchisee's capability to perform, Franchisee shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. The Franchisee shall notify the Commissioner in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

18.6. *Notices:* Every notice, order, petition, document, or other direction or communication to be served upon the City or the Franchisee shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses (unless expressly stated otherwise in this Agreement):

If to the Franchisee, to:

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Verizon New York Inc.
Maura C. Breen, Senior Vice President/General Manager –Regional Operations
140 West Street
31st Floor
New York, NY 10007

with a copy to:

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

With a copy to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

If to the City, to:

Department of Information Technology and Telecommunications
75 Park Place, Ninth Floor
New York, NY 10007
Attention: Commissioner

with a copy to:

New York City Law Department
100 Church Street, Sixth Floor
New York, NY 10007
Attention: Chief, Economic Development Division

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

18.7. *Additional Representations and Warranties*: In addition to the representations, warranties, and covenants of the Franchisee to the City set forth elsewhere herein, the Franchisee represents and warrants to the City and covenants and agrees that, as of the Closing:

18.7.1. *Organization, Standing and Power*: The Franchisee is a corporation duly organized and validly existing under the laws of the State of New York and is duly authorized to

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do business in the State of New York and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

18.7.2. *Authorization:* The execution, delivery and performance of this Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly, legally and validly authorized by all necessary action on the part of the Franchisee. This Agreement and all other agreements entered into in connection with the transaction contemplated hereby have been duly executed and delivered by the Franchisee and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Franchisee.

18.7.3. *Compliance with Law:* The Franchisee is in compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the provision of the services contemplated herein and has obtained or will obtain prior to the provision of service to the public all government licenses, permits, and authorizations necessary for the provision of the service, except approval by the NY PSC.

18.7.4. *Ownership Interests:* Franchisee is a wholly owned subsidiary of NYNEX Corporation, which itself is a wholly owned subsidiary of Verizon Communications, Inc.

18.7.5. *Compliance with City Contracts:* The Franchisee has not received notice from the City of any default or noncompliance with any existing written contract or other written agreement with the City, unless such default or noncompliance has subsequently been cured or otherwise resolved to the City's satisfaction or such notice has been withdrawn by the City or otherwise determined by the City or a court of competent jurisdiction to have been issued in error.

18.8. *Compliance with Laws; Licenses and Permits:* With respect to its activities pursuant to this Agreement, the Franchisee shall comply with: (i) all applicable laws, rules, regulations, orders, writs, decrees and judgments (including, but not limited to, those of the PSC and the FCC) and any other federal, state agency or authority of competent jurisdiction; and (ii) all local laws and all rules, regulations, orders, of the City and of DoITT consistent with this Agreement. The Franchisee shall have the sole responsibility for obtaining all permits, licenses and other forms of approval or authorization necessary to construct, operate, maintain, upgrade, replace or repair the System, or any part thereof.

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

18.10. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall not be effective unless mutually agreed to in writing by the parties and shall be subject to the approval of the NY PSC, pursuant to the Cable Law.

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18.11. *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. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder," and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires.

18.12. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by, or a final order of any state or federal regulatory authority having competent 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, subject to the obligations of the parties as applicable under Section 18.4 above.

18.13. *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.

18.14. *Pending Litigation:* Nothing in this Franchise shall be construed to prejudice or affect any position taken by either the City or Franchisee in the litigation now pending in the Supreme Court, County of New York, captioned The City of New York v. Verizon New York Inc., Index No. 402961/03 (the "Pending Litigation").

18.15. *FTTP Network Status:* In the event of a lawful termination or non-renewal of the Franchise, the legal status of the FTTP Network in the rights-of-way will revert to whatever status it has as a system providing only services that do not include Cable Service, as such status may be ultimately determined by the final outcome of the litigation referred to in Section 18.14 above. In implementation of the intent of the preceding sentence, if and so long as the Franchisee shall have separate lawful authority to maintain facilities providing services of the type being carried over the FTTP Network in the City's Public Rights-of-Way, the Franchisee shall not be required to remove or 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 Franchisee from providing Cable Service.

18.16. *NY PSC Approval:* This Franchise is subject to confirmation by the NY PSC. Franchisee shall file a petition for confirmation with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

18.17. *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, and in no event shall Franchisee be subject to rate regulation, except to the extent Franchisee is no longer subject to

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Effective Competition (as that term is defined by federal law) or such rate regulation is authorized to be imposed as a result of a change in federal law.

18.18. *Publishing Information:* Except as otherwise permitted in this Franchise, the City hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

18.19. *No Third Party Beneficiaries:* This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

18.20. *City Official:* The Commissioner is the City official that is responsible for the continuing administration of this Agreement.

18.21. *Holdover.* To the extent required or permitted by PSC regulations, in the event the Franchisee continues to provide Cable Service within the Franchise Area after the term of this Agreement, the Franchisee shall continue to comply with all applicable provisions of this Agreement, including, without limitation, all compensation and other payment provisions of this Agreement, throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise granted pursuant to this Agreement.

18.22. *Investigations Clause:* Franchisee shall comply with the City's standard "Investigations Clause" to be included in City contracts and agreements pursuant to Section 4(b) of Mayoral Executive Order 16 of 1978, as set forth in Appendix I hereto, and in the event of any failure as described therein shall be subject to the penalties set forth therein.

18.23. *Interpretation:* This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party because that party drafted, or caused that party's legal representative to draft, any of its provisions.

18.24. *Voluntary Execution:* The parties acknowledge that each has read this Agreement, that each fully understands its rights, privileges and duties under this Agreement, and that each enters into this Agreement freely and voluntarily. Each party further acknowledges that it has had the opportunity to consult with counsel of its own choosing in the negotiation or and agreement to the provisions of this Agreement.

18.25. *Execution in Counterparts:* This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute a single agreement.

18.26. *Approval of Amendments:* In the event this Agreement is to be amended in any manner which affects the City's interest in an adverse and substantial manner, agreement by the City to such amendment shall only be effective if such amendment is approved by the FCRC.

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AGREED TO THIS ____ DAY OF _____, 2008.

The City of New York:

By: _____
Deputy Mayor

By: _____
Paul Cosgrave, Commissioner

Approved as to form and certified as to legal authority:

Acting Corporation Counsel

Attest:

By: _____
City Clerk [City Seal]

Verizon New York Inc.

By: _____
Maura C. Breen, Senior Vice President/
General Manager - Regional Operations

Approved as to form:

John Raposa, Vice President & Deputy General Counsel –
Verizon Telecom

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APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

Appendix C: Form Community Access Organization Agreement

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APPENDIX A

CONSUMER PROTECTION STANDARDS

APPENDIX A
CONSUMER PROTECTION STANDARDS
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Section 1 **SOLICITATION OF SUBSCRIPTIONS**

1.1 Uniforms/Identification Cards/Name Badges. Each employee of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her employment with the Franchisee. The photograph on the identification card shall prominently show the employee's name and/or identification number. Such employee shall prominently display such identification card and shall show it to all such members of the public. Each employee of any contractor or subcontractor of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her name, the name of such contractor or subcontractor and the name of the Franchisee. The parties acknowledge that each Franchisee employee who routinely comes into contact with members of the public at their places of residence shall wear a uniform provided by the Franchisee, in addition to the foregoing requirements with respect to identification cards, except to the extent such requirement is affected by or subject to any contractual agreement(s) between the Franchisee and any Person other than the City.

1.2 Subscription Information.

1.2.1 At the time of installation to the Subscriber who is receiving the installation, and at least once a year to all Subscribers, with a copy to DoITT, the Franchisee shall provide the following subscription information in a clear, complete and comprehensible form:

(i) a description of the Cable Services provided by the Franchisee, accompanied by a listing of the charges for each such Service, either alone or in combination;

(ii) a listing of all rates, terms and conditions for each Cable Service or tier of Cable Service, both alone and in combination, and all other charges, such as for installation, for application of Cable Service to additional television sets, for deposits on equipment, for stolen or lost converters and other equipment, for returned checks and for relocating cable outlets;

(iii) a general explanation of other devices which may be used in conjunction with the System, such as devices provided as contemplated in 47 C.F.R. § 76.1621, remote control devices, and parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices) and a listing of the Franchisee's charges for connecting such devices to the System;

(iv) a description of the Franchisee's billing and collection procedures (including payment requirements to avoid disconnection of service), the use of payment coupons, the amount of any applicable late fees, and a description of the option of paying in person, consistent with these consumer protection standards;

(v) the procedure for the resolution of billing disputes;

(vi) a description of the Franchisee's policies concerning credits for service interruptions and outages, consistent with these consumer protection standards;

(vii) an explanation of the procedures and charges, if any, for upgrading, downgrading or disconnecting Services, consistent with these consumer protection standards;

(viii) the required time periods for installation requests, consistent with these consumer protection standards; and

(ix) a statement that all Franchisee employees, contractors, or subcontractors who routinely come into contact with members of the public at their places of residence shall wear a uniform and Franchisee identification card, to the extent required by Section 1.1, which they shall prominently display and show to all such members of the public.

1.2.2 Within fifteen (15) days of a written request by the Commissioner to the Franchisee, the Franchisee shall provide the Commissioner with a written description of Franchisee's procedures for accommodating non-English speaking Subscribers ("Franchisee's Non-English Procedures").

1.2.3 The Franchisee shall deliver three (3) copies of all such subscription information to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber. The Franchisee agrees that the City assumes no liability for the subscription information by virtue of its review of such information.

1.3 Right of Rescission. Anyone who requests the installation of Cable Service from the Franchisee shall have the right to rescind such request at any time prior to the point in time at which physical installation upon the premises begins. Anyone who requests a particular Service from the Franchisee shall have the same right of rescission, except that such right shall expire once the requested Service is actually received by such Person.

Section 2 **INSTALLATION**

2.1 Information Provided to Subscribers.

2.1.1 At the time of installation, the Franchisee shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." The Welcome Kit shall provide the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form:

(i) the location, hours of operation and telephone number(s) for each of the Franchisee's existing Service Centers and a telephone number for information as to where each Payment Center is located;

(ii) the toll-free telephone number for the Franchisee's customer service telephone system, including any cable information service line established by the Franchisee (which is described further in this Appendix A), accompanied by a brief description of the services and information that may be obtained by dialing each number;

(iii) a general description of how equipment, including, but not limited to, devices provided as contemplated in 47 C.F.R. § 76.1621, wireless remote control devices, parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices), is obtained and used in conjunction with the System, and the terms for rental and loaner equipment, including deposit requirements, if any, and procedures for return of equipment and the Subscriber's liability for lost, stolen or damaged equipment;

(iv) the policies governing Service Interruptions, Significant Service Interruptions, Outages, and Significant Outages as defined in Section 6.2.1 of this Appendix A and repair service;

(v) the policies and procedures for obtaining credits consistent with Section 10 of this Appendix A and the return of any deposits;

(vi) the complaint resolution process, including notice that anyone who is dissatisfied with the way in which the Franchisee has handled a complaint has the right to speak to a Franchisee supervisor or to contact the NY PSC and the City at the addresses and telephone numbers listed in the Welcome Kit, and any such changes shall be communicated to Subscribers via the Franchisee's semi-annual notice to Subscribers (which address and telephone number of the City may be changed by the Commissioner, in a notice to be provided to the Franchisee, from time to time);

(vii) the procedures by which the Subscriber will be notified of any rate increases, any change in programming Services (as defined in Section 8.1.1 of this Appendix A), any change in the price or conditions for the rental of equipment, any change in the location or hours of the Service Centers, any change in billing practices, practices regarding Service interruption, or any significant change in the policies or information set forth in the Welcome Kit;

(viii) the requirements concerning Subscriber privacy which are set forth in the Cable Act or any rules or regulations established by the City pursuant to Section 16.3 of this Agreement;

(ix) if provided to the Franchisee by the City in a format reasonably acceptable to the Franchisee: (A) a listing of the currently available Public and Governmental/Educational Access Channels, (B) a description of the purposes and uses of such Channels, and (C) general information regarding how a Person can utilize or obtain further information regarding such Channels; Franchisee shall also make the foregoing information available on its website, subject to Franchisee's technical

capability to do so, including, but not limited to, limitations with respect to character capacity;

- (x) the rules governing the termination of Cable Service;
- (xi) the steps for resubscribing to Cable Service after an involuntary termination.

With respect to the provision of the Welcome Kit to new Subscribers, the Franchisee shall also provide any information to such Subscribers that is required by applicable law but is not listed above.

2.1.2 The Franchisee shall train and make available customer service representatives to aid by telephone visually impaired consumers who cannot read the Welcome Kit. The Franchisee shall also make available by telephone bilingual customer service representatives to communicate with non-English speaking consumers regarding the information contained in the Welcome Kit.

2.1.3 The Franchisee shall distribute the then current version of the Welcome Kit to all new Subscribers at the time of installation, and to any other person on request. Any Person who makes such a request in person to a customer service representative or salesperson of the Franchisee must be supplied with a copy of the Welcome Kit immediately. The Franchisee must mail, by first class, the Welcome Kit to any Person who requests one by telephone within ten (10) business days of such request.

2.1.4 The Franchisee shall provide each customer service representative and each salesperson of the Franchisee with copies of the most current Welcome Kit and shall advise them of the requirements of this Section 2.1 of this Appendix A.

2.1.5 The Franchisee shall submit the Welcome Kit, as well as any subsequent updates of it, to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber and from time to time thereafter upon the Commissioner's request.

2.2 Channel Line-Up. The Franchisee must either (i) provide Subscribers with a Channel Line-up card for all Cable Services which shall be updated on an annual basis thereafter; or (ii) provide Subscribers with dial location information electronically on screens that can be controlled by the consumer, provided, however, that the Franchisee shall automatically provide such a card (and annual updates thereof) to all Subscribers who cannot access such information electronically, and shall further provide such a card to any Subscriber upon request.

2.3 Procedure for Installation

2.3.1 Once a request for Cable Service is received, the Franchisee shall offer "appointment window" time blocks of not more than four (4) hours on weekdays, for the selection of the Subscriber or potential Subscriber, during which the Franchisee's work crew shall arrive to perform the installation of the necessary equipment to receive

Cable Service (on Saturdays the Franchisee may in its discretion offer “appointment windows,” but shall, in any event, comply with the full 8:00 a.m. to 5:00 p.m. working period described in Section 2.3.2 below). The Franchisee shall use reasonable efforts to complete the installation during that appointment.

2.3.2 The Franchisee shall provide installation services including initial installation, continuously at least during the periods of 8:00 a.m. to 5:00 p.m. on weekdays and 8:00 a.m. to 5:00 p.m. on Saturdays and, for connection of additional outlets and upgrading of Cable Service for which all work can be performed indoors, continuously during the periods of 8:00 a.m. to 5:00 p.m. As required by Section 5.4 of the body of this Agreement, the Franchisee shall provide installation throughout its Franchise Area on a nondiscriminatory basis.

2.3.3 Consistent with the terms of Article 5 of the Franchise , unless a later date is requested by a potential Subscriber, the Franchisee shall complete installation of Cable Service for any new Subscriber and any upgrade or downgrade for any existing Subscriber within seven (7) business days after any such request is received, provided that if weekend installation is requested, installation shall be completed by no later than the fourth (4th) Saturday following the date the request is received. Notwithstanding the foregoing, such time period shall not apply to any building not currently wired for Cable Service as to which the Franchisee is, upon a showing to and with the approval of the Commissioner, in compliance with its obligations regarding access to such building pursuant to Article 5 of the body of this Agreement, or except as provided in Section 18.5 of the body of this Agreement.

2.3.4 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers to perform any visit to a Subscriber’s premises to perform its obligations under this Section 2.3.

2.4 Nature of the Request for Installation

2.4.1 The Franchisee shall not discriminate among Subscribers or potential Subscribers because someone living in the same household is already or was a Subscriber, unless the Franchisee can demonstrate, to the Commissioner’s satisfaction, that: (i) the Franchisee has a reasonable basis for believing that a Person(s) living in the household is (are) attempting to deceive the Franchisee or (ii) such Person(s) has (have) failed to respond to a reasonable request from the Franchisee for information which would enable the Franchisee to determine whether such Person(s) is (are) entitled to receive Cable Service.

2.5 Records of Requests for Cable Service

2.5.1 The Franchisee shall keep records capable of showing all requests for Cable Service, which shall contain, with respect to each request for Cable Service, the name and address of the Person requesting Cable Service, the date on which Cable Service was requested, the date and appointment period on which Cable Service was scheduled to be provided and the date and appointment period on which Cable Service

was actually provided. In the event that the Franchisee is unable to provide Cable Service, the Franchisee shall keep records showing in reasonable detail the number of attempts the Franchisee has made to provide such Cable Service and the reason the Franchisee was unable to provide Cable Service. These records shall be assembled continuously.

2.5.2 Any information in the records required by Section 2.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 2.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time or may require that the information be turned over to the Commissioner in lieu of its destruction in accordance with Section 11.1 of the body of this Agreement.

2.5.3 A report summarizing the information contained in the records required by Section 2.5.1 regarding all requests for Cable Service for the preceding quarter shall be submitted in written or electronic form to the Commissioner by the forty-fifth (45th) day following the end of each calendar quarter, containing the following information

- (i) the number of requests for Standard Installations;
- (ii) the number of Standard Installations made;
- (iii) the number of Standard Installation and service appointments made;
- (iv) the number of Standard Installation and service appointments met; and
- (v) the number of Standard Installations and service appointments rescheduled by the Franchisee.

To the extent permitted by state and federal privacy laws, upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commissioner to verify and supplement the information contained in the report required by the preceding sentence and the Franchisee's compliance with its obligations under Section 2.5.1; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 2.5.1 hereof. The Commissioner may waive the submission of such records as the Commissioner deems appropriate.

2.5.4 Franchisee's reporting requirements pursuant to Section 2.5.3 hereof shall not commence until the third (3rd) calendar quarter following the Effective Date of this Agreement. Notwithstanding the foregoing, with respect to reports in connection with Franchisee's obligation under Section 2.3.3 hereof regarding Saturday installation requests, Franchisee's reporting obligations shall commence on the date which is one (1) year from the Effective Date of this Agreement.

Section 3 **SERVICE CENTERS**

3.1 Service Centers

3.1.1 Subject to the requirements of Subsection 3.1.1.1 hereof, the Franchisee shall initially establish and maintain one (1) Service Center in each of the five (5) Boroughs of the Franchise Area. The Franchisee shall notify Subscribers and the Commissioner of the opening, and thereafter any change in the location, of these Service Centers.

3.1.1.1 With respect to each Borough in the Franchise Area, Franchisee's obligation to establish and maintain each Service Center pursuant to Section 3.1.1 hereof shall not commence until ninety (90) days from the date on which Franchisee determines that Franchisee has achieved a Subscriber base of ten thousand (10,000) Subscribers in the applicable Borough.

3.1.1.2 Within ninety (90) days from the date on which Franchisee achieves an aggregate Subscriber base of sixty thousand (60,000) Subscribers in any Borough, Franchisee shall establish and maintain one (1) additional Service Center in each such Borough; provided however, that nothing herein shall be construed to require Franchisee to establish and maintain more than a total of two (2) Service Centers in any Borough. All such Service Centers will be conveniently located near mass transit.

3.1.2 Except on the legal holidays recognized by the City of New York, a list of which shall be supplied to the Franchisee upon request to the Commissioner, these Service Centers shall be open continuously for at least nine (9) hours on weekdays and for at least five (5) hours on Saturdays, subject to Franchisee's contractual agreements with Persons other than the City. The Franchisee shall staff each Service Center so it is capable of providing on Saturday the same level of service it provides during any weekday, such that waiting time for any service on Saturday is not significantly different than during any weekday.

3.1.3 The Service Centers shall be designed so as to provide access in accordance with applicable law.

3.1.4 The Franchisee shall maintain on file at each Service Center, or on its website for public inspection current copies of its billing practices and payment requirements and general informational materials (including monthly bill stuffers) and shall keep such records at its central office for a period of two (2) years, to be mailed or otherwise delivered to a specified Service Center within a reasonable time upon the City's or a Subscriber's request. The foregoing records shall be maintained independent of, and in addition to, Franchisee's public inspection file maintained pursuant to 47 C.F.R. § 76.1700.

3.2 Training of Employees

3.2.1 Franchisee employees who regularly come in contact with the public shall be trained to perform efficiently the various tasks, including responding to consumer inquiries and complaints, necessary to provide consumer services in a responsible and courteous manner.

3.2.2 All Franchisee employees shall identify themselves by name or preassigned identification number when answering Franchisee telephone lines routinely used by members of the public. The Franchisee shall maintain a system to enable the Franchisee to identify the particular employee who answered any telephone call in such manner.

3.2.3 Franchisee employees shall refer any Person who is dissatisfied with the resolution or handling of any complaint concerning the Franchisee to a supervisor. Franchisee supervisors shall be available to speak to such Persons. If, due to unforeseen circumstances, a supervisor is temporarily unavailable to speak with such a Person, then that Person will be contacted by a supervisor as soon as practicable. If the Subscriber is not contacted by the supervisor or otherwise requests such information, a nonsupervisory employee shall inform the Subscriber of the foregoing information.

3.2.4 The Franchisee shall ensure that some employees at its office speak any language used by a substantial percentage of the Franchisee's Subscribers with whom they come into contact in the course of their employment.

3.2.5 To the extent the Franchisee uses contractors or subcontractors who regularly come into contact with the public on the Franchisee's behalf, the Franchisee shall ensure that such contractors or subcontractors receive the training and follow the procedures outlined in Sections 3.2.1-3.2.4 above.

3.3 Telephone Lines

3.3.1 The Franchisee shall have local telephone or toll-free lines for receiving requests for repair or installation services, for reporting service interruptions and for responding to billing questions. The lines shall be answered twenty-four (24) hours per day, seven (7) days per week by Franchisee employees with respect to service problems (such as for the reporting of interruptions or outages in service and the scheduling of service repairs) and, at a minimum, during normal business hours with respect to installation-related and billing-related matters and questions; but in no event shall such lines be operated for fewer hours than required, or less comprehensively than required, by applicable federal or state requirements. In the event a Franchisee employee receives, but is unable to respond to, a Subscriber call after normal business hours regarding any of the issues described in this Section 3.3.1, such Franchisee employee shall create a notation on Subscriber's record (to enable informed employee response upon business hours follow-up), including any appropriate Subscriber information, consistent with Franchisee's practices and procedures. For purposes of this Section 3.3.1, normal business hours shall have the meaning set forth in 47 C.F.R. § 76.309 and 16 NYCRR § 890.

3.4 Standard of Service for the Telephone System

3.4.1 The Franchisee shall maintain a telephone system throughout the term of this Agreement which shall be capable, at a minimum, of meeting each of the following standards:

- (i) each telephone call shall be answered within at least thirty (30) seconds;
- (ii) callers shall receive a busy signal not more than three percent (3%) of the time in any one (1) month period;
- (iii) callers shall not be kept on hold for longer than thirty (30) seconds;
- (iv) no more than ten percent (10%) of all calls (measured on a quarterly basis) shall be kept on hold for thirty (30) seconds;
- (v) any automated menu system shall provide, within ninety (90) seconds (or one hundred twenty (120) seconds during peak periods), an opportunity, which may include pressing "0" or remaining on the line without entering a menu option, for the caller to connect to a customer service representative; and
- (vi) all menus and subsidiary menus shall provide an opportunity to connect to a customer service representative.

3.4.2 Reasonable variations in these performance standards shall be permitted during abnormal operating conditions, including, by way of illustrative example, during trunk line failures.

3.4.3 The Franchisee shall provide quarterly reports to the Commissioner containing information relevant to the question of whether its telephone system continues to conform to Section 3.4.1 of this Appendix A. Franchisee's quarterly reports provided pursuant to this subsection 3.4.3 shall be measured for purposes of compliance with the requirements hereof solely on a quarterly basis, but shall reflect, for informational purposes, Franchisee's metrics on a month-by-month basis. If the Commissioner determines, based on complaints or any other evidence, that the Franchisee's telephone service does not meet the standards set forth in this Section 3.4, or any variations in those standards previously agreed to by the Commissioner, then the Commissioner has the authority to order the Franchisee to take appropriate action to meet such standards. Failure of the Commissioner to issue such order, however, shall not constitute a waiver of the City's rights with respect to any failure by the Franchisee to comply with its obligations pursuant to this Appendix A or this Agreement.

Section 4 **BILLING**

4.1 The Format of a Subscriber's Bill

4.1.1 The bill shall be designed in such a way as to present the information contained therein clearly, comprehensibly and accurately to Subscribers.

4.1.2 The bill shall contain itemized charges for each category of Cable Service and piece of equipment for which a charge is imposed (including late charges, if any), an explicit due date, the name and address of the Franchisee and telephone number for the Franchisee's office responsible for inquiries, billing, the NY PSC's toll-free Subscriber Assistance telephone number and the telephone number specified by the Commissioner for the resolution of billing disputes. The bill shall state the billing period, amount of current billing and appropriate credits or past due balances, if any. Unless prohibited by law, the Franchisee may accurately designate that portion of a Subscriber's bill attributable to the amount of any compensation payment to be made by the Franchisee or any other Person to the City pursuant to this Agreement.

4.2 Billing Procedures

4.2.1 All bills shall be rendered monthly, unless otherwise authorized by the Subscriber, or unless service was provided for less than one (1) month (because, for example, the Subscriber received service, from activation to cancellation, for less than one month.)

4.2.2 The Franchisee shall use reasonable efforts to cooperate with any regulated and accredited banking or financial institution that provides Subscribers with an optional payment mechanism whereby they can directly pay any bills electronically from their residence or business, when such mechanism is economically and technically feasible and viable, and provided that the Commissioner may reduce or relieve the Franchisee of such obligations where such relief is appropriate in light of the circumstances, including the nature of the institution and the burden to the Franchisee. To the extent permitted by applicable law, the Franchisee may "pass through" to the Subscriber any charges imposed on the Franchisee in connection with such bill payment by any such institution, so long as the Franchisee provides prior notice of such charge to the Subscriber.

4.2.3 The Franchisee shall credit any Subscriber who has voluntarily interrupted Cable Service, pursuant to the requirements established by the Franchisee, with a rebate on his or her monthly bill for the period(s) during which service was voluntarily interrupted, provided that the Franchisee may charge any such Subscriber a reconnection charge.

4.2.4 Any returned check charge imposed by the Franchisee shall be consistent with the requirements of N.Y. General Obligations Law, Ch. 24-A § 5-328 or any successor provision thereto.

4.3 Procedures for Collecting Late Bills

4.3.1 No bill shall be due less than fifteen (15) days from the date of the mailing of the bill by the Franchisee to the Subscriber.

4.3.2 A bill shall not be considered delinquent until at least forty-five (45) days have elapsed from the mailing of the bill to the Subscriber and payment has not been received by the Franchisee, provided that no bill shall be mailed more than fifteen (15) days prior to the date Cable Services covered by such bill commence, except in cases where a Subscriber requests advance billing. Late fees not to exceed the maximum percent allowed by law may be applied to a delinquent bill, so long as the billing dispute resolution procedures set forth in Section 4.4 of this Appendix A have not been initiated.

4.3.3 The Franchisee shall not physically or electronically discontinue Cable Service for nonpayment of bills rendered for Cable Service until: (i) the Subscriber is delinquent in payment for Cable Service; and (ii) at least five (5) days have elapsed after a separate written notice of impending discontinuance has been served personally upon a Subscriber; or (iii) at least eight (8) days have elapsed after mailing to the Subscriber a separate written notice of impending discontinuance (for which postage is paid by the Franchisee), addressed to such Person at the premises where the Subscriber requests billing; or (iv) at least five (5) days have elapsed after a Subscriber has either signed for or refused a certified letter (postage to be paid by the Franchisee) containing a separate written notice of impending discontinuance addressed to such Person at the premises where the Subscriber requests billing. Notice of impending Cable Service discontinuance must clearly state the amount in arrears, the total amount required to be paid to avoid discontinuance of Cable Service, collection fees, if any, reconnection charges if applicable, and the date by which such payment must be made, the location of Service Centers where such payment may be made, or how the Subscriber can get information (e.g., via the Franchisee's website and/or by calling a toll-free number) about the location of each Payment Center where such payment may be made. Receipt of a subsequently dishonored negotiable instrument in response to a notice of discontinuance shall not constitute payment, and the Franchisee shall not be required to issue an additional notice prior to discontinuance.

4.3.4 As described in Section 4.5 of this Appendix A, the Franchisee may under certain circumstances refer a delinquent account to a private collection agency. The Franchisee agrees that it will not, and will instruct all collection agencies collecting delinquent accounts on behalf of the Franchisee not to, refer any delinquent account to a credit agency except if the Subscriber has closed an account with an outstanding balance of more than fifty dollars (\$50) and that balance has been pending for more than ninety (90) days. If, however, the Subscriber subsequently pays the outstanding balance, the Franchisee shall notify any credit agencies that were previously informed of the outstanding balance.

4.4 Procedure for the Resolution of Billing Disputes

4.4.1 The billing dispute resolution procedure shall be initiated once a Subscriber contacts the Franchisee's department which handles billing questions or the Commissioner, in writing, so long as such contact occurs within thirty (30) days from the date of receipt of the bill by the Subscriber. If the Subscriber contacts the Commissioner, the Commissioner shall notify the Franchisee, by mail, by telephone or by electronic

means, that the dispute resolution procedure has been initiated and the Franchisee shall then contact the Subscriber to discuss the dispute.

4.4.2 The Subscriber shall not be required to pay the disputed portion of the bill until the dispute is resolved. The Franchisee shall not apply finance charges, issue delinquency or termination notices, or initiate collection procedures for the disputed portion of the bill pending resolution of the dispute.

4.4.3 The Franchisee shall promptly undertake whatever review is necessary to resolve the dispute, and shall notify the Subscriber of the results of the review as soon as it is completed, but in no case later than twenty (20) business days after receipt from the Subscriber of the billing dispute, problem or complaint notification.

4.4.4 The Franchisee shall, upon the Subscriber's or the City's written request, notify the Subscriber in writing of its proposed resolution of the billing dispute, shall provide the address and telephone number to be provided from time to time by the Commissioner and by which a Subscriber may notify the City of a billing dispute, problem or complaint, and shall inform the Subscriber that unless an appeal is taken to the Commissioner within ten (10) business days after the date of postmark on the notification letter, the Franchisee's resolution of the dispute shall be considered final. If, in response to a Subscriber's written request, the Franchisee resolves the dispute over the phone or in person, then no written response need be provided to the Subscriber. Where no appeal is taken, the amount the Franchisee claims is due must be paid within twenty (20) days after the date of postmark on the notification letter.

4.4.5 If the Subscriber appeals the Company's resolution within the aforementioned period, the amount under dispute by the Subscriber will not be due until at least one (1) week after the dispute has been resolved by Franchisee.

4.4.6 The procedures set forth in Sections 7.3.1 - 7.3.5 of this Appendix A shall apply to billing disputes appealed to the Commissioner.

4.5 Referral of Delinquent Accounts to a Collection Agency

4.5.1 If the billing dispute resolution procedures have not been initiated, the delinquent account may be referred to a private collection agency for appropriate action no sooner than ten (10) business days after it becomes delinquent or, where a Subscriber voluntarily terminates any Cable Service and the amount due is delinquent but not in dispute, no sooner than ten (10) business days after the final bill is mailed to the Subscriber.

4.5.2 If the billing dispute resolution procedures have been initiated, the delinquent account shall not be referred to a collection agency prior to the conclusion of those procedures, including any appeal to the Commissioner.

4.5.3 The Franchisee agrees that a referral to a private collection agency in violation of Sections 4.3.4, 4.5.1, or 4.5.2 of this Appendix A shall result in injury to the Subscriber which will be difficult to ascertain and to prove. The Franchisee therefore

agrees that, it will send to the affected Subscriber a letter of apology and notify, in writing, the collection agency, copies of which such letter and notice shall be sent to the Commissioner. Further, if any credit agency is contacted by the Franchisee or any collection agency collecting delinquent accounts on behalf of the Franchisee in violation of Section 4.3.4 of this Appendix A, the Franchisee shall, in addition to taking the foregoing actions, (i) notify the credit agency contacted as a result of such referral that the referral was wrongly made and should not adversely affect the Subscriber's credit standing, a copy of which notice(s) shall be sent to the affected Subscriber and the Commissioner.

Section 5

EQUIPMENT PROVIDED BY THE FRANCHISEE

5.1 Types of Equipment To Be Provided

5.1.1 The Franchisee shall comply with 47 C.F.R. § 76.1621 or any successor provision thereto.

5.1.2 The Franchisee shall supply a closed caption decoder to any hearing impaired Subscriber who requests one at a charge not to exceed the Franchisee's cost, unless the technology for such decoding is already incorporated in other equipment being provided to the subscriber.

5.2 Terms for Rental and Loaner Equipment

5.2.1 As provided in this Appendix A, the Franchisee may require deposits on certain equipment it provides to Subscribers, provided that the Franchisee shall return to Subscribers their deposits together with a reasonable amount of interest, and provided further that there shall be no discrimination among or between Subscribers in either the requirement for or the amount of any deposit. The Franchisee shall permit the return of such equipment to any Service Center. When equipment is returned, the Franchisee shall either promptly test it to ensure that it is not damaged or waive any damage claims, and shall give the Subscriber a receipt showing, in addition to the date and time of the return and the Subscriber name, the model and serial number of the returned equipment. The Franchisee shall return to the Subscriber his or her deposit, plus interest minus any reasonable amount, if any, deducted for damage to the equipment or the amount of any outstanding balance owed to the Franchisee within the next applicable billing cycle.

5.2.2 If such equipment is lost, damaged or stolen by reason of an intentional, wrongful act by, or the gross negligence of, the Subscriber, or if the Subscriber gives the equipment to a third party to return to the Franchisee and the third party does not do so, then the Subscriber shall be liable for the value of the equipment as determined by the Franchisee and consistent with Franchisee's annually published rates. If such equipment is lost, damaged or stolen through the wrongful act of a third party, or any other event outside the Subscriber's control (such as a burglary or a fire in the Subscriber's building), then the Subscriber shall have no liability for the equipment,

provided that the Subscriber files with the Franchisee a police report on the cause of any such loss, theft or damage to any equipment. The Franchisee shall keep records showing the resolution of Subscriber claims regarding lost, stolen or damaged equipment, which records shall be submitted in written or computer disk form to the Commissioner as the Commissioner may reasonably request from time to time, within fifteen (15) days of such request.

5.2.3 For billing purposes, the return of rental equipment shall be deemed to have taken place on the day such equipment is returned.

5.3 Notice That Equipment Is Available. The Franchisee shall provide in the Welcome Kit information about the availability and function of the equipment described in this Section 5 of this Appendix A, as well as where such equipment may be obtained.

5.4 Demonstration of Equipment. The Franchisee shall provide free demonstration of such equipment at the Service Centers.

Section 6

SERVICE OUTAGES AND SERVICE INTERRUPTIONS

6.1 The Franchisee shall exercise its best efforts to limit any scheduled Outage (as hereinafter defined) of any Cable Service for any purpose to periods of minimum use. Except in emergencies or incidents requiring immediate action, the Franchisee shall provide the Commissioner and all affected Subscribers with prior notice of scheduled Outage, if such scheduled Outages will last longer than four (4) hours.

6.2 Time Periods by Which Outages and Service Interruptions Must Be Corrected and Repairs Made.

6.2.1 The Franchisee shall maintain sufficient repair and maintenance crews so as to be able to correct Outages, Significant Outages, Service Interruptions, Significant Service Interruptions, and other problems requiring repair, within the following time periods:

(i) In the event of an “Outage,” which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions that is not caused by the Subscriber’s television receiver or the Subscriber and that affects fewer than one hundred (100) Subscribers served from the same VSO, such Outage shall be repaired within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day. For purposes of this Section 6, “loss of picture or sound” shall mean the absence of picture or sound quality that conforms to the requirements of Section 6.2 of the Franchise.

(ii) In the event of a “Significant Outage,” which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all

channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions, which is not caused by the Subscriber's television receiver or the Subscriber, and that affects one hundred (100) or more Subscribers served from the same VSO, such Significant Outage shall be corrected within eighteen (18) hours after the Franchisee learns of it.

(iii) In the event of a "Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound on one or more cable channels affecting fewer than one hundred (100) Subscribers served from the same VSO, excluding conditions beyond the control of the Franchisee, the Franchisee shall begin working on the problem promptly and in no event later than twenty-four (24) hours after the Service Interruption becomes known.

(iv) In the event of a "Significant Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound of one or more cable channels that affects one hundred (100) or more Subscribers served from the same VSO, Franchisee shall repair the problem within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day.

6.2.2 The Franchisee shall maintain, at all times, an adequate repair and service force in order to satisfy its obligations pursuant to the foregoing Section 6.2.1. In order to satisfy its obligations pursuant to Section 6.2.1, in cases where it is necessary to enter upon a Subscriber's premises to correct any reception problem or other service problem, the Franchisee shall make available service calls continuously during the period of 7:30 a.m. to 7:00 p.m. May 1 through October 30 and 7:30 a.m. to 6:00 pm November 1 through April 30 on weekdays and continuously for at least eight (8) hours on each Saturday. During weekday periods, a Subscriber may request any four (4) hour period for the Franchisee to correct any such problem, provided that the Franchisee's customer service representatives shall at all times endeavor to be aware of service or other problems in adjacent areas which may obviate the need to enter a Subscriber's premises. The Franchisee shall provide on Saturday the same level of service it provides during any weekday, such that repair services provided on Saturday are not significantly different than during any weekday (other than a weekday evening).

6.2.3 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 6.2. In no event shall the Franchisee cancel any necessary scheduled service call later than 5:00 pm on the preceding business day, except in circumstances beyond the Franchisee's control.

6.3 Failure To Meet Time Periods May Be Excused. The Franchisee's failure to correct Outages, Significant Outages, Service Interruptions, or Significant Service Interruptions, or to make repairs within the stated time periods shall be excused if the Franchisee could not obtain access to a Subscriber's premises.

6.4 Repair Service and Disconnection Charges. In the event that the Cable Act is amended, or following a final order or determination by a court or regulatory agency having competent jurisdiction, following the exhaustion of all appeals thereto, such that the requirements of this section are not prohibited under applicable law and equivalent obligations are imposed upon all cable operators in the Franchise Area, then the following provisions shall be applicable:

(a) the Franchisee shall not impose any fee or charge any Subscriber for any service call to his or her premises to perform any repair or maintenance work, unless such work was necessitated by an intentional act or negligence of such Subscriber.

(b) The Franchisee shall not charge any fee for disconnection when a Subscriber returns the Company's equipment to a Service Center or via the self-addressed envelope provided by the Company. A fee may, however, be charged if the Franchisee has to collect the equipment from the Subscriber's premises and the Subscriber has been informed in advance of such charge and the alternative methods of returning the Franchisee's equipment. If the Subscriber pays the amount in arrears to the Franchisee when the Franchisee is on the Subscriber's premises to disconnect Service, then the Franchisee may charge the Subscriber a reasonable collection fee, provided that such Subscriber is notified of such collection fee in the notice required by Section 4.3.3.

6.5 Records of Repair Service Requests

6.5.1 Franchisee shall keep records showing in both individual and summary form all requests for repair service received from Subscribers, which shall show, at a minimum, the name and address of the affected Subscriber, the date and the approximate time of request, the date and approximate time the Franchisee responds, the date and approximate time Cable Service is restored, the type and the probable cause of the problem.

6.5.2 Any information in the records required by Section 6.5.1 of this Appendix A may be destroyed six (6) years after such information was collected, unless the Commissioner authorizes the Franchisee, in writing, to destroy any information required by Section 6.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

6.5.3 The Franchisee shall submit to the Commissioner a report in such form and containing such information as the Commissioner may reasonably request, not including specific Subscriber names or addresses, summarizing the information contained in the records required by Section 6.5.1 of this Appendix A in written or computer disk form on a quarterly basis, such report to be submitted by the forty-fifth (45th) day following the end of each calendar quarter. Upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commission to verify and supplement the information contained in the report required by the preceding sentence and the

Franchisee's compliance with its obligations under Section 6.5.1 of this Appendix A; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 6.5.1 hereof. The Commissioner may waive the submission of such reports as the Commissioner deems appropriate.

6.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the number of Significant Outages which occurred during the preceding calendar quarter, summarized by both Borough and VSO.

6.6 Plan for Correction. In the event the Commissioner notifies the Franchisee in writing that DoITT has determined that there has been an excessive number identified a routine pattern of Significant Outages in any Borough or community served by a particular VSO, Franchisee shall submit to the Commissioner, on a quarterly basis within forty-five (45) days of the end of each applicable calendar quarter during the Term hereof and subject to the confidentiality provisions of Section 11.1, a "Plan for Correction" outlining Franchisee's plan for minimizing the occurrence of such Significant Outages in the applicable Borough or community. Franchisee's obligation to submit such quarterly Plan for Correction pursuant to this Section 6.6 shall cease upon Franchisee's demonstration, to the reasonable satisfaction of the Commissioner, that Franchisee has minimized the occurrence of Significant Outages in the applicable Borough or community for two (2) consecutive calendar quarters.

Section 7 **SUBSCRIBER COMPLAINTS**

7.1 Operation of the Service Centers and Payment Centers. As set forth in Section 3 of this Appendix A, the Franchisee shall operate its Service Centers, train its employees and maintain its telephone lines so that Subscribers' complaints are resolved quickly, professionally and politely. The Franchisee agrees to use reasonable efforts to monitor Franchisee's Payment Centers to ensure that such Payment Centers are operating in a manner consistent with the terms of this Appendix A, to the extent applicable; provided, however, that nothing herein shall be construed to limit any rights Franchisee may have or liabilities Franchisee may incur pursuant to applicable law or the terms of this Appendix A. For purposes of this Appendix A, "Payment Center" shall be defined as "a facility operated by a third party where Subscribers may make payments."

7.2 Time Period for the Resolution of Complaints. Except where another time period is required by any other provision of this Appendix A or this Agreement, the Franchisee shall make its best efforts to resolve all complaints received by the Franchisee

within ten (10) business days, or earlier to the extent practicable. Within two (2) business days of receiving a written complaint or a complaint forwarded to the Franchisee by the Commissioner, the Franchisee shall notify the Person who made the complaint, either by telephone or in writing, that the complaint has been received and that the Franchisee will make its best efforts to resolve such complaint within ten (10) business days of receipt of such complaint by the Franchisee. Complaints which constitute billing disputes shall be subject to the procedures set forth in Section 4.4 of this Appendix A in lieu of the requirements of this Section 7.2.

7.3 Appeal of a Resolution to the Commissioner

7.3.1 As provided in Section 2.1.1 (vi) of this Appendix A, a Subscriber may notify the Commissioner about a complaint that is not resolved to the Subscriber's satisfaction. As set forth in Section 2.1.1(vi) of this Appendix A, the Franchisee shall also provide notice in the Welcome Kit of the right described in the preceding sentence.

7.3.2 The Commissioner shall notify the Franchisee by mail, telephone, or electronic means, of any such appeal within one (1) week after it is received by the Commissioner.

7.3.3 If the Franchisee's stated resolution of the complaint is appealed to the Commissioner, then the Franchisee shall assist the Commissioner in the investigation thereof by the Commissioner, by providing or making available whatever documents, materials or other types of information are reasonably requested by the Commissioner.

7.3.4 The Commissioner shall have thirty (30) days in which to complete the investigation and to notify the Franchisee of the manner in which the Commissioner believes the dispute should be resolved. Before completing the investigation, the Commissioner shall consult both with the Person who registered the complaint and with the Franchisee; provided, however, that final resolution of any dispute shall be in Franchisee's sole discretion, to the extent such resolution is not inconsistent with this Agreement, applicable federal, state, or local laws.

7.3.5 Complaints may be referred to the Commissioner before the Franchisee has issued a resolution, if the Franchisee has exceeded the time allowed for resolving complaints under Section 7.4 of this Appendix A.

7.4 Referral of Complaints from the Commissioner to the Franchisee

7.4.1 If the Commissioner is contacted directly about a complaint concerning the Franchisee, the Commissioner shall notify the Franchisee.

7.4.2 Within ten (10) business days after being notified about the complaint, the Franchisee shall issue to the Commissioner a report detailing the investigation thoroughly, describing the findings, explaining any corrective steps which are being taken and indicating that the Person who registered the complaint has been notified of the resolution.

7.5 Complaint Records

7.5.1 The Franchisee shall maintain complaint records, which shall record the date a complaint is received, the name and address of the affected Subscriber, a description of the complaint (which may be located in the “comments” section of the Franchisee’s records), the date of resolution, a description of the resolution and an indication of whether the resolution was appealed to the Commissioner.

7.5.2 Any information in the records required by Section 7.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 7.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

7.5.3 The Franchisee shall submit to the Commissioner the records required by Section 7.5.1 of this Appendix A, in summary form only, in written or electronic form on a quarterly basis; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee’s obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 7.5.1 hereof.

7.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the following information with respect to Subscriber complaints:

- (i) the total number of complaints received by Franchisee in each Borough;
- (ii) the nature and current status of all complaints received by Franchisee in each Borough, described in appropriate sub-categories, including, but not limited to, billing, equipment related issues, installation related issues, credit adjustments, missed appointments and service calls, and such other complaint categories as may be tracked in Verizon’s internal customer service system; and
- (iii) the percentage of complaints resolved and percentage of complaints outstanding in each Borough.

Section 8 **NOTICE**

8.1 Notice Required

8.1.1 The Franchisee shall provide notice to the Commissioner and all Subscribers of any of the following changes, which notice shall be provided no later than thirty (30) days prior to the effective date of any such change (provided, however, all such notices shall be provided in a manner consistent with NY PSC rules), unless the Franchisee does not know of such change at that time, in which case the Franchisee must provide such notice: (a) within five (5) business days of the date upon which the Franchisee first knows of such change, in writing to the Commissioner and electronically on the Channel on which available Cable Services are listed or any other Channel as may be designated by the Franchisee, at least ten (10) times a day during the two (2) week period immediately following such fifth business day, and (b) to all affected Subscribers in the earliest practicable monthly bill sent to Subscribers or a separate mailing made within the same period following such change:

(i) any change in the rates or charges or significant terms or conditions for the receipt of any Cable Service (provided that any such notification may be provided solely via email or via U.S. mail); or

(ii) any significant change in billing practices (provided that any such notification may be provided solely via email or via U.S. mail)

(iii) any notices with respect to programming or network changes as required under NYCLS Pub. Ser. §224-a.

The foregoing notice requirements are in addition to the notice requirements contained elsewhere in this Appendix A, including those regarding the termination of Cable Service and Outages and Service Interruptions.

8.1.2 The Franchisee shall post on the earliest practicable date at any affected Service Centers any anticipated change in the location or significant changes in the hours of operation of such Service Centers.

8.1.3 The Company shall, as part of any annual updates to its Subscriber Handbook, list any significant change of any of the policies or other information set forth in the Subscriber Handbook. On its website the Company shall make available the most current version of its Subscriber Handbook.

8.1.4 Unless otherwise explicitly provided, all notices required by Section 8.1.1 shall be in writing no later than the periods specified in Section 8.1.1, except that any notice in connection with a change in Channel Position or an increase or decrease in the number of hours a Cable Service is carried over the System may be provided electronically on the System, so long as such electronic notice is made at least ten (10) times a day during the two (2) week period prior to the effective date of such change. All notices required by Section 8.1.1 of this Appendix A shall specify, as applicable, the Cable Service or Cable Services affected, the new rate, charge, term or condition, the effect of the change, and the effective date of the change.

8.1.5 The Franchisee shall comply with any and all applicable state and local law notice requirements including, but not limited to, those required by

Section 224-a of the New York Public Service Law and Section 890 of the NY PSC regulations.

Section 9

TERMINATION OF SERVICE AND DISCONNECTION

9.1 Notice of Termination of Service. As described in Section 4.3.3 of this Appendix A, the Franchisee may terminate Cable Service to any Subscriber whose bill has not been paid after it becomes delinquent, so long as the Franchisee gives proper notice to the Subscriber as provided in Section 4.3.3 of this Appendix A and the billing dispute resolution procedures have not been initiated.

9.2 Termination on Sundays, Holidays or Evenings. The Franchisee shall not terminate Cable Service to Subscribers at any time when the Service Centers are closed.

9.3 Resubscription to Cable Service. The Franchisee shall not refuse to serve a former Subscriber whose Cable Service was terminated by the Franchisee, so long as all past bills and late charges have been paid in full, and subject to verification that any such Subscriber has a credit rating acceptable to Franchisee.

9.4 Length of Time to Disconnection. If disconnection occurs at the Subscriber's written or oral request, then, for billing purposes, it shall be deemed to have occurred three (3) days after the Franchisee receives the request for disconnection unless (i) it in fact occurs earlier or (ii) the Subscriber requests a longer period.

9.5 Scheduling Appointments. The Franchisee shall provide Subscribers with "appointment window" time blocks of no more than four (4) hours on weekdays running continuously from 7:30 a.m. to 9:00 p.m. for selection of Subscribers, during which its work crew shall visit the Subscriber's premises to disconnect service and to remove any Franchisee equipment. On Saturdays, the Franchisee shall also provide such service disconnection and equipment removal at any time between 9:00 a.m. to 5:00 p.m., but may, in its sole discretion, choose not provide "appointment window" time blocks. Further, the Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 9.5.

Section 10

CREDITS

10.1 Grounds. As a result of the Franchisee's failure to comply with these consumer protection standards, the Franchisee shall provide to each affected Subscriber or potential Subscriber, as applicable, the following credits:

(i) for any Significant Service Interruption as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable

Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Significant Service Interruption occurred for each twenty-four (24) hour period during which a Significant Service Interruption continues for at least four (4) continuous hours, provided that: (i) the affected Subscriber has reported the Significant Service Interruption to the Franchisee and (ii) the Franchisee has verified that the reported Significant Service Interruption has occurred consistent with the Subscriber's claim;

(ii) for any Outage as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Outage occurred for each twenty-four (24) hour period during which a Service Outage continues for at least four (4) continuous hours, provided that (i) the affected Subscriber has reported the Outage to the Franchisee and (ii) the Franchisee has verified that the reported Outage has occurred consistent with the Subscriber's claim;

(iii) for any Significant Outage, as defined in Section 6.2, which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access) a minimum credit in an amount equal to one-thirtieth (1/30) times the average bill for recurring charges for Cable Services (i.e., all charges for Cable Service minus nonrecurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscribers in the affected area for the then current monthly billing period for the Cable Service(s) as to which the Significant Outage occurred for each twenty-four (24) hour period during which the Significant Outage persists for at least four (4) hours, provided that: (i) the affected Subscriber has reported the Significant Outage to the Franchisee and (ii) the Franchisee has verified that the reported Significant Outage has occurred consistent with the Subscriber's claim;

(iv) for a failure of a Verizon representative to arrive at the Subscriber's premises within the appointment window period for repair service calls, a credit of \$25 will be applied to the customer's bill in the next available billing period. However, to the extent the Subscriber is not available when the crew arrives or if the crew does not have appropriate access to the Subscriber premises in order to address the service issue, this credit will not apply.

10.2 Application of Credits. With respect to any credit described in Section 10.1(i)-(iii), the Company shall, upon request of or notice from a Subscriber, provide a credit on such Subscriber's bill for Subscribers affected by a Significant Service Interruption, Outage or Significant Outage. With respect to any credit described in Section 10.1(iii), the Company shall automatically (without requiring a request from

each Subscriber) provide a credit on each Subscriber's bill for Subscribers affected by a Significant Outage that occurs, at least in part, between 6:00 p.m. and 12:00 a.m. In the event the Franchisee cannot determine all Subscribers affected by a Significant Outage in excess of four (4) continuous hours or no part of such Significant Outage occurs between the hours of 6:00 p.m. and 12:00 a.m. then Franchisee shall provide a credit to any eligible Subscriber who makes application therefor by either written or oral notice within ninety (90) days of such Significant Outage.

Section 11

MISCELLANEOUS REQUIREMENTS

11.1 Charge for Downgrades. The Franchisee may impose a charge upon a Subscriber for any downgrading of a Subscriber's Cable Service in accordance with Section 890.63 of the PSC regulations.

11.2 Overpayment Credits. If, at any time, the Franchisee becomes aware or if it is determined that a Subscriber is entitled to credit(s) otherwise than as a result of the operation of Section 10 of this Appendix A, the Franchisee shall (i) promptly credit such Subscriber's account, or (ii) in the event the Subscriber has terminated service, promptly issue a check.

11.3 Procedures for Contacting Subscribers. Following the scheduling of an appointment with any Subscriber within the time periods specified elsewhere in this Appendix A (the "appointment period"), the Franchisee shall:

(i) make a reasonable effort, within a reasonable time prior to the appointment period, to telephone the Subscriber or potential Subscriber to confirm the appointment, provided, however, that the obligation to make such telephone call shall not apply where the appointment is scheduled to occur: (i) within forty-eight (48) hours of the initial scheduling of the appointment or (ii) before or during the next business day if the request is made after 4:00 p.m. on a Friday. If such telephone call is not answered, in person or by an answering machine, the Franchisee shall use best efforts to make a second call to such Subscriber or potential Subscriber within a reasonable time thereafter to confirm the appointment; and

(ii) during the appointment period, either: (a) arrive at the Subscriber's or potential Subscriber's premises, as promised, or (b) prior to such arrival, telephone the Subscriber's or potential Subscriber's premises to determine whether the Subscriber is present during such appointment period. If, upon arrival at the Subscriber's or potential Subscriber's premises, the Franchisee is not able to secure access to the premises, the Franchisee's employee or representative shall make a reasonable effort to arrange for the premises to be telephoned immediately to determine whether the Subscriber or potential Subscriber is present. If such telephone call is not answered in person, the Franchisee shall, if possible, leave a notice under the door of the premises advising that the Franchisee did arrive at the premises during the appointment period, and the completion of such tasks shall be deemed an appropriate cancellation by the Franchisee of the scheduled appointment. In the event that, prior to arrival at the

Subscriber's or potential Subscriber's premises, the Franchisee telephones the Subscriber to determine whether the Subscriber is present at the premises and such call is not answered in person or by a device which states that the Subscriber is, in fact, present and awaiting the Franchisee's arrival, then the Subscriber shall be deemed to have cancelled the scheduled appointment.

(iii) From time to time, the Franchisee may use contractors or subcontractors to perform work at a Subscriber's premises. If the City receives a significant number of complaints from Subscribers regarding confusion in identifying such contractors or subcontractors performing work at Subscribers' premises, the City and Franchisee shall discuss and mutually agree upon a practice to address such issue.

11.4 Receipts. In connection with any transaction between the Franchisee and a Subscriber which involves a visit to a Subscriber's premises or place of business, the Franchisee will, in each such case when requested by the Subscriber, provide such Subscriber a written receipt briefly describing such transaction and the date and time thereof. The Franchisee shall reasonably seek to inform each such Subscriber in writing of the availability of such a receipt.

11.5 Governing Federal and State Law. In the event that any of the provisions of this Appendix A of this Agreement are preempted by and unenforceable under any rules or regulations promulgated by the NY PSC, adopted by the New York State legislature, the FCC or the United States Congress, the rules or regulations adopted by the applicable governing body or regulatory agency shall govern and the Franchisee's compliance with such rules or regulations shall be deemed satisfactory performance.

Section 12

FAILURE TO COMPLY WITH THESE REQUIREMENTS

12.1 Material Requirements. Any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Appendix A shall constitute a Default as defined in Section 15.1 of the body of this Agreement. Any such Default that constitutes substantial and material Default shall fall within the scope of Section 15.6.11 of the body of this Agreement and any persistent or repeated pattern of such Defaults shall fall within the scope of Section 15.6.11 of the body of this Agreement, provided that no substantial and material Default nor any persistent or repeated pattern of action or inaction in connection with this Appendix A shall be deemed to fall within the scope of Section 15.6.11 of the body of this Agreement by reason of actions or inactions which are taken in the good faith belief that such do not constitute a Default, during pendency of a good faith dispute as to whether such actions or inactions at issue constitute a Default.

12.2 Reporting. The Franchisee shall provide reports documenting its compliance with the requirements of this Appendix A and other customer service matters as set forth in Exhibit 2 attached hereto and made a part hereof.

Section 13
ANNUAL CABLE CONSUMER REPORT CARD

13.1 Annual Cable Consumer Report Card Requirements. The Franchisee shall provide an Annual Cable Consumer Report Card setting forth the information described in Exhibit 3 attached hereto and made a part hereof; provided, however, that Franchisee's obligation to provide such Annual Cable Consumer Report Card shall not commence until forty-five (45) days from the end of the first full calendar year in which each cable operator in the Franchise Area, or portion thereof, is subject to a substantially equivalent obligation as contemplated under this Section 13.1 pursuant to the terms of a valid and effective cable franchise agreement by and between each such respective cable operator and the City.

Exhibit 1 to Appendix A

DESIGNATION AND LOCATION OF SERVICE CENTERS

SERVICE CENTER

[To be filled in by Verizon]

CONSUMER PROTECTION REPORTING REQUIREMENTS

SERVICE REPORTS

Significant Outage Report (Quarterly)

The Franchisee shall provide reports of Significant Outages, Significant Outage Reports, containing the date, time, location, number of homes affected, cause and duration of each outage, and such other information as the Commissioner shall reasonably require. Franchisee shall also include information related to automatic credits provided to Subscribers in relation to Significant Outages reported.

Interconnection Report (Upon Request)

Upon request of the Commissioner, the Franchisee shall submit to the Commissioner a report detailing its compliance with the requirements set forth in Section 8.1.6 of the Agreement.

TELEPHONE REPORT

A report containing the information detailing compliance with the standards required in Section 3.4.1 of Appendix A of the Agreement shall be submitted to the Commissioner in the form contained in the attached exhibit and according to the definitions set forth herein. Such report shall be submitted on a quarterly basis, except that a report regarding Supervisor Callback Within Four Hours shall be supplied upon request. If due to technological, service or other changes the Franchisee believes changes in the form of this report is appropriate, the Franchisee may petition the Commissioner for a change in form, which the Commissioner may grant if in his or her discretion such a change is in the interest of subscribers. To the extent there are references below to voicemail systems or other call response methods that the Company does not utilize, those sections shall not apply.

A. Telephone Reporting Definitions

1. Calls Offered.

All “calls” other than those which receive busy signals, made to the Franchisee’s sales, service, pay-per-view (other than pay-per-view automatic ordering), billing and any other lines for subscribers or potential subscribers (in short, all lines other than the Franchisee’s business office lines and its automated pay-per-view ordering lines), twenty-four (24) hours a day. All calls described in this report may be initiated by a voice response unit rather than a live representative.

2. Calls Handled.

All Calls Offered to the VRU which are not Lost Calls (see below).

3. Lost Calls.

a. Number: All Calls Offered which request, or hold for, a live customer service representative (“CSR”) (i.e., calls which neither request an automated response nor leave a taped message, or request an automated response then continue to hold for a CSR) but hang up before a live CSR comes to the phone.

b. Percent: Percentage of Calls Offered which are Lost Calls.

4. Average Wait Time.

“Wait Time” is defined as the number of seconds a caller waits, after the conclusion of recorded or automated phone system instructions and routing, before the earliest of the following occurs: a live CSR comes to the phone, or the caller leaves a recorded message, or the caller hangs up. Average Wait Time is the total Wait Time of all Calls Offered, which remain on the line after the commencement of Wait Time until they receive service from a live CSR, leave a recorded message, or hang up, divided by the number of such calls. Calls Offered which hang up prior to the commencement of Wait Time will not be counted in either the numerator or denominator of this calculated average, nor will any After Hours calls.

5. All Trunks Busy.

The Total amount of time in the reporting period during which the level of use of the Franchisee’s phone lines was such that a caller attempting to call any one of the phone lines included in Calls Offered would have received a busy signal (a period is considered within All Trunks Busy if, for example, all “service” lines are busy, even if “billing” lines are available, unless the Franchisee’s system automatically rolls calls from occupied lines into available lines).

6. Overflow Device. (During Normal Hours).

a. Total Calls Seeking CSR:

All Calls Offered during Normal Hours which remain on the line at the conclusion of any recorded or automated phone system instructions and routing. This should be the same number as the denominator in the calculation of Average Wait Time.

b. Calls Receiving CSR Within Thirty (30) Seconds:

The number of Total Calls Seeking CSR which were picked up by a live CSR within 30 seconds of the commencement of Wait Time. This number shall not include any calls picked up by a CSR after thirty (30) seconds of Wait Time has run, or any calls which leave a message, or any Lost Calls.

c. Total Messages Left:

The number of Total Calls Seeking CSR which leave messages. The number in this category when added to the number in the Calls Receiving CSR Within Thirty (30) Seconds category will add up to less than Total Calls Seeking CSR, because the following types of Total Calls Seeking CSR will not be included in either category: calls which are lost because the caller hangs up after thirty (30) seconds without leaving a message and callers who receive help from a CSR after waiting more than thirty (30) seconds.

d. Messages Requiring Callbacks:

The number of Total Calls Seeking CSR which leave messages which require callbacks. The difference between this category and Total Messages Left will be callers who leave messages which do not require further contact (because, for example, the caller's message reports an outage or other problem which was resolved shortly after the call, or the message simply reports an opinion on programming content) or are unreturnable (because, for example, the caller left no phone number or identification).

e. Messages Returned Within One (1) Business Day:

This is the number of Messages Requiring Callbacks which were returned within one (1) business day (including both calls which are successfully completed and calls in which the customer does not answer the phone).

f. Automated Calls Within Thirty (30) Seconds:

The number of Calls Offered which are handled by automated interaction between the customer and the telephone and/or billing system. This number shall not include any calls which roll over to the overflow device or during which for any other reason the automated response to the caller does not commence within thirty (30) seconds of the conclusion of initial recorded or automated phone service instructions and routing.

7. After Normal Hours.

a. Calls Offered After Hours:

All Calls Offered which come in After Hours. (These calls are separate from the Overflow Device category because all After Hours callers who remain on the line after recorded and automated information has been offered are immediately rolled into the message recording system, with no regular CSR availability).

b. After Hours Messages Returned Within One (1) Business Day:

Defined in the same manner as Messages Returned Within One (1) Business Day, except this category covers the messages received After Hours.

8. Supervisor Callback Requests:

All Calls Offered, requesting contact with a supervisor, including both requests made to live CSRs as well as requests left on recorded messages.

9. Supervisor Callback Within Four Hours:

All supervisor Callback requests which are returned by a supervisor within four (4) "calling hours." "Calling hours" are defined as 9 a.m. to 10 p.m. on weekdays, 10 a.m. to 10 p.m. on weekends. (It is recognized that some late evening callers requesting a supervisor may request that a callback be made later than the early morning hours of the following day. While such callbacks should not be included in Supervisor Callback Within Four Hours, it is understood that callbacks that take longer than four hours at the request of the caller are acceptable exceptions to the four hour requirement, provided the Company keeps records of such requests and makes them available to the Commissioner at the Commissioner's request.)

Exhibit 3 to Appendix A

ANNUAL CABLE CONSUMER REPORT CARD

Subject to the terms of Section 13.1 hereof, within forty-five (45) days from the end of each calendar year, Franchisee shall post on its website, and provide to the leasing or sales office of each MDU with which Franchisee has executed a marketing agreement for Cable Service, an Annual Cable Consumer Report Card setting forth the following information on a City-wide basis:

(1) Customer service performance information, including:

- (a) Percentage of calls answered by voice response units (“VRU”);
- (b) Percentage of calls abandoned by VRU; and
- (c) Percentage of busy calls by VRU.

(2) Subscriber rights and remedies, including but not limited to contact information related to Subscriber complaints and customer service within Verizon, as well as contact information for DoITT for Subscriber issues, Subscriber credit policy, privacy notice, and billing (including a statement that Subscribers may, upon request, receive a written description of any resolution of a billing dispute) and payment information.

(3) Price of services information.

(4) Content/channel changes and improvement information.

(5) Significant Outage information, including:

- (a) Summary of categories of Significant Outages that occurred by VSO, in the Franchise Area during the preceding calendar year;
- (b) Percentage of each category of Significant Outage that occurred by VSO in the Franchise Area during the preceding calendar year; and
- (c) Remedies performed Franchisee for each category of Significant Outage during the preceding calendar year.

APPENDIX B

PEG CHANNELS

Date	Number of Channels	
Within 180 Days of the Effective Date	4 P each Borough, 5 City-wide E/G	25 channels
January 1, 2009	Additional 2 P each Borough, Additional 1 City-wide E/G	11 channels
January 1, 2012	Additional 1 P each Borough, Additional 2 City-wide E/G	7 channels
6 years after Effective Date	Additional 2 P each Borough	10 channels
	53 channels total	

APPENDIX C

FORM OF COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

[CAO]

THIS AGREEMENT (the “Agreement”) made on this [] day of [], 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon”), with a place of business at 140 West Street, New York, New York 10007 and [CAO], a New York not-for-profit corporation (the “CAO”) designated by the Borough President of [borough name] (the “Borough President”), with a place of business at [address].

WHEREAS, the City of New York (the “City”), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise (“Franchise Agreement”) to operate a Cable System (the “System”) throughout the entire territorial boundaries of the City (“Service Area”), which among other boroughs includes the Borough of [borough name] (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of [borough name]; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels (“Public Access Channels”), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the “Code”), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such

other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in [borough name]; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I -DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of [borough name], and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II -GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of DOLLAR (\$____) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a “Cash Grant”) payable as follows:

DOLLARS (\$_____) shall be due and payable within ninety (90) days of the Effective Date;

DOLLARS (\$_____) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

DOLLARS (\$_____) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

DOLLARS (\$_____) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon’s obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public

Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of [_____]. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III -OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies, in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV -PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at (_____) ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty days (180) of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a "Public Access Channel Origination Site") and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Origination Site, as designated on Exhibit 1. Upon one hundred eighty days (180) days written notice from the CAO to Verizon that a Public Access Channel Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V -MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information

that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

[balance of page intentionally left blank]

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

[CAO NAME]

ATTEST:

BY: _____
[Signatory]

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
[Signatory]

APPENDIX D

FRANCHISE FIBER RIGHT OF USE

Pursuant to the terms of Article 9 of the Franchise, and in consideration for the rights and benefits provided to the Franchisee under the Franchise, the Franchisee shall provide to the City the exclusive right to use of certain fiber optic strands as more fully described in Exhibit 1 to this Appendix D. For purposes of this Appendix D, capitalized terms used herein but not otherwise defined below shall have the meanings ascribed to such terms in the Franchise.

Section 1 DEFINITIONS

1.1 “Connection Points” shall mean the locations at which the City Equipment may be connected to the Franchise Fibers as described on Exhibit 1 to this Appendix D.

1.2 “Franchise Fibers” are identified in Exhibit 1 to this Appendix D as the span locations of the fiber optic strands to be granted to the City hereunder.

1.3 The “City Equipment” shall mean any optronic, electronic, optical, or power equipment, and any other facilities, material or equipment owned, possessed or utilized by the City in connection with the use of the Franchise Fibers, including all innerducts (and other conduit tubing) and fiber optic cable in any telecommunications network owned by the City and connecting to any of the Franchise Fibers.

1.4 “Governmental Authority” shall mean any federal, state, regional, county, city, municipal, local, territorial, or tribal government, whether foreign or domestic, or any department, agency, bureau or other administrative or regulatory body obtaining authority from any of the foregoing, including without limitation, courts, public utilities and other authorities.

1.5 “Underlying Rights” shall mean all deeds, leases, easements, rights-of-way agreements, licenses, franchises, permits, grants and other rights, titles and interests that are necessary for the construction, installation, maintenance, operation, use or repair of the Franchise Fibers and Verizon’s supporting facilities, as applicable.

1.6 “Underlying Rights Requirements” shall mean the requirements, terms, conditions, obligations, liabilities, restrictions, and/or limitations on the City’s right to use and operate the Franchise Fibers and to access, install, repair, maintain and replace the City Equipment as set forth in the Right of Use granted by Article 9 of the Franchise and this Appendix D, in the Underlying Rights, in all applicable government codes, ordinances, laws, rules, permits, approvals and regulations, and all safety, operational and other rules and regulations imposed in connection with any of the foregoing or otherwise.

1.7 “Verizon Network” shall mean all of the physical facilities constructed, maintained and/or operated by the Franchisee or its Affiliates in the City which are utilized by Franchisee or its Affiliates for the provision of services, including, without limitation, Telecommunications Services, Information Services, or Cable Services.

Section 2 GRANT OF RIGHTS

2.1 *Right of Use of Franchise Fibers:* On the terms and subject to the conditions set forth herein, and consistent with the priority list set forth in **Exhibit 1** to this **Appendix D**, Franchisee grants to the City during the Term of the Franchise an exclusive right of use of the Franchise Fibers (the “Right of Use”) solely for the City’s noncommercial use.

2.2 *Franchisee’s Title:* Franchisee shall retain undivided, absolute legal title and ownership in the Franchise Fibers and the City’s rights pursuant to this **Appendix D** and Article 9 of the Franchise shall be limited solely to the Right of Use described herein during the Term of the Franchise.

2.3 *Limitation on City’s Rights:* Nothing herein shall be construed to confer upon the City any right to maintain, modify or alter the Franchise Fibers or Verizon’s supporting facilities, or the right of physical access to the Franchise Fibers or Verizon’s supporting facilities, or the right to encumber or use Verizon’s supporting facilities or any part thereof.

Section 3 TERM

3.1 *Term:* Subject to the terms of the Franchise, Section 3.2 hereof, and the priority list set forth on **Exhibit 1** to this **Appendix D**, the City’s Right of Use shall commence on the Effective Date of the Franchise and shall terminate in accordance with Section 3.2 of this **Appendix D**.

3.2 *Termination:* Upon the earlier of: (i) the expiration of the Term of the Franchise in accordance with Section 3.2 of the Franchise or (ii) the earlier termination of the Franchise pursuant to the terms of the Franchise, the City’s Right of Use shall immediately terminate, and all rights of the City to use the Franchise Fibers, or any parts thereof, shall cease upon written notice to the City from the Franchisee of such termination (the “Termination Notice”). Upon receipt by the City of the Termination Notice, the City shall immediately cease all use of the Franchise Fibers and at the City’s sole cost and expense remove any and all City Equipment connected with the Franchise Fibers or the Verizon’s supporting facilities.

Section 4 USE OF THE FRANCHISE FIBERS

4.1 *Compliance with Underlying Rights:* The City represents, covenants and warrants that it will use the Franchise Fibers granted hereunder in compliance with and subject to the Underlying Rights Requirements and all other applicable codes, ordinances, laws, rules and regulations of any Governmental Authority having jurisdiction over such Franchise Fibers.

4.2 *Permitted Use:* Subject to the provisions of the Right of Use granted by Article 9 of the Franchise and this **Appendix D**, the City may use the Franchise Fibers for the noncommercial purposes of the City and for no other purpose. The City acknowledges and agrees nothing herein shall be construed to confer upon the City any rights to use any fibers or other equipment or facilities, other than the Franchise Fibers, included or incorporated in the Verizon's supporting facilities or any portion of the Verizon Network except as expressly set forth in the Franchise.

Section 5 UNDERLYING RIGHTS

5.1 *Franchisee Underlying Rights:* Subject to the terms and provisions of this **Appendix D**, Franchisee agrees to obtain and maintain during the Term all Underlying Rights necessary for its construction, installation, maintenance and repair of the Franchise Fibers. The Right of Use granted hereunder is subject to the terms of the Underlying Rights, and is subject to the terms under which the Underlying Rights are owned or held by the grantor or grantors of the Underlying Rights, including covenants, conditions, restrictions, easements, reversionary and other interests, bonds, mortgages and indentures, and other matters, whether or not of record, and to the rights of tenants and licensees in possession. The Right of Use granted hereunder is further subject and subordinate to the prior right of the grantor or grantors of the Underlying Rights to use the right of way for other activities, including railroad operations, telecommunications uses, pipeline operations or any other purposes, and to the prior right of Franchisee to use its rights granted under the Underlying Rights. The rights granted to the City herein, if any, are made expressly subject to each and every limitation, restriction, condition or reservation in or affecting the Underlying Rights. Nothing herein shall be construed to be a representation, warranty or covenant of Franchisee's right, title or interest with respect to any of the Underlying Rights or with respect to the City's right to benefit from any of the Underlying Rights.

Section 6 ACCESS TO CONNECTION POINTS

6.1 *Connection:* The Franchisee shall provide the City with access to the Franchise Fibers at the Connection Points designated in **Exhibit 1** to this **Appendix D**. All terminations at Connection Points will be performed by the Franchisee in accordance with Franchisee's applicable specifications and operating procedures. The cost of such terminations at all Connection Points shall be the sole responsibility of the Franchisee.

6.2 *Access to Connection Points:* The City shall provide the Franchisee with all necessary legal, technical and physical access to all Connection Points as necessary to effectuate the objectives and obligations of this **Appendix D**.

6.3 *No Access by the City:* The City will not be entitled to any physical access to the Franchise Fibers or Verizon's supporting facilities.

6.4 *Franchisee Control:* Franchisee shall control all activities concerning access to the Verizon Network, including the Franchise Fibers and Verizon's supporting facilities.

6.5 *No Maintenance or Repair by the City:* Any maintenance or repair work required respecting the Franchise Fibers required by the City for any reason, including, without limitation, splicing of the Franchise Fibers or the installation of handholes or other physical access points shall be undertaken only by Franchisee at the City's request. All such work shall be performed for such charges and on such terms and conditions as are agreed to by the Parties in writing.

6.6 *Remediation/Removal of Hazardous Materials:* To the extent the installation of any Franchise Fibers at any Connection Points requires the removal or remediation of hazardous materials, such removal or remediation shall be the sole responsibility of the City and the Franchisee shall have no obligation to perform such installation until all appropriate removal and remediation of hazardous materials has been completed by the City to the reasonable satisfaction of the Franchisee.

Section 7 OPERATIONS

7.1 *No Interference by the City:* The City shall not interfere with, or adversely affect the use by any other Person of the Verizon Network and/or any electronic or optronic equipment used by such Person in connection therewith.

7.2 *No Interference by Franchisee:* Franchisee shall not interfere with, or materially or adversely affect (or permit another Person under the direct control of Franchisee to materially interfere with, or materially or adversely affect) the City's use of the Franchise Fibers and/or the City Equipment. Franchisee further agrees that it shall use best efforts to avoid interfering with, or materially or adversely affecting, any fiber facilities, directly connected to points of entry to City buildings, owned or operated by any other entity providing similar fiber facilities to the City as Franchisee has agreed to provide pursuant to this Appendix D (the "Third Party Facilities"); provided however, that the parties hereto agree that Franchisee shall rely solely on information provided by the City and thus presumed accurate regarding the location and nature of any such Third Party Facilities and that the Franchisee shall not incur any liability pursuant to this Section 7.2 which arises due to the City's failure to provide Franchisee with accurate information with respect to the location or nature of such Third Party Facilities.

7.3 *No Obligation to Supply Electronics:* The City acknowledges and agrees that Franchisee is not supplying, nor is Franchisee obligated to supply to the City, any of the City Equipment, optronics or electronics or optical or electrical equipment, electrical power, any related facilities, or any space for the placement thereof (except as expressly agreed by the Parties pursuant to another agreement or agreements executed by the Parties), all of which are the sole responsibility of the City.

7.4 *Compliance with Applicable Authority:* The City represents, warrants and covenants that it will use and operate the Franchise Fibers and use, operate, maintain, repair and replace the City Equipment consistent with and subject to the terms of the Franchise, the Underlying Rights Requirements and all applicable codes, ordinances, laws, rules and regulations.

7.5 *Process for Response to Complaints:* Franchisee shall respond to City complaints and/or requests in accordance with the practices described on Exhibit 2 hereto.

Section 8

RELOCATION, REPLACEMENT AND CONDEMNATION OF CUSTOMER FIBERS

8.1 *Relocation Request:* If Franchisee receives notice of any request, intent or plan by any third Person (“Relocation Request”), including, but not limited to, any Governmental Authority, to relocate or require the relocation of any segment of Verizon’s supporting facilities affecting the Franchise Fibers, Franchisee shall notify the City of such Relocation Request and shall keep the City advised of the status of any such proceedings and negotiations related thereto. If relocation is required as a result of any such Relocation Request, Franchisee shall, to the extent possible, give the City at least sixty (60) days’ prior written notice of any such required relocation (“Relocation Notice”) including an estimate of the cost of such relocation. Franchisee shall have the right to relocate the Franchise Fibers and to the extent Franchisee is not reimbursed for the costs of such relocation by a third party or Governmental Authority, the City shall pay any costs associated with the relocation of the Franchise Fibers.

8.2 *Replacement:* In the event all or any part of the Franchise Fibers shall require replacement during the Term, such replacement shall be made as soon as reasonably practicable at Franchisee’s sole cost and expense; provided, however, that if the replacement of the Franchise Fibers is required as a result of the negligence or willful misconduct of the City, then Franchisee shall replace the Franchise Fibers and the City shall pay all costs associated therewith.

8.3 *Condemnation:* In the event any portion of Verizon’s supporting facilities affecting the Franchise Fibers, and/or the Underlying Rights, become the subject of a condemnation proceeding which is not dismissed within one hundred eighty (180) days of the date of filing of such proceeding and which could reasonably be expected to result in a taking by any Governmental Authority or other party cloaked with the power of

eminent domain for public purpose or use, both Parties shall be entitled, to the extent permitted under applicable law, to participate in any condemnation proceedings to seek to obtain compensation by separate awards for the economic value of their respective interests in the portion of Verizon's supporting facilities and/or the Franchise Fibers subject to such condemnation. Franchisee shall notify the City as soon as practicable of receipt of any notice of any condemnation proceeding filed against Verizon's supporting facilities, the Franchise Fibers or the Underlying Rights.

Section 9 CONFIDENTIALITY

9.1 *Proprietary and Confidential Information:* The City agrees that it shall treat any information provided to the City by Verizon pursuant this Appendix D as "proprietary and confidential" in accordance with the provisions of Section 11.1 of the Franchise.

Section 10 INDEMNIFICATION

10.1 *Indemnification:* Franchisee hereby agrees to indemnify, defend, protect and hold harmless the City, and its employees, officers, directors and agents (the "City Indemnified Persons"), from and against, and assumes liability for all suits, actions, damages, claims, losses, fines, judgments, costs and expenses (including reasonable attorneys', accountants' and experts' fees and disbursements) of any character ("Claims"): (a) suffered or incurred by the City Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property which in whole or in part arise on account of the negligent acts or omissions, of Franchisee in the construction of the Franchise Fibers and/or in the performance or non-performance of its repair and maintenance obligations or exercise of its rights under this Right of Use, including any material violation by Franchisee of any Governmental Authority; or (b) under the workers compensation laws asserted by any employee of Franchisee or its agents, contractors, customers or any other Person providing goods or services for or on behalf of any of the foregoing in connection with this Right of Use suffered or incurred by the City Indemnified Persons or any of them. Franchisee's indemnification obligations hereunder shall not be applicable to any Claims to the extent caused by, arising out of or in connection with the negligence, intentional acts or omissions or misconduct of the City Indemnified Persons or any of them.

10.2 The City hereby agrees to indemnify, defend, protect and hold harmless Franchisee and its Affiliates, and their employees, officers, directors and agents (the "Franchisee Indemnified Persons"), from and against, and assumes liability for all Claims (as defined in Section 10.1, above): (a) suffered or incurred by the Franchisee Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property (including, without limitation, the Verizon Network) which in whole or in part arise as a result of the negligent acts or omissions, of the City in the performance or non-performance of its obligations or

exercise of its rights under this Right of Use, including any violation by the City of any Underlying Right Requirements or any Governmental Authority; (b) under the workers compensation laws asserted by any employee of the City, or its agents, contractors, customers or any other Person providing goods or services to any of the foregoing in connection with this Right of Use, and suffered or incurred by the Franchisee Indemnified Persons or any of them; (c) suffered or incurred by the Franchisee Indemnified Persons or any of them and arising out of or resulting from the City's: (i) use or operation of the Franchise Fibers, or the ownership, use, operation, installation, repair, maintenance or replacement of the City Equipment (if any); (ii) the conduct of the City's business, including, without limitation, the provision of any services or the content of any video, voice or data carried through the Franchise Fibers; or (iii) the violation of any Underlying Rights Requirements applicable to the City; or (d) suffered or incurred by Franchisee Indemnified Persons or any of them and arising out of, caused by, related to or based upon a contractual or other relationship between such claiming Party and the City as it relates to the Franchise Fibers, the City Equipment, the Underlying Rights Requirements or this Right of Use, including any claim for interruption of service or in respect of service quality. The City's indemnification obligations hereunder shall not be applicable to any claims to the extent caused by the negligence, intentional acts or omissions or misconduct of Franchisee Indemnified Persons or any of them.

10.3 Either Party seeking indemnification hereunder ("Indemnatee") shall promptly notify the City or Franchisee, as appropriate, of the nature and amount of such claim and the method and means proposed by the Indemnatee for defending or satisfying such claim. The Parties shall consult and cooperate with each other respecting the defense and satisfaction of such claim, including the selection of and direction to legal counsel. Neither Party shall pay or settle any such claim without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

10.4 Subject to Section 10.5, below, nothing contained herein shall operate as a limitation on the right of either Party to bring an action for damages against any third Person, including indirect, special or consequential damages, based on any acts or omissions of such third Person as such acts or omissions may affect the construction, operation or use of the Franchise Fibers or the Verizon Network, except as may be limited by Underlying Rights Requirements; provided, however, that each Party hereto shall assign such rights or claims, execute such documents and do whatever else may be reasonably necessary to enable the other Party to pursue any such action against such third Person.

10.5 Notwithstanding the foregoing provisions of this Section 10, to the extent Franchisee is required under the terms and provisions of any Underlying Rights to indemnify the grantor or provider thereof from and against any and all claims, demands, suits, judgments, liabilities, losses or expenses arising out of or related to such Underlying Rights, regardless of the cause and regardless of whether such claims, demands, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, actions or inaction of such grantor or provider and its employees, servants,

agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right, the City hereby releases such grantor or provider from the same, regardless of whether such claims, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, willful misconduct or other action or inaction, of such grantor or provider or its employees, servants, agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right.

Section 11 ASSIGNMENT

11.1 *Assignment:* The City shall not have the right to assign any rights to use of the Franchise Fibers without the written consent of Franchisee, which consent may be withheld in its absolute discretion.

11.2 *Binding On Permitted Assigns:* Subject to the provisions of this Section, this Right of Use and each of the Parties' respective rights and obligations hereunder, shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective permitted successors and assigns.

EXHIBIT 1 TO APPENDIX D
FRANCHISE FIBER ROUTES AND SPANS

This Exhibit is filed under separate cover as it contains information that is proprietary and confidential and is exempt from disclosure pursuant to New York Public Officer's Law 87(2)(c),(d), (f) & (i).

EXHIBIT 2 TO APPENDIX D

A. Lines and Circuit Trouble/Outages:

1. For any line or circuit trouble/outage, DoITT may call in a trouble ticket to Verizon Business services at the following number: 1-800 444-1111.
2. Lines and circuits shall be identified pursuant to the designations set forth in Exhibit 1

B. Ticket Escalation

1. Trouble tickets initiated pursuant to Section A.1. above which require escalation or unique review by Franchisee, shall be addressed by the Verizon Business Service Management Team, which will make all the necessary calls and keep the customer updated as to the status of such trouble ticket in accordance with the following management review order:

1st level – Service Manager

2nd level – Manager, Service Management

3rd level – Director, Customer Service, NorthEast

2. Verizon Business is also the interface for DoITT on issues which require internal intervention with other departments (i.e. billing, provisioning, construction, engineering, maintenance, etc.).

APPENDIX E
FORM OF SECURITY

SAMPLE

EXHIBIT E-1

FORM OF PERFORMANCE BOND

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 Fifty Million Dollars (\$50,000,000), 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 a potential 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; provided, however, that to the extent the Obligee provides the Principal with any written notice of such potential default prior to such 30-day period, the Obligee shall provide the Surety with a copy of such written notice simultaneous with transmission of same to the Principal.

2. In the event of default by the Principal, Obligee shall deliver to Surety a valid court order demonstrating a final judgment not subject to appeal or further judicial relief, together with a written statement of the details of the default resulting in such judgment within thirty (30) days after the entry of such judgment, such notice to be delivered by certified mail to address of said Surety as stated herein.

3. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee. Such termination or cancellation shall not affect any liability incurred or accrued under this bond prior to the effective date of such cancellation.

4. 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.

5. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

6. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

7. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

8. This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

IN WITNESS WHEREOF, the above bounded Principal and Surety have
hereunto signed and sealed this bond effective this _____ day of _____, 2008.

Principal

Surety

By: _____

By: _____

Attorney-in-Fact

SAMPLE

EXHIBIT E-2

FORM OF LETTER OF CREDIT

This is an EXAMPLE of a letter of credit. In no way does this guarantee that the JPMorgan Chase Letter of Credit will read exactly as stated below:

Dated

OUR L/C NO.: XXXX-123456

APPLICANT REF. NO.: VZ12

TO:

CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBD STREET

NEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC.

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

ATTN:

EXECUTIVE VICE PRESIDENT

AND

GENERAL MANAGER

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT
IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO 600

DOCUMENTARY CREDIT NUMBER: XXXX-123456

DATE OF ISSUE: JUNE XX, 2008

BENEFICIARY: CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBDNEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

DATE AND PLACE OF EXPIRY:

JUNE XX, 2009

AT OUR COUNTER

DOCUMENTARY CREDIT AMOUNT: USD \$20,000,000.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.

BY PAYMENT

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO THE CITY OF NEW YORK VIA SWIFT, TELEX, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF JUNE XX, 2009. UPON SUCH NOTICE TO THE CITY OF NEW YORK, THE CITY OF NEW YORK MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING EXACTLY AS FOLLOWS:

THE AMOUNT OF THIS DRAWING USD UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER XXX REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TPTS-XXX AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR

II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF, SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS AN AUTOMATIC EXTENSION PROVISION IS EXPRESSLY INCORPORATED INTO SUCH AMENDMENT.

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A., AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT MENTIONING THEREON DRAWN ON JPMORGAN CHASE BANK, N.A., LETTER OF CREDIT NUMBER XXX WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

“THE AMOUNT OF THIS DRAWING LIMITED TO THE AMOUNT REFLECTED ON THE ACCOMPANYING COURT ORDER USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXX-123456 REPRESENTS FUNDS DUE THE CITY OF NEW YORK, NY AS:” THE APPLICANT, VERIZON NEW YORK INC., FAILED TO PERFORM UNDER MATERIAL PROVISIONS OF AGREEMENT (DATED) BETWEEN CITY OF NEW YORK, NY AND VERIZON NEW YORK INC. UNDER A COURT ORDER DEMONSTRATING A FINAL JUDGMENT IN FAVOR OF THE CITY OF NEW YORK NOT SUBJECT TO APPEAL OR FURTHER JUDICIAL RELIEF’.

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO JPMORGAN CHASE BANK, N.A., C/O JPMORGAN TREASURY SERVICES, STANDBY LETTER OF CREDIT DEPT. 4TH FL. 10420 HIGHLAND MANOR DRIVE, TAMPA, FLORIDA 33610.

CUSTOMER INQUIRY NUMBER IS 1-800-634-1969 CHOOSE OPTION 1. E-MAIL ADDRESS IS: GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

AUTHORIZED SIGNATURE

APPENDIX F

FTTP UPGRADE SCHEDULE

All dates in this schedule refer to December 31 of the year indicated, except for the year 2014, which refers to June 30.

Cumulative Prems Passed (k) - % Complete								
Boro	Type	2008	2009	2010	2011	2012	2013	2014
Manhattan	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	57%	62%	66%	73%	82%	91%	100%
	Total	57%	62%	67%	73%	82%	91%	100%
Bronx	SFU	30%	46%	59%	69%	84%	96%	100%
	MDU	6%	23%	39%	58%	75%	92%	100%
	Total	13%	29%	45%	61%	77%	93%	100%
Queens	SFU	23%	39%	55%	69%	82%	95%	100%
	MDU	7%	21%	37%	54%	72%	93%	100%
	Total	15%	30%	46%	61%	77%	94%	100%
Staten Island	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	100%	100%	100%	100%	100%	100%	100%
	Total	98%	100%	100%	100%	100%	100%	100%
Brooklyn	SFU	17%	33%	47%	63%	77%	92%	100%
	MDU	8%	27%	42%	57%	76%	93%	100%
	Total	12%	30%	45%	60%	76%	93%	100%
NYC	SFU	32%	46%	59%	71%	83%	95%	100%
	MDU	27%	40%	51%	63%	78%	92%	100%
	Total	29%	42%	54%	66%	79%	93%	100%

APPENDIX G

FRANCHISE AREA

[See Attached Map]

NEW YORK CITY LFA

New Jersey

Manhattan

Bronx

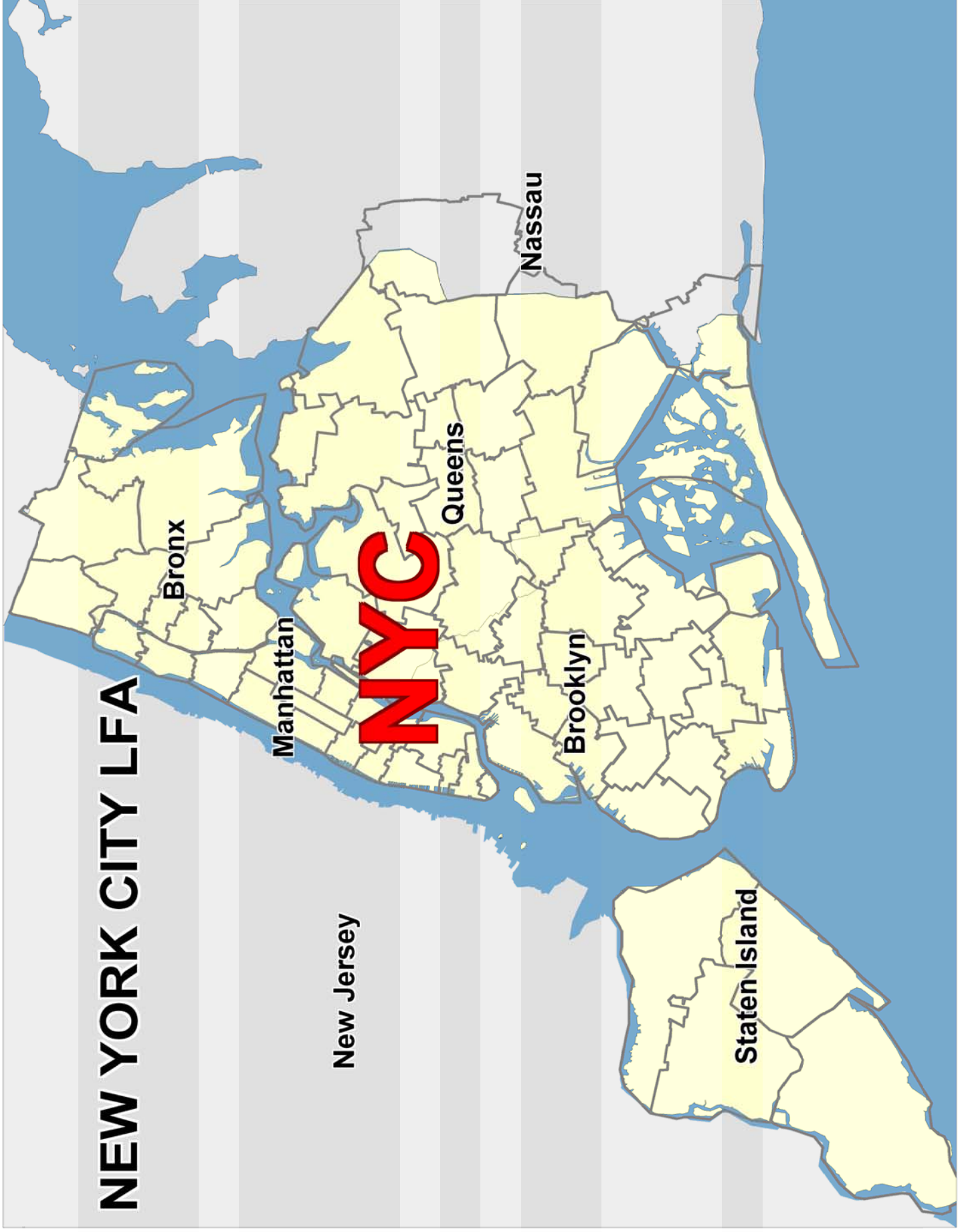
NYC

Queens

Brooklyn

Nassau

Staten Island



APPENDIX H

FORM OF GUARANTY

In consideration of the award of the Cable Franchise Agreement by and between the City of New York and Verizon New York Inc., dated _____2008, we, Verizon Communications Inc., hereby unconditionally and irrevocably agree to provide all the financial resources necessary for the satisfactory performance of the obligations of the Franchisee under the Cable Franchise Agreement and also to be legally liable for performance of the obligations of the Franchisee in case of default or revocation of the Cable Franchise Agreement.

Signature

Corporate Seal

Type or Print Name

Title & Official Name of Guarantor

Date

APPENDIX I

INVESTIGATION CLAUSE

1.1 The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

1.1 (a) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York; or

(b) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City.

1.2 (a) The commission or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(b) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to Section 1.3 below without the City incurring any penalty or damages for delay or otherwise.

1.3 The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(a) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a

member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(b) The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

1.4 The Commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

(a) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(b) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(c) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(d) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under 1.3 above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in 1.2(a) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

1.5 (a) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(b) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(c) The term “entity” as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City, or otherwise transacts business with the City.

(d) The term “member” as used herein shall be defined as any person associated with another person or entity as a partner, director, officer, principal or employee.

APPENDIX J

SYSTEM ARCHITECTURE

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

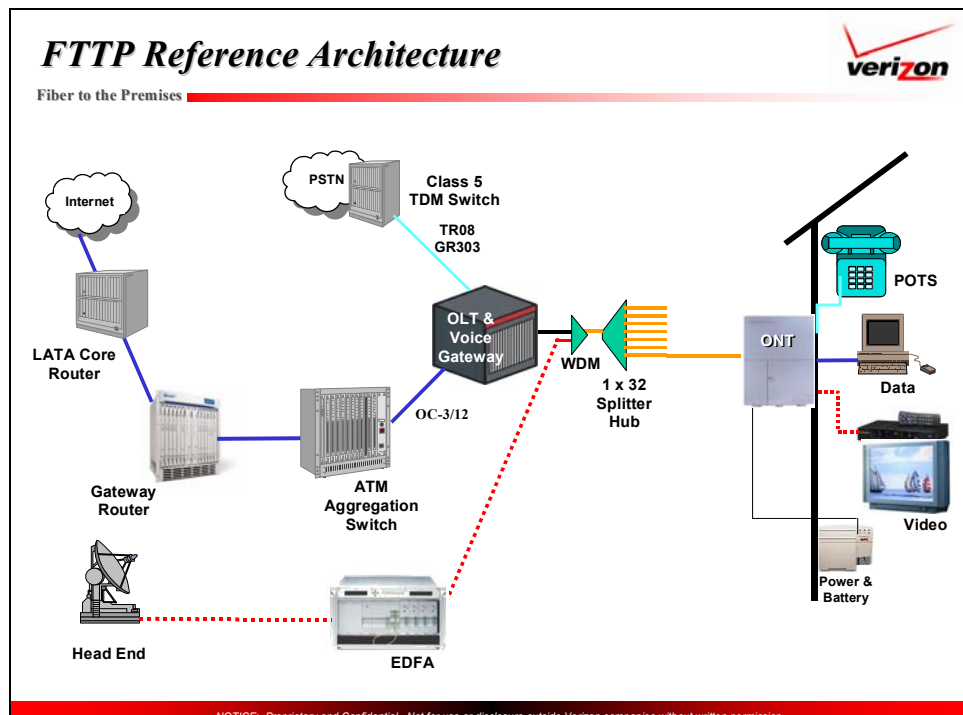
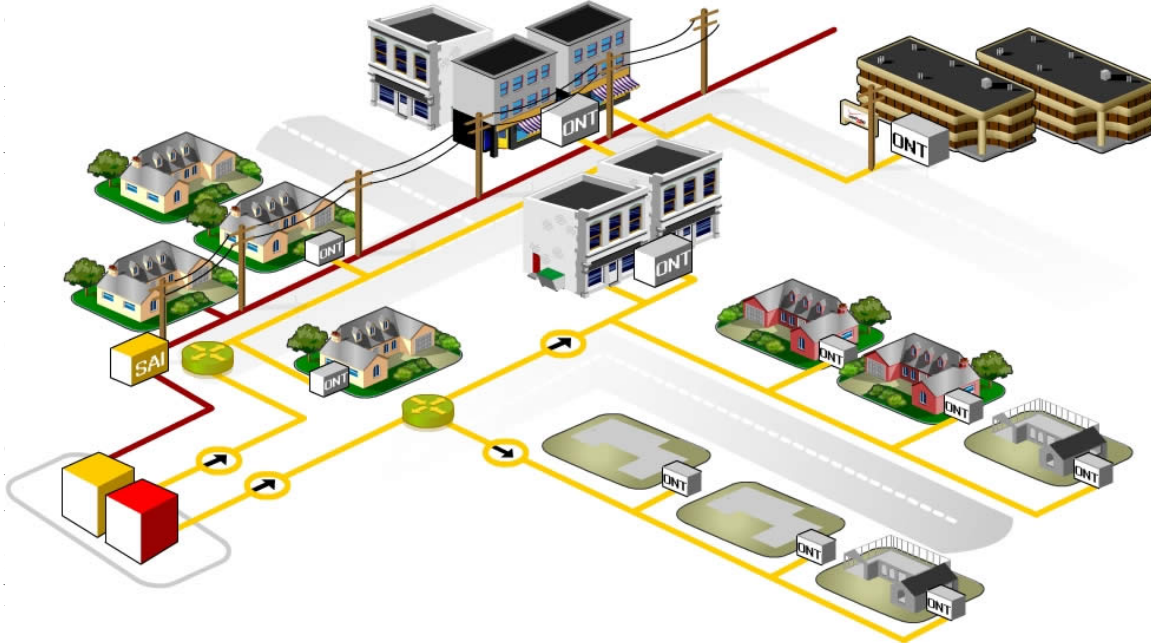


Figure 2-FTTP Full Build and Overlay Architectures

At the national or regional level, a “super” headend (SHE) shall serve as the single point



At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The

national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The VSO is a location within the central office containing FTTP equipment. If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

APPENDIX K
FORM OF FRANCHISE FEE REPORT

Franchise Fee Schedule/Report XX Quarter 2008

City of New York

Verizon - fBA

New York

Franchise Fee Rate:

5.00%

	October	November	December	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)				
Usage Based Charges (e.g. PayPer View, Installation)				
Advertising				
Home Shopping				
Late Payment				
Other Misc. (Leased Access & Other Misc.)				
Franchise Fee Billed				
PEG Fee Billed				
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation				
Franchise Fee Due				
Verizon is hereby requesting that this information be treated by the Franchise Authority as confidential business information.				

The calculations set forth herein were conducted in accordance with the applicable provisions of the cable franchise agreement by and between Verizon NY Inc. and the City of New York and Verizon's applicable internal financial policies and are true and accurate to the best of my knowledge.

Signature:

Manager, Verizon Settlement Administration

Cable Franchise Agreement

by and between

The City of New York

and

Verizon New York Inc.

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APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

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Appendix K: Form of Franchise Fee Report

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement”) is entered into by and between the City of New York, a validly organized and existing political subdivision of the State of New York (the “City”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon” or the “Franchisee”).

WHEREAS, the City 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; and

WHEREAS, the Franchisee is in the process of upgrading its existing Telecommunications Services (as hereinafter defined) and Information Services (as hereinafter defined) network through the installation of the FTTP Network (as hereinafter defined) in the Franchise Area (as hereinafter defined) which transmits Non-Cable Services pursuant to authority determined by Franchisee to have been 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 (as hereinafter defined) or Title VI of the Communications Act; and

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

WHEREAS, no cable franchisee has ever agreed to provide Cable Service throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, the City wishes to grant Franchisee a nonexclusive franchise to operate a Cable System (as hereinafter defined) throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, pursuant to Section 363(a) of the New York City Charter (the “City Charter”), franchises are to be awarded by the City in accordance with the provisions of authorizing resolutions adopted by the City Council of the City (the “City Council”); and

WHEREAS, the City Council adopted Resolution No. 538 on September 27, 2006 (the “Resolution”) which authorizes, until September 27, 2011, the Department of Information Technology and Telecommunications (“DoITT”) to grant nonexclusive franchises for the provision of cable television services; and

WHEREAS, the delivery of Cable Services is in the City’s interest, and the availability of such competitive service to all households in the City on a timely basis pursuant to the terms of this Agreement will significantly benefit the City; and

WHEREAS, the City, pursuant to the terms of the Cable Act (as hereinafter defined), has identified the City’s future cable-related community needs and interests and, pursuant to the City

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

Charter, has issued a solicitation for cable television franchises (the “Solicitation”) to which the Franchisee responded; and

WHEREAS, in response to the Solicitation, the Franchisee offered to operate and maintain a Cable System and provide Cable Services (as hereinafter defined) and to perform certain additional undertakings; and

WHEREAS, the Franchisee and the City completed arm’s-length negotiations regarding the terms and conditions pursuant to which the City intends to grant to the Franchisee, and the Franchisee intends to accept from the City, a franchise (the “Franchise”) described generally in Section 4.1 hereof and more specifically as described by the complete terms of this Agreement; and

WHEREAS, the City has, with respect to the proposed grant of the Franchise, complied with the New York State Environmental Quality Act (“SEQRA”) (Section 8-0101 et seq. of the New York State Environmental Conservation Law), the SEQRA regulations set forth at Part 617 of Title 6 of the New York Code of Rules and Regulations, and the City Environmental Quality Review process (Chapter 5 of Title 62 and Chapter 6 of Title 43 of the Rules of the City of New York); and

WHEREAS, the Department of City Planning determined pursuant to Section 363(c) of the City Charter that the grant of this Franchise would not have land use impacts or implications and therefore is not subject to the Uniform Land Use Review Procedure (“ULURP”) set forth in Section 197-c of the City Charter;

WHEREAS, the Franchisee has completed all required submissions under the City’s VENDEX process, and the City’s review thereof has been completed; and

WHEREAS, pursuant to Section 371 of the City Charter, the Franchise and Concession Review Committee (the “FCRC”) held a public hearing on the proposed Franchise terms of this Agreement memorializing the terms and conditions of the proposed Franchise; and

WHEREAS, said hearing before the FCRC was held within 30 days of the date that DoITT filed the proposed Franchise with the FCRC; and

WHEREAS, a notice of said hearing and a summary of the terms and conditions of the proposed Franchise were properly published in the City Record; and

WHEREAS, at least 15 days, excluding Sundays and legal holidays, elapsed between publication of said hearing notice and summary in the City Record and the commencement of such hearing before the FCRC; and

WHEREAS, before the FCRC hearing, the requirements regarding publication of notice of such hearing as set forth in Section 371 of the City Charter were met; and

WHEREAS, the FCRC has approved the grant to the Franchisee of the Franchise and the terms of this Agreement as described herein; and

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

WHEREAS, pursuant to Section ~~595895~~.1 of Title ~~9~~-16 of the New York Code of Rules and Regulations, the Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; the Franchisee's plans for its Cable System were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

WHEREAS, the City and the Franchisee have determined that this Agreement complies with the franchise standards set forth in the Resolution, Section 363 of the City Charter, Section 626 of the Cable Act as amended, Section 221 of the Public Service Law, the regulations of the Public Service Commission, and all other applicable laws and regulations; and

WHEREAS, the City, following said public hearing, determined that this Franchise granting the Franchisee a nonexclusive franchise complies with the franchise standards set forth in the Cable Act, the Resolution, the aforementioned Public Service Law, the regulations of the NY PSC (including any necessary waivers that the parties may seek and obtain) and all other applicable laws and regulations; and

WHEREAS, the City and 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 foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

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 and the Communications Act are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *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.

1.2. *Application:* Application of Verizon New York Inc. for a Cable Television Franchise in the City of New York, filed on April 15, 2008.

1.3. *Agreement:* This Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.5. *Borough President:* Each President of one of the five boroughs within the City of New York, any Borough President's designee, or any successor thereto.

1.6. *Cable Act:* The Cable Communications Policy Act of 1984 (codified at 47 U.S.C. §§ 521-573).

1.7. *Cable Law:* The Cable Act, 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, to the extent authorized under and consistent with federal law.

1.8. *Cable Service or Cable Services:* Shall be defined herein as it is defined under 47 U.S.C. § 522(6), as amended.

1.9. *Cable System or System:* Shall be defined herein as it is defined under 47 U.S.C. § 522(7), as amended.

1.10. *Channel:* Shall be defined herein as it is defined under 47 U.S.C. § 522(4), as amended.

1.11. *Channel Position:* Shall mean the position on a television receiver, tuner, converter or similar device which is selected to receive a specific Channel.

1.12. *Communications Act:* The Communications Act of 1934, as amended, including, without limitation, the Cable Act.

1.13. *Closing:* Shall be defined as provided in Section 2.1 hereof.

1.14. *Commissioner:* Shall mean the Commissioner of DoITT, the Commissioner's designee or any successor thereto.

1.15. *Community Access Organization ("CAO"):* Shall mean, with respect to any particular borough of the City, the nonprofit corporation that has been designated in connection with that borough pursuant to the agreements substantially in the form set forth in Appendix C to this Agreement.

1.16. *Controlling Person:* A Person with the ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee's affairs.

1.17. *Corporation Counsel:* The Corporation Counsel of the City, the Corporation Counsel's designee, or any successor thereto.

1.18. *DoITT:* The Department of Information Technology and Telecommunications, or any successor thereto.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.20. *FCRC*: Shall mean the Franchise and Concession Review Committee of the City of New York.

1.21. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, 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 Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.22. *Franchise Area*: The incorporated area (entire existing territorial limits) of the City, and such additional areas as may be annexed or acquired.

1.23. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees (including for which consent of the City is required under Article 13 hereof).

1.24. *FTTP Network*: The Franchisee's fiber-to-the-premise telecommunications network in the Franchise Area as described in the Application.

1.25. *FTTP Network Created*: All transport connections and equipment in the FTTP Network have been established and are operational to the fiber distribution terminal serving the residence requesting fiber-enabled services (whether Cable Service or Non-Cable Services). Additionally, for MDUs, Franchisee has obtained building access and prepositioned its facilities in the MDU which are necessary for serving residences within the MDU requesting fiber-enabled services (whether Cable Service or Non-Cable Services).

1.26. *Government/Educational Access Channel*: An Access Channel which the Franchisee shall make available for the sole noncommercial use of the City or for noncommercial use 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 as specified by the City, as provided in Article 8 and Appendix B to this Agreement.

1.27. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee (or any Affiliate) from the operation of the Cable System to provide Cable Service in the Franchise Area, as follows:

1.27.1. Gross Revenue includes, without limitation: all Subscriber 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 Franchisee over the Cable System in the Franchise 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,

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) video on demand and pay-per-view; (iv) revenues from the sale or lease of channel(s) or channel capacity; (v) compensation received by Franchisee that is derived from the operation of the Cable System to provide Cable Service with respect to commissions that are paid to Franchisee or an Affiliate providing Cable Service under this Franchise as compensation for promotion or exhibition of any products or services on the Cable System, such as a “home shopping” or similar channel, subject to the exceptions below; and (vi) charges described to Subscribers as attributable to Franchise Fees (as hereinafter defined) and PEG Grants. Gross Revenue shall also include all advertising revenue which is received directly or indirectly by the Franchisee ~~or~~; any Affiliate from or in connection with the distribution of any ~~s~~Service over the System (and including, without limitation, compensation for use of studio or other facilities and equipment associated with production or distribution of any programming or advertising to be distributed as part of a Cable Service). The allocation shall be based on the number of Subscribers in the Franchise 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.

1.27.2. Except as provided above, Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business and in accordance with generally accepted accounting principles (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; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, provided, however, that any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System paid to Franchisee or an Affiliate 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 City including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by the LFA, a state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity; taxes imposed on Subscribers by law, which the Franchisee is obligated to collect; any foregone revenue which 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 Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which 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 Franchisee of marketing costs incurred by 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.

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1.27.3. Gross Revenues derived from Cable Services provided over the Cable System in the Franchise Area that are provided to Subscribers as part of a bundle of services that include Non-Cable Services shall be treated in accordance with Section 10.5 hereof.

1.28. *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.

1.29. *Landlord*: The term "landlord" shall mean and include the owner or owners of the freehold of the premises or lesser estate therein, a mortgagee or vendee in possession, assignee of rents, receiver, executor, trustee, lessee, agent, or any other person, firm or corporation, directly or indirectly in control of a dwelling, or any designee of the foregoing enumerated Persons formally authorized to approve physical alterations, improvements or modifications to such dwelling including the installation of Franchisee's facilities.

1.30. *Leading Technology*: The highest level of performance and capability (including, but not limited to, with respect to plant or other equipment; transmission capacity to subscribers' premises; channel offerings; video-on-demand services; construction techniques; consumer service; facilities, equipment, systems and operations; and performance standards), that has been commonly accepted, developed and commercially deployed in the wireline cable television industry and is economically reasonable and technically feasible.

1.31. *Local Franchise Authority ("LFA" or the "City")*: The City of New York, New York, or the lawful successor, transferee, or assignee thereof.

1.32. *Multiple Dwellings ("MDUs")*: Shall have the meaning set forth therefore in NY CLS Mult D § 4(7).

1.33. *Non-Cable Services*: Any service that does not constitute Cable Service pursuant to law including, but not limited to, Information Services and Telecommunications Services.

1.34. *Non-Residential Subscriber*: A Subscriber that is not a Resident.

1.35. *Non-Standard Installation*: Any installation which does not constitute a Standard Installation as defined in Section 1.45 hereof.

1.36. *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.

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

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

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

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1.40. *Public Access Channel:* An Access Channel which the Franchisee shall make available to a CAO, at no charge, as provided in Article 8 and Appendices B and C to this Agreement.

1.41. *Public Rights-of-Way:* The surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the City and any other property within the City, to the extent to which there exist public easements or public rights of way. Public Rights-of-Way do not include the electromagnetic spectrum above the surface of a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.42. *Resident:* An occupant who: (i) resides in a dwelling which has or is entitled to receive from the City a residential certificate of occupancy, including, without limitation, a private dwelling, class A multiple dwelling, or an interim multiple dwelling; or (ii) has continuously resided in the same building as a permanent resident and who takes occupancy pursuant to a lease (or other similar arrangement) of at least six (6) months duration. For purposes of this Agreement, the terms “private dwelling,” “class A multiple dwelling,” and “interim multiple dwelling” shall have the same meaning as they have or may have in NY CLS Mult D, as such law may from time to time be amended.

1.43. *Residential Subscriber:* A Subscriber that is a Resident.

1.44. *Service Area:* All portions of the Franchise Area with a video service office (“VSO”) that is open for sales and Cable Service is being offered.

1.45. *Standard Installation:* A residence requesting Cable Service that is Video Network Created as of the date of the request for service.

1.46. *Subscriber:* A Person who lawfully receives Cable Service over the Cable System.

1.47. *Telecommunication Services:* Shall be defined herein as it is defined under 47 U.S.C. § 153(46), as amended.

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

1.49. *Video Network Created:* Video transport connections and equipment have been established and are operational to the fiber distribution terminal serving the residence requesting Cable Service. Additionally, for MDUs, Verizon has obtained building access and prepositioned its video facilities in the MDU which are necessary for serving requesting residences within the MDU.

1.50. *Video Programming:* Shall be defined herein as it is defined under 47 U.S.C. § 522(20), as amended.

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1.51. *Video Service Office or VSO:* A wire center that has been upgraded by Franchisee to be video-capable and which thereby may be opened for sales for the provision of Cable Service by Franchisee.

1.52. *Wholly Owned Affiliate:* Any entity of which 100% of the ownership interest is ultimately held by Verizon Communications, Inc.

2. CLOSING; CLOSING CONDITIONS

2.1. *Closing:* This Agreement shall be executed and the obligations herein shall commence on the closing of this Agreement (herein referred to as the “Closing”). The Closing shall be the first day on which all of the following conditions have been met and this Agreement has been fully executed and delivered:

2.2. *FCRC Resolution:* The FCRC shall have adopted a resolution approving this Franchise;

2.3. *Certified Copies of Resolutions:* The Franchisee shall have furnished the City with a certified copy of the resolution(s) duly adopted by the Board of Directors or other authorized representative of the Franchisee, approving the execution, delivery and performance of this Agreement and approving the execution, delivery and performance of all other documents, certificates, and other instruments required to be furnished to the City by and pursuant to the terms of this Agreement;

2.4. *Opinion of Franchisee’s Counsel:* The City shall have received an opinion dated as of the date of the Closing from outside counsel to the Franchisee in form and substance reasonably satisfactory to the Commissioner and the Corporation Counsel;

2.5. *Representations and Warranties:* The Franchisee shall have provided the City with a certificate of an officer of the Franchisee certifying that the representations and warranties made by the Franchisee in this Agreement are true and correct as of the Closing;

2.6. *Government Approvals:* The Franchisee shall have provided the City with evidence of approval of the transactions contemplated by this Agreement from any necessary governmental authorities, and all notice periods and waiting periods required by law to pass in connection with such transactions shall have passed, except the certificate of confirmation to be issued or renewed by the PSC pursuant to Section ~~594~~891.4 of the PSC regulations and issuance of an FCC CUID;

2.7. *Performance Bond:* The Franchisee shall have furnished to the City the Performance Bond, pursuant to Article 15 hereof;

2.8. *Security Fund/Letter of Credit:* The Franchisee shall have deposited with the City the Security Fund/Letter of Credit, pursuant to Article 15 hereof;

2.9. *Liability Insurance Policy:* The Franchisee shall have secured its liability insurance policy pursuant to Article 12 hereof;

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2.10. *Guaranty*: The Franchisee shall have secured and delivered to the Commissioner and the Comptroller a guaranty executed by the Guarantor in the form set forth at Appendix H to this Agreement, which guaranty shall have been authorized, executed and delivered by the Guarantor;

2.11. *W-9 Form*: The Franchisee shall have submitted an IRS W-9 form certifying the Franchisee's tax ID number;

2.12. *VENDEX*: The Franchisee has completed all required submissions under the City's VENDEX process, and the City's review thereof has been completed; and

2.13. *Other Documents*: The Franchisee shall have delivered such other documents as may be reasonably requested by the City.

2.14. *Waiver*: To the extent permitted by law, any of the above Closing conditions may be waived by the Commissioner, provided such waiver shall not be a waiver of any substantive requirement of this Agreement as set forth hereinafter.

3. EFFECTIVE DATE AND TERM:

3.1. *Effective Date & Term*: This Agreement and the Franchise granted herein shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following the Closing; provided that implementation of this Agreement shall be subject to the applicable registration provisions of City Charter sections 375 and 328. The term (the "Term") of this Agreement and the Franchise granted herein shall be twelve (12) years from the Effective Date, or until June 30, 2020, whichever is later, unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the City in writing of the same, which notification shall become a part of this Franchise.

3.2. *Termination*: The termination of this Agreement and the Franchise granted hereunder shall occur upon the earliest to occur of: (i) the end of the Term; or (ii) the earlier termination of the Franchise and this Agreement as provided for in this Agreement. The Franchise shall be considered revoked and terminated automatically upon any termination of this Agreement as provided hereunder.

3.3. *Renewal on Expiration*: Subject to 47 U.S.C. § 546, the City reserves the right at the end of the Term to grant, or grant on new terms and conditions, or not grant, renewal of the Franchise without any presumption in favor of a renewal of the Franchise.

4. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

4.1. *Grant of Authority*: The City hereby grants the Franchisee the right to provide Cable Service within the Franchise Area until the end of the Term, subject to the terms and conditions of this Agreement. The parties acknowledge that this Agreement is not in and of itself a sufficient source for the right of the Franchisee to occupy the Public Rights-of-Way for the provision of any service and is intended to grant such right only in accompaniment with a separate authority to occupy the affected Public Rights-of-Way. The parties further

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acknowledge (a) that this Agreement does not include all of the terms and conditions which the City would require for such occupancy, (b) that the Franchisee claims that it has preexisting authority to occupy any or all of the Public Rights-of-Way with the facilities that are being installed to provide Cable Services under this Agreement, (c) that the City disputes such claim, and (d) that such dispute is the subject of the Pending Litigation (as defined in Section 18.14 hereof). The parties further acknowledge that if the Pending Litigation results in a final determination (after all opportunities to appeal have been either pursued or expired) that with respect to any of the Public Rights-of-Way the Franchisee does not have authority preexisting this Agreement to occupy such Public Rights-of-Way, then the Franchisee's right to occupy such Public Rights-of-Way with such facilities, including for the provision of Cable Services, shall be conditional on the Franchisee's reaching agreement with the City on the terms and conditions of such occupancy, and that absent such agreement, this Agreement and the Franchise granted hereunder shall terminate immediately on written notice from the City.

4.2. *The FTTP Network:* Consistent with Section 18.14 and 18.15 hereof, upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the City's police power, the City has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

4.3. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the City 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 law or this Franchise to provide Cable Service.

4.4. *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. Further, the parties to this Franchise agree that this Franchise is consistent with applicable federal and state law and the parties agree to be bound by the terms hereof.

4.5. *No Waiver:* The failure of either the City or Franchisee 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 other (neither the City nor the Franchisee) from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

4.6. *Construction of Agreement:*

4.6.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives.

4.6.2. Nothing herein shall be construed to limit the scope or applicability of 47 U.S.C. § 545, as amended.

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4.6.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Agreement, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on either party of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

4.7. *Police Powers:* Nothing in this Franchise shall be construed to prohibit the City's reasonable, necessary and lawful exercise of the City's police powers, including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the City may deem necessary in the exercise of its police power, including any lawful right to compel relocation of Cable System facilities in the Public Rights-of-Way in the event of sewer and water line work, road-widenings and other adjustments to the Public Rights-of-Way, and the provisions of New York City Administrative Code § 6-115.1 (the "MacBride Principles"); provided, however, that such laws and regulations are reasonable and not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

4.8. *Restoration and Inspection of Municipal Property:* In order to avoid interference with the City's ability to deliver public services, any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

4.9. *Restoration of Subscriber Premises:* The Franchisee shall ensure that each 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, provision or disconnection of Cable Service.

5. DEPLOYMENT; PROVISION OF CABLE SERVICE

5.1. *Initial Deployment:* Subject to the exceptions and checkpoint extensions set forth in this Article, the FTTP Network will pass all households served by Franchisee's wire centers within the Franchise Area in accordance with the table attached hereto as Appendix F, with final completion no later than June 30, 2014. For purposes of this Agreement including Appendix F, "pass" or "passage" of a household shall mean MDU's whether or not network created and single family units whether or not a drop is installed.

5.1.1. *Exceptions:* The FTTP Network deployment schedule set forth in Appendix F shall be subject to the following exceptions: (A) for periods of Force Majeure; (B) for periods of delay beyond the normal permitting or approval time period, or due to issuance of a stop work order issued by the City, where such stop work order is not caused by action on the part of Franchisee; and (C) for periods of delay resulting from Franchisee's inability to obtain authority to access private rights-of-way.

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5.1.2. *Checkpoint Extensions:* Within thirty (30) days of each of the dates set forth below (each, a “Checkpoint”), the Franchisee shall conduct an evaluation of its “video penetration rate” (as hereinafter defined) in the Franchise Area and, in the event such evaluation determines that Franchisee has not achieved the applicable video penetration rate at each such Checkpoint, the Franchisee shall be afforded an extension of its deployment and service availability obligations pursuant to Sections 5.1, 5.2 and 5.3 hereof, in accordance with the following:

5.1.2.1. *First Checkpoint:* If, by June 30, 2010, Franchisee has achieved a video penetration rate in the Franchise Area which is less than fifteen percent (15%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.2. *Second Checkpoint:* If, by June 30, 2011, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty percent (20%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.3. *Third Checkpoint:* If, by June 30, 2012, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty-five percent (25%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such Ceheckpoint being proportionately extended to reflect the extended final completion date.

5.1.2.4. For purposes of this Agreement, the term “video penetration rate” shall mean:

FiOS TV billable lines in service
(FTTP passed single family units whether or not a drop is installed
+ residential units within FTTP network created MDU's)
in VSOs that are open for sales (OFS).

5.1.3. In the event Franchisee seeks to exercise its right to an extension of its deployment and service availability obligations at any Checkpoint pursuant to this Section 5.1, Franchisee shall, within sixty (60) days from the applicable Checkpoint, provide the City with written documentation, in a format to be reasonably determined by Franchisee, justifying the basis for Franchisee's exercise of such extension. Such written documentation shall be treated as confidential and proprietary consistent with Section 11.1 hereof, and shall include, the number of residential units within FTTP Network Created MDUs and FTTP passed single family units (hereinafter, “SFUs,”) along with other elements of the formula set forth in Section 5.1.2.4 of this Agreement, as may be reasonably necessary to satisfy the objectives of this Section 5.1.3.

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5.1.4. Consistent with the schedule set forth in Appendix F, nothing herein shall be construed to limit Franchisee's discretion with respect to the order of geographic areas to be wired, provided, however, that at each Checkpoint described above, the estimated median household income of all homes passed shall not be greater than the average household income of all households in New York City (based on the calculations set forth in the 2000 census data).

5.2. *VSO Conversions:* Subject to periods of Force Majeure and the checkpoint extensions set forth at subsection 5.1.2 above, not later than June 30, 2014, Franchisee shall have completed the upgrade of all of Franchisee's wire centers located within or serving the Franchise Area such that all of Franchisee's wire centers within or serving the Franchise Area constitute video-capable VSOs open for sales.

5.3. Service Availability:

5.3.1. *Initial Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units, at Franchisee's expense, except that Franchisee may charge a standard installation fee, and may make Cable Service available to businesses, in conformance with Section 5.4. The parties hereto agree that the terms of this Section 5.3.1 satisfy the minimum standards set forth in 16 NYCRR Section 895.5.

5.4. *Provision of Service:* Subject to the exceptions set forth in Subsection 5.5 hereof, Franchisee shall make Cable Service available to all residential dwelling units in the Service Area. Franchisee agrees that it shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area.

5.4.1. *Installations of Cable Service – Standard Installations:* Franchisee shall perform all Standard Installations of Cable Service within seven (7) business days after any such request is received by the Franchisee, unless a later date is agreed to with the requesting potential residential Subscriber.

5.4.1.1. If the Franchisee is unable to fulfill a potential residential Subscriber's request for Standard Installation of Cable Service within seven (7) business days of Franchisee's receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), the Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for Franchisee's inability to perform the requested Standard Installation within seven (7) business days or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); and (ii) the date by which Franchisee anticipates performing such Standard Installation. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Standard Installation request subsequent to the later of: (i) the date which is seven (7) business days from the date which is seven (7) business days following a potential Subscriber's initial request for Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

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5.4.1.2. All Standard Installations will be in accordance with FCC requirements governing appropriate grounding and connection of equipment to ensure reception of Cable Service.

5.4.1.3. Consistent with the requirements of Appendix A the Franchisee will offer Subscribers “appointment window” alternatives for arrival to perform all Standard Installations.

5.4.2. *Installations of Cable Service – Non-Standard Installations:* Franchisee shall perform all Non-Standard Installations of Cable Service within six (6) months after any such request is received by the Franchisee, unless either a later date is agreed to with the requesting potential residential Subscriber or Franchisee advises the requesting potential residential Subscriber of the current unavailability of Cable Service at the location as set forth in Subsection 5.4.2.1.

5.4.2.1. If the Franchisee is unable to fulfill a potential residential Subscriber’s request for Non-Standard Installation of Cable Service within six (6) months of Franchisee’s receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for the current unavailability of Cable Service at the requesting location; and (ii) a good faith estimate of the date by which Franchisee believes that Cable Service may be available at the location. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Non-Standard Installation request subsequent to the later of: (i) the date which is six (6) months from the date which is six (6) months following a potential Subscriber’s initial request for Non-Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

5.5. *Exceptions:* Franchisee’s Cable Service availability obligation as set forth in Section 5.4 shall be subject to the following exceptions: (A) where the FTTP Network has not been deployed or a VSO is not yet opened for sales; (B) for periods of Force Majeure; and (C) periods of delay caused by Franchisee’s inability, after good faith efforts, to obtain valid legal authority to access any MDU in the Franchise Area for the purpose of providing Cable Service to units within such MDU on other than commercially unreasonable terms and conditions with respect to each such MDU.

5.5.1. *Commercial Unreasonability:* The phrase “commercially unreasonable terms and conditions” means any one or more of the following circumstances:

5.5.1.1. The landlord is imposing buildout, installation and/or maintenance requirements to serve the MDU that require a financial investment which results in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee’s weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$;

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5.5.1.2. The landlord is requiring removal or other remediation of hazardous materials;

5.5.1.3. The landlord, despite the legal requirements of Public Service Law Section 228, is demanding payment above the compensation contemplated by Section 228; and

5.5.1.4. A bulk sales, exclusive marketing or other arrangement is in effect in the MDU that reduces Franchisee's reasonably anticipated penetration rate resulting in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee's weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$.

5.5.2. *Access:* The phrase "Franchisee's inability, after good faith efforts, to obtain valid legal authority" as used herein shall be understood in the context, where applicable, of the legal obligations of landlords under Section 228 of the New York State Public Service Law ("Section 228"), or any successor provision of like effect, and therefore in instances in which the Franchisee believes that a landlord is in violation of Section 228, Franchisee is obligated to provide such landlord with notice of Section 228 and the legal obligations imposed upon such landlord pursuant thereto and pursue remedies available thereunder as appropriate in Franchisee's judgment, acting reasonably.

5.5.2.1. *Additional Procedures:* Beginning July 1, 2012, in each case in which the Franchisee needs to obtain access to the property in response to a request for Cable Service where the FTTP Network has been deployed and the VSO is opened for sales, Franchisee shall undertake (and document in written form) the following steps within the following time periods:

5.5.2.1.1. Send promptly (but in no event later than thirty (30) days after receipt of a request for Cable Service) to the property owner or managing agent notice of its intent to wire for Cable Service;

5.5.2.1.2. Attempt to negotiate a survey date and ~~writing~~ wiring method with the property owner or agent;

5.5.2.1.3. If not yet successful in obtaining access, send a second (2nd) notice of intent to wire including specific reference to Franchisee's access rights, and attempt to wire;

5.5.2.1.4. If the property owner or agent prevents wiring, request assistance from the Commissioner and/or the PSC; and

5.5.2.1.5. If access is not provided within one hundred and eighty (180) days of the first notice to the property owner or agent of intention to wire, file a petition pursuant to 16 NYCRR § 898.4 seeking an order for entry to the property.

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5.5.2.2. The Commissioner may waive, or extend the dates for complying with, the requirements of this Section 5.5.2 upon a showing of good cause by the Franchisee.

5.6. *Periodic Reevaluation:* In the event that Franchisee delays service availability to any MDU in the Franchise Area pursuant to the terms of Section 5.5, Franchisee agrees that it will conduct periodic reevaluations of each such MDU to determine whether circumstances have changed in a manner that would enable Franchisee to obtain valid legal authority to access such MDU on commercially reasonable terms and conditions.

5.7. *Technology and Education Fund/Municipal Facilities Service Grant:* In lieu of, and in satisfaction for, the Franchisee's obligation to provide free service outlets and free Cable Service to public buildings, and in order to further the City's objective of funding technological and educational needs throughout the City, the Franchisee hereby agrees to pay to the City the aggregate sum of Four Million Dollars (\$4,000,000)(the "Technology, Educational & Municipal Facilities Grant") payable in accordance with the following schedule: (i) the first (1st) Technology, Educational & Municipal Facilities Grant payment in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) shall be payable on the date which is thirty (30) days from the Effective Date hereof; (ii) the second (2nd) Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the fourth (4th) anniversary of the Effective Date hereof; and (iii) the third (3rd), and final, Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the seventh (7th) anniversary of the Effective Date hereof.

5.7.1. The Technology, Educational & Municipal Facilities Grant will be used by the City to support the provision of technology services to City government locations and/or City government-related locations in each of the five boroughs of the City where technology services are made or to be made available to the community, such as (for example) New York City Housing Authority community centers, City Department for the Aging community centers and similar facilities. Decisions as to the specific facilities to be supported by said Technology, Educational & Municipal Facilities Grant within each borough shall be made by the City in consultation with the Borough President of the applicable borough. Franchisee shall exercise no discretion as to the allocation or distribution of funds from the Technology, Educational & Municipal Facilities Grant in any manner whatsoever.

6. SYSTEM FACILITIES

6.1. *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and in a manner that limits disruption to public use of City streets, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner, and in a manner which protects the City's property from damage.

6.2. *System Characteristics:* During the Term hereof, Franchisee's Cable System as described in Appendix J, shall meet or exceed the following requirements:

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6.2.1. The System shall initially be designed and operated with a digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

6.2.2. 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.

6.2.3. The Cable System must conform to all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, and shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry procedures:

6.2.3.1. Cable Law;

6.2.3.2. Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

6.2.3.3. National Electrical Code;

6.2.3.4. National Electrical Safety Code (NESC).

6.3. Cable System Tests and Inspections:

6.3.1. The Franchisee shall perform all tests necessary to demonstrate compliance with the requirements of the Franchise, and to ensure that the Cable System components are operating as required; provided, however, that Franchisee's testing obligations under this Article 6 shall be limited solely to those tests which are designed for, and applicable to, a fiber optic network transmitting optical spectrum. All tests shall be conducted in accordance with federal rules and any applicable United States National Cable Television Association's Recommended Practices for measurement and testing. In the event that the FCC's technical performance standards are repealed or are no longer applicable to the Cable System, such standards shall remain in force and effect until the Commissioner, or a designee thereof, and the Franchisee agree to new standards.

6.3.2. The Franchisee shall conduct tests as follows:

6.3.2.1. Proof of Performance tests on the Cable System at least once every six (6) months or as required by FCC rules, whichever is more often, except as federal law otherwise limits the Franchisee's obligation. In consultation with DoITT, the Cable System monitor test points shall be established in accordance with good engineering practices and consistent with FCC guidelines;

6.3.2.2. Special Proof of Performance tests, as limited by the City, of the Cable System or a segment thereof when Subscriber complaints indicate tests are warranted;

6.3.2.3. Tests shall be supervised by a senior engineer of the Franchisee, who shall sign all records of tests provided to the City;

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6.3.2.4. The City shall have the right to designate a City employee (or a third party consultant operating on the City's behalf, provided that such third party consultant executes, in advance, a nondisclosure agreement in a form reasonably acceptable to Franchisee) to visually inspect Franchisee's Cable System in order to verify compliance with Section 6.1 hereof and witness and/or review all required Proof of Performance Tests. The Franchisee shall provide the City with at least two (2) business days' notice of, and opportunity to observe, any such Proof of Performance Tests performed on the Cable System;

6.3.2.5. The Franchisee shall retain written reports of the results of any tests required by the FCC, and such reports shall be submitted to the City upon the City's request. The City shall have the same rights the FCC has to inspect the Franchisee's performance test data;

6.3.2.6. If any test indicates that any part or component of the Cable System fails to meet applicable requirements, the Franchisee, without requirement of additional notice or request from the City, shall take corrective action, retest the locations and advise the City of the action taken and results achieved, and supply the City with a copy of the results within thirty days from the date corrective action was completed; and

6.3.2.7. The Commissioner may, for good cause shown, waive or limit the system test and inspection provisions in this Section 6.3.

6.4. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area, and, to the extent necessary to effectuate the objectives of Article 8 hereof, with agreed upon CAO facilities. Franchisee shall use reasonable efforts to interconnect its Cable System with the existing cable operator(s). Franchisee shall initiate interconnection negotiations with the existing cable operator(s) to cablecast, on a live basis, Public, Educational and Governmental Access programming consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall attempt to negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. The Franchisee and the existing cable operator(s) shall negotiate the interconnection agreement on reasonable terms and conditions. If, despite Franchisee's reasonable efforts, Franchisee is unable to successfully negotiate interconnection of its Cable System with the existing cable operator(s), the City shall make all best efforts to facilitate such negotiations between Franchisee and such other cable operator(s).

6.5. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

6.6. *Program Services:* Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be

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interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels).

7. LEADING TECHNOLOGY

7.1. *Leading Technology:* The parties hereto acknowledge and agree that the FTTP Network, and the Cable Services provided thereby, as described in Appendix J, will when built constitute a “Leading Technology” that includes more extensive fiber facilities, in lieu of coaxial cable facilities, than is currently, or ever has been, provided by any other Cable Service provider within the City as of the Effective Date.

7.1.1. The Franchisee will, at the City’s request (but not before the first anniversary of the Effective Date of the Franchise Agreement and not more often than once in any thirty-six (36) month period), prepare and submit to the City a report (in a mutually agreeable format) setting forth the Franchisee’s review and assessment of the current state of cable technology and its current plans, if any, to enhance its Cable System (provided however, that this reporting requirement will be in abeyance to the extent that a substantial competing franchisee delivering service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the City is then using a system in the City that fails to provide at least comparable capacity, reliability and feature richness to Franchisee’s system).

7.1.2. Upon the submission of each report as described in the preceding Section 7.1.1 the City may undertake an evaluation of such report, with an opportunity for Franchisee to comment on any City evaluation, and Franchisee will subsequently commence good faith discussions with the City, and implement agreements resulting from such good faith discussions, regarding enhancements, if any, to be made to the Cable System to maintain its leading technology status (provided however, that the requirement pursuant to this Section 7.1.2. will be in abeyance to the extent that a substantial competing franchisee delivering Cable Service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the Franchise Area is then using a system in the Franchise Area that fails to provide at least comparable capacity, reliability and feature richness to the FTTP Network).

8. PEG SERVICES

8.1. PEG Set Aside:

8.1.1. In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall, not later than one hundred eighty (180) days from the Effective Date (or, with respect to any Governmental/Educational Access Channels, such later date as may be agreed upon by the City and Franchisee in the event Franchisee reasonably requests an extension in order to complete necessary work), provide on the Basic Service Tier use of twenty-five (25) access channels in total, as set forth immediately below in Section 8.1.1.1 (each, an “Access Channel”):

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8.1.1.1. *Public Access Channel*:. Four (4) Public Access Channels for each Borough (i.e. four (4) Public Access Channels for Manhattan, four (4) Public Access Channels for Staten Island, four (4) Public Access Channels for Brooklyn, four (4) Public Access Channels for the Bronx, four (4) Public Access Channels for Queens).

8.1.1.2. *Government/Educational Access Channels*: Five (5) Governmental/Educational Access Channels, one of which is designated by the City for Educational Access Channel programming, which are cablecast City-wide.

8.1.2. In addition to providing the Access Channels described in Section 8.1.1 above, the Franchisee shall provide the City with the following additional Access Channels on the Basic Service Tier, subject to the conditions set forth below:

8.1.2.1. No sooner than January 1, 2009, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City: (i) an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels); and (ii) one (1) additional Governmental/ Educational Access Channel which shall be cablecast City-wide.

8.1.2.2. No sooner than January 1, 2012, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City: (i) one (1) additional Public Access Channel for each Borough (for a total of five (5) additional Public Access Channels); and (ii) two (2) additional Governmental/Educational Access Channels which shall be cablecast City-wide.

8.1.2.3. No sooner than the date which is the sixth (6th) Anniversary of the Effective Date hereof, and within one hundred eighty (180) days of Franchisee's receipt of a written request from the City, Franchisee shall provide to the City an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels).

8.1.2.4. No single additional Governmental/Educational Access Channel or additional Governmental/Educational Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee unless all existing Governmental/Educational Access Channels are providing original, non-text, non-duplicative programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months. With respect to the Public Access Channels to be carried in each Borough, no single additional Public Access Channel or additional Public Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee in the applicable Borough unless all existing Public Access Channels in the applicable Borough are providing programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months.

8.1.3. The City hereby authorizes Franchisee to transmit all Access Channel programming within and without City jurisdictional boundaries. In the event that one or more Public or Governmental/Educational Access Channels are not being utilized by the City or the CAO's, the provisions of 16 NYCRR 895.4 (c)(12) shall be applicable.

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8.1.4. Within ten (10) days after the Effective Date of this Agreement, the City shall notify Franchisee of the programming to be carried on each of the Public or Governmental/Educational Access Channels set aside by Franchisee as listed in Appendix B. Thereafter, Franchisee shall assign the Public or Governmental/Educational Access Channel programming on such Public or Governmental/Educational Access Channels on its channel lineup as set forth in such notice, to the extent such Access Channel assignments do not interfere with any pre-existing channels assignments or contractual obligations. Franchisee shall not be required to make Borough-specific Public or Governmental/Educational channels available to Subscribers until one or more VSOs in the specific borough are open for sales.

8.1.5. The Franchisee shall carry the programming on each of the respective Public or Governmental/Educational Access Channels as indicated in Appendix B. In the future, the Franchisee shall assign the Public or Governmental/Educational Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of the Franchisee's respective channel lineup. The Franchisee shall not arbitrarily or capriciously change such channel assignments, and the Franchisee shall minimize the number of such changes; provided, however, that the Franchisee may change such channel assignments as it deems appropriate so long as (i) the Franchisee gives the appropriate CAO(s) or the Governmental/Educational/Access Channel programmer ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) the Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such Public or Governmental/Educational Access Channels changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising contemplated under this Section 8.1.5), and (B) providing notice of such changes in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

8.1.6. *Governmental/Educational Interconnection:* The City shall designate in writing to the Franchisee up to one (1) physical site for each Governmental/Educational Access Channel provided pursuant to Section 8.1 hereof (for a total of up to eight (8) sites) within the Franchise Area for the purpose of interconnection of Governmental/Educational Access Channel facilities with the Cable System (each, a "GE Access Interconnection Site").

8.1.6.1. Upon one hundred eighty (180) days written notice from the City (or such later date as may be agreed upon by the City and the Franchisee) and subject to the successful completion of all required site preparation work by the City and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the City, provide upstream Governmental/Educational Access Channel transmission connections between its video channel aggregation point and each of the GE Access Interconnection Sites in

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order to permit the signals to be correctly routed from the GE Access Interconnection Site for the distribution to Subscribers.

8.1.6.2. The City shall provide to Franchisee at the GE Access Interconnection Sites a suitable video signal and a suitable audio signal for each Governmental/Educational Access Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the Governmental/Educational Access Channel signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the City as is reasonably necessary for Franchisee to fulfill such obligations; provided, however, that neither Franchisee nor the required site work contemplated hereunder shall impose any unreasonable material burdens on the City.

8.1.6.3. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Governmental/Educational Access Channel signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Governmental/Educational Access Channel facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the City, make such changes in either the equipment and facilities referred to in this Subsection 8.1.6 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

8.1.7. *Community Access Organizations:* The respective Borough Presidents have each designated an independent, not-for-profit, nonmembership corporation, organized pursuant to the New York Not-for-Profit Corporation Law, to serve as the Community Access Organization for the applicable Borough, under whose jurisdiction the Public Access Channels shall be placed for purposes of Article 8 of this Agreement. The CAO's shall undertake such activities and shall adopt such rules and regulations as are required, and may adopt rules and regulations not inconsistent with this Agreement, the CAO Agreements (as hereinafter defined) attached as Appendix C to this Agreement, the Certificate of Incorporation of the CAO's, the By-Laws of the CAO's, the rules and regulations of the Public Service Commission, and applicable law. The CAO's shall each maintain tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986, as amended.

8.1.8. *Use of Public Access Channels.* The Public Access Channels for each Borough shall be under the jurisdiction of the CAO for such Borough. Such Public Access Channels shall be used for the purpose of distributing noncommercial services by the public, any other charitable, nonprofit purpose or other similar purpose, including, without limitation, the generation of revenues by activities reasonably related to such uses and purposes, or any other purpose agreed to between the Franchisee and the CAO.

8.1.8.1. *Public Access Interconnection:* The Franchisee shall effectuate the interconnection of any Public Access Channel facilities with the Cable System for purposes

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of transmitting the Public Access Channels contemplated in this Article 8 in accordance with the terms of the CAO Agreements (as hereinafter defined).

8.1.9. *No Editorial Control by Franchisee:* The Franchisee shall not exercise editorial control over programming or distribution of services over any Access Channel used by any Person(s), so long as such Access Channel is being used for the purposes authorized herein and except where the Franchisee is utilizing any such Access Channel pursuant to the fallow time provisions of the Cable Law.

8.1.10. *PEG Channel Quality:* Each Public and Governmental/Educational Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee's lowest tier of service, provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any Public or Governmental/Educational Access Channels content provided to Franchisee by any Public or Governmental/Educational Access Channel programmer.

8.2. *Governmental and Educational Access Grant:* Franchisee shall provide a grant to the City in the amount of Ten Million Dollars (\$10,000,000) in twelve (12) equal annual installments of Eight Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents (\$833,333.33) over the Franchise Term to be used in support of the production of local Governmental/Educational Access programming (the "Annual GE Grant"). Each annual installment of the Annual GE Grant shall be payable to the City by the Franchisee not later than the date which is sixty (60) days from each anniversary of the Effective Date during the Term hereof (except for the first installment of the Annual GE Grant, which shall be payable not later than the date which is sixty (60) days of the Effective Date). Such grant shall be used solely by the City for Educational Governmental Access, capital costs. Upon request by Franchisee, the City shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 8.2.

8.3. *Community Access Grant:* Franchisee shall pay to the CAO's certain funding (collectively, the "CAO Grants") pursuant to the terms of certain Community Access Organization Grant and Use Agreements by and between the respective CAO's in the City and the Franchisee (collectively the "CAO Agreements"), substantially in the form attached hereto as Appendix C. The Franchisee and the City acknowledge and agree that:

8.3.1. the amount of the CAO Grants and the terms and conditions of the CAO Agreements were negotiated solely between the Franchisee and the respective CAO's and the City was not a party to any such negotiations;

8.3.2. the CAO Grants, or any portion thereof, shall not constitute a deduction against Franchise Fees payable to the City by Franchisee pursuant to this Agreement; and

8.3.3. consistent with applicable federal and state law, the City shall not exercise any editorial control over any programming carried on any Access Channels set aside for any CAO's pursuant to this Agreement or the CAO Agreements.

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8.4. *Franchisee PEG Liability Immunity:* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any Access Channels.

8.5. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.7 from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the forgoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

9. INET

Requirements for an Institutional Network are set forth in Appendix D.

10. FRANCHISE FEES

10.1. *Payment to City:* Franchisee shall pay to the City 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. In the event that said payments are not received by the LFA within forty-five (45) days following the end of the applicable calendar quarter, following at least thirty (30) days written notice from the LFA that the Franchise Fee has not been paid, Franchisee shall pay interest on such overdue Franchise Fee amount at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the LFA retroactive to the first day that such Franchise Fee payment was due. 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.

10.2. *Acceptance of Payment:* No acceptance of any such payment shall be construed as an accord that the payment is the correct amount, nor shall such acceptance of payment be construed as a release of any claim the City may have for further or additional sums payable under this Agreement. Nothing herein shall be construed in such a way to affect a waiver by either party of applicable statutes of limitation with respect to Franchise Fee payments.

10.3. *Supporting Information:* Along with each quarterly Franchise Fee payment, the Franchisee shall submit to DoITT, or such other entity as the Commissioner may designate, with a copy to the Comptroller, a report in a form reasonably acceptable to the Commissioner (a form of such report that is currently in acceptable form is attached hereto as Appendix K) showing the basis for the computation for such quarterly Franchise Fee payment.

10.4. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due. Franchisee shall maintain the records necessary to

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confirm the accurate payment of Franchise Fees during this period and during any pendency of litigation.

10.5. *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 10 are provided to Subscribers in conjunction with Non-Cable Services, and the total cost of the bundle reflects a discount from the aggregate retail prices of the services contained therein, the Franchise Fee shall be applied to the retail price of the Cable Services in the bundle reduced by no more than a proportionate share of the overall discount.

10.5.1. By way of illustrative example of the formula described in the foregoing Section 10.5, if Cable Service A is sold separately at a price of \$40 a month, Non-Cable Service B is sold separately at a price of \$40 a month and Non-Cable Service C is sold separately at a price of \$40 a month, but the three services when purchased together are sold for \$100 a month, the amount of the \$100 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$33.33 per month. As a second example, if Cable Service A is sold separately at a price of \$50 a month, Non-Cable Service B is sold separately at a price of \$63 a month, Non-Cable Service C is sold separately at a price of \$74 a month, but the three services when purchased together are sold for \$150 a month, the amount of the \$150 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$40.11 per month.

10.6. *626 Offset*: 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; provided, however, that the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all other existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Franchise Area expressed in writing in the franchise agreement, or the renewal of any existing franchise agreement of each respective cable provider. 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 Franchisee's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

11. REPORTS AND RECORDS

11.1. *Open Books and Records*: Upon reasonable written notice to the Franchisee and consistent with Section 11.1.1 below, the City shall have the right to inspect Franchisee's books and records pertaining to 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, including, but not limited to, the calculation of Franchise Fees in accordance with Section 10.5 hereof. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the City. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Any records to be inspected by the City pursuant to this Article 11 shall be made available by Franchisee to the City in a mutually agreeable format and location, including, at the City's request, at a designated office of the Franchisee in the City.

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Notwithstanding anything to the contrary set forth in this Agreement, 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive. Any information disclosed to the City that the Franchisee reasonably identifies as confidential or competitively sensitive (including, without limitation, financial information related to the calculation of Franchise Fees) shall be treated by the City as confidential under Section 87(2) (d) of the New York Public Officers Law and the City shall disclose such information only to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. If the City receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, competitively sensitive, a trade secret or proprietary, the City shall notify Franchisee of such request. If the City determines in good faith that public disclosure of the requested information is required under FOIL or pursuant to a court order, the City shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. Nothing in this Article 11 is intended to be inconsistent with or otherwise impair the authority of the Comptroller under Section 93(b) of the New York City Charter to perform audits.

11.1.1. *Franchisee's Response to Records Requests:* In the event the City provides the Franchisee with a written request to inspect or review Franchisee's books and records pursuant to Section 11.1 above, Franchisee shall, within fifteen (15) days of Franchisee's receipt of such written request, provide the City with access to any information Franchisee is reasonably able to collect in response to such request and shall, within thirty (30) days from receipt of such request make available to the City all pertinent information in response to such request, consistent with the terms of Section 11.1 above; provided however, that to the extent there is additional information which Franchisee is unable to reasonably collect in such thirty (30) day period, Franchisee shall provide the City with a written notice setting forth the nature of such additional information and the date on which Franchisee shall provide access to such additional information.

11.2. *Annual and Quarterly Reports:* Subject to the confidentiality requirements of Section 11.1 above, the Franchisee shall submit a written report to the Commissioner no later than forty-five (45) days after the end of each calendar year or calendar quarter, as the case may be, during the Term of this Franchise (except where otherwise expressly indicated herein), which report shall be in a form reasonably satisfactory to the Commissioner, that shall include the information described in Sections 11.2.1 through 11.2.4; provided, however, that unless otherwise expressly described below, Franchisee's reporting obligations pursuant to this Section 11.2 shall not commence until six (6) months after Cable Service is made available by Franchisee on a commercial basis directly to multiple Subscribers in the Franchise Area.

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11.2.1. After July 1, 2012, Franchisee shall provide the City with an annual report regarding the MDUs for which Franchisee is using the “Additional Procedures” contained in section 5.5.2.1 of this Franchise and the status of such procedures.

11.2.2. A quarterly report showing the total number of Significant Outages (as defined in Appendix A of this Franchise) which occurred during the quarter, and with respect to each such Significant Outage, the time it occurred, its cause and duration and the households.

11.2.3. In addition to the reports to be provided as expressly set forth in this Article 11, the Franchisee shall also provide the reports described in Section 10.3 and Appendix A (including but not limited to Sections 2.5.3, 3.4.3, 6.5.3 and 7.5.3) and Exhibit 2 to Appendix A of this Franchise.

11.2.4. Franchisee shall provide at each Checkpoint date as listed in section 5.1.2 of this Franchise, a report (based on the calculations set forth in the 2000 census data) showing the estimated median household income of all homes passed and the average household income of all households in New York City.

11.3. *Records Required:* Franchisee shall at all times maintain:

11.3.1. Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term “complaint” as used herein refers to complaints about any aspect of the Cable System or Franchisee’s cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

11.3.2. Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

11.3.3. Records of service calls for repair and maintenance for a period of six (6) years after resolution by 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;

11.3.4. Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended;

11.3.5. Commencing on February 15, 2009, in order to track compliance with the benchmarks established in Appendix F, records showing the number of MDUs and SFUs passed by the FTTP Network in each Borough during the preceding year, and the cumulative number of MDUs and SFUs passed by the FTTP Network in each Borough since Franchisee commenced construction of the FTTP Network;

11.3.6. Commencing on February 15, 2009, records showing which wire centers servicing the Franchise Area have been upgraded so as to make them video capable VSOs open for sales consistent with Section 5.2 of this Franchise. Such records shall also show which wire

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center upgrades, if any, have been delayed due to the exceptions contained in the opening clause of Section 5.2 of this Franchise;

11.3.7. Commencing on February 15, 2009, records of MDUs and SFUs that were Video Network Created during the preceding year and the total number of MDUs and SFUs in each Borough throughout the City that have been Video Network Created throughout the City. Such records shall show the number of MDUs and SFUs by Borough that could not be Video Network Created due to an exception contained in Section 5.5 of this Franchise which became effective during the year, and the cumulative number of MDUs and SFUs in each Borough that are not Video Network Created due to the exceptions contained in Section 5.5 of this Franchise;

11.3.8. Franchisee shall maintain records documenting the applicability of the Section 5.5.1 exceptions; and make such records available for inspection by the Commissioner or the Commissioner's designee at a designated Franchisee office location;

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

11.3.10. Franchisee shall maintain accurate maps and improvement plans which show the location, size and a general description of all facilities installed in the public ways and any power supply sources, including voltages and connections. Maps shall be based on post-construction inspection to verify location;

11.3.11. Notwithstanding the requirements of Section 11.1 of this Agreement, upon written notice, the Commissioner may request additional information pursuant to this Franchise as may be reasonably necessary for the performance of any of the Commissioner's duties or any other City official's duty as it pertains to this Franchise. Franchisee's response to such request may be provided to the Commissioner in oral or written form, at Franchisee's sole discretion.

11.4. *Service Availability Meeting:* Not later than eight (8) months from each calendar year, upon ten (10) days written notice from the Commissioner, a representative of the Franchisee will hold a meeting with the Commissioner or designated representatives thereof to discuss information on the status of Franchisee's deployment of Cable Services in the City and Franchisee's compliance with the requirements of Article 5 of this Franchise (the "Annual Service Availability Meeting"). If, as a result of any Annual Service Availability Meeting, the Commissioner or designated representative thereof reasonably determines that an additional meeting regarding the topics addressed in the Annual Service Availability Meeting is required, the parties shall hold one (1) additional meeting per calendar year to further discuss such topics. Any information provided to the City by Franchisee in connection with any Annual Service Availability Meeting or additional meeting pursuant to this Section 11.4 shall be treated by the City as confidential and proprietary consistent with Section 11.1 hereof.

11.5. *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, or if expressly described otherwise in this Franchise.

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11.6. *File for Public Inspection:* Throughout the term of this Agreement, the Franchisee shall maintain a file available for public inspection during normal business hours at its service centers, or such other business office as may be designated by Franchisee, as required by Appendix A to this Agreement.

12. INSURANCE AND INDEMNIFICATION

12.1. *Insurance Generally; Types of Insurance:* The Franchisee shall continuously maintain one or more liability insurance policies meeting the requirements of this Section 12 throughout the Term (with the minimum limits and special conditions specified). Such insurance shall be issued by companies that meet the standards of Section 12.2(a) hereof and shall be primary (and non-contributing) to any insurance or self-insurance maintained by the City. The Franchisee has, as a condition of the Closing, provided proof of insurance pursuant to Section 12.3 hereof documenting compliance with the insurance requirements of this Section 12 as of the Closing.

(a) The Franchisee shall provide a Commercial General Liability Insurance policy covering the Franchisee as Named Insured and the City as an Additional Insured. Coverage for the City as Additional Insured shall specifically include the City's officials, employees and agents, and shall be at least as broad as Insurance Services Office ("ISO") Form CG 2010 (11/85 ed.) This policy shall protect the City and the Franchisee from claims for property damage and/or bodily injury, including death, which may arise from the performance of, or failure to perform, the Franchisee's obligations under this Agreement and the activities and operations conducted in connection with the provision of Cable Service under this Agreement. Coverage under this policy shall be at least as broad as that provided by ISO Form CG 0001 (1/96 ed.), must be "occurrence" based rather than "claims-made", and shall include, without limitation, the following types of coverage: Premises Operations, Products and Completed Operations, Contractual Liability (including the tort liability of another assumed in a contract), Broad Form Property Damage, Medical Payments, Independent Contractors, Personal Injury (Contractual Exclusion deleted), Cross Liability, Explosion, Collapse and Underground Property, and Incidental Malpractice. If such insurance contains an aggregate limit, it shall apply separately to the operations and activities undertaken pursuant to the Franchise. The Commercial General Liability Insurance policy described herein shall be maintained at all times with limits no less than Five Million Dollars (\$5,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) aggregate.

(b) The Commercial General Liability Insurance policy referred to in the preceding subsection (a) shall contain each of the following endorsements:

(i) The City of New York together with its officials, employees and agents is an Additional Insured with coverage as broad as ISO Forms CG 2010 (11/85 ed.) and CG 0001 (1/96 ed.); and

(ii) The Duties in the Event of Occurrence, Claim or Suit condition of the policy is amended per the following: if and insofar as knowledge of an "occurrence", "claim", or "suit" is relevant to the City of New York as Additional Insured under this policy, such knowledge by an agent, servant, official, or employee of the City of New York will not be

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considered knowledge on the part of the City of New York of the “occurrence”, “claim”, or “suit” unless the following position shall have received notice thereof from such agent, servant, official, or employee: Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department; and

(iii) Any notice, demand or other writing by or on behalf of the Named Insured to the Insurance Company shall also be deemed to be a notice, demand, or other writing on behalf of the City as Additional Insured. Any response by the Insurance Company to such notice, demand or other writing shall be addressed to Named Insured and to the City at the following addresses: Insurance Unit, NYC Comptroller’s Office, 1 Centre Street – Room 1222, New York, N.Y. 10007; and Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, NY 10007 (or replacement addresses of which the City notifies the Franchisee); and

(c) The Franchisee shall provide Workers Compensation Insurance and Disability Benefits Insurance in accordance with the Laws of the State of New York (with minimum limits as required by New York State law without regard to jurisdiction) on behalf of all employees undertaking activities or providing services pursuant to this Agreement.

(d) The Franchisee shall provide, and ensure that each subcontractor (if any) provides, Employers’ Liability Insurance affording compensation due to bodily injury by accident or disease sustained by any employee arising out of and in the course of his/her employment under this Agreement. The Employers’ Liability Insurance policy described herein shall be maintained at all times with limits no less than \$1 million per accident/disease/policy limit.

(e) The Franchisee shall provide a Comprehensive Business Automobile Liability policy for liability arising out of any automobile including owned, non-owned, leased and hired automobiles to be used in connection with undertaking activities or providing services pursuant to this Agreement. The Automobile Liability Insurance policy described herein shall be maintained at all times with limits no less than Two Million Dollars (\$2,000,000) combined single limit each accident. If automobiles are used for transporting hazardous materials, the Franchisee shall provide pollution liability broadened coverage for covered autos (endorsement CA 99 48) as well as proof of MCS 90.

(f) All insurers shall waive their rights of subrogation against the City, its officials, employees and agents.

(g) The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on indemnity in this Agreement given as a matter of law.

12.2. General Requirements for Insurance Policies:

(a) All required insurance policies shall be maintained with companies that are authorized or permitted to conduct business in the State of New York and have an A.M. Best

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rating of at least A- VII or a Standard and Poor's rating of at least AA, unless prior written approval is obtained from the Mayor's Office of Operations (or successor entity thereto).

(b) The Franchisee shall be solely responsible for the payment of all premiums for all required policies and all deductibles and self-insured retentions to which such policies are subject, whether or not the City is an insured under the policy. Any self-insured retention must be reasonable and is subject to approval by the City.

(c) Except for insurance required pursuant to Sections 12.1(c) and 12.1(d) herein, all policies shall contain a provision stating that the insurer or its authorized representative(s) shall use reasonable efforts to provide thirty (30) days prior written notice of intent to non-renew, cancellation or material adverse change to the City, except that ten (10) day notice for nonpayment of premium shall apply. Such notice shall be sent to the City pursuant to Section 18.6 hereof, and to the City's Comptroller ("the Comptroller"), attn: Office of Contract Administration, Municipal Building, Room 1005, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee).

(d) On or before the date of cancellation, termination or material adverse change affecting the City of any policies with respect to notices described in the preceding subsection (c) of this section 12.2., the Franchisee shall obtain and furnish to the City, with a copy to the Comptroller, replacement insurance binders demonstrating that replacement insurance fully compliant with this Section 12 has been obtained.

12.3. Proof of Insurance:

(a) The Franchisee has delivered to the City, as a condition of the Closing, for each policy required under this Agreement, a Certificate or Certificates of Insurance evidencing the effectiveness of all insurance required under this Agreement. All Certificates of Insurance shall be in a form reasonably acceptable to the City and shall certify the issuance and effectiveness of the types of insurance required herein, each with the specified minimum limits and conditions.

(b) A Certificate or Certificates of Insurance confirming renewals of, or changes to, insurance policies required hereunder shall be submitted to the City within ten (10) days of the expiration or renewal date of coverage of policies required under this Agreement. Such Certificates of Insurance shall comply with the requirements of the preceding subsection (a).

(c) The Franchisee shall be obligated to provide the City with a copy of any policy required by this Section 12 upon the demand for such policy by the Commissioner or the New York City Law Department; provided, however, that any policies or other related information provided by Franchisee (or Franchisee's designee, including, but limited to, an Affiliate or Franchisee's insurer) to the City pursuant to this subsection 12.43(c) shall be treated by the City as confidential and proprietary consistent with the provisions of Section 11.1 of this Franchise.

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12.4. Operations of the Franchisee:

(a) Acceptance by the City of a certificate hereunder does not excuse the Franchisee from securing a policy consistent with all provisions of this Section 12 or of any liability arising from its failure to do so.

(b) The Franchisee shall be responsible for providing continuous insurance coverage in the manner, form, and limits required by this Agreement and shall be authorized to provide service pursuant to this Agreement and the Franchise only during the effective period of all required coverage.

(c) In the event of any loss, damage, injury or accident arising under this Agreement, the Franchisee (once the Franchisee's Risk Management Claims Group becomes aware of any of the foregoing circumstances) shall promptly notify in writing the commercial general liability insurance carrier, and, where applicable, the worker's compensation and/or other insurance carrier, of any loss, damage, injury, or accident, and any claim or suit arising under this Agreement from the operations of the Franchisee or its subcontractors, promptly, but not later than 20 days after Franchisee's Risk Management Claims Group becomes aware of such event. The Franchisee's notice to the commercial general liability insurance carrier must expressly specify that "this notice is being given on behalf of the City of New York as Additional Insured as well as the Franchisee as Named Insured." The Franchisee's notice to the insurance carrier shall contain the following information: the name of the Franchisee, the number of the applicable policy, the date of the occurrence, the location (street address and borough) of the occurrence, and, to the extent known to the Franchisee, the identity of the persons or things injured, damaged or lost. Additionally:

(i) At the time notice is provided to the insurance carrier(s), the Franchisee shall provide copies of such notice to the Comptroller and the Commissioner. Notice to the Comptroller shall be sent to the Insurance Unit, NYC Comptroller's Office, 1 Centre Street – Room 1222, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee). Notice to the Commissioner shall be sent to the address set forth in Section 18.6 hereof; and

(ii) If the Franchisee fails to provide any of the foregoing notices in a timely and complete manner, the Franchisee shall indemnify the City for all losses, judgments, settlements and expenses, including reasonable attorneys' fees, arising from an insurer's disclaimer of coverage citing late notice by or on behalf of the City.

12.5. Insurance Notices, Filings, Submissions: Wherever reference is made in this Section 12 to documents to be sent to the Commissioner (e.g., notices, filings, or submissions), such documents shall be sent to the address set forth in Section 18.6 hereof.

12.6. Disposal of Hazardous Materials: If pursuant to this Agreement the Franchisee is involved in the disposal of hazardous materials, the Franchisee shall dispose of such materials only at sites where the disposal site operator maintains Pollution Legal Liability Insurance in the amount of at least Two Million Dollars (\$2,000,000) for losses arising from such disposal site.

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12.7. *Other Remedies:* Insurance coverage in the minimum amounts provided for herein shall not relieve the Franchisee or subcontractors of any liability under this Agreement, nor shall it preclude the City from exercising any rights or taking such other actions as are available to it under any other provisions of this Agreement or applicable law.

12.8. *Franchisee Indemnification Obligations:* The Franchisee shall indemnify, defend and hold the City, its officers, agents and employees (the “Indemnitees”) harmless from any and all liabilities, suits, damages, claims and expenses (including, without limitation, reasonable attorneys’ fees and disbursements) (“Damages”) that may be imposed upon or asserted against any of the Indemnitees arising out of the Franchisee’s performance of, or its failure to perform, its obligations under this Agreement and/or its provision of services hereunder, provided, however, that the foregoing liability and indemnity obligation of the Franchisee pursuant to this Section 12.8 shall not apply to any Damages to the extent arising out of any willful misconduct or gross negligence of an Indemnitee. Insofar as the facts and law relating to any Damages would preclude the City from being completely indemnified by the Franchisee, the City shall be partially indemnified by the Franchisee to the fullest extent provided by law, except to the extent such Damages arise out of any willful misconduct or gross negligence of any Indemnitee. This indemnification is independent of the Franchisee’s obligations to obtain insurance as provided under this agreement.

12.9. *Defense of Claim, Etc:* If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event to which reference is made in Section 12.8 herein, then upon demand by the City, the Franchisee shall either resist, defend or satisfy such claim, action or proceeding in such Indemnitee’s name, by the attorneys for or approved by the Franchisee’s insurance carrier (if the defense of such claim, action or proceeding is provided by the insurance carrier) or by the Franchisee’s attorneys. The foregoing notwithstanding, in the event an Indemnitee believes additional representation is needed, such Indemnitee may engage its own attorneys to assist such Indemnitee’s defense of such claim, action or proceeding, as the case may be, at its sole cost and expense. The Franchisee shall not settle any claim with respect to which the Franchisee is required to indemnify the Indemnitees pursuant to Section 12.8 without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

12.10. *No Claims Against Officers, Employees, or Agents:* Franchisee agrees not to make any claim against any officer or employee of the City or officer or employee of an agent of the City, in their individual capacity, for, or on account of, anything done or omitted in connection with this Agreement, to the extent that such officer or employee of the City or officer or employee of an agent of the City was acting within the lawful course and scope of his employment or agency. Nothing contained in this Agreement shall be construed to hold the City liable for any lost profits, or any consequential damages incurred by Franchisee or any Person acting or claiming by, through or under Franchisee.

12.11. *Limitation on Indemnification:* As between the City and the Franchisee, the indemnifications obligations of the Franchisee pursuant to Section 12.8 above shall not apply to any Damages arising out of the distribution of programming over the Governmental/Educational

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Access Channels, the Institutional Network available to and used by the City, and/or the Public Access Channels, to the extent that such claim does not arise out of an act or failure to act by the Franchisee.

12.12. *No Applicability to Pending Litigation:* Franchisee's indemnification obligations pursuant to this Article shall have no applicability to the litigation referenced and defined in Section 18.14.

13. TRANSFER OF FRANCHISE

13.1. *City Approval Required:* Subject to the provisions of this Article, the Franchisee shall apply to the City for approval of any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of the Franchisee, the Cable System, the Cable System assets, or the Franchise by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose; provided however that the foregoing, requirements of this Section 13.1 shall not be applicable with respect to transfers of any ownership interests contemplated hereunder which are effectuated as a result of any transactions involving the exchange of publicly traded shares. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

13.1.1. all information and forms required under federal law;

13.1.2. any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

13.1.3. a report detailing any changes in ownership of voting or non-voting interests of over five percent;

13.1.4. other information necessary to provide a complete and accurate understanding of the financial position of the Cable System before and after the proposed transaction;

13.1.5. complete information regarding any potential impact of the transaction on Subscriber rates and service; and

13.1.6. any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if the Franchisee believes that the requested information is confidential and proprietary, then the Franchisee must provide the following documentation to the City: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential; and (iii) a statement that the documents are available at the Franchisee's designated offices for inspection by the City.

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13.2. *City Action on Transfer:* To the extent not prohibited by federal law, the City may: (i) grant; (ii) grant subject to conditions directly related to concerns relevant to the transactions; (iii) deny any such transactions; or (iv) not take action, in which case the transactions shall be deemed granted, unless the requesting party and the LFA expressly agree in writing to an extension, pursuant to Section 617 of the Communications Act, 47 U.S.C. § 537.

13.3. *Waiver of Transfer Application Requirements:* To the extent consistent with federal law, the City may waive in writing any requirement that information be submitted as part of the transfer application, without thereby waiving any rights the City may have to request such information after the application is filed.

13.4. *Subsequent Approvals:* The City's approval of a transaction described in this Article in one instance shall not render unnecessary approval of any subsequent transaction.

13.5. *Approval Does Not Constitute Waiver:* Approval by the City of a transfer described in this Article shall not constitute a waiver or release of any of the rights of the City under this Agreement, whether arising before or after the date of the transfer.

13.6. *No Consent Required For Transfers Securing Indebtedness:* The Franchisee shall not be required to file an application or obtain the consent or approval of the City 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. However, the Franchisee will notify the City within ten (10) days if at any time there is a mortgage or security interest granted on substantially all of the assets of the Cable System. The submission of the Franchisee's audited financial statements prepared for the Franchisee's bondholders shall constitute such notice.

13.7. *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to pay any fee or file an application or obtain the consent or approval of the City for any transfer of an ownership or other interest in Franchisee, the Cable System, or the Cable System assets to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of 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. However, the Franchisee will notify the City within thirty (30) days if at any time a transfer covered by this subsection occurs.

14. RENEWAL OF FRANCHISE

14.1. *Governing Law:* The City and Franchisee agree that any proceedings undertaken by the City that relate to renewal or possible renewal of this Franchise shall be subject to, and shall not be inconsistent with, the Cable Law, including without limitation 47 U.S.C. § 546, as such may be amended from time to time.

14.2. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the City agree that at any time during the Term, while affording the public

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appropriate notice and opportunity to comment consistent with New York State law and the City Charter, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise granted hereunder and, if agreement is reached on the terms and conditions of such a renewal the City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

14.3. *Non-Renewal/Termination:* In the event that the City (i) does not grant a renewal of the Franchise at the scheduled expiration date of the Term; or (ii) this Agreement is terminated for any other lawful reason prior to the scheduled expiration of the Term, then the Term of the Franchise shall expire and all rights of the Franchisee under the Franchise shall cease, provided however that nothing in this Section shall be inconsistent with the terms of Section 18.21, provisions of this Agreement expressly providing for the survival of certain provisions after such termination or expiration, or the provisions of subsection 14.3.1 below.

14.3.1. If the Franchisee continues to provide Cable Service after the termination or expiration of the Term of the Franchise, and the Franchise has not been renewed, then the Franchisee shall be bound by all of the Franchisee's obligations under this Franchise for the period of such continuing provision of Cable Service.

14.4. *Consistent Terms:* Franchisee and the City consider the terms set forth in this Article 14 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

15. DEFAULT AND REMEDIES

15.1. *Defaults.* In the event of any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Agreement (each such breach, default, failure or other noncompliance being referred to herein as a "Default"), which Default is not cured within the specific cure period provided for in this Agreement (or if no specific cure period is provided for in this Agreement then within the cure period described in Section 15.3 below), then the City may:

15.1.1. cause a withdrawal from the cash Security Fund, pursuant to the provisions of Section 15.11 herein;

15.1.2. make a demand upon the Performance Bond pursuant to the provisions of Section 15.9 herein;

15.1.3. draw down on the Letter of Credit pursuant to the provisions of Section 15.10 herein;

15.1.4. pursue any rights the City may have under the Guaranty;

15.1.5. seek and/or pursue money damages from the Franchisee as compensation for such Default;

15.1.6. seek to restrain by injunction the continuation of the Default; and/or

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15.1.7. pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement, provided however the City shall only have the right to terminate this Agreement upon the occurrence of a Revocation Default (defined hereinafter).

15.2. *Notice of Default:* If at any time the City believes that Franchisee has committed any Default, the City shall notify the Franchisee's designated franchise service manager, and the Franchisee representatives identified in Section 18.6 hereof, of such alleged Default. If, thereafter, the City determines that Franchisee is not in Default, the City shall promptly provide the Franchisee with written notice of such determination. However, if the City determines that such notice has failed to result in a resolution of the matter, the City shall then notify Franchisee in writing of the alleged Default and identifying the specific provision of the Franchise on which the alleged Default is based (for purposes of this Article, the "Notice of Default").

15.3. *Franchisee's Right to Cure or Respond:* Except as set forth in Section 15.3.1 below, Franchisee shall have thirty (30) days from receipt of the Notice of Default to: (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default. Upon cure of any alleged Default, the City shall provide written confirmation that such cure has, to the knowledge of the Commissioner or designated representative thereof, been effected.

15.3.1. With respect to the following Franchise obligations, Franchisee shall have ten (10) days from the receipt of Notice of Default to (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default: (a) payment of Franchise Fees, Annual GE Grants, or Technology, Educational & Municipal Facility Grants; and (b) maintenance of Security pursuant to Sections 15.9, 15.10 and 15.11.

15.4. *Extended Time to Complete Cure:* Notwithstanding anything in the preceding to the contrary, no Default shall exist if a breach or default is curable, and a cure period is provided therefor in this Article 15 or otherwise, but work to be performed, acts to be done, or conditions to be removed to effect such cure cannot, by their nature, reasonably be performed, done or removed within the cure period provided, so long as the Franchisee shall have commenced curing the same within the specified cure period and shall diligently and continuously prosecute the same promptly to completion.

15.5. *Miscellaneous Matters Regarding Default, Cure and Remedies:* The rights and remedies described in Section 15.1 hereof shall not be exclusive, but each and every right and remedy specifically provided or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed appropriate by the City, except as provided herein. The exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy, nor shall any delay or omission in taking any action or exercising any remedies with respect to any Default be construed to be a waiver of or acquiescence to any Default. The exercise of any such right or remedy by the City shall not release the Franchisee from its obligations or any liability under this Agreement, provided that nothing in this Section 15.5 or in this Agreement is intended to authorize or shall result in double recovery of damages by the City.

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15.6. *Revocation Defaults; Definition of Revocation Default:* A Revocation Default shall mean any of the following occurrences or events:

15.6.1. any failure by the Franchisee to maintain in effect the cash Security Fund described in Section 15.11 hereof and/or the Letter of Credit described in Section 15.10 hereof in accordance with the provisions of said sections, which failure continues for ten (10) business days after notice;

15.6.2. any failure by the Franchisee to maintain in effect the Performance Bond described in Section 15.9 hereof in accordance with the provisions of said section, which failure continues for ten (10) business days after notice;

15.6.3. if the Franchisee intentionally makes a material false entry, or repeated false entries that are material in the aggregate, in the books of account of the Franchisee applicable to this Agreement, or a material false statement (or repeated false statements that are material in the aggregate) in reports or other filings submitted to the City (materiality for purposes of this clause being defined as material with respect to accurately documenting the Franchisee's compliance with its obligations under this Agreement);

15.6.4. if the Franchisee fails to maintain insurance coverage or otherwise materially breaches Article 12 hereof and such failure continues for ten (10) business days after notice from the City to the Franchisee;

15.6.5. if the Franchisee engages in a course of conduct intentionally designed to practice fraud or deceit upon the City;

15.6.6. if the Franchisee, intentionally engages or has engaged in any material misrepresentation in any representation or warranty contained herein;

15.6.7. if there is any transfer of the Franchise other than in accordance with Article 13;

15.6.8. the conviction, guilty plea or plea of nolo contendere of the Franchisee, any Controlling Person, any director or officer of the Franchisee, or any employee or agent of the Franchisee or of any Controlling Person acting under the express direction or with the actual consent of any of the foregoing, of any offense, including, without limitation, bribery or fraud, arising out of or in connection with this Agreement, the award of the franchise granted pursuant to this Agreement, provided that such shall constitute a Revocation Default with respect to any of the foregoing with respect to a malfeasant director, officer, employee or agent of the Franchisee or of any Controlling Person only if the Franchisee or the applicable Controlling Person refuses to disassociate itself from, or terminate the employment of, said director, officer, employee or agent;

15.6.9. the conviction or guilty plea of any City officer, employee, or agent of the offense of bribery or fraud with respect to this Agreement which arises out of any act of the

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Franchisee of any Controlling Person, or of any agent or employee thereof acting under the express direction or actual consent of the foregoing;

15.6.10. any abandonment of service in default of the obligations described in Section 15.13 hereof; and

15.6.11. any persistent and repeated pattern of material Defaults, even if individual Defaults constructing such a persistent and repeated pattern are subsequently cured after their occurrence or remediated by recourse to security provided to the City under Sections 15.9 through 15.11 hereof or by other means; provided, however, that this provision shall not apply to alleged Defaults subject to good faith disputes.

15.7. *Remedies of the City for Revocation Defaults:* In the event of a Revocation Default, the City may (in addition to any other remedy which the City may have under Section 15.1 hereof) at its option, give to the Franchisee a written notice (“Notice of Revocation”), in accordance with Section 15.8 hereof, stating that this Agreement and the Franchise granted hereunder shall be revoked on the date specified in such notice (which date shall not be less than ninety (90) days from the giving of the notice), and this Agreement and the Franchise granted hereunder shall terminate on the date set forth in such notice as if such date were the date provided in this Agreement for the scheduled expiration of this Agreement and the franchise granted herein. Notwithstanding the preceding however, during the period between the Notice of Revocation provided pursuant to this Section 15.7 and thirty days prior to the date of revocation set forth in such notice, the Franchisee may submit to the City any material it wishes to document that no Revocation Default has occurred or that revocation as a remedy for such Revocation Default would not be in the best interests of the City. If the City after reviewing such material determines that a Revocation Default has not occurred, or determines in its discretion that termination as a remedy for such Revocation Default would not be in the best interests of the City, then the City shall notify the Franchisee of its withdrawal of the Notice of Revocation which notice shall thereby no longer be effective.

15.8. *Revocation:* In the event the City has not received a satisfactory response from Franchisee to the Notice of Revocation, it may then seek revocation of the Franchise at a hearing. The City shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such hearing, a written notice specifying the time and place of such hearing which shall not be earlier than as provided for in Section 15.7 and stating its intent to revoke the Franchise.

15.8.1. At the designated hearing, 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 City, 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.

15.8.2. Following the hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the City in writing and thereafter the City shall determine (i) whether an event of Revocation Default has occurred under this Franchise; (ii)

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whether such event of Revocation Default is excusable; and (iii) whether such event of Revocation Default has been cured or will be cured by the Franchisee. The City shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the City determines that it will revoke the Franchise, the City shall promptly provide Franchisee with a written determination setting forth the City's reasoning for such revocation. Franchisee may appeal such written determination of the City to an appropriate court, which shall have the power to review the decision of the City de novo. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the City.

15.9. Performance Bond:

15.9.1. Establishment: The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement, a performance bond, for the benefit of the City, on the form attached hereto as Appendix E and from an institution satisfactory to the City, in an amount as provided in Section 15.9.2 below (the "Performance Bond"). The "City of New York acting by and through the Department of Information Technology and Telecommunications" shall serve as the sole obligee under the Performance Bond. The attorney-in-fact who signs the Performance Bond must file with the bond a certified copy of his/her power of attorney to sign the bond. The Performance Bond shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement.

15.9.2. Amount and Term: The initial amount of the Performance Bond shall be Fifty Million Dollars (\$50,000,000), which amount may at Franchisee's option be periodically reduced pursuant to the following schedule if at the scheduled reduction date Franchisee has timely completed its deployment obligations under Appendix F hereof. The Performance Bond provided hereunder shall provide that it shall remain in effect during the term of this Agreement and for one year thereafter unless within such one year period DoITT notifies the Franchisee that the Performance Bond shall remain in full force and effect because of the pendency of any litigation or the assertion of any claim which has not been brought to final judgment and for which the Performance Bond provides security.

15.9.2.1. Reduction Schedule: The required amount of the Performance Bond shall be reduced in accordance with the following schedule as of December 31 of the year indicated so long as Franchisee has attained the "NYC Total" percentage of households passed required as of that date as set forth in Appendix F, except that the date for reduction in calendar year 2014 shall be June 30 of that year, subject to the same requirement. If Franchisee does not attain the "NYC Total" percentage of households passed required as of the date as set forth in Appendix F due to the triggering of one or more of the Checkpoint Extensions provided for in Section 5.1.2 or otherwise, then the required amount of the Performance Bond shall be reduced only when the "NYC Total" percentage of households passed thereafter is attained.

2008: Thirty-Five Million Dollars (\$35,000,000)

2009: Thirty Million Dollars (\$30,000,000)

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2010: Twenty-Five Million Dollars (\$25,000,000)

2011: Fifteen Million Dollars (\$15,000,000)

2012: Ten Million Dollars (\$10,000,000)

2013: Five Million Dollars (\$5,000,000)

2014: One Million Dollars (\$1,000,000)

15.9.3. *Claim Against the Performance Bond:* The City may make a claim against the Performance Bond in such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations referenced in Section 15.9.2 (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such claim may be permitted by a final judgment of a court of competent jurisdiction. The City may not seek recourse against the Performance Bond for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Performance Bond, recourse to the Letter of Credit, or withdrawal from the cash Security Fund.

15.10. Letter of Credit:

15.10.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement and for one year thereafter, a letter of credit, for the benefit of the City, in a form and issued by a bank satisfactory to the City, in an amount as provided in Section 15.10.2 below (the "Letter of Credit"). The Letter of Credit shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement. The "City of New York acting by and through the Department of Information technology and Telecommunications" shall be named as the beneficiary. The original Letter of Credit shall be deposited with the City. The Letter of Credit shall contain the following endorsement or with language with similar effect:

"It is hereby understood and agreed that this letter of credit may not be canceled or not renewed by the issuer/surety until at least ninety (90) days after receipt by the New York City Department of Information Technology and Telecommunications of a written notice stating such intention to cancel or not to renew."

15.10.2. *Amount:* The Letter of Credit shall be in the amount of Twenty Million Dollars (\$20,000,000).

15.10.3. Drawdown Against the Letter of Credit:

15.10.3.1. The City may draw down against the Letter of Credit such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations under this Agreement not otherwise met in accordance with this Agreement (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such drawdown may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Letter of Credit for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Letter of Credit, recourse to the Performance Bond, or withdrawal from the cash Security Fund.

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15.10.3.2. In addition to its right to draw down on the Letter of Credit for any of the reasons set forth in 15.10.3.1 hereof, the City may draw down in full on the Letter of Credit at any time such Letter of Credit has less than thirty (30) days to run before it is scheduled to expire and no replacement or renewal Letter of Credit has been given in its place. In the event of a drawdown for such reason, the City will hold the proceeds as cash security (paying to itself any interest earned) in lieu of a Letter of Credit (with the City having the right to make withdrawals for the same purposes as drawdowns are permitted on the Letter of Credit) until a replacement Letter of Credit is put in place, at which time such drawdown proceeds will be returned to the Franchisee less any proper withdrawals and any reasonable transaction expenses. In the event of a drawdown on the Letter of Credit as contemplated by this Section 15.10.3.2, and until such time as a replacement Letter of Credit is obtained in accordance herewith, the replenishment obligations of the Franchisee with respect to the moneys held by the City following such drawdown as cash security shall correspond to the replenishment obligations (and rights) of the Franchisee applicable to the cash Security Fund under Section 15.11.

15.10.3.3. Within two business days after any drawdown against the Letter of Credit, the City shall notify Franchisee of the date and amount thereof.

15.10.4. *Replenishment:* Until the expiration of one year after the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that at least One Hundred Thousand Dollars (\$100,000) (cumulatively or in a single instance) has been drawn down against the Letter of Credit, Franchisee shall obtain a replacement or additional Letter of Credit such that the total amount available under the letter(s) of credit obtained shall be restored to the amount required in Section 15.10.2.

15.11. *Cash Security Fund:*

15.11.1. *Establishment and Amount:* Franchisee shall deposit with DoITT as a condition to the Closing a certified check, bank check or wire transfer, payable to the “City of New York,” in the amount of One Million Dollars (\$1,000,000), to be held by the City as security (together with the other elements of security provided for under this Agreement) for performance of Franchisee’s obligations under this Agreement (the “Security Fund”).

15.11.2. *Withdrawals From or Claims Under the Security Fund:* The City may make withdrawals from the Security Fund of such amounts as are necessary to satisfy (to the degree possible) Franchisee’s obligations under this Agreement that are not otherwise satisfied (and to reimburse the City for costs, losses or damages incurred as the result of Franchisee’s failure(s) to satisfy its obligations), to the extent that such withdrawal may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Security Fund for any costs, losses or damages for which the City has previously been compensated through a withdrawal from the Security Fund, recourse to the Performance Bond provided for in this Agreement or drawdown against the Letter of Credit provided for in this Agreement. Within two business days after any withdrawal from the Security Fund, the City shall notify the Franchisee of the date and amount thereof.

15.11.3. *Replenishment:* Until the expiration of one year after the end of the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that

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any amount has been withdrawn from the Security Fund as provided in Section 15.11.2, the Franchisee shall restore to the Security Fund the amount thus withdrawn.

15.11.4. *Return of Security Fund:* Within thirty (30) days of the end of the Term, the City shall pay over to the Franchisee any amounts remaining in the Security Fund.

15.12. *Not a Limit on Liability:* Neither the Franchisee's obligations under this Agreement nor Franchisee's liability for non-performance of any such obligations are limited in nature or amount by the acceptance or availability of the Performance Bond provided pursuant to Section 15.9, the Letter of Credit provided pursuant to Section 15.10 or the cash Security fund provided by Section 15.11.

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

16. CUSTOMER PROTECTION STANDARDS

16.1. *Generally:* Franchisee shall comply with the consumer protection standards set forth in Parts 890 and 896 of the NY PSC rules and regulations and the provisions of Appendix A hereto.

16.2. *Privacy Protection:* The Franchisee shall comply with the provisions of 47 U.S.C. § 551 and any other applicable law, including any local standards to the extent not inconsistent with the terms of this Franchise established in accordance with applicable law, with respect to the protection of the privacy of Subscribers.

16.3. *Parental Control:* Franchisee shall make available to any Subscriber, if not already incorporated in standard equipment that is offered to all Subscribers, a device that offers as an option the ability to limit access to programming to Persons who provide a personal identification number or other means provided by the Franchisee only to a Subscriber, or other similar means of allowing parents to control children's access to programming in the Subscriber household. Provided, however, that it is not the intention of the parties that this Agreement be construed as placing any responsibility or liability on the Franchisee for the exercise of or failure to exercise such parental controls as are offered and Franchisee shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls as are offered.

16.4. *Information to City:* The Franchisee shall provide subscriber information requested by the City for the purpose of enforcement of this Franchise, to the extent the provision of such information does not violate applicable law (including, without limitation, 47 U.S.C. § 551).

17. EMPLOYMENT AND PURCHASING

17.1. *Right to Bargain Collectively:* The Franchisee shall recognize the right of its employees to bargain collectively through representatives of their own choosing in accordance

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with applicable law. The Franchisee shall recognize and deal with the representatives duly designated or selected by the majority of its employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or any other terms, conditions, or privileges of employment as required by law. The Franchisee shall not dominate, interfere with, participate in the management or control of, or give financial support to any union or association of its employees.

17.2. *No Discrimination:* The Franchisee shall not: (i) refuse to hire, train, or employ; (ii) bar or discharge from employment; or (iii) discriminate against any individual in compensation, hours of employment, or any other term, condition, or privilege of employment, including, without limitation, promotion, upgrading, demotion, downgrading, transfer, layoff, and termination, on the basis of race, creed, color, national origin, sex, age, handicap, marital status, affectional preference or sexual orientation in accordance with applicable law. The Franchisee agrees to comply in all respects with all applicable federal, state and local employment discrimination laws and requirements during the term of this Agreement.

17.3. *Local Employment Plan:* Within thirty (30) days of the Effective Date hereof, the Franchisee shall, at its own cost and expense, develop, maintain and implement and disclose to the City (subject to appropriate and lawful confidentiality restrictions), a plan, consistent with Franchisee's collective bargaining agreements, for the recruitment, education, training, and employment of residents of the City for the opportunities to be created by the deployment and provision of service contemplated in this Agreement.

17.4. *City Vendors:* To the extent feasible and consistent with applicable law, and with due regard to price and quality considerations, the Franchisee shall utilize vendors located in the City in connection with the deployment and provision of service contemplated by this Agreement.

17.5. *Local Law Requirements:* The Franchisee agrees to comply in all respects with the provisions of the Mayor's Executive Order No. 50 (April 25, 1980) (codified at Title 10 Sections 1-14 of the Rules of the City of New York) and City Administrative Code 6-108.1 (1984) and all rules and regulations promulgated thereunder (collectively, the "EEO Requirements"), as such EEO Requirements may be amended, modified or succeeded throughout the Term of this Agreement. Notwithstanding the fact that the EEO Requirements do not apply on their face to Franchisee in its capacity as a franchisee, the Franchisee shall comply in all respects with the provisions of such EEO Requirements and successor and replacement laws, orders and regulations adopted following the date of this Agreement. As required by said Executive Order No. 50, the provisions of Sections 50.30 and 50.31 of the Final Rule implementing said Order are incorporated herein by this reference.

18. MISCELLANEOUS PROVISIONS

18.1. *Competition:* The parties agree that this Agreement, when compared to the terms of the City's cable television franchise agreements in existence as of the Closing, contains economic and regulatory burdens which, when taken as a whole, are not greater or lesser than those placed upon other cable operators operating within the Franchise Area.

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18.2. *Actions of Parties:* Any action to be taken by the City and/or the Commissioner pursuant to this Agreement shall be taken in accordance with the applicable provisions of the City Charter, as said Charter may be amended or modified throughout the Term of this Agreement. 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, unless expressly agreed otherwise herein.

18.3. *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.

18.4. *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 City.

18.5. *Force Majeure:* Subject to the procedures set forth in the last sentence of this Section 18.5, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Franchisee's capability to perform, Franchisee shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. The Franchisee shall notify the Commissioner in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

18.6. *Notices:* Every notice, order, petition, document, or other direction or communication to be served upon the City or the Franchisee shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses (unless expressly stated otherwise in this Agreement):

If to the Franchisee, to:

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Verizon New York Inc.
Maura C. Breen, Senior Vice President/~~&~~ General Manager ~~—New York~~
Regional Operations
140 West Street
31st Floor
New York, NY 10007

with a copy to:

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

With a copy to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

If to the City, to:

Department of Information Technology and Telecommunications
75 Park Place, Ninth Floor
New York, NY 10007
Attention: Commissioner

with a copy to:

New York City Law Department
100 Church Street, Sixth Floor
New York, NY 10007
Attention: Chief, Economic Development Division

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

18.7. *Additional Representations and Warranties:* In addition to the representations, warranties, and covenants of the Franchisee to the City set forth elsewhere herein, the Franchisee represents and warrants to the City and covenants and agrees that, as of the Closing:

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18.7.1. *Organization, Standing and Power:* The Franchisee is a corporation duly organized and validly existing under the laws of the State of New York and is duly authorized to do business in the State of New York and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

18.7.2. *Authorization:* The execution, delivery and performance of this Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly, legally and validly authorized by all necessary action on the part of the Franchisee. This Agreement and all other agreements entered into in connection with the transaction contemplated hereby have been duly executed and delivered by the Franchisee and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Franchisee.

18.7.3. *Compliance with Law:* The Franchisee is in compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the provision of the services contemplated herein and has obtained or will obtain prior to the provision of service to the public all government licenses, permits, and authorizations necessary for the provision of the service, except approval by the NY PSC.

18.7.4. *Ownership Interests:* Franchisee is a wholly owned subsidiary of NYNEX Corporation, which itself is a wholly owned subsidiary of Verizon Communications, Inc.

18.7.5. *Compliance with City Contracts:* The Franchisee has not received notice from the City of any default or noncompliance with any existing written contract or other written agreement with the City, unless such default or noncompliance has subsequently been cured or otherwise resolved to the City's satisfaction or such notice has been withdrawn by the City or otherwise determined by the City or a court of competent jurisdiction to have been issued in error.

18.8. *Compliance with Laws; Licenses and Permits:* With respect to its activities pursuant to this Agreement, the Franchisee shall comply with: (i) all applicable laws, rules, regulations, orders, writs, decrees and judgments (including, but not limited to, those of the PSC and the FCC) and any other federal, state agency or authority of competent jurisdiction; and (ii) all local laws and all rules, regulations, orders, of the City and of DoITT consistent with this Agreement. The Franchisee shall have the sole responsibility for obtaining all permits, licenses and other forms of approval or authorization necessary to construct, operate, maintain, upgrade, replace or repair the System, or any part thereof.

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

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18.10. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall not be effective unless mutually agreed to in writing by the parties and shall be subject to the approval of the NY PSC, pursuant to the Cable Law.

18.11. *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. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder," and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires.

18.12. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by, or a final order of any state or federal regulatory authority having competent 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, subject to the obligations of the parties as applicable under Section 18.4 above.

18.13. *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.

18.14. *Pending Litigation:* Nothing in this Franchise shall be construed to prejudice or affect any position taken by either the City or Franchisee in the litigation now pending in the Supreme Court, County of New York, captioned The City of New York v. Verizon New York Inc., Index No. 402961/03 (the "Pending Litigation").

18.15. *FTTP Network Status:* In the event of a lawful termination or non-renewal of the Franchise, the legal status of the FTTP Network in the rights-of-way will revert to whatever status it has as a system providing only services that do not include Cable Service, as such status may be ultimately determined by the final outcome of the litigation referred to in Section 18.14 above. In implementation of the intent of the preceding sentence, if and so long as the Franchisee shall have separate lawful authority to maintain facilities providing services of the type being carried over the FTTP Network in the City's Public Rights-of-Way, the Franchisee shall not be required to remove or 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 Franchisee from providing Cable Service.

18.16. *NY PSC Approval:* This Franchise is subject to confirmation by the NY PSC. Franchisee shall file a petition for confirmation with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

18.17. *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, and in no event shall Franchisee be subject to rate regulation, except to the extent Franchisee is no longer subject to Effective Competition (as that term is defined by federal law) or such rate regulation is authorized to be imposed as a result of a change in federal law.

18.18. *Publishing Information:* Except as otherwise permitted in this Franchise, the City hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

18.19. *No Third Party Beneficiaries:* This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

18.20. *City Official:* The Commissioner is the City official that is responsible for the continuing administration of this Agreement.

18.21. *Holdover.* To the extent required or permitted by PSC regulations, in the event the Franchisee continues to provide Cable Service within the Franchise Area after the term of this Agreement, the Franchisee shall continue to comply with all applicable provisions of this Agreement, including, without limitation, all compensation and other payment provisions of this Agreement, throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise granted pursuant to this Agreement.

18.22. *Investigations Clause:* Franchisee shall comply with the City's standard "Investigations Clause" to be included in City contracts and agreements pursuant to Section 4(b) of Mayoral Executive Order 16 of 1978, as set forth in Appendix I hereto, and in the event of any failure as described therein shall be subject to the penalties set forth therein.

18.23. *Interpretation:* This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party because that party drafted, or caused that party's legal representative to draft, any of its provisions.

18.24. *Voluntary Execution:* The parties acknowledge that each has read this Agreement, that each fully understands its rights, privileges and duties under this Agreement, and that each enters into this Agreement freely and voluntarily. Each party further acknowledges that it has had the opportunity to consult with counsel of its own choosing in the negotiation or and agreement to the provisions of this Agreement.

18.25. *Execution in Counterparts:* This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute a single agreement.

18.26 *Approval of Amendments:* In the event this Agreement is to be amended in any manner which affects the City's interest in an adverse and substantial manner, agreement by the City to such amendment shall only be effective if such amendment is approved by the FCRC.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

AGREED TO THIS ____ DAY OF _____, 2008.

The City of New York:

By: _____
Deputy Mayor

By: _____
Paul Cosgrave, Commissioner

Approved as to form and certified as to legal authority:

Acting Corporation Counsel

Attest:

By: _____
City Clerk [City Seal]

Verizon New York Inc.

By: _____
Maura C. Breen, Senior Vice President/-&
General Manager - ~~NY/CT Region, Verizon Telecom~~ Regional Operations

Approved as to form:

John Raposa, Vice President & Deputy General Counsel –
Verizon Telecom

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

Appendix C: Form Community Access Organization Agreement

Appendix D: Institutional Network

Appendix E: Form of Security

Appendix F: FTTP Upgrade Schedule

Appendix G: Franchise Area

Appendix H: Form of Guarantee

Appendix I: Investigations Clause

Appendix J: System Architecture

Appendix K: Form of Franchise Fee Report

Tab 12

From: john.raposa@verizon.com [mailto:john.raposa@verizon.com]

Sent: Thursday, May 15, 2008 4:12 PM

To: Regal, Bruce

Cc: marie.c.lasota@verizon.com; bpinkard@wileyrein.com

Subject: Please advise

1. Programming Agreement - do you sign-off?
2. VZNY outside counsel opinion letter - do you sign-off?
3. We should have all of the executed CAO agreements tomorrow and will scan and transmit a pdf to you. Will you then insert as App. C into the proposed Franchise Agreement that goes to FCRC?

John F. Raposa
Vice President & Deputy General Counsel - Video
Verizon
1515 North Court House Road, Suite 500
Arlington, VA 22201
(703) 351-3120
FAX (703) 351-3666
john.raposa@verizon.com

Tab 13

Thomas A. Dunne
Vice President
Public Policy & External Affairs



140 West Street
30th Floor, Room 3009
New York, NY 10007

Phone 212 321-8130
Fax 212 791-0502
thomas.a.dunne@verizon.com

May 16, 2008

Honorable Helen Marshall
Office of the Queens Borough President
120-55 Queens Boulevard
Kew Gardens, NY 11424

Dear Borough President:

I write to thank you for meeting with me to discuss the details of Verizon's proposed cable franchise agreement with New York City, which will be before the Franchise and Concession Review Committee on May 20th. Once again, I thank you for your support on this important matter, which once approved by New York City and confirmed by the New York State Public Service Commission, will revolutionize the way we all live, work, and communicate in the City of New York.

Verizon has made a commitment that no telecommunications provider, in this City or anywhere else in the nation, has made. The company will modernize its telecommunications infrastructure and deliver cable competition. In creating the next generation information highway, Verizon will position our city to compete in the global marketplace for decades to come. I am particularly proud that our hometown was selected for this network upgrade, and so are our employees. All 12,000 of them are eager to begin the work.

I have enclosed some recent press in connection with the Verizon franchise agreement for your review. Please do not hesitate to contact me if you have questions. I thank you and I appreciate your ongoing support of Verizon.

Sincerely,

A handwritten signature in black ink that reads "Thomas A. Dunne". The signature is written in a cursive, flowing style.

cc: Mr. Mark McMillan

Thomas A. Dunne
Vice President
Public Policy & External Affairs



140 West Street
30th Floor, Room 3009
New York, NY 10007

Phone 212 321-8130
Fax 212 791-0502
thomas.a.dunne@verizon.com

May 16, 2008

Honorable Marty Markowitz
Office of the Brooklyn Borough President
209 Joralemon Street
Brooklyn, NY 11201

Dear Borough President:

I write to thank you for meeting with me to discuss the details of Verizon's proposed cable franchise agreement with New York City, which will be before the Franchise and Concession Review Committee on May 20th. Once again, I thank you for your support on this important matter, which once approved by New York City and confirmed by the New York State Public Service Commission, will revolutionize the way we all live, work, and communicate in the City of New York.

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Sincerely,

A handwritten signature in cursive script that reads "Thomas A. Dunne".

cc: Mr. Carlo A. Scissura

Thomas A. Dunne
Vice President
Public Policy & External Affairs



140 West Street
30th Floor, Room 3009
New York, NY 10007

Phone 212 321-8130
Fax 212 791-0502
thomas.a.dunne@verizon.com

May 16, 2008

Honorable Scott M. Stringer
Office of the Manhattan Borough President
1 Centre Street, 19th Floor
New York, NY 10007

Dear Borough President:

I write to thank you for meeting with me to discuss the details of Verizon's proposed cable franchise agreement with New York City, which will be before the Franchise and Concession Review Committee on May 20th. Once again, I thank you for your support on this important matter, which once approved by New York City and confirmed by the New York State Public Service Commission, will revolutionize the way we all live, work, and communicate in the City of New York.

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I have enclosed some recent press in connection with the Verizon franchise agreement for your review. Please do not hesitate to contact me if you have questions. I thank you and I appreciate your ongoing support of Verizon.

Sincerely,

A handwritten signature in cursive script that reads "Thomas A. Dunne".

cc: Jimmy Yan, Esq.

Thomas A. Dunne
Vice President
Public Policy & External Affairs



140 West Street
30th Floor, Room 3009
New York, NY 10007

Phone 212 321-8130
Fax 212 791-0502
thomas.a.dunne@verizon.com

May 16, 2008

Honorable Adolfo Carrión
Office of the Bronx Borough President
851 Grand Concourse
Bronx, NY 10451

Dear Borough President:

I write to thank you for meeting with me to discuss the details of Verizon's proposed cable franchise agreement with New York City, which will be before the Franchise and Concession Review Committee on May 20th. Once again, I thank you for your support on this important matter, which once approved by New York City and confirmed by the New York State Public Service Commission, will revolutionize the way we all live, work, and communicate in the City of New York.

Verizon has made a commitment that no telecommunications provider, in this City or anywhere else in the nation, has made. The company will modernize its telecommunications infrastructure and deliver cable competition. In creating the next generation information highway, Verizon will position our city to compete in the global marketplace for decades to come. I am particularly proud that our hometown was selected for this network upgrade, and so are our employees. All 12,000 of them are eager to begin the work.

I have enclosed some recent press in connection with the Verizon franchise agreement for your review. Please do not hesitate to contact me if you have questions. I thank you and I appreciate your ongoing support of Verizon.

Sincerely,

A handwritten signature in cursive script that reads "Thomas A. Dunne".

cc: Al Rodriguez, Esq.

Thomas A. Dunne
Vice President
Public Policy & External Affairs



140 West Street
30th Floor, Room 3009
New York, NY 10007

Phone 212 321-8130
Fax 212 791-0502
thomas.a.dunne@verizon.com

May 16, 2008

Honorable James Molinaro
Office of the Staten Island Borough President
120 Borough Hall
Staten Island, NY 10301

Dear Borough President:

I write to thank you for meeting with me to discuss the details of Verizon's proposed cable franchise agreement with New York City, which will be before the Franchise and Concession Review Committee on May 20th. Once again, I thank you for your support on this important matter, which once approved by New York City and confirmed by the New York State Public Service Commission, will revolutionize the way we all live, work, and communicate in the City of New York.

Verizon has made a commitment that no telecommunications provider, in this City or anywhere else in the nation, has made. The company will modernize its telecommunications infrastructure and deliver cable competition. In creating the next generation information highway, Verizon will position our city to compete in the global marketplace for decades to come. I am particularly proud that our hometown was selected for this network upgrade, and so are our employees. All 12,000 of them are eager to begin the work.

I have enclosed some recent press in connection with the Verizon franchise agreement for your review. Please do not hesitate to contact me if you have questions. I thank you and I appreciate your ongoing support of Verizon.

Sincerely,

A handwritten signature in cursive script that reads "Thomas A. Dunne".

cc: Ms. Meagan Devereaux

Editorial: Competition can fix cable TV; Letting Verizon into the market would cut prices, improve service

April 19, 2008 3:17PM

Half of New Yorkers believe that the prices Time Warner Cable and Cablevision Systems charge for cable TV are too high, according to a poll conducted last year by Crain's New York Business' and Charney Research. A third of Cablevision subscribers rate their service offerings and packages as poor, and a quarter of Time Warner subscribers say its service is unreliable.

Those results are important to keep in mind as the city renegotiates its contracts with the cable companies and also begins talks with Verizon to allow it to provide cable TV service in the city. Though forcing the existing operators to meet enhanced service standards is a good idea, competition is what will bring lower prices and better service to New Yorkers.

Franchise extensions for Time Warner and Cablevision, whose 10-year contracts expire later this year, appear to depend on the companies agreeing to higher standards. Many ideas have been proposed, including enacting a customer bill of rights and providing larger refunds when service is disrupted. Those are fine suggestions but would probably be only marginally effective.

A better solution is to move quickly to let Verizon offer TV service. The City Council authorized the Bloomberg administration to do so 18 months ago, but the mayor's people dragged their feet on issuing a needed request for proposals to jump-start the process.

Meanwhile, more than 100 suburban communities granted franchises to Verizon, and residents soon began to reap the rewards. Both of the incumbent cable companies as well as Verizon now offer customers in those markets cable TV, high-speed Internet access and unlimited domestic telephone service for about \$100 a month. Some Verizon customers even got a free flat-screen TV for signing up. Suddenly, the companies' service personnel became responsive and appointments were easy to schedule.

That's what is in store for the city when Verizon finally gets the green light. The cable companies will continue to fight a rearguard action to delay the newcomer's entry as long as possible because they have so much to lose: The Crain's poll showed that 51% of New York cable subscribers would switch if they were offered an alternative. The others will claim that Verizon's proposed build-out would take too long, that the telecom giant is ignoring poor neighborhoods and whatever other red herring they can think of.

The bottom line: Cable TV service in the city is too expensive, and service is inadequate. Every month of delay costs New Yorkers dearly in money and frustration. It's time to let competition fix the problem.

Top Stories



City Reaches Cable Agreement With Verizon

DIALS BROADBAND

April 29, 2008

City officials announced this morning an agreement with Verizon for a cable television contract.

Verizon would offer all public and government channels, but not NY1 News, in all five boroughs.

NY1 News will remain available only on Time Warner Cable and Cablevision.

Under the deal, Verizon's Fios network would be available across the city by 2014, starting first on Staten Island.

The agreement includes customer service protections and grants for education and public access improvements.

Currently, Time Warner Cable, which is NY1's parent company, has the city franchise for Manhattan, Queens, Staten Island and sections of Brooklyn. Cablevision has the franchise for the Bronx and parts of Brooklyn.

City officials say competition will be better for the cable customer.

"The more really capable players you have in the market, the more they really have to compete with one another to make sure you do get the best services available," said Deputy Mayor Robert Lieber.

Time Warner Cable says it welcomes the competition, while Cablevision pointed to Verizon recent rate hikes as cause for concern.

The deal with Verizon still needs approval from the city's Franchise and Concession Review Committee.

Verizon News Clips

Date: 04/30/2008
Source: The New York Times
Keywords:

Verizon May Soon Join Local TV Market, Adding a Cable Option

April 30, 2008

By KEN BELSON

Cable television viewers in New York who are frustrated with Cablevision or Time Warner Cable may soon have another option for service.

On Tuesday, Verizon moved a step closer to becoming a realistic choice when the city's Department of Information, Technology and Telecommunications signed off on its application to sell television over its new fiber network. The service, FiOS TV, is already available in towns on Long Island, and in Westchester, New Jersey and other suburbs.

The effect of the competition in those areas has been immediate. Cablevision, Time Warner and Comcast have been selling rival bundles that include discounted television, phone and broadband services. Some say customer service has improved.

And the companies have been offering faster Internet connections and more high-definition channels at no extra cost. Customers threatening to switch providers have also been given several months of free Cinemax and other pay television channels.

"Most New York residents see they have no alternative for video, and we hope to be the alternative," said Monica Azare, Verizon's senior vice president for public policy in New York and Connecticut. "We are building it and hope they will come."

Verizon's application still needs the approval of at least five of the six members of the city's Franchise and Concession Review Committee, which includes the mayor; the comptroller; the corporation counsel; the director of the Office of Management and Budget, a mayoral designee; and all five borough presidents. A public hearing is scheduled for May 20.

Final approval from the Public Service Commission would be needed after that. If all goes well, the company expects to start selling television signals in the city by the end of the year.

But that does not mean everyone will be able to buy it then. Verizon's fiber network passes only 20 percent of the city's 3.1 million households, Ms. Azare said. Verizon has promised to pass every home in the city with its network by June 30, 2014.

But only Staten Island has near-complete coverage now. In Queens, only 15 percent of homes and apartments are within reach of Verizon's fiber-optic lines. In Brooklyn, the rate is 12 percent. According to the company's application, Verizon will not pass more than half the homes in all five boroughs until 2011.

And Verizon is installing its fiber network in neighborhoods based not only on potential demand, but also on whether older, copper networks need to be replaced and how close those lines are to the new fiber network.

Verizon and the Department of Information, Technology and Telecommunications have developed benchmarks that ensure that neighborhoods are not left behind.

"We wanted to make sure they didn't cherry-pick the wealthy areas of the city, so we set up some milestones so service gets distributed in an even way," said Paul J. Cosgrave, the commissioner of the information department.

The deadlines are fungible, though. Verizon can get a 12-month extension if certain benchmarks for signing up television customers are not met. And Verizon still must reach agreements with landlords to wire their buildings. Then Verizon's technicians must get inside to install their fiber lines.

Still, Verizon has made "a historic concession" by agreeing to pass every home in the city, said Dave Burstein, editor of DSL Prime, a newsletter about all things broadband.

"What Verizon is building for New York is one of the very best networks in the world," Mr. Burstein said. "The questions become time and price."

But Mr. Burstein raised questions about what is not in the agreement, including a promise by Verizon not to discriminate against heavy users of its network or against certain Web sites.

"Verizon was going to settle for whatever the city asked because there is no way they would risk losing access to three million customers," he said. "So there is no reason why the city couldn't have demanded a neutral network, minimum service guarantees and lifeline prices," or discounted prices for the most basic services.

The city's Department of Information said it had the authority only to review Verizon's application to sell television, not to regulate its broadband network or phone service.

Consumers will probably be pecked with fees and service charges, too.

Verizon said it would penalize customers who have bundles of services for canceling their contracts early, as wireless companies do.

Councilwoman Gail A. Brewer, a Democrat from Manhattan who is chairwoman of the Council's Technology in Government Committee, said she worried that if Verizon failed to meet targets for introducing service, the penalties would not be stiff enough to hurt a company with more than \$90 billion in annual revenue.

The Department of Information, Technology and Telecommunications is developing a formula for assessing penalties, and says Verizon has agreed to put up a \$1 million security fund, a \$20 million letter of credit, a \$50 million performance bond and an unlimited guarantee.

But Ms. Brewer is hopeful that Verizon will also contribute to a fund that will provide computers and broadband connections to low-income families, older people and others who need assistance. The fund, other city officials said, is likely to receive \$4 million from Verizon.

"You want to make sure you build out so the poor and rich are included," she said.

Verizon News Clips

Date: 04/30/2008
Source: Newsday
Keywords:

Verizon gets huge opening into New York TV market

Bloomberg
6:06 PM EDT, April 29, 2008

Verizon Communications Inc., the second-biggest U.S. phone company, reached an agreement with city officials to provide television service throughout New York City that would compete with cable and satellite companies.

Verizon officials said they intend to build over the next six years a high-speed fiber-optic network, opening a potential market of 3.3 million homes in the city's five boroughs. Sales of the service in Manhattan, marketed under the FiOS name, will start later this year, they said.

The network would give the company capacity to package TV, high-speed Internet connections and phone lines to compete with Time Warner Cable, Cablevision Systems Corp. and other companies.

"With the introduction of direct competition among cable companies, prices and service levels would reflect real market forces," said Deputy Mayor Robert Lieber.

Nationwide, New York-based Verizon had 1.2 million TV subscribers on its fiber network as of March 31, the company said. It has subscribers in some parts of Nassau and Suffolk.

Verizon's application calls for the company to pay the city a franchise fee of 5 percent of television revenue. The company also promises a \$10 million grant to the city's TV station, WNYC. Verizon will pay another \$4 million in an unrestricted grant to the city for a "Technology Education and Municipal Facilities" fund.

Potential competitors Time Warner and Cablevision both face franchise renewal this year, while satellite operators such as DirecTV Holdings are not regulated by the city, Cosgrave said.

Representatives of those companies didn't immediately respond to requests for comment.

The state Public Service Commission must also back the accord.

The plan anticipates Verizon building its network throughout the city by mid-2014. The company is to install fiber optic capacity in 30 percent of the city by the end of 2008, 50 percent by the end of 2010 and 80 percent by 2012.

Verizon News Clips

Date: 04/30/2008
Source: New York Post
Keywords:

PAY-TV COMPETITION FINALLY ON THE VERIZON

By TOM TOPOUSIS

April 30, 2008 -- The cable guy is about to get some competition.

For the first time in city history, New Yorkers will have a choice in how they get cable TV, under a proposed agreement announced yesterday that would bring Verizon's fiber-optic TV, phone and Internet service to every city neighborhood by 2014.

Verizon's rollout of its much-promoted FiOS service will reach 30 percent of city homes by the end of this year, with nearly half the city covered by 2010 and up to 80 percent by 2012.

"The proposed agreement . . . is historic and it creates the single largest cable television franchise project in the history of New York City," said Robert Lieber, deputy mayor for economic development.

The city has been primarily served by two cable-TV giants, Cablevision and Time Warner, serving non-overlapping sections of the city.

The proposal will go before the city's Franchise and Concession Review Commission for a public hearing on May 20.

As part of the deal, Verizon will pay the city a fee of 5 percent of its revenue from the cable-TV service.

The company will also give \$10 million to public-access NYC TV and provide 17 community-access channels.

tom.topousis@nypost.com

Verizon News Clips

Date: 04/30/2008
Source: New York Daily News
Keywords:

Battle for your TV remote

BY RICH SCHAPIRO
DAILY NEWS STAFF WRITER

Wednesday, April 30th 2008, 4:00 AM

Verizon officials said they plan to have a fiber optic network installed across the city by 2014.

New Yorkers frustrated with their cable TV providers may soon have something they never had before: a choice.

The city reached a tentative agreement with Verizon, potentially paving the way for the telecom giant to provide cable service to all five boroughs and bringing much-needed competition to the market, officials said Tuesday.

"With the introduction of direct competition among cable companies, prices and services would reflect real market forces, and New Yorkers would be the beneficiaries," said Robert Lieber, deputy mayor for economic development.

Verizon officials said they intend to install a fiber optic network across the city by 2014 that would give the company the ability to combine TV, high-speed Internet connections and phone lines in a package it calls FiOS. It would compete with Time Warner in Manhattan, Queens, western Brooklyn and Staten Island; and Cablevision, which serves the Bronx and eastern Brooklyn.

"The agreement - which calls for Verizon to pay the city a franchise fee of 5% of its cable service revenues and provide a \$10 million grant to NYC TV - still has hurdles to overcome.

The accord is awaiting approval by the city's Franchise and Concession Review Committee, which scheduled a public hearing for May 20.

The state Public Service Commission must also sign off on any deal.

Verizon plans to offer its service to nearly all of Staten Island and almost 60% of Manhattan residents by the end of this year.

But for most of Brooklyn, Queens and the Bronx, Verizon service will likely remain unavailable until 2011, according to company documents obtained by Daily News columnist Juan Gonzalez last week.

Consumers Union, in a statement, said: "While we were disappointed at the level of secrecy during the negotiations, we are hopeful that Verizon entering the cable TV market will reduce prices and improve customer service for consumers."

rschapiro@nydailynews.com



Staten Island Advance

Cable monopolies broken

Verizon's on the horizon as a TV option for all New Yorkers

Wednesday, April 30, 2008

By SALLY GOLDENBERG

ADVANCE CITY HALL BUREAU

STATEN ISLAND, N.Y. -- Staten Islanders can soon bid adieu to their days of having a solitary cable TV service provider.

By the end of 2008, the system of obtaining cable service from a sole entity -- here, it's Time Warner Cable -- will go the way of the old rabbit-ears.

The city yesterday announced a partnership with Verizon to give all New Yorkers the option to ditch their current cable provider and choose a different fiber-optic alternative, known as FIOS. The Island, due to the ease of access with its existing above-ground network, will be the first borough to receive complete installation.

The project, which is set to be completed in the entire city by 2014, "creates the single largest cable television franchise project in the history of New York City," Deputy Mayor Robert Lieber said at the announcement inside the Downtown Brooklyn studios of NYCTV, the city's television station.

"[It will] when approved, for the first time ever bring true television service competition to each and every home in all five boroughs of the city of New York," Lieber added. "New Yorkers must have choice, have access to choice among the world-class cable television services."

The partnership requires approval from the city Franchise and Concession Review Committee and the state Public Service Commission. The FCRC vote, which will follow a public hearing scheduled for May 20, requires "yes" votes from five of its six members for approval.

City and Verizon officials, who announced the agreement yesterday inside the NYCTV studios, would not disclose the total cost of the project. A Verizon senior vice president at the announcement, Monica Azare, would say only that it is included in a national initiative that costs \$18 billion.

Prices for packages to be offered to the city's roughly 3 million households also were not immediately available.

The agreement features "fiber-to-the-home technology," which promises greater capacity and faster speeds.

But a Time Warner representative did not sound too concerned.

"Consumers always benefit from competition. As in the past, we believe that we're going to continue to provide our customers with the best product options and innovation and we're glad the city took this step to bring a new video provider to New York City," she said.

Verizon will not offer New York 1, the city's local news station, city officials said.

Sally Goldenberg covers City Hall for the Advance. She may be reached at goldenberg@siadvance.com.

Tab 14

-----Original Message-----

From: Lasota, Marie C.

Sent: Monday, May 19, 2008 3:24 PM

To: 'bregal@law.nyc.gov'

Subject: ULURP and CEQRA letters

Bruce-are the letters we received from the City something that are public-ie can we attach them to the PSC filing? Thanks.

Marie

Tab 15

From: Raposa, John F.
Sent: Thursday, May 22, 2008 11:07 AM
To: 'Regal, Bruce'
Cc: Lasota, Marie C.; 'Pinkard, Brendon'
Subject: CAO Agreement Side Letter

Please see attached.

John F. Raposa
Vice President & Deputy General Counsel - Video
Verizon
1515 North Court House Road, Suite 500
Arlington, VA 22201
(703) 351-3120
FAX (703) 351-3666
john.raposa@verizon.com

[DOITT Letterhead]

John F. Raposa, Esquire
Verizon
1515 North Court House Road
Suite 500
Arlington, VA 22201

May 29, 2008

**Subject: Article 8 and Appendix C of the Franchise Agreement by and between
the City of New York and Verizon New York Inc. dated May 29, 2008**

Dear Mr. Raposa,

Attached hereto are true and correct copies of the “CAO Agreements” provided to the City by Verizon as referenced in Article 8 and Appendix C which are part of the Franchise Agreement. By this correspondence, the City confirms that these agreements, and each of them, meets the requirements of Section 8.3 of the Franchise Agreement.

Sincerely,

Paul Cosgrave,
Commissioner

Tab 16

From: Pinkard, Brendon
Sent: Friday, May 23, 2008 1:02 PM
To: 'lfinkel@comptroller.nyc.gov'; 'vbudzik@comptroller.nyc.gov'
Cc: ptrane@telecominsightgroup.com; thomas.a.dunne@verizon.com; ptrane@telecominsightgroup.com
Subject: Revised Franchise Provisions

Lew and Valerie,

Below please find our proposed revision to reflect our discussion of earlier today. New language is underlined. Also, please find a slightly revised version of the proposed FOIL language circulated by Valerie yesterday. Once we have received your sign-off on this language, we will circulate a revised draft of the franchise.

Section 6.6: *Program Services*: Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels). Consistent with applicable FCC regulations and 47 U.S.C. 544(b)(2)(B) the Franchisee will meet with the Commissioner upon written request to discuss broad categories of programming offered over the Cable System; provided, however, that such meetings shall not occur more than two (2) times in any calendar year.

Section 7.5.4: In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the following information with respect to Subscriber complaints:

- (i) the total number of complaints received by Franchisee in each Borough and VSO;
- (ii) the nature and current status of all complaints received by Franchisee in each Borough, described in appropriate sub-categories, including, but not limited to, billing, equipment related issues, installation related issues, credit adjustments, missed appointments and service calls, and such other complaint categories as may be tracked in Verizon's internal customer service system; and
- (iii) the percentage of complaints resolved and percentage of complaints outstanding in each Borough.

Thanks,

Brendon



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Tab 17

From: Pinkard, Brendon
Sent: Friday, May 23, 2008 1:47 PM
To: 'vbudzik@comptroller.nyc.gov'
Cc: 'lfinkel@comptroller.nyc.gov'; thomas.a.dunne@verizon.com; 'marie.c.lasota@verizon.com'; ptrane@telecominsightgroup.com
Subject: Further Revised Franchise Provision

Valerie,

Per your request, below please find further revised language to be incorporated into Section 6.6. The last sentence (underlined) is the additional language you requested. As noted in my earlier email, we will circulate the complete franchise once we have received your approval of our proposed language.

Section 6.6: Program Services: Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels). Consistent with applicable FCC regulations and 47 U.S.C. 544(b)(2)(B) the Franchisee will meet with the Commissioner upon written request to discuss broad categories of programming offered over the Cable System. Said meetings shall not occur more than two (2) times in any calendar year. Franchisee shall at all times comply with the applicable provisions of 47 U.S.C. 536.



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Tab 18

From: Pinkard, Brendon
Sent: Friday, May 23, 2008 3:21 PM
To: 'vbudzik@comptroller.nyc.gov'
Cc: 'marie.c.lasota@verizon.com'; 'ptrane@telecominsightgroup.com'
Subject: Revised Franchise Language

Section 6.6: Program Services: Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels). Consistent with applicable FCC regulations and 47 U.S.C. 544(b)(2)(B) the Franchisee will meet with the Commissioner upon written request to discuss broad categories of programming offered over the Cable System; provided, however, that such meetings shall not occur more than two (2) times in any calendar year. Franchisee shall at all times comply with applicable provisions of the Cable Act and FCC regulations with respect to program access. [Deleted - 47 U.S.C. 536 and FCC regulations.]



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Tab 19

From: Pinkard, Brendon [mailto:BPinkard@wileyrein.com]

Sent: Friday, May 23, 2008 4:06 PM

To: Budzik, Valerie

Cc: Finkelman, Lewis; thomas.a.dunne@verizon.com; marie.c.lasota@verizon.com; ptrane@telecominsightgroup.com

Subject: Revised Section 6.6

Valerie,

Below please find revised language consistent with our discussions. Assuming this language is acceptable, please confirm that we have now closed all outstanding issues and have reached agreement.

Consistent with the Cable Act, the Franchisee will meet with the Commissioner upon request to discuss broad categories of programming offered over the Cable System; provided, however, that such meetings shall not occur more than two (2) times in any calendar year. Franchisee shall at all times comply with applicable provisions of the Cable Act and FCC regulations with respect to program access.

Thanks,

Brendon



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Tab 20

From: Pinkard, Brendon
Sent: Friday, May 23, 2008 5:09 PM
To: mahlbaum@doitt.nyc.gov; 'Regal, Bruce'; Grippo, Vincent
Cc: 'lfinkel@comptroller.nyc.gov'; 'vbudzik@comptroller.nyc.gov'; John Raposa; 'thomas.a.dunne@verizon.com'; 'ptrane@telecominsightgroup.com'; 'marie.c.lasota@verizon.com'
Subject: Revised Franchise Agreement

All,

Attached please find a revised franchise agreement and appendices, in clean and blackline format, reflecting the revisions agreed upon with the Comptroller's office today. It is our understanding that we have now closed all outstanding issues in the agreement. Please do not hesitate to contact us should you have any questions or concerns prior to the hearing on Tuesday.

Thanks,

Brendon



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Cable Franchise Agreement

by and between

The City of New York

and

Verizon New York Inc.

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VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement”) is entered into by and between the City of New York, a validly organized and existing political subdivision of the State of New York (the “City”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon” or the “Franchisee”).

WHEREAS, the City 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; and

WHEREAS, the Franchisee is in the process of upgrading its existing Telecommunications Services (as hereinafter defined) and Information Services (as hereinafter defined) network through the installation of the FTTP Network (as hereinafter defined) in the Franchise Area (as hereinafter defined) which transmits Non-Cable Services pursuant to authority determined by Franchisee to have been 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 (as hereinafter defined) or Title VI of the Communications Act; and

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

WHEREAS, no cable franchisee has ever agreed to provide Cable Service throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, the City wishes to grant Franchisee a nonexclusive franchise to operate a Cable System (as hereinafter defined) throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, pursuant to Section 363(a) of the New York City Charter (the “City Charter”), franchises are to be awarded by the City in accordance with the provisions of authorizing resolutions adopted by the City Council of the City (the “City Council”); and

WHEREAS, the City Council adopted Resolution No. 538 on September 27, 2006 (the “Resolution”) which authorizes, until September 27, 2011, the Department of Information Technology and Telecommunications (“DoITT”) to grant nonexclusive franchises for the provision of cable television services; and

WHEREAS, the delivery of Cable Services is in the City’s interest, and the availability of such competitive service to all households in the City on a timely basis pursuant to the terms of this Agreement will significantly benefit the City; and

WHEREAS, the City, pursuant to the terms of the Cable Act (as hereinafter defined), has identified the City’s future cable-related community needs and interests and, pursuant to the City

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

Charter, has issued a solicitation for cable television franchises (the “Solicitation”) to which the Franchisee responded; and

WHEREAS, in response to the Solicitation, the Franchisee offered to operate and maintain a Cable System and provide Cable Services (as hereinafter defined) and to perform certain additional undertakings; and

WHEREAS, the Franchisee and the City completed arm’s-length negotiations regarding the terms and conditions pursuant to which the City intends to grant to the Franchisee, and the Franchisee intends to accept from the City, a franchise (the “Franchise”) described generally in Section 4.1 hereof and more specifically as described by the complete terms of this Agreement; and

WHEREAS, the City has, with respect to the proposed grant of the Franchise, complied with the New York State Environmental Quality Act (“SEQRA”) (Section 8-0101 et seq. of the New York State Environmental Conservation Law), the SEQRA regulations set forth at Part 617 of Title 6 of the New York Code of Rules and Regulations, and the City Environmental Quality Review process (Chapter 5 of Title 62 and Chapter 6 of Title 43 of the Rules of the City of New York); and

WHEREAS, the Department of City Planning determined pursuant to Section 363(c) of the City Charter that the grant of this Franchise would not have land use impacts or implications and therefore is not subject to the Uniform Land Use Review Procedure (“ULURP”) set forth in Section 197-c of the City Charter;

WHEREAS, the Franchisee has completed all required submissions under the City’s VENDEX process, and the City’s review thereof has been completed; and

WHEREAS, pursuant to Section 371 of the City Charter, the Franchise and Concession Review Committee (the “FCRC”) held a public hearing on the proposed Franchise terms of this Agreement memorializing the terms and conditions of the proposed Franchise; and

WHEREAS, said hearing before the FCRC was held within 30 days of the date that DoITT filed the proposed Franchise with the FCRC; and

WHEREAS, a notice of said hearing and a summary of the terms and conditions of the proposed Franchise were properly published in the City Record; and

WHEREAS, at least 15 days, excluding Sundays and legal holidays, elapsed between publication of said hearing notice and summary in the City Record and the commencement of such hearing before the FCRC; and

WHEREAS, before the FCRC hearing, the requirements regarding publication of notice of such hearing as set forth in Section 371 of the City Charter were met; and

WHEREAS, the FCRC has approved the grant to the Franchisee of the Franchise and the terms of this Agreement as described herein; and

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

WHEREAS, pursuant to Section 895.1 of Title 16 of the New York Code of Rules and Regulations, the Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; the Franchisee's plans for its Cable System were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

WHEREAS, the City and the Franchisee have determined that this Agreement complies with the franchise standards set forth in the Resolution, Section 363 of the City Charter, Section 626 of the Cable Act as amended, Section 221 of the Public Service Law, the regulations of the Public Service Commission, and all other applicable laws and regulations; and

WHEREAS, the City, following said public hearing, determined that this Franchise granting the Franchisee a nonexclusive franchise complies with the franchise standards set forth in the Cable Act, the Resolution, the aforementioned Public Service Law, the regulations of the NY PSC (including any necessary waivers that the parties may seek and obtain) and all other applicable laws and regulations; and

WHEREAS, the City and 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 foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

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 and the Communications Act are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *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.

1.2. *Application:* Application of Verizon New York Inc. for a Cable Television Franchise in the City of New York, filed on April 15, 2008.

1.3. *Agreement:* This Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.5. *Borough President:* Each President of one of the five boroughs within the City of New York, any Borough President's designee, or any successor thereto.

1.6. *Cable Act:* The Cable Communications Policy Act of 1984 (codified at 47 U.S.C. §§ 521-573).

1.7. *Cable Law:* The Cable Act, 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, to the extent authorized under and consistent with federal law.

1.8. *Cable Service or Cable Services:* Shall be defined herein as it is defined under 47 U.S.C. § 522(6), as amended.

1.9. *Cable System or System:* Shall be defined herein as it is defined under 47 U.S.C. § 522(7), as amended.

1.10. *Channel:* Shall be defined herein as it is defined under 47 U.S.C. § 522(4), as amended.

1.11. *Channel Position:* Shall mean the position on a television receiver, tuner, converter or similar device which is selected to receive a specific Channel.

1.12. *Communications Act:* The Communications Act of 1934, as amended, including, without limitation, the Cable Act.

1.13. *Closing:* Shall be defined as provided in Section 2.1 hereof.

1.14. *Commissioner:* Shall mean the Commissioner of DoITT, the Commissioner's designee or any successor thereto.

1.15. *Community Access Organization ("CAO"):* Shall mean, with respect to any particular borough of the City, the nonprofit corporation that has been designated in connection with that borough pursuant to the agreements substantially in the form set forth in Appendix C to this Agreement.

1.16. *Controlling Person:* A Person with the ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee's affairs.

1.17. *Corporation Counsel:* The Corporation Counsel of the City, the Corporation Counsel's designee, or any successor thereto.

1.18. *DoITT:* The Department of Information Technology and Telecommunications, or any successor thereto.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.20. *FCRC*: Shall mean the Franchise and Concession Review Committee of the City of New York.

1.21. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, 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 Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.22. *Franchise Area*: The incorporated area (entire existing territorial limits) of the City, and such additional areas as may be annexed or acquired.

1.23. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees (including for which consent of the City is required under Article 13 hereof).

1.24. *FTTP Network*: The Franchisee's fiber-to-the-premise telecommunications network in the Franchise Area as described in the Application.

1.25. *FTTP Network Created*: All transport connections and equipment in the FTTP Network have been established and are operational to the fiber distribution terminal serving the residence requesting fiber-enabled services (whether Cable Service or Non-Cable Services). Additionally, for MDUs, Franchisee has obtained building access and prepositioned its facilities in the MDU which are necessary for serving residences within the MDU requesting fiber-enabled services (whether Cable Service or Non-Cable Services).

1.26. *Government/Educational Access Channel*: An Access Channel which the Franchisee shall make available for the sole noncommercial use of the City or for noncommercial use 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 as specified by the City, as provided in Article 8 and Appendix B to this Agreement.

1.27. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee (or any Affiliate) from the operation of the Cable System to provide Cable Service in the Franchise Area, as follows:

1.27.1. Gross Revenue includes, without limitation: all Subscriber 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 Franchisee over the Cable System in the Franchise 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,

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) video on demand and pay-per-view; (iv) revenues from the sale or lease of channel(s) or channel capacity; (v) compensation received by Franchisee that is derived from the operation of the Cable System to provide Cable Service with respect to commissions that are paid to Franchisee or an Affiliate providing Cable Service under this Franchise as compensation for promotion or exhibition of any products or services on the Cable System, such as a “home shopping” or similar channel, subject to the exceptions below; and (vi) charges described to Subscribers as attributable to Franchise Fees (as hereinafter defined) and PEG Grants. Gross Revenue shall also include all advertising revenue which is received directly or indirectly by the Franchisee or any Affiliate from or in connection with the distribution of any service over the System (and including, without limitation, compensation for use of studio or other facilities and equipment associated with production or distribution of any programming or advertising to be distributed as part of a Cable Service). The allocation shall be based on the number of Subscribers in the Franchise 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.

1.27.2. Except as provided above, Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business and in accordance with generally accepted accounting principles (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; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, provided, however, that any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System paid to Franchisee or an Affiliate 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 City including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by the LFA, a state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity; taxes imposed on Subscribers by law, which the Franchisee is obligated to collect; any foregone revenue which 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 Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which 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 Franchisee of marketing costs incurred by 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.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.27.3. Gross Revenues derived from Cable Services provided over the Cable System in the Franchise Area that are provided to Subscribers as part of a bundle of services that include Non-Cable Services shall be treated in accordance with Section 10.5 hereof.

1.28. *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.

1.29. *Landlord*: The term "landlord" shall mean and include the owner or owners of the freehold of the premises or lesser estate therein, a mortgagee or vendee in possession, assignee of rents, receiver, executor, trustee, lessee, agent, or any other person, firm or corporation, directly or indirectly in control of a dwelling, or any designee of the foregoing enumerated Persons formally authorized to approve physical alterations, improvements or modifications to such dwelling including the installation of Franchisee's facilities.

1.30. *Leading Technology*: The highest level of performance and capability (including, but not limited to, with respect to plant or other equipment; transmission capacity to subscribers' premises; channel offerings; video-on-demand services; construction techniques; consumer service; facilities, equipment, systems and operations; and performance standards), that has been commonly accepted, developed and commercially deployed in the wireline cable television industry and is economically reasonable and technically feasible.

1.31. *Local Franchise Authority ("LFA" or the "City")*: The City of New York, New York, or the lawful successor, transferee, or assignee thereof.

1.32. *Multiple Dwellings ("MDUs")*: Shall have the meaning set forth therefore in NY CLS Mult D § 4(7).

1.33. *Non-Cable Services*: Any service that does not constitute Cable Service pursuant to law including, but not limited to, Information Services and Telecommunications Services.

1.34. *Non-Residential Subscriber*: A Subscriber that is not a Resident.

1.35. *Non-Standard Installation*: Any installation which does not constitute a Standard Installation as defined in Section 1.45 hereof.

1.36. *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.

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

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

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.40. *Public Access Channel:* An Access Channel which the Franchisee shall make available to a CAO, at no charge, as provided in Article 8 and Appendices B and C to this Agreement.

1.41. *Public Rights-of-Way:* The surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the City and any other property within the City, to the extent to which there exist public easements or public rights of way. Public Rights-of-Way do not include the electromagnetic spectrum above the surface of a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.42. *Resident:* An occupant who: (i) resides in a dwelling which has or is entitled to receive from the City a residential certificate of occupancy, including, without limitation, a private dwelling, class A multiple dwelling, or an interim multiple dwelling; or (ii) has continuously resided in the same building as a permanent resident and who takes occupancy pursuant to a lease (or other similar arrangement) of at least six (6) months duration. For purposes of this Agreement, the terms “private dwelling,” “class A multiple dwelling,” and “interim multiple dwelling” shall have the same meaning as they have or may have in NY CLS Mult D, as such law may from time to time be amended.

1.43. *Residential Subscriber:* A Subscriber that is a Resident.

1.44. *Service Area:* All portions of the Franchise Area with a video service office (“VSO”) that is open for sales and Cable Service is being offered.

1.45. *Standard Installation:* A residence requesting Cable Service that is Video Network Created as of the date of the request for service.

1.46. *Subscriber:* A Person who lawfully receives Cable Service over the Cable System.

1.47. *Telecommunication Services:* Shall be defined herein as it is defined under 47 U.S.C. § 153(46), as amended.

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

1.49. *Video Network Created:* Video transport connections and equipment have been established and are operational to the fiber distribution terminal serving the residence requesting Cable Service. Additionally, for MDUs, Verizon has obtained building access and prepositioned its video facilities in the MDU which are necessary for serving requesting residences within the MDU.

1.50. *Video Programming:* Shall be defined herein as it is defined under 47 U.S.C. § 522(20), as amended.

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1.51. *Video Service Office or VSO:* A wire center that has been upgraded by Franchisee to be video-capable and which thereby may be opened for sales for the provision of Cable Service by Franchisee.

1.52. *Wholly Owned Affiliate:* Any entity of which 100% of the ownership interest is ultimately held by Verizon Communications, Inc.

2. CLOSING; CLOSING CONDITIONS

2.1. *Closing:* This Agreement shall be executed and the obligations herein shall commence on the closing of this Agreement (herein referred to as the “Closing”). The Closing shall be the first day on which all of the following conditions have been met and this Agreement has been fully executed and delivered:

2.2. *FCRC Resolution:* The FCRC shall have adopted a resolution approving this Franchise;

2.3. *Certified Copies of Resolutions:* The Franchisee shall have furnished the City with a certified copy of the resolution(s) duly adopted by the Board of Directors or other authorized representative of the Franchisee, approving the execution, delivery and performance of this Agreement and approving the execution, delivery and performance of all other documents, certificates, and other instruments required to be furnished to the City by and pursuant to the terms of this Agreement;

2.4. *Opinion of Franchisee’s Counsel:* The City shall have received an opinion dated as of the date of the Closing from outside counsel to the Franchisee in form and substance reasonably satisfactory to the Commissioner and the Corporation Counsel;

2.5. *Representations and Warranties:* The Franchisee shall have provided the City with a certificate of an officer of the Franchisee certifying that the representations and warranties made by the Franchisee in this Agreement are true and correct as of the Closing;

2.6. *Government Approvals:* The Franchisee shall have provided the City with evidence of approval of the transactions contemplated by this Agreement from any necessary governmental authorities, and all notice periods and waiting periods required by law to pass in connection with such transactions shall have passed, except the certificate of confirmation to be issued or renewed by the PSC pursuant to Section 891.4 of the PSC regulations and issuance of an FCC CUID;

2.7. *Performance Bond:* The Franchisee shall have furnished to the City the Performance Bond, pursuant to Article 15 hereof;

2.8. *Security Fund/Letter of Credit:* The Franchisee shall have deposited with the City the Security Fund/Letter of Credit, pursuant to Article 15 hereof;

2.9. *Liability Insurance Policy:* The Franchisee shall have secured its liability insurance policy pursuant to Article 12 hereof;

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2.10. *Guaranty*: The Franchisee shall have secured and delivered to the Commissioner and the Comptroller a guaranty executed by the Guarantor in the form set forth at Appendix H to this Agreement, which guaranty shall have been authorized, executed and delivered by the Guarantor;

2.11. *W-9 Form*: The Franchisee shall have submitted an IRS W-9 form certifying the Franchisee's tax ID number;

2.12. *VENDEX*: The Franchisee has completed all required submissions under the City's VENDEX process, and the City's review thereof has been completed; and

2.13. *Other Documents*: The Franchisee shall have delivered such other documents as may be reasonably requested by the City.

2.14. *Waiver*: To the extent permitted by law, any of the above Closing conditions may be waived by the Commissioner, provided such waiver shall not be a waiver of any substantive requirement of this Agreement as set forth hereinafter.

3. EFFECTIVE DATE AND TERM:

3.1. *Effective Date & Term*: This Agreement and the Franchise granted herein shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following the Closing; provided that implementation of this Agreement shall be subject to the applicable registration provisions of City Charter sections 375 and 328. The term (the "Term") of this Agreement and the Franchise granted herein shall be twelve (12) years from the Effective Date, or until June 30, 2020, whichever is later, unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the City in writing of the same, which notification shall become a part of this Franchise.

3.2. *Termination*: The termination of this Agreement and the Franchise granted hereunder shall occur upon the earliest to occur of: (i) the end of the Term; or (ii) the earlier termination of the Franchise and this Agreement as provided for in this Agreement. The Franchise shall be considered revoked and terminated automatically upon any termination of this Agreement as provided hereunder.

3.3. *Renewal on Expiration*: Subject to 47 U.S.C. § 546, the City reserves the right at the end of the Term to grant, or grant on new terms and conditions, or not grant, renewal of the Franchise without any presumption in favor of a renewal of the Franchise.

4. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

4.1. *Grant of Authority*: The City hereby grants the Franchisee the right to provide Cable Service within the Franchise Area until the end of the Term, subject to the terms and conditions of this Agreement. The parties acknowledge that this Agreement is not in and of itself a sufficient source for the right of the Franchisee to occupy the Public Rights-of-Way for the provision of any service and is intended to grant such right only in accompaniment with a separate authority to occupy the affected Public Rights-of-Way. The parties further

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acknowledge (a) that this Agreement does not include all of the terms and conditions which the City would require for such occupancy, (b) that the Franchisee claims that it has preexisting authority to occupy any or all of the Public Rights-of-Way with the facilities that are being installed to provide Cable Services under this Agreement, (c) that the City disputes such claim, and (d) that such dispute is the subject of the Pending Litigation (as defined in Section 18.14 hereof). The parties further acknowledge that if the Pending Litigation results in a final determination (after all opportunities to appeal have been either pursued or expired) that with respect to any of the Public Rights-of-Way the Franchisee does not have authority preexisting this Agreement to occupy such Public Rights-of-Way, then the Franchisee's right to occupy such Public Rights-of-Way with such facilities, including for the provision of Cable Services, shall be conditional on the Franchisee's reaching agreement with the City on the terms and conditions of such occupancy, and that absent such agreement, this Agreement and the Franchise granted hereunder shall terminate immediately on written notice from the City.

4.2. *The FTTP Network:* Consistent with Section 18.14 and 18.15 hereof, upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the City's police power, the City has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

4.3. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the City 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 law or this Franchise to provide Cable Service.

4.4. *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. Further, the parties to this Franchise agree that this Franchise is consistent with applicable federal and state law and the parties agree to be bound by the terms hereof.

4.5. *No Waiver:* The failure of either the City or Franchisee 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 other (neither the City nor the Franchisee) from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

4.6. *Construction of Agreement:*

4.6.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives.

4.6.2. Nothing herein shall be construed to limit the scope or applicability of 47 U.S.C. § 545, as amended.

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4.6.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Agreement, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on either party of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

4.7. *Police Powers:* Nothing in this Franchise shall be construed to prohibit the City's reasonable, necessary and lawful exercise of the City's police powers, including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the City may deem necessary in the exercise of its police power, including any lawful right to compel relocation of Cable System facilities in the Public Rights-of-Way in the event of sewer and water line work, road-widenings and other adjustments to the Public Rights-of-Way, and the provisions of New York City Administrative Code § 6-115.1 (the "MacBride Principles"); provided, however, that such laws and regulations are reasonable and not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

4.8. *Restoration and Inspection of Municipal Property:* In order to avoid interference with the City's ability to deliver public services, any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

4.9. *Restoration of Subscriber Premises:* The Franchisee shall ensure that each 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, provision or disconnection of Cable Service.

5. DEPLOYMENT; PROVISION OF CABLE SERVICE

5.1. *Initial Deployment:* Subject to the exceptions and checkpoint extensions set forth in this Article, the FTTP Network will pass all households served by Franchisee's wire centers within the Franchise Area in accordance with the table attached hereto as Appendix F, with final completion no later than June 30, 2014. For purposes of this Agreement including Appendix F, "pass" or "passage" of a household shall mean MDU's whether or not network created and single family units whether or not a drop is installed.

5.1.1. *Exceptions:* The FTTP Network deployment schedule set forth in Appendix F shall be subject to the following exceptions: (A) for periods of Force Majeure; (B) for periods of delay beyond the normal permitting or approval time period, or due to issuance of a stop work order issued by the City, where such stop work order is not caused by action on the part of Franchisee; and (C) for periods of delay resulting from Franchisee's inability to obtain authority to access private rights-of-way.

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5.1.2. *Checkpoint Extensions:* Within thirty (30) days of each of the dates set forth below (each, a “Checkpoint”), the Franchisee shall conduct an evaluation of its “video penetration rate” (as hereinafter defined) in the Franchise Area and, in the event such evaluation determines that Franchisee has not achieved the applicable video penetration rate at each such Checkpoint, the Franchisee shall be afforded an extension of its deployment and service availability obligations pursuant to Sections 5.1, 5.2 and 5.3 hereof, in accordance with the following:

5.1.2.1. *First Checkpoint:* If, by June 30, 2010, Franchisee has achieved a video penetration rate in the Franchise Area which is less than fifteen percent (15%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.2. *Second Checkpoint:* If, by June 30, 2011, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty percent (20%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.3. *Third Checkpoint:* If, by June 30, 2012, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty-five percent (25%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such Checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.4. For purposes of this Agreement, the term “video penetration rate” shall mean:

FiOS TV billable lines in service
(FTTP passed single family units whether or not a drop is installed
+ residential units within FTTP network created MDU's)
in VSOs that are open for sales (OFS).

5.1.3. In the event Franchisee seeks to exercise its right to an extension of its deployment and service availability obligations at any Checkpoint pursuant to this Section 5.1, Franchisee shall, within sixty (60) days from the applicable Checkpoint, provide the City with written documentation, in a format to be reasonably determined by Franchisee, justifying the basis for Franchisee's exercise of such extension. Such written documentation shall be treated as confidential and proprietary consistent with Section 11.1 hereof, and shall include, the number of residential units within FTTP Network Created MDUs and FTTP passed single family units (hereinafter, “SFUs,”) along with other elements of the formula set forth in Section 5.1.2.4 of this Agreement, as may be reasonably necessary to satisfy the objectives of this Section 5.1.3.

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5.1.4. Consistent with the schedule set forth in Appendix F, nothing herein shall be construed to limit Franchisee's discretion with respect to the order of geographic areas to be wired, provided, however, that at each Checkpoint described above, the estimated median household income of all homes passed shall not be greater than the average household income of all households in New York City (based on the calculations set forth in the 2000 census data).

5.2. *VSO Conversions:* Subject to periods of Force Majeure and the checkpoint extensions set forth at subsection 5.1.2 above, not later than June 30, 2014 Franchisee shall have completed the upgrade of all of Franchisee's wire centers located within or serving the Franchise Area such that all of Franchisee's wire centers within or serving the Franchise Area constitute video-capable VSOs open for sales.

5.3. Service Availability:

5.3.1. *Initial Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units, at Franchisee's expense, except that Franchisee may charge a standard installation fee, and may make Cable Service available to businesses, in conformance with Section 5.4. The parties hereto agree that the terms of this Section 5.3.1 satisfy the minimum standards set forth in 16 NYCRR Section 895.5.

5.4. *Provision of Service:* Subject to the exceptions set forth in Subsection 5.5 hereof, Franchisee shall make Cable Service available to all residential dwelling units in the Service Area. Franchisee agrees that it shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area.

5.4.1. *Installations of Cable Service – Standard Installations:* Franchisee shall perform all Standard Installations of Cable Service within seven (7) business days after any such request is received by the Franchisee, unless a later date is agreed to with the requesting potential residential Subscriber.

5.4.1.1. If the Franchisee is unable to fulfill a potential residential Subscriber's request for Standard Installation of Cable Service within seven (7) business days of Franchisee's receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), the Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for Franchisee's inability to perform the requested Standard Installation within seven (7) business days or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); and (ii) the date by which Franchisee anticipates performing such Standard Installation. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Standard Installation request subsequent to the later of: (i) the date which is seven (7) business days from the date which is seven (7) business days following a potential Subscriber's initial request for Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

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5.4.1.2. All Standard Installations will be in accordance with FCC requirements governing appropriate grounding and connection of equipment to ensure reception of Cable Service.

5.4.1.3. Consistent with the requirements of Appendix A the Franchisee will offer Subscribers “appointment window” alternatives for arrival to perform all Standard Installations.

5.4.2. *Installations of Cable Service – Non-Standard Installations:* Franchisee shall perform all Non-Standard Installations of Cable Service within six (6) months after any such request is received by the Franchisee, unless either a later date is agreed to with the requesting potential residential Subscriber or Franchisee advises the requesting potential residential Subscriber of the current unavailability of Cable Service at the location as set forth in Subsection 5.4.2.1.

5.4.2.1. If the Franchisee is unable to fulfill a potential residential Subscriber’s request for Non-Standard Installation of Cable Service within six (6) months of Franchisee’s receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for the current unavailability of Cable Service at the requesting location; and (ii) a good faith estimate of the date by which Franchisee believes that Cable Service may be available at the location. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Non-Standard Installation request subsequent to the later of: (i) the date which is six (6) months from the date which is six (6) months following a potential Subscriber’s initial request for Non-Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

5.5. *Exceptions:* Franchisee’s Cable Service availability obligation as set forth in Section 5.4 shall be subject to the following exceptions: (A) where the FTTP Network has not been deployed or a VSO is not yet opened for sales; (B) for periods of Force Majeure; and (C) periods of delay caused by Franchisee’s inability, after good faith efforts, to obtain valid legal authority to access any MDU in the Franchise Area for the purpose of providing Cable Service to units within such MDU on other than commercially unreasonable terms and conditions with respect to each such MDU.

5.5.1. *Commercial Unreasonability:* The phrase “commercially unreasonable terms and conditions” means any one or more of the following circumstances:

5.5.1.1. The landlord is imposing buildout, installation and/or maintenance requirements to serve the MDU that require a financial investment which results in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee’s weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$;

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5.5.1.2. The landlord is requiring removal or other remediation of hazardous materials;

5.5.1.3. The landlord, despite the legal requirements of Public Service Law Section 228, is demanding payment above the compensation contemplated by Section 228; and

5.5.1.4. A bulk sales, exclusive marketing or other arrangement is in effect in the MDU that reduces Franchisee's reasonably anticipated penetration rate resulting in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee's weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$.

5.5.2. *Access:* The phrase "Franchisee's inability, after good faith efforts, to obtain valid legal authority" as used herein shall be understood in the context, where applicable, of the legal obligations of landlords under Section 228 of the New York State Public Service Law ("Section 228"), or any successor provision of like effect, and therefore in instances in which the Franchisee believes that a landlord is in violation of Section 228, Franchisee is obligated to provide such landlord with notice of Section 228 and the legal obligations imposed upon such landlord pursuant thereto and pursue remedies available thereunder as appropriate in Franchisee's judgment, acting reasonably.

5.5.2.1. *Additional Procedures:* Beginning July 1, 2012, in each case in which the Franchisee needs to obtain access to the property in response to a request for Cable Service where the FTTP Network has been deployed and the VSO is opened for sales, Franchisee shall undertake (and document in written form) the following steps within the following time periods:

5.5.2.1.1. Send promptly (but in no event later than thirty (30) days after receipt of a request for Cable Service) to the property owner or managing agent notice of its intent to wire for Cable Service;

5.5.2.1.2. Attempt to negotiate a survey date and wiring method with the property owner or agent;

5.5.2.1.3. If not yet successful in obtaining access, send a second (2nd) notice of intent to wire including specific reference to Franchisee's access rights, and attempt to wire;

5.5.2.1.4. If the property owner or agent prevents wiring, request assistance from the Commissioner and/or the PSC; and

5.5.2.1.5. If access is not provided within one hundred and eighty (180) days of the first notice to the property owner or agent of intention to wire, file a petition pursuant to 16 NYCRR § 898.4 seeking an order for entry to the property.

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5.5.2.2. The Commissioner may waive, or extend the dates for complying with, the requirements of this Section 5.5.2 upon a showing of good cause by the Franchisee.

5.6. *Periodic Reevaluation:* In the event that Franchisee delays service availability to any MDU in the Franchise Area pursuant to the terms of Section 5.5, Franchisee agrees that it will conduct periodic reevaluations of each such MDU to determine whether circumstances have changed in a manner that would enable Franchisee to obtain valid legal authority to access such MDU on commercially reasonable terms and conditions.

5.7. *Technology and Education Fund/Municipal Facilities Service Grant:* In lieu of, and in satisfaction for, the Franchisee's obligation to provide free service outlets and free Cable Service to public buildings, and in order to further the City's objective of funding technological and educational needs throughout the City, the Franchisee hereby agrees to pay to the City the aggregate sum of Four Million Dollars (\$4,000,000)(the "Technology, Educational & Municipal Facilities Grant") payable in accordance with the following schedule: (i) the first (1st) Technology, Educational & Municipal Facilities Grant payment in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) shall be payable on the date which is thirty (30) days from the Effective Date hereof; (ii) the second (2nd) Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the fourth (4th) anniversary of the Effective Date hereof; and (iii) the third (3rd), and final, Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the seventh (7th) anniversary of the Effective Date hereof.

5.7.1. The Technology, Educational & Municipal Facilities Grant will be used by the City to support the provision of technology services to City government locations and/or City government-related locations in each of the five boroughs of the City where technology services are made or to be made available to the community, such as (for example) New York City Housing Authority community centers, City Department for the Aging community centers and similar facilities. Decisions as to the specific facilities to be supported by said Technology, Educational & Municipal Facilities Grant within each borough shall be made by the City in consultation with the Borough President of the applicable borough. Franchisee shall exercise no discretion as to the allocation or distribution of funds from the Technology, Educational & Municipal Facilities Grant in any manner whatsoever.

6. SYSTEM FACILITIES

6.1. *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and in a manner that limits disruption to public use of City streets, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner, and in a manner which protects the City's property from damage.

6.2. *System Characteristics:* During the Term hereof, Franchisee's Cable System as described in Appendix J, shall meet or exceed the following requirements:

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6.2.1. The System shall initially be designed and operated with a digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

6.2.2. 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.

6.2.3. The Cable System must conform to all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, and shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry procedures:

6.2.3.1. Cable Law;

6.2.3.2. Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

6.2.3.3. National Electrical Code;

6.2.3.4. National Electrical Safety Code (NESC).

6.3. Cable System Tests and Inspections:

6.3.1. The Franchisee shall perform all tests necessary to demonstrate compliance with the requirements of the Franchise, and to ensure that the Cable System components are operating as required; provided, however, that Franchisee's testing obligations under this Article 6 shall be limited solely to those tests which are designed for, and applicable to, a fiber optic network transmitting optical spectrum. All tests shall be conducted in accordance with federal rules and any applicable United States National Cable Television Association's Recommended Practices for measurement and testing. In the event that the FCC's technical performance standards are repealed or are no longer applicable to the Cable System, such standards shall remain in force and effect until the Commissioner, or a designee thereof, and the Franchisee agree to new standards.

6.3.2. The Franchisee shall conduct tests as follows:

6.3.2.1. Proof of Performance tests on the Cable System at least once every six (6) months or as required by FCC rules, whichever is more often, except as federal law otherwise limits the Franchisee's obligation. In consultation with DoITT, the Cable System monitor test points shall be established in accordance with good engineering practices and consistent with FCC guidelines;

6.3.2.2. Special Proof of Performance tests, as limited by the City, of the Cable System or a segment thereof when Subscriber complaints indicate tests are warranted;

6.3.2.3. Tests shall be supervised by a senior engineer of the Franchisee, who shall sign all records of tests provided to the City;

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6.3.2.4. The City shall have the right to designate a City employee (or a third party consultant operating on the City's behalf, provided that such third party consultant executes, in advance, a nondisclosure agreement in a form reasonably acceptable to Franchisee) to visually inspect Franchisee's Cable System in order to verify compliance with Section 6.1 hereof and witness and/or review all required Proof of Performance Tests. The Franchisee shall provide the City with at least two (2) business days' notice of, and opportunity to observe, any such Proof of Performance Tests performed on the Cable System;

6.3.2.5. The Franchisee shall retain written reports of the results of any tests required by the FCC, and such reports shall be submitted to the City upon the City's request. The City shall have the same rights the FCC has to inspect the Franchisee's performance test data;

6.3.2.6. If any test indicates that any part or component of the Cable System fails to meet applicable requirements, the Franchisee, without requirement of additional notice or request from the City, shall take corrective action, retest the locations and advise the City of the action taken and results achieved, and supply the City with a copy of the results within thirty days from the date corrective action was completed; and

6.3.2.7. The Commissioner may, for good cause shown, waive or limit the system test and inspection provisions in this Section 6.3.

6.4. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area, and, to the extent necessary to effectuate the objectives of Article 8 hereof, with agreed upon CAO facilities. Franchisee shall use reasonable efforts to interconnect its Cable System with the existing cable operator(s). Franchisee shall initiate interconnection negotiations with the existing cable operator(s) to cablecast, on a live basis, Public, Educational and Governmental Access programming consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall attempt to negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. The Franchisee and the existing cable operator(s) shall negotiate the interconnection agreement on reasonable terms and conditions. If, despite Franchisee's reasonable efforts, Franchisee is unable to successfully negotiate interconnection of its Cable System with the existing cable operator(s), the City shall make all best efforts to facilitate such negotiations between Franchisee and such other cable operator(s).

6.5. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

6.6. *Program Services:* Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be

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interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels). Consistent with the Cable Act, the Franchisee will meet with the Commissioner upon request to discuss broad categories of programming offered over the Cable System; provided, however, that such meetings shall not occur more than two (2) times in any calendar year. Franchisee shall at all times comply with applicable provisions of the Cable Act and FCC regulations with respect to program access.

7. LEADING TECHNOLOGY

7.1. *Leading Technology:* The parties hereto acknowledge and agree that the FTTP Network, and the Cable Services provided thereby, as described in Appendix J, will when built constitute a “Leading Technology” that includes more extensive fiber facilities, in lieu of coaxial cable facilities, than is currently, or ever has been, provided by any other Cable Service provider within the City as of the Effective Date.

7.1.1. The Franchisee will, at the City’s request (but not before the first anniversary of the Effective Date of the Franchise Agreement and not more often than once in any thirty-six (36) month period), prepare and submit to the City a report (in a mutually agreeable format) setting forth the Franchisee’s review and assessment of the current state of cable technology and its current plans, if any, to enhance its Cable System (provided however, that this reporting requirement will be in abeyance to the extent that a substantial competing franchisee delivering service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the City is then using a system in the City that fails to provide at least comparable capacity, reliability and feature richness to Franchisee’s system).

7.1.2. Upon the submission of each report as described in the preceding Section 7.1.1 the City may undertake an evaluation of such report, with an opportunity for Franchisee to comment on any City evaluation, and Franchisee will subsequently commence good faith discussions with the City, and implement agreements resulting from such good faith discussions, regarding enhancements, if any, to be made to the Cable System to maintain its leading technology status (provided however, that the requirement pursuant to this Section 7.1.2. will be in abeyance to the extent that a substantial competing franchisee delivering Cable Service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the Franchise Area is then using a system in the Franchise Area that fails to provide at least comparable capacity, reliability and feature richness to the FTTP Network).

8. PEG SERVICES

8.1. PEG Set Aside:

8.1.1. In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall, not later than one hundred eighty (180) days from the Effective Date (or, with respect to any Governmental/Educational Access Channels, such later date as may be agreed upon by the City and Franchisee in the event Franchisee reasonably requests an extension in order to complete necessary work), provide on the Basic

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Service Tier use of twenty-five (25) access channels in total, as set forth immediately below in Section 8.1.1.1 (each, an “Access Channel”):

8.1.1.1. *Public Access Channel*:. Four (4) Public Access Channels for each Borough (i.e. four (4) Public Access Channels for Manhattan, four (4) Public Access Channels for Staten Island, four (4) Public Access Channels for Brooklyn, four (4) Public Access Channels for the Bronx, four (4) Public Access Channels for Queens).

8.1.1.2. *Government/Educational Access Channels*: Five (5) Governmental/Educational Access Channels, one of which is designated by the City for Educational Access Channel programming, which are cablecast City-wide.

8.1.2. In addition to providing the Access Channels described in Section 8.1.1 above, the Franchisee shall provide the City with the following additional Access Channels on the Basic Service Tier, subject to the conditions set forth below:

8.1.2.1. No sooner than January 1, 2009, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City: (i) an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels); and (ii) one (1) additional Governmental/ Educational Access Channel which shall be cablecast City-wide.

8.1.2.2. No sooner than January 1, 2012, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City: (i) one (1) additional Public Access Channel for each Borough (for a total of five (5) additional Public Access Channels); and (ii) two (2) additional Governmental/Educational Access Channels which shall be cablecast City-wide.

8.1.2.3. No sooner than the date which is the sixth (6th) Anniversary of the Effective Date hereof, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels).

8.1.2.4. No single additional Governmental/Educational Access Channel or additional Governmental/Educational Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee unless all existing Governmental/Educational Access Channels are providing original, non-text, non-duplicative programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months. With respect to the Public Access Channels to be carried in each Borough, no single additional Public Access Channel or additional Public Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee in the applicable Borough unless all existing Public Access Channels in the applicable Borough are providing programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months.

8.1.3. The City hereby authorizes Franchisee to transmit all Access Channel programming within and without City jurisdictional boundaries. In the event that one or more

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Public or Governmental/Educational Access Channels are not being utilized by the City or the CAO's, the provisions of 16 NYCRR 895.4 (c)(12) shall be applicable.

8.1.4. Within ten (10) days after the Effective Date of this Agreement, the City shall notify Franchisee of the programming to be carried on each of the Public or Governmental/Educational Access Channels set aside by Franchisee as listed in Appendix B. Thereafter, Franchisee shall assign the Public or Governmental/Educational Access Channel programming on such Public or Governmental/Educational Access Channels on its channel line-up as set forth in such notice, to the extent such Access Channel assignments do not interfere with any pre-existing channels assignments or contractual obligations. Franchisee shall not be required to make Borough-specific Public or Governmental/Educational channels available to Subscribers until one or more VSOs in the specific borough are open for sales.

8.1.5. The Franchisee shall carry the programming on each of the respective Public or Governmental/Educational Access Channels as indicated in Appendix B. In the future, the Franchisee shall assign the Public or Governmental/Educational Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of the Franchisee's respective channel lineup. The Franchisee shall not arbitrarily or capriciously change such channel assignments, and the Franchisee shall minimize the number of such changes; provided, however, that the Franchisee may change such channel assignments as it deems appropriate so long as (i) the Franchisee gives the appropriate CAO(s) or the Governmental/Educational/Access Channel programmer ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) the Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such Public or Governmental/Educational Access Channels changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising contemplated under this Section 8.1.5), and (B) providing notice of such changes in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

8.1.6. *Governmental/Educational Interconnection:* The City shall designate in writing to the Franchisee up to one (1) physical site for each Governmental/Educational Access Channel provided pursuant to Section 8.1 hereof (for a total of up to eight (8) sites) within the Franchise Area for the purpose of interconnection of Governmental/Educational Access Channel facilities with the Cable System (each, a "GE Access Interconnection Site").

8.1.6.1. Upon one hundred eighty (180) days written notice from the City (or such later date as may be agreed upon by the City and the Franchisee) and subject to the successful completion of all required site preparation work by the City and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the

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City, provide upstream Governmental/Educational Access Channel transmission connections between its video channel aggregation point and each of the GE Access Interconnection Sites in order to permit the signals to be correctly routed from the GE Access Interconnection Site for the distribution to Subscribers.

8.1.6.2. The City shall provide to Franchisee at the GE Access Interconnection Sites a suitable video signal and a suitable audio signal for each Governmental/Educational Access Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the Governmental/Educational Access Channel signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the City as is reasonably necessary for Franchisee to fulfill such obligations; provided, however, that neither Franchisee nor the required site work contemplated hereunder shall impose any unreasonable material burdens on the City.

8.1.6.3. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Governmental/Educational Access Channel signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Governmental/Educational Access Channel facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the City, make such changes in either the equipment and facilities referred to in this Subsection 8.1.6 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

8.1.7. *Community Access Organizations:* The respective Borough Presidents have each designated an independent, not-for-profit, nonmembership corporation, organized pursuant to the New York Not-for-Profit Corporation Law, to serve as the Community Access Organization for the applicable Borough, under whose jurisdiction the Public Access Channels shall be placed for purposes of Article 8 of this Agreement. The CAO's shall undertake such activities and shall adopt such rules and regulations as are required, and may adopt rules and regulations not inconsistent with this Agreement, the CAO Agreements (as hereinafter defined) attached as Appendix C to this Agreement, the Certificate of Incorporation of the CAO's, the By-Laws of the CAO's, the rules and regulations of the Public Service Commission, and applicable law. The CAO's shall each maintain tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986, as amended.

8.1.8. *Use of Public Access Channels.* The Public Access Channels for each Borough shall be under the jurisdiction of the CAO for such Borough. Such Public Access Channels shall be used for the purpose of distributing noncommercial services by the public, any other charitable, nonprofit purpose or other similar purpose, including, without limitation, the generation of revenues by activities reasonably related to such uses and purposes, or any other purpose agreed to between the Franchisee and the CAO.

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8.1.8.1. *Public Access Interconnection:* The Franchisee shall effectuate the interconnection of any Public Access Channel facilities with the Cable System for purposes of transmitting the Public Access Channels contemplated in this Article 8 in accordance with the terms of the CAO Agreements (as hereinafter defined).

8.1.9. *No Editorial Control by Franchisee:* The Franchisee shall not exercise editorial control over programming or distribution of services over any Access Channel used by any Person(s), so long as such Access Channel is being used for the purposes authorized herein and except where the Franchisee is utilizing any such Access Channel pursuant to the fallow time provisions of the Cable Law.

8.1.10. *PEG Channel Quality:* Each Public and Governmental/Educational Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee's lowest tier of service, provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any Public or Governmental/Educational Access Channels content provided to Franchisee by any Public or Governmental/Educational Access Channel programmer.

8.2. *Governmental and Educational Access Grant:* Franchisee shall provide a grant to the City in the amount of Ten Million Dollars (\$10,000,000) in twelve (12) equal annual installments of Eight Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents (\$833,333.33) over the Franchise Term to be used in support of the production of local Governmental/Educational Access programming (the "Annual GE Grant"). Each annual installment of the Annual GE Grant shall be payable to the City by the Franchisee not later than the date which is sixty (60) days from each anniversary of the Effective Date during the Term hereof (except for the first installment of the Annual GE Grant, which shall be payable not later than the date which is sixty (60) days of the Effective Date). Such grant shall be used solely by the City for Educational Governmental Access, capital costs. Upon request by Franchisee, the City shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 8.2.

8.3. *Community Access Grant:* Franchisee shall pay to the CAO's certain funding (collectively, the "CAO Grants") pursuant to the terms of certain Community Access Organization Grant and Use Agreements by and between the respective CAO's in the City and the Franchisee (collectively the "CAO Agreements"), substantially in the form attached hereto as Appendix C. The Franchisee and the City acknowledge and agree that:

8.3.1. the amount of the CAO Grants and the terms and conditions of the CAO Agreements were negotiated solely between the Franchisee and the respective CAO's and the City was not a party to any such negotiations;

8.3.2. the CAO Grants, or any portion thereof, shall not constitute a deduction against Franchise Fees payable to the City by Franchisee pursuant to this Agreement; and

8.3.3. consistent with applicable federal and state law, the City shall not exercise any editorial control over any programming carried on any Access Channels set aside for any CAO's pursuant to this Agreement or the CAO Agreements.

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8.4. *Franchisee PEG Liability Immunity:* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any Access Channels.

8.5. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.7 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, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

9. INET

Requirements for an Institutional Network are set forth in Appendix D.

10. FRANCHISE FEES

10.1. *Payment to City:* Franchisee shall pay to the City 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. In the event that said payments are not received by the LFA within forty-five (45) days following the end of the applicable calendar quarter, following at least thirty (30) days written notice from the LFA that the Franchise Fee has not been paid, Franchisee shall pay interest on such overdue Franchise Fee amount at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the LFA retroactive to the first day that such Franchise Fee payment was due. 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.

10.2. *Acceptance of Payment:* No acceptance of any such payment shall be construed as an accord that the payment is the correct amount, nor shall such acceptance of payment be construed as a release of any claim the City may have for further or additional sums payable under this Agreement. Nothing herein shall be construed in such a way to affect a waiver by either party of applicable statutes of limitation with respect to Franchise Fee payments.

10.3. *Supporting Information:* Along with each quarterly Franchise Fee payment, the Franchisee shall submit to DoITT, or such other entity as the Commissioner may designate, with a copy to the Comptroller, a report in a form reasonably acceptable to the Commissioner (a form of such report that is currently in acceptable form is attached hereto as Appendix K) showing the basis for the computation for such quarterly Franchise Fee payment.

10.4. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due. Franchisee shall maintain the records necessary to

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confirm the accurate payment of Franchise Fees during this period and during any pendency of litigation.

10.5. *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 10 are provided to Subscribers in conjunction with Non-Cable Services, and the total cost of the bundle reflects a discount from the aggregate retail prices of the services contained therein, the Franchise Fee shall be applied to the retail price of the Cable Services in the bundle reduced by no more than a proportionate share of the overall discount.

10.5.1. By way of illustrative example of the formula described in the foregoing Section 10.5, if Cable Service A is sold separately at a price of \$40 a month, Non-Cable Service B is sold separately at a price of \$40 a month and Non-Cable Service C is sold separately at a price of \$40 a month, but the three services when purchased together are sold for \$100 a month, the amount of the \$100 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$33.33 per month. As a second example, if Cable Service A is sold separately at a price of \$50 a month, Non-Cable Service B is sold separately at a price of \$63 a month, Non-Cable Service C is sold separately at a price of \$74 a month, but the three services when purchased together are sold for \$150 a month, the amount of the \$150 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$40.11 per month.

10.6. *626 Offset*: 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; provided, however, that the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all other existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Franchise Area expressed in writing in the franchise agreement, or the renewal of any existing franchise agreement of each respective cable provider. 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 Franchisee's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

11. REPORTS AND RECORDS

11.1 *Open Books and Records*: Upon reasonable written notice to the Franchisee and consistent with Section 11.1.1 below, the City shall have the right to inspect Franchisee's books and records pertaining to 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, including, but not limited to, the calculation of Franchise Fees in accordance with Section 10.5 hereof. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the City. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Any records to be inspected by the City pursuant to this Article 11 shall be made available by Franchisee to the City in a mutually agreeable format and location, including, at the City's request, at a designated office of the Franchisee in the City. Franchisee

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may identify information disclosed to the City hereunder as “proprietary or confidential.” For purposes of this Section, “proprietary or confidential” information may include, but is not limited to: information related to the Cable Systems design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of the Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive. Subject to applicable law, including but not limited to New York State Public Officers Law (“FOIL”), any such information disclosed to the City that the Franchisee reasonably identifies as confidential or competitively sensitive (including, without limitation, financial information related to the calculation of Franchise Fees) shall be treated by the City as confidential under Section 87(2) (d) of the New York Public Officers Law and the City shall disclose such information only to employees, representatives, and agents thereof who have a need to know, or in order to monitor, enforce, or audit the Franchisee’s compliance with, the provisions hereof. If the City receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as proprietary or confidential, competitively sensitive, a trade secret or proprietary, the City shall notify Franchisee of such request. If the City determines in good faith that public disclosure of the requested information is required under FOIL or pursuant to a court order, the City shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. Nothing in this Article 11 is intended to impair in any way the authority of the Comptroller under Section 93(b) of the New York City Charter to perform audits. Notwithstanding anything to the contrary set forth in this Agreement, Franchisee shall not be required to disclose information (including its books and records and books and records of an Affiliate) that, in Franchisee’s reasonable determination, does not relate to the provision of Cable Service in the Service Area.

11.1.1. *Franchisee’s Response to Records Requests:* In the event the City provides the Franchisee with a written request to inspect or review Franchisee’s books and records pursuant to Section 11.1 above, Franchisee shall, within fifteen (15) days of Franchisee’s receipt of such written request, provide the City with access to any information Franchisee is reasonably able to collect in response to such request and shall, within thirty (30) days from receipt of such request make available to the City all pertinent information in response to such request, consistent with the terms of Section 11.1 above; provided however, that to the extent there is additional information which Franchisee is unable to reasonably collect in such thirty (30) day period, Franchisee shall provide the City with a written notice setting forth the nature of such additional information and the date on which Franchisee shall provide access to such additional information.

11.2. *Annual and Quarterly Reports:* Subject to the confidentiality requirements of Section 11.1 above, the Franchisee shall submit a written report to the Commissioner no later than forty-five (45) days after the end of each calendar year or calendar quarter, as the case may be, during the Term of this Franchise (except where otherwise expressly indicated herein), which report shall be in a form reasonably satisfactory to the Commissioner, that shall include the information described in Sections 11.2.1 through 11.2.4; provided, however, that unless otherwise expressly described below, Franchisee’s reporting obligations pursuant to this Section

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11.2 shall not commence until six (6) months after Cable Service is made available by Franchisee on a commercial basis directly to multiple Subscribers in the Franchise Area.

11.2.1. After July 1, 2012, Franchisee shall provide the City with an annual report regarding the MDUs for which Franchisee is using the “Additional Procedures” contained in section 5.5.2.1 of this Franchise and the status of such procedures.

11.2.2. A quarterly report showing the total number of Significant Outages (as defined in Appendix A of this Franchise) which occurred during the quarter, and with respect to each such Significant Outage, the time it occurred, its cause and duration and the households.

11.2.3. In addition to the reports to be provided as expressly set forth in this Article 11, the Franchisee shall also provide the reports described in Section 10.3 and Appendix A (including but not limited to Sections 2.5.3, 3.4.3, 6.5.3 and 7.5.3) and Exhibit 2 to Appendix A of this Franchise.

11.2.4. Franchisee shall provide at each Checkpoint date as listed in section 5.1.2 of this Franchise, a report (based on the calculations set forth in the 2000 census data) showing the estimated median household income of all homes passed and the average household income of all households in New York City.

11.3. *Records Required:* Franchisee shall at all times maintain:

11.3.1. Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term “complaint” as used herein refers to complaints about any aspect of the Cable System or Franchisee’s cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

11.3.2. Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

11.3.3. Records of service calls for repair and maintenance for a period of six (6) years after resolution by 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;

11.3.4. Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended;

11.3.5. Commencing on February 15, 2009, in order to track compliance with the benchmarks established in Appendix F, records showing the number of MDUs and SFUs passed by the FTTP Network in each Borough during the preceding year, and the cumulative number of MDUs and SFUs passed by the FTTP Network in each Borough since Franchisee commenced construction of the FTTP Network;

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11.3.6. Commencing on February 15, 2009, records showing which wire centers servicing the Franchise Area have been upgraded so as to make them video capable VSOs open for sales consistent with Section 5.2 of this Franchise. Such records shall also show which wire center upgrades, if any, have been delayed due to the exceptions contained in the opening clause of Section 5.2 of this Franchise;

11.3.7. Commencing on February 15, 2009, records of MDUs and SFUs that were Video Network Created during the preceding year and the total number of MDUs and SFUs in each Borough throughout the City that have been Video Network Created throughout the City. Such records shall show the number of MDUs and SFUs by Borough that could not be Video Network Created due to an exception contained in Section 5.5 of this Franchise which became effective during the year, and the cumulative number of MDUs and SFUs in each Borough that are not Video Network Created due to the exceptions contained in Section 5.5 of this Franchise;

11.3.8. Franchisee shall maintain records documenting the applicability of the Section 5.5.1 exceptions; and make such records available for inspection by the Commissioner or the Commissioner's designee at a designated Franchisee office location;

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

11.3.10. Franchisee shall maintain accurate maps and improvement plans which show the location, size and a general description of all facilities installed in the public ways and any power supply sources, including voltages and connections. Maps shall be based on post-construction inspection to verify location;

11.3.11. Notwithstanding the requirements of Section 11.1 of this Agreement, upon written notice, the Commissioner may request additional information pursuant to this Franchise as may be reasonably necessary for the performance of any of the Commissioner's duties or any other City official's duty as it pertains to this Franchise. Franchisee's response to such request may be provided to the Commissioner in oral or written form, at Franchisee's sole discretion.

11.4. *Service Availability Meeting:* Not later than eight (8) months from each calendar year, upon ten (10) days written notice from the Commissioner, a representative of the Franchisee will hold a meeting with the Commissioner or designated representatives thereof to discuss information on the status of Franchisee's deployment of Cable Services in the City and Franchisee's compliance with the requirements of Article 5 of this Franchise (the "Annual Service Availability Meeting"). If, as a result of any Annual Service Availability Meeting, the Commissioner or designated representative thereof reasonably determines that an additional meeting regarding the topics addressed in the Annual Service Availability Meeting is required, the parties shall hold one (1) additional meeting per calendar year to further discuss such topics. Any information provided to the City by Franchisee in connection with any Annual Service Availability Meeting or additional meeting pursuant to this Section 11.4 shall be treated by the City as confidential and proprietary consistent with Section 11.1 hereof.

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11.5. *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, or if expressly described otherwise in this Franchise.

11.6. *File for Public Inspection:* Throughout the term of this Agreement, the Franchisee shall maintain a file available for public inspection during normal business hours at its service centers, or such other business office as may be designated by Franchisee, as required by Appendix A to this Agreement.

12. INSURANCE AND INDEMNIFICATION

12.1. *Insurance Generally; Types of Insurance:* The Franchisee shall continuously maintain one or more liability insurance policies meeting the requirements of this Section 12 throughout the Term (with the minimum limits and special conditions specified). Such insurance shall be issued by companies that meet the standards of Section 12.2(a) hereof and shall be primary (and non-contributing) to any insurance or self-insurance maintained by the City. The Franchisee has, as a condition of the Closing, provided proof of insurance pursuant to Section 12.3 hereof documenting compliance with the insurance requirements of this Section 12 as of the Closing.

(a) The Franchisee shall provide a Commercial General Liability Insurance policy covering the Franchisee as Named Insured and the City as an Additional Insured. Coverage for the City as Additional Insured shall specifically include the City's officials, employees and agents, and shall be at least as broad as Insurance Services Office ("ISO") Form CG 2010 (11/85 ed.) This policy shall protect the City and the Franchisee from claims for property damage and/or bodily injury, including death, which may arise from the performance of, or failure to perform, the Franchisee's obligations under this Agreement and the activities and operations conducted in connection with the provision of Cable Service under this Agreement. Coverage under this policy shall be at least as broad as that provided by ISO Form CG 0001 (1/96 ed.), must be "occurrence" based rather than "claims-made", and shall include, without limitation, the following types of coverage: Premises Operations, Products and Completed Operations, Contractual Liability (including the tort liability of another assumed in a contract), Broad Form Property Damage, Medical Payments, Independent Contractors, Personal Injury (Contractual Exclusion deleted), Cross Liability, Explosion, Collapse and Underground Property, and Incidental Malpractice. If such insurance contains an aggregate limit, it shall apply separately to the operations and activities undertaken pursuant to the Franchise. The Commercial General Liability Insurance policy described herein shall be maintained at all times with limits no less than Five Million Dollars (\$5,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) aggregate.

(b) The Commercial General Liability Insurance policy referred to in the preceding subsection (a) shall contain each of the following endorsements:

(i) The City of New York together with its officials, employees and agents is an Additional Insured with coverage as broad as ISO Forms CG 2010 (11/85 ed.) and CG 0001 (1/96 ed.); and

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(ii) The Duties in the Event of Occurrence, Claim or Suit condition of the policy is amended per the following: if and insofar as knowledge of an “occurrence”, “claim”, or “suit” is relevant to the City of New York as Additional Insured under this policy, such knowledge by an agent, servant, official, or employee of the City of New York will not be considered knowledge on the part of the City of New York of the “occurrence”, “claim”, or “suit” unless the following position shall have received notice thereof from such agent, servant, official, or employee: Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department; and

(iii) Any notice, demand or other writing by or on behalf of the Named Insured to the Insurance Company shall also be deemed to be a notice, demand, or other writing on behalf of the City as Additional Insured. Any response by the Insurance Company to such notice, demand or other writing shall be addressed to Named Insured and to the City at the following addresses: Insurance Unit, NYC Comptroller’s Office, 1 Centre Street – Room 1222, New York, N.Y. 10007; and Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, NY 10007 (or replacement addresses of which the City notifies the Franchisee); and

(c) The Franchisee shall provide Workers Compensation Insurance and Disability Benefits Insurance in accordance with the Laws of the State of New York (with minimum limits as required by New York State law without regard to jurisdiction) on behalf of all employees undertaking activities or providing services pursuant to this Agreement.

(d) The Franchisee shall provide, and ensure that each subcontractor (if any) provides, Employers’ Liability Insurance affording compensation due to bodily injury by accident or disease sustained by any employee arising out of and in the course of his/her employment under this Agreement. The Employers’ Liability Insurance policy described herein shall be maintained at all times with limits no less than \$1 million per accident/disease/policy limit.

(e) The Franchisee shall provide a Comprehensive Business Automobile Liability policy for liability arising out of any automobile including owned, non-owned, leased and hired automobiles to be used in connection with undertaking activities or providing services pursuant to this Agreement. The Automobile Liability Insurance policy described herein shall be maintained at all times with limits no less than Two Million Dollars (\$2,000,000) combined single limit each accident. If automobiles are used for transporting hazardous materials, the Franchisee shall provide pollution liability broadened coverage for covered autos (endorsement CA 99 48) as well as proof of MCS 90.

(f) All insurers shall waive their rights of subrogation against the City, its officials, employees and agents.

(g) The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on indemnity in this Agreement given as a matter of law.

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12.2. General Requirements for Insurance Policies:

(a) All required insurance policies shall be maintained with companies that are authorized or permitted to conduct business in the State of New York and have an A.M. Best rating of at least A- VII or a Standard and Poor's rating of at least AA, unless prior written approval is obtained from the Mayor's Office of Operations (or successor entity thereto).

(b) The Franchisee shall be solely responsible for the payment of all premiums for all required policies and all deductibles and self-insured retentions to which such policies are subject, whether or not the City is an insured under the policy. Any self-insured retention must be reasonable and is subject to approval by the City.

(c) Except for insurance required pursuant to Sections 12.1(c) and 12.1(d) herein, all policies shall contain a provision stating that the insurer or its authorized representative(s) shall use reasonable efforts to provide thirty (30) days prior written notice of intent to non-renew, cancellation or material adverse change to the City, except that ten (10) day notice for nonpayment of premium shall apply. Such notice shall be sent to the City pursuant to Section 18.6 hereof, and to the City's Comptroller ("the Comptroller"), attn: Office of Contract Administration, Municipal Building, Room 1005, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee).

(d) On or before the date of cancellation, termination or material adverse change affecting the City of any policies with respect to notices described in the preceding subsection (c) of this section 12.2., the Franchisee shall obtain and furnish to the City, with a copy to the Comptroller, replacement insurance binders demonstrating that replacement insurance fully compliant with this Section 12 has been obtained.

12.3. Proof of Insurance:

(a) The Franchisee has delivered to the City, as a condition of the Closing, for each policy required under this Agreement, a Certificate or Certificates of Insurance evidencing the effectiveness of all insurance required under this Agreement. All Certificates of Insurance shall be in a form reasonably acceptable to the City and shall certify the issuance and effectiveness of the types of insurance required herein, each with the specified minimum limits and conditions.

(b) A Certificate or Certificates of Insurance confirming renewals of, or changes to, insurance policies required hereunder shall be submitted to the City within ten (10) days of the expiration or renewal date of coverage of policies required under this Agreement. Such Certificates of Insurance shall comply with the requirements of the preceding subsection (a).

(c) The Franchisee shall be obligated to provide the City with a copy of any policy required by this Section 12 upon the demand for such policy by the Commissioner or the New York City Law Department; provided, however, that any policies or other related information provided by Franchisee (or Franchisee's designee, including, but limited to, an

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Affiliate or Franchisee's insurer) to the City pursuant to this subsection 12.3(c) shall be treated by the City as confidential and proprietary consistent with the provisions of Section 11.1 of this Franchise.

12.4. Operations of the Franchisee:

(a) Acceptance by the City of a certificate hereunder does not excuse the Franchisee from securing a policy consistent with all provisions of this Section 12 or of any liability arising from its failure to do so.

(b) The Franchisee shall be responsible for providing continuous insurance coverage in the manner, form, and limits required by this Agreement and shall be authorized to provide service pursuant to this Agreement and the Franchise only during the effective period of all required coverage.

(c) In the event of any loss, damage, injury or accident arising under this Agreement, the Franchisee (once the Franchisee's Risk Management Claims Group becomes aware of any of the foregoing circumstances) shall promptly notify in writing the commercial general liability insurance carrier, and, where applicable, the worker's compensation and/or other insurance carrier, of any loss, damage, injury, or accident, and any claim or suit arising under this Agreement from the operations of the Franchisee or its subcontractors, promptly, but not later than 20 days after Franchisee's Risk Management Claims Group becomes aware of such event. The Franchisee's notice to the commercial general liability insurance carrier must expressly specify that "this notice is being given on behalf of the City of New York as Additional Insured as well as the Franchisee as Named Insured." The Franchisee's notice to the insurance carrier shall contain the following information: the name of the Franchisee, the number of the applicable policy, the date of the occurrence, the location (street address and borough) of the occurrence, and, to the extent known to the Franchisee, the identity of the persons or things injured, damaged or lost. Additionally:

(i) At the time notice is provided to the insurance carrier(s), the Franchisee shall provide copies of such notice to the Comptroller and the Commissioner. Notice to the Comptroller shall be sent to the Insurance Unit, NYC Comptroller's Office, 1 Centre Street – Room 1222, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee). Notice to the Commissioner shall be sent to the address set forth in Section 18.6 hereof; and

(ii) If the Franchisee fails to provide any of the foregoing notices in a timely and complete manner, the Franchisee shall indemnify the City for all losses, judgments, settlements and expenses, including reasonable attorneys' fees, arising from an insurer's disclaimer of coverage citing late notice by or on behalf of the City.

12.5. Insurance Notices, Filings, Submissions: Wherever reference is made in this Section 12 to documents to be sent to the Commissioner (e.g., notices, filings, or submissions), such documents shall be sent to the address set forth in Section 18.6 hereof.

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12.6. *Disposal of Hazardous Materials:* If pursuant to this Agreement the Franchisee is involved in the disposal of hazardous materials, the Franchisee shall dispose of such materials only at sites where the disposal site operator maintains Pollution Legal Liability Insurance in the amount of at least Two Million Dollars (\$2,000,000) for losses arising from such disposal site.

12.7. *Other Remedies:* Insurance coverage in the minimum amounts provided for herein shall not relieve the Franchisee or subcontractors of any liability under this Agreement, nor shall it preclude the City from exercising any rights or taking such other actions as are available to it under any other provisions of this Agreement or applicable law.

12.8. *Franchisee Indemnification Obligations:* The Franchisee shall indemnify, defend and hold the City, its officers, agents and employees (the "Indemnitees") harmless from any and all liabilities, suits, damages, claims and expenses (including, without limitation, reasonable attorneys' fees and disbursements) ("Damages") that may be imposed upon or asserted against any of the Indemnitees arising out of the Franchisee's performance of, or its failure to perform, its obligations under this Agreement and/or its provision of services hereunder, provided, however, that the foregoing liability and indemnity obligation of the Franchisee pursuant to this Section 12.8 shall not apply to any Damages to the extent arising out of any willful misconduct or gross negligence of an Indemnitee. Insofar as the facts and law relating to any Damages would preclude the City from being completely indemnified by the Franchisee, the City shall be partially indemnified by the Franchisee to the fullest extent provided by law, except to the extent such Damages arise out of any willful misconduct or gross negligence of any Indemnitee. This indemnification is independent of the Franchisee's obligations to obtain insurance as provided under this agreement.

12.9. *Defense of Claim, Etc:* If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event to which reference is made in Section 12.8 herein, then upon demand by the City, the Franchisee shall either resist, defend or satisfy such claim, action or proceeding in such Indemnitee's name, by the attorneys for or approved by the Franchisee's insurance carrier (if the defense of such claim, action or proceeding is provided by the insurance carrier) or by the Franchisee's attorneys. The foregoing notwithstanding, in the event an Indemnitee believes additional representation is needed, such Indemnitee may engage its own attorneys to assist such Indemnitee's defense of such claim, action or proceeding, as the case may be, at its sole cost and expense. The Franchisee shall not settle any claim with respect to which the Franchisee is required to indemnify the Indemnitees pursuant to Section 12.8 without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

12.10. *No Claims Against Officers, Employees, or Agents:* Franchisee agrees not to make any claim against any officer or employee of the City or officer or employee of an agent of the City, in their individual capacity, for, or on account of, anything done or omitted in connection with this Agreement, to the extent that such officer or employee of the City or officer or employee of an agent of the City was acting within the lawful course and scope of his employment or agency. Nothing contained in this Agreement shall be construed to hold the City liable for any lost profits, or any consequential damages incurred by Franchisee or any Person acting or claiming by, through or under Franchisee.

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12.11. *Limitation on Indemnification:* As between the City and the Franchisee, the indemnifications obligations of the Franchisee pursuant to Section 12.8 above shall not apply to any Damages arising out of the distribution of programming over the Governmental/Educational Access Channels, the Institutional Network available to and used by the City, and/or the Public Access Channels, to the extent that such claim does not arise out of an act or failure to act by the Franchisee.

12.12. *No Applicability to Pending Litigation:* Franchisee's indemnification obligations pursuant to this Article shall have no applicability to the litigation referenced and defined in Section 18.14.

13. TRANSFER OF FRANCHISE

13.1. *City Approval Required:* Subject to the provisions of this Article, the Franchisee shall apply to the City for approval of any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of the Franchisee, the Cable System, the Cable System assets, or the Franchise by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose; provided however that the foregoing, requirements of this Section 13.1 shall not be applicable with respect to transfers of any ownership interests contemplated hereunder which are effectuated as a result of any transactions involving the exchange of publicly traded shares. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

13.1.1. all information and forms required under federal law;

13.1.2. any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

13.1.3. a report detailing any changes in ownership of voting or non-voting interests of over five percent;

13.1.4. other information necessary to provide a complete and accurate understanding of the financial position of the Cable System before and after the proposed transaction;

13.1.5. complete information regarding any potential impact of the transaction on Subscriber rates and service; and

13.1.6. any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if the Franchisee believes that the requested information is confidential and proprietary, then the

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Franchisee must provide the following documentation to the City: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential; and (iii) a statement that the documents are available at the Franchisee's designated offices for inspection by the City.

13.2. *City Action on Transfer:* To the extent not prohibited by federal law, the City may: (i) grant; (ii) grant subject to conditions directly related to concerns relevant to the transactions; (iii) deny any such transactions; or (iv) not take action, in which case the transactions shall be deemed granted, unless the requesting party and the LFA expressly agree in writing to an extension, pursuant to Section 617 of the Communications Act, 47 U.S.C. § 537.

13.3. *Waiver of Transfer Application Requirements:* To the extent consistent with federal law, the City may waive in writing any requirement that information be submitted as part of the transfer application, without thereby waiving any rights the City may have to request such information after the application is filed.

13.4. *Subsequent Approvals:* The City's approval of a transaction described in this Article in one instance shall not render unnecessary approval of any subsequent transaction.

13.5. *Approval Does Not Constitute Waiver:* Approval by the City of a transfer described in this Article shall not constitute a waiver or release of any of the rights of the City under this Agreement, whether arising before or after the date of the transfer.

13.6. *No Consent Required For Transfers Securing Indebtedness:* The Franchisee shall not be required to file an application or obtain the consent or approval of the City 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. However, the Franchisee will notify the City within ten (10) days if at any time there is a mortgage or security interest granted on substantially all of the assets of the Cable System. The submission of the Franchisee's audited financial statements prepared for the Franchisee's bondholders shall constitute such notice.

13.7. *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to pay any fee or file an application or obtain the consent or approval of the City for any transfer of an ownership or other interest in Franchisee, the Cable System, or the Cable System assets to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of 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. However, the Franchisee will notify the City within thirty (30) days if at any time a transfer covered by this subsection occurs.

14. RENEWAL OF FRANCHISE

14.1. *Governing Law:* The City and Franchisee agree that any proceedings undertaken by the City that relate to renewal or possible renewal of this Franchise shall be subject to, and

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shall not be inconsistent with, the Cable Law, including without limitation 47 U.S.C. § 546, as such may be amended from time to time.

14.2. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the City agree that at any time during the Term, while affording the public appropriate notice and opportunity to comment consistent with New York State law and the City Charter, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise granted hereunder and, if agreement is reached on the terms and conditions of such a renewal the City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

14.3. *Non-Renewal/Termination:* In the event that the City (i) does not grant a renewal of the Franchise at the scheduled expiration date of the Term; or (ii) this Agreement is terminated for any other lawful reason prior to the scheduled expiration of the Term, then the Term of the Franchise shall expire and all rights of the Franchisee under the Franchise shall cease, provided however that nothing in this Section shall be inconsistent with the terms of Section 18.21, provisions of this Agreement expressly providing for the survival of certain provisions after such termination or expiration, or the provisions of subsection 14.3.1 below.

14.3.1. If the Franchisee continues to provide Cable Service after the termination or expiration of the Term of the Franchise, and the Franchise has not been renewed, then the Franchisee shall be bound by all of the Franchisee's obligations under this Franchise for the period of such continuing provision of Cable Service.

14.4. *Consistent Terms:* Franchisee and the City consider the terms set forth in this Article 14 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

15. DEFAULT AND REMEDIES

15.1. *Defaults.* In the event of any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Agreement (each such breach, default, failure or other noncompliance being referred to herein as a "Default"), which Default is not cured within the specific cure period provided for in this Agreement (or if no specific cure period is provided for in this Agreement then within the cure period described in Section 15.3 below), then the City may:

15.1.1. cause a withdrawal from the cash Security Fund, pursuant to the provisions of Section 15.11 herein;

15.1.2. make a demand upon the Performance Bond pursuant to the provisions of Section 15.9 herein;

15.1.3. draw down on the Letter of Credit pursuant to the provisions of Section 15.10 herein;

15.1.4. pursue any rights the City may have under the Guaranty;

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15.1.5. seek and/or pursue money damages from the Franchisee as compensation for such Default;

15.1.6. seek to restrain by injunction the continuation of the Default; and/or

15.1.7. pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement, provided however the City shall only have the right to terminate this Agreement upon the occurrence of a Revocation Default (defined hereinafter).

15.2. *Notice of Default:* If at any time the City believes that Franchisee has committed any Default, the City shall notify the Franchisee's designated franchise service manager, and the Franchisee representatives identified in Section 18.6 hereof, of such alleged Default. If, thereafter, the City determines that Franchisee is not in Default, the City shall promptly provide the Franchisee with written notice of such determination. However, if the City determines that such notice has failed to result in a resolution of the matter, the City shall then notify Franchisee in writing of the alleged Default and identifying the specific provision of the Franchise on which the alleged Default is based (for purposes of this Article, the "Notice of Default").

15.3. *Franchisee's Right to Cure or Respond:* Except as set forth in Section 15.3.1 below, Franchisee shall have thirty (30) days from receipt of the Notice of Default to: (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default. Upon cure of any alleged Default, the City shall provide written confirmation that such cure has, to the knowledge of the Commissioner or designated representative thereof, been effected.

15.3.1. With respect to the following Franchise obligations, Franchisee shall have ten (10) days from the receipt of Notice of Default to (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default: (a) payment of Franchise Fees, Annual GE Grants, or Technology, Educational & Municipal Facility Grants; and (b) maintenance of Security pursuant to Sections 15.9, 15.10 and 15.11.

15.4. *Extended Time to Complete Cure:* Notwithstanding anything in the preceding to the contrary, no Default shall exist if a breach or default is curable, and a cure period is provided therefor in this Article 15 or otherwise, but work to be performed, acts to be done, or conditions to be removed to effect such cure cannot, by their nature, reasonably be performed, done or removed within the cure period provided, so long as the Franchisee shall have commenced curing the same within the specified cure period and shall diligently and continuously prosecute the same promptly to completion.

15.5. *Miscellaneous Matters Regarding Default, Cure and Remedies:* The rights and remedies described in Section 15.1 hereof shall not be exclusive, but each and every right and remedy specifically provided or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed appropriate by the City, except as provided herein. The exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy, nor shall any delay or omission in taking any action or exercising any remedies with respect to any Default be

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construed to be a waiver of or acquiescence to any Default. The exercise of any such right or remedy by the City shall not release the Franchisee from its obligations or any liability under this Agreement, provided that nothing in this Section 15.5 or in this Agreement is intended to authorize or shall result in double recovery of damages by the City.

15.6. *Revocation Defaults; Definition of Revocation Default:* A Revocation Default shall mean any of the following occurrences or events:

15.6.1. any failure by the Franchisee to maintain in effect the cash Security Fund described in Section 15.11 hereof and/or the Letter of Credit described in Section 15.10 hereof in accordance with the provisions of said sections, which failure continues for ten (10) business days after notice;

15.6.2. any failure by the Franchisee to maintain in effect the Performance Bond described in Section 15.9 hereof in accordance with the provisions of said section, which failure continues for ten (10) business days after notice;

15.6.3. if the Franchisee intentionally makes a material false entry, or repeated false entries that are material in the aggregate, in the books of account of the Franchisee applicable to this Agreement, or a material false statement (or repeated false statements that are material in the aggregate) in reports or other filings submitted to the City (materiality for purposes of this clause being defined as material with respect to accurately documenting the Franchisee's compliance with its obligations under this Agreement);

15.6.4. if the Franchisee fails to maintain insurance coverage or otherwise materially breaches Article 12 hereof and such failure continues for ten (10) business days after notice from the City to the Franchisee;

15.6.5. if the Franchisee engages in a course of conduct intentionally designed to practice fraud or deceit upon the City;

15.6.6. if the Franchisee, intentionally engages or has engaged in any material misrepresentation in any representation or warranty contained herein;

15.6.7. if there is any transfer of the Franchise other than in accordance with Article 13;

15.6.8. the conviction, guilty plea or plea of nolo contendere of the Franchisee, any Controlling Person, any director or officer of the Franchisee, or any employee or agent of the Franchisee or of any Controlling Person acting under the express direction or with the actual consent of any of the foregoing, of any offense, including, without limitation, bribery or fraud, arising out of or in connection with this Agreement, the award of the franchise granted pursuant to this Agreement, provided that such shall constitute a Revocation Default with respect to any of the foregoing with respect to a malfeasant director, officer, employee or agent of the Franchisee or of any Controlling Person only if the Franchisee or the applicable Controlling

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Person refuses to disassociate itself from, or terminate the employment of, said director, officer, employee or agent;

15.6.9. the conviction or guilty plea of any City officer, employee, or agent of the offense of bribery or fraud with respect to this Agreement which arises out of any act of the Franchisee of any Controlling Person, or of any agent or employee thereof acting under the express direction or actual consent of the foregoing;

15.6.10. any abandonment of service in default of the obligations described in Section 15.13 hereof; and

15.6.11. any persistent and repeated pattern of material Defaults, even if individual Defaults constructing such a persistent and repeated pattern are subsequently cured after their occurrence or remediated by recourse to security provided to the City under Sections 15.9 through 15.11 hereof or by other means; provided, however, that this provision shall not apply to alleged Defaults subject to good faith disputes.

15.7. *Remedies of the City for Revocation Defaults:* In the event of a Revocation Default, the City may (in addition to any other remedy which the City may have under Section 15.1 hereof) at its option, give to the Franchisee a written notice (“Notice of Revocation”), in accordance with Section 15.8 hereof, stating that this Agreement and the Franchise granted hereunder shall be revoked on the date specified in such notice (which date shall not be less than ninety (90) days from the giving of the notice), and this Agreement and the Franchise granted hereunder shall terminate on the date set forth in such notice as if such date were the date provided in this Agreement for the scheduled expiration of this Agreement and the franchise granted herein. Notwithstanding the preceding however, during the period between the Notice of Revocation provided pursuant to this Section 15.7 and thirty days prior to the date of revocation set forth in such notice, the Franchisee may submit to the City any material it wishes to document that no Revocation Default has occurred or that revocation as a remedy for such Revocation Default would not be in the best interests of the City. If the City after reviewing such material determines that a Revocation Default has not occurred, or determines in its discretion that termination as a remedy for such Revocation Default would not be in the best interests of the City, then the City shall notify the Franchisee of its withdrawal of the Notice of Revocation which notice shall thereby no longer be effective.

15.8. *Revocation:* In the event the City has not received a satisfactory response from Franchisee to the Notice of Revocation, it may then seek revocation of the Franchise at a hearing. The City shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such hearing, a written notice specifying the time and place of such hearing which shall not be earlier than as provided for in Section 15.7 and stating its intent to revoke the Franchise.

15.8.1. At the designated hearing, 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 City, to compel the testimony of other persons as

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permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

15.8.2. Following the hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the City in writing and thereafter the City shall determine (i) whether an event of Revocation Default has occurred under this Franchise; (ii) whether such event of Revocation Default is excusable; and (iii) whether such event of Revocation Default has been cured or will be cured by the Franchisee. The City shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the City determines that it will revoke the Franchise, the City shall promptly provide Franchisee with a written determination setting forth the City's reasoning for such revocation. Franchisee may appeal such written determination of the City to an appropriate court, which shall have the power to review the decision of the City de novo. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the City.

15.9. *Performance Bond:*

15.9.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement, a performance bond, for the benefit of the City, on the form attached hereto as Appendix E and from an institution satisfactory to the City, in an amount as provided in Section 15.9.2 below (the "Performance Bond"). The "City of New York acting by and through the Department of Information Technology and Telecommunications" shall serve as the sole obligee under the Performance Bond. The attorney-in-fact who signs the Performance Bond must file with the bond a certified copy of his/her power of attorney to sign the bond. The Performance Bond shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement.

15.9.2. *Amount and Term:* The initial amount of the Performance Bond shall be Fifty Million Dollars (\$50,000,000), which amount may at Franchisee's option be periodically reduced pursuant to the following schedule if at the scheduled reduction date Franchisee has timely completed its deployment obligations under Appendix F hereof. The Performance Bond provided hereunder shall provide that it shall remain in effect during the term of this Agreement and for one year thereafter unless within such one year period DoITT notifies the Franchisee that the Performance Bond shall remain in full force and effect because of the pendency of any litigation or the assertion of any claim which has not been brought to final judgment and for which the Performance Bond provides security.

15.9.2.1. *Reduction Schedule:* The required amount of the Performance Bond shall be reduced in accordance with the following schedule as of December 31 of the year indicated so long as Franchisee has attained the "NYC Total" percentage of households passed required as of that date as set forth in Appendix F, except that the date for reduction in calendar year 2014 shall be June 30 of that year, subject to the same requirement. If Franchisee does not attain the "NYC Total" percentage of households passed required as of the date as set forth in

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Appendix F due to the triggering of one or more of the Checkpoint Extensions provided for in Section 5.1.2 or otherwise, then the required amount of the Performance Bond shall be reduced only when the “NYC Total” percentage of households passed thereafter is attained.

2008: Thirty-Five Million Dollars (\$35,000,000)
2009: Thirty Million Dollars (\$30,000,000)
2010: Twenty-Five Million Dollars (\$25,000,000)
2011: Fifteen Million Dollars (\$15,000,000)
2012: Ten Million Dollars (\$10,000,000)
2013: Five Million Dollars (\$5,000,000)
2014: One Million Dollars (\$1,000,000)

15.9.3. *Claim Against the Performance Bond:* The City may make a claim against the Performance Bond in such amounts as are necessary to satisfy (to the degree possible) the Franchisee’s obligations referenced in Section 15.9.2 (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such claim may be permitted by a final judgment of a court of competent jurisdiction. The City may not seek recourse against the Performance Bond for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Performance Bond, recourse to the Letter of Credit, or withdrawal from the cash Security Fund.

15.10. Letter of Credit:

15.10.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement and for one year thereafter, a letter of credit, for the benefit of the City, in a form and issued by a bank satisfactory to the City, in an amount as provided in Section 15.10.2 below (the “Letter of Credit”). The Letter of Credit shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee’s timely performance of its obligations under this Agreement. The “City of New York acting by and through the Department of Information technology and Telecommunications” shall be named as the beneficiary. The original Letter of Credit shall be deposited with the City. The Letter of Credit shall contain the following endorsement or with language with similar effect:

“It is hereby understood and agreed that this letter of credit may not be canceled or not renewed by the issuer/surety until at least ninety (90) days after receipt by the New York City Department of Information Technology and Telecommunications of a written notice stating such intention to cancel or not to renew.”

15.10.2. *Amount:* The Letter of Credit shall be in the amount of Twenty Million Dollars (\$20,000,000).

15.10.3. Drawdown Against the Letter of Credit:

15.10.3.1. The City may draw down against the Letter of Credit such amounts as are necessary to satisfy (to the degree possible) the Franchisee’s obligations under

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this Agreement not otherwise met in accordance with this Agreement (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such drawdown may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Letter of Credit for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Letter of Credit, recourse to the Performance Bond, or withdrawal from the cash Security Fund.

15.10.3.2. In addition to its right to draw down on the Letter of Credit for any of the reasons set forth in 15.10.3.1 hereof, the City may draw down in full on the Letter of Credit at any time such Letter of Credit has less than thirty (30) days to run before it is scheduled to expire and no replacement or renewal Letter of Credit has been given in its place. In the event of a drawdown for such reason, the City will hold the proceeds as cash security (paying to itself any interest earned) in lieu of a Letter of Credit (with the City having the right to make withdrawals for the same purposes as drawdowns are permitted on the Letter of Credit) until a replacement Letter of Credit is put in place, at which time such drawdown proceeds will be returned to the Franchisee less any proper withdrawals and any reasonable transaction expenses. In the event of a drawdown on the Letter of Credit as contemplated by this Section 15.10.3.2, and until such time as a replacement Letter of Credit is obtained in accordance herewith, the replenishment obligations of the Franchisee with respect to the moneys held by the City following such drawdown as cash security shall correspond to the replenishment obligations (and rights) of the Franchisee applicable to the cash Security Fund under Section 15.11.

15.10.3.3. Within two business days after any drawdown against the Letter of Credit, the City shall notify Franchisee of the date and amount thereof.

15.10.4. *Replenishment:* Until the expiration of one year after the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that at least One Hundred Thousand Dollars (\$100,000) (cumulatively or in a single instance) has been drawn down against the Letter of Credit, Franchisee shall obtain a replacement or additional Letter of Credit such that the total amount available under the letter(s) of credit obtained shall be restored to the amount required in Section 15.10.2.

15.11. *Cash Security Fund:*

15.11.1. *Establishment and Amount:* Franchisee shall deposit with DoITT as a condition to the Closing a certified check, bank check or wire transfer, payable to the “City of New York,” in the amount of One Million Dollars (\$1,000,000), to be held by the City as security (together with the other elements of security provided for under this Agreement) for performance of Franchisee’s obligations under this Agreement (the “Security Fund”).

15.11.2. *Withdrawals From or Claims Under the Security Fund:* The City may make withdrawals from the Security Fund of such amounts as are necessary to satisfy (to the degree possible) Franchisee’s obligations under this Agreement that are not otherwise satisfied (and to reimburse the City for costs, losses or damages incurred as the result of Franchisee’s failure(s) to satisfy its obligations), to the extent that such withdrawal may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Security Fund for any costs, losses or damages for which the City has previously

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been compensated through a withdrawal from the Security Fund, recourse to the Performance Bond provided for in this Agreement or drawdown against the Letter of Credit provided for in this Agreement. Within two business days after any withdrawal from the Security Fund, the City shall notify the Franchisee of the date and amount thereof.

15.11.3. *Replenishment:* Until the expiration of one year after the end of the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that any amount has been withdrawn from the Security Fund as provided in Section 15.11.2, the Franchisee shall restore to the Security Fund the amount thus withdrawn.

15.11.4. *Return of Security Fund:* Within thirty (30) days of the end of the Term, the City shall pay over to the Franchisee any amounts remaining in the Security Fund.

15.12. *Not a Limit on Liability:* Neither the Franchisee’s obligations under this Agreement nor Franchisee’s liability for non-performance of any such obligations are limited in nature or amount by the acceptance or availability of the Performance Bond provided pursuant to Section 15.9, the Letter of Credit provided pursuant to Section 15.10 or the cash Security fund provided by Section 15.11.

15.13. *Abandonment of Service:* Franchisee shall not abandon provision of any Cable Service or portion thereof in the City without the City’s prior written consent as provided in the Cable Law.

16. CUSTOMER PROTECTION STANDARDS

16.1. *Generally:* Franchisee shall comply with the consumer protection standards set forth in Parts 890 and 896 of the NY PSC rules and regulations and the provisions of Appendix A hereto.

16.2. *Privacy Protection:* The Franchisee shall comply with the provisions of 47 U.S.C. § 551 and any other applicable law, including any local standards to the extent not inconsistent with the terms of this Franchise established in accordance with applicable law, with respect to the protection of the privacy of Subscribers.

16.3. *Parental Control:* Franchisee shall make available to any Subscriber, if not already incorporated in standard equipment that is offered to all Subscribers, a device that offers as an option the ability to limit access to programming to Persons who provide a personal identification number or other means provided by the Franchisee only to a Subscriber, or other similar means of allowing parents to control children’s access to programming in the Subscriber household. Provided, however, that it is not the intention of the parties that this Agreement be construed as placing any responsibility or liability on the Franchisee for the exercise of or failure to exercise such parental controls as are offered and Franchisee shall incur no liability for any Subscriber’s or viewer’s exercise or failure to exercise such controls as are offered.

16.4. *Information to City:* The Franchisee shall provide subscriber information requested by the City for the purpose of enforcement of this Franchise, to the extent the

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provision of such information does not violate applicable law (including, without limitation, 47 U.S.C. § 551).

17. EMPLOYMENT AND PURCHASING

17.1. *Right to Bargain Collectively:* The Franchisee shall recognize the right of its employees to bargain collectively through representatives of their own choosing in accordance with applicable law. The Franchisee shall recognize and deal with the representatives duly designated or selected by the majority of its employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or any other terms, conditions, or privileges of employment as required by law. The Franchisee shall not dominate, interfere with, participate in the management or control of, or give financial support to any union or association of its employees.

17.2. *No Discrimination:* The Franchisee shall not: (i) refuse to hire, train, or employ; (ii) bar or discharge from employment; or (iii) discriminate against any individual in compensation, hours of employment, or any other term, condition, or privilege of employment, including, without limitation, promotion, upgrading, demotion, downgrading, transfer, layoff, and termination, on the basis of race, creed, color, national origin, sex, age, handicap, marital status, affectional preference or sexual orientation in accordance with applicable law. The Franchisee agrees to comply in all respects with all applicable federal, state and local employment discrimination laws and requirements during the term of this Agreement.

17.3. *Local Employment Plan:* Within thirty (30) days of the Effective Date hereof, the Franchisee shall, at its own cost and expense, develop, maintain and implement and disclose to the City (subject to appropriate and lawful confidentiality restrictions), a plan, consistent with Franchisee's collective bargaining agreements, for the recruitment, education, training, and employment of residents of the City for the opportunities to be created by the deployment and provision of service contemplated in this Agreement.

17.4. *City Vendors:* To the extent feasible and consistent with applicable law, and with due regard to price and quality considerations, the Franchisee shall utilize vendors located in the City in connection with the deployment and provision of service contemplated by this Agreement.

17.5. *Local Law Requirements:* The Franchisee agrees to comply in all respects with the provisions of the Mayor's Executive Order No. 50 (April 25, 1980) (codified at Title 10 Sections 1-14 of the Rules of the City of New York) and City Administrative Code 6-108.1 (1984) and all rules and regulations promulgated thereunder (collectively, the "EEO Requirements"), as such EEO Requirements may be amended, modified or succeeded throughout the Term of this Agreement. Notwithstanding the fact that the EEO Requirements do not apply on their face to Franchisee in its capacity as a franchisee, the Franchisee shall comply in all respects with the provisions of such EEO Requirements and successor and replacement laws, orders and regulations adopted following the date of this Agreement. As required by said Executive Order No. 50, the provisions of Sections 50.30 and 50.31 of the Final Rule implementing said Order are incorporated herein by this reference.

18. MISCELLANEOUS PROVISIONS

18.1. *Competition:* The parties agree that this Agreement, when compared to the terms of the City's cable television franchise agreements in existence as of the Closing, contains economic and regulatory burdens which, when taken as a whole, are not greater or lesser than those placed upon other cable operators operating within the Franchise Area.

18.2. *Actions of Parties:* Any action to be taken by the City and/or the Commissioner pursuant to this Agreement shall be taken in accordance with the applicable provisions of the City Charter, as said Charter may be amended or modified throughout the Term of this Agreement. 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, unless expressly agreed otherwise herein.

18.3. *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.

18.4. *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 City.

18.5. *Force Majeure:* Subject to the procedures set forth in the last sentence of this Section 18.5, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Franchisee's capability to perform, Franchisee shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. The Franchisee shall notify the Commissioner in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

18.6. *Notices:* Every notice, order, petition, document, or other direction or communication to be served upon the City or the Franchisee shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses (unless expressly stated otherwise in this Agreement):

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If to the Franchisee, to:

Verizon New York Inc.
Maura C. Breen, Senior Vice President/General Manager –Regional Operations
140 West Street
31st Floor
New York, NY 10007

with a copy to:

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

With a copy to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

If to the City, to:

Department of Information Technology and Telecommunications
75 Park Place, Ninth Floor
New York, NY 10007
Attention: Commissioner

with a copy to:

New York City Law Department
100 Church Street, Sixth Floor
New York, NY 10007
Attention: Chief, Economic Development Division

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

18.7. *Additional Representations and Warranties:* In addition to the representations, warranties, and covenants of the Franchisee to the City set forth elsewhere herein, the Franchisee represents and warrants to the City and covenants and agrees that, as of the Closing:

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18.7.1. *Organization, Standing and Power:* The Franchisee is a corporation duly organized and validly existing under the laws of the State of New York and is duly authorized to do business in the State of New York and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

18.7.2. *Authorization:* The execution, delivery and performance of this Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly, legally and validly authorized by all necessary action on the part of the Franchisee. This Agreement and all other agreements entered into in connection with the transaction contemplated hereby have been duly executed and delivered by the Franchisee and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Franchisee.

18.7.3. *Compliance with Law:* The Franchisee is in compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the provision of the services contemplated herein and has obtained or will obtain prior to the provision of service to the public all government licenses, permits, and authorizations necessary for the provision of the service, except approval by the NY PSC.

18.7.4. *Ownership Interests:* Franchisee is a wholly owned subsidiary of NYNEX Corporation, which itself is a wholly owned subsidiary of Verizon Communications, Inc.

18.7.5. *Compliance with City Contracts:* The Franchisee has not received notice from the City of any default or noncompliance with any existing written contract or other written agreement with the City, unless such default or noncompliance has subsequently been cured or otherwise resolved to the City's satisfaction or such notice has been withdrawn by the City or otherwise determined by the City or a court of competent jurisdiction to have been issued in error.

18.8. *Compliance with Laws; Licenses and Permits:* With respect to its activities pursuant to this Agreement, the Franchisee shall comply with: (i) all applicable laws, rules, regulations, orders, writs, decrees and judgments (including, but not limited to, those of the PSC and the FCC) and any other federal, state agency or authority of competent jurisdiction; and (ii) all local laws and all rules, regulations, orders, of the City and of DoITT consistent with this Agreement. The Franchisee shall have the sole responsibility for obtaining all permits, licenses and other forms of approval or authorization necessary to construct, operate, maintain, upgrade, replace or repair the System, or any part thereof.

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

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18.10. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall not be effective unless mutually agreed to in writing by the parties and shall be subject to the approval of the NY PSC, pursuant to the Cable Law.

18.11. *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. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder," and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires.

18.12. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by, or a final order of any state or federal regulatory authority having competent 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, subject to the obligations of the parties as applicable under Section 18.4 above.

18.13. *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.

18.14. *Pending Litigation:* Nothing in this Franchise shall be construed to prejudice or affect any position taken by either the City or Franchisee in the litigation now pending in the Supreme Court, County of New York, captioned The City of New York v. Verizon New York Inc., Index No. 402961/03 (the "Pending Litigation").

18.15. *FTTP Network Status:* In the event of a lawful termination or non-renewal of the Franchise, the legal status of the FTTP Network in the rights-of-way will revert to whatever status it has as a system providing only services that do not include Cable Service, as such status may be ultimately determined by the final outcome of the litigation referred to in Section 18.14 above. In implementation of the intent of the preceding sentence, if and so long as the Franchisee shall have separate lawful authority to maintain facilities providing services of the type being carried over the FTTP Network in the City's Public Rights-of-Way, the Franchisee shall not be required to remove or 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 Franchisee from providing Cable Service.

18.16. *NY PSC Approval:* This Franchise is subject to confirmation by the NY PSC. Franchisee shall file a petition for confirmation with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

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18.17. *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, and in no event shall Franchisee be subject to rate regulation, except to the extent Franchisee is no longer subject to Effective Competition (as that term is defined by federal law) or such rate regulation is authorized to be imposed as a result of a change in federal law.

18.18. *Publishing Information:* Except as otherwise permitted in this Franchise, the City hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

18.19. *No Third Party Beneficiaries:* This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

18.20. *City Official:* The Commissioner is the City official that is responsible for the continuing administration of this Agreement.

18.21. *Holdover.* To the extent required or permitted by PSC regulations, in the event the Franchisee continues to provide Cable Service within the Franchise Area after the term of this Agreement, the Franchisee shall continue to comply with all applicable provisions of this Agreement, including, without limitation, all compensation and other payment provisions of this Agreement, throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise granted pursuant to this Agreement.

18.22. *Investigations Clause:* Franchisee shall comply with the City's standard "Investigations Clause" to be included in City contracts and agreements pursuant to Section 4(b) of Mayoral Executive Order 16 of 1978, as set forth in Appendix I hereto, and in the event of any failure as described therein shall be subject to the penalties set forth therein.

18.23. *Interpretation:* This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party because that party drafted, or caused that party's legal representative to draft, any of its provisions.

18.24. *Voluntary Execution:* The parties acknowledge that each has read this Agreement, that each fully understands its rights, privileges and duties under this Agreement, and that each enters into this Agreement freely and voluntarily. Each party further acknowledges that it has had the opportunity to consult with counsel of its own choosing in the negotiation or and agreement to the provisions of this Agreement.

18.25. *Execution in Counterparts:* This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute a single agreement.

18.26. *Approval of Amendments:* In the event this Agreement is to be amended in any manner which affects the City's interest in a substantial manner, agreement by the City to such amendment shall only be effective if such amendment is approved by the FCRC.

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AGREED TO THIS ____ DAY OF _____, 2008.

The City of New York:

By: _____
Deputy Mayor

By: _____
Paul Cosgrave, Commissioner

Approved as to form and certified as to legal authority:

Acting Corporation Counsel

Attest:

By: _____
City Clerk [City Seal]

Verizon New York Inc.

By: _____
Maura C. Breen, Senior Vice President/
General Manager - Regional Operations

Approved as to form:

John Raposa, Vice President & Deputy General Counsel –
Verizon Telecom

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APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

Appendix C: Form Community Access Organization Agreement

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Appendix I: Investigations Clause

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Appendix K: Form of Franchise Fee Report

APPENDIX A
CONSUMER PROTECTION STANDARDS

APPENDIX A
CONSUMER PROTECTION STANDARDS
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Section 1 **SOLICITATION OF SUBSCRIPTIONS**

1.1 Uniforms/Identification Cards/Name Badges. Each employee of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her employment with the Franchisee. The photograph on the identification card shall prominently show the employee's name and/or identification number. Such employee shall prominently display such identification card and shall show it to all such members of the public. Each employee of any contractor or subcontractor of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her name, the name of such contractor or subcontractor and the name of the Franchisee. The parties acknowledge that each Franchisee employee who routinely comes into contact with members of the public at their places of residence shall wear a uniform provided by the Franchisee, in addition to the foregoing requirements with respect to identification cards, except to the extent such requirement is affected by or subject to any contractual agreement(s) between the Franchisee and any Person other than the City.

1.2 Subscription Information.

1.2.1 At the time of installation to the Subscriber who is receiving the installation, and at least once a year to all Subscribers, with a copy to DoITT, the Franchisee shall provide the following subscription information in a clear, complete and comprehensible form:

(i) a description of the Cable Services provided by the Franchisee, accompanied by a listing of the charges for each such Service, either alone or in combination;

(ii) a listing of all rates, terms and conditions for each Cable Service or tier of Cable Service, both alone and in combination, and all other charges, such as for installation, for application of Cable Service to additional television sets, for deposits on equipment, for stolen or lost converters and other equipment, for returned checks and for relocating cable outlets;

(iii) a general explanation of other devices which may be used in conjunction with the System, such as devices provided as contemplated in 47 C.F.R. § 76.1621, remote control devices, and parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices) and a listing of the Franchisee's charges for connecting such devices to the System;

(iv) a description of the Franchisee's billing and collection procedures (including payment requirements to avoid disconnection of service), the use of payment coupons, the amount of any applicable late fees, and a description of the option of paying in person, consistent with these consumer protection standards;

(v) the procedure for the resolution of billing disputes;

(vi) a description of the Franchisee's policies concerning credits for service interruptions and outages, consistent with these consumer protection standards;

(vii) an explanation of the procedures and charges, if any, for upgrading, downgrading or disconnecting Services, consistent with these consumer protection standards;

(viii) the required time periods for installation requests, consistent with these consumer protection standards; and

(ix) a statement that all Franchisee employees, contractors, or subcontractors who routinely come into contact with members of the public at their places of residence shall wear a uniform and Franchisee identification card, to the extent required by Section 1.1, which they shall prominently display and show to all such members of the public.

1.2.2 Within fifteen (15) days of a written request by the Commissioner to the Franchisee, the Franchisee shall provide the Commissioner with a written description of Franchisee's procedures for accommodating non-English speaking Subscribers ("Franchisee's Non-English Procedures").

1.2.3 The Franchisee shall deliver three (3) copies of all such subscription information to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber. The Franchisee agrees that the City assumes no liability for the subscription information by virtue of its review of such information.

1.3 Right of Rescission. Anyone who requests the installation of Cable Service from the Franchisee shall have the right to rescind such request at any time prior to the point in time at which physical installation upon the premises begins. Anyone who requests a particular Service from the Franchisee shall have the same right of rescission, except that such right shall expire once the requested Service is actually received by such Person.

Section 2 **INSTALLATION**

2.1 Information Provided to Subscribers.

2.1.1 At the time of installation, the Franchisee shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." The Welcome Kit shall provide the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form:

(i) the location, hours of operation and telephone number(s) for each of the Franchisee's existing Service Centers and a telephone number for information as to where each Payment Center is located;

(ii) the toll-free telephone number for the Franchisee's customer service telephone system, including any cable information service line established by the Franchisee (which is described further in this Appendix A), accompanied by a brief description of the services and information that may be obtained by dialing each number;

(iii) a general description of how equipment, including, but not limited to, devices provided as contemplated in 47 C.F.R. § 76.1621, wireless remote control devices, parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices), is obtained and used in conjunction with the System, and the terms for rental and loaner equipment, including deposit requirements, if any, and procedures for return of equipment and the Subscriber's liability for lost, stolen or damaged equipment;

(iv) the policies governing Service Interruptions, Significant Service Interruptions, Outages, and Significant Outages as defined in Section 6.2.1 of this Appendix A and repair service;

(v) the policies and procedures for obtaining credits consistent with Section 10 of this Appendix A and the return of any deposits;

(vi) the complaint resolution process, including notice that anyone who is dissatisfied with the way in which the Franchisee has handled a complaint has the right to speak to a Franchisee supervisor or to contact the NY PSC and the City at the addresses and telephone numbers listed in the Welcome Kit, and any such changes shall be communicated to Subscribers via the Franchisee's semi-annual notice to Subscribers (which address and telephone number of the City may be changed by the Commissioner, in a notice to be provided to the Franchisee, from time to time);

(vii) the procedures by which the Subscriber will be notified of any rate increases, any change in programming Services (as defined in Section 8.1.1 of this Appendix A), any change in the price or conditions for the rental of equipment, any change in the location or hours of the Service Centers, any change in billing practices, practices regarding Service interruption, or any significant change in the policies or information set forth in the Welcome Kit;

(viii) the requirements concerning Subscriber privacy which are set forth in the Cable Act or any rules or regulations established by the City pursuant to Section 16.3 of this Agreement;

(ix) if provided to the Franchisee by the City in a format reasonably acceptable to the Franchisee: (A) a listing of the currently available Public and Governmental/Educational Access Channels, (B) a description of the purposes and uses of such Channels, and (C) general information regarding how a Person can utilize or obtain further information regarding such Channels; Franchisee shall also make the foregoing information available on its website, subject to Franchisee's technical

capability to do so, including, but not limited to, limitations with respect to character capacity;

- (x) the rules governing the termination of Cable Service;
- (xi) the steps for resubscribing to Cable Service after an involuntary termination.

With respect to the provision of the Welcome Kit to new Subscribers, the Franchisee shall also provide any information to such Subscribers that is required by applicable law but is not listed above.

2.1.2 The Franchisee shall train and make available customer service representatives to aid by telephone visually impaired consumers who cannot read the Welcome Kit. The Franchisee shall also make available by telephone bilingual customer service representatives to communicate with non-English speaking consumers regarding the information contained in the Welcome Kit.

2.1.3 The Franchisee shall distribute the then current version of the Welcome Kit to all new Subscribers at the time of installation, and to any other person on request. Any Person who makes such a request in person to a customer service representative or salesperson of the Franchisee must be supplied with a copy of the Welcome Kit immediately. The Franchisee must mail, by first class, the Welcome Kit to any Person who requests one by telephone within ten (10) business days of such request.

2.1.4 The Franchisee shall provide each customer service representative and each salesperson of the Franchisee with copies of the most current Welcome Kit and shall advise them of the requirements of this Section 2.1 of this Appendix A.

2.1.5 The Franchisee shall submit the Welcome Kit, as well as any subsequent updates of it, to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber and from time to time thereafter upon the Commissioner's request.

2.2 Channel Line-Up. The Franchisee must either (i) provide Subscribers with a Channel Line-up card for all Cable Services which shall be updated on an annual basis thereafter; or (ii) provide Subscribers with dial location information electronically on screens that can be controlled by the consumer, provided, however, that the Franchisee shall automatically provide such a card (and annual updates thereof) to all Subscribers who cannot access such information electronically, and shall further provide such a card to any Subscriber upon request.

2.3 Procedure for Installation

2.3.1 Once a request for Cable Service is received, the Franchisee shall offer "appointment window" time blocks of not more than four (4) hours on weekdays, for the selection of the Subscriber or potential Subscriber, during which the Franchisee's work crew shall arrive to perform the installation of the necessary equipment to receive

Cable Service (on Saturdays the Franchisee may in its discretion offer “appointment windows,” but shall, in any event, comply with the full 8:00 a.m. to 5:00 p.m. working period described in Section 2.3.2 below). The Franchisee shall use reasonable efforts to complete the installation during that appointment.

2.3.2 The Franchisee shall provide installation services including initial installation, continuously at least during the periods of 8:00 a.m. to 5:00 p.m. on weekdays and 8:00 a.m. to 5:00 p.m. on Saturdays and, for connection of additional outlets and upgrading of Cable Service for which all work can be performed indoors, continuously during the periods of 8:00 a.m. to 5:00 p.m. As required by Section 5.4 of the body of this Agreement, the Franchisee shall provide installation throughout its Franchise Area on a nondiscriminatory basis.

2.3.3 Consistent with the terms of Article 5 of the Franchise , unless a later date is requested by a potential Subscriber, the Franchisee shall complete installation of Cable Service for any new Subscriber and any upgrade or downgrade for any existing Subscriber within seven (7) business days after any such request is received, provided that if weekend installation is requested, installation shall be completed by no later than the fourth (4th) Saturday following the date the request is received. Notwithstanding the foregoing, such time period shall not apply to any building not currently wired for Cable Service as to which the Franchisee is, upon a showing to and with the approval of the Commissioner, in compliance with its obligations regarding access to such building pursuant to Article 5 of the body of this Agreement, or except as provided in Section 18.5 of the body of this Agreement.

2.3.4 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers to perform any visit to a Subscriber’s premises to perform its obligations under this Section 2.3.

2.4 Nature of the Request for Installation

2.4.1 The Franchisee shall not discriminate among Subscribers or potential Subscribers because someone living in the same household is already or was a Subscriber, unless the Franchisee can demonstrate, to the Commissioner’s satisfaction, that: (i) the Franchisee has a reasonable basis for believing that a Person(s) living in the household is (are) attempting to deceive the Franchisee or (ii) such Person(s) has (have) failed to respond to a reasonable request from the Franchisee for information which would enable the Franchisee to determine whether such Person(s) is (are) entitled to receive Cable Service.

2.5 Records of Requests for Cable Service

2.5.1 The Franchisee shall keep records capable of showing all requests for Cable Service, which shall contain, with respect to each request for Cable Service, the name and address of the Person requesting Cable Service, the date on which Cable Service was requested, the date and appointment period on which Cable Service was scheduled to be provided and the date and appointment period on which Cable Service

was actually provided. In the event that the Franchisee is unable to provide Cable Service, the Franchisee shall keep records showing in reasonable detail the number of attempts the Franchisee has made to provide such Cable Service and the reason the Franchisee was unable to provide Cable Service. These records shall be assembled continuously.

2.5.2 Any information in the records required by Section 2.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 2.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time or may require that the information be turned over to the Commissioner in lieu of its destruction in accordance with Section 11.1 of the body of this Agreement.

2.5.3 A report summarizing the information contained in the records required by Section 2.5.1 regarding all requests for Cable Service for the preceding quarter shall be submitted in written or electronic form to the Commissioner by the forty-fifth (45th) day following the end of each calendar quarter, containing the following information

- (i) the number of requests for Standard Installations;
- (ii) the number of Standard Installations made;
- (iii) the number of Standard Installation and service appointments made;
- (iv) the number of Standard Installation and service appointments met; and
- (v) the number of Standard Installations and service appointments rescheduled by the Franchisee.

To the extent permitted by state and federal privacy laws, upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commissioner to verify and supplement the information contained in the report required by the preceding sentence and the Franchisee's compliance with its obligations under Section 2.5.1; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 2.5.1 hereof. The Commissioner may waive the submission of such records as the Commissioner deems appropriate.

2.5.4 Franchisee's reporting requirements pursuant to Section 2.5.3 hereof shall not commence until the third (3rd) calendar quarter following the Effective Date of this Agreement. Notwithstanding the foregoing, with respect to reports in connection with Franchisee's obligation under Section 2.3.3 hereof regarding Saturday installation requests, Franchisee's reporting obligations shall commence on the date which is one (1) year from the Effective Date of this Agreement.

Section 3 **SERVICE CENTERS**

3.1 Service Centers

3.1.1 Subject to the requirements of Subsection 3.1.1.1 hereof, the Franchisee shall initially establish and maintain one (1) Service Center in each of the five (5) Boroughs of the Franchise Area. The Franchisee shall notify Subscribers and the Commissioner of the opening, and thereafter any change in the location, of these Service Centers.

3.1.1.1 With respect to each Borough in the Franchise Area, Franchisee's obligation to establish and maintain each Service Center pursuant to Section 3.1.1 hereof shall not commence until ninety (90) days from the date on which Franchisee determines that Franchisee has achieved a Subscriber base of ten thousand (10,000) Subscribers in the applicable Borough.

3.1.1.2 Within ninety (90) days from the date on which Franchisee achieves an aggregate Subscriber base of sixty thousand (60,000) Subscribers in any Borough, Franchisee shall establish and maintain one (1) additional Service Center in each such Borough; provided however, that nothing herein shall be construed to require Franchisee to establish and maintain more than a total of two (2) Service Centers in any Borough. All such Service Centers will be conveniently located near mass transit.

3.1.2 Except on the legal holidays recognized by the City of New York, a list of which shall be supplied to the Franchisee upon request to the Commissioner, these Service Centers shall be open continuously for at least nine (9) hours on weekdays and for at least five (5) hours on Saturdays, subject to Franchisee's contractual agreements with Persons other than the City. The Franchisee shall staff each Service Center so it is capable of providing on Saturday the same level of service it provides during any weekday, such that waiting time for any service on Saturday is not significantly different than during any weekday.

3.1.3 The Service Centers shall be designed so as to provide access in accordance with applicable law.

3.1.4 The Franchisee shall maintain on file at each Service Center, or on its website for public inspection current copies of its billing practices and payment requirements and general informational materials (including monthly bill stuffers) and shall keep such records at its central office for a period of two (2) years, to be mailed or otherwise delivered to a specified Service Center within a reasonable time upon the City's or a Subscriber's request. The foregoing records shall be maintained independent of, and in addition to, Franchisee's public inspection file maintained pursuant to 47 C.F.R. § 76.1700.

3.2 Training of Employees

3.2.1 Franchisee employees who regularly come in contact with the public shall be trained to perform efficiently the various tasks, including responding to consumer inquiries and complaints, necessary to provide consumer services in a responsible and courteous manner.

3.2.2 All Franchisee employees shall identify themselves by name or preassigned identification number when answering Franchisee telephone lines routinely used by members of the public. The Franchisee shall maintain a system to enable the Franchisee to identify the particular employee who answered any telephone call in such manner.

3.2.3 Franchisee employees shall refer any Person who is dissatisfied with the resolution or handling of any complaint concerning the Franchisee to a supervisor. Franchisee supervisors shall be available to speak to such Persons. If, due to unforeseen circumstances, a supervisor is temporarily unavailable to speak with such a Person, then that Person will be contacted by a supervisor as soon as practicable. If the Subscriber is not contacted by the supervisor or otherwise requests such information, a nonsupervisory employee shall inform the Subscriber of the foregoing information.

3.2.4 The Franchisee shall ensure that some employees at its office speak any language used by a substantial percentage of the Franchisee's Subscribers with whom they come into contact in the course of their employment.

3.2.5 To the extent the Franchisee uses contractors or subcontractors who regularly come into contact with the public on the Franchisee's behalf, the Franchisee shall ensure that such contractors or subcontractors receive the training and follow the procedures outlined in Sections 3.2.1-3.2.4 above.

3.3 Telephone Lines

3.3.1 The Franchisee shall have local telephone or toll-free lines for receiving requests for repair or installation services, for reporting service interruptions and for responding to billing questions. The lines shall be answered twenty-four (24) hours per day, seven (7) days per week by Franchisee employees with respect to service problems (such as for the reporting of interruptions or outages in service and the scheduling of service repairs) and, at a minimum, during normal business hours with respect to installation-related and billing-related matters and questions; but in no event shall such lines be operated for fewer hours than required, or less comprehensively than required, by applicable federal or state requirements. In the event a Franchisee employee receives, but is unable to respond to, a Subscriber call after normal business hours regarding any of the issues described in this Section 3.3.1, such Franchisee employee shall create a notation on Subscriber's record (to enable informed employee response upon business hours follow-up), including any appropriate Subscriber information, consistent with Franchisee's practices and procedures. For purposes of this Section 3.3.1, normal business hours shall have the meaning set forth in 47 C.F.R. § 76.309 and 16 NYCRR § 890.

3.4 Standard of Service for the Telephone System

3.4.1 The Franchisee shall maintain a telephone system throughout the term of this Agreement which shall be capable, at a minimum, of meeting each of the following standards:

- (i) each telephone call shall be answered within at least thirty (30) seconds;
- (ii) callers shall receive a busy signal not more than three percent (3%) of the time in any one (1) month period;
- (iii) callers shall not be kept on hold for longer than thirty (30) seconds;
- (iv) no more than ten percent (10%) of all calls (measured on a quarterly basis) shall be kept on hold for thirty (30) seconds;
- (v) any automated menu system shall provide, within ninety (90) seconds (or one hundred twenty (120) seconds during peak periods), an opportunity, which may include pressing "0" or remaining on the line without entering a menu option, for the caller to connect to a customer service representative; and
- (vi) all menus and subsidiary menus shall provide an opportunity to connect to a customer service representative.

3.4.2 Reasonable variations in these performance standards shall be permitted during abnormal operating conditions, including, by way of illustrative example, during trunk line failures.

3.4.3 The Franchisee shall provide quarterly reports to the Commissioner containing information relevant to the question of whether its telephone system continues to conform to Section 3.4.1 of this Appendix A. Franchisee's quarterly reports provided pursuant to this subsection 3.4.3 shall be measured for purposes of compliance with the requirements hereof solely on a quarterly basis, but shall reflect, for informational purposes, Franchisee's metrics on a month-by-month basis. If the Commissioner determines, based on complaints or any other evidence, that the Franchisee's telephone service does not meet the standards set forth in this Section 3.4, or any variations in those standards previously agreed to by the Commissioner, then the Commissioner has the authority to order the Franchisee to take appropriate action to meet such standards. Failure of the Commissioner to issue such order, however, shall not constitute a waiver of the City's rights with respect to any failure by the Franchisee to comply with its obligations pursuant to this Appendix A or this Agreement.

Section 4 **BILLING**

4.1 The Format of a Subscriber's Bill

4.1.1 The bill shall be designed in such a way as to present the information contained therein clearly, comprehensibly and accurately to Subscribers.

4.1.2 The bill shall contain itemized charges for each category of Cable Service and piece of equipment for which a charge is imposed (including late charges, if any), an explicit due date, the name and address of the Franchisee and telephone number for the Franchisee's office responsible for inquiries, billing, the NY PSC's toll-free Subscriber Assistance telephone number and the telephone number specified by the Commissioner for the resolution of billing disputes. The bill shall state the billing period, amount of current billing and appropriate credits or past due balances, if any. Unless prohibited by law, the Franchisee may accurately designate that portion of a Subscriber's bill attributable to the amount of any compensation payment to be made by the Franchisee or any other Person to the City pursuant to this Agreement.

4.2 Billing Procedures

4.2.1 All bills shall be rendered monthly, unless otherwise authorized by the Subscriber, or unless service was provided for less than one (1) month (because, for example, the Subscriber received service, from activation to cancellation, for less than one month.)

4.2.2 The Franchisee shall use reasonable efforts to cooperate with any regulated and accredited banking or financial institution that provides Subscribers with an optional payment mechanism whereby they can directly pay any bills electronically from their residence or business, when such mechanism is economically and technically feasible and viable, and provided that the Commissioner may reduce or relieve the Franchisee of such obligations where such relief is appropriate in light of the circumstances, including the nature of the institution and the burden to the Franchisee. To the extent permitted by applicable law, the Franchisee may "pass through" to the Subscriber any charges imposed on the Franchisee in connection with such bill payment by any such institution, so long as the Franchisee provides prior notice of such charge to the Subscriber.

4.2.3 The Franchisee shall credit any Subscriber who has voluntarily interrupted Cable Service, pursuant to the requirements established by the Franchisee, with a rebate on his or her monthly bill for the period(s) during which service was voluntarily interrupted, provided that the Franchisee may charge any such Subscriber a reconnection charge.

4.2.4 Any returned check charge imposed by the Franchisee shall be consistent with the requirements of N.Y. General Obligations Law, Ch. 24-A § 5-328 or any successor provision thereto.

4.3 Procedures for Collecting Late Bills

4.3.1 No bill shall be due less than fifteen (15) days from the date of the mailing of the bill by the Franchisee to the Subscriber.

4.3.2 A bill shall not be considered delinquent until at least forty-five (45) days have elapsed from the mailing of the bill to the Subscriber and payment has not been received by the Franchisee, provided that no bill shall be mailed more than fifteen (15) days prior to the date Cable Services covered by such bill commence, except in cases where a Subscriber requests advance billing. Late fees not to exceed the maximum percent allowed by law may be applied to a delinquent bill, so long as the billing dispute resolution procedures set forth in Section 4.4 of this Appendix A have not been initiated.

4.3.3 The Franchisee shall not physically or electronically discontinue Cable Service for nonpayment of bills rendered for Cable Service until: (i) the Subscriber is delinquent in payment for Cable Service; and (ii) at least five (5) days have elapsed after a separate written notice of impending discontinuance has been served personally upon a Subscriber; or (iii) at least eight (8) days have elapsed after mailing to the Subscriber a separate written notice of impending discontinuance (for which postage is paid by the Franchisee), addressed to such Person at the premises where the Subscriber requests billing; or (iv) at least five (5) days have elapsed after a Subscriber has either signed for or refused a certified letter (postage to be paid by the Franchisee) containing a separate written notice of impending discontinuance addressed to such Person at the premises where the Subscriber requests billing. Notice of impending Cable Service discontinuance must clearly state the amount in arrears, the total amount required to be paid to avoid discontinuance of Cable Service, collection fees, if any, reconnection charges if applicable, and the date by which such payment must be made, the location of Service Centers where such payment may be made, or how the Subscriber can get information (e.g., via the Franchisee's website and/or by calling a toll-free number) about the location of each Payment Center where such payment may be made. Receipt of a subsequently dishonored negotiable instrument in response to a notice of discontinuance shall not constitute payment, and the Franchisee shall not be required to issue an additional notice prior to discontinuance.

4.3.4 As described in Section 4.5 of this Appendix A, the Franchisee may under certain circumstances refer a delinquent account to a private collection agency. The Franchisee agrees that it will not, and will instruct all collection agencies collecting delinquent accounts on behalf of the Franchisee not to, refer any delinquent account to a credit agency except if the Subscriber has closed an account with an outstanding balance of more than fifty dollars (\$50) and that balance has been pending for more than ninety (90) days. If, however, the Subscriber subsequently pays the outstanding balance, the Franchisee shall notify any credit agencies that were previously informed of the outstanding balance.

4.4 Procedure for the Resolution of Billing Disputes

4.4.1 The billing dispute resolution procedure shall be initiated once a Subscriber contacts the Franchisee's department which handles billing questions or the Commissioner, in writing, so long as such contact occurs within thirty (30) days from the date of receipt of the bill by the Subscriber. If the Subscriber contacts the Commissioner, the Commissioner shall notify the Franchisee, by mail, by telephone or by electronic

means, that the dispute resolution procedure has been initiated and the Franchisee shall then contact the Subscriber to discuss the dispute.

4.4.2 The Subscriber shall not be required to pay the disputed portion of the bill until the dispute is resolved. The Franchisee shall not apply finance charges, issue delinquency or termination notices, or initiate collection procedures for the disputed portion of the bill pending resolution of the dispute.

4.4.3 The Franchisee shall promptly undertake whatever review is necessary to resolve the dispute, and shall notify the Subscriber of the results of the review as soon as it is completed, but in no case later than twenty (20) business days after receipt from the Subscriber of the billing dispute, problem or complaint notification.

4.4.4 The Franchisee shall, upon the Subscriber's or the City's written request, notify the Subscriber in writing of its proposed resolution of the billing dispute, shall provide the address and telephone number to be provided from time to time by the Commissioner and by which a Subscriber may notify the City of a billing dispute, problem or complaint, and shall inform the Subscriber that unless an appeal is taken to the Commissioner within ten (10) business days after the date of postmark on the notification letter, the Franchisee's resolution of the dispute shall be considered final. If, in response to a Subscriber's written request, the Franchisee resolves the dispute over the phone or in person, then no written response need be provided to the Subscriber. Where no appeal is taken, the amount the Franchisee claims is due must be paid within twenty (20) days after the date of postmark on the notification letter.

4.4.5 If the Subscriber appeals the Company's resolution within the aforementioned period, the amount under dispute by the Subscriber will not be due until at least one (1) week after the dispute has been resolved by Franchisee.

4.4.6 The procedures set forth in Sections 7.3.1 - 7.3.5 of this Appendix A shall apply to billing disputes appealed to the Commissioner.

4.5 Referral of Delinquent Accounts to a Collection Agency

4.5.1 If the billing dispute resolution procedures have not been initiated, the delinquent account may be referred to a private collection agency for appropriate action no sooner than ten (10) business days after it becomes delinquent or, where a Subscriber voluntarily terminates any Cable Service and the amount due is delinquent but not in dispute, no sooner than ten (10) business days after the final bill is mailed to the Subscriber.

4.5.2 If the billing dispute resolution procedures have been initiated, the delinquent account shall not be referred to a collection agency prior to the conclusion of those procedures, including any appeal to the Commissioner.

4.5.3 The Franchisee agrees that a referral to a private collection agency in violation of Sections 4.3.4, 4.5.1, or 4.5.2 of this Appendix A shall result in injury to the Subscriber which will be difficult to ascertain and to prove. The Franchisee therefore

agrees that, it will send to the affected Subscriber a letter of apology and notify, in writing, the collection agency, copies of which such letter and notice shall be sent to the Commissioner. Further, if any credit agency is contacted by the Franchisee or any collection agency collecting delinquent accounts on behalf of the Franchisee in violation of Section 4.3.4 of this Appendix A, the Franchisee shall, in addition to taking the foregoing actions, (i) notify the credit agency contacted as a result of such referral that the referral was wrongly made and should not adversely affect the Subscriber's credit standing, a copy of which notice(s) shall be sent to the affected Subscriber and the Commissioner.

Section 5

EQUIPMENT PROVIDED BY THE FRANCHISEE

5.1 Types of Equipment To Be Provided

5.1.1 The Franchisee shall comply with 47 C.F.R. § 76.1621 or any successor provision thereto.

5.1.2 The Franchisee shall supply a closed caption decoder to any hearing impaired Subscriber who requests one at a charge not to exceed the Franchisee's cost, unless the technology for such decoding is already incorporated in other equipment being provided to the subscriber.

5.2 Terms for Rental and Loaner Equipment

5.2.1 As provided in this Appendix A, the Franchisee may require deposits on certain equipment it provides to Subscribers, provided that the Franchisee shall return to Subscribers their deposits together with a reasonable amount of interest, and provided further that there shall be no discrimination among or between Subscribers in either the requirement for or the amount of any deposit. The Franchisee shall permit the return of such equipment to any Service Center. When equipment is returned, the Franchisee shall either promptly test it to ensure that it is not damaged or waive any damage claims, and shall give the Subscriber a receipt showing, in addition to the date and time of the return and the Subscriber name, the model and serial number of the returned equipment. The Franchisee shall return to the Subscriber his or her deposit, plus interest minus any reasonable amount, if any, deducted for damage to the equipment or the amount of any outstanding balance owed to the Franchisee within the next applicable billing cycle.

5.2.2 If such equipment is lost, damaged or stolen by reason of an intentional, wrongful act by, or the gross negligence of, the Subscriber, or if the Subscriber gives the equipment to a third party to return to the Franchisee and the third party does not do so, then the Subscriber shall be liable for the value of the equipment as determined by the Franchisee and consistent with Franchisee's annually published rates. If such equipment is lost, damaged or stolen through the wrongful act of a third party, or any other event outside the Subscriber's control (such as a burglary or a fire in the Subscriber's building), then the Subscriber shall have no liability for the equipment,

provided that the Subscriber files with the Franchisee a police report on the cause of any such loss, theft or damage to any equipment. The Franchisee shall keep records showing the resolution of Subscriber claims regarding lost, stolen or damaged equipment, which records shall be submitted in written or computer disk form to the Commissioner as the Commissioner may reasonably request from time to time, within fifteen (15) days of such request.

5.2.3 For billing purposes, the return of rental equipment shall be deemed to have taken place on the day such equipment is returned.

5.3 Notice That Equipment Is Available. The Franchisee shall provide in the Welcome Kit information about the availability and function of the equipment described in this Section 5 of this Appendix A, as well as where such equipment may be obtained.

5.4 Demonstration of Equipment. The Franchisee shall provide free demonstration of such equipment at the Service Centers.

Section 6

SERVICE OUTAGES AND SERVICE INTERRUPTIONS

6.1 The Franchisee shall exercise its best efforts to limit any scheduled Outage (as hereinafter defined) of any Cable Service for any purpose to periods of minimum use. Except in emergencies or incidents requiring immediate action, the Franchisee shall provide the Commissioner and all affected Subscribers with prior notice of scheduled Outage, if such scheduled Outages will last longer than four (4) hours.

6.2 Time Periods by Which Outages and Service Interruptions Must Be Corrected and Repairs Made.

6.2.1 The Franchisee shall maintain sufficient repair and maintenance crews so as to be able to correct Outages, Significant Outages, Service Interruptions, Significant Service Interruptions, and other problems requiring repair, within the following time periods:

(i) In the event of an "Outage," which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions that is not caused by the Subscriber's television receiver or the Subscriber and that affects fewer than one hundred (100) Subscribers served from the same VSO, such Outage shall be repaired within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day. For purposes of this Section 6, "loss of picture or sound" shall mean the absence of picture or sound quality that conforms to the requirements of Section 6.2 of the Franchise.

(ii) In the event of a "Significant Outage," which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all

channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions, which is not caused by the Subscriber's television receiver or the Subscriber, and that affects one hundred (100) or more Subscribers served from the same VSO, such Significant Outage shall be corrected within eighteen (18) hours after the Franchisee learns of it.

(iii) In the event of a "Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound on one or more cable channels affecting fewer than one hundred (100) Subscribers served from the same VSO, excluding conditions beyond the control of the Franchisee, the Franchisee shall begin working on the problem promptly and in no event later than twenty-four (24) hours after the Service Interruption becomes known.

(iv) In the event of a "Significant Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound of one or more cable channels that affects one hundred (100) or more Subscribers served from the same VSO, Franchisee shall repair the problem within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day.

6.2.2 The Franchisee shall maintain, at all times, an adequate repair and service force in order to satisfy its obligations pursuant to the foregoing Section 6.2.1. In order to satisfy its obligations pursuant to Section 6.2.1, in cases where it is necessary to enter upon a Subscriber's premises to correct any reception problem or other service problem, the Franchisee shall make available service calls continuously during the period of 7:30 a.m. to 7:00 p.m. May 1 through October 30 and 7:30 a.m. to 6:00 pm November 1 through April 30 on weekdays and continuously for at least eight (8) hours on each Saturday. During weekday periods, a Subscriber may request any four (4) hour period for the Franchisee to correct any such problem, provided that the Franchisee's customer service representatives shall at all times endeavor to be aware of service or other problems in adjacent areas which may obviate the need to enter a Subscriber's premises. The Franchisee shall provide on Saturday the same level of service it provides during any weekday, such that repair services provided on Saturday are not significantly different than during any weekday (other than a weekday evening).

6.2.3 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 6.2. In no event shall the Franchisee cancel any necessary scheduled service call later than 5:00 pm on the preceding business day, except in circumstances beyond the Franchisee's control.

6.3 Failure To Meet Time Periods May Be Excused. The Franchisee's failure to correct Outages, Significant Outages, Service Interruptions, or Significant Service Interruptions, or to make repairs within the stated time periods shall be excused if the Franchisee could not obtain access to a Subscriber's premises.

6.4 Repair Service and Disconnection Charges. In the event that the Cable Act is amended, or following a final order or determination by a court or regulatory agency having competent jurisdiction, following the exhaustion of all appeals thereto, such that the requirements of this section are not prohibited under applicable law and equivalent obligations are imposed upon all cable operators in the Franchise Area, then the following provisions shall be applicable:

(a) the Franchisee shall not impose any fee or charge any Subscriber for any service call to his or her premises to perform any repair or maintenance work, unless such work was necessitated by an intentional act or negligence of such Subscriber.

(b) The Franchisee shall not charge any fee for disconnection when a Subscriber returns the Company's equipment to a Service Center or via the self-addressed envelope provided by the Company. A fee may, however, be charged if the Franchisee has to collect the equipment from the Subscriber's premises and the Subscriber has been informed in advance of such charge and the alternative methods of returning the Franchisee's equipment. If the Subscriber pays the amount in arrears to the Franchisee when the Franchisee is on the Subscriber's premises to disconnect Service, then the Franchisee may charge the Subscriber a reasonable collection fee, provided that such Subscriber is notified of such collection fee in the notice required by Section 4.3.3.

6.5 Records of Repair Service Requests

6.5.1 Franchisee shall keep records showing in both individual and summary form all requests for repair service received from Subscribers, which shall show, at a minimum, the name and address of the affected Subscriber, the date and the approximate time of request, the date and approximate time the Franchisee responds, the date and approximate time Cable Service is restored, the type and the probable cause of the problem.

6.5.2 Any information in the records required by Section 6.5.1 of this Appendix A may be destroyed six (6) years after such information was collected, unless the Commissioner authorizes the Franchisee, in writing, to destroy any information required by Section 6.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

6.5.3 The Franchisee shall submit to the Commissioner a report in such form and containing such information as the Commissioner may reasonably request, not including specific Subscriber names or addresses, summarizing the information contained in the records required by Section 6.5.1 of this Appendix A in written or computer disk form on a quarterly basis, such report to be submitted by the forty-fifth (45th) day following the end of each calendar quarter. Upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commission to verify and supplement the information contained in the report required by the preceding sentence and the

Franchisee's compliance with its obligations under Section 6.5.1 of this Appendix A; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 6.5.1 hereof. The Commissioner may waive the submission of such reports as the Commissioner deems appropriate.

6.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the number of Significant Outages which occurred during the preceding calendar quarter, summarized by both Borough and VSO.

6.6 Plan for Correction. In the event the Commissioner notifies the Franchisee in writing that DoITT has determined that there has been an excessive number or identified a routine pattern of Significant Outages in any Borough or community served by a particular VSO, Franchisee shall submit to the Commissioner, on a quarterly basis within forty-five (45) days of the end of each applicable calendar quarter during the Term hereof and subject to the confidentiality provisions of Section 11.1, a "Plan for Correction" outlining Franchisee's plan for minimizing the occurrence of such Significant Outages in the applicable Borough or community. Franchisee's obligation to submit such quarterly Plan for Correction pursuant to this Section 6.6 shall cease upon Franchisee's demonstration, to the reasonable satisfaction of the Commissioner, that Franchisee has minimized the occurrence of Significant Outages in the applicable Borough or community for two (2) consecutive calendar quarters.

Section 7 **SUBSCRIBER COMPLAINTS**

7.1 Operation of the Service Centers and Payment Centers. As set forth in Section 3 of this Appendix A, the Franchisee shall operate its Service Centers, train its employees and maintain its telephone lines so that Subscribers' complaints are resolved quickly, professionally and politely. The Franchisee agrees to use reasonable efforts to monitor Franchisee's Payment Centers to ensure that such Payment Centers are operating in a manner consistent with the terms of this Appendix A, to the extent applicable; provided, however, that nothing herein shall be construed to limit any rights Franchisee may have or liabilities Franchisee may incur pursuant to applicable law or the terms of this Appendix A. For purposes of this Appendix A, "Payment Center" shall be defined as "a facility operated by a third party where Subscribers may make payments."

7.2 Time Period for the Resolution of Complaints. Except where another time period is required by any other provision of this Appendix A or this Agreement, the Franchisee shall make its best efforts to resolve all complaints received by the Franchisee

within ten (10) business days, or earlier to the extent practicable. Within two (2) business days of receiving a written complaint or a complaint forwarded to the Franchisee by the Commissioner, the Franchisee shall notify the Person who made the complaint, either by telephone or in writing, that the complaint has been received and that the Franchisee will make its best efforts to resolve such complaint within ten (10) business days of receipt of such complaint by the Franchisee. Complaints which constitute billing disputes shall be subject to the procedures set forth in Section 4.4 of this Appendix A in lieu of the requirements of this Section 7.2.

7.3 Appeal of a Resolution to the Commissioner

7.3.1 As provided in Section 2.1.1 (vi) of this Appendix A, a Subscriber may notify the Commissioner about a complaint that is not resolved to the Subscriber's satisfaction. As set forth in Section 2.1.1(vi) of this Appendix A, the Franchisee shall also provide notice in the Welcome Kit of the right described in the preceding sentence.

7.3.2 The Commissioner shall notify the Franchisee by mail, telephone, or electronic means, of any such appeal within one (1) week after it is received by the Commissioner.

7.3.3 If the Franchisee's stated resolution of the complaint is appealed to the Commissioner, then the Franchisee shall assist the Commissioner in the investigation thereof by the Commissioner, by providing or making available whatever documents, materials or other types of information are reasonably requested by the Commissioner.

7.3.4 The Commissioner shall have thirty (30) days in which to complete the investigation and to notify the Franchisee of the manner in which the Commissioner believes the dispute should be resolved. Before completing the investigation, the Commissioner shall consult both with the Person who registered the complaint and with the Franchisee; provided, however, that final resolution of any dispute shall be in Franchisee's sole discretion, to the extent such resolution is not inconsistent with this Agreement, applicable federal, state, or local laws.

7.3.5 Complaints may be referred to the Commissioner before the Franchisee has issued a resolution, if the Franchisee has exceeded the time allowed for resolving complaints under Section 7.4 of this Appendix A.

7.4 Referral of Complaints from the Commissioner to the Franchisee

7.4.1 If the Commissioner is contacted directly about a complaint concerning the Franchisee, the Commissioner shall notify the Franchisee.

7.4.2 Within ten (10) business days after being notified about the complaint, the Franchisee shall issue to the Commissioner a report detailing the investigation thoroughly, describing the findings, explaining any corrective steps which are being taken and indicating that the Person who registered the complaint has been notified of the resolution.

7.5 Complaint Records

7.5.1 The Franchisee shall maintain complaint records, which shall record the date a complaint is received, the name and address of the affected Subscriber, a description of the complaint (which may be located in the “comments” section of the Franchisee’s records), the date of resolution, a description of the resolution and an indication of whether the resolution was appealed to the Commissioner.

7.5.2 Any information in the records required by Section 7.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 7.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

7.5.3 The Franchisee shall submit to the Commissioner the records required by Section 7.5.1 of this Appendix A, in summary form only, in written or electronic form on a quarterly basis; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee’s obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 7.5.1 hereof.

7.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the following information with respect to Subscriber complaints:

- (i) the total number of complaints received by Franchisee in each Borough and by VSO;
- (ii) the nature and current status of all complaints received by Franchisee in each Borough and VSO, described in appropriate sub-categories, including, but not limited to, billing, equipment related issues, installation related issues, credit adjustments, missed appointments and service calls, and such other complaint categories as may be tracked in Verizon’s internal customer service system; and
- (iii) the percentage of complaints resolved and percentage of complaints outstanding in each Borough and VSO.

Section 8 **NOTICE**

8.1 Notice Required

8.1.1 The Franchisee shall provide notice to the Commissioner and all Subscribers of any of the following changes, which notice shall be provided no later than thirty (30) days prior to the effective date of any such change (provided, however, all such notices shall be provided in a manner consistent with NY PSC rules), unless the Franchisee does not know of such change at that time, in which case the Franchisee must provide such notice: (a) within five (5) business days of the date upon which the Franchisee first knows of such change, in writing to the Commissioner and electronically on the Channel on which available Cable Services are listed or any other Channel as may be designated by the Franchisee, at least ten (10) times a day during the two (2) week period immediately following such fifth business day, and (b) to all affected Subscribers in the earliest practicable monthly bill sent to Subscribers or a separate mailing made within the same period following such change:

(i) any change in the rates or charges or significant terms or conditions for the receipt of any Cable Service (provided that any such notification may be provided solely via email or via U.S. mail); or

(ii) any significant change in billing practices (provided that any such notification may be provided solely via email or via U.S. mail)

(iii) any notices with respect to programming or network changes as required under NYCLS Pub. Ser. §224-a.

The foregoing notice requirements are in addition to the notice requirements contained elsewhere in this Appendix A, including those regarding the termination of Cable Service and Outages and Service Interruptions.

8.1.2 The Franchisee shall post on the earliest practicable date at any affected Service Centers any anticipated change in the location or significant changes in the hours of operation of such Service Centers.

8.1.3 The Company shall, as part of any annual updates to its Subscriber Handbook, list any significant change of any of the policies or other information set forth in the Subscriber Handbook. On its website the Company shall make available the most current version of its Subscriber Handbook.

8.1.4 Unless otherwise explicitly provided, all notices required by Section 8.1.1 shall be in writing no later than the periods specified in Section 8.1.1, except that any notice in connection with a change in Channel Position or an increase or decrease in the number of hours a Cable Service is carried over the System may be provided electronically on the System, so long as such electronic notice is made at least ten (10) times a day during the two (2) week period prior to the effective date of such change. All notices required by Section 8.1.1 of this Appendix A shall specify, as applicable, the Cable Service or Cable Services affected, the new rate, charge, term or condition, the effect of the change, and the effective date of the change.

8.1.5 The Franchisee shall comply with any and all applicable state and local law notice requirements including, but not limited to, those required by

Section 224-a of the New York Public Service Law and Section 890 of the NY PSC regulations.

Section 9

TERMINATION OF SERVICE AND DISCONNECTION

9.1 Notice of Termination of Service. As described in Section 4.3.3 of this Appendix A, the Franchisee may terminate Cable Service to any Subscriber whose bill has not been paid after it becomes delinquent, so long as the Franchisee gives proper notice to the Subscriber as provided in Section 4.3.3 of this Appendix A and the billing dispute resolution procedures have not been initiated.

9.2 Termination on Sundays, Holidays or Evenings. The Franchisee shall not terminate Cable Service to Subscribers at any time when the Service Centers are closed.

9.3 Resubscription to Cable Service. The Franchisee shall not refuse to serve a former Subscriber whose Cable Service was terminated by the Franchisee, so long as all past bills and late charges have been paid in full, and subject to verification that any such Subscriber has a credit rating acceptable to Franchisee.

9.4 Length of Time to Disconnection. If disconnection occurs at the Subscriber's written or oral request, then, for billing purposes, it shall be deemed to have occurred three (3) days after the Franchisee receives the request for disconnection unless (i) it in fact occurs earlier or (ii) the Subscriber requests a longer period.

9.5 Scheduling Appointments. The Franchisee shall provide Subscribers with "appointment window" time blocks of no more than four (4) hours on weekdays running continuously from 7:30 a.m. to 9:00 p.m. for selection of Subscribers, during which its work crew shall visit the Subscriber's premises to disconnect service and to remove any Franchisee equipment. On Saturdays, the Franchisee shall also provide such service disconnection and equipment removal at any time between 9:00 a.m. to 5:00 p.m., but may, in its sole discretion, choose not provide "appointment window" time blocks. Further, the Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 9.5.

Section 10

CREDITS

10.1 Grounds. As a result of the Franchisee's failure to comply with these consumer protection standards, the Franchisee shall provide to each affected Subscriber or potential Subscriber, as applicable, the following credits:

(i) for any Significant Service Interruption as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable

Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Significant Service Interruption occurred for each twenty-four (24) hour period during which a Significant Service Interruption continues for at least four (4) continuous hours, provided that: (i) the affected Subscriber has reported the Significant Service Interruption to the Franchisee and (ii) the Franchisee has verified that the reported Significant Service Interruption has occurred consistent with the Subscriber's claim;

(ii) for any Outage as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Outage occurred for each twenty-four (24) hour period during which a Service Outage continues for at least four (4) continuous hours, provided that (i) the affected Subscriber has reported the Outage to the Franchisee and (ii) the Franchisee has verified that the reported Outage has occurred consistent with the Subscriber's claim;

(iii) for any Significant Outage, as defined in Section 6.2, which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access) a minimum credit in an amount equal to one-thirtieth (1/30) times the average bill for recurring charges for Cable Services (i.e., all charges for Cable Service minus nonrecurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscribers in the affected area for the then current monthly billing period for the Cable Service(s) as to which the Significant Outage occurred for each twenty-four (24) hour period during which the Significant Outage persists for at least four (4) hours, provided that: (i) the affected Subscriber has reported the Significant Outage to the Franchisee and (ii) the Franchisee has verified that the reported Significant Outage has occurred consistent with the Subscriber's claim;

(iv) for a failure of a Verizon representative to arrive at the Subscriber's premises within the appointment window period for repair service calls, a credit of \$25 will be applied to the customer's bill in the next available billing period. However, to the extent the Subscriber is not available when the crew arrives or if the crew does not have appropriate access to the Subscriber premises in order to address the service issue, this credit will not apply.

10.2 Application of Credits. With respect to any credit described in Section 10.1(i)-(iii), the Company shall, upon request of or notice from a Subscriber, provide a credit on such Subscriber's bill for Subscribers affected by a Significant Service Interruption, Outage or Significant Outage. With respect to any credit described in Section 10.1(iii), the Company shall automatically (without requiring a request from

each Subscriber) provide a credit on each Subscriber's bill for Subscribers affected by a Significant Outage that occurs, at least in part, between 6:00 p.m. and 12:00 a.m. In the event the Franchisee cannot determine all Subscribers affected by a Significant Outage in excess of four (4) continuous hours or no part of such Significant Outage occurs between the hours of 6:00 p.m. and 12:00 a.m. then Franchisee shall provide a credit to any eligible Subscriber who makes application therefor by either written or oral notice within ninety (90) days of such Significant Outage.

Section 11

MISCELLANEOUS REQUIREMENTS

11.1 Charge for Downgrades. The Franchisee may impose a charge upon a Subscriber for any downgrading of a Subscriber's Cable Service in accordance with Section 890.63 of the PSC regulations.

11.2 Overpayment Credits. If, at any time, the Franchisee becomes aware or if it is determined that a Subscriber is entitled to credit(s) otherwise than as a result of the operation of Section 10 of this Appendix A, the Franchisee shall (i) promptly credit such Subscriber's account, or (ii) in the event the Subscriber has terminated service, promptly issue a check.

11.3 Procedures for Contacting Subscribers. Following the scheduling of an appointment with any Subscriber within the time periods specified elsewhere in this Appendix A (the "appointment period"), the Franchisee shall:

(i) make a reasonable effort, within a reasonable time prior to the appointment period, to telephone the Subscriber or potential Subscriber to confirm the appointment, provided, however, that the obligation to make such telephone call shall not apply where the appointment is scheduled to occur: (i) within forty-eight (48) hours of the initial scheduling of the appointment or (ii) before or during the next business day if the request is made after 4:00 p.m. on a Friday. If such telephone call is not answered, in person or by an answering machine, the Franchisee shall use best efforts to make a second call to such Subscriber or potential Subscriber within a reasonable time thereafter to confirm the appointment; and

(ii) during the appointment period, either: (a) arrive at the Subscriber's or potential Subscriber's premises, as promised, or (b) prior to such arrival, telephone the Subscriber's or potential Subscriber's premises to determine whether the Subscriber is present during such appointment period. If, upon arrival at the Subscriber's or potential Subscriber's premises, the Franchisee is not able to secure access to the premises, the Franchisee's employee or representative shall make a reasonable effort to arrange for the premises to be telephoned immediately to determine whether the Subscriber or potential Subscriber is present. If such telephone call is not answered in person, the Franchisee shall, if possible, leave a notice under the door of the premises advising that the Franchisee did arrive at the premises during the appointment period, and the completion of such tasks shall be deemed an appropriate cancellation by the Franchisee of the scheduled appointment. In the event that, prior to arrival at the

Subscriber's or potential Subscriber's premises, the Franchisee telephones the Subscriber to determine whether the Subscriber is present at the premises and such call is not answered in person or by a device which states that the Subscriber is, in fact, present and awaiting the Franchisee's arrival, then the Subscriber shall be deemed to have cancelled the scheduled appointment.

(iii) From time to time, the Franchisee may use contractors or subcontractors to perform work at a Subscriber's premises. If the City receives a significant number of complaints from Subscribers regarding confusion in identifying such contractors or subcontractors performing work at Subscribers' premises, the City and Franchisee shall discuss and mutually agree upon a practice to address such issue.

11.4 Receipts. In connection with any transaction between the Franchisee and a Subscriber which involves a visit to a Subscriber's premises or place of business, the Franchisee will, in each such case when requested by the Subscriber, provide such Subscriber a written receipt briefly describing such transaction and the date and time thereof. The Franchisee shall reasonably seek to inform each such Subscriber in writing of the availability of such a receipt.

11.5 Governing Federal and State Law. In the event that any of the provisions of this Appendix A of this Agreement are preempted by and unenforceable under any rules or regulations promulgated by the NY PSC, adopted by the New York State legislature, the FCC or the United States Congress, the rules or regulations adopted by the applicable governing body or regulatory agency shall govern and the Franchisee's compliance with such rules or regulations shall be deemed satisfactory performance.

Section 12

FAILURE TO COMPLY WITH THESE REQUIREMENTS

12.1 Material Requirements. Any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Appendix A shall constitute a Default as defined in Section 15.1 of the body of this Agreement. Any such Default that constitutes substantial and material Default shall fall within the scope of Section 15.6.11 of the body of this Agreement and any persistent or repeated pattern of such Defaults shall fall within the scope of Section 15.6.11 of the body of this Agreement, provided that no substantial and material Default nor any persistent or repeated pattern of action or inaction in connection with this Appendix A shall be deemed to fall within the scope of Section 15.6.11 of the body of this Agreement by reason of actions or inactions which are taken in the good faith belief that such do not constitute a Default, during pendency of a good faith dispute as to whether such actions or inactions at issue constitute a Default.

12.2 Reporting. The Franchisee shall provide reports documenting its compliance with the requirements of this Appendix A and other customer service matters as set forth in Exhibit 2 attached hereto and made a part hereof.

Section 13
ANNUAL CABLE CONSUMER REPORT CARD

13.1 Annual Cable Consumer Report Card Requirements. The Franchisee shall provide an Annual Cable Consumer Report Card setting forth the information described in Exhibit 3 attached hereto and made a part hereof; provided, however, that Franchisee's obligation to provide such Annual Cable Consumer Report Card shall not commence until forty-five (45) days from the end of the first full calendar year in which each cable operator in the Franchise Area, or portion thereof, is subject to a substantially equivalent obligation as contemplated under this Section 13.1 pursuant to the terms of a valid and effective cable franchise agreement by and between each such respective cable operator and the City.

Exhibit 1 to Appendix A

DESIGNATION AND LOCATION OF SERVICE CENTERS

SERVICE CENTER

[To be filled in by Verizon]

CONSUMER PROTECTION REPORTING REQUIREMENTS

SERVICE REPORTS

Significant Outage Report (Quarterly)

The Franchisee shall provide reports of Significant Outages, Significant Outage Reports, containing the date, time, location, number of homes affected, cause and duration of each outage, and such other information as the Commissioner shall reasonably require. Franchisee shall also include information related to automatic credits provided to Subscribers in relation to Significant Outages reported.

Interconnection Report (Upon Request)

Upon request of the Commissioner, the Franchisee shall submit to the Commissioner a report detailing its compliance with the requirements set forth in Section 8.1.6 of the Agreement.

TELEPHONE REPORT

A report containing the information detailing compliance with the standards required in Section 3.4.1 of Appendix A of the Agreement shall be submitted to the Commissioner in the form contained in the attached exhibit and according to the definitions set forth herein. Such report shall be submitted on a quarterly basis, except that a report regarding Supervisor Callback Within Four Hours shall be supplied upon request. If due to technological, service or other changes the Franchisee believes changes in the form of this report is appropriate, the Franchisee may petition the Commissioner for a change in form, which the Commissioner may grant if in his or her discretion such a change is in the interest of subscribers. To the extent there are references below to voicemail systems or other call response methods that the Company does not utilize, those sections shall not apply.

A. Telephone Reporting Definitions

1. Calls Offered.

All “calls” other than those which receive busy signals, made to the Franchisee’s sales, service, pay-per-view (other than pay-per-view automatic ordering), billing and any other lines for subscribers or potential subscribers (in short, all lines other than the Franchisee’s business office lines and its automated pay-per-view ordering lines), twenty-four (24) hours a day. All calls described in this report may be initiated by a voice response unit rather than a live representative.

2. Calls Handled.

All Calls Offered to the VRU which are not Lost Calls (see below).

3. Lost Calls.

a. Number: All Calls Offered which request, or hold for, a live customer service representative (“CSR”) (i.e., calls which neither request an automated response nor leave a taped message, or request an automated response then continue to hold for a CSR) but hang up before a live CSR comes to the phone.

b. Percent: Percentage of Calls Offered which are Lost Calls.

4. Average Wait Time.

“Wait Time” is defined as the number of seconds a caller waits, after the conclusion of recorded or automated phone system instructions and routing, before the earliest of the following occurs: a live CSR comes to the phone, or the caller leaves a recorded message, or the caller hangs up. Average Wait Time is the total Wait Time of all Calls Offered, which remain on the line after the commencement of Wait Time until they receive service from a live CSR, leave a recorded message, or hang up, divided by the number of such calls. Calls Offered which hang up prior to the commencement of Wait Time will not be counted in either the numerator or denominator of this calculated average, nor will any After Hours calls.

5. All Trunks Busy.

The Total amount of time in the reporting period during which the level of use of the Franchisee’s phone lines was such that a caller attempting to call any one of the phone lines included in Calls Offered would have received a busy signal (a period is considered within All Trunks Busy if, for example, all “service” lines are busy, even if “billing” lines are available, unless the Franchisee’s system automatically rolls calls from occupied lines into available lines).

6. Overflow Device. (During Normal Hours).

a. Total Calls Seeking CSR:

All Calls Offered during Normal Hours which remain on the line at the conclusion of any recorded or automated phone system instructions and routing. This should be the same number as the denominator in the calculation of Average Wait Time.

b. Calls Receiving CSR Within Thirty (30) Seconds:

The number of Total Calls Seeking CSR which were picked up by a live CSR within 30 seconds of the commencement of Wait Time. This number shall not include any calls picked up by a CSR after thirty (30) seconds of Wait Time has run, or any calls which leave a message, or any Lost Calls.

c. Total Messages Left:

The number of Total Calls Seeking CSR which leave messages. The number in this category when added to the number in the Calls Receiving CSR Within Thirty (30) Seconds category will add up to less than Total Calls Seeking CSR, because the following types of Total Calls Seeking CSR will not be included in either category: calls which are lost because the caller hangs up after thirty (30) seconds without leaving a message and callers who receive help from a CSR after waiting more than thirty (30) seconds.

d. Messages Requiring Callbacks:

The number of Total Calls Seeking CSR which leave messages which require callbacks. The difference between this category and Total Messages Left will be callers who leave messages which do not require further contact (because, for example, the caller's message reports an outage or other problem which was resolved shortly after the call, or the message simply reports an opinion on programming content) or are unreturnable (because, for example, the caller left no phone number or identification).

e. Messages Returned Within One (1) Business Day:

This is the number of Messages Requiring Callbacks which were returned within one (1) business day (including both calls which are successfully completed and calls in which the customer does not answer the phone).

f. Automated Calls Within Thirty (30) Seconds:

The number of Calls Offered which are handled by automated interaction between the customer and the telephone and/or billing system. This number shall not include any calls which roll over to the overflow device or during which for any other reason the automated response to the caller does not commence within thirty (30) seconds of the conclusion of initial recorded or automated phone service instructions and routing.

7. After Normal Hours.

a. Calls Offered After Hours:

All Calls Offered which come in After Hours. (These calls are separate from the Overflow Device category because all After Hours callers who remain on the line after recorded and automated information has been offered are immediately rolled into the message recording system, with no regular CSR availability).

b. After Hours Messages Returned Within One (1) Business Day:

Defined in the same manner as Messages Returned Within One (1) Business Day, except this category covers the messages received After Hours.

8. Supervisor Callback Requests:

All Calls Offered, requesting contact with a supervisor, including both requests made to live CSRs as well as requests left on recorded messages.

9. Supervisor Callback Within Four Hours:

All supervisor Callback requests which are returned by a supervisor within four (4) “calling hours.” “Calling hours” are defined as 9 a.m. to 10 p.m. on weekdays, 10 a.m. to 10 p.m. on weekends. (It is recognized that some late evening callers requesting a supervisor may request that a callback be made later than the early morning hours of the following day. While such callbacks should not be included in Supervisor Callback Within Four Hours, it is understood that callbacks that take longer than four hours at the request of the caller are acceptable exceptions to the four hour requirement, provided the Company keeps records of such requests and makes them available to the Commissioner at the Commissioner’s request.)

Exhibit 3 to Appendix A

ANNUAL CABLE CONSUMER REPORT CARD

Subject to the terms of Section 13.1 hereof, within forty-five (45) days from the end of each calendar year, Franchisee shall post on its website, and provide to the leasing or sales office of each MDU with which Franchisee has executed a marketing agreement for Cable Service, an Annual Cable Consumer Report Card setting forth the following information on a City-wide basis:

(1) Customer service performance information, including:

- (a) Percentage of calls answered by voice response units (“VRU”);
- (b) Percentage of calls abandoned by VRU; and
- (c) Percentage of busy calls by VRU.

(2) Subscriber rights and remedies, including but not limited to contact information related to Subscriber complaints and customer service within Verizon, as well as contact information for DoITT for Subscriber issues, Subscriber credit policy, privacy notice, and billing (including a statement that Subscribers may, upon request, receive a written description of any resolution of a billing dispute) and payment information.

(3) Price of services information.

(4) Content/channel changes and improvement information.

(5) Significant Outage information, including:

- (a) Summary of categories of Significant Outages that occurred by VSO, in the Franchise Area during the preceding calendar year;
- (b) Percentage of each category of Significant Outage that occurred by VSO in the Franchise Area during the preceding calendar year; and
- (c) Remedies performed Franchisee for each category of Significant Outage during the preceding calendar year.

APPENDIX B

PEG CHANNELS

Date	Number of Channels	
Within 180 Days of the Effective Date	4 P each Borough, 5 City-wide E/G	25 channels
January 1, 2009	Additional 2 P each Borough, Additional 1 City-wide E/G	11 channels
January 1, 2012	Additional 1 P each Borough, Additional 2 City-wide E/G	7 channels
6 years after Effective Date	Additional 2 P each Borough	10 channels
	53 channels total	

APPENDIX C

FORM OF COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

[CAO]

THIS AGREEMENT (the “Agreement”) made on this [] day of [], 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon”), with a place of business at 140 West Street, New York, New York 10007 and [CAO], a New York not-for-profit corporation (the “CAO”) designated by the Borough President of [borough name] (the “Borough President”), with a place of business at [address].

WHEREAS, the City of New York (the “City”), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise (“Franchise Agreement”) to operate a Cable System (the “System”) throughout the entire territorial boundaries of the City (“Service Area”), which among other boroughs includes the Borough of [borough name] (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of [borough name]; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels (“Public Access Channels”), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the “Code”), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such

other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in [borough name]; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I -DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of [borough name], and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II -GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of DOLLAR (\$____) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a “Cash Grant”) payable as follows:

DOLLARS (\$_____) shall be due and payable within ninety (90) days of the Effective Date;

DOLLARS (\$_____) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

DOLLARS (\$_____) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

DOLLARS (\$_____) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon’s obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public

Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of [_____]. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III -OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies, in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV -PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at (_____) ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty days (180) of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a "Public Access Channel Origination Site") and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Origination Site, as designated on Exhibit 1. Upon one hundred eighty days (180) days written notice from the CAO to Verizon that a Public Access Channel Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V -MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information

that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

[balance of page intentionally left blank]

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

[CAO NAME]

ATTEST:

BY: _____
[Signatory]

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
[Signatory]

APPENDIX D

FRANCHISE FIBER RIGHT OF USE

Pursuant to the terms of Article 9 of the Franchise, and in consideration for the rights and benefits provided to the Franchisee under the Franchise, the Franchisee shall provide to the City the exclusive right to use of certain fiber optic strands as more fully described in Exhibit 1 to this Appendix D. For purposes of this Appendix D, capitalized terms used herein but not otherwise defined below shall have the meanings ascribed to such terms in the Franchise.

Section 1 DEFINITIONS

1.1 “Connection Points” shall mean the locations at which the City Equipment may be connected to the Franchise Fibers as described on Exhibit 1 to this Appendix D.

1.2 “Franchise Fibers” are identified in Exhibit 1 to this Appendix D as the span locations of the fiber optic strands to be granted to the City hereunder.

1.3 The “City Equipment” shall mean any optronic, electronic, optical, or power equipment, and any other facilities, material or equipment owned, possessed or utilized by the City in connection with the use of the Franchise Fibers, including all innerducts (and other conduit tubing) and fiber optic cable in any telecommunications network owned by the City and connecting to any of the Franchise Fibers.

1.4 “Governmental Authority” shall mean any federal, state, regional, county, city, municipal, local, territorial, or tribal government, whether foreign or domestic, or any department, agency, bureau or other administrative or regulatory body obtaining authority from any of the foregoing, including without limitation, courts, public utilities and other authorities.

1.5 “Underlying Rights” shall mean all deeds, leases, easements, rights-of-way agreements, licenses, franchises, permits, grants and other rights, titles and interests that are necessary for the construction, installation, maintenance, operation, use or repair of the Franchise Fibers and Verizon’s supporting facilities, as applicable.

1.6 “Underlying Rights Requirements” shall mean the requirements, terms, conditions, obligations, liabilities, restrictions, and/or limitations on the City’s right to use and operate the Franchise Fibers and to access, install, repair, maintain and replace the City Equipment as set forth in the Right of Use granted by Article 9 of the Franchise and this Appendix D, in the Underlying Rights, in all applicable government codes, ordinances, laws, rules, permits, approvals and regulations, and all safety, operational and other rules and regulations imposed in connection with any of the foregoing or otherwise.

1.7 “Verizon Network” shall mean all of the physical facilities constructed, maintained and/or operated by the Franchisee or its Affiliates in the City which are utilized by Franchisee or its Affiliates for the provision of services, including, without limitation, Telecommunications Services, Information Services, or Cable Services.

Section 2 GRANT OF RIGHTS

2.1 *Right of Use of Franchise Fibers:* On the terms and subject to the conditions set forth herein, and consistent with the priority list set forth in **Exhibit 1** to this **Appendix D**, Franchisee grants to the City during the Term of the Franchise an exclusive right of use of the Franchise Fibers (the “Right of Use”) solely for the City’s noncommercial use.

2.2 *Franchisee’s Title:* Franchisee shall retain undivided, absolute legal title and ownership in the Franchise Fibers and the City’s rights pursuant to this **Appendix D** and Article 9 of the Franchise shall be limited solely to the Right of Use described herein during the Term of the Franchise.

2.3 *Limitation on City’s Rights:* Nothing herein shall be construed to confer upon the City any right to maintain, modify or alter the Franchise Fibers or Verizon’s supporting facilities, or the right of physical access to the Franchise Fibers or Verizon’s supporting facilities, or the right to encumber or use Verizon’s supporting facilities or any part thereof.

Section 3 TERM

3.1 *Term:* Subject to the terms of the Franchise, Section 3.2 hereof, and the priority list set forth on **Exhibit 1** to this **Appendix D**, the City’s Right of Use shall commence on the Effective Date of the Franchise and shall terminate in accordance with Section 3.2 of this **Appendix D**.

3.2 *Termination:* Upon the earlier of: (i) the expiration of the Term of the Franchise in accordance with Section 3.2 of the Franchise or (ii) the earlier termination of the Franchise pursuant to the terms of the Franchise, the City’s Right of Use shall immediately terminate, and all rights of the City to use the Franchise Fibers, or any parts thereof, shall cease upon written notice to the City from the Franchisee of such termination (the “Termination Notice”). Upon receipt by the City of the Termination Notice, the City shall immediately cease all use of the Franchise Fibers and at the City’s sole cost and expense remove any and all City Equipment connected with the Franchise Fibers or the Verizon’s supporting facilities.

Section 4 USE OF THE FRANCHISE FIBERS

4.1 *Compliance with Underlying Rights:* The City represents, covenants and warrants that it will use the Franchise Fibers granted hereunder in compliance with and subject to the Underlying Rights Requirements and all other applicable codes, ordinances, laws, rules and regulations of any Governmental Authority having jurisdiction over such Franchise Fibers.

4.2 *Permitted Use:* Subject to the provisions of the Right of Use granted by Article 9 of the Franchise and this **Appendix D**, the City may use the Franchise Fibers for the noncommercial purposes of the City and for no other purpose. The City acknowledges and agrees nothing herein shall be construed to confer upon the City any rights to use any fibers or other equipment or facilities, other than the Franchise Fibers, included or incorporated in the Verizon's supporting facilities or any portion of the Verizon Network except as expressly set forth in the Franchise.

Section 5 UNDERLYING RIGHTS

5.1 *Franchisee Underlying Rights:* Subject to the terms and provisions of this **Appendix D**, Franchisee agrees to obtain and maintain during the Term all Underlying Rights necessary for its construction, installation, maintenance and repair of the Franchise Fibers. The Right of Use granted hereunder is subject to the terms of the Underlying Rights, and is subject to the terms under which the Underlying Rights are owned or held by the grantor or grantors of the Underlying Rights, including covenants, conditions, restrictions, easements, reversionary and other interests, bonds, mortgages and indentures, and other matters, whether or not of record, and to the rights of tenants and licensees in possession. The Right of Use granted hereunder is further subject and subordinate to the prior right of the grantor or grantors of the Underlying Rights to use the right of way for other activities, including railroad operations, telecommunications uses, pipeline operations or any other purposes, and to the prior right of Franchisee to use its rights granted under the Underlying Rights. The rights granted to the City herein, if any, are made expressly subject to each and every limitation, restriction, condition or reservation in or affecting the Underlying Rights. Nothing herein shall be construed to be a representation, warranty or covenant of Franchisee's right, title or interest with respect to any of the Underlying Rights or with respect to the City's right to benefit from any of the Underlying Rights.

Section 6 ACCESS TO CONNECTION POINTS

6.1 *Connection:* The Franchisee shall provide the City with access to the Franchise Fibers at the Connection Points designated in **Exhibit 1** to this **Appendix D**. All terminations at Connection Points will be performed by the Franchisee in accordance with Franchisee's applicable specifications and operating procedures. The cost of such terminations at all Connection Points shall be the sole responsibility of the Franchisee.

6.2 *Access to Connection Points:* The City shall provide the Franchisee with all necessary legal, technical and physical access to all Connection Points as necessary to effectuate the objectives and obligations of this **Appendix D**.

6.3 *No Access by the City:* The City will not be entitled to any physical access to the Franchise Fibers or Verizon's supporting facilities.

6.4 *Franchisee Control:* Franchisee shall control all activities concerning access to the Verizon Network, including the Franchise Fibers and Verizon's supporting facilities.

6.5 *No Maintenance or Repair by the City:* Any maintenance or repair work required respecting the Franchise Fibers required by the City for any reason, including, without limitation, splicing of the Franchise Fibers or the installation of handholes or other physical access points shall be undertaken only by Franchisee at the City's request. All such work shall be performed for such charges and on such terms and conditions as are agreed to by the Parties in writing.

6.6 *Remediation/Removal of Hazardous Materials:* To the extent the installation of any Franchise Fibers at any Connection Points requires the removal or remediation of hazardous materials, such removal or remediation shall be the sole responsibility of the City and the Franchisee shall have no obligation to perform such installation until all appropriate removal and remediation of hazardous materials has been completed by the City to the reasonable satisfaction of the Franchisee.

Section 7 OPERATIONS

7.1 *No Interference by the City:* The City shall not interfere with, or adversely affect the use by any other Person of the Verizon Network and/or any electronic or optronic equipment used by such Person in connection therewith.

7.2 *No Interference by Franchisee:* Franchisee shall not interfere with, or materially or adversely affect (or permit another Person under the direct control of Franchisee to materially interfere with, or materially or adversely affect) the City's use of the Franchise Fibers and/or the City Equipment. Franchisee further agrees that it shall use best efforts to avoid interfering with, or materially or adversely affecting, any fiber facilities, directly connected to points of entry to City buildings, owned or operated by any other entity providing similar fiber facilities to the City as Franchisee has agreed to provide pursuant to this Appendix D (the "Third Party Facilities"); provided however, that the parties hereto agree that Franchisee shall rely solely on information provided by the City and thus presumed accurate regarding the location and nature of any such Third Party Facilities and that the Franchisee shall not incur any liability pursuant to this Section 7.2 which arises due to the City's failure to provide Franchisee with accurate information with respect to the location or nature of such Third Party Facilities.

7.3 *No Obligation to Supply Electronics:* The City acknowledges and agrees that Franchisee is not supplying, nor is Franchisee obligated to supply to the City, any of the City Equipment, optronics or electronics or optical or electrical equipment, electrical power, any related facilities, or any space for the placement thereof (except as expressly agreed by the Parties pursuant to another agreement or agreements executed by the Parties), all of which are the sole responsibility of the City.

7.4 *Compliance with Applicable Authority:* The City represents, warrants and covenants that it will use and operate the Franchise Fibers and use, operate, maintain, repair and replace the City Equipment consistent with and subject to the terms of the Franchise, the Underlying Rights Requirements and all applicable codes, ordinances, laws, rules and regulations.

7.5 *Process for Response to Complaints:* Franchisee shall respond to City complaints and/or requests in accordance with the practices described on **Exhibit 2** hereto.

Section 8

RELOCATION, REPLACEMENT AND CONDEMNATION OF CUSTOMER FIBERS

8.1 *Relocation Request:* If Franchisee receives notice of any request, intent or plan by any third Person (“Relocation Request”), including, but not limited to, any Governmental Authority, to relocate or require the relocation of any segment of Verizon’s supporting facilities affecting the Franchise Fibers, Franchisee shall notify the City of such Relocation Request and shall keep the City advised of the status of any such proceedings and negotiations related thereto. If relocation is required as a result of any such Relocation Request, Franchisee shall, to the extent possible, give the City at least sixty (60) days’ prior written notice of any such required relocation (“Relocation Notice”) including an estimate of the cost of such relocation. Franchisee shall have the right to relocate the Franchise Fibers and to the extent Franchisee is not reimbursed for the costs of such relocation by a third party or Governmental Authority, the City shall pay any costs associated with the relocation of the Franchise Fibers.

8.2 *Replacement:* In the event all or any part of the Franchise Fibers shall require replacement during the Term, such replacement shall be made as soon as reasonably practicable at Franchisee’s sole cost and expense; provided, however, that if the replacement of the Franchise Fibers is required as a result of the negligence or willful misconduct of the City, then Franchisee shall replace the Franchise Fibers and the City shall pay all costs associated therewith.

8.3 *Condemnation:* In the event any portion of Verizon’s supporting facilities affecting the Franchise Fibers, and/or the Underlying Rights, become the subject of a condemnation proceeding which is not dismissed within one hundred eighty (180) days of the date of filing of such proceeding and which could reasonably be expected to result in a taking by any Governmental Authority or other party cloaked with the power of

eminent domain for public purpose or use, both Parties shall be entitled, to the extent permitted under applicable law, to participate in any condemnation proceedings to seek to obtain compensation by separate awards for the economic value of their respective interests in the portion of Verizon's supporting facilities and/or the Franchise Fibers subject to such condemnation. Franchisee shall notify the City as soon as practicable of receipt of any notice of any condemnation proceeding filed against Verizon's supporting facilities, the Franchise Fibers or the Underlying Rights.

Section 9 CONFIDENTIALITY

9.1 *Proprietary and Confidential Information:* The City agrees that it shall treat any information provided to the City by Verizon pursuant this Appendix D as "proprietary and confidential" in accordance with the provisions of Section 11.1 of the Franchise.

Section 10 INDEMNIFICATION

10.1 *Indemnification:* Franchisee hereby agrees to indemnify, defend, protect and hold harmless the City, and its employees, officers, directors and agents (the "City Indemnified Persons"), from and against, and assumes liability for all suits, actions, damages, claims, losses, fines, judgments, costs and expenses (including reasonable attorneys', accountants' and experts' fees and disbursements) of any character ("Claims"): (a) suffered or incurred by the City Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property which in whole or in part arise on account of the negligent acts or omissions, of Franchisee in the construction of the Franchise Fibers and/or in the performance or non-performance of its repair and maintenance obligations or exercise of its rights under this Right of Use, including any material violation by Franchisee of any Governmental Authority; or (b) under the workers compensation laws asserted by any employee of Franchisee or its agents, contractors, customers or any other Person providing goods or services for or on behalf of any of the foregoing in connection with this Right of Use suffered or incurred by the City Indemnified Persons or any of them. Franchisee's indemnification obligations hereunder shall not be applicable to any Claims to the extent caused by, arising out of or in connection with the negligence, intentional acts or omissions or misconduct of the City Indemnified Persons or any of them.

10.2 The City hereby agrees to indemnify, defend, protect and hold harmless Franchisee and its Affiliates, and their employees, officers, directors and agents (the "Franchisee Indemnified Persons"), from and against, and assumes liability for all Claims (as defined in Section 10.1, above): (a) suffered or incurred by the Franchisee Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property (including, without limitation, the Verizon Network) which in whole or in part arise as a result of the negligent acts or omissions, of the City in the performance or non-performance of its obligations or

exercise of its rights under this Right of Use, including any violation by the City of any Underlying Right Requirements or any Governmental Authority; (b) under the workers compensation laws asserted by any employee of the City, or its agents, contractors, customers or any other Person providing goods or services to any of the foregoing in connection with this Right of Use, and suffered or incurred by the Franchisee Indemnified Persons or any of them; (c) suffered or incurred by the Franchisee Indemnified Persons or any of them and arising out of or resulting from the City's: (i) use or operation of the Franchise Fibers, or the ownership, use, operation, installation, repair, maintenance or replacement of the City Equipment (if any); (ii) the conduct of the City's business, including, without limitation, the provision of any services or the content of any video, voice or data carried through the Franchise Fibers; or (iii) the violation of any Underlying Rights Requirements applicable to the City; or (d) suffered or incurred by Franchisee Indemnified Persons or any of them and arising out of, caused by, related to or based upon a contractual or other relationship between such claiming Party and the City as it relates to the Franchise Fibers, the City Equipment, the Underlying Rights Requirements or this Right of Use, including any claim for interruption of service or in respect of service quality. The City's indemnification obligations hereunder shall not be applicable to any claims to the extent caused by the negligence, intentional acts or omissions or misconduct of Franchisee Indemnified Persons or any of them.

10.3 Either Party seeking indemnification hereunder ("Indemnatee") shall promptly notify the City or Franchisee, as appropriate, of the nature and amount of such claim and the method and means proposed by the Indemnatee for defending or satisfying such claim. The Parties shall consult and cooperate with each other respecting the defense and satisfaction of such claim, including the selection of and direction to legal counsel. Neither Party shall pay or settle any such claim without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

10.4 Subject to Section 10.5, below, nothing contained herein shall operate as a limitation on the right of either Party to bring an action for damages against any third Person, including indirect, special or consequential damages, based on any acts or omissions of such third Person as such acts or omissions may affect the construction, operation or use of the Franchise Fibers or the Verizon Network, except as may be limited by Underlying Rights Requirements; provided, however, that each Party hereto shall assign such rights or claims, execute such documents and do whatever else may be reasonably necessary to enable the other Party to pursue any such action against such third Person.

10.5 Notwithstanding the foregoing provisions of this Section 10, to the extent Franchisee is required under the terms and provisions of any Underlying Rights to indemnify the grantor or provider thereof from and against any and all claims, demands, suits, judgments, liabilities, losses or expenses arising out of or related to such Underlying Rights, regardless of the cause and regardless of whether such claims, demands, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, actions or inaction of such grantor or provider and its employees, servants,

agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right, the City hereby releases such grantor or provider from the same, regardless of whether such claims, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, willful misconduct or other action or inaction, of such grantor or provider or its employees, servants, agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right.

Section 11 ASSIGNMENT

11.1 *Assignment:* The City shall not have the right to assign any rights to use of the Franchise Fibers without the written consent of Franchisee, which consent may be withheld in its absolute discretion.

11.2 *Binding On Permitted Assigns:* Subject to the provisions of this Section, this Right of Use and each of the Parties' respective rights and obligations hereunder, shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective permitted successors and assigns.

EXHIBIT 1 TO APPENDIX D
FRANCHISE FIBER ROUTES AND SPANS

This Exhibit is filed under separate cover as it contains information that is proprietary and confidential and is exempt from disclosure pursuant to New York Public Officer's Law 87(2)(c),(d), (f) & (i).

EXHIBIT 2 TO APPENDIX D

A. Lines and Circuit Trouble/Outages:

1. For any line or circuit trouble/outage, DoITT may call in a trouble ticket to Verizon Business services at the following number: 1-800 444-1111.
2. Lines and circuits shall be identified pursuant to the designations set forth in Exhibit 1

B. Ticket Escalation

1. Trouble tickets initiated pursuant to Section A.1. above which require escalation or unique review by Franchisee, shall be addressed by the Verizon Business Service Management Team, which will make all the necessary calls and keep the customer updated as to the status of such trouble ticket in accordance with the following management review order:

1st level – Service Manager

2nd level – Manager, Service Management

3rd level – Director, Customer Service, NorthEast

2. Verizon Business is also the interface for DoITT on issues which require internal intervention with other departments (i.e. billing, provisioning, construction, engineering, maintenance, etc.).

APPENDIX E
FORM OF SECURITY

SAMPLE

EXHIBIT E-1

FORM OF PERFORMANCE BOND

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 Fifty Million Dollars (\$50,000,000), 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 a potential 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; provided, however, that to the extent the Obligee provides the Principal with any written notice of such potential default prior to such 30-day period, the Obligee shall provide the Surety with a copy of such written notice simultaneous with transmission of same to the Principal.

2. In the event of default by the Principal, Obligee shall deliver to Surety a valid court order demonstrating a final judgment not subject to appeal or further judicial relief, together with a written statement of the details of the default resulting in such judgment within thirty (30) days after the entry of such judgment, such notice to be delivered by certified mail to address of said Surety as stated herein.

3. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee. Such termination or cancellation shall not affect any liability incurred or accrued under this bond prior to the effective date of such cancellation.

4. 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.

5. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

6. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

7. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

8. This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

IN WITNESS WHEREOF, the above bounded Principal and Surety have
hereunto signed and sealed this bond effective this _____ day of _____, 2008.

Principal

Surety

By: _____

By: _____

Attorney-in-Fact

SAMPLE

EXHIBIT E-2

FORM OF LETTER OF CREDIT

This is an EXAMPLE of a letter of credit. In no way does this guarantee that the JPMorgan Chase Letter of Credit will read exactly as stated below:

Dated

OUR L/C NO.: XXXX-123456

APPLICANT REF. NO.: VZ12

TO:

CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBD STREET

NEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC.

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

ATTN:

EXECUTIVE VICE PRESIDENT

AND

GENERAL MANAGER

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT
IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO 600

DOCUMENTARY CREDIT NUMBER: XXXX-123456

DATE OF ISSUE: JUNE XX, 2008

BENEFICIARY: CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBDNEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

DATE AND PLACE OF EXPIRY:

JUNE XX, 2009

AT OUR COUNTER

DOCUMENTARY CREDIT AMOUNT: USD \$20,000,000.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.

BY PAYMENT

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO THE CITY OF NEW YORK VIA SWIFT, TELEX, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF JUNE XX, 2009. UPON SUCH NOTICE TO THE CITY OF NEW YORK, THE CITY OF NEW YORK MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING EXACTLY AS FOLLOWS:

THE AMOUNT OF THIS DRAWING USD UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER XXX REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TPTS-XXX AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR

II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF, SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS AN AUTOMATIC EXTENSION PROVISION IS EXPRESSLY INCORPORATED INTO SUCH AMENDMENT.

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A., AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT MENTIONING THEREON DRAWN ON JPMORGAN CHASE BANK, N.A., LETTER OF CREDIT NUMBER XXX WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

“THE AMOUNT OF THIS DRAWING LIMITED TO THE AMOUNT REFLECTED ON THE ACCOMPANYING COURT ORDER USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXX-123456 REPRESENTS FUNDS DUE THE CITY OF NEW YORK, NY AS:” THE APPLICANT, VERIZON NEW YORK INC., FAILED TO PERFORM UNDER MATERIAL PROVISIONS OF AGREEMENT (DATED) BETWEEN CITY OF NEW YORK, NY AND VERIZON NEW YORK INC. UNDER A COURT ORDER DEMONSTRATING A FINAL JUDGMENT IN FAVOR OF THE CITY OF NEW YORK NOT SUBJECT TO APPEAL OR FURTHER JUDICIAL RELIEF’.

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO JPMORGAN CHASE BANK, N.A., C/O JPMORGAN TREASURY SERVICES, STANDBY LETTER OF CREDIT DEPT. 4TH FL. 10420 HIGHLAND MANOR DRIVE, TAMPA, FLORIDA 33610.

CUSTOMER INQUIRY NUMBER IS 1-800-634-1969 CHOOSE OPTION 1. E-MAIL ADDRESS IS: GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

AUTHORIZED SIGNATURE

APPENDIX F

FTTP UPGRADE SCHEDULE

All dates in this schedule refer to December 31 of the year indicated, except for the year 2014, which refers to June 30.

Cumulative Prems Passed (k) - % Complete								
Boro	Type	2008	2009	2010	2011	2012	2013	2014
Manhattan	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	57%	62%	66%	73%	82%	91%	100%
	Total	57%	62%	67%	73%	82%	91%	100%
Bronx	SFU	30%	46%	59%	69%	84%	96%	100%
	MDU	6%	23%	39%	58%	75%	92%	100%
	Total	13%	29%	45%	61%	77%	93%	100%
Queens	SFU	23%	39%	55%	69%	82%	95%	100%
	MDU	7%	21%	37%	54%	72%	93%	100%
	Total	15%	30%	46%	61%	77%	94%	100%
Staten Island	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	100%	100%	100%	100%	100%	100%	100%
	Total	98%	100%	100%	100%	100%	100%	100%
Brooklyn	SFU	17%	33%	47%	63%	77%	92%	100%
	MDU	8%	27%	42%	57%	76%	93%	100%
	Total	12%	30%	45%	60%	76%	93%	100%
NYC	SFU	32%	46%	59%	71%	83%	95%	100%
	MDU	27%	40%	51%	63%	78%	92%	100%
	Total	29%	42%	54%	66%	79%	93%	100%

APPENDIX G

FRANCHISE AREA

[See Attached Map]

NEW YORK CITY LFA

New Jersey

Manhattan

Bronx

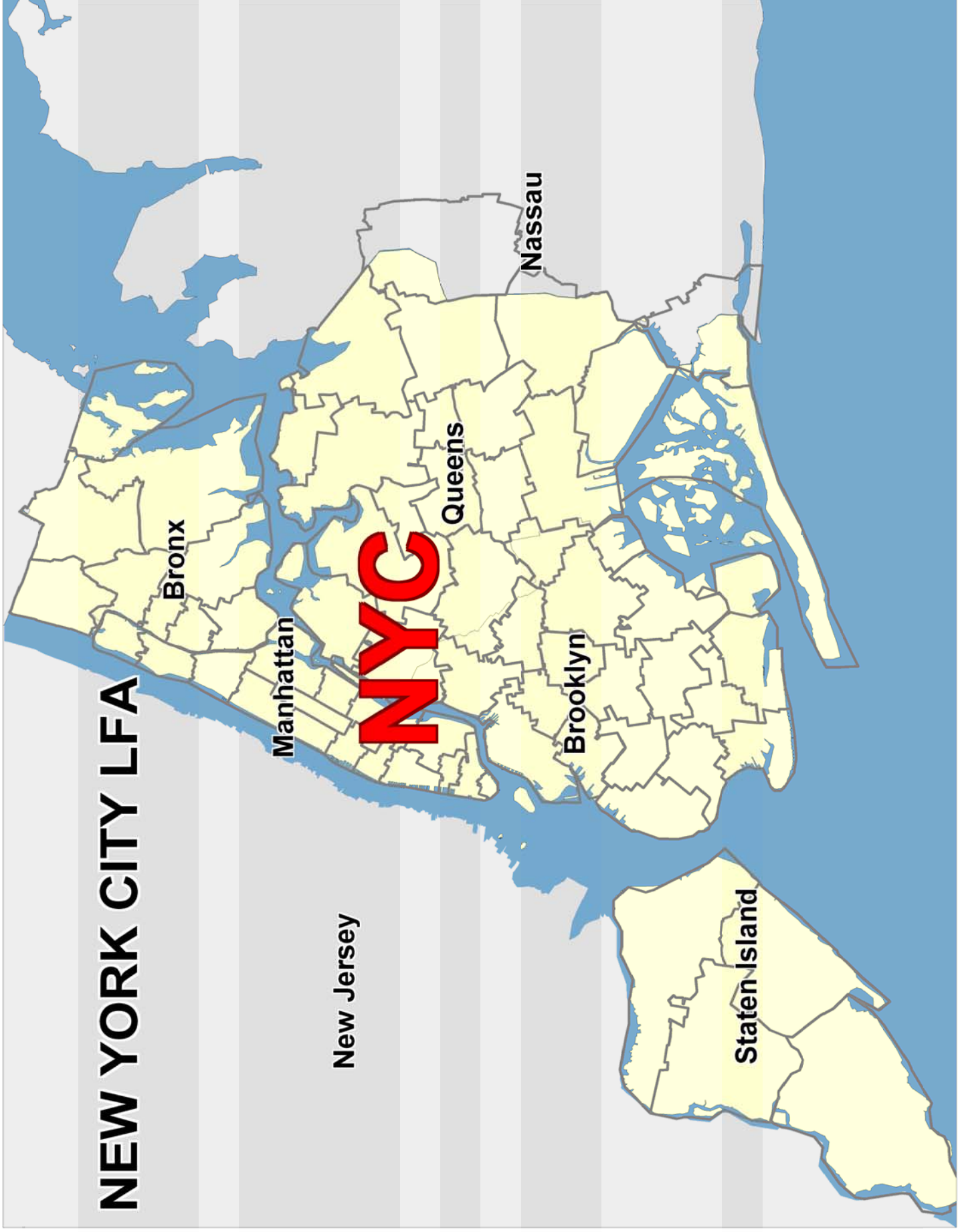
NYC

Queens

Brooklyn

Nassau

Staten Island



APPENDIX H

FORM OF GUARANTY

In consideration of the award of the Cable Franchise Agreement by and between the City of New York and Verizon New York Inc., dated _____2008, we, Verizon Communications Inc., hereby unconditionally and irrevocably agree to provide all the financial resources necessary for the satisfactory performance of the obligations of the Franchisee under the Cable Franchise Agreement and also to be legally liable for performance of the obligations of the Franchisee in case of default or revocation of the Cable Franchise Agreement.

Signature

Corporate Seal

Type or Print Name

Title & Official Name of Guarantor

Date

APPENDIX I

INVESTIGATION CLAUSE

1.1 The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

1.1 (a) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York; or

(b) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City.

1.2 (a) The commission or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(b) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to Section 1.3 below without the City incurring any penalty or damages for delay or otherwise.

1.3 The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(a) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a

member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(b) The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

1.4 The Commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

(a) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(b) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(c) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(d) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under 1.3 above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in 1.2(a) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

1.5 (a) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(b) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(c) The term “entity” as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City, or otherwise transacts business with the City.

(d) The term “member” as used herein shall be defined as any person associated with another person or entity as a partner, director, officer, principal or employee.

APPENDIX J

SYSTEM ARCHITECTURE

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

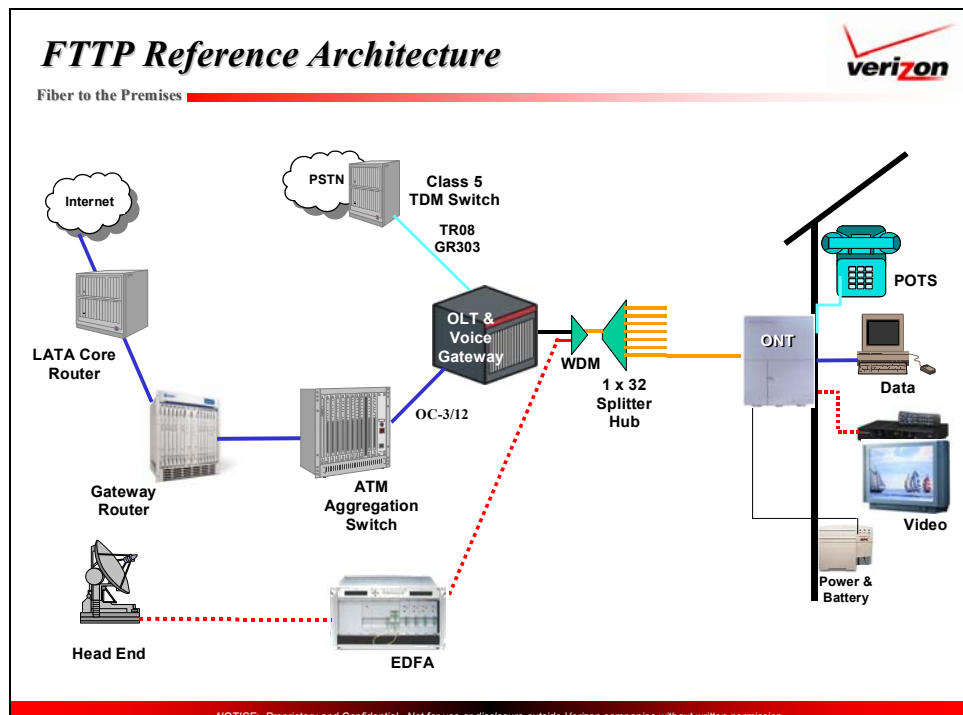
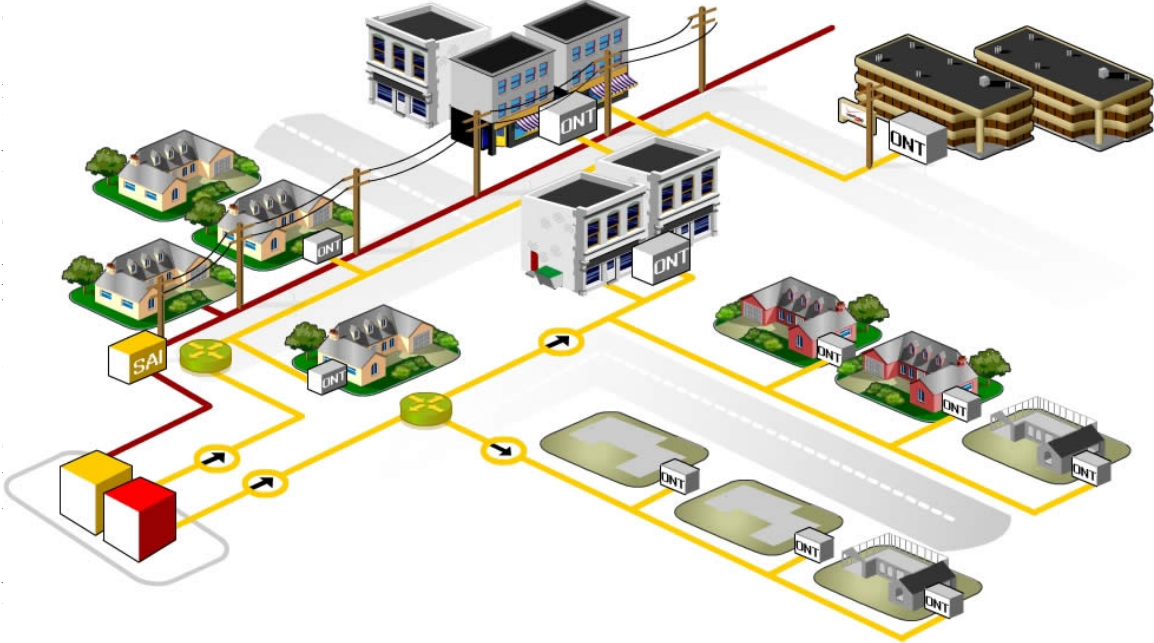


Figure 2-FTTP Full Build and Overlay Architectures

At the national or regional level, a “super” headend (SHE) shall serve as the single point



At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The

national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The VSO is a location within the central office containing FTTP equipment. If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

APPENDIX K
FORM OF FRANCHISE FEE REPORT

Franchise Fee Schedule/Report XX Quarter 2008

City of New York

Verizon - fBA

New York

Franchise Fee Rate:

5.00%

	October	November	December	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)				
Usage Based Charges (e.g. PayPer View, Installation)				
Advertising				
Home Shopping				
Late Payment				
Other Misc. (Leased Access & Other Misc.)				
Franchise Fee Billed				
PEG Fee Billed				
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation				
Franchise Fee Due				
Verizon is hereby requesting that this information be treated by the Franchise Authority as confidential business information.				

The calculations set forth herein were conducted in accordance with the applicable provisions of the cable franchise agreement by and between Verizon NY Inc. and the City of New York and Verizon's applicable internal financial policies and are true and accurate to the best of my knowledge.

Signature:

Manager, Verizon Settlement Administration

Cable Franchise Agreement

by and between

The City of New York

and

Verizon New York Inc.

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VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

THIS AGREEMENT (the “Agreement”) is entered into by and between the City of New York, a validly organized and existing political subdivision of the State of New York (the “City”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon” or the “Franchisee”).

WHEREAS, the City 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; and

WHEREAS, the Franchisee is in the process of upgrading its existing Telecommunications Services (as hereinafter defined) and Information Services (as hereinafter defined) network through the installation of the FTTP Network (as hereinafter defined) in the Franchise Area (as hereinafter defined) which transmits Non-Cable Services pursuant to authority determined by Franchisee to have been 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 (as hereinafter defined) or Title VI of the Communications Act; and

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

WHEREAS, no cable franchisee has ever agreed to provide Cable Service throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, the City wishes to grant Franchisee a nonexclusive franchise to operate a Cable System (as hereinafter defined) throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, pursuant to Section 363(a) of the New York City Charter (the “City Charter”), franchises are to be awarded by the City in accordance with the provisions of authorizing resolutions adopted by the City Council of the City (the “City Council”); and

WHEREAS, the City Council adopted Resolution No. 538 on September 27, 2006 (the “Resolution”) which authorizes, until September 27, 2011, the Department of Information Technology and Telecommunications (“DoITT”) to grant nonexclusive franchises for the provision of cable television services; and

WHEREAS, the delivery of Cable Services is in the City’s interest, and the availability of such competitive service to all households in the City on a timely basis pursuant to the terms of this Agreement will significantly benefit the City; and

WHEREAS, the City, pursuant to the terms of the Cable Act (as hereinafter defined), has identified the City’s future cable-related community needs and interests and, pursuant to the City

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

Charter, has issued a solicitation for cable television franchises (the “Solicitation”) to which the Franchisee responded; and

WHEREAS, in response to the Solicitation, the Franchisee offered to operate and maintain a Cable System and provide Cable Services (as hereinafter defined) and to perform certain additional undertakings; and

WHEREAS, the Franchisee and the City completed arm’s-length negotiations regarding the terms and conditions pursuant to which the City intends to grant to the Franchisee, and the Franchisee intends to accept from the City, a franchise (the “Franchise”) described generally in Section 4.1 hereof and more specifically as described by the complete terms of this Agreement; and

WHEREAS, the City has, with respect to the proposed grant of the Franchise, complied with the New York State Environmental Quality Act (“SEQRA”) (Section 8-0101 et seq. of the New York State Environmental Conservation Law), the SEQRA regulations set forth at Part 617 of Title 6 of the New York Code of Rules and Regulations, and the City Environmental Quality Review process (Chapter 5 of Title 62 and Chapter 6 of Title 43 of the Rules of the City of New York); and

WHEREAS, the Department of City Planning determined pursuant to Section 363(c) of the City Charter that the grant of this Franchise would not have land use impacts or implications and therefore is not subject to the Uniform Land Use Review Procedure (“ULURP”) set forth in Section 197-c of the City Charter;

WHEREAS, the Franchisee has completed all required submissions under the City’s VENDEX process, and the City’s review thereof has been completed; and

WHEREAS, pursuant to Section 371 of the City Charter, the Franchise and Concession Review Committee (the “FCRC”) held a public hearing on the proposed Franchise terms of this Agreement memorializing the terms and conditions of the proposed Franchise; and

WHEREAS, said hearing before the FCRC was held within 30 days of the date that DoITT filed the proposed Franchise with the FCRC; and

WHEREAS, a notice of said hearing and a summary of the terms and conditions of the proposed Franchise were properly published in the City Record; and

WHEREAS, at least 15 days, excluding Sundays and legal holidays, elapsed between publication of said hearing notice and summary in the City Record and the commencement of such hearing before the FCRC; and

WHEREAS, before the FCRC hearing, the requirements regarding publication of notice of such hearing as set forth in Section 371 of the City Charter were met; and

WHEREAS, the FCRC has approved the grant to the Franchisee of the Franchise and the terms of this Agreement as described herein; and

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

WHEREAS, pursuant to Section 895.1 of Title 16 of the New York Code of Rules and Regulations, the Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; the Franchisee's plans for its Cable System were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

WHEREAS, the City and the Franchisee have determined that this Agreement complies with the franchise standards set forth in the Resolution, Section 363 of the City Charter, Section 626 of the Cable Act as amended, Section 221 of the Public Service Law, the regulations of the Public Service Commission, and all other applicable laws and regulations; and

WHEREAS, the City, following said public hearing, determined that this Franchise granting the Franchisee a nonexclusive franchise complies with the franchise standards set forth in the Cable Act, the Resolution, the aforementioned Public Service Law, the regulations of the NY PSC (including any necessary waivers that the parties may seek and obtain) and all other applicable laws and regulations; and

WHEREAS, the City and 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 foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

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 and the Communications Act are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *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.

1.2. *Application:* Application of Verizon New York Inc. for a Cable Television Franchise in the City of New York, filed on April 15, 2008.

1.3. *Agreement:* This Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.5. *Borough President:* Each President of one of the five boroughs within the City of New York, any Borough President's designee, or any successor thereto.

1.6. *Cable Act:* The Cable Communications Policy Act of 1984 (codified at 47 U.S.C. §§ 521-573).

1.7. *Cable Law:* The Cable Act, 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, to the extent authorized under and consistent with federal law.

1.8. *Cable Service or Cable Services:* Shall be defined herein as it is defined under 47 U.S.C. § 522(6), as amended.

1.9. *Cable System or System:* Shall be defined herein as it is defined under 47 U.S.C. § 522(7), as amended.

1.10. *Channel:* Shall be defined herein as it is defined under 47 U.S.C. § 522(4), as amended.

1.11. *Channel Position:* Shall mean the position on a television receiver, tuner, converter or similar device which is selected to receive a specific Channel.

1.12. *Communications Act:* The Communications Act of 1934, as amended, including, without limitation, the Cable Act.

1.13. *Closing:* Shall be defined as provided in Section 2.1 hereof.

1.14. *Commissioner:* Shall mean the Commissioner of DoITT, the Commissioner's designee or any successor thereto.

1.15. *Community Access Organization ("CAO"):* Shall mean, with respect to any particular borough of the City, the nonprofit corporation that has been designated in connection with that borough pursuant to the agreements substantially in the form set forth in Appendix C to this Agreement.

1.16. *Controlling Person:* A Person with the ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee's affairs.

1.17. *Corporation Counsel:* The Corporation Counsel of the City, the Corporation Counsel's designee, or any successor thereto.

1.18. *DoITT:* The Department of Information Technology and Telecommunications, or any successor thereto.

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

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

1.20. *FCRC*: Shall mean the Franchise and Concession Review Committee of the City of New York.

1.21. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, 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 Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.22. *Franchise Area*: The incorporated area (entire existing territorial limits) of the City, and such additional areas as may be annexed or acquired.

1.23. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees (including for which consent of the City is required under Article 13 hereof).

1.24. *FTTP Network*: The Franchisee's fiber-to-the-premise telecommunications network in the Franchise Area as described in the Application.

1.25. *FTTP Network Created*: All transport connections and equipment in the FTTP Network have been established and are operational to the fiber distribution terminal serving the residence requesting fiber-enabled services (whether Cable Service or Non-Cable Services). Additionally, for MDUs, Franchisee has obtained building access and prepositioned its facilities in the MDU which are necessary for serving residences within the MDU requesting fiber-enabled services (whether Cable Service or Non-Cable Services).

1.26. *Government/Educational Access Channel*: An Access Channel which the Franchisee shall make available for the sole noncommercial use of the City or for noncommercial use 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 as specified by the City, as provided in Article 8 and Appendix B to this Agreement.

1.27. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee (or any Affiliate) from the operation of the Cable System to provide Cable Service in the Franchise Area, as follows:

1.27.1. Gross Revenue includes, without limitation: all Subscriber 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 Franchisee over the Cable System in the Franchise 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,

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additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) video on demand and pay-per-view; (iv) revenues from the sale or lease of channel(s) or channel capacity; (v) compensation received by Franchisee that is derived from the operation of the Cable System to provide Cable Service with respect to commissions that are paid to Franchisee or an Affiliate providing Cable Service under this Franchise as compensation for promotion or exhibition of any products or services on the Cable System, such as a “home shopping” or similar channel, subject to the exceptions below; and (vi) charges described to Subscribers as attributable to Franchise Fees (as hereinafter defined) and PEG Grants. Gross Revenue shall also include all advertising revenue which is received directly or indirectly by the Franchisee or any Affiliate from or in connection with the distribution of any service over the System (and including, without limitation, compensation for use of studio or other facilities and equipment associated with production or distribution of any programming or advertising to be distributed as part of a Cable Service). The allocation shall be based on the number of Subscribers in the Franchise 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.

1.27.2. Except as provided above, Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business and in accordance with generally accepted accounting principles (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; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, provided, however, that any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System paid to Franchisee or an Affiliate 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 City including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by the LFA, a state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity; taxes imposed on Subscribers by law, which the Franchisee is obligated to collect; any foregone revenue which 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 Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which 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 Franchisee of marketing costs incurred by 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.

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1.27.3. Gross Revenues derived from Cable Services provided over the Cable System in the Franchise Area that are provided to Subscribers as part of a bundle of services that include Non-Cable Services shall be treated in accordance with Section 10.5 hereof.

1.28. *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.

1.29. *Landlord*: The term "landlord" shall mean and include the owner or owners of the freehold of the premises or lesser estate therein, a mortgagee or vendee in possession, assignee of rents, receiver, executor, trustee, lessee, agent, or any other person, firm or corporation, directly or indirectly in control of a dwelling, or any designee of the foregoing enumerated Persons formally authorized to approve physical alterations, improvements or modifications to such dwelling including the installation of Franchisee's facilities.

1.30. *Leading Technology*: The highest level of performance and capability (including, but not limited to, with respect to plant or other equipment; transmission capacity to subscribers' premises; channel offerings; video-on-demand services; construction techniques; consumer service; facilities, equipment, systems and operations; and performance standards), that has been commonly accepted, developed and commercially deployed in the wireline cable television industry and is economically reasonable and technically feasible.

1.31. *Local Franchise Authority ("LFA" or the "City")*: The City of New York, New York, or the lawful successor, transferee, or assignee thereof.

1.32. *Multiple Dwellings ("MDUs")*: Shall have the meaning set forth therefore in NY CLS Mult D § 4(7).

1.33. *Non-Cable Services*: Any service that does not constitute Cable Service pursuant to law including, but not limited to, Information Services and Telecommunications Services.

1.34. *Non-Residential Subscriber*: A Subscriber that is not a Resident.

1.35. *Non-Standard Installation*: Any installation which does not constitute a Standard Installation as defined in Section 1.45 hereof.

1.36. *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.

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

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

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

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1.40. *Public Access Channel:* An Access Channel which the Franchisee shall make available to a CAO, at no charge, as provided in Article 8 and Appendices B and C to this Agreement.

1.41. *Public Rights-of-Way:* The surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the City and any other property within the City, to the extent to which there exist public easements or public rights of way. Public Rights-of-Way do not include the electromagnetic spectrum above the surface of a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.42. *Resident:* An occupant who: (i) resides in a dwelling which has or is entitled to receive from the City a residential certificate of occupancy, including, without limitation, a private dwelling, class A multiple dwelling, or an interim multiple dwelling; or (ii) has continuously resided in the same building as a permanent resident and who takes occupancy pursuant to a lease (or other similar arrangement) of at least six (6) months duration. For purposes of this Agreement, the terms “private dwelling,” “class A multiple dwelling,” and “interim multiple dwelling” shall have the same meaning as they have or may have in NY CLS Mult D, as such law may from time to time be amended.

1.43. *Residential Subscriber:* A Subscriber that is a Resident.

1.44. *Service Area:* All portions of the Franchise Area with a video service office (“VSO”) that is open for sales and Cable Service is being offered.

1.45. *Standard Installation:* A residence requesting Cable Service that is Video Network Created as of the date of the request for service.

1.46. *Subscriber:* A Person who lawfully receives Cable Service over the Cable System.

1.47. *Telecommunication Services:* Shall be defined herein as it is defined under 47 U.S.C. § 153(46), as amended.

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

1.49. *Video Network Created:* Video transport connections and equipment have been established and are operational to the fiber distribution terminal serving the residence requesting Cable Service. Additionally, for MDUs, Verizon has obtained building access and prepositioned its video facilities in the MDU which are necessary for serving requesting residences within the MDU.

1.50. *Video Programming:* Shall be defined herein as it is defined under 47 U.S.C. § 522(20), as amended.

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1.51. *Video Service Office or VSO:* A wire center that has been upgraded by Franchisee to be video-capable and which thereby may be opened for sales for the provision of Cable Service by Franchisee.

1.52. *Wholly Owned Affiliate:* Any entity of which 100% of the ownership interest is ultimately held by Verizon Communications, Inc.

2. CLOSING; CLOSING CONDITIONS

2.1. *Closing:* This Agreement shall be executed and the obligations herein shall commence on the closing of this Agreement (herein referred to as the “Closing”). The Closing shall be the first day on which all of the following conditions have been met and this Agreement has been fully executed and delivered:

2.2. *FCRC Resolution:* The FCRC shall have adopted a resolution approving this Franchise;

2.3. *Certified Copies of Resolutions:* The Franchisee shall have furnished the City with a certified copy of the resolution(s) duly adopted by the Board of Directors or other authorized representative of the Franchisee, approving the execution, delivery and performance of this Agreement and approving the execution, delivery and performance of all other documents, certificates, and other instruments required to be furnished to the City by and pursuant to the terms of this Agreement;

2.4. *Opinion of Franchisee’s Counsel:* The City shall have received an opinion dated as of the date of the Closing from outside counsel to the Franchisee in form and substance reasonably satisfactory to the Commissioner and the Corporation Counsel;

2.5. *Representations and Warranties:* The Franchisee shall have provided the City with a certificate of an officer of the Franchisee certifying that the representations and warranties made by the Franchisee in this Agreement are true and correct as of the Closing;

2.6. *Government Approvals:* The Franchisee shall have provided the City with evidence of approval of the transactions contemplated by this Agreement from any necessary governmental authorities, and all notice periods and waiting periods required by law to pass in connection with such transactions shall have passed, except the certificate of confirmation to be issued or renewed by the PSC pursuant to Section 891.4 of the PSC regulations and issuance of an FCC CUID;

2.7. *Performance Bond:* The Franchisee shall have furnished to the City the Performance Bond, pursuant to Article 15 hereof;

2.8. *Security Fund/Letter of Credit:* The Franchisee shall have deposited with the City the Security Fund/Letter of Credit, pursuant to Article 15 hereof;

2.9. *Liability Insurance Policy:* The Franchisee shall have secured its liability insurance policy pursuant to Article 12 hereof;

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2.10. *Guaranty*: The Franchisee shall have secured and delivered to the Commissioner and the Comptroller a guaranty executed by the Guarantor in the form set forth at Appendix H to this Agreement, which guaranty shall have been authorized, executed and delivered by the Guarantor;

2.11. *W-9 Form*: The Franchisee shall have submitted an IRS W-9 form certifying the Franchisee's tax ID number;

2.12. *VENDEX*: The Franchisee has completed all required submissions under the City's VENDEX process, and the City's review thereof has been completed; and

2.13. *Other Documents*: The Franchisee shall have delivered such other documents as may be reasonably requested by the City.

2.14. *Waiver*: To the extent permitted by law, any of the above Closing conditions may be waived by the Commissioner, provided such waiver shall not be a waiver of any substantive requirement of this Agreement as set forth hereinafter.

3. EFFECTIVE DATE AND TERM:

3.1. *Effective Date & Term*: This Agreement and the Franchise granted herein shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following the Closing; provided that implementation of this Agreement shall be subject to the applicable registration provisions of City Charter sections 375 and 328. The term (the "Term") of this Agreement and the Franchise granted herein shall be twelve (12) years from the Effective Date, or until June 30, 2020, whichever is later, unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the City in writing of the same, which notification shall become a part of this Franchise.

3.2. *Termination*: The termination of this Agreement and the Franchise granted hereunder shall occur upon the earliest to occur of: (i) the end of the Term; or (ii) the earlier termination of the Franchise and this Agreement as provided for in this Agreement. The Franchise shall be considered revoked and terminated automatically upon any termination of this Agreement as provided hereunder.

3.3. *Renewal on Expiration*: Subject to 47 U.S.C. § 546, the City reserves the right at the end of the Term to grant, or grant on new terms and conditions, or not grant, renewal of the Franchise without any presumption in favor of a renewal of the Franchise.

4. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

4.1. *Grant of Authority*: The City hereby grants the Franchisee the right to provide Cable Service within the Franchise Area until the end of the Term, subject to the terms and conditions of this Agreement. The parties acknowledge that this Agreement is not in and of itself a sufficient source for the right of the Franchisee to occupy the Public Rights-of-Way for the provision of any service and is intended to grant such right only in accompaniment with a separate authority to occupy the affected Public Rights-of-Way. The parties further

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acknowledge (a) that this Agreement does not include all of the terms and conditions which the City would require for such occupancy, (b) that the Franchisee claims that it has preexisting authority to occupy any or all of the Public Rights-of-Way with the facilities that are being installed to provide Cable Services under this Agreement, (c) that the City disputes such claim, and (d) that such dispute is the subject of the Pending Litigation (as defined in Section 18.14 hereof). The parties further acknowledge that if the Pending Litigation results in a final determination (after all opportunities to appeal have been either pursued or expired) that with respect to any of the Public Rights-of-Way the Franchisee does not have authority preexisting this Agreement to occupy such Public Rights-of-Way, then the Franchisee's right to occupy such Public Rights-of-Way with such facilities, including for the provision of Cable Services, shall be conditional on the Franchisee's reaching agreement with the City on the terms and conditions of such occupancy, and that absent such agreement, this Agreement and the Franchise granted hereunder shall terminate immediately on written notice from the City.

4.2. *The FTTP Network:* Consistent with Section 18.14 and 18.15 hereof, upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the City's police power, the City has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

4.3. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the City 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 law or this Franchise to provide Cable Service.

4.4. *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. Further, the parties to this Franchise agree that this Franchise is consistent with applicable federal and state law and the parties agree to be bound by the terms hereof.

4.5. *No Waiver:* The failure of either the City or Franchisee 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 other (neither the City nor the Franchisee) from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

4.6. *Construction of Agreement:*

4.6.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives.

4.6.2. Nothing herein shall be construed to limit the scope or applicability of 47 U.S.C. § 545, as amended.

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4.6.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Agreement, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on either party of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

4.7. *Police Powers:* Nothing in this Franchise shall be construed to prohibit the City's reasonable, necessary and lawful exercise of the City's police powers, including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the City may deem necessary in the exercise of its police power, including any lawful right to compel relocation of Cable System facilities in the Public Rights-of-Way in the event of sewer and water line work, road-widenings and other adjustments to the Public Rights-of-Way, and the provisions of New York City Administrative Code § 6-115.1 (the "MacBride Principles"); provided, however, that such laws and regulations are reasonable and not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

4.8. *Restoration and Inspection of Municipal Property:* In order to avoid interference with the City's ability to deliver public services, any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

4.9. *Restoration of Subscriber Premises:* The Franchisee shall ensure that each 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, provision or disconnection of Cable Service.

5. DEPLOYMENT; PROVISION OF CABLE SERVICE

5.1. *Initial Deployment:* Subject to the exceptions and checkpoint extensions set forth in this Article, the FTTP Network will pass all households served by Franchisee's wire centers within the Franchise Area in accordance with the table attached hereto as Appendix F, with final completion no later than June 30, 2014. For purposes of this Agreement including Appendix F, "pass" or "passage" of a household shall mean MDU's whether or not network created and single family units whether or not a drop is installed.

5.1.1. *Exceptions:* The FTTP Network deployment schedule set forth in Appendix F shall be subject to the following exceptions: (A) for periods of Force Majeure; (B) for periods of delay beyond the normal permitting or approval time period, or due to issuance of a stop work order issued by the City, where such stop work order is not caused by action on the part of Franchisee; and (C) for periods of delay resulting from Franchisee's inability to obtain authority to access private rights-of-way.

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5.1.2. *Checkpoint Extensions:* Within thirty (30) days of each of the dates set forth below (each, a “Checkpoint”), the Franchisee shall conduct an evaluation of its “video penetration rate” (as hereinafter defined) in the Franchise Area and, in the event such evaluation determines that Franchisee has not achieved the applicable video penetration rate at each such Checkpoint, the Franchisee shall be afforded an extension of its deployment and service availability obligations pursuant to Sections 5.1, 5.2 and 5.3 hereof, in accordance with the following:

5.1.2.1. *First Checkpoint:* If, by June 30, 2010, Franchisee has achieved a video penetration rate in the Franchise Area which is less than fifteen percent (15%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.2. *Second Checkpoint:* If, by June 30, 2011, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty percent (20%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.3. *Third Checkpoint:* If, by June 30, 2012, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty-five percent (25%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such Checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.4. For purposes of this Agreement, the term “video penetration rate” shall mean:

FiOS TV billable lines in service
(FTTP passed single family units whether or not a drop is installed
+ residential units within FTTP network created MDU's)
in VSOs that are open for sales (OFS).

5.1.3. In the event Franchisee seeks to exercise its right to an extension of its deployment and service availability obligations at any Checkpoint pursuant to this Section 5.1, Franchisee shall, within sixty (60) days from the applicable Checkpoint, provide the City with written documentation, in a format to be reasonably determined by Franchisee, justifying the basis for Franchisee's exercise of such extension. Such written documentation shall be treated as confidential and proprietary consistent with Section 11.1 hereof, and shall include, the number of residential units within FTTP Network Created MDUs and FTTP passed single family units (hereinafter, “SFUs,”) along with other elements of the formula set forth in Section 5.1.2.4 of this Agreement, as may be reasonably necessary to satisfy the objectives of this Section 5.1.3.

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5.1.4. Consistent with the schedule set forth in Appendix F, nothing herein shall be construed to limit Franchisee's discretion with respect to the order of geographic areas to be wired, provided, however, that at each Checkpoint described above, the estimated median household income of all homes passed shall not be greater than the average household income of all households in New York City (based on the calculations set forth in the 2000 census data).

5.2. *VSO Conversions:* Subject to periods of Force Majeure and the checkpoint extensions set forth at subsection 5.1.2 above, not later than June 30, 2014 Franchisee shall have completed the upgrade of all of Franchisee's wire centers located within or serving the Franchise Area such that all of Franchisee's wire centers within or serving the Franchise Area constitute video-capable VSOs open for sales.

5.3. Service Availability:

5.3.1. *Initial Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units, at Franchisee's expense, except that Franchisee may charge a standard installation fee, and may make Cable Service available to businesses, in conformance with Section 5.4. The parties hereto agree that the terms of this Section 5.3.1 satisfy the minimum standards set forth in 16 NYCRR Section 895.5.

5.4. *Provision of Service:* Subject to the exceptions set forth in Subsection 5.5 hereof, Franchisee shall make Cable Service available to all residential dwelling units in the Service Area. Franchisee agrees that it shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area.

5.4.1. *Installations of Cable Service – Standard Installations:* Franchisee shall perform all Standard Installations of Cable Service within seven (7) business days after any such request is received by the Franchisee, unless a later date is agreed to with the requesting potential residential Subscriber.

5.4.1.1. If the Franchisee is unable to fulfill a potential residential Subscriber's request for Standard Installation of Cable Service within seven (7) business days of Franchisee's receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), the Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for Franchisee's inability to perform the requested Standard Installation within seven (7) business days or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); and (ii) the date by which Franchisee anticipates performing such Standard Installation. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Standard Installation request subsequent to the later of: (i) the date which is seven (7) business days from the date which is seven (7) business days following a potential Subscriber's initial request for Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

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5.4.1.2. All Standard Installations will be in accordance with FCC requirements governing appropriate grounding and connection of equipment to ensure reception of Cable Service.

5.4.1.3. Consistent with the requirements of Appendix A the Franchisee will offer Subscribers “appointment window” alternatives for arrival to perform all Standard Installations.

5.4.2. *Installations of Cable Service – Non-Standard Installations:* Franchisee shall perform all Non-Standard Installations of Cable Service within six (6) months after any such request is received by the Franchisee, unless either a later date is agreed to with the requesting potential residential Subscriber or Franchisee advises the requesting potential residential Subscriber of the current unavailability of Cable Service at the location as set forth in Subsection 5.4.2.1.

5.4.2.1. If the Franchisee is unable to fulfill a potential residential Subscriber’s request for Non-Standard Installation of Cable Service within six (6) months of Franchisee’s receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for the current unavailability of Cable Service at the requesting location; and (ii) a good faith estimate of the date by which Franchisee believes that Cable Service may be available at the location. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Non-Standard Installation request subsequent to the later of: (i) the date which is six (6) months from the date which is six (6) months following a potential Subscriber’s initial request for Non-Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

5.5. *Exceptions:* Franchisee’s Cable Service availability obligation as set forth in Section 5.4 shall be subject to the following exceptions: (A) where the FTTP Network has not been deployed or a VSO is not yet opened for sales; (B) for periods of Force Majeure; and (C) periods of delay caused by Franchisee’s inability, after good faith efforts, to obtain valid legal authority to access any MDU in the Franchise Area for the purpose of providing Cable Service to units within such MDU on other than commercially unreasonable terms and conditions with respect to each such MDU.

5.5.1. *Commercial Unreasonability:* The phrase “commercially unreasonable terms and conditions” means any one or more of the following circumstances:

5.5.1.1. The landlord is imposing buildout, installation and/or maintenance requirements to serve the MDU that require a financial investment which results in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee’s weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$;

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5.5.1.2. The landlord is requiring removal or other remediation of hazardous materials;

5.5.1.3. The landlord, despite the legal requirements of Public Service Law Section 228, is demanding payment above the compensation contemplated by Section 228; and

5.5.1.4. A bulk sales, exclusive marketing or other arrangement is in effect in the MDU that reduces Franchisee's reasonably anticipated penetration rate resulting in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee's weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$.

5.5.2. *Access:* The phrase "Franchisee's inability, after good faith efforts, to obtain valid legal authority" as used herein shall be understood in the context, where applicable, of the legal obligations of landlords under Section 228 of the New York State Public Service Law ("Section 228"), or any successor provision of like effect, and therefore in instances in which the Franchisee believes that a landlord is in violation of Section 228, Franchisee is obligated to provide such landlord with notice of Section 228 and the legal obligations imposed upon such landlord pursuant thereto and pursue remedies available thereunder as appropriate in Franchisee's judgment, acting reasonably.

5.5.2.1. *Additional Procedures:* Beginning July 1, 2012, in each case in which the Franchisee needs to obtain access to the property in response to a request for Cable Service where the FTTP Network has been deployed and the VSO is opened for sales, Franchisee shall undertake (and document in written form) the following steps within the following time periods:

5.5.2.1.1. Send promptly (but in no event later than thirty (30) days after receipt of a request for Cable Service) to the property owner or managing agent notice of its intent to wire for Cable Service;

5.5.2.1.2. Attempt to negotiate a survey date and wiring method with the property owner or agent;

5.5.2.1.3. If not yet successful in obtaining access, send a second (2nd) notice of intent to wire including specific reference to Franchisee's access rights, and attempt to wire;

5.5.2.1.4. If the property owner or agent prevents wiring, request assistance from the Commissioner and/or the PSC; and

5.5.2.1.5. If access is not provided within one hundred and eighty (180) days of the first notice to the property owner or agent of intention to wire, file a petition pursuant to 16 NYCRR § 898.4 seeking an order for entry to the property.

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5.5.2.2. The Commissioner may waive, or extend the dates for complying with, the requirements of this Section 5.5.2 upon a showing of good cause by the Franchisee.

5.6. *Periodic Reevaluation:* In the event that Franchisee delays service availability to any MDU in the Franchise Area pursuant to the terms of Section 5.5, Franchisee agrees that it will conduct periodic reevaluations of each such MDU to determine whether circumstances have changed in a manner that would enable Franchisee to obtain valid legal authority to access such MDU on commercially reasonable terms and conditions.

5.7. *Technology and Education Fund/Municipal Facilities Service Grant:* In lieu of, and in satisfaction for, the Franchisee's obligation to provide free service outlets and free Cable Service to public buildings, and in order to further the City's objective of funding technological and educational needs throughout the City, the Franchisee hereby agrees to pay to the City the aggregate sum of Four Million Dollars (\$4,000,000)(the "Technology, Educational & Municipal Facilities Grant") payable in accordance with the following schedule: (i) the first (1st) Technology, Educational & Municipal Facilities Grant payment in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) shall be payable on the date which is thirty (30) days from the Effective Date hereof; (ii) the second (2nd) Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the fourth (4th) anniversary of the Effective Date hereof; and (iii) the third (3rd), and final, Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the seventh (7th) anniversary of the Effective Date hereof.

5.7.1. The Technology, Educational & Municipal Facilities Grant will be used by the City to support the provision of technology services to City government locations and/or City government-related locations in each of the five boroughs of the City where technology services are made or to be made available to the community, such as (for example) New York City Housing Authority community centers, City Department for the Aging community centers and similar facilities. Decisions as to the specific facilities to be supported by said Technology, Educational & Municipal Facilities Grant within each borough shall be made by the City in consultation with the Borough President of the applicable borough. Franchisee shall exercise no discretion as to the allocation or distribution of funds from the Technology, Educational & Municipal Facilities Grant in any manner whatsoever.

6. SYSTEM FACILITIES

6.1. *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and in a manner that limits disruption to public use of City streets, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner, and in a manner which protects the City's property from damage.

6.2. *System Characteristics:* During the Term hereof, Franchisee's Cable System as described in Appendix J, shall meet or exceed the following requirements:

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6.2.1. The System shall initially be designed and operated with a digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

6.2.2. 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.

6.2.3. The Cable System must conform to all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, and shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry procedures:

6.2.3.1. Cable Law;

6.2.3.2. Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

6.2.3.3. National Electrical Code;

6.2.3.4. National Electrical Safety Code (NESC).

6.3. Cable System Tests and Inspections:

6.3.1. The Franchisee shall perform all tests necessary to demonstrate compliance with the requirements of the Franchise, and to ensure that the Cable System components are operating as required; provided, however, that Franchisee's testing obligations under this Article 6 shall be limited solely to those tests which are designed for, and applicable to, a fiber optic network transmitting optical spectrum. All tests shall be conducted in accordance with federal rules and any applicable United States National Cable Television Association's Recommended Practices for measurement and testing. In the event that the FCC's technical performance standards are repealed or are no longer applicable to the Cable System, such standards shall remain in force and effect until the Commissioner, or a designee thereof, and the Franchisee agree to new standards.

6.3.2. The Franchisee shall conduct tests as follows:

6.3.2.1. Proof of Performance tests on the Cable System at least once every six (6) months or as required by FCC rules, whichever is more often, except as federal law otherwise limits the Franchisee's obligation. In consultation with DoITT, the Cable System monitor test points shall be established in accordance with good engineering practices and consistent with FCC guidelines;

6.3.2.2. Special Proof of Performance tests, as limited by the City, of the Cable System or a segment thereof when Subscriber complaints indicate tests are warranted;

6.3.2.3. Tests shall be supervised by a senior engineer of the Franchisee, who shall sign all records of tests provided to the City;

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6.3.2.4. The City shall have the right to designate a City employee (or a third party consultant operating on the City's behalf, provided that such third party consultant executes, in advance, a nondisclosure agreement in a form reasonably acceptable to Franchisee) to visually inspect Franchisee's Cable System in order to verify compliance with Section 6.1 hereof and witness and/or review all required Proof of Performance Tests. The Franchisee shall provide the City with at least two (2) business days' notice of, and opportunity to observe, any such Proof of Performance Tests performed on the Cable System;

6.3.2.5. The Franchisee shall retain written reports of the results of any tests required by the FCC, and such reports shall be submitted to the City upon the City's request. The City shall have the same rights the FCC has to inspect the Franchisee's performance test data;

6.3.2.6. If any test indicates that any part or component of the Cable System fails to meet applicable requirements, the Franchisee, without requirement of additional notice or request from the City, shall take corrective action, retest the locations and advise the City of the action taken and results achieved, and supply the City with a copy of the results within thirty days from the date corrective action was completed; and

6.3.2.7. The Commissioner may, for good cause shown, waive or limit the system test and inspection provisions in this Section 6.3.

6.4. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area, and, to the extent necessary to effectuate the objectives of Article 8 hereof, with agreed upon CAO facilities. Franchisee shall use reasonable efforts to interconnect its Cable System with the existing cable operator(s). Franchisee shall initiate interconnection negotiations with the existing cable operator(s) to cablecast, on a live basis, Public, Educational and Governmental Access programming consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall attempt to negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. The Franchisee and the existing cable operator(s) shall negotiate the interconnection agreement on reasonable terms and conditions. If, despite Franchisee's reasonable efforts, Franchisee is unable to successfully negotiate interconnection of its Cable System with the existing cable operator(s), the City shall make all best efforts to facilitate such negotiations between Franchisee and such other cable operator(s).

6.5. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

6.6. *Program Services:* Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be

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interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels). Consistent with the Cable Act, the Franchisee will meet with the Commissioner upon request to discuss broad categories of programming offered over the Cable System; provided, however, that such meetings shall not occur more than two (2) times in any calendar year. Franchisee shall at all times comply with applicable provisions of the Cable Act and FCC regulations with respect to program access.

7. LEADING TECHNOLOGY

7.1. *Leading Technology:* The parties hereto acknowledge and agree that the FTTP Network, and the Cable Services provided thereby, as described in Appendix J, will when built constitute a “Leading Technology” that includes more extensive fiber facilities, in lieu of coaxial cable facilities, than is currently, or ever has been, provided by any other Cable Service provider within the City as of the Effective Date.

7.1.1. The Franchisee will, at the City’s request (but not before the first anniversary of the Effective Date of the Franchise Agreement and not more often than once in any thirty-six (36) month period), prepare and submit to the City a report (in a mutually agreeable format) setting forth the Franchisee’s review and assessment of the current state of cable technology and its current plans, if any, to enhance its Cable System (provided however, that this reporting requirement will be in abeyance to the extent that a substantial competing franchisee delivering service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the City is then using a system in the City that fails to provide at least comparable capacity, reliability and feature richness to Franchisee’s system).

7.1.2. Upon the submission of each report as described in the preceding Section 7.1.1 the City may undertake an evaluation of such report, with an opportunity for Franchisee to comment on any City evaluation, and Franchisee will subsequently commence good faith discussions with the City, and implement agreements resulting from such good faith discussions, regarding enhancements, if any, to be made to the Cable System to maintain its leading technology status (provided however, that the requirement pursuant to this Section 7.1.2. will be in abeyance to the extent that a substantial competing franchisee delivering Cable Service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the Franchise Area is then using a system in the Franchise Area that fails to provide at least comparable capacity, reliability and feature richness to the FTTP Network).

8. PEG SERVICES

8.1. *PEG Set Aside:*

8.1.1. In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall, not later than one hundred eighty (180) days from the Effective Date (or, with respect to any Governmental/Educational Access Channels, such later date as may be agreed upon by the City and Franchisee in the event Franchisee reasonably requests an extension in order to complete necessary work), provide on the Basic

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Service Tier use of twenty-five (25) access channels in total, as set forth immediately below in Section 8.1.1.1 (each, an “Access Channel”):

8.1.1.1. *Public Access Channel*:. Four (4) Public Access Channels for each Borough (i.e. four (4) Public Access Channels for Manhattan, four (4) Public Access Channels for Staten Island, four (4) Public Access Channels for Brooklyn, four (4) Public Access Channels for the Bronx, four (4) Public Access Channels for Queens).

8.1.1.2. *Government/Educational Access Channels*: Five (5) Governmental/Educational Access Channels, one of which is designated by the City for Educational Access Channel programming, which are cablecast City-wide.

8.1.2. In addition to providing the Access Channels described in Section 8.1.1 above, the Franchisee shall provide the City with the following additional Access Channels on the Basic Service Tier, subject to the conditions set forth below:

8.1.2.1. No sooner than January 1, 2009, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City: (i) an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels); and (ii) one (1) additional Governmental/ Educational Access Channel which shall be cablecast City-wide.

8.1.2.2. No sooner than January 1, 2012, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City: (i) one (1) additional Public Access Channel for each Borough (for a total of five (5) additional Public Access Channels); and (ii) two (2) additional Governmental/Educational Access Channels which shall be cablecast City-wide.

8.1.2.3. No sooner than the date which is the sixth (6th) Anniversary of the Effective Date hereof, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels).

8.1.2.4. No single additional Governmental/Educational Access Channel or additional Governmental/Educational Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee unless all existing Governmental/Educational Access Channels are providing original, non-text, non-duplicative programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months. With respect to the Public Access Channels to be carried in each Borough, no single additional Public Access Channel or additional Public Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee in the applicable Borough unless all existing Public Access Channels in the applicable Borough are providing programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months.

8.1.3. The City hereby authorizes Franchisee to transmit all Access Channel programming within and without City jurisdictional boundaries. In the event that one or more

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Public or Governmental/Educational Access Channels are not being utilized by the City or the CAO's, the provisions of 16 NYCRR 895.4 (c)(12) shall be applicable.

8.1.4. Within ten (10) days after the Effective Date of this Agreement, the City shall notify Franchisee of the programming to be carried on each of the Public or Governmental/Educational Access Channels set aside by Franchisee as listed in Appendix B. Thereafter, Franchisee shall assign the Public or Governmental/Educational Access Channel programming on such Public or Governmental/Educational Access Channels on its channel line-up as set forth in such notice, to the extent such Access Channel assignments do not interfere with any pre-existing channels assignments or contractual obligations. Franchisee shall not be required to make Borough-specific Public or Governmental/Educational channels available to Subscribers until one or more VSOs in the specific borough are open for sales.

8.1.5. The Franchisee shall carry the programming on each of the respective Public or Governmental/Educational Access Channels as indicated in Appendix B. In the future, the Franchisee shall assign the Public or Governmental/Educational Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of the Franchisee's respective channel lineup. The Franchisee shall not arbitrarily or capriciously change such channel assignments, and the Franchisee shall minimize the number of such changes; provided, however, that the Franchisee may change such channel assignments as it deems appropriate so long as (i) the Franchisee gives the appropriate CAO(s) or the Governmental/Educational/Access Channel programmer ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) the Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such Public or Governmental/Educational Access Channels changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising contemplated under this Section 8.1.5), and (B) providing notice of such changes in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

8.1.6. *Governmental/Educational Interconnection:* The City shall designate in writing to the Franchisee up to one (1) physical site for each Governmental/Educational Access Channel provided pursuant to Section 8.1 hereof (for a total of up to eight (8) sites) within the Franchise Area for the purpose of interconnection of Governmental/Educational Access Channel facilities with the Cable System (each, a "GE Access Interconnection Site").

8.1.6.1. Upon one hundred eighty (180) days written notice from the City (or such later date as may be agreed upon by the City and the Franchisee) and subject to the successful completion of all required site preparation work by the City and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the

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City, provide upstream Governmental/Educational Access Channel transmission connections between its video channel aggregation point and each of the GE Access Interconnection Sites in order to permit the signals to be correctly routed from the GE Access Interconnection Site for the distribution to Subscribers.

8.1.6.2. The City shall provide to Franchisee at the GE Access Interconnection Sites a suitable video signal and a suitable audio signal for each Governmental/Educational Access Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the Governmental/Educational Access Channel signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the City as is reasonably necessary for Franchisee to fulfill such obligations; provided, however, that neither Franchisee nor the required site work contemplated hereunder shall impose any unreasonable material burdens on the City.

8.1.6.3. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Governmental/Educational Access Channel signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Governmental/Educational Access Channel facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the City, make such changes in either the equipment and facilities referred to in this Subsection 8.1.6 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

8.1.7. *Community Access Organizations:* The respective Borough Presidents have each designated an independent, not-for-profit, nonmembership corporation, organized pursuant to the New York Not-for-Profit Corporation Law, to serve as the Community Access Organization for the applicable Borough, under whose jurisdiction the Public Access Channels shall be placed for purposes of Article 8 of this Agreement. The CAO's shall undertake such activities and shall adopt such rules and regulations as are required, and may adopt rules and regulations not inconsistent with this Agreement, the CAO Agreements (as hereinafter defined) attached as Appendix C to this Agreement, the Certificate of Incorporation of the CAO's, the By-Laws of the CAO's, the rules and regulations of the Public Service Commission, and applicable law. The CAO's shall each maintain tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986, as amended.

8.1.8. *Use of Public Access Channels.* The Public Access Channels for each Borough shall be under the jurisdiction of the CAO for such Borough. Such Public Access Channels shall be used for the purpose of distributing noncommercial services by the public, any other charitable, nonprofit purpose or other similar purpose, including, without limitation, the generation of revenues by activities reasonably related to such uses and purposes, or any other purpose agreed to between the Franchisee and the CAO.

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8.1.8.1. *Public Access Interconnection:* The Franchisee shall effectuate the interconnection of any Public Access Channel facilities with the Cable System for purposes of transmitting the Public Access Channels contemplated in this Article 8 in accordance with the terms of the CAO Agreements (as hereinafter defined).

8.1.9. *No Editorial Control by Franchisee:* The Franchisee shall not exercise editorial control over programming or distribution of services over any Access Channel used by any Person(s), so long as such Access Channel is being used for the purposes authorized herein and except where the Franchisee is utilizing any such Access Channel pursuant to the fallow time provisions of the Cable Law.

8.1.10. *PEG Channel Quality:* Each Public and Governmental/Educational Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee's lowest tier of service, provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any Public or Governmental/Educational Access Channels content provided to Franchisee by any Public or Governmental/Educational Access Channel programmer.

8.2. *Governmental and Educational Access Grant:* Franchisee shall provide a grant to the City in the amount of Ten Million Dollars (\$10,000,000) in twelve (12) equal annual installments of Eight Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents (\$833,333.33) over the Franchise Term to be used in support of the production of local Governmental/Educational Access programming (the "Annual GE Grant"). Each annual installment of the Annual GE Grant shall be payable to the City by the Franchisee not later than the date which is sixty (60) days from each anniversary of the Effective Date during the Term hereof (except for the first installment of the Annual GE Grant, which shall be payable not later than the date which is sixty (60) days of the Effective Date). Such grant shall be used solely by the City for Educational Governmental Access, capital costs. Upon request by Franchisee, the City shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 8.2.

8.3. *Community Access Grant:* Franchisee shall pay to the CAO's certain funding (collectively, the "CAO Grants") pursuant to the terms of certain Community Access Organization Grant and Use Agreements by and between the respective CAO's in the City and the Franchisee (collectively the "CAO Agreements"), substantially in the form attached hereto as Appendix C. The Franchisee and the City acknowledge and agree that:

8.3.1. the amount of the CAO Grants and the terms and conditions of the CAO Agreements were negotiated solely between the Franchisee and the respective CAO's and the City was not a party to any such negotiations;

8.3.2. the CAO Grants, or any portion thereof, shall not constitute a deduction against Franchise Fees payable to the City by Franchisee pursuant to this Agreement; and

8.3.3. consistent with applicable federal and state law, the City shall not exercise any editorial control over any programming carried on any Access Channels set aside for any CAO's pursuant to this Agreement or the CAO Agreements.

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8.4. *Franchisee PEG Liability Immunity:* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any Access Channels.

8.5. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.7 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, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

9. INET

Requirements for an Institutional Network are set forth in Appendix D.

10. FRANCHISE FEES

10.1. *Payment to City:* Franchisee shall pay to the City 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. In the event that said payments are not received by the LFA within forty-five (45) days following the end of the applicable calendar quarter, following at least thirty (30) days written notice from the LFA that the Franchise Fee has not been paid, Franchisee shall pay interest on such overdue Franchise Fee amount at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the LFA retroactive to the first day that such Franchise Fee payment was due. 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.

10.2. *Acceptance of Payment:* No acceptance of any such payment shall be construed as an accord that the payment is the correct amount, nor shall such acceptance of payment be construed as a release of any claim the City may have for further or additional sums payable under this Agreement. Nothing herein shall be construed in such a way to affect a waiver by either party of applicable statutes of limitation with respect to Franchise Fee payments.

10.3. *Supporting Information:* Along with each quarterly Franchise Fee payment, the Franchisee shall submit to DoITT, or such other entity as the Commissioner may designate, with a copy to the Comptroller, a report in a form reasonably acceptable to the Commissioner (a form of such report that is currently in acceptable form is attached hereto as Appendix K) showing the basis for the computation for such quarterly Franchise Fee payment.

10.4. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due. Franchisee shall maintain the records necessary to

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confirm the accurate payment of Franchise Fees during this period and during any pendency of litigation.

10.5. *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 10 are provided to Subscribers in conjunction with Non-Cable Services, and the total cost of the bundle reflects a discount from the aggregate retail prices of the services contained therein, the Franchise Fee shall be applied to the retail price of the Cable Services in the bundle reduced by no more than a proportionate share of the overall discount.

10.5.1. By way of illustrative example of the formula described in the foregoing Section 10.5, if Cable Service A is sold separately at a price of \$40 a month, Non-Cable Service B is sold separately at a price of \$40 a month and Non-Cable Service C is sold separately at a price of \$40 a month, but the three services when purchased together are sold for \$100 a month, the amount of the \$100 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$33.33 per month. As a second example, if Cable Service A is sold separately at a price of \$50 a month, Non-Cable Service B is sold separately at a price of \$63 a month, Non-Cable Service C is sold separately at a price of \$74 a month, but the three services when purchased together are sold for \$150 a month, the amount of the \$150 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$40.11 per month.

10.6. *626 Offset*: 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; provided, however, that the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all other existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Franchise Area expressed in writing in the franchise agreement, or the renewal of any existing franchise agreement of each respective cable provider. 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 Franchisee's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

11. REPORTS AND RECORDS

11.1 *Open Books and Records*: Upon reasonable written notice to the Franchisee and consistent with Section 11.1.1 below, the City shall have the right to inspect Franchisee's books and records pertaining to 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, including, but not limited to, the calculation of Franchise Fees in accordance with Section 10.5 hereof. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the City. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Any records to be inspected by the City pursuant to this Article 11 shall be made available by Franchisee to the City in a mutually agreeable format and location, including, at the City's request, at a designated office of the Franchisee in the City.

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~~Notwithstanding anything to the contrary set forth in this Agreement, 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. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive. Franchisee may identify information disclosed to the City hereunder as "proprietary or confidential." For purposes of this Section, "proprietary or confidential" information may include, but is not limited to: information related to the Cable Systems design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of the Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive. Subject to applicable law, including but not limited to New York State Public Officers Law ("FOIL"), Any such information disclosed to the City that the Franchisee reasonably identifies as confidential or competitively sensitive (including, without limitation, financial information related to the calculation of Franchise Fees) shall be treated by the City as confidential under Section 87(2) (d) of the New York Public Officers Law and the City shall disclose such information only to employees, representatives, and agents thereof who have a need to know, or in order to monitor, enforce, or audit the Franchisee's compliance with, the provisions hereof. If the City receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as proprietary or confidential, competitively sensitive, a trade secret or proprietary, the City shall notify Franchisee of such request. If the City determines in good faith that public disclosure of the requested information is required under FOIL or pursuant to a court order, the City shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. Nothing in this Article 11 is intended to be inconsistent with or otherwise impair in any way the authority of the Comptroller under Section 93(b) of the New York City Charter to perform audits. Notwithstanding anything to the contrary set forth in this Agreement, Franchisee shall not be required to disclose information (including its books and records and books and records of an Affiliate) that, in Franchisee's reasonable determination, does not relate to the provision of Cable Service in the Service Area.~~

11.1.1. *Franchisee's Response to Records Requests:* In the event the City provides the Franchisee with a written request to inspect or review Franchisee's books and records pursuant to Section 11.1 above, Franchisee shall, within fifteen (15) days of Franchisee's receipt of such written request, provide the City with access to any information Franchisee is reasonably able to collect in response to such request and shall, within thirty (30) days from receipt of such request make available to the City all pertinent information in response to such request, consistent with the terms of Section 11.1 above; provided however, that to the extent there is additional information which Franchisee is unable to reasonably collect in such thirty (30) day period, Franchisee shall provide the City with a written notice setting forth the nature of such additional information and the date on which Franchisee shall provide access to such additional information.

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11.2. *Annual and Quarterly Reports:* Subject to the confidentiality requirements of Section 11.1 above, the Franchisee shall submit a written report to the Commissioner no later than forty-five (45) days after the end of each calendar year or calendar quarter, as the case may be, during the Term of this Franchise (except where otherwise expressly indicated herein), which report shall be in a form reasonably satisfactory to the Commissioner, that shall include the information described in Sections 11.2.1 through 11.2.4; provided, however, that unless otherwise expressly described below, Franchisee's reporting obligations pursuant to this Section 11.2 shall not commence until six (6) months after Cable Service is made available by Franchisee on a commercial basis directly to multiple Subscribers in the Franchise Area.

11.2.1. After July 1, 2012, Franchisee shall provide the City with an annual report regarding the MDUs for which Franchisee is using the "Additional Procedures" contained in section 5.5.2.1 of this Franchise and the status of such procedures.

11.2.2. A quarterly report showing the total number of Significant Outages (as defined in Appendix A of this Franchise) which occurred during the quarter, and with respect to each such Significant Outage, the time it occurred, its cause and duration and the households.

11.2.3. In addition to the reports to be provided as expressly set forth in this Article 11, the Franchisee shall also provide the reports described in Section 10.3 and Appendix A (including but not limited to Sections 2.5.3, 3.4.3, 6.5.3 and 7.5.3) and Exhibit 2 to Appendix A of this Franchise.

11.2.4. Franchisee shall provide at each Checkpoint date as listed in section 5.1.2 of this Franchise, a report (based on the calculations set forth in the 2000 census data) showing the estimated median household income of all homes passed and the average household income of all households in New York City.

11.3. *Records Required:* Franchisee shall at all times maintain:

11.3.1. Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or Franchisee's cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

11.3.2. Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

11.3.3. Records of service calls for repair and maintenance for a period of six (6) years after resolution by 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;

11.3.4. Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended;

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11.3.5. Commencing on February 15, 2009, in order to track compliance with the benchmarks established in Appendix F, records showing the number of MDUs and SFUs passed by the FTTP Network in each Borough during the preceding year, and the cumulative number of MDUs and SFUs passed by the FTTP Network in each Borough since Franchisee commenced construction of the FTTP Network;

11.3.6. Commencing on February 15, 2009, records showing which wire centers servicing the Franchise Area have been upgraded so as to make them video capable VSOs open for sales consistent with Section 5.2 of this Franchise. Such records shall also show which wire center upgrades, if any, have been delayed due to the exceptions contained in the opening clause of Section 5.2 of this Franchise;

11.3.7. Commencing on February 15, 2009, records of MDUs and SFUs that were Video Network Created during the preceding year and the total number of MDUs and SFUs in each Borough throughout the City that have been Video Network Created throughout the City. Such records shall show the number of MDUs and SFUs by Borough that could not be Video Network Created due to an exception contained in Section 5.5 of this Franchise which became effective during the year, and the cumulative number of MDUs and SFUs in each Borough that are not Video Network Created due to the exceptions contained in Section 5.5 of this Franchise;

11.3.8. Franchisee shall maintain records documenting the applicability of the Section 5.5.1 exceptions; and make such records available for inspection by the Commissioner or the Commissioner's designee at a designated Franchisee office location;

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

11.3.10. Franchisee shall maintain accurate maps and improvement plans which show the location, size and a general description of all facilities installed in the public ways and any power supply sources, including voltages and connections. Maps shall be based on post-construction inspection to verify location;

11.3.11. Notwithstanding the requirements of Section 11.1 of this Agreement, upon written notice, the Commissioner may request additional information pursuant to this Franchise as may be reasonably necessary for the performance of any of the Commissioner's duties or any other City official's duty as it pertains to this Franchise. Franchisee's response to such request may be provided to the Commissioner in oral or written form, at Franchisee's sole discretion.

11.4. *Service Availability Meeting:* Not later than eight (8) months from each calendar year, upon ten (10) days written notice from the Commissioner, a representative of the Franchisee will hold a meeting with the Commissioner or designated representatives thereof to discuss information on the status of Franchisee's deployment of Cable Services in the City and Franchisee's compliance with the requirements of Article 5 of this Franchise (the "Annual Service Availability Meeting"). If, as a result of any Annual Service Availability Meeting, the Commissioner or designated representative thereof reasonably determines that an additional meeting regarding the topics addressed in the Annual Service Availability Meeting is required, the parties shall hold one (1) additional meeting per calendar year to further discuss such topics.

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Any information provided to the City by Franchisee in connection with any Annual Service Availability Meeting or additional meeting pursuant to this Section 11.4 shall be treated by the City as confidential and proprietary consistent with Section 11.1 hereof.

11.5. *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, or if expressly described otherwise in this Franchise.

11.6. *File for Public Inspection:* Throughout the term of this Agreement, the Franchisee shall maintain a file available for public inspection during normal business hours at its service centers, or such other business office as may be designated by Franchisee, as required by Appendix A to this Agreement.

12. INSURANCE AND INDEMNIFICATION

12.1. *Insurance Generally; Types of Insurance:* The Franchisee shall continuously maintain one or more liability insurance policies meeting the requirements of this Section 12 throughout the Term (with the minimum limits and special conditions specified). Such insurance shall be issued by companies that meet the standards of Section 12.2(a) hereof and shall be primary (and non-contributing) to any insurance or self-insurance maintained by the City. The Franchisee has, as a condition of the Closing, provided proof of insurance pursuant to Section 12.3 hereof documenting compliance with the insurance requirements of this Section 12 as of the Closing.

(a) The Franchisee shall provide a Commercial General Liability Insurance policy covering the Franchisee as Named Insured and the City as an Additional Insured. Coverage for the City as Additional Insured shall specifically include the City's officials, employees and agents, and shall be at least as broad as Insurance Services Office ("ISO") Form CG 2010 (11/85 ed.) This policy shall protect the City and the Franchisee from claims for property damage and/or bodily injury, including death, which may arise from the performance of, or failure to perform, the Franchisee's obligations under this Agreement and the activities and operations conducted in connection with the provision of Cable Service under this Agreement. Coverage under this policy shall be at least as broad as that provided by ISO Form CG 0001 (1/96 ed.), must be "occurrence" based rather than "claims-made", and shall include, without limitation, the following types of coverage: Premises Operations, Products and Completed Operations, Contractual Liability (including the tort liability of another assumed in a contract), Broad Form Property Damage, Medical Payments, Independent Contractors, Personal Injury (Contractual Exclusion deleted), Cross Liability, Explosion, Collapse and Underground Property, and Incidental Malpractice. If such insurance contains an aggregate limit, it shall apply separately to the operations and activities undertaken pursuant to the Franchise. The Commercial General Liability Insurance policy described herein shall be maintained at all times with limits no less than Five Million Dollars (\$5,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) aggregate.

(b) The Commercial General Liability Insurance policy referred to in the preceding subsection (a) shall contain each of the following endorsements:

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(i) The City of New York together with its officials, employees and agents is an Additional Insured with coverage as broad as ISO Forms CG 2010 (11/85 ed.) and CG 0001 (1/96 ed.); and

(ii) The Duties in the Event of Occurrence, Claim or Suit condition of the policy is amended per the following: if and insofar as knowledge of an “occurrence”, “claim”, or “suit” is relevant to the City of New York as Additional Insured under this policy, such knowledge by an agent, servant, official, or employee of the City of New York will not be considered knowledge on the part of the City of New York of the “occurrence”, “claim”, or “suit” unless the following position shall have received notice thereof from such agent, servant, official, or employee: Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department; and

(iii) Any notice, demand or other writing by or on behalf of the Named Insured to the Insurance Company shall also be deemed to be a notice, demand, or other writing on behalf of the City as Additional Insured. Any response by the Insurance Company to such notice, demand or other writing shall be addressed to Named Insured and to the City at the following addresses: Insurance Unit, NYC Comptroller’s Office, 1 Centre Street – Room 1222, New York, N.Y. 10007; and Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, NY 10007 (or replacement addresses of which the City notifies the Franchisee); and

(c) The Franchisee shall provide Workers Compensation Insurance and Disability Benefits Insurance in accordance with the Laws of the State of New York (with minimum limits as required by New York State law without regard to jurisdiction) on behalf of all employees undertaking activities or providing services pursuant to this Agreement.

(d) The Franchisee shall provide, and ensure that each subcontractor (if any) provides, Employers’ Liability Insurance affording compensation due to bodily injury by accident or disease sustained by any employee arising out of and in the course of his/her employment under this Agreement. The Employers’ Liability Insurance policy described herein shall be maintained at all times with limits no less than \$1 million per accident/disease/policy limit.

(e) The Franchisee shall provide a Comprehensive Business Automobile Liability policy for liability arising out of any automobile including owned, non-owned, leased and hired automobiles to be used in connection with undertaking activities or providing services pursuant to this Agreement. The Automobile Liability Insurance policy described herein shall be maintained at all times with limits no less than Two Million Dollars (\$2,000,000) combined single limit each accident. If automobiles are used for transporting hazardous materials, the Franchisee shall provide pollution liability broadened coverage for covered autos (endorsement CA 99 48) as well as proof of MCS 90.

(f) All insurers shall waive their rights of subrogation against the City, its officials, employees and agents.

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(g) The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on indemnity in this Agreement given as a matter of law.

12.2. General Requirements for Insurance Policies:

(a) All required insurance policies shall be maintained with companies that are authorized or permitted to conduct business in the State of New York and have an A.M. Best rating of at least A- VII or a Standard and Poor's rating of at least AA, unless prior written approval is obtained from the Mayor's Office of Operations (or successor entity thereto).

(b) The Franchisee shall be solely responsible for the payment of all premiums for all required policies and all deductibles and self-insured retentions to which such policies are subject, whether or not the City is an insured under the policy. Any self-insured retention must be reasonable and is subject to approval by the City.

(c) Except for insurance required pursuant to Sections 12.1(c) and 12.1(d) herein, all policies shall contain a provision stating that the insurer or its authorized representative(s) shall use reasonable efforts to provide thirty (30) days prior written notice of intent to non-renew, cancellation or material adverse change to the City, except that ten (10) day notice for nonpayment of premium shall apply. Such notice shall be sent to the City pursuant to Section 18.6 hereof, and to the City's Comptroller ("the Comptroller"), attn: Office of Contract Administration, Municipal Building, Room 1005, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee).

(d) On or before the date of cancellation, termination or material adverse change affecting the City of any policies with respect to notices described in the preceding subsection (c) of this section 12.2., the Franchisee shall obtain and furnish to the City, with a copy to the Comptroller, replacement insurance binders demonstrating that replacement insurance fully compliant with this Section 12 has been obtained.

12.3. Proof of Insurance:

(a) The Franchisee has delivered to the City, as a condition of the Closing, for each policy required under this Agreement, a Certificate or Certificates of Insurance evidencing the effectiveness of all insurance required under this Agreement. All Certificates of Insurance shall be in a form reasonably acceptable to the City and shall certify the issuance and effectiveness of the types of insurance required herein, each with the specified minimum limits and conditions.

(b) A Certificate or Certificates of Insurance confirming renewals of, or changes to, insurance policies required hereunder shall be submitted to the City within ten (10) days of the expiration or renewal date of coverage of policies required under this Agreement. Such Certificates of Insurance shall comply with the requirements of the preceding subsection (a).

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(c) The Franchisee shall be obligated to provide the City with a copy of any policy required by this Section 12 upon the demand for such policy by the Commissioner or the New York City Law Department; provided, however, that any policies or other related information provided by Franchisee (or Franchisee's designee, including, but limited to, an Affiliate or Franchisee's insurer) to the City pursuant to this subsection 12.3(c) shall be treated by the City as confidential and proprietary consistent with the provisions of Section 11.1 of this Franchise.

12.4. Operations of the Franchisee:

(a) Acceptance by the City of a certificate hereunder does not excuse the Franchisee from securing a policy consistent with all provisions of this Section 12 or of any liability arising from its failure to do so.

(b) The Franchisee shall be responsible for providing continuous insurance coverage in the manner, form, and limits required by this Agreement and shall be authorized to provide service pursuant to this Agreement and the Franchise only during the effective period of all required coverage.

(c) In the event of any loss, damage, injury or accident arising under this Agreement, the Franchisee (once the Franchisee's Risk Management Claims Group becomes aware of any of the foregoing circumstances) shall promptly notify in writing the commercial general liability insurance carrier, and, where applicable, the worker's compensation and/or other insurance carrier, of any loss, damage, injury, or accident, and any claim or suit arising under this Agreement from the operations of the Franchisee or its subcontractors, promptly, but not later than 20 days after Franchisee's Risk Management Claims Group becomes aware of such event. The Franchisee's notice to the commercial general liability insurance carrier must expressly specify that "this notice is being given on behalf of the City of New York as Additional Insured as well as the Franchisee as Named Insured." The Franchisee's notice to the insurance carrier shall contain the following information: the name of the Franchisee, the number of the applicable policy, the date of the occurrence, the location (street address and borough) of the occurrence, and, to the extent known to the Franchisee, the identity of the persons or things injured, damaged or lost. Additionally:

(i) At the time notice is provided to the insurance carrier(s), the Franchisee shall provide copies of such notice to the Comptroller and the Commissioner. Notice to the Comptroller shall be sent to the Insurance Unit, NYC Comptroller's Office, 1 Centre Street – Room 1222, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee). Notice to the Commissioner shall be sent to the address set forth in Section 18.6 hereof; and

(ii) If the Franchisee fails to provide any of the foregoing notices in a timely and complete manner, the Franchisee shall indemnify the City for all losses, judgments, settlements and expenses, including reasonable attorneys' fees, arising from an insurer's disclaimer of coverage citing late notice by or on behalf of the City.

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12.5. *Insurance Notices, Filings, Submissions:* Wherever reference is made in this Section 12 to documents to be sent to the Commissioner (e.g., notices, filings, or submissions), such documents shall be sent to the address set forth in Section 18.6 hereof.

12.6. *Disposal of Hazardous Materials:* If pursuant to this Agreement the Franchisee is involved in the disposal of hazardous materials, the Franchisee shall dispose of such materials only at sites where the disposal site operator maintains Pollution Legal Liability Insurance in the amount of at least Two Million Dollars (\$2,000,000) for losses arising from such disposal site.

12.7. *Other Remedies:* Insurance coverage in the minimum amounts provided for herein shall not relieve the Franchisee or subcontractors of any liability under this Agreement, nor shall it preclude the City from exercising any rights or taking such other actions as are available to it under any other provisions of this Agreement or applicable law.

12.8. *Franchisee Indemnification Obligations:* The Franchisee shall indemnify, defend and hold the City, its officers, agents and employees (the “Indemnitees”) harmless from any and all liabilities, suits, damages, claims and expenses (including, without limitation, reasonable attorneys’ fees and disbursements) (“Damages”) that may be imposed upon or asserted against any of the Indemnitees arising out of the Franchisee’s performance of, or its failure to perform, its obligations under this Agreement and/or its provision of services hereunder, provided, however, that the foregoing liability and indemnity obligation of the Franchisee pursuant to this Section 12.8 shall not apply to any Damages to the extent arising out of any willful misconduct or gross negligence of an Indemnatee. Insofar as the facts and law relating to any Damages would preclude the City from being completely indemnified by the Franchisee, the City shall be partially indemnified by the Franchisee to the fullest extent provided by law, except to the extent such Damages arise out of any willful misconduct or gross negligence of any Indemnatee. This indemnification is independent of the Franchisee’s obligations to obtain insurance as provided under this agreement.

12.9. *Defense of Claim, Etc:* If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event to which reference is made in Section 12.8 herein, then upon demand by the City, the Franchisee shall either resist, defend or satisfy such claim, action or proceeding in such Indemnatee’s name, by the attorneys for or approved by the Franchisee’s insurance carrier (if the defense of such claim, action or proceeding is provided by the insurance carrier) or by the Franchisee’s attorneys. The foregoing notwithstanding, in the event an Indemnatee believes additional representation is needed, such Indemnatee may engage its own attorneys to assist such Indemnatee’s defense of such claim, action or proceeding, as the case may be, at its sole cost and expense. The Franchisee shall not settle any claim with respect to which the Franchisee is required to indemnify the Indemnitees pursuant to Section 12.8 without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

12.10. *No Claims Against Officers, Employees, or Agents:* Franchisee agrees not to make any claim against any officer or employee of the City or officer or employee of an agent of the City, in their individual capacity, for, or on account of, anything done or omitted in connection with this Agreement, to the extent that such officer or employee of the City or officer

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or employee of an agent of the City was acting within the lawful course and scope of his employment or agency. Nothing contained in this Agreement shall be construed to hold the City liable for any lost profits, or any consequential damages incurred by Franchisee or any Person acting or claiming by, through or under Franchisee.

12.11. *Limitation on Indemnification:* As between the City and the Franchisee, the indemnifications obligations of the Franchisee pursuant to Section 12.8 above shall not apply to any Damages arising out of the distribution of programming over the Governmental/Educational Access Channels, the Institutional Network available to and used by the City, and/or the Public Access Channels, to the extent that such claim does not arise out of an act or failure to act by the Franchisee.

12.12. *No Applicability to Pending Litigation:* Franchisee's indemnification obligations pursuant to this Article shall have no applicability to the litigation referenced and defined in Section 18.14.

13. TRANSFER OF FRANCHISE

13.1. *City Approval Required:* Subject to the provisions of this Article, the Franchisee shall apply to the City for approval of any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of the Franchisee, the Cable System, the Cable System assets, or the Franchise by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose; provided however that the foregoing, requirements of this Section 13.1 shall not be applicable with respect to transfers of any ownership interests contemplated hereunder which are effectuated as a result of any transactions involving the exchange of publicly traded shares. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

13.1.1. all information and forms required under federal law;

13.1.2. any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

13.1.3. a report detailing any changes in ownership of voting or non-voting interests of over five percent;

13.1.4. other information necessary to provide a complete and accurate understanding of the financial position of the Cable System before and after the proposed transaction;

13.1.5. complete information regarding any potential impact of the transaction on Subscriber rates and service; and

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13.1.6. any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if the Franchisee believes that the requested information is confidential and proprietary, then the Franchisee must provide the following documentation to the City: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential; and (iii) a statement that the documents are available at the Franchisee's designated offices for inspection by the City.

13.2. *City Action on Transfer:* To the extent not prohibited by federal law, the City may: (i) grant; (ii) grant subject to conditions directly related to concerns relevant to the transactions; (iii) deny any such transactions; or (iv) not take action, in which case the transactions shall be deemed granted, unless the requesting party and the LFA expressly agree in writing to an extension, pursuant to Section 617 of the Communications Act, 47 U.S.C. § 537.

13.3. *Waiver of Transfer Application Requirements:* To the extent consistent with federal law, the City may waive in writing any requirement that information be submitted as part of the transfer application, without thereby waiving any rights the City may have to request such information after the application is filed.

13.4. *Subsequent Approvals:* The City's approval of a transaction described in this Article in one instance shall not render unnecessary approval of any subsequent transaction.

13.5. *Approval Does Not Constitute Waiver:* Approval by the City of a transfer described in this Article shall not constitute a waiver or release of any of the rights of the City under this Agreement, whether arising before or after the date of the transfer.

13.6. *No Consent Required For Transfers Securing Indebtedness:* The Franchisee shall not be required to file an application or obtain the consent or approval of the City 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. However, the Franchisee will notify the City within ten (10) days if at any time there is a mortgage or security interest granted on substantially all of the assets of the Cable System. The submission of the Franchisee's audited financial statements prepared for the Franchisee's bondholders shall constitute such notice.

13.7. *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to pay any fee or file an application or obtain the consent or approval of the City for any transfer of an ownership or other interest in Franchisee, the Cable System, or the Cable System assets to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of 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. However, the Franchisee will notify the City within thirty (30) days if at any time a transfer covered by this subsection occurs.

14. RENEWAL OF FRANCHISE

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14.1. *Governing Law:* The City and Franchisee agree that any proceedings undertaken by the City that relate to renewal or possible renewal of this Franchise shall be subject to, and shall not be inconsistent with, the Cable Law, including without limitation 47 U.S.C. § 546, as such may be amended from time to time.

14.2. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the City agree that at any time during the Term, while affording the public appropriate notice and opportunity to comment consistent with New York State law and the City Charter, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise granted hereunder and, if agreement is reached on the terms and conditions of such a renewal the City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

14.3. *Non-Renewal/Termination:* In the event that the City (i) does not grant a renewal of the Franchise at the scheduled expiration date of the Term; or (ii) this Agreement is terminated for any other lawful reason prior to the scheduled expiration of the Term, then the Term of the Franchise shall expire and all rights of the Franchisee under the Franchise shall cease, provided however that nothing in this Section shall be inconsistent with the terms of Section 18.21, provisions of this Agreement expressly providing for the survival of certain provisions after such termination or expiration, or the provisions of subsection 14.3.1 below.

14.3.1. If the Franchisee continues to provide Cable Service after the termination or expiration of the Term of the Franchise, and the Franchise has not been renewed, then the Franchisee shall be bound by all of the Franchisee's obligations under this Franchise for the period of such continuing provision of Cable Service.

14.4. *Consistent Terms:* Franchisee and the City consider the terms set forth in this Article 14 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

15. DEFAULT AND REMEDIES

15.1. *Defaults.* In the event of any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Agreement (each such breach, default, failure or other noncompliance being referred to herein as a "Default"), which Default is not cured within the specific cure period provided for in this Agreement (or if no specific cure period is provided for in this Agreement then within the cure period described in Section 15.3 below), then the City may:

15.1.1. cause a withdrawal from the cash Security Fund, pursuant to the provisions of Section 15.11 herein;

15.1.2. make a demand upon the Performance Bond pursuant to the provisions of Section 15.9 herein;

15.1.3. draw down on the Letter of Credit pursuant to the provisions of Section 15.10 herein;

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15.1.4. pursue any rights the City may have under the Guaranty;

15.1.5. seek and/or pursue money damages from the Franchisee as compensation for such Default;

15.1.6. seek to restrain by injunction the continuation of the Default; and/or

15.1.7. pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement, provided however the City shall only have the right to terminate this Agreement upon the occurrence of a Revocation Default (defined hereinafter).

15.2. *Notice of Default:* If at any time the City believes that Franchisee has committed any Default, the City shall notify the Franchisee's designated franchise service manager, and the Franchisee representatives identified in Section 18.6 hereof, of such alleged Default. If, thereafter, the City determines that Franchisee is not in Default, the City shall promptly provide the Franchisee with written notice of such determination. However, if the City determines that such notice has failed to result in a resolution of the matter, the City shall then notify Franchisee in writing of the alleged Default and identifying the specific provision of the Franchise on which the alleged Default is based (for purposes of this Article, the "Notice of Default").

15.3. *Franchisee's Right to Cure or Respond:* Except as set forth in Section 15.3.1 below, Franchisee shall have thirty (30) days from receipt of the Notice of Default to: (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default. Upon cure of any alleged Default, the City shall provide written confirmation that such cure has, to the knowledge of the Commissioner or designated representative thereof, been effected.

15.3.1. With respect to the following Franchise obligations, Franchisee shall have ten (10) days from the receipt of Notice of Default to (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default: (a) payment of Franchise Fees, Annual GE Grants, or Technology, Educational & Municipal Facility Grants; and (b) maintenance of Security pursuant to Sections 15.9, 15.10 and 15.11.

15.4. *Extended Time to Complete Cure:* Notwithstanding anything in the preceding to the contrary, no Default shall exist if a breach or default is curable, and a cure period is provided therefor in this Article 15 or otherwise, but work to be performed, acts to be done, or conditions to be removed to effect such cure cannot, by their nature, reasonably be performed, done or removed within the cure period provided, so long as the Franchisee shall have commenced curing the same within the specified cure period and shall diligently and continuously prosecute the same promptly to completion.

15.5. *Miscellaneous Matters Regarding Default, Cure and Remedies:* The rights and remedies described in Section 15.1 hereof shall not be exclusive, but each and every right and remedy specifically provided or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed appropriate by the City, except as provided herein. The exercise of one or more rights or remedies shall not be deemed a waiver of the right

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to exercise at the same time or thereafter any other right or remedy, nor shall any delay or omission in taking any action or exercising any remedies with respect to any Default be construed to be a waiver of or acquiescence to any Default. The exercise of any such right or remedy by the City shall not release the Franchisee from its obligations or any liability under this Agreement, provided that nothing in this Section 15.5 or in this Agreement is intended to authorize or shall result in double recovery of damages by the City.

15.6. *Revocation Defaults; Definition of Revocation Default:* A Revocation Default shall mean any of the following occurrences or events:

15.6.1. any failure by the Franchisee to maintain in effect the cash Security Fund described in Section 15.11 hereof and/or the Letter of Credit described in Section 15.10 hereof in accordance with the provisions of said sections, which failure continues for ten (10) business days after notice;

15.6.2. any failure by the Franchisee to maintain in effect the Performance Bond described in Section 15.9 hereof in accordance with the provisions of said section, which failure continues for ten (10) business days after notice;

15.6.3. if the Franchisee intentionally makes a material false entry, or repeated false entries that are material in the aggregate, in the books of account of the Franchisee applicable to this Agreement, or a material false statement (or repeated false statements that are material in the aggregate) in reports or other filings submitted to the City (materiality for purposes of this clause being defined as material with respect to accurately documenting the Franchisee's compliance with its obligations under this Agreement);

15.6.4. if the Franchisee fails to maintain insurance coverage or otherwise materially breaches Article 12 hereof and such failure continues for ten (10) business days after notice from the City to the Franchisee;

15.6.5. if the Franchisee engages in a course of conduct intentionally designed to practice fraud or deceit upon the City;

15.6.6. if the Franchisee, intentionally engages or has engaged in any material misrepresentation in any representation or warranty contained herein;

15.6.7. if there is any transfer of the Franchise other than in accordance with Article 13;

15.6.8. the conviction, guilty plea or plea of nolo contendere of the Franchisee, any Controlling Person, any director or officer of the Franchisee, or any employee or agent of the Franchisee or of any Controlling Person acting under the express direction or with the actual consent of any of the foregoing, of any offense, including, without limitation, bribery or fraud, arising out of or in connection with this Agreement, the award of the franchise granted pursuant to this Agreement, provided that such shall constitute a Revocation Default with respect to any of the foregoing with respect to a malfeasant director, officer, employee or agent of the

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Franchisee or of any Controlling Person only if the Franchisee or the applicable Controlling Person refuses to disassociate itself from, or terminate the employment of, said director, officer, employee or agent;

15.6.9. the conviction or guilty plea of any City officer, employee, or agent of the offense of bribery or fraud with respect to this Agreement which arises out of any act of the Franchisee of any Controlling Person, or of any agent or employee thereof acting under the express direction or actual consent of the foregoing;

15.6.10. any abandonment of service in default of the obligations described in Section 15.13 hereof; and

15.6.11. any persistent and repeated pattern of material Defaults, even if individual Defaults constructing such a persistent and repeated pattern are subsequently cured after their occurrence or remediated by recourse to security provided to the City under Sections 15.9 through 15.11 hereof or by other means; provided, however, that this provision shall not apply to alleged Defaults subject to good faith disputes.

15.7. *Remedies of the City for Revocation Defaults:* In the event of a Revocation Default, the City may (in addition to any other remedy which the City may have under Section 15.1 hereof) at its option, give to the Franchisee a written notice (“Notice of Revocation”), in accordance with Section 15.8 hereof, stating that this Agreement and the Franchise granted hereunder shall be revoked on the date specified in such notice (which date shall not be less than ninety (90) days from the giving of the notice), and this Agreement and the Franchise granted hereunder shall terminate on the date set forth in such notice as if such date were the date provided in this Agreement for the scheduled expiration of this Agreement and the franchise granted herein. Notwithstanding the preceding however, during the period between the Notice of Revocation provided pursuant to this Section 15.7 and thirty days prior to the date of revocation set forth in such notice, the Franchisee may submit to the City any material it wishes to document that no Revocation Default has occurred or that revocation as a remedy for such Revocation Default would not be in the best interests of the City. If the City after reviewing such material determines that a Revocation Default has not occurred, or determines in its discretion that termination as a remedy for such Revocation Default would not be in the best interests of the City, then the City shall notify the Franchisee of its withdrawal of the Notice of Revocation which notice shall thereby no longer be effective.

15.8. *Revocation:* In the event the City has not received a satisfactory response from Franchisee to the Notice of Revocation, it may then seek revocation of the Franchise at a hearing. The City shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such hearing, a written notice specifying the time and place of such hearing which shall not be earlier than as provided for in Section 15.7 and stating its intent to revoke the Franchise.

15.8.1. At the designated hearing, 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 City, to compel the testimony of other persons as

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permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

15.8.2. Following the hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the City in writing and thereafter the City shall determine (i) whether an event of Revocation Default has occurred under this Franchise; (ii) whether such event of Revocation Default is excusable; and (iii) whether such event of Revocation Default has been cured or will be cured by the Franchisee. The City shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the City determines that it will revoke the Franchise, the City shall promptly provide Franchisee with a written determination setting forth the City's reasoning for such revocation. Franchisee may appeal such written determination of the City to an appropriate court, which shall have the power to review the decision of the City de novo. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the City.

15.9. *Performance Bond:*

15.9.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement, a performance bond, for the benefit of the City, on the form attached hereto as Appendix E and from an institution satisfactory to the City, in an amount as provided in Section 15.9.2 below (the "Performance Bond"). The "City of New York acting by and through the Department of Information Technology and Telecommunications" shall serve as the sole obligee under the Performance Bond. The attorney-in-fact who signs the Performance Bond must file with the bond a certified copy of his/her power of attorney to sign the bond. The Performance Bond shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement.

15.9.2. *Amount and Term:* The initial amount of the Performance Bond shall be Fifty Million Dollars (\$50,000,000), which amount may at Franchisee's option be periodically reduced pursuant to the following schedule if at the scheduled reduction date Franchisee has timely completed its deployment obligations under Appendix F hereof. The Performance Bond provided hereunder shall provide that it shall remain in effect during the term of this Agreement and for one year thereafter unless within such one year period DoITT notifies the Franchisee that the Performance Bond shall remain in full force and effect because of the pendency of any litigation or the assertion of any claim which has not been brought to final judgment and for which the Performance Bond provides security.

15.9.2.1. *Reduction Schedule:* The required amount of the Performance Bond shall be reduced in accordance with the following schedule as of December 31 of the year indicated so long as Franchisee has attained the "NYC Total" percentage of households passed required as of that date as set forth in Appendix F, except that the date for reduction in calendar year 2014 shall be June 30 of that year, subject to the same requirement. If Franchisee does not attain the "NYC Total" percentage of households passed required as of the date as set forth in

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Appendix F due to the triggering of one or more of the Checkpoint Extensions provided for in Section 5.1.2 or otherwise, then the required amount of the Performance Bond shall be reduced only when the “NYC Total” percentage of households passed thereafter is attained.

2008: Thirty-Five Million Dollars (\$35,000,000)
2009: Thirty Million Dollars (\$30,000,000)
2010: Twenty-Five Million Dollars (\$25,000,000)
2011: Fifteen Million Dollars (\$15,000,000)
2012: Ten Million Dollars (\$10,000,000)
2013: Five Million Dollars (\$5,000,000)
2014: One Million Dollars (\$1,000,000)

15.9.3. *Claim Against the Performance Bond:* The City may make a claim against the Performance Bond in such amounts as are necessary to satisfy (to the degree possible) the Franchisee’s obligations referenced in Section 15.9.2 (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such claim may be permitted by a final judgment of a court of competent jurisdiction. The City may not seek recourse against the Performance Bond for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Performance Bond, recourse to the Letter of Credit, or withdrawal from the cash Security Fund.

15.10. *Letter of Credit:*

15.10.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement and for one year thereafter, a letter of credit, for the benefit of the City, in a form and issued by a bank satisfactory to the City, in an amount as provided in Section 15.10.2 below (the “Letter of Credit”). The Letter of Credit shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee’s timely performance of its obligations under this Agreement. The “City of New York acting by and through the Department of Information technology and Telecommunications” shall be named as the beneficiary. The original Letter of Credit shall be deposited with the City. The Letter of Credit shall contain the following endorsement or with language with similar effect:

“It is hereby understood and agreed that this letter of credit may not be canceled or not renewed by the issuer/surety until at least ninety (90) days after receipt by the New York City Department of Information Technology and Telecommunications of a written notice stating such intention to cancel or not to renew.”

15.10.2. *Amount:* The Letter of Credit shall be in the amount of Twenty Million Dollars (\$20,000,000).

15.10.3. *Drawdown Against the Letter of Credit:*

15.10.3.1. The City may draw down against the Letter of Credit such amounts as are necessary to satisfy (to the degree possible) the Franchisee’s obligations under

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this Agreement not otherwise met in accordance with this Agreement (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such drawdown may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Letter of Credit for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Letter of Credit, recourse to the Performance Bond, or withdrawal from the cash Security Fund.

15.10.3.2. In addition to its right to draw down on the Letter of Credit for any of the reasons set forth in 15.10.3.1 hereof, the City may draw down in full on the Letter of Credit at any time such Letter of Credit has less than thirty (30) days to run before it is scheduled to expire and no replacement or renewal Letter of Credit has been given in its place. In the event of a drawdown for such reason, the City will hold the proceeds as cash security (paying to itself any interest earned) in lieu of a Letter of Credit (with the City having the right to make withdrawals for the same purposes as drawdowns are permitted on the Letter of Credit) until a replacement Letter of Credit is put in place, at which time such drawdown proceeds will be returned to the Franchisee less any proper withdrawals and any reasonable transaction expenses. In the event of a drawdown on the Letter of Credit as contemplated by this Section 15.10.3.2, and until such time as a replacement Letter of Credit is obtained in accordance herewith, the replenishment obligations of the Franchisee with respect to the moneys held by the City following such drawdown as cash security shall correspond to the replenishment obligations (and rights) of the Franchisee applicable to the cash Security Fund under Section 15.11.

15.10.3.3. Within two business days after any drawdown against the Letter of Credit, the City shall notify Franchisee of the date and amount thereof.

15.10.4. *Replenishment:* Until the expiration of one year after the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that at least One Hundred Thousand Dollars (\$100,000) (cumulatively or in a single instance) has been drawn down against the Letter of Credit, Franchisee shall obtain a replacement or additional Letter of Credit such that the total amount available under the letter(s) of credit obtained shall be restored to the amount required in Section 15.10.2.

15.11. *Cash Security Fund:*

15.11.1. *Establishment and Amount:* Franchisee shall deposit with DoITT as a condition to the Closing a certified check, bank check or wire transfer, payable to the “City of New York,” in the amount of One Million Dollars (\$1,000,000), to be held by the City as security (together with the other elements of security provided for under this Agreement) for performance of Franchisee’s obligations under this Agreement (the “Security Fund”).

15.11.2. *Withdrawals From or Claims Under the Security Fund:* The City may make withdrawals from the Security Fund of such amounts as are necessary to satisfy (to the degree possible) Franchisee’s obligations under this Agreement that are not otherwise satisfied (and to reimburse the City for costs, losses or damages incurred as the result of Franchisee’s failure(s) to satisfy its obligations), to the extent that such withdrawal may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Security Fund for any costs, losses or damages for which the City has previously

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been compensated through a withdrawal from the Security Fund, recourse to the Performance Bond provided for in this Agreement or drawdown against the Letter of Credit provided for in this Agreement. Within two business days after any withdrawal from the Security Fund, the City shall notify the Franchisee of the date and amount thereof.

15.11.3. *Replenishment:* Until the expiration of one year after the end of the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that any amount has been withdrawn from the Security Fund as provided in Section 15.11.2, the Franchisee shall restore to the Security Fund the amount thus withdrawn.

15.11.4. *Return of Security Fund:* Within thirty (30) days of the end of the Term, the City shall pay over to the Franchisee any amounts remaining in the Security Fund.

15.12. *Not a Limit on Liability:* Neither the Franchisee’s obligations under this Agreement nor Franchisee’s liability for non-performance of any such obligations are limited in nature or amount by the acceptance or availability of the Performance Bond provided pursuant to Section 15.9, the Letter of Credit provided pursuant to Section 15.10 or the cash Security fund provided by Section 15.11.

15.13. *Abandonment of Service:* Franchisee shall not abandon provision of any Cable Service or portion thereof in the City without the City’s prior written consent as provided in the Cable Law.

16. CUSTOMER PROTECTION STANDARDS

16.1. *Generally:* Franchisee shall comply with the consumer protection standards set forth in Parts 890 and 896 of the NY PSC rules and regulations and the provisions of Appendix A hereto.

16.2. *Privacy Protection:* The Franchisee shall comply with the provisions of 47 U.S.C. § 551 and any other applicable law, including any local standards to the extent not inconsistent with the terms of this Franchise established in accordance with applicable law, with respect to the protection of the privacy of Subscribers.

16.3. *Parental Control:* Franchisee shall make available to any Subscriber, if not already incorporated in standard equipment that is offered to all Subscribers, a device that offers as an option the ability to limit access to programming to Persons who provide a personal identification number or other means provided by the Franchisee only to a Subscriber, or other similar means of allowing parents to control children’s access to programming in the Subscriber household. Provided, however, that it is not the intention of the parties that this Agreement be construed as placing any responsibility or liability on the Franchisee for the exercise of or failure to exercise such parental controls as are offered and Franchisee shall incur no liability for any Subscriber’s or viewer’s exercise or failure to exercise such controls as are offered.

16.4. *Information to City:* The Franchisee shall provide subscriber information requested by the City for the purpose of enforcement of this Franchise, to the extent the

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provision of such information does not violate applicable law (including, without limitation, 47 U.S.C. § 551).

17. EMPLOYMENT AND PURCHASING

17.1. *Right to Bargain Collectively:* The Franchisee shall recognize the right of its employees to bargain collectively through representatives of their own choosing in accordance with applicable law. The Franchisee shall recognize and deal with the representatives duly designated or selected by the majority of its employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or any other terms, conditions, or privileges of employment as required by law. The Franchisee shall not dominate, interfere with, participate in the management or control of, or give financial support to any union or association of its employees.

17.2. *No Discrimination:* The Franchisee shall not: (i) refuse to hire, train, or employ; (ii) bar or discharge from employment; or (iii) discriminate against any individual in compensation, hours of employment, or any other term, condition, or privilege of employment, including, without limitation, promotion, upgrading, demotion, downgrading, transfer, layoff, and termination, on the basis of race, creed, color, national origin, sex, age, handicap, marital status, affectional preference or sexual orientation in accordance with applicable law. The Franchisee agrees to comply in all respects with all applicable federal, state and local employment discrimination laws and requirements during the term of this Agreement.

17.3. *Local Employment Plan:* Within thirty (30) days of the Effective Date hereof, the Franchisee shall, at its own cost and expense, develop, maintain and implement and disclose to the City (subject to appropriate and lawful confidentiality restrictions), a plan, consistent with Franchisee's collective bargaining agreements, for the recruitment, education, training, and employment of residents of the City for the opportunities to be created by the deployment and provision of service contemplated in this Agreement.

17.4. *City Vendors:* To the extent feasible and consistent with applicable law, and with due regard to price and quality considerations, the Franchisee shall utilize vendors located in the City in connection with the deployment and provision of service contemplated by this Agreement.

17.5. *Local Law Requirements:* The Franchisee agrees to comply in all respects with the provisions of the Mayor's Executive Order No. 50 (April 25, 1980) (codified at Title 10 Sections 1-14 of the Rules of the City of New York) and City Administrative Code 6-108.1 (1984) and all rules and regulations promulgated thereunder (collectively, the "EEO Requirements"), as such EEO Requirements may be amended, modified or succeeded throughout the Term of this Agreement. Notwithstanding the fact that the EEO Requirements do not apply on their face to Franchisee in its capacity as a franchisee, the Franchisee shall comply in all respects with the provisions of such EEO Requirements and successor and replacement laws, orders and regulations adopted following the date of this Agreement. As required by said Executive Order No. 50, the provisions of Sections 50.30 and 50.31 of the Final Rule implementing said Order are incorporated herein by this reference.

18. MISCELLANEOUS PROVISIONS

18.1. *Competition:* The parties agree that this Agreement, when compared to the terms of the City's cable television franchise agreements in existence as of the Closing, contains economic and regulatory burdens which, when taken as a whole, are not greater or lesser than those placed upon other cable operators operating within the Franchise Area.

18.2. *Actions of Parties:* Any action to be taken by the City and/or the Commissioner pursuant to this Agreement shall be taken in accordance with the applicable provisions of the City Charter, as said Charter may be amended or modified throughout the Term of this Agreement. 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, unless expressly agreed otherwise herein.

18.3. *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.

18.4. *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 City.

18.5. *Force Majeure:* Subject to the procedures set forth in the last sentence of this Section 18.5, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Franchisee's capability to perform, Franchisee shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. The Franchisee shall notify the Commissioner in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

18.6. *Notices:* Every notice, order, petition, document, or other direction or communication to be served upon the City or the Franchisee shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses (unless expressly stated otherwise in this Agreement):

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If to the Franchisee, to:

Verizon New York Inc.
Maura C. Breen, Senior Vice President/General Manager –Regional Operations
140 West Street
31st Floor
New York, NY 10007

with a copy to:

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

With a copy to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

If to the City, to:

Department of Information Technology and Telecommunications
75 Park Place, Ninth Floor
New York, NY 10007
Attention: Commissioner

with a copy to:

New York City Law Department
100 Church Street, Sixth Floor
New York, NY 10007
Attention: Chief, Economic Development Division

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

18.7. *Additional Representations and Warranties:* In addition to the representations, warranties, and covenants of the Franchisee to the City set forth elsewhere herein, the Franchisee represents and warrants to the City and covenants and agrees that, as of the Closing:

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18.7.1. *Organization, Standing and Power:* The Franchisee is a corporation duly organized and validly existing under the laws of the State of New York and is duly authorized to do business in the State of New York and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

18.7.2. *Authorization:* The execution, delivery and performance of this Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly, legally and validly authorized by all necessary action on the part of the Franchisee. This Agreement and all other agreements entered into in connection with the transaction contemplated hereby have been duly executed and delivered by the Franchisee and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Franchisee.

18.7.3. *Compliance with Law:* The Franchisee is in compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the provision of the services contemplated herein and has obtained or will obtain prior to the provision of service to the public all government licenses, permits, and authorizations necessary for the provision of the service, except approval by the NY PSC.

18.7.4. *Ownership Interests:* Franchisee is a wholly owned subsidiary of NYNEX Corporation, which itself is a wholly owned subsidiary of Verizon Communications, Inc.

18.7.5. *Compliance with City Contracts:* The Franchisee has not received notice from the City of any default or noncompliance with any existing written contract or other written agreement with the City, unless such default or noncompliance has subsequently been cured or otherwise resolved to the City's satisfaction or such notice has been withdrawn by the City or otherwise determined by the City or a court of competent jurisdiction to have been issued in error.

18.8. *Compliance with Laws; Licenses and Permits:* With respect to its activities pursuant to this Agreement, the Franchisee shall comply with: (i) all applicable laws, rules, regulations, orders, writs, decrees and judgments (including, but not limited to, those of the PSC and the FCC) and any other federal, state agency or authority of competent jurisdiction; and (ii) all local laws and all rules, regulations, orders, of the City and of DoITT consistent with this Agreement. The Franchisee shall have the sole responsibility for obtaining all permits, licenses and other forms of approval or authorization necessary to construct, operate, maintain, upgrade, replace or repair the System, or any part thereof.

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

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18.10. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall not be effective unless mutually agreed to in writing by the parties and shall be subject to the approval of the NY PSC, pursuant to the Cable Law.

18.11. *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. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder," and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires.

18.12. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by, or a final order of any state or federal regulatory authority having competent 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, subject to the obligations of the parties as applicable under Section 18.4 above.

18.13. *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.

18.14. *Pending Litigation:* Nothing in this Franchise shall be construed to prejudice or affect any position taken by either the City or Franchisee in the litigation now pending in the Supreme Court, County of New York, captioned The City of New York v. Verizon New York Inc., Index No. 402961/03 (the "Pending Litigation").

18.15. *FTTP Network Status:* In the event of a lawful termination or non-renewal of the Franchise, the legal status of the FTTP Network in the rights-of-way will revert to whatever status it has as a system providing only services that do not include Cable Service, as such status may be ultimately determined by the final outcome of the litigation referred to in Section 18.14 above. In implementation of the intent of the preceding sentence, if and so long as the Franchisee shall have separate lawful authority to maintain facilities providing services of the type being carried over the FTTP Network in the City's Public Rights-of-Way, the Franchisee shall not be required to remove or 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 Franchisee from providing Cable Service.

18.16. *NY PSC Approval:* This Franchise is subject to confirmation by the NY PSC. Franchisee shall file a petition for confirmation with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

18.17. *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, and in no event shall Franchisee be subject to rate regulation, except to the extent Franchisee is no longer subject to Effective Competition (as that term is defined by federal law) or such rate regulation is authorized to be imposed as a result of a change in federal law.

18.18. *Publishing Information:* Except as otherwise permitted in this Franchise, the City hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

18.19. *No Third Party Beneficiaries:* This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

18.20. *City Official:* The Commissioner is the City official that is responsible for the continuing administration of this Agreement.

18.21. *Holdover.* To the extent required or permitted by PSC regulations, in the event the Franchisee continues to provide Cable Service within the Franchise Area after the term of this Agreement, the Franchisee shall continue to comply with all applicable provisions of this Agreement, including, without limitation, all compensation and other payment provisions of this Agreement, throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise granted pursuant to this Agreement.

18.22. *Investigations Clause:* Franchisee shall comply with the City's standard "Investigations Clause" to be included in City contracts and agreements pursuant to Section 4(b) of Mayoral Executive Order 16 of 1978, as set forth in Appendix I hereto, and in the event of any failure as described therein shall be subject to the penalties set forth therein.

18.23. *Interpretation:* This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party because that party drafted, or caused that party's legal representative to draft, any of its provisions.

18.24. *Voluntary Execution:* The parties acknowledge that each has read this Agreement, that each fully understands its rights, privileges and duties under this Agreement, and that each enters into this Agreement freely and voluntarily. Each party further acknowledges that it has had the opportunity to consult with counsel of its own choosing in the negotiation or and agreement to the provisions of this Agreement.

18.25. *Execution in Counterparts:* This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute a single agreement.

18.26 *Approval of Amendments:* In the event this Agreement is to be amended in any manner which affects the City's interest in ~~an adverse and~~ substantial manner, agreement by the City to such amendment shall only be effective if such amendment is approved by the FCRC.

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

AGREED TO THIS ____ DAY OF _____, 2008.

The City of New York:

By: _____
Deputy Mayor

By: _____
Paul Cosgrave, Commissioner

Approved as to form and certified as to legal authority:

Acting Corporation Counsel

Attest:

By: _____
City Clerk [City Seal]

Verizon New York Inc.

By: _____
Maura C. Breen, Senior Vice President/
General Manager - Regional Operations

Approved as to form:

John Raposa, Vice President & Deputy General Counsel –
Verizon Telecom

VERIZON/NEW YORK CITY PROPOSED FRANCHISE AGREEMENT

APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

Appendix C: Form Community Access Organization Agreement

Appendix D: Institutional Network

Appendix E: Form of Security

Appendix F: FTTP Upgrade Schedule

Appendix G: Franchise Area

Appendix H: Form of Guarantee

Appendix I: Investigations Clause

Appendix J: System Architecture

Appendix K: Form of Franchise Fee Report

APPENDIX A

CONSUMER PROTECTION STANDARDS

APPENDIX A
CONSUMER PROTECTION STANDARDS
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Section 1

SOLICITATION OF SUBSCRIPTIONS

1.1 Uniforms/Identification Cards/Name Badges. Each employee of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her employment with the Franchisee. The photograph on the identification card shall prominently show the employee's name and/or identification number. Such employee shall prominently display such identification card and shall show it to all such members of the public. Each employee of any contractor or subcontractor of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her name, the name of such contractor or subcontractor and the name of the Franchisee. The parties acknowledge that each Franchisee employee who routinely comes into contact with members of the public at their places of residence shall wear a uniform provided by the Franchisee, in addition to the foregoing requirements with respect to identification cards, except to the extent such requirement is affected by or subject to any contractual agreement(s) between the Franchisee and any Person other than the City.

1.2 Subscription Information.

1.2.1 At the time of installation to the Subscriber who is receiving the installation, and at least once a year to all Subscribers, with a copy to DoITT, the Franchisee shall provide the following subscription information in a clear, complete and comprehensible form:

(i) a description of the Cable Services provided by the Franchisee, accompanied by a listing of the charges for each such Service, either alone or in combination;

(ii) a listing of all rates, terms and conditions for each Cable Service or tier of Cable Service, both alone and in combination, and all other charges, such as for installation, for application of Cable Service to additional television sets, for deposits on equipment, for stolen or lost converters and other equipment, for returned checks and for relocating cable outlets;

(iii) a general explanation of other devices which may be used in conjunction with the System, such as devices provided as contemplated in 47 C.F.R. § 76.1621, remote control devices, and parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices) and a listing of the Franchisee's charges for connecting such devices to the System;

(iv) a description of the Franchisee's billing and collection procedures (including payment requirements to avoid disconnection of service), the use of payment coupons, the amount of any applicable late fees, and a description of the option of paying in person, consistent with these consumer protection standards;

(v) the procedure for the resolution of billing disputes;

(vi) a description of the Franchisee's policies concerning credits for service interruptions and outages, consistent with these consumer protection standards;

(vii) an explanation of the procedures and charges, if any, for upgrading, downgrading or disconnecting Services, consistent with these consumer protection standards;

(viii) the required time periods for installation requests, consistent with these consumer protection standards; and

(ix) a statement that all Franchisee employees, contractors, or subcontractors who routinely come into contact with members of the public at their places of residence shall wear a uniform and Franchisee identification card, to the extent required by Section 1.1, which they shall prominently display and show to all such members of the public.

1.2.2 Within fifteen (15) days of a written request by the Commissioner to the Franchisee, the Franchisee shall provide the Commissioner with a written description of Franchisee's procedures for accommodating non-English speaking Subscribers ("Franchisee's Non-English Procedures").

1.2.3 The Franchisee shall deliver three (3) copies of all such subscription information to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber. The Franchisee agrees that the City assumes no liability for the subscription information by virtue of its review of such information.

1.3 Right of Rescission. Anyone who requests the installation of Cable Service from the Franchisee shall have the right to rescind such request at any time prior to the point in time at which physical installation upon the premises begins. Anyone who requests a particular Service from the Franchisee shall have the same right of rescission, except that such right shall expire once the requested Service is actually received by such Person.

Section 2 **INSTALLATION**

2.1 Information Provided to Subscribers.

2.1.1 At the time of installation, the Franchisee shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." The Welcome Kit shall provide the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form:

(i) the location, hours of operation and telephone number(s) for each of the Franchisee's existing Service Centers and a telephone number for information as to where each Payment Center is located;

(ii) the toll-free telephone number for the Franchisee's customer service telephone system, including any cable information service line established by the Franchisee (which is described further in this Appendix A), accompanied by a brief description of the services and information that may be obtained by dialing each number;

(iii) a general description of how equipment, including, but not limited to, devices provided as contemplated in 47 C.F.R. § 76.1621, wireless remote control devices, parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices), is obtained and used in conjunction with the System, and the terms for rental and loaner equipment, including deposit requirements, if any, and procedures for return of equipment and the Subscriber's liability for lost, stolen or damaged equipment;

(iv) the policies governing Service Interruptions, Significant Service Interruptions, Outages, and Significant Outages as defined in Section 6.2.1 of this Appendix A and repair service;

(v) the policies and procedures for obtaining credits consistent with Section 10 of this Appendix A and the return of any deposits;

(vi) the complaint resolution process, including notice that anyone who is dissatisfied with the way in which the Franchisee has handled a complaint has the right to speak to a Franchisee supervisor or to contact the NY PSC and the City at the addresses and telephone numbers listed in the Welcome Kit, and any such changes shall be communicated to Subscribers via the Franchisee's semi-annual notice to Subscribers (which address and telephone number of the City may be changed by the Commissioner, in a notice to be provided to the Franchisee, from time to time);

(vii) the procedures by which the Subscriber will be notified of any rate increases, any change in programming Services (as defined in Section 8.1.1 of this Appendix A), any change in the price or conditions for the rental of equipment, any change in the location or hours of the Service Centers, any change in billing practices, practices regarding Service interruption, or any significant change in the policies or information set forth in the Welcome Kit;

(viii) the requirements concerning Subscriber privacy which are set forth in the Cable Act or any rules or regulations established by the City pursuant to Section 16.3 of this Agreement;

(ix) if provided to the Franchisee by the City in a format reasonably acceptable to the Franchisee: (A) a listing of the currently available Public and Governmental/Educational Access Channels, (B) a description of the purposes and uses of such Channels, and (C) general information regarding how a Person can utilize or obtain further information regarding such Channels; Franchisee shall also make the foregoing information available on its website, subject to Franchisee's technical

capability to do so, including, but not limited to, limitations with respect to character capacity;

- (x) the rules governing the termination of Cable Service;
- (xi) the steps for resubscribing to Cable Service after an involuntary termination.

With respect to the provision of the Welcome Kit to new Subscribers, the Franchisee shall also provide any information to such Subscribers that is required by applicable law but is not listed above.

2.1.2 The Franchisee shall train and make available customer service representatives to aid by telephone visually impaired consumers who cannot read the Welcome Kit. The Franchisee shall also make available by telephone bilingual customer service representatives to communicate with non-English speaking consumers regarding the information contained in the Welcome Kit.

2.1.3 The Franchisee shall distribute the then current version of the Welcome Kit to all new Subscribers at the time of installation, and to any other person on request. Any Person who makes such a request in person to a customer service representative or salesperson of the Franchisee must be supplied with a copy of the Welcome Kit immediately. The Franchisee must mail, by first class, the Welcome Kit to any Person who requests one by telephone within ten (10) business days of such request.

2.1.4 The Franchisee shall provide each customer service representative and each salesperson of the Franchisee with copies of the most current Welcome Kit and shall advise them of the requirements of this Section 2.1 of this Appendix A.

2.1.5 The Franchisee shall submit the Welcome Kit, as well as any subsequent updates of it, to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber and from time to time thereafter upon the Commissioner's request.

2.2 Channel Line-Up. The Franchisee must either (i) provide Subscribers with a Channel Line-up card for all Cable Services which shall be updated on an annual basis thereafter; or (ii) provide Subscribers with dial location information electronically on screens that can be controlled by the consumer, provided, however, that the Franchisee shall automatically provide such a card (and annual updates thereof) to all Subscribers who cannot access such information electronically, and shall further provide such a card to any Subscriber upon request.

2.3 Procedure for Installation

2.3.1 Once a request for Cable Service is received, the Franchisee shall offer "appointment window" time blocks of not more than four (4) hours on weekdays, for the selection of the Subscriber or potential Subscriber, during which the Franchisee's work crew shall arrive to perform the installation of the necessary equipment to receive

Cable Service (on Saturdays the Franchisee may in its discretion offer “appointment windows,” but shall, in any event, comply with the full 8:00 a.m. to 5:00 p.m. working period described in Section 2.3.2 below). The Franchisee shall use reasonable efforts to complete the installation during that appointment.

2.3.2 The Franchisee shall provide installation services including initial installation, continuously at least during the periods of 8:00 a.m. to 5:00 p.m. on weekdays and 8:00 a.m. to 5:00 p.m. on Saturdays and, for connection of additional outlets and upgrading of Cable Service for which all work can be performed indoors, continuously during the periods of 8:00 a.m. to 5:00 p.m. As required by Section 5.4 of the body of this Agreement, the Franchisee shall provide installation throughout its Franchise Area on a nondiscriminatory basis.

2.3.3 Consistent with the terms of Article 5 of the Franchise , unless a later date is requested by a potential Subscriber, the Franchisee shall complete installation of Cable Service for any new Subscriber and any upgrade or downgrade for any existing Subscriber within seven (7) business days after any such request is received, provided that if weekend installation is requested, installation shall be completed by no later than the fourth (4th) Saturday following the date the request is received. Notwithstanding the foregoing, such time period shall not apply to any building not currently wired for Cable Service as to which the Franchisee is, upon a showing to and with the approval of the Commissioner, in compliance with its obligations regarding access to such building pursuant to Article 5 of the body of this Agreement, or except as provided in Section 18.5 of the body of this Agreement.

2.3.4 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers to perform any visit to a Subscriber’s premises to perform its obligations under this Section 2.3.

2.4 Nature of the Request for Installation

2.4.1 The Franchisee shall not discriminate among Subscribers or potential Subscribers because someone living in the same household is already or was a Subscriber, unless the Franchisee can demonstrate, to the Commissioner’s satisfaction, that: (i) the Franchisee has a reasonable basis for believing that a Person(s) living in the household is (are) attempting to deceive the Franchisee or (ii) such Person(s) has (have) failed to respond to a reasonable request from the Franchisee for information which would enable the Franchisee to determine whether such Person(s) is (are) entitled to receive Cable Service.

2.5 Records of Requests for Cable Service

2.5.1 The Franchisee shall keep records capable of showing all requests for Cable Service, which shall contain, with respect to each request for Cable Service, the name and address of the Person requesting Cable Service, the date on which Cable Service was requested, the date and appointment period on which Cable Service was scheduled to be provided and the date and appointment period on which Cable Service

was actually provided. In the event that the Franchisee is unable to provide Cable Service, the Franchisee shall keep records showing in reasonable detail the number of attempts the Franchisee has made to provide such Cable Service and the reason the Franchisee was unable to provide Cable Service. These records shall be assembled continuously.

2.5.2 Any information in the records required by Section 2.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 2.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time or may require that the information be turned over to the Commissioner in lieu of its destruction in accordance with Section 11.1 of the body of this Agreement.

2.5.3 A report summarizing the information contained in the records required by Section 2.5.1 regarding all requests for Cable Service for the preceding quarter shall be submitted in written or electronic form to the Commissioner by the forty-fifth (45th) day following the end of each calendar quarter, containing the following information

- (i) the number of requests for Standard Installations;
- (ii) the number of Standard Installations made;
- (iii) the number of Standard Installation and service appointments made;
- (iv) the number of Standard Installation and service appointments met; and
- (v) the number of Standard Installations and service appointments rescheduled by the Franchisee.

To the extent permitted by state and federal privacy laws, upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commissioner to verify and supplement the information contained in the report required by the preceding sentence and the Franchisee's compliance with its obligations under Section 2.5.1; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 2.5.1 hereof. The Commissioner may waive the submission of such records as the Commissioner deems appropriate.

2.5.4 Franchisee's reporting requirements pursuant to Section 2.5.3 hereof shall not commence until the third (3rd) calendar quarter following the Effective Date of this Agreement. Notwithstanding the foregoing, with respect to reports in connection with Franchisee's obligation under Section 2.3.3 hereof regarding Saturday installation requests, Franchisee's reporting obligations shall commence on the date which is one (1) year from the Effective Date of this Agreement.

Section 3 **SERVICE CENTERS**

3.1 Service Centers

3.1.1 Subject to the requirements of Subsection 3.1.1.1 hereof, the Franchisee shall initially establish and maintain one (1) Service Center in each of the five (5) Boroughs of the Franchise Area. The Franchisee shall notify Subscribers and the Commissioner of the opening, and thereafter any change in the location, of these Service Centers.

3.1.1.1 With respect to each Borough in the Franchise Area, Franchisee's obligation to establish and maintain each Service Center pursuant to Section 3.1.1 hereof shall not commence until ninety (90) days from the date on which Franchisee determines that Franchisee has achieved a Subscriber base of ten thousand (10,000) Subscribers in the applicable Borough.

3.1.1.2 Within ninety (90) days from the date on which Franchisee achieves an aggregate Subscriber base of sixty thousand (60,000) Subscribers in any Borough, Franchisee shall establish and maintain one (1) additional Service Center in each such Borough; provided however, that nothing herein shall be construed to require Franchisee to establish and maintain more than a total of two (2) Service Centers in any Borough. All such Service Centers will be conveniently located near mass transit.

3.1.2 Except on the legal holidays recognized by the City of New York, a list of which shall be supplied to the Franchisee upon request to the Commissioner, these Service Centers shall be open continuously for at least nine (9) hours on weekdays and for at least five (5) hours on Saturdays, subject to Franchisee's contractual agreements with Persons other than the City. The Franchisee shall staff each Service Center so it is capable of providing on Saturday the same level of service it provides during any weekday, such that waiting time for any service on Saturday is not significantly different than during any weekday.

3.1.3 The Service Centers shall be designed so as to provide access in accordance with applicable law.

3.1.4 The Franchisee shall maintain on file at each Service Center, or on its website for public inspection current copies of its billing practices and payment requirements and general informational materials (including monthly bill stuffers) and shall keep such records at its central office for a period of two (2) years, to be mailed or otherwise delivered to a specified Service Center within a reasonable time upon the City's or a Subscriber's request. The foregoing records shall be maintained independent of, and in addition to, Franchisee's public inspection file maintained pursuant to 47 C.F.R. § 76.1700.

3.2 Training of Employees

3.2.1 Franchisee employees who regularly come in contact with the public shall be trained to perform efficiently the various tasks, including responding to consumer inquiries and complaints, necessary to provide consumer services in a responsible and courteous manner.

3.2.2 All Franchisee employees shall identify themselves by name or preassigned identification number when answering Franchisee telephone lines routinely used by members of the public. The Franchisee shall maintain a system to enable the Franchisee to identify the particular employee who answered any telephone call in such manner.

3.2.3 Franchisee employees shall refer any Person who is dissatisfied with the resolution or handling of any complaint concerning the Franchisee to a supervisor. Franchisee supervisors shall be available to speak to such Persons. If, due to unforeseen circumstances, a supervisor is temporarily unavailable to speak with such a Person, then that Person will be contacted by a supervisor as soon as practicable. If the Subscriber is not contacted by the supervisor or otherwise requests such information, a nonsupervisory employee shall inform the Subscriber of the foregoing information.

3.2.4 The Franchisee shall ensure that some employees at its office speak any language used by a substantial percentage of the Franchisee's Subscribers with whom they come into contact in the course of their employment.

3.2.5 To the extent the Franchisee uses contractors or subcontractors who regularly come into contact with the public on the Franchisee's behalf, the Franchisee shall ensure that such contractors or subcontractors receive the training and follow the procedures outlined in Sections 3.2.1-3.2.4 above.

3.3 Telephone Lines

3.3.1 The Franchisee shall have local telephone or toll-free lines for receiving requests for repair or installation services, for reporting service interruptions and for responding to billing questions. The lines shall be answered twenty-four (24) hours per day, seven (7) days per week by Franchisee employees with respect to service problems (such as for the reporting of interruptions or outages in service and the scheduling of service repairs) and, at a minimum, during normal business hours with respect to installation-related and billing-related matters and questions; but in no event shall such lines be operated for fewer hours than required, or less comprehensively than required, by applicable federal or state requirements. In the event a Franchisee employee receives, but is unable to respond to, a Subscriber call after normal business hours regarding any of the issues described in this Section 3.3.1, such Franchisee employee shall create a notation on Subscriber's record (to enable informed employee response upon business hours follow-up), including any appropriate Subscriber information, consistent with Franchisee's practices and procedures. For purposes of this Section 3.3.1, normal business hours shall have the meaning set forth in 47 C.F.R. § 76.309 and 16 NYCRR § 890.

3.4 Standard of Service for the Telephone System

3.4.1 The Franchisee shall maintain a telephone system throughout the term of this Agreement which shall be capable, at a minimum, of meeting each of the following standards:

- (i) each telephone call shall be answered within at least thirty (30) seconds;
- (ii) callers shall receive a busy signal not more than three percent (3%) of the time in any one (1) month period;
- (iii) callers shall not be kept on hold for longer than thirty (30) seconds;
- (iv) no more than ten percent (10%) of all calls (measured on a quarterly basis) shall be kept on hold for thirty (30) seconds;
- (v) any automated menu system shall provide, within ninety (90) seconds (or one hundred twenty (120) seconds during peak periods), an opportunity, which may include pressing "0" or remaining on the line without entering a menu option, for the caller to connect to a customer service representative; and
- (vi) all menus and subsidiary menus shall provide an opportunity to connect to a customer service representative.

3.4.2 Reasonable variations in these performance standards shall be permitted during abnormal operating conditions, including, by way of illustrative example, during trunk line failures.

3.4.3 The Franchisee shall provide quarterly reports to the Commissioner containing information relevant to the question of whether its telephone system continues to conform to Section 3.4.1 of this Appendix A. Franchisee's quarterly reports provided pursuant to this subsection 3.4.3 shall be measured for purposes of compliance with the requirements hereof solely on a quarterly basis, but shall reflect, for informational purposes, Franchisee's metrics on a month-by-month basis. If the Commissioner determines, based on complaints or any other evidence, that the Franchisee's telephone service does not meet the standards set forth in this Section 3.4, or any variations in those standards previously agreed to by the Commissioner, then the Commissioner has the authority to order the Franchisee to take appropriate action to meet such standards. Failure of the Commissioner to issue such order, however, shall not constitute a waiver of the City's rights with respect to any failure by the Franchisee to comply with its obligations pursuant to this Appendix A or this Agreement.

Section 4 **BILLING**

4.1 The Format of a Subscriber's Bill

4.1.1 The bill shall be designed in such a way as to present the information contained therein clearly, comprehensibly and accurately to Subscribers.

4.1.2 The bill shall contain itemized charges for each category of Cable Service and piece of equipment for which a charge is imposed (including late charges, if any), an explicit due date, the name and address of the Franchisee and telephone number for the Franchisee's office responsible for inquiries, billing, the NY PSC's toll-free Subscriber Assistance telephone number and the telephone number specified by the Commissioner for the resolution of billing disputes. The bill shall state the billing period, amount of current billing and appropriate credits or past due balances, if any. Unless prohibited by law, the Franchisee may accurately designate that portion of a Subscriber's bill attributable to the amount of any compensation payment to be made by the Franchisee or any other Person to the City pursuant to this Agreement.

4.2 Billing Procedures

4.2.1 All bills shall be rendered monthly, unless otherwise authorized by the Subscriber, or unless service was provided for less than one (1) month (because, for example, the Subscriber received service, from activation to cancellation, for less than one month.)

4.2.2 The Franchisee shall use reasonable efforts to cooperate with any regulated and accredited banking or financial institution that provides Subscribers with an optional payment mechanism whereby they can directly pay any bills electronically from their residence or business, when such mechanism is economically and technically feasible and viable, and provided that the Commissioner may reduce or relieve the Franchisee of such obligations where such relief is appropriate in light of the circumstances, including the nature of the institution and the burden to the Franchisee. To the extent permitted by applicable law, the Franchisee may "pass through" to the Subscriber any charges imposed on the Franchisee in connection with such bill payment by any such institution, so long as the Franchisee provides prior notice of such charge to the Subscriber.

4.2.3 The Franchisee shall credit any Subscriber who has voluntarily interrupted Cable Service, pursuant to the requirements established by the Franchisee, with a rebate on his or her monthly bill for the period(s) during which service was voluntarily interrupted, provided that the Franchisee may charge any such Subscriber a reconnection charge.

4.2.4 Any returned check charge imposed by the Franchisee shall be consistent with the requirements of N.Y. General Obligations Law, Ch. 24-A § 5-328 or any successor provision thereto.

4.3 Procedures for Collecting Late Bills

4.3.1 No bill shall be due less than fifteen (15) days from the date of the mailing of the bill by the Franchisee to the Subscriber.

4.3.2 A bill shall not be considered delinquent until at least forty-five (45) days have elapsed from the mailing of the bill to the Subscriber and payment has not been received by the Franchisee, provided that no bill shall be mailed more than fifteen (15) days prior to the date Cable Services covered by such bill commence, except in cases where a Subscriber requests advance billing. Late fees not to exceed the maximum percent allowed by law may be applied to a delinquent bill, so long as the billing dispute resolution procedures set forth in Section 4.4 of this Appendix A have not been initiated.

4.3.3 The Franchisee shall not physically or electronically discontinue Cable Service for nonpayment of bills rendered for Cable Service until: (i) the Subscriber is delinquent in payment for Cable Service; and (ii) at least five (5) days have elapsed after a separate written notice of impending discontinuance has been served personally upon a Subscriber; or (iii) at least eight (8) days have elapsed after mailing to the Subscriber a separate written notice of impending discontinuance (for which postage is paid by the Franchisee), addressed to such Person at the premises where the Subscriber requests billing; or (iv) at least five (5) days have elapsed after a Subscriber has either signed for or refused a certified letter (postage to be paid by the Franchisee) containing a separate written notice of impending discontinuance addressed to such Person at the premises where the Subscriber requests billing. Notice of impending Cable Service discontinuance must clearly state the amount in arrears, the total amount required to be paid to avoid discontinuance of Cable Service, collection fees, if any, reconnection charges if applicable, and the date by which such payment must be made, the location of Service Centers where such payment may be made, or how the Subscriber can get information (e.g., via the Franchisee's website and/or by calling a toll-free number) about the location of each Payment Center where such payment may be made. Receipt of a subsequently dishonored negotiable instrument in response to a notice of discontinuance shall not constitute payment, and the Franchisee shall not be required to issue an additional notice prior to discontinuance.

4.3.4 As described in Section 4.5 of this Appendix A, the Franchisee may under certain circumstances refer a delinquent account to a private collection agency. The Franchisee agrees that it will not, and will instruct all collection agencies collecting delinquent accounts on behalf of the Franchisee not to, refer any delinquent account to a credit agency except if the Subscriber has closed an account with an outstanding balance of more than fifty dollars (\$50) and that balance has been pending for more than ninety (90) days. If, however, the Subscriber subsequently pays the outstanding balance, the Franchisee shall notify any credit agencies that were previously informed of the outstanding balance.

4.4 Procedure for the Resolution of Billing Disputes

4.4.1 The billing dispute resolution procedure shall be initiated once a Subscriber contacts the Franchisee's department which handles billing questions or the Commissioner, in writing, so long as such contact occurs within thirty (30) days from the date of receipt of the bill by the Subscriber. If the Subscriber contacts the Commissioner, the Commissioner shall notify the Franchisee, by mail, by telephone or by electronic

means, that the dispute resolution procedure has been initiated and the Franchisee shall then contact the Subscriber to discuss the dispute.

4.4.2 The Subscriber shall not be required to pay the disputed portion of the bill until the dispute is resolved. The Franchisee shall not apply finance charges, issue delinquency or termination notices, or initiate collection procedures for the disputed portion of the bill pending resolution of the dispute.

4.4.3 The Franchisee shall promptly undertake whatever review is necessary to resolve the dispute, and shall notify the Subscriber of the results of the review as soon as it is completed, but in no case later than twenty (20) business days after receipt from the Subscriber of the billing dispute, problem or complaint notification.

4.4.4 The Franchisee shall, upon the Subscriber's or the City's written request, notify the Subscriber in writing of its proposed resolution of the billing dispute, shall provide the address and telephone number to be provided from time to time by the Commissioner and by which a Subscriber may notify the City of a billing dispute, problem or complaint, and shall inform the Subscriber that unless an appeal is taken to the Commissioner within ten (10) business days after the date of postmark on the notification letter, the Franchisee's resolution of the dispute shall be considered final. If, in response to a Subscriber's written request, the Franchisee resolves the dispute over the phone or in person, then no written response need be provided to the Subscriber. Where no appeal is taken, the amount the Franchisee claims is due must be paid within twenty (20) days after the date of postmark on the notification letter.

4.4.5 If the Subscriber appeals the Company's resolution within the aforementioned period, the amount under dispute by the Subscriber will not be due until at least one (1) week after the dispute has been resolved by Franchisee.

4.4.6 The procedures set forth in Sections 7.3.1 - 7.3.5 of this Appendix A shall apply to billing disputes appealed to the Commissioner.

4.5 Referral of Delinquent Accounts to a Collection Agency

4.5.1 If the billing dispute resolution procedures have not been initiated, the delinquent account may be referred to a private collection agency for appropriate action no sooner than ten (10) business days after it becomes delinquent or, where a Subscriber voluntarily terminates any Cable Service and the amount due is delinquent but not in dispute, no sooner than ten (10) business days after the final bill is mailed to the Subscriber.

4.5.2 If the billing dispute resolution procedures have been initiated, the delinquent account shall not be referred to a collection agency prior to the conclusion of those procedures, including any appeal to the Commissioner.

4.5.3 The Franchisee agrees that a referral to a private collection agency in violation of Sections 4.3.4, 4.5.1, or 4.5.2 of this Appendix A shall result in injury to the Subscriber which will be difficult to ascertain and to prove. The Franchisee therefore

agrees that, it will send to the affected Subscriber a letter of apology and notify, in writing, the collection agency, copies of which such letter and notice shall be sent to the Commissioner. Further, if any credit agency is contacted by the Franchisee or any collection agency collecting delinquent accounts on behalf of the Franchisee in violation of Section 4.3.4 of this Appendix A, the Franchisee shall, in addition to taking the foregoing actions, (i) notify the credit agency contacted as a result of such referral that the referral was wrongly made and should not adversely affect the Subscriber's credit standing, a copy of which notice(s) shall be sent to the affected Subscriber and the Commissioner.

Section 5

EQUIPMENT PROVIDED BY THE FRANCHISEE

5.1 Types of Equipment To Be Provided

5.1.1 The Franchisee shall comply with 47 C.F.R. § 76.1621 or any successor provision thereto.

5.1.2 The Franchisee shall supply a closed caption decoder to any hearing impaired Subscriber who requests one at a charge not to exceed the Franchisee's cost, unless the technology for such decoding is already incorporated in other equipment being provided to the subscriber.

5.2 Terms for Rental and Loaner Equipment

5.2.1 As provided in this Appendix A, the Franchisee may require deposits on certain equipment it provides to Subscribers, provided that the Franchisee shall return to Subscribers their deposits together with a reasonable amount of interest, and provided further that there shall be no discrimination among or between Subscribers in either the requirement for or the amount of any deposit. The Franchisee shall permit the return of such equipment to any Service Center. When equipment is returned, the Franchisee shall either promptly test it to ensure that it is not damaged or waive any damage claims, and shall give the Subscriber a receipt showing, in addition to the date and time of the return and the Subscriber name, the model and serial number of the returned equipment. The Franchisee shall return to the Subscriber his or her deposit, plus interest minus any reasonable amount, if any, deducted for damage to the equipment or the amount of any outstanding balance owed to the Franchisee within the next applicable billing cycle.

5.2.2 If such equipment is lost, damaged or stolen by reason of an intentional, wrongful act by, or the gross negligence of, the Subscriber, or if the Subscriber gives the equipment to a third party to return to the Franchisee and the third party does not do so, then the Subscriber shall be liable for the value of the equipment as determined by the Franchisee and consistent with Franchisee's annually published rates. If such equipment is lost, damaged or stolen through the wrongful act of a third party, or any other event outside the Subscriber's control (such as a burglary or a fire in the Subscriber's building), then the Subscriber shall have no liability for the equipment,

provided that the Subscriber files with the Franchisee a police report on the cause of any such loss, theft or damage to any equipment. The Franchisee shall keep records showing the resolution of Subscriber claims regarding lost, stolen or damaged equipment, which records shall be submitted in written or computer disk form to the Commissioner as the Commissioner may reasonably request from time to time, within fifteen (15) days of such request.

5.2.3 For billing purposes, the return of rental equipment shall be deemed to have taken place on the day such equipment is returned.

5.3 Notice That Equipment Is Available. The Franchisee shall provide in the Welcome Kit information about the availability and function of the equipment described in this Section 5 of this Appendix A, as well as where such equipment may be obtained.

5.4 Demonstration of Equipment. The Franchisee shall provide free demonstration of such equipment at the Service Centers.

Section 6

SERVICE OUTAGES AND SERVICE INTERRUPTIONS

6.1 The Franchisee shall exercise its best efforts to limit any scheduled Outage (as hereinafter defined) of any Cable Service for any purpose to periods of minimum use. Except in emergencies or incidents requiring immediate action, the Franchisee shall provide the Commissioner and all affected Subscribers with prior notice of scheduled Outage, if such scheduled Outages will last longer than four (4) hours.

6.2 Time Periods by Which Outages and Service Interruptions Must Be Corrected and Repairs Made.

6.2.1 The Franchisee shall maintain sufficient repair and maintenance crews so as to be able to correct Outages, Significant Outages, Service Interruptions, Significant Service Interruptions, and other problems requiring repair, within the following time periods:

(i) In the event of an "Outage," which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions that is not caused by the Subscriber's television receiver or the Subscriber and that affects fewer than one hundred (100) Subscribers served from the same VSO, such Outage shall be repaired within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day. For purposes of this Section 6, "loss of picture or sound" shall mean the absence of picture or sound quality that conforms to the requirements of Section 6.2 of the Franchise.

(ii) In the event of a "Significant Outage," which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all

channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions, which is not caused by the Subscriber's television receiver or the Subscriber, and that affects one hundred (100) or more Subscribers served from the same VSO, such Significant Outage shall be corrected within eighteen (18) hours after the Franchisee learns of it.

(iii) In the event of a "Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound on one or more cable channels affecting fewer than one hundred (100) Subscribers served from the same VSO, excluding conditions beyond the control of the Franchisee, the Franchisee shall begin working on the problem promptly and in no event later than twenty-four (24) hours after the Service Interruption becomes known.

(iv) In the event of a "Significant Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound of one or more cable channels that affects one hundred (100) or more Subscribers served from the same VSO, Franchisee shall repair the problem within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day.

6.2.2 The Franchisee shall maintain, at all times, an adequate repair and service force in order to satisfy its obligations pursuant to the foregoing Section 6.2.1. In order to satisfy its obligations pursuant to Section 6.2.1, in cases where it is necessary to enter upon a Subscriber's premises to correct any reception problem or other service problem, the Franchisee shall make available service calls continuously during the period of 7:30 a.m. to 7:00 p.m. May 1 through October 30 and 7:30 a.m. to 6:00 pm November 1 through April 30 on weekdays and continuously for at least eight (8) hours on each Saturday. During weekday periods, a Subscriber may request any four (4) hour period for the Franchisee to correct any such problem, provided that the Franchisee's customer service representatives shall at all times endeavor to be aware of service or other problems in adjacent areas which may obviate the need to enter a Subscriber's premises. The Franchisee shall provide on Saturday the same level of service it provides during any weekday, such that repair services provided on Saturday are not significantly different than during any weekday (other than a weekday evening).

6.2.3 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 6.2. In no event shall the Franchisee cancel any necessary scheduled service call later than 5:00 pm on the preceding business day, except in circumstances beyond the Franchisee's control.

6.3 Failure To Meet Time Periods May Be Excused. The Franchisee's failure to correct Outages, Significant Outages, Service Interruptions, or Significant Service Interruptions, or to make repairs within the stated time periods shall be excused if the Franchisee could not obtain access to a Subscriber's premises.

6.4 Repair Service and Disconnection Charges. In the event that the Cable Act is amended, or following a final order or determination by a court or regulatory agency having competent jurisdiction, following the exhaustion of all appeals thereto, such that the requirements of this section are not prohibited under applicable law and equivalent obligations are imposed upon all cable operators in the Franchise Area, then the following provisions shall be applicable:

(a) the Franchisee shall not impose any fee or charge any Subscriber for any service call to his or her premises to perform any repair or maintenance work, unless such work was necessitated by an intentional act or negligence of such Subscriber.

(b) The Franchisee shall not charge any fee for disconnection when a Subscriber returns the Company's equipment to a Service Center or via the self-addressed envelope provided by the Company. A fee may, however, be charged if the Franchisee has to collect the equipment from the Subscriber's premises and the Subscriber has been informed in advance of such charge and the alternative methods of returning the Franchisee's equipment. If the Subscriber pays the amount in arrears to the Franchisee when the Franchisee is on the Subscriber's premises to disconnect Service, then the Franchisee may charge the Subscriber a reasonable collection fee, provided that such Subscriber is notified of such collection fee in the notice required by Section 4.3.3.

6.5 Records of Repair Service Requests

6.5.1 Franchisee shall keep records showing in both individual and summary form all requests for repair service received from Subscribers, which shall show, at a minimum, the name and address of the affected Subscriber, the date and the approximate time of request, the date and approximate time the Franchisee responds, the date and approximate time Cable Service is restored, the type and the probable cause of the problem.

6.5.2 Any information in the records required by Section 6.5.1 of this Appendix A may be destroyed six (6) years after such information was collected, unless the Commissioner authorizes the Franchisee, in writing, to destroy any information required by Section 6.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

6.5.3 The Franchisee shall submit to the Commissioner a report in such form and containing such information as the Commissioner may reasonably request, not including specific Subscriber names or addresses, summarizing the information contained in the records required by Section 6.5.1 of this Appendix A in written or computer disk form on a quarterly basis, such report to be submitted by the forty-fifth (45th) day following the end of each calendar quarter. Upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commission to verify and supplement the information contained in the report required by the preceding sentence and the

Franchisee's compliance with its obligations under Section 6.5.1 of this Appendix A; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 6.5.1 hereof. The Commissioner may waive the submission of such reports as the Commissioner deems appropriate.

6.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the number of Significant Outages which occurred during the preceding calendar quarter, summarized by both Borough and VSO.

6.6 Plan for Correction. In the event the Commissioner notifies the Franchisee in writing that DoITT has determined that there has been an excessive number or identified a routine pattern of Significant Outages in any Borough or community served by a particular VSO, Franchisee shall submit to the Commissioner, on a quarterly basis within forty-five (45) days of the end of each applicable calendar quarter during the Term hereof and subject to the confidentiality provisions of Section 11.1, a "Plan for Correction" outlining Franchisee's plan for minimizing the occurrence of such Significant Outages in the applicable Borough or community. Franchisee's obligation to submit such quarterly Plan for Correction pursuant to this Section 6.6 shall cease upon Franchisee's demonstration, to the reasonable satisfaction of the Commissioner, that Franchisee has minimized the occurrence of Significant Outages in the applicable Borough or community for two (2) consecutive calendar quarters.

Section 7 **SUBSCRIBER COMPLAINTS**

7.1 Operation of the Service Centers and Payment Centers. As set forth in Section 3 of this Appendix A, the Franchisee shall operate its Service Centers, train its employees and maintain its telephone lines so that Subscribers' complaints are resolved quickly, professionally and politely. The Franchisee agrees to use reasonable efforts to monitor Franchisee's Payment Centers to ensure that such Payment Centers are operating in a manner consistent with the terms of this Appendix A, to the extent applicable; provided, however, that nothing herein shall be construed to limit any rights Franchisee may have or liabilities Franchisee may incur pursuant to applicable law or the terms of this Appendix A. For purposes of this Appendix A, "Payment Center" shall be defined as "a facility operated by a third party where Subscribers may make payments."

7.2 Time Period for the Resolution of Complaints. Except where another time period is required by any other provision of this Appendix A or this Agreement, the Franchisee shall make its best efforts to resolve all complaints received by the Franchisee

within ten (10) business days, or earlier to the extent practicable. Within two (2) business days of receiving a written complaint or a complaint forwarded to the Franchisee by the Commissioner, the Franchisee shall notify the Person who made the complaint, either by telephone or in writing, that the complaint has been received and that the Franchisee will make its best efforts to resolve such complaint within ten (10) business days of receipt of such complaint by the Franchisee. Complaints which constitute billing disputes shall be subject to the procedures set forth in Section 4.4 of this Appendix A in lieu of the requirements of this Section 7.2.

7.3 Appeal of a Resolution to the Commissioner

7.3.1 As provided in Section 2.1.1 (vi) of this Appendix A, a Subscriber may notify the Commissioner about a complaint that is not resolved to the Subscriber's satisfaction. As set forth in Section 2.1.1(vi) of this Appendix A, the Franchisee shall also provide notice in the Welcome Kit of the right described in the preceding sentence.

7.3.2 The Commissioner shall notify the Franchisee by mail, telephone, or electronic means, of any such appeal within one (1) week after it is received by the Commissioner.

7.3.3 If the Franchisee's stated resolution of the complaint is appealed to the Commissioner, then the Franchisee shall assist the Commissioner in the investigation thereof by the Commissioner, by providing or making available whatever documents, materials or other types of information are reasonably requested by the Commissioner.

7.3.4 The Commissioner shall have thirty (30) days in which to complete the investigation and to notify the Franchisee of the manner in which the Commissioner believes the dispute should be resolved. Before completing the investigation, the Commissioner shall consult both with the Person who registered the complaint and with the Franchisee; provided, however, that final resolution of any dispute shall be in Franchisee's sole discretion, to the extent such resolution is not inconsistent with this Agreement, applicable federal, state, or local laws.

7.3.5 Complaints may be referred to the Commissioner before the Franchisee has issued a resolution, if the Franchisee has exceeded the time allowed for resolving complaints under Section 7.4 of this Appendix A.

7.4 Referral of Complaints from the Commissioner to the Franchisee

7.4.1 If the Commissioner is contacted directly about a complaint concerning the Franchisee, the Commissioner shall notify the Franchisee.

7.4.2 Within ten (10) business days after being notified about the complaint, the Franchisee shall issue to the Commissioner a report detailing the investigation thoroughly, describing the findings, explaining any corrective steps which are being taken and indicating that the Person who registered the complaint has been notified of the resolution.

7.5 Complaint Records

7.5.1 The Franchisee shall maintain complaint records, which shall record the date a complaint is received, the name and address of the affected Subscriber, a description of the complaint (which may be located in the “comments” section of the Franchisee’s records), the date of resolution, a description of the resolution and an indication of whether the resolution was appealed to the Commissioner.

7.5.2 Any information in the records required by Section 7.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 7.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

7.5.3 The Franchisee shall submit to the Commissioner the records required by Section 7.5.1 of this Appendix A, in summary form only, in written or electronic form on a quarterly basis; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee’s obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 7.5.1 hereof.

7.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the following information with respect to Subscriber complaints:

(i) the total number of complaints received by Franchisee in each Borough and by VSO;

(ii) the nature and current status of all complaints received by Franchisee in each Borough and VSO, described in appropriate sub-categories, including, but not limited to, billing, equipment related issues, installation related issues, credit adjustments, missed appointments and service calls, and such other complaint categories as may be tracked in Verizon’s internal customer service system; and

(iii) the percentage of complaints resolved and percentage of complaints outstanding in each Borough and VSO.

Section 8 **NOTICE**

8.1 Notice Required

8.1.1 The Franchisee shall provide notice to the Commissioner and all Subscribers of any of the following changes, which notice shall be provided no later than thirty (30) days prior to the effective date of any such change (provided, however, all such notices shall be provided in a manner consistent with NY PSC rules), unless the Franchisee does not know of such change at that time, in which case the Franchisee must provide such notice: (a) within five (5) business days of the date upon which the Franchisee first knows of such change, in writing to the Commissioner and electronically on the Channel on which available Cable Services are listed or any other Channel as may be designated by the Franchisee, at least ten (10) times a day during the two (2) week period immediately following such fifth business day, and (b) to all affected Subscribers in the earliest practicable monthly bill sent to Subscribers or a separate mailing made within the same period following such change:

(i) any change in the rates or charges or significant terms or conditions for the receipt of any Cable Service (provided that any such notification may be provided solely via email or via U.S. mail); or

(ii) any significant change in billing practices (provided that any such notification may be provided solely via email or via U.S. mail)

(iii) any notices with respect to programming or network changes as required under NYCLS Pub. Ser. §224-a.

The foregoing notice requirements are in addition to the notice requirements contained elsewhere in this Appendix A, including those regarding the termination of Cable Service and Outages and Service Interruptions.

8.1.2 The Franchisee shall post on the earliest practicable date at any affected Service Centers any anticipated change in the location or significant changes in the hours of operation of such Service Centers.

8.1.3 The Company shall, as part of any annual updates to its Subscriber Handbook, list any significant change of any of the policies or other information set forth in the Subscriber Handbook. On its website the Company shall make available the most current version of its Subscriber Handbook.

8.1.4 Unless otherwise explicitly provided, all notices required by Section 8.1.1 shall be in writing no later than the periods specified in Section 8.1.1, except that any notice in connection with a change in Channel Position or an increase or decrease in the number of hours a Cable Service is carried over the System may be provided electronically on the System, so long as such electronic notice is made at least ten (10) times a day during the two (2) week period prior to the effective date of such change. All notices required by Section 8.1.1 of this Appendix A shall specify, as applicable, the Cable Service or Cable Services affected, the new rate, charge, term or condition, the effect of the change, and the effective date of the change.

8.1.5 The Franchisee shall comply with any and all applicable state and local law notice requirements including, but not limited to, those required by

Section 224-a of the New York Public Service Law and Section 890 of the NY PSC regulations.

Section 9

TERMINATION OF SERVICE AND DISCONNECTION

9.1 Notice of Termination of Service. As described in Section 4.3.3 of this Appendix A, the Franchisee may terminate Cable Service to any Subscriber whose bill has not been paid after it becomes delinquent, so long as the Franchisee gives proper notice to the Subscriber as provided in Section 4.3.3 of this Appendix A and the billing dispute resolution procedures have not been initiated.

9.2 Termination on Sundays, Holidays or Evenings. The Franchisee shall not terminate Cable Service to Subscribers at any time when the Service Centers are closed.

9.3 Resubscription to Cable Service. The Franchisee shall not refuse to serve a former Subscriber whose Cable Service was terminated by the Franchisee, so long as all past bills and late charges have been paid in full, and subject to verification that any such Subscriber has a credit rating acceptable to Franchisee.

9.4 Length of Time to Disconnection. If disconnection occurs at the Subscriber's written or oral request, then, for billing purposes, it shall be deemed to have occurred three (3) days after the Franchisee receives the request for disconnection unless (i) it in fact occurs earlier or (ii) the Subscriber requests a longer period.

9.5 Scheduling Appointments. The Franchisee shall provide Subscribers with "appointment window" time blocks of no more than four (4) hours on weekdays running continuously from 7:30 a.m. to 9:00 p.m. for selection of Subscribers, during which its work crew shall visit the Subscriber's premises to disconnect service and to remove any Franchisee equipment. On Saturdays, the Franchisee shall also provide such service disconnection and equipment removal at any time between 9:00 a.m. to 5:00 p.m., but may, in its sole discretion, choose not provide "appointment window" time blocks. Further, the Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 9.5.

Section 10

CREDITS

10.1 Grounds. As a result of the Franchisee's failure to comply with these consumer protection standards, the Franchisee shall provide to each affected Subscriber or potential Subscriber, as applicable, the following credits:

(i) for any Significant Service Interruption as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable

Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Significant Service Interruption occurred for each twenty-four (24) hour period during which a Significant Service Interruption continues for at least four (4) continuous hours, provided that: (i) the affected Subscriber has reported the Significant Service Interruption to the Franchisee and (ii) the Franchisee has verified that the reported Significant Service Interruption has occurred consistent with the Subscriber's claim;

(ii) for any Outage as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Outage occurred for each twenty-four (24) hour period during which a Service Outage continues for at least four (4) continuous hours, provided that (i) the affected Subscriber has reported the Outage to the Franchisee and (ii) the Franchisee has verified that the reported Outage has occurred consistent with the Subscriber's claim;

(iii) for any Significant Outage, as defined in Section 6.2, which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access) a minimum credit in an amount equal to one-thirtieth (1/30) times the average bill for recurring charges for Cable Services (i.e., all charges for Cable Service minus nonrecurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscribers in the affected area for the then current monthly billing period for the Cable Service(s) as to which the Significant Outage occurred for each twenty-four (24) hour period during which the Significant Outage persists for at least four (4) hours, provided that: (i) the affected Subscriber has reported the Significant Outage to the Franchisee and (ii) the Franchisee has verified that the reported Significant Outage has occurred consistent with the Subscriber's claim;

(iv) for a failure of a Verizon representative to arrive at the Subscriber's premises within the appointment window period for repair service calls, a credit of \$25 will be applied to the customer's bill in the next available billing period. However, to the extent the Subscriber is not available when the crew arrives or if the crew does not have appropriate access to the Subscriber premises in order to address the service issue, this credit will not apply.

10.2 Application of Credits. With respect to any credit described in Section 10.1(i)-(iii), the Company shall, upon request of or notice from a Subscriber, provide a credit on such Subscriber's bill for Subscribers affected by a Significant Service Interruption, Outage or Significant Outage. With respect to any credit described in Section 10.1(iii), the Company shall automatically (without requiring a request from

each Subscriber) provide a credit on each Subscriber's bill for Subscribers affected by a Significant Outage that occurs, at least in part, between 6:00 p.m. and 12:00 a.m. In the event the Franchisee cannot determine all Subscribers affected by a Significant Outage in excess of four (4) continuous hours or no part of such Significant Outage occurs between the hours of 6:00 p.m. and 12:00 a.m. then Franchisee shall provide a credit to any eligible Subscriber who makes application therefor by either written or oral notice within ninety (90) days of such Significant Outage.

Section 11

MISCELLANEOUS REQUIREMENTS

11.1 Charge for Downgrades. The Franchisee may impose a charge upon a Subscriber for any downgrading of a Subscriber's Cable Service in accordance with Section 890.63 of the PSC regulations.

11.2 Overpayment Credits. If, at any time, the Franchisee becomes aware or if it is determined that a Subscriber is entitled to credit(s) otherwise than as a result of the operation of Section 10 of this Appendix A, the Franchisee shall (i) promptly credit such Subscriber's account, or (ii) in the event the Subscriber has terminated service, promptly issue a check.

11.3 Procedures for Contacting Subscribers. Following the scheduling of an appointment with any Subscriber within the time periods specified elsewhere in this Appendix A (the "appointment period"), the Franchisee shall:

(i) make a reasonable effort, within a reasonable time prior to the appointment period, to telephone the Subscriber or potential Subscriber to confirm the appointment, provided, however, that the obligation to make such telephone call shall not apply where the appointment is scheduled to occur: (i) within forty-eight (48) hours of the initial scheduling of the appointment or (ii) before or during the next business day if the request is made after 4:00 p.m. on a Friday. If such telephone call is not answered, in person or by an answering machine, the Franchisee shall use best efforts to make a second call to such Subscriber or potential Subscriber within a reasonable time thereafter to confirm the appointment; and

(ii) during the appointment period, either: (a) arrive at the Subscriber's or potential Subscriber's premises, as promised, or (b) prior to such arrival, telephone the Subscriber's or potential Subscriber's premises to determine whether the Subscriber is present during such appointment period. If, upon arrival at the Subscriber's or potential Subscriber's premises, the Franchisee is not able to secure access to the premises, the Franchisee's employee or representative shall make a reasonable effort to arrange for the premises to be telephoned immediately to determine whether the Subscriber or potential Subscriber is present. If such telephone call is not answered in person, the Franchisee shall, if possible, leave a notice under the door of the premises advising that the Franchisee did arrive at the premises during the appointment period, and the completion of such tasks shall be deemed an appropriate cancellation by the Franchisee of the scheduled appointment. In the event that, prior to arrival at the

Subscriber's or potential Subscriber's premises, the Franchisee telephones the Subscriber to determine whether the Subscriber is present at the premises and such call is not answered in person or by a device which states that the Subscriber is, in fact, present and awaiting the Franchisee's arrival, then the Subscriber shall be deemed to have cancelled the scheduled appointment.

(iii) From time to time, the Franchisee may use contractors or subcontractors to perform work at a Subscriber's premises. If the City receives a significant number of complaints from Subscribers regarding confusion in identifying such contractors or subcontractors performing work at Subscribers' premises, the City and Franchisee shall discuss and mutually agree upon a practice to address such issue.

11.4 Receipts. In connection with any transaction between the Franchisee and a Subscriber which involves a visit to a Subscriber's premises or place of business, the Franchisee will, in each such case when requested by the Subscriber, provide such Subscriber a written receipt briefly describing such transaction and the date and time thereof. The Franchisee shall reasonably seek to inform each such Subscriber in writing of the availability of such a receipt.

11.5 Governing Federal and State Law. In the event that any of the provisions of this Appendix A of this Agreement are preempted by and unenforceable under any rules or regulations promulgated by the NY PSC, adopted by the New York State legislature, the FCC or the United States Congress, the rules or regulations adopted by the applicable governing body or regulatory agency shall govern and the Franchisee's compliance with such rules or regulations shall be deemed satisfactory performance.

Section 12

FAILURE TO COMPLY WITH THESE REQUIREMENTS

12.1 Material Requirements. Any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Appendix A shall constitute a Default as defined in Section 15.1 of the body of this Agreement. Any such Default that constitutes substantial and material Default shall fall within the scope of Section 15.6.11 of the body of this Agreement and any persistent or repeated pattern of such Defaults shall fall within the scope of Section 15.6.11 of the body of this Agreement, provided that no substantial and material Default nor any persistent or repeated pattern of action or inaction in connection with this Appendix A shall be deemed to fall within the scope of Section 15.6.11 of the body of this Agreement by reason of actions or inactions which are taken in the good faith belief that such do not constitute a Default, during pendency of a good faith dispute as to whether such actions or inactions at issue constitute a Default.

12.2 Reporting. The Franchisee shall provide reports documenting its compliance with the requirements of this Appendix A and other customer service matters as set forth in Exhibit 2 attached hereto and made a part hereof.

Section 13
ANNUAL CABLE CONSUMER REPORT CARD

13.1 Annual Cable Consumer Report Card Requirements. The Franchisee shall provide an Annual Cable Consumer Report Card setting forth the information described in Exhibit 3 attached hereto and made a part hereof; provided, however, that Franchisee's obligation to provide such Annual Cable Consumer Report Card shall not commence until forty-five (45) days from the end of the first full calendar year in which each cable operator in the Franchise Area, or portion thereof, is subject to a substantially equivalent obligation as contemplated under this Section 13.1 pursuant to the terms of a valid and effective cable franchise agreement by and between each such respective cable operator and the City.

Exhibit 1 to Appendix A

DESIGNATION AND LOCATION OF SERVICE CENTERS

SERVICE CENTER

[To be filled in by Verizon]

CONSUMER PROTECTION REPORTING REQUIREMENTS

SERVICE REPORTS

Significant Outage Report (Quarterly)

The Franchisee shall provide reports of Significant Outages, Significant Outage Reports, containing the date, time, location, number of homes affected, cause and duration of each outage, and such other information as the Commissioner shall reasonably require. Franchisee shall also include information related to automatic credits provided to Subscribers in relation to Significant Outages reported.

Interconnection Report (Upon Request)

Upon request of the Commissioner, the Franchisee shall submit to the Commissioner a report detailing its compliance with the requirements set forth in Section 8.1.6 of the Agreement.

TELEPHONE REPORT

A report containing the information detailing compliance with the standards required in Section 3.4.1 of Appendix A of the Agreement shall be submitted to the Commissioner in the form contained in the attached exhibit and according to the definitions set forth herein. Such report shall be submitted on a quarterly basis, except that a report regarding Supervisor Callback Within Four Hours shall be supplied upon request. If due to technological, service or other changes the Franchisee believes changes in the form of this report is appropriate, the Franchisee may petition the Commissioner for a change in form, which the Commissioner may grant if in his or her discretion such a change is in the interest of subscribers. To the extent there are references below to voicemail systems or other call response methods that the Company does not utilize, those sections shall not apply.

A. Telephone Reporting Definitions

1. Calls Offered.

All “calls” other than those which receive busy signals, made to the Franchisee’s sales, service, pay-per-view (other than pay-per-view automatic ordering), billing and any other lines for subscribers or potential subscribers (in short, all lines other than the Franchisee’s business office lines and its automated pay-per-view ordering lines), twenty-four (24) hours a day. All calls described in this report may be initiated by a voice response unit rather than a live representative.

2. Calls Handled.

All Calls Offered to the VRU which are not Lost Calls (see below).

3. Lost Calls.

a. Number: All Calls Offered which request, or hold for, a live customer service representative (“CSR”) (i.e., calls which neither request an automated response nor leave a taped message, or request an automated response then continue to hold for a CSR) but hang up before a live CSR comes to the phone.

b. Percent: Percentage of Calls Offered which are Lost Calls.

4. Average Wait Time.

“Wait Time” is defined as the number of seconds a caller waits, after the conclusion of recorded or automated phone system instructions and routing, before the earliest of the following occurs: a live CSR comes to the phone, or the caller leaves a recorded message, or the caller hangs up. Average Wait Time is the total Wait Time of all Calls Offered, which remain on the line after the commencement of Wait Time until they receive service from a live CSR, leave a recorded message, or hang up, divided by the number of such calls. Calls Offered which hang up prior to the commencement of Wait Time will not be counted in either the numerator or denominator of this calculated average, nor will any After Hours calls.

5. All Trunks Busy.

The Total amount of time in the reporting period during which the level of use of the Franchisee’s phone lines was such that a caller attempting to call any one of the phone lines included in Calls Offered would have received a busy signal (a period is considered within All Trunks Busy if, for example, all “service” lines are busy, even if “billing” lines are available, unless the Franchisee’s system automatically rolls calls from occupied lines into available lines).

6. Overflow Device. (During Normal Hours).

a. Total Calls Seeking CSR:

All Calls Offered during Normal Hours which remain on the line at the conclusion of any recorded or automated phone system instructions and routing. This should be the same number as the denominator in the calculation of Average Wait Time.

b. Calls Receiving CSR Within Thirty (30) Seconds:

The number of Total Calls Seeking CSR which were picked up by a live CSR within 30 seconds of the commencement of Wait Time. This number shall not include any calls picked up by a CSR after thirty (30) seconds of Wait Time has run, or any calls which leave a message, or any Lost Calls.

c. Total Messages Left:

The number of Total Calls Seeking CSR which leave messages. The number in this category when added to the number in the Calls Receiving CSR Within Thirty (30) Seconds category will add up to less than Total Calls Seeking CSR, because the following types of Total Calls Seeking CSR will not be included in either category: calls which are lost because the caller hangs up after thirty (30) seconds without leaving a message and callers who receive help from a CSR after waiting more than thirty (30) seconds.

d. Messages Requiring Callbacks:

The number of Total Calls Seeking CSR which leave messages which require callbacks. The difference between this category and Total Messages Left will be callers who leave messages which do not require further contact (because, for example, the caller's message reports an outage or other problem which was resolved shortly after the call, or the message simply reports an opinion on programming content) or are unreturnable (because, for example, the caller left no phone number or identification).

e. Messages Returned Within One (1) Business Day:

This is the number of Messages Requiring Callbacks which were returned within one (1) business day (including both calls which are successfully completed and calls in which the customer does not answer the phone).

f. Automated Calls Within Thirty (30) Seconds:

The number of Calls Offered which are handled by automated interaction between the customer and the telephone and/or billing system. This number shall not include any calls which roll over to the overflow device or during which for any other reason the automated response to the caller does not commence within thirty (30) seconds of the conclusion of initial recorded or automated phone service instructions and routing.

7. After Normal Hours.

a. Calls Offered After Hours:

All Calls Offered which come in After Hours. (These calls are separate from the Overflow Device category because all After Hours callers who remain on the line after recorded and automated information has been offered are immediately rolled into the message recording system, with no regular CSR availability).

b. After Hours Messages Returned Within One (1) Business Day:

Defined in the same manner as Messages Returned Within One (1) Business Day, except this category covers the messages received After Hours.

8. Supervisor Callback Requests:

All Calls Offered, requesting contact with a supervisor, including both requests made to live CSRs as well as requests left on recorded messages.

9. Supervisor Callback Within Four Hours:

All supervisor Callback requests which are returned by a supervisor within four (4) "calling hours." "Calling hours" are defined as 9 a.m. to 10 p.m. on weekdays, 10 a.m. to 10 p.m. on weekends. (It is recognized that some late evening callers requesting a supervisor may request that a callback be made later than the early morning hours of the following day. While such callbacks should not be included in Supervisor Callback Within Four Hours, it is understood that callbacks that take longer than four hours at the request of the caller are acceptable exceptions to the four hour requirement, provided the Company keeps records of such requests and makes them available to the Commissioner at the Commissioner's request.)

Exhibit 3 to Appendix A

ANNUAL CABLE CONSUMER REPORT CARD

Subject to the terms of Section 13.1 hereof, within forty-five (45) days from the end of each calendar year, Franchisee shall post on its website, and provide to the leasing or sales office of each MDU with which Franchisee has executed a marketing agreement for Cable Service, an Annual Cable Consumer Report Card setting forth the following information on a City-wide basis:

(1) Customer service performance information, including:

- (a) Percentage of calls answered by voice response units (“VRU”);
- (b) Percentage of calls abandoned by VRU; and
- (c) Percentage of busy calls by VRU.

(2) Subscriber rights and remedies, including but not limited to contact information related to Subscriber complaints and customer service within Verizon, as well as contact information for DoITT for Subscriber issues, Subscriber credit policy, privacy notice, and billing (including a statement that Subscribers may, upon request, receive a written description of any resolution of a billing dispute) and payment information.

(3) Price of services information.

(4) Content/channel changes and improvement information.

(5) Significant Outage information, including:

- (a) Summary of categories of Significant Outages that occurred by VSO, in the Franchise Area during the preceding calendar year;
- (b) Percentage of each category of Significant Outage that occurred by VSO in the Franchise Area during the preceding calendar year; and
- (c) Remedies performed Franchisee for each category of Significant Outage during the preceding calendar year.

APPENDIX B

PEG CHANNELS

Date	Number of Channels	
Within 180 Days of the Effective Date	4 P each Borough, 5 City-wide E/G	25 channels
January 1, 2009	Additional 2 P each Borough, Additional 1 City-wide E/G	11 channels
January 1, 2012	Additional 1 P each Borough, Additional 2 City-wide E/G	7 channels
6 years after Effective Date	Additional 2 P each Borough	10 channels
	53 channels total	

APPENDIX C

FORM OF COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

[CAO]

THIS AGREEMENT (the “Agreement”) made on this [] day of [], 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon”), with a place of business at 140 West Street, New York, New York 10007 and [CAO], a New York not-for-profit corporation (the “CAO”) designated by the Borough President of [borough name] (the “Borough President”), with a place of business at [address].

WHEREAS, the City of New York (the “City”), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise (“Franchise Agreement”) to operate a Cable System (the “System”) throughout the entire territorial boundaries of the City (“Service Area”), which among other boroughs includes the Borough of [borough name] (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of [borough name]; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels (“Public Access Channels”), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the “Code”), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such

other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in [borough name]; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I -DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of [borough name], and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II -GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of DOLLAR (\$____) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a “Cash Grant”) payable as follows:

DOLLARS (\$_____) shall be due and payable within ninety (90) days of the Effective Date;

DOLLARS (\$_____) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

DOLLARS (\$_____) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

DOLLARS (\$_____) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon’s obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public

Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of [_____]. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III -OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies, in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV -PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at (_____) ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty days (180) of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a "Public Access Channel Origination Site") and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Origination Site, as designated on Exhibit 1. Upon one hundred eighty days (180) days written notice from the CAO to Verizon that a Public Access Channel Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V -MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information

that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

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5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

[CAO NAME]

ATTEST:

BY: _____
[Signatory]

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
[Signatory]

APPENDIX D

FRANCHISE FIBER RIGHT OF USE

Pursuant to the terms of Article 9 of the Franchise, and in consideration for the rights and benefits provided to the Franchisee under the Franchise, the Franchisee shall provide to the City the exclusive right to use of certain fiber optic strands as more fully described in Exhibit 1 to this Appendix D. For purposes of this Appendix D, capitalized terms used herein but not otherwise defined below shall have the meanings ascribed to such terms in the Franchise.

Section 1 DEFINITIONS

1.1 “Connection Points” shall mean the locations at which the City Equipment may be connected to the Franchise Fibers as described on Exhibit 1 to this Appendix D.

1.2 “Franchise Fibers” are identified in Exhibit 1 to this Appendix D as the span locations of the fiber optic strands to be granted to the City hereunder.

1.3 The “City Equipment” shall mean any optronic, electronic, optical, or power equipment, and any other facilities, material or equipment owned, possessed or utilized by the City in connection with the use of the Franchise Fibers, including all innerducts (and other conduit tubing) and fiber optic cable in any telecommunications network owned by the City and connecting to any of the Franchise Fibers.

1.4 “Governmental Authority” shall mean any federal, state, regional, county, city, municipal, local, territorial, or tribal government, whether foreign or domestic, or any department, agency, bureau or other administrative or regulatory body obtaining authority from any of the foregoing, including without limitation, courts, public utilities and other authorities.

1.5 “Underlying Rights” shall mean all deeds, leases, easements, rights-of-way agreements, licenses, franchises, permits, grants and other rights, titles and interests that are necessary for the construction, installation, maintenance, operation, use or repair of the Franchise Fibers and Verizon’s supporting facilities, as applicable.

1.6 “Underlying Rights Requirements” shall mean the requirements, terms, conditions, obligations, liabilities, restrictions, and/or limitations on the City’s right to use and operate the Franchise Fibers and to access, install, repair, maintain and replace the City Equipment as set forth in the Right of Use granted by Article 9 of the Franchise and this Appendix D, in the Underlying Rights, in all applicable government codes, ordinances, laws, rules, permits, approvals and regulations, and all safety, operational and other rules and regulations imposed in connection with any of the foregoing or otherwise.

1.7 “Verizon Network” shall mean all of the physical facilities constructed, maintained and/or operated by the Franchisee or its Affiliates in the City which are utilized by Franchisee or its Affiliates for the provision of services, including, without limitation, Telecommunications Services, Information Services, or Cable Services.

Section 2 GRANT OF RIGHTS

2.1 *Right of Use of Franchise Fibers:* On the terms and subject to the conditions set forth herein, and consistent with the priority list set forth in **Exhibit 1** to this **Appendix D**, Franchisee grants to the City during the Term of the Franchise an exclusive right of use of the Franchise Fibers (the “Right of Use”) solely for the City’s noncommercial use.

2.2 *Franchisee’s Title:* Franchisee shall retain undivided, absolute legal title and ownership in the Franchise Fibers and the City’s rights pursuant to this **Appendix D** and Article 9 of the Franchise shall be limited solely to the Right of Use described herein during the Term of the Franchise.

2.3 *Limitation on City’s Rights:* Nothing herein shall be construed to confer upon the City any right to maintain, modify or alter the Franchise Fibers or Verizon’s supporting facilities, or the right of physical access to the Franchise Fibers or Verizon’s supporting facilities, or the right to encumber or use Verizon’s supporting facilities or any part thereof.

Section 3 TERM

3.1 *Term:* Subject to the terms of the Franchise, Section 3.2 hereof, and the priority list set forth on **Exhibit 1** to this **Appendix D**, the City’s Right of Use shall commence on the Effective Date of the Franchise and shall terminate in accordance with Section 3.2 of this **Appendix D**.

3.2 *Termination:* Upon the earlier of: (i) the expiration of the Term of the Franchise in accordance with Section 3.2 of the Franchise or (ii) the earlier termination of the Franchise pursuant to the terms of the Franchise, the City’s Right of Use shall immediately terminate, and all rights of the City to use the Franchise Fibers, or any parts thereof, shall cease upon written notice to the City from the Franchisee of such termination (the “Termination Notice”). Upon receipt by the City of the Termination Notice, the City shall immediately cease all use of the Franchise Fibers and at the City’s sole cost and expense remove any and all City Equipment connected with the Franchise Fibers or the Verizon’s supporting facilities.

Section 4 USE OF THE FRANCHISE FIBERS

4.1 *Compliance with Underlying Rights:* The City represents, covenants and warrants that it will use the Franchise Fibers granted hereunder in compliance with and subject to the Underlying Rights Requirements and all other applicable codes, ordinances, laws, rules and regulations of any Governmental Authority having jurisdiction over such Franchise Fibers.

4.2 *Permitted Use:* Subject to the provisions of the Right of Use granted by Article 9 of the Franchise and this **Appendix D**, the City may use the Franchise Fibers for the noncommercial purposes of the City and for no other purpose. The City acknowledges and agrees nothing herein shall be construed to confer upon the City any rights to use any fibers or other equipment or facilities, other than the Franchise Fibers, included or incorporated in the Verizon's supporting facilities or any portion of the Verizon Network except as expressly set forth in the Franchise.

Section 5 UNDERLYING RIGHTS

5.1 *Franchisee Underlying Rights:* Subject to the terms and provisions of this **Appendix D**, Franchisee agrees to obtain and maintain during the Term all Underlying Rights necessary for its construction, installation, maintenance and repair of the Franchise Fibers. The Right of Use granted hereunder is subject to the terms of the Underlying Rights, and is subject to the terms under which the Underlying Rights are owned or held by the grantor or grantors of the Underlying Rights, including covenants, conditions, restrictions, easements, reversionary and other interests, bonds, mortgages and indentures, and other matters, whether or not of record, and to the rights of tenants and licensees in possession. The Right of Use granted hereunder is further subject and subordinate to the prior right of the grantor or grantors of the Underlying Rights to use the right of way for other activities, including railroad operations, telecommunications uses, pipeline operations or any other purposes, and to the prior right of Franchisee to use its rights granted under the Underlying Rights. The rights granted to the City herein, if any, are made expressly subject to each and every limitation, restriction, condition or reservation in or affecting the Underlying Rights. Nothing herein shall be construed to be a representation, warranty or covenant of Franchisee's right, title or interest with respect to any of the Underlying Rights or with respect to the City's right to benefit from any of the Underlying Rights.

Section 6 ACCESS TO CONNECTION POINTS

6.1 *Connection:* The Franchisee shall provide the City with access to the Franchise Fibers at the Connection Points designated in **Exhibit 1** to this **Appendix D**. All terminations at Connection Points will be performed by the Franchisee in accordance with Franchisee's applicable specifications and operating procedures. The cost of such terminations at all Connection Points shall be the sole responsibility of the Franchisee.

6.2 *Access to Connection Points:* The City shall provide the Franchisee with all necessary legal, technical and physical access to all Connection Points as necessary to effectuate the objectives and obligations of this **Appendix D**.

6.3 *No Access by the City:* The City will not be entitled to any physical access to the Franchise Fibers or Verizon's supporting facilities.

6.4 *Franchisee Control:* Franchisee shall control all activities concerning access to the Verizon Network, including the Franchise Fibers and Verizon's supporting facilities.

6.5 *No Maintenance or Repair by the City:* Any maintenance or repair work required respecting the Franchise Fibers required by the City for any reason, including, without limitation, splicing of the Franchise Fibers or the installation of handholes or other physical access points shall be undertaken only by Franchisee at the City's request. All such work shall be performed for such charges and on such terms and conditions as are agreed to by the Parties in writing.

6.6 *Remediation/Removal of Hazardous Materials:* To the extent the installation of any Franchise Fibers at any Connection Points requires the removal or remediation of hazardous materials, such removal or remediation shall be the sole responsibility of the City and the Franchisee shall have no obligation to perform such installation until all appropriate removal and remediation of hazardous materials has been completed by the City to the reasonable satisfaction of the Franchisee.

Section 7 OPERATIONS

7.1 *No Interference by the City:* The City shall not interfere with, or adversely affect the use by any other Person of the Verizon Network and/or any electronic or optronic equipment used by such Person in connection therewith.

7.2 *No Interference by Franchisee:* Franchisee shall not interfere with, or materially or adversely affect (or permit another Person under the direct control of Franchisee to materially interfere with, or materially or adversely affect) the City's use of the Franchise Fibers and/or the City Equipment. Franchisee further agrees that it shall use best efforts to avoid interfering with, or materially or adversely affecting, any fiber facilities, directly connected to points of entry to City buildings, owned or operated by any other entity providing similar fiber facilities to the City as Franchisee has agreed to provide pursuant to this Appendix D (the "Third Party Facilities"); provided however, that the parties hereto agree that Franchisee shall rely solely on information provided by the City and thus presumed accurate regarding the location and nature of any such Third Party Facilities and that the Franchisee shall not incur any liability pursuant to this Section 7.2 which arises due to the City's failure to provide Franchisee with accurate information with respect to the location or nature of such Third Party Facilities.

7.3 *No Obligation to Supply Electronics:* The City acknowledges and agrees that Franchisee is not supplying, nor is Franchisee obligated to supply to the City, any of the City Equipment, optronics or electronics or optical or electrical equipment, electrical power, any related facilities, or any space for the placement thereof (except as expressly agreed by the Parties pursuant to another agreement or agreements executed by the Parties), all of which are the sole responsibility of the City.

7.4 *Compliance with Applicable Authority:* The City represents, warrants and covenants that it will use and operate the Franchise Fibers and use, operate, maintain, repair and replace the City Equipment consistent with and subject to the terms of the Franchise, the Underlying Rights Requirements and all applicable codes, ordinances, laws, rules and regulations.

7.5 *Process for Response to Complaints:* Franchisee shall respond to City complaints and/or requests in accordance with the practices described on **Exhibit 2** hereto.

Section 8

RELOCATION, REPLACEMENT AND CONDEMNATION OF CUSTOMER FIBERS

8.1 *Relocation Request:* If Franchisee receives notice of any request, intent or plan by any third Person (“Relocation Request”), including, but not limited to, any Governmental Authority, to relocate or require the relocation of any segment of Verizon’s supporting facilities affecting the Franchise Fibers, Franchisee shall notify the City of such Relocation Request and shall keep the City advised of the status of any such proceedings and negotiations related thereto. If relocation is required as a result of any such Relocation Request, Franchisee shall, to the extent possible, give the City at least sixty (60) days’ prior written notice of any such required relocation (“Relocation Notice”) including an estimate of the cost of such relocation. Franchisee shall have the right to relocate the Franchise Fibers and to the extent Franchisee is not reimbursed for the costs of such relocation by a third party or Governmental Authority, the City shall pay any costs associated with the relocation of the Franchise Fibers.

8.2 *Replacement:* In the event all or any part of the Franchise Fibers shall require replacement during the Term, such replacement shall be made as soon as reasonably practicable at Franchisee’s sole cost and expense; provided, however, that if the replacement of the Franchise Fibers is required as a result of the negligence or willful misconduct of the City, then Franchisee shall replace the Franchise Fibers and the City shall pay all costs associated therewith.

8.3 *Condemnation:* In the event any portion of Verizon’s supporting facilities affecting the Franchise Fibers, and/or the Underlying Rights, become the subject of a condemnation proceeding which is not dismissed within one hundred eighty (180) days of the date of filing of such proceeding and which could reasonably be expected to result in a taking by any Governmental Authority or other party cloaked with the power of

eminent domain for public purpose or use, both Parties shall be entitled, to the extent permitted under applicable law, to participate in any condemnation proceedings to seek to obtain compensation by separate awards for the economic value of their respective interests in the portion of Verizon's supporting facilities and/or the Franchise Fibers subject to such condemnation. Franchisee shall notify the City as soon as practicable of receipt of any notice of any condemnation proceeding filed against Verizon's supporting facilities, the Franchise Fibers or the Underlying Rights.

Section 9 CONFIDENTIALITY

9.1 *Proprietary and Confidential Information:* The City agrees that it shall treat any information provided to the City by Verizon pursuant this Appendix D as "proprietary and confidential" in accordance with the provisions of Section 11.1 of the Franchise.

Section 10 INDEMNIFICATION

10.1 *Indemnification:* Franchisee hereby agrees to indemnify, defend, protect and hold harmless the City, and its employees, officers, directors and agents (the "City Indemnified Persons"), from and against, and assumes liability for all suits, actions, damages, claims, losses, fines, judgments, costs and expenses (including reasonable attorneys', accountants' and experts' fees and disbursements) of any character ("Claims"): (a) suffered or incurred by the City Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property which in whole or in part arise on account of the negligent acts or omissions, of Franchisee in the construction of the Franchise Fibers and/or in the performance or non-performance of its repair and maintenance obligations or exercise of its rights under this Right of Use, including any material violation by Franchisee of any Governmental Authority; or (b) under the workers compensation laws asserted by any employee of Franchisee or its agents, contractors, customers or any other Person providing goods or services for or on behalf of any of the foregoing in connection with this Right of Use suffered or incurred by the City Indemnified Persons or any of them. Franchisee's indemnification obligations hereunder shall not be applicable to any Claims to the extent caused by, arising out of or in connection with the negligence, intentional acts or omissions or misconduct of the City Indemnified Persons or any of them.

10.2 The City hereby agrees to indemnify, defend, protect and hold harmless Franchisee and its Affiliates, and their employees, officers, directors and agents (the "Franchisee Indemnified Persons"), from and against, and assumes liability for all Claims (as defined in Section 10.1, above): (a) suffered or incurred by the Franchisee Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property (including, without limitation, the Verizon Network) which in whole or in part arise as a result of the negligent acts or omissions, of the City in the performance or non-performance of its obligations or

exercise of its rights under this Right of Use, including any violation by the City of any Underlying Right Requirements or any Governmental Authority; (b) under the workers compensation laws asserted by any employee of the City, or its agents, contractors, customers or any other Person providing goods or services to any of the foregoing in connection with this Right of Use, and suffered or incurred by the Franchisee Indemnified Persons or any of them; (c) suffered or incurred by the Franchisee Indemnified Persons or any of them and arising out of or resulting from the City's: (i) use or operation of the Franchise Fibers, or the ownership, use, operation, installation, repair, maintenance or replacement of the City Equipment (if any); (ii) the conduct of the City's business, including, without limitation, the provision of any services or the content of any video, voice or data carried through the Franchise Fibers; or (iii) the violation of any Underlying Rights Requirements applicable to the City; or (d) suffered or incurred by Franchisee Indemnified Persons or any of them and arising out of, caused by, related to or based upon a contractual or other relationship between such claiming Party and the City as it relates to the Franchise Fibers, the City Equipment, the Underlying Rights Requirements or this Right of Use, including any claim for interruption of service or in respect of service quality. The City's indemnification obligations hereunder shall not be applicable to any claims to the extent caused by the negligence, intentional acts or omissions or misconduct of Franchisee Indemnified Persons or any of them.

10.3 Either Party seeking indemnification hereunder ("Indemnatee") shall promptly notify the City or Franchisee, as appropriate, of the nature and amount of such claim and the method and means proposed by the Indemnatee for defending or satisfying such claim. The Parties shall consult and cooperate with each other respecting the defense and satisfaction of such claim, including the selection of and direction to legal counsel. Neither Party shall pay or settle any such claim without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

10.4 Subject to Section 10.5, below, nothing contained herein shall operate as a limitation on the right of either Party to bring an action for damages against any third Person, including indirect, special or consequential damages, based on any acts or omissions of such third Person as such acts or omissions may affect the construction, operation or use of the Franchise Fibers or the Verizon Network, except as may be limited by Underlying Rights Requirements; provided, however, that each Party hereto shall assign such rights or claims, execute such documents and do whatever else may be reasonably necessary to enable the other Party to pursue any such action against such third Person.

10.5 Notwithstanding the foregoing provisions of this Section 10, to the extent Franchisee is required under the terms and provisions of any Underlying Rights to indemnify the grantor or provider thereof from and against any and all claims, demands, suits, judgments, liabilities, losses or expenses arising out of or related to such Underlying Rights, regardless of the cause and regardless of whether such claims, demands, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, actions or inaction of such grantor or provider and its employees, servants,

agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right, the City hereby releases such grantor or provider from the same, regardless of whether such claims, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, willful misconduct or other action or inaction, of such grantor or provider or its employees, servants, agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right.

Section 11 ASSIGNMENT

11.1 *Assignment:* The City shall not have the right to assign any rights to use of the Franchise Fibers without the written consent of Franchisee, which consent may be withheld in its absolute discretion.

11.2 *Binding On Permitted Assigns:* Subject to the provisions of this Section, this Right of Use and each of the Parties' respective rights and obligations hereunder, shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective permitted successors and assigns.

EXHIBIT 1 TO APPENDIX D
FRANCHISE FIBER ROUTES AND SPANS

This Exhibit is filed under separate cover as it contains information that is proprietary and confidential and is exempt from disclosure pursuant to New York Public Officer's Law 87(2)(c),(d), (f) & (i).

EXHIBIT 2 TO APPENDIX D

A. Lines and Circuit Trouble/Outages:

1. For any line or circuit trouble/outage, DoITT may call in a trouble ticket to Verizon Business services at the following number: 1-800 444-1111.
2. Lines and circuits shall be identified pursuant to the designations set forth in Exhibit 1

B. Ticket Escalation

1. Trouble tickets initiated pursuant to Section A.1. above which require escalation or unique review by Franchisee, shall be addressed by the Verizon Business Service Management Team, which will make all the necessary calls and keep the customer updated as to the status of such trouble ticket in accordance with the following management review order:

1st level – Service Manager

2nd level – Manager, Service Management

3rd level – Director, Customer Service, NorthEast

2. Verizon Business is also the interface for DoITT on issues which require internal intervention with other departments (i.e. billing, provisioning, construction, engineering, maintenance, etc.).

APPENDIX E
FORM OF SECURITY

SAMPLE

EXHIBIT E-1

FORM OF PERFORMANCE BOND

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 Fifty Million Dollars (\$50,000,000), 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 a potential 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; provided, however, that to the extent the Obligee provides the Principal with any written notice of such potential default prior to such 30-day period, the Obligee shall provide the Surety with a copy of such written notice simultaneous with transmission of same to the Principal.

2. In the event of default by the Principal, Obligee shall deliver to Surety a valid court order demonstrating a final judgment not subject to appeal or further judicial relief, together with a written statement of the details of the default resulting in such judgment within thirty (30) days after the entry of such judgment, such notice to be delivered by certified mail to address of said Surety as stated herein.

3. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee. Such termination or cancellation shall not affect any liability incurred or accrued under this bond prior to the effective date of such cancellation.

4. 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.

5. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

6. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

7. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

8. This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

IN WITNESS WHEREOF, the above bounded Principal and Surety have
hereunto signed and sealed this bond effective this _____ day of _____, 2008.

Principal

Surety

By: _____

By: _____

Attorney-in-Fact

SAMPLE

EXHIBIT E-2

FORM OF LETTER OF CREDIT

This is an EXAMPLE of a letter of credit. In no way does this guarantee that the JPMorgan Chase Letter of Credit will read exactly as stated below:

Dated

OUR L/C NO.: XXXX-123456

APPLICANT REF. NO.: VZ12

TO:

CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBD STREET

NEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC.

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

ATTN:

EXECUTIVE VICE PRESIDENT

AND

GENERAL MANAGER

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT
IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO 600

DOCUMENTARY CREDIT NUMBER: XXXX-123456

DATE OF ISSUE: JUNE XX, 2008

BENEFICIARY: CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBDNEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

DATE AND PLACE OF EXPIRY:

JUNE XX, 2009

AT OUR COUNTER

DOCUMENTARY CREDIT AMOUNT: USD \$20,000,000.00

AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.

BY PAYMENT

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO THE CITY OF NEW YORK VIA SWIFT, TELEX, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF JUNE XX, 2009. UPON SUCH NOTICE TO THE CITY OF NEW YORK, THE CITY OF NEW YORK MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING EXACTLY AS FOLLOWS:

THE AMOUNT OF THIS DRAWING USD UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER XXX REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TPTS-XXX AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR

II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF, SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS AN AUTOMATIC EXTENSION PROVISION IS EXPRESSLY INCORPORATED INTO SUCH AMENDMENT.

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A., AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT MENTIONING THEREON DRAWN ON JPMORGAN CHASE BANK, N.A., LETTER OF CREDIT NUMBER XXX WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

“THE AMOUNT OF THIS DRAWING LIMITED TO THE AMOUNT REFLECTED ON THE ACCOMPANYING COURT ORDER USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXX-123456 REPRESENTS FUNDS DUE THE CITY OF NEW YORK, NY AS:” THE APPLICANT, VERIZON NEW YORK INC., FAILED TO PERFORM UNDER MATERIAL PROVISIONS OF AGREEMENT (DATED) BETWEEN CITY OF NEW YORK, NY AND VERIZON NEW YORK INC. UNDER A COURT ORDER DEMONSTRATING A FINAL JUDGMENT IN FAVOR OF THE CITY OF NEW YORK NOT SUBJECT TO APPEAL OR FURTHER JUDICIAL RELIEF’.

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO JPMORGAN CHASE BANK, N.A., C/O JPMORGAN TREASURY SERVICES, STANDBY LETTER OF CREDIT DEPT. 4TH FL. 10420 HIGHLAND MANOR DRIVE, TAMPA, FLORIDA 33610.

CUSTOMER INQUIRY NUMBER IS 1-800-634-1969 CHOOSE OPTION 1. E-MAIL ADDRESS IS: GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

AUTHORIZED SIGNATURE

APPENDIX F

FTTP UPGRADE SCHEDULE

All dates in this schedule refer to December 31 of the year indicated, except for the year 2014, which refers to June 30.

Cumulative Prems Passed (k) - % Complete								
Boro	Type	2008	2009	2010	2011	2012	2013	2014
Manhattan	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	57%	62%	66%	73%	82%	91%	100%
	Total	57%	62%	67%	73%	82%	91%	100%
Bronx	SFU	30%	46%	59%	69%	84%	96%	100%
	MDU	6%	23%	39%	58%	75%	92%	100%
	Total	13%	29%	45%	61%	77%	93%	100%
Queens	SFU	23%	39%	55%	69%	82%	95%	100%
	MDU	7%	21%	37%	54%	72%	93%	100%
	Total	15%	30%	46%	61%	77%	94%	100%
Staten Island	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	100%	100%	100%	100%	100%	100%	100%
	Total	98%	100%	100%	100%	100%	100%	100%
Brooklyn	SFU	17%	33%	47%	63%	77%	92%	100%
	MDU	8%	27%	42%	57%	76%	93%	100%
	Total	12%	30%	45%	60%	76%	93%	100%
NYC	SFU	32%	46%	59%	71%	83%	95%	100%
	MDU	27%	40%	51%	63%	78%	92%	100%
	Total	29%	42%	54%	66%	79%	93%	100%

APPENDIX G

FRANCHISE AREA

[See Attached Map]

NEW YORK CITY LFA

New Jersey

Manhattan

Bronx

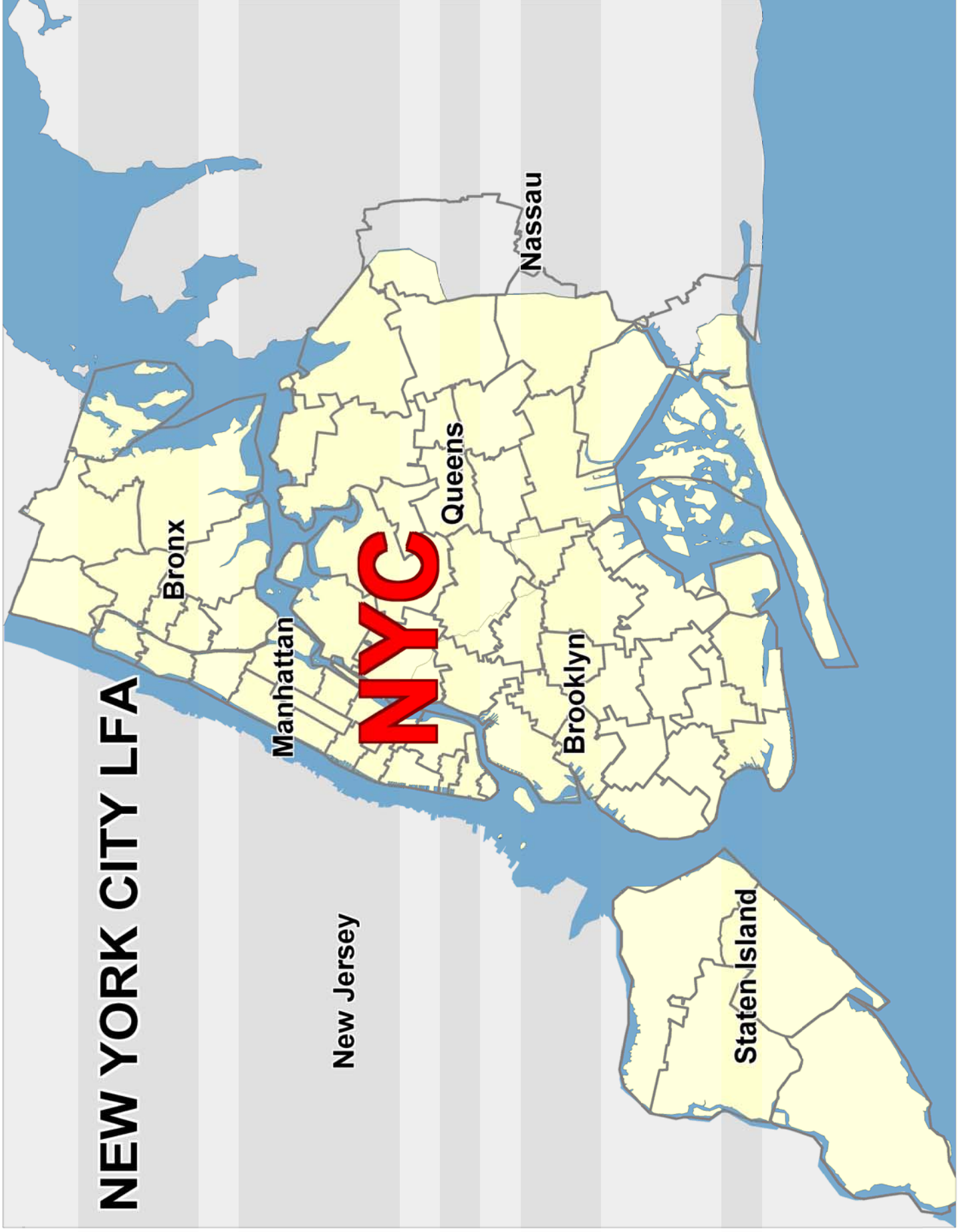
NYC

Queens

Brooklyn

Nassau

Staten Island



APPENDIX H

FORM OF GUARANTY

In consideration of the award of the Cable Franchise Agreement by and between the City of New York and Verizon New York Inc., dated _____2008, we, Verizon Communications Inc., hereby unconditionally and irrevocably agree to provide all the financial resources necessary for the satisfactory performance of the obligations of the Franchisee under the Cable Franchise Agreement and also to be legally liable for performance of the obligations of the Franchisee in case of default or revocation of the Cable Franchise Agreement.

Signature

Corporate Seal

Type or Print Name

Title & Official Name of Guarantor

Date

APPENDIX I

INVESTIGATION CLAUSE

1.1 The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

1.1 (a) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York; or

(b) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City.

1.2 (a) The commission or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(b) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to Section 1.3 below without the City incurring any penalty or damages for delay or otherwise.

1.3 The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(a) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a

member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(b) The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

1.4 The Commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

(a) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(b) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(c) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(d) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under 1.3 above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in 1.2(a) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

1.5 (a) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(b) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(c) The term “entity” as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City, or otherwise transacts business with the City.

(d) The term “member” as used herein shall be defined as any person associated with another person or entity as a partner, director, officer, principal or employee.

APPENDIX J

SYSTEM ARCHITECTURE

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

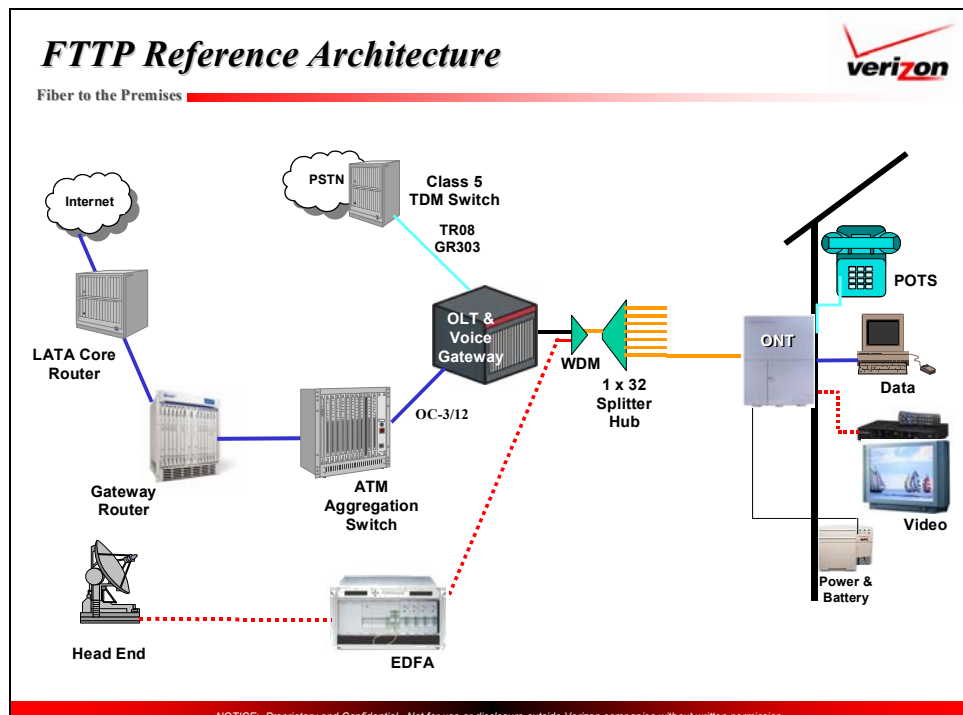
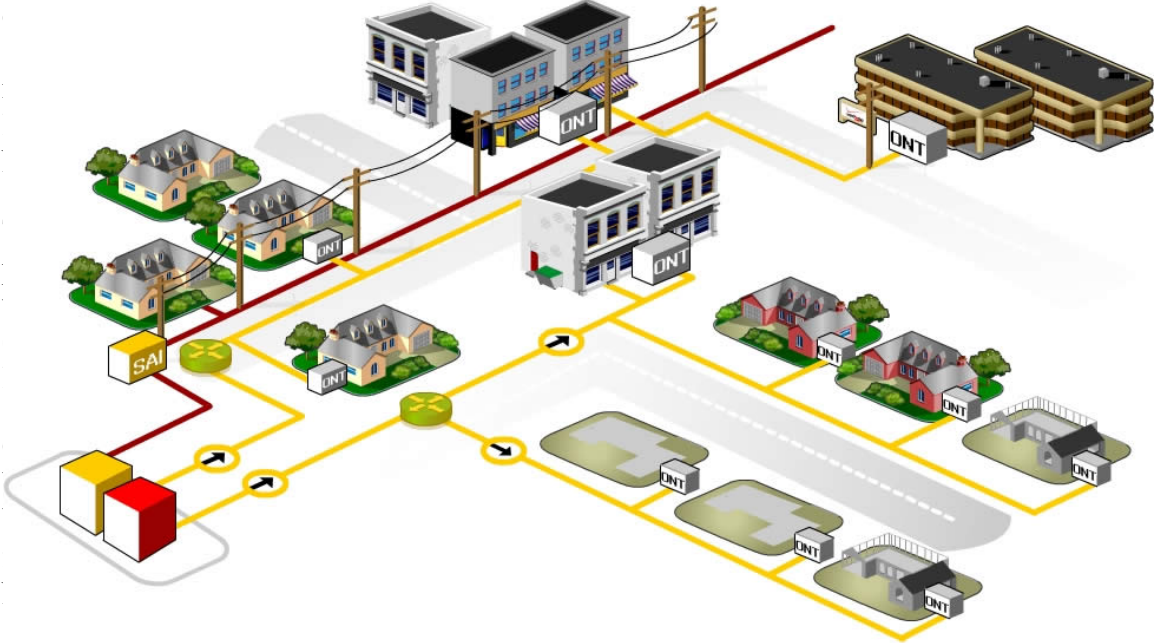


Figure 2-FTTP Full Build and Overlay Architectures

At the national or regional level, a “super” headend (SHE) shall serve as the single point



At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The

national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The VSO is a location within the central office containing FTTP equipment. If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

APPENDIX K
FORM OF FRANCHISE FEE REPORT

Franchise Fee Schedule/Report XX Quarter 2008

City of New York

Verizon - fBA

New York

Franchise Fee Rate:

5.00%

	October	November	December	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)				
Usage Based Charges (e.g. PayPer View, Installation)				
Advertising				
Home Shopping				
Late Payment				
Other Misc. (Leased Access & Other Misc.)				
Franchise Fee Billed				
PEG Fee Billed				
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation				
Franchise Fee Due				
Verizon is hereby requesting that this information be treated by the Franchise Authority as confidential business information.				

The calculations set forth herein were conducted in accordance with the applicable provisions of the cable franchise agreement by and between Verizon NY Inc. and the City of New York and Verizon's applicable internal financial policies and are true and accurate to the best of my knowledge.

Signature:

Manager, Verizon Settlement Administration

Tab 21

From: McDonald, Nia [mailto:NMcDonald@wileyrein.com]
Sent: Tuesday, May 27, 2008 10:03 AM
To: bregal@law.nyc.gov
Cc: mahlbaum@doitt.nyc.gov; Lasota, Marie C.; pngoldstein@mcguirewoods.com
Subject: CAO Grant and Use Agreements - Execution Copies

Dear Bruce:

Please find attached final executed copies of the BCAT, Bronxnet, QPTV and MNN CAO agreements. I will send the CAO Agreement for SICTV (Staten Island) later today. Please let me know if you need anything additional.

Best regards,

Nia



Nia Y. McDonald
Attorney At Law
Wiley Rein LLP

1776 K Street NW
Washington, DC 20006
Tel: 202.719.4633 | Fax: 202.719.7049
Email: nmcdonal@wileyrein.com
www.wileyrein.com

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APPENDIX C

COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

MANHATTAN COMMUNITY ACCESS CORPORATION *D/B/A* MANHATTAN

NEIGHBORHOOD NETWORK

CAO GRANT AND USE AGREEMENT

THIS AGREEMENT (the "Agreement") made on this 8th day of May, 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York ("Verizon"), with a place of business at 140 West Street, New York, New York 10007 and Manhattan Community Access Corporation d/b/a Manhattan Neighborhood Network, a New York not-for-profit corporation (the "CAO"), designated by the Borough President of Manhattan (the "Borough President"), with a place of business at 537 West 59th Street, New York, NY 10019.

WHEREAS, the City of New York (the "City"), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise ("Franchise Agreement") to operate a Cable System (the "System") throughout the entire territorial boundaries of the City ("Service Area"), which among other boroughs includes the Borough of Manhattan (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of Manhattan; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels ("Public Access Channels"), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "Code"), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and

programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in Manhattan; and

WHEREAS, the, CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I - DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of Manhattan, and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II - GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of ONE DOLLAR (\$1.00) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR THIRTY-FIVE CENTS (\$1.35) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR SIXTY-FIVE CENTS (\$1.65) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR EIGHTY CENTS (\$1.80) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR NINETY CENTS (\$1.90) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS TEN CENTS (\$2.10) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS FIFTEEN CENTS (\$2.15) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS TWENTY-FIVE CENTS (\$2.25) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS THIRTY CENTS (\$2.30) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a "Cash Grant") payable as follows:

ONE MILLION EIGHT HUNDRED NINETY NINE THOUSAND & 00/DOLLARS (\$1,899,000.00) shall be due and payable within ninety (90) days of the Effective Date;

ONE MILLION FOUR HUNDRED SEVENTY SEVEN THOUSAND & 00/DOLLARS (\$1,477,000.00) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

ONE MILLION TWO HUNDRED SIXTY SIX THOUSAND & 00/DOLLARS (\$1,266,000.00) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

ONE MILLION TWO HUNDRED SIXTY SIX THOUSAND & 00/DOLLARS (\$1,266,000.00) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon's obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient

period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of 537 West 59th Street, New York, NY 10019 and one service outlet at 175 East 104th Street, New York, NY 10029 at such time as this location also becomes a master control site for the CAO. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drops unless and until Verizon's Cable Service is available to be offered at such locations. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System, provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III - OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities,

equipment, and supplies in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV - PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4)

Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes, provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at 537 West 59th Street, New York, NY 10019 ("Public Access Channel

Interconnection Site”). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty (180) days of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a “Public Access Channel Content Origination Site”) and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Content Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Content Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Content Origination Site, as designated on Exhibit 1. Upon one hundred eighty (180) days written notice from the CAO to Verizon that a Public Access Channel Content Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall -unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V - MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in

connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged default occurred or were caused by a Force Majeure, provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

5.15 Counterparts

The parties hereby agree that this Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.16 Notices

Every notice, order, petition, document, or other direction or communication to be served upon the CAO or Verizon shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses:

If to Verizon, to:

Verizon Communications
140 West Street, 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

with a copy to:

Director-Franchise Operations
Verizon Communications Inc. (Location VC11W412)
One Verizon Way
Basking Ridge, NJ 07920


If to the CAO, to:

Executive Director
Manhattan Neighborhood Network
537 West 59th Street,
New York, NY 10019

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

MANHATTAN COMMUNITY ACCESS
CORPORATION *D/B/A* MANHATTAN
NEIGHBORHOOD NETWORK


ATTEST:

BY: 
Name: Daniel Coughlin
Title: Executive Director

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
Name: Maura C. Breen
Title: Senior Vice President and
General Manager - NY/CT
Region, Verizon Telecom

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

MANHATTAN COMMUNITY ACCESS
CORPORATION *D/B/A* MANHATTAN
NEIGHBORHOOD NETWORK

ATTEST:

BY: _____
Name: Daniel Coughlin
Title: Executive Director

VERIZON NEW YORK, INC.

ATTEST:

BY: Maura C. Breen
Name: Maura C. Breen
Title: Senior Vice President and General
Manager - NY/CT Region,
Verizon Telecom

FORM APPROVED
Attorney _____
Date 8/4/08

Exhibit 1

1. Manhattan Neighborhood Network Firehouse, Studio 1
175 East 104th Street
New York, NY 10029

2. Manhattan Neighborhood Network Firehouse, Studio 2
175 East 104th Street
New York, NY 10029

3. Manhattan Neighborhood Network Firehouse, Studio 3
175 East 104th Street
New York, NY 10029

4. Manhattan Neighborhood Network Firehouse, Studio 4
175 East 104th Street
New York, NY 10029

APPENDIX C

COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

BROOKLYN INFORMATION & CULTURE, INC.,

D/B/A BRIC ARTS|MEDIA|BKLYN

CAO GRANT AND USE AGREEMENT

THIS AGREEMENT (the "Agreement") made on this 8th day of May, 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York ("Verizon"), with a place of business at 140 West Street, New York, New York 10007 and Brooklyn Information & Culture, Inc., d/b/a BRIC Arts|Media|Bklyn, a New York not-for-profit corporation (the "CAO"), designated by the Borough President of Brooklyn (the "Borough President"), with a place of business at 647 Fulton Street, Brooklyn, NY 11217.

WHEREAS, the City of New York (the "City"), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise ("Franchise Agreement") to operate a Cable System (the "System") throughout the entire territorial boundaries of the City ("Service Area"), which among other boroughs includes the Borough of Brooklyn (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of Brooklyn; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels ("Public Access Channels"), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "Code"), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and

programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in Brooklyn; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I - DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of Brooklyn, and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II - GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of ONE DOLLAR (\$1.00) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR THIRTY-FIVE CENTS (\$1.35) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR SIXTY-FIVE CENTS (\$1.65) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR EIGHTY CENTS (\$1.80) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR NINETY CENTS (\$1.90) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS TEN CENTS (\$2.10) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS FIFTEEN CENTS (\$2.15) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS TWENTY-FIVE CENTS (\$2.25) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS THIRTY CENTS (\$2.30) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a "Cash Grant") payable as follows:

ONE MILLION FOUR HUNDRED SEVENTY SIX THOUSAND & 00/DOLLARS (\$1,476,000.00) shall be due and payable within ninety (90) days of the Effective Date;

ONE MILLION ONE HUNDRED FORTY EIGHT THOUSAND & 00/DOLLARS (\$1,148,000.00) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

NINE HUNDRED EIGHTY FOUR THOUSAND & 00/DOLLARS (\$984,000.00) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

NINE HUNDRED EIGHTY FOUR THOUSAND & 00/DOLLARS (\$984,000.00) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon's obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient

period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of 647 Fulton Street, Brooklyn, NY 11217. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System, provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III - OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the

needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV - PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the

programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes, provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at 647 Fulton Street, Brooklyn, NY 11217. ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty (180) days of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a “Public Access Channel Content Origination Site”) and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Content Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Content Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Origination Site, as designated on Exhibit 1. Upon one hundred eighty (180) days written notice from the CAO to Verizon that a Public Access Channel Content Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall -unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is

transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V - MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information that is reasonably determined by Verizon to be competitively

sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged default occurred or were caused by a Force Majeure, provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

5.15 Counterparts

The parties hereby agree that this Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.16 Notices

Every notice, order, petition, document, or other direction or communication to be served upon the CAO or Verizon shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses:

If to Verizon, to:

Verizon Communications
140 West Street, 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

with a copy to:

Director-Franchise Operations
Verizon Communications Inc. (Location VC11W412)
One Verizon Way
Basking Ridge, NJ 07920

If to the CAO, to:

Executive Director
BRIC Arts|Media|Bklyn
647 Fulton Street
Brooklyn, NY 11217

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

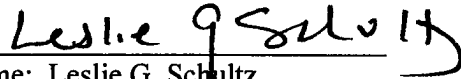
IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

BRIC ARTS|MEDIA|BKLYN

ATTEST:



BY:



Name: Leslie G. Schultz

Title: Executive Director

VERIZON NEW YORK, INC.

ATTEST:

BY:

Name: Maura C. Breen

Title: Senior Vice President and
General Manager - NY/CT
Region, Verizon Telecom

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

BRIC ARTS/MEDIA/BKLYN

ATTEST:

BY: _____
Name: Leslie G. Schultz
Title: Executive Director

VERIZON NEW YORK, INC.

ATTEST:

BY: Maura C. Breen
Name: Maura C. Breen
Title: Senior Vice President and General
Manager - NY/CT Region,
Verizon Telecom

FORM APPROVED

Attorney

Date

Exhibit 1

1. Kingsborough Community College
2001 Oriental Boulevard
Brooklyn, NY 11235

2. Brooklyn College
2900 Bedford Avenue
Brooklyn, NY 11210

3. Medgar Evers College
1650 Bedford Avenue
Brooklyn, NY 11225

4. Bedford Stuyvesant Restoration Corporation
1368 Fulton Street
Brooklyn, NY 11216

APPENDIX C

COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

BRONX COMMUNITY CABLE PROGRAMMING

CORPORATION

CAO GRANT AND USE AGREEMENT

THIS AGREEMENT (the "Agreement") made on this 8th day of May, 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York ("Verizon"), with a place of business at 140 West Street, New York, New York 10007 and Bronx Community Cable Programming Corporation, a New York not-for-profit corporation (the "CAO"), designated by the Borough President of the Bronx (the "Borough President"), with a place of business at 250 Bedford Park Boulevard West, Bronx, NY 10468.

WHEREAS, the City of New York (the "City"), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise ("Franchise Agreement") to operate a Cable System (the "System") throughout the entire territorial boundaries of the City ("Service Area"), which among other boroughs includes the Borough of the Bronx (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of the Bronx; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels ("Public Access Channels"), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "Code"), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and

programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in the Bronx; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I - DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of the Bronx, and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II - GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of ONE DOLLAR (\$1.00) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR THIRTY-FIVE CENTS (\$1.35) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR SIXTY-FIVE CENTS (\$1.65) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR EIGHTY CENTS (\$1.80) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR NINETY CENTS (\$1.90) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS TEN CENTS (\$2.10) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS FIFTEEN CENTS (\$2.15) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS TWENTY-FIVE CENTS (\$2.25) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at TWO DOLLARS THIRTY CENTS (\$2.30) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a "Cash Grant") payable as follows:

ONE MILLION ONE HUNDRED TWENTY FIVE THOUSAND & 00/DOLLARS (\$1,125,000.00) shall be due and payable within ninety (90) days of the Effective Date;

EIGHT HUNDRED SEVENTY FIVE THOUSAND & 00/DOLLARS (\$875,000.00) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

SEVEN HUNDRED FIFTY THOUSAND & 00/DOLLARS (\$750,000.00) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

SEVEN HUNDRED FIFTY THOUSAND & 00/DOLLARS (\$750,000.00) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon's obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient

period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of 250 Bedford Park Boulevard West, Bronx, NY 10468. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System, provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III - OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the

needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV - PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the

programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert, provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at 250 Bedford Park Boulevard West, Bronx, NY 10468. ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty (180) days of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a "Public Access Channel Content Origination Site") and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Content Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO's desire to commence such discussions. The cost related to any substitution of a Public Access Channel Content Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Content Origination Site, as designated on Exhibit 1. Upon one hundred eighty (180) days written notice from the CAO to Verizon that a Public Access Channel Content Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall -unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is

transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V - MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information that is reasonably determined by Verizon to be competitively

sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged default occurred or were caused by a Force Majeure, provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

5.15 Counterparts

The parties hereby agree that this Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.16 Notices

Every notice, order, petition, document, or other direction or communication to be served upon the CAO or Verizon shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses:

If to Verizon, to:

Verizon Communications
140 West Street, 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

with a copy to:

Director-Franchise Operations
Verizon Communications Inc. (Location VC11W412)
One Verizon Way
Basking Ridge, NJ 07920

If to the CAO, to:

Executive Director
Bronx Community Cable Programming Corporation
250 Bedford Park Boulevard West
Bronx, NY 10468

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

CORPORATION

ATTEST:

BRONX COMMUNITY CABLE
PROGRAMMING

BY: 

Name: Michael Max Knobbe
Title: Executive Director

VERIZON NEW YORK, INC.

ATTEST:

BY: _____

Name: Maura C. Breen
Title: Senior Vice President and
General Manager - NY/CT
Region, Verizon Telecom

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

BRONX COMMUNITY CABLE
PROGRAMMING CORPORATION

ATTEST:

BY: _____
Name: Michael Max Knobbe
Title: Executive Director

VERIZON NEW YORK, INC.

ATTEST:

BY: Maura C. Breen
Name: Maura C. Breen
Title: Senior Vice President and General
Manager - NY/CT Region,
Verizon Telecom

FORM APPROVED
Attorney [Signature]
Date 5/1/0

Exhibit 1

The Bronx County Courthouse
851 Grand Concourse
Bronx, NY 10451

Hostos Community College
450 Grand Concourse
Bronx, NY 10451

Subject to Section 4.5.02 and the successful completion of all required site preparation work by Verizon, Verizon shall provide to the CAO connections to an additional two (2) Public Access Channel Content Origination Sites within the Borough as designated in writing by the CAO to Verizon. Each additional Public Access Channel Content Origination Site shall be at a location reasonably acceptable to Verizon, and within 200 feet of Verizon's fiber optic trunk or feeder route.

APPENDIX C

COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

QUEENS PUBLIC COMMUNICATIONS CORPORATION

CAO GRANT AND USE AGREEMENT

THIS AGREEMENT (the "Agreement") made on this 14th day of May, 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York ("Verizon"), with a place of business at 140 West Street, New York, New York 10007 and Queens Public Communications Corporation, a New York not-for-profit corporation (the "CAO") designated by the Borough President of Queens (the "Borough President"), with a place of business at 41-61 Kissena Blvd., Flushing, NY 11355.

WHEREAS, the City of New York (the "City"), is entering into a Franchise Agreement granting Verizon a nonexclusive franchise ("Franchise Agreement") to operate a Cable System (the "System") throughout the entire territorial boundaries of the City ("Service Area"), which among other boroughs includes the Borough of Queens (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of Queens; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels ("Public Access Channels"), and to provide to the CAO any support payments and Cash Grants (as hereinafter defined) as may be agreed upon between the CAO and Verizon as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "Code"), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO shall obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in the Borough of Queens; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I - DEFINITIONS

1.1 **Borough**: The entire existing territorial boundaries of the Borough of Queens, and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II - GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 1 - Year 7: The Public Access Channel Grant shall be in the amount of ONE DOLLAR (\$1.00) per month, per Subscriber until the seventh anniversary of the Effective Date;

Year 8: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR FIVE CENTS (\$1.05) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR TEN CENTS (\$1.10) per month, per Subscriber until the ninth anniversary of the Effective Date; and

Year 10: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR FIFTEEN CENTS (\$1.15) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR TWENTY CENTS (\$1.20) per month, per Subscriber until the eleventh anniversary of the Effective Date; and

Year 12: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR TWENTY-FIVE CENTS (\$1.25) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

2.2.01 Verizon shall make cash grants to the CAO (each, a "Cash Grant") payable as follows:

TWO MILLION DOLLARS (\$2,000,000.00) shall be due and payable within ninety (90) days of the Effective Date;

FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) shall be due and payable on the first anniversary of the first payment; and

FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) shall be due and payable on the second anniversary of the first payment.

2.2.02 Each Cash Grant shall be non-refundable.

2.2.03 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.2 shall not affect Verizon's payment obligations under this Section 2.2.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO and its Board of Directors.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, as set forth in Section 8.5 of the Franchise Agreement, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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 or the provisions of the Franchise Agreement, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon's obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The parties hereto have agreed that the Cash Grant provided to the CAO by Verizon pursuant to Section 2.2 represents an equivalent economic burden upon Verizon when compared against the obligation on the incumbent cable operator pursuant to Section 1.2.01 of the Community Access Organization Grant Agreement dated September 16, 1998, by and between the CAO and the incumbent cable operator, Time Warner Cable of New York City, to provide the CAO with a studio and other facilities at 41-61 Kissena Blvd., Flushing, NY 11355. The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefore by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant

payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's

lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, four service outlets activated for Basic Service at the location of the CAO's master control with an address of 41-61 Kissena Boulevard, Flushing, NY 11355. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III - OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code, and as deemed necessary by the Board of Directors of the CAO.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall publish all rules and regulations in a pamphlet, copies of which shall be available to the public at the office of the CAO.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Expenditure Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV - PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days,

and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day, for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's master control headend at 41-61 Kissena Blvd., Flushing, NY 11355 ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty (180) days of the Effective Date. Verizon shall negotiate in good faith with the CAO and all required third parties to acquire all necessary legal approval(s) for access to the Public Access Channel Interconnection Site on reasonable terms and conditions. If the CAO is unable to provide access or any required third party is unable to provide access to Verizon on reasonable terms and conditions to effectuate such interconnection within one hundred eighty (180) days of the Effective Date, Verizon and the CAO will negotiate a reasonable extension of time.

4.5.02 The CAO shall designate in writing to Verizon one (1) content originating location ("Public Access Channel Content Origination Site") within the Borough at a location reasonably acceptable to Verizon and within 200 feet of Verizon's fiber optic trunk or feeder route. Upon one hundred eighty (180) days written notice from the CAO to Verizon that the Public Access Channel Content Origination Site is fully functional for its intended purpose, Verizon shall construct and make operable an auxiliary connection between the Public Access Channel Content Origination Site and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall -unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V - MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making

disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged default occurred or were caused by a Force Majeure; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

5.15 Counterparts

The parties hereby agree that this Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.16 Notices

Every notice, order, petition, document, or other direction or communication to be served upon the CAO or Verizon shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses:

If to Verizon, to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

with a copy to:

Director-Franchise Operations
Verizon Communications Inc. (Location VC11W412)
One Verizon Way
Basking Ridge, NJ 07920

If to the CAO, to:

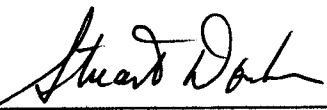
Executive Director
Queens Public Communications Corporation
41-61 Kissena Blvd., Flushing, NY 11355

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

**QUEENS PUBLIC COMMUNICATIONS
CORPORATION**

ATTEST:

BY: 
Name: Stuart Domber
Title: President

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
Name: Maura C. Breen
Title: Senior Vice President and General
Manager - NY/CT Region,
Verizon Telecom

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

QUEENS PUBLIC COMMUNICATIONS
CORPORATION

ATTEST:

BY: _____
Name: Stuart Domber
Title: President

VERIZON NEW YORK, INC.

ATTEST:

BY: Maura C. Breen
Name: Maura C. Breen
Title: Senior Vice President and General
Manager - NY/CT Region,
Verizon Telecom

FORM APPROVED
Attorney [Signature]
Date 5/16/05

Tab 22

From: Pinkard, Brendon
Sent: Tuesday, May 27, 2008 6:16 PM
To: 'Regal, Bruce'
Cc: John Raposa; 'marie.c.lasota@verizon.com'; 'ptrane@telecominsightgroup.com'; mahlbaum@doitt.nyc.gov
Subject: Clean NYC-Verizon Franchise

Bruce,

Per your request at today's hearing, attached please find a final version of the franchise with the headers and footers removed.

Thanks,

Brendon



Brendon M. Pinkard
Attorney At Law
Wiley Rein LLP

1776 K Street NW
Washington, DC 20006
Tel: 202.719.7332 | Fax: 202.719.7049
Email: bpinkard@wileyrein.com
www.wileyrein.com

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Cable Franchise Agreement

by and between

The City of New York

and

Verizon New York Inc.

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APPENDICES

Appendix A: Customer Protection Standards
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THIS AGREEMENT (the “Agreement”) is entered into by and between the City of New York, a validly organized and existing political subdivision of the State of New York (the “City”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon” or the “Franchisee”).

WHEREAS, the City 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; and

WHEREAS, the Franchisee is in the process of upgrading its existing Telecommunications Services (as hereinafter defined) and Information Services (as hereinafter defined) network through the installation of the FTTP Network (as hereinafter defined) in the Franchise Area (as hereinafter defined) which transmits Non-Cable Services pursuant to authority determined by Franchisee to have been 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 (as hereinafter defined) or Title VI of the Communications Act; and

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

WHEREAS, no cable franchisee has ever agreed to provide Cable Service throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, the City wishes to grant Franchisee a nonexclusive franchise to operate a Cable System (as hereinafter defined) throughout the entire territorial boundaries of the Franchise Area; and

WHEREAS, pursuant to Section 363(a) of the New York City Charter (the “City Charter”), franchises are to be awarded by the City in accordance with the provisions of authorizing resolutions adopted by the City Council of the City (the “City Council”); and

WHEREAS, the City Council adopted Resolution No. 538 on September 27, 2006 (the “Resolution”) which authorizes, until September 27, 2011, the Department of Information Technology and Telecommunications (“DoITT”) to grant nonexclusive franchises for the provision of cable television services; and

WHEREAS, the delivery of Cable Services is in the City’s interest, and the availability of such competitive service to all households in the City on a timely basis pursuant to the terms of this Agreement will significantly benefit the City; and

WHEREAS, the City, pursuant to the terms of the Cable Act (as hereinafter defined), has identified the City’s future cable-related community needs and interests and, pursuant to the City

Charter, has issued a solicitation for cable television franchises (the “Solicitation”) to which the Franchisee responded; and

WHEREAS, in response to the Solicitation, the Franchisee offered to operate and maintain a Cable System and provide Cable Services (as hereinafter defined) and to perform certain additional undertakings; and

WHEREAS, the Franchisee and the City completed arm’s-length negotiations regarding the terms and conditions pursuant to which the City intends to grant to the Franchisee, and the Franchisee intends to accept from the City, a franchise (the “Franchise”) described generally in Section 4.1 hereof and more specifically as described by the complete terms of this Agreement; and

WHEREAS, the City has, with respect to the proposed grant of the Franchise, complied with the New York State Environmental Quality Act (“SEQRA”) (Section 8-0101 et seq. of the New York State Environmental Conservation Law), the SEQRA regulations set forth at Part 617 of Title 6 of the New York Code of Rules and Regulations, and the City Environmental Quality Review process (Chapter 5 of Title 62 and Chapter 6 of Title 43 of the Rules of the City of New York); and

WHEREAS, the Department of City Planning determined pursuant to Section 363(c) of the City Charter that the grant of this Franchise would not have land use impacts or implications and therefore is not subject to the Uniform Land Use Review Procedure (“ULURP”) set forth in Section 197-c of the City Charter;

WHEREAS, the Franchisee has completed all required submissions under the City’s VENDEX process, and the City’s review thereof has been completed; and

WHEREAS, pursuant to Section 371 of the City Charter, the Franchise and Concession Review Committee (the “FCRC”) held a public hearing on the proposed Franchise terms of this Agreement memorializing the terms and conditions of the proposed Franchise; and

WHEREAS, said hearing before the FCRC was held within 30 days of the date that DoITT filed the proposed Franchise with the FCRC; and

WHEREAS, a notice of said hearing and a summary of the terms and conditions of the proposed Franchise were properly published in the City Record; and

WHEREAS, at least 15 days, excluding Sundays and legal holidays, elapsed between publication of said hearing notice and summary in the City Record and the commencement of such hearing before the FCRC; and

WHEREAS, before the FCRC hearing, the requirements regarding publication of notice of such hearing as set forth in Section 371 of the City Charter were met; and

WHEREAS, the FCRC has approved the grant to the Franchisee of the Franchise and the terms of this Agreement as described herein; and

WHEREAS, pursuant to Section 895.1 of Title 16 of the New York Code of Rules and Regulations, the Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; the Franchisee's plans for its Cable System were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

WHEREAS, the City and the Franchisee have determined that this Agreement complies with the franchise standards set forth in the Resolution, Section 363 of the City Charter, Section 626 of the Cable Act as amended, Section 221 of the Public Service Law, the regulations of the Public Service Commission, and all other applicable laws and regulations; and

WHEREAS, the City, following said public hearing, determined that this Franchise granting the Franchisee a nonexclusive franchise complies with the franchise standards set forth in the Cable Act, the Resolution, the aforementioned Public Service Law, the regulations of the NY PSC (including any necessary waivers that the parties may seek and obtain) and all other applicable laws and regulations; and

WHEREAS, the City and 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 foregoing clauses, which clauses are hereby made a part of this Agreement, the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby covenant and agree as follows:

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 and the Communications Act are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

1.1. *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.

1.2. *Application:* Application of Verizon New York Inc. for a Cable Television Franchise in the City of New York, filed on April 15, 2008.

1.3. *Agreement:* This Agreement, together with the Appendices attached hereto and all amendments or modifications hereof.

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

1.5. *Borough President*: Each President of one of the five boroughs within the City of New York, any Borough President's designee, or any successor thereto.

1.6. *Cable Act*: The Cable Communications Policy Act of 1984 (codified at 47 U.S.C. §§ 521-573).

1.7. *Cable Law*: The Cable Act, 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, to the extent authorized under and consistent with federal law.

1.8. *Cable Service or Cable Services*: Shall be defined herein as it is defined under 47 U.S.C. § 522(6), as amended.

1.9. *Cable System or System*: Shall be defined herein as it is defined under 47 U.S.C. § 522(7), as amended.

1.10. *Channel*: Shall be defined herein as it is defined under 47 U.S.C. § 522(4), as amended.

1.11. *Channel Position*: Shall mean the position on a television receiver, tuner, converter or similar device which is selected to receive a specific Channel.

1.12. *Communications Act*: The Communications Act of 1934, as amended, including, without limitation, the Cable Act.

1.13. *Closing*: Shall be defined as provided in Section 2.1 hereof.

1.14. *Commissioner*: Shall mean the Commissioner of DoITT, the Commissioner's designee or any successor thereto.

1.15. *Community Access Organization ("CAO")*: Shall mean, with respect to any particular borough of the City, the nonprofit corporation that has been designated in connection with that borough pursuant to the agreements substantially in the form set forth in Appendix C to this Agreement.

1.16. *Controlling Person*: A Person with the ability to exercise de facto or de jure control over day-to-day policies and operations or the management of Franchisee's affairs.

1.17. *Corporation Counsel*: The Corporation Counsel of the City, the Corporation Counsel's designee, or any successor thereto.

1.18. *DoITT*: The Department of Information Technology and Telecommunications, or any successor thereto.

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

1.20. *FCRC*: Shall mean the Franchise and Concession Review Committee of the City of New York.

1.21. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, 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 Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.22. *Franchise Area*: The incorporated area (entire existing territorial limits) of the City, and such additional areas as may be annexed or acquired.

1.23. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees (including for which consent of the City is required under Article 13 hereof).

1.24. *FTTP Network*: The Franchisee's fiber-to-the-premise telecommunications network in the Franchise Area as described in the Application.

1.25. *FTTP Network Created*: All transport connections and equipment in the FTTP Network have been established and are operational to the fiber distribution terminal serving the residence requesting fiber-enabled services (whether Cable Service or Non-Cable Services). Additionally, for MDUs, Franchisee has obtained building access and prepositioned its facilities in the MDU which are necessary for serving residences within the MDU requesting fiber-enabled services (whether Cable Service or Non-Cable Services).

1.26. *Government/Educational Access Channel*: An Access Channel which the Franchisee shall make available for the sole noncommercial use of the City or for noncommercial use 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 as specified by the City, as provided in Article 8 and Appendix B to this Agreement.

1.27. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee (or any Affiliate) from the operation of the Cable System to provide Cable Service in the Franchise Area, as follows:

1.27.1. Gross Revenue includes, without limitation: all Subscriber 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 Franchisee over the Cable System in the Franchise 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) video on demand and pay-per-view; (iv) revenues from the sale or lease of channel(s) or channel capacity; (v) compensation received by Franchisee that is derived from the operation of the Cable System to provide Cable Service with respect to commissions that are paid to Franchisee or an Affiliate providing Cable Service under this Franchise as compensation for promotion or exhibition of any products or services on the Cable System, such as a “home shopping” or similar channel, subject to the exceptions below; and (vi) charges described to Subscribers as attributable to Franchise Fees (as hereinafter defined) and PEG Grants. Gross Revenue shall also include all advertising revenue which is received directly or indirectly by the Franchisee or any Affiliate from or in connection with the distribution of any service over the System (and including, without limitation, compensation for use of studio or other facilities and equipment associated with production or distribution of any programming or advertising to be distributed as part of a Cable Service). The allocation shall be based on the number of Subscribers in the Franchise 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.

1.27.2. Except as provided above, Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business and in accordance with generally accepted accounting principles (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; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, provided, however, that any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System paid to Franchisee or an Affiliate 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 City including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by the LFA, a state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity; taxes imposed on Subscribers by law, which the Franchisee is obligated to collect; any foregone revenue which 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 Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which 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 Franchisee of marketing costs incurred by 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.

1.27.3. Gross Revenues derived from Cable Services provided over the Cable System in the Franchise Area that are provided to Subscribers as part of a bundle of services that include Non-Cable Services shall be treated in accordance with Section 10.5 hereof.

1.28. *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.

1.29. *Landlord*: The term "landlord" shall mean and include the owner or owners of the freehold of the premises or lesser estate therein, a mortgagee or vendee in possession, assignee of rents, receiver, executor, trustee, lessee, agent, or any other person, firm or corporation, directly or indirectly in control of a dwelling, or any designee of the foregoing enumerated Persons formally authorized to approve physical alterations, improvements or modifications to such dwelling including the installation of Franchisee's facilities.

1.30. *Leading Technology*: The highest level of performance and capability (including, but not limited to, with respect to plant or other equipment; transmission capacity to subscribers' premises; channel offerings; video-on-demand services; construction techniques; consumer service; facilities, equipment, systems and operations; and performance standards), that has been commonly accepted, developed and commercially deployed in the wireline cable television industry and is economically reasonable and technically feasible.

1.31. *Local Franchise Authority ("LFA" or the "City")*: The City of New York, New York, or the lawful successor, transferee, or assignee thereof.

1.32. *Multiple Dwellings ("MDUs")*: Shall have the meaning set forth therefore in NY CLS Mult D § 4(7).

1.33. *Non-Cable Services*: Any service that does not constitute Cable Service pursuant to law including, but not limited to, Information Services and Telecommunications Services.

1.34. *Non-Residential Subscriber*: A Subscriber that is not a Resident.

1.35. *Non-Standard Installation*: Any installation which does not constitute a Standard Installation as defined in Section 1.45 hereof.

1.36. *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.

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

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

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

1.40. *Public Access Channel*: An Access Channel which the Franchisee shall make available to a CAO, at no charge, as provided in Article 8 and Appendices B and C to this Agreement.

1.41. *Public Rights-of-Way*: The surface of, and the space above and below, any and all streets, avenues, highways, boulevards, concourses, driveways, bridges, tunnels, parks, parkways, waterways, docks, bulkheads, wharves, piers, public grounds and public places or waters within and belonging to the City and any other property within the City, to the extent to which there exist public easements or public rights of way. Public Rights-of-Way do not include the electromagnetic spectrum above the surface of a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.42. *Resident*: An occupant who: (i) resides in a dwelling which has or is entitled to receive from the City a residential certificate of occupancy, including, without limitation, a private dwelling, class A multiple dwelling, or an interim multiple dwelling; or (ii) has continuously resided in the same building as a permanent resident and who takes occupancy pursuant to a lease (or other similar arrangement) of at least six (6) months duration. For purposes of this Agreement, the terms “private dwelling,” “class A multiple dwelling,” and “interim multiple dwelling” shall have the same meaning as they have or may have in NY CLS Mult D, as such law may from time to time be amended.

1.43. *Residential Subscriber*: A Subscriber that is a Resident.

1.44. *Service Area*: All portions of the Franchise Area with a video service office (“VSO”) that is open for sales and Cable Service is being offered.

1.45. *Standard Installation*: A residence requesting Cable Service that is Video Network Created as of the date of the request for service.

1.46. *Subscriber*: A Person who lawfully receives Cable Service over the Cable System.

1.47. *Telecommunication Services*: Shall be defined herein as it is defined under 47 U.S.C. § 153(46), as amended.

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

1.49. *Video Network Created*: Video transport connections and equipment have been established and are operational to the fiber distribution terminal serving the residence requesting Cable Service. Additionally, for MDUs, Verizon has obtained building access and prepositioned its video facilities in the MDU which are necessary for serving requesting residences within the MDU.

1.50. *Video Programming*: Shall be defined herein as it is defined under 47 U.S.C. § 522(20), as amended.

1.51. *Video Service Office or VSO*: A wire center that has been upgraded by Franchisee to be video-capable and which thereby may be opened for sales for the provision of Cable Service by Franchisee.

1.52. *Wholly Owned Affiliate*: Any entity of which 100% of the ownership interest is ultimately held by Verizon Communications, Inc.

2. CLOSING; CLOSING CONDITIONS

2.1. *Closing*: This Agreement shall be executed and the obligations herein shall commence on the closing of this Agreement (herein referred to as the “Closing”). The Closing shall be the first day on which all of the following conditions have been met and this Agreement has been fully executed and delivered:

2.2. *FCRC Resolution*: The FCRC shall have adopted a resolution approving this Franchise;

2.3. *Certified Copies of Resolutions*: The Franchisee shall have furnished the City with a certified copy of the resolution(s) duly adopted by the Board of Directors or other authorized representative of the Franchisee, approving the execution, delivery and performance of this Agreement and approving the execution, delivery and performance of all other documents, certificates, and other instruments required to be furnished to the City by and pursuant to the terms of this Agreement;

2.4. *Opinion of Franchisee’s Counsel*: The City shall have received an opinion dated as of the date of the Closing from outside counsel to the Franchisee in form and substance reasonably satisfactory to the Commissioner and the Corporation Counsel;

2.5. *Representations and Warranties*: The Franchisee shall have provided the City with a certificate of an officer of the Franchisee certifying that the representations and warranties made by the Franchisee in this Agreement are true and correct as of the Closing;

2.6. *Government Approvals*: The Franchisee shall have provided the City with evidence of approval of the transactions contemplated by this Agreement from any necessary governmental authorities, and all notice periods and waiting periods required by law to pass in connection with such transactions shall have passed, except the certificate of confirmation to be issued or renewed by the PSC pursuant to Section 891.4 of the PSC regulations and issuance of an FCC CUID;

2.7. *Performance Bond*: The Franchisee shall have furnished to the City the Performance Bond, pursuant to Article 15 hereof;

2.8. *Security Fund/Letter of Credit*: The Franchisee shall have deposited with the City the Security Fund/Letter of Credit, pursuant to Article 15 hereof;

2.9. *Liability Insurance Policy*: The Franchisee shall have secured its liability insurance policy pursuant to Article 12 hereof;

2.10. *Guaranty*: The Franchisee shall have secured and delivered to the Commissioner and the Comptroller a guaranty executed by the Guarantor in the form set forth at Appendix H to this Agreement, which guaranty shall have been authorized, executed and delivered by the Guarantor;

2.11. *W-9 Form*: The Franchisee shall have submitted an IRS W-9 form certifying the Franchisee's tax ID number;

2.12. *VENDEX*: The Franchisee has completed all required submissions under the City's VENDEX process, and the City's review thereof has been completed; and

2.13. *Other Documents*: The Franchisee shall have delivered such other documents as may be reasonably requested by the City.

2.14. *Waiver*: To the extent permitted by law, any of the above Closing conditions may be waived by the Commissioner, provided such waiver shall not be a waiver of any substantive requirement of this Agreement as set forth hereinafter.

3. EFFECTIVE DATE AND TERM:

3.1. *Effective Date & Term*: This Agreement and the Franchise granted herein shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following the Closing; provided that implementation of this Agreement shall be subject to the applicable registration provisions of City Charter sections 375 and 328. The term (the "Term") of this Agreement and the Franchise granted herein shall be twelve (12) years from the Effective Date, or until June 30, 2020, whichever is later, unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the City in writing of the same, which notification shall become a part of this Franchise.

3.2. *Termination*: The termination of this Agreement and the Franchise granted hereunder shall occur upon the earliest to occur of: (i) the end of the Term; or (ii) the earlier termination of the Franchise and this Agreement as provided for in this Agreement. The Franchise shall be considered revoked and terminated automatically upon any termination of this Agreement as provided hereunder.

3.3. *Renewal on Expiration*: Subject to 47 U.S.C. § 546, the City reserves the right at the end of the Term to grant, or grant on new terms and conditions, or not grant, renewal of the Franchise without any presumption in favor of a renewal of the Franchise.

4. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

4.1. *Grant of Authority*: The City hereby grants the Franchisee the right to provide Cable Service within the Franchise Area until the end of the Term, subject to the terms and conditions of this Agreement. The parties acknowledge that this Agreement is not in and of itself a sufficient source for the right of the Franchisee to occupy the Public Rights-of-Way for the provision of any service and is intended to grant such right only in accompaniment with a separate authority to occupy the affected Public Rights-of-Way. The parties further

acknowledge (a) that this Agreement does not include all of the terms and conditions which the City would require for such occupancy, (b) that the Franchisee claims that it has preexisting authority to occupy any or all of the Public Rights-of-Way with the facilities that are being installed to provide Cable Services under this Agreement, (c) that the City disputes such claim, and (d) that such dispute is the subject of the Pending Litigation (as defined in Section 18.14 hereof). The parties further acknowledge that if the Pending Litigation results in a final determination (after all opportunities to appeal have been either pursued or expired) that with respect to any of the Public Rights-of-Way the Franchisee does not have authority preexisting this Agreement to occupy such Public Rights-of-Way, then the Franchisee's right to occupy such Public Rights-of-Way with such facilities, including for the provision of Cable Services, shall be conditional on the Franchisee's reaching agreement with the City on the terms and conditions of such occupancy, and that absent such agreement, this Agreement and the Franchise granted hereunder shall terminate immediately on written notice from the City.

4.2. *The FTTP Network:* Consistent with Section 18.14 and 18.15 hereof, upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the City's police power, the City has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities.

4.3. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the City 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 law or this Franchise to provide Cable Service.

4.4. *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. Further, the parties to this Franchise agree that this Franchise is consistent with applicable federal and state law and the parties agree to be bound by the terms hereof.

4.5. *No Waiver:* The failure of either the City or Franchisee 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 other (neither the City nor the Franchisee) from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

4.6. *Construction of Agreement:*

4.6.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives.

4.6.2. Nothing herein shall be construed to limit the scope or applicability of 47 U.S.C. § 545, as amended.

4.6.3. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Agreement, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on either party of the material alteration. Any modification to this Franchise shall be in writing and shall be subject to Section 222 of the New York Public Service Law and Title 16, Chapter VIII, Part 892, Subpart 892-1, Section 892-1.4 of the Official Compilation of Codes, Rules and Regulations of the State of New York requiring application to the NY PSC and approval of any modification. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

4.7. *Police Powers:* Nothing in this Franchise shall be construed to prohibit the City's reasonable, necessary and lawful exercise of the City's police powers, including, without limitation, in addition to the implementation and enforcement of the provisions of this Agreement and existing applicable laws and regulations, the enactment, adoption, implementation and enforcement of such additional laws and regulations as the City may deem necessary in the exercise of its police power, including any lawful right to compel relocation of Cable System facilities in the Public Rights-of-Way in the event of sewer and water line work, road-widenings and other adjustments to the Public Rights-of-Way, and the provisions of New York City Administrative Code § 6-115.1 (the "MacBride Principles"); provided, however, that such laws and regulations are reasonable and not materially in conflict with the privileges granted in this Franchise and consistent with all federal and state laws, regulations and orders.

4.8. *Restoration and Inspection of Municipal Property:* In order to avoid interference with the City's ability to deliver public services, any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to pre-existing condition.

4.9. *Restoration of Subscriber Premises:* The Franchisee shall ensure that each 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, provision or disconnection of Cable Service.

5. DEPLOYMENT; PROVISION OF CABLE SERVICE

5.1. *Initial Deployment:* Subject to the exceptions and checkpoint extensions set forth in this Article, the FTTP Network will pass all households served by Franchisee's wire centers within the Franchise Area in accordance with the table attached hereto as Appendix F, with final completion no later than June 30, 2014. For purposes of this Agreement including Appendix F, "pass" or "passage" of a household shall mean MDU's whether or not network created and single family units whether or not a drop is installed.

5.1.1. *Exceptions:* The FTTP Network deployment schedule set forth in Appendix F shall be subject to the following exceptions: (A) for periods of Force Majeure; (B) for periods of delay beyond the normal permitting or approval time period, or due to issuance of a stop work order issued by the City, where such stop work order is not caused by action on the part of Franchisee; and (C) for periods of delay resulting from Franchisee's inability to obtain authority to access private rights-of-way.

5.1.2. *Checkpoint Extensions:* Within thirty (30) days of each of the dates set forth below (each, a “Checkpoint”), the Franchisee shall conduct an evaluation of its “video penetration rate” (as hereinafter defined) in the Franchise Area and, in the event such evaluation determines that Franchisee has not achieved the applicable video penetration rate at each such Checkpoint, the Franchisee shall be afforded an extension of its deployment and service availability obligations pursuant to Sections 5.1, 5.2 and 5.3 hereof, in accordance with the following:

5.1.2.1. *First Checkpoint:* If, by June 30, 2010, Franchisee has achieved a video penetration rate in the Franchise Area which is less than fifteen percent (15%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.2. *Second Checkpoint:* If, by June 30, 2011, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty percent (20%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.3. *Third Checkpoint:* If, by June 30, 2012, Franchisee has achieved a cumulative video penetration rate in the Franchise Area which is less than twenty-five percent (25%), then: Franchisee will be granted a twelve (12) month extension to complete final City-wide deployment and service availability, with the annual per borough deployment schedule from the date of such Checkpoint being proportionately extended to reflect the extended final completion date.

5.1.2.4. For purposes of this Agreement, the term “video penetration rate” shall mean:

FiOS TV billable lines in service
(FTTP passed single family units whether or not a drop is installed
+ residential units within FTTP network created MDU’s)
in VSOs that are open for sales (OFS).

5.1.3. In the event Franchisee seeks to exercise its right to an extension of its deployment and service availability obligations at any Checkpoint pursuant to this Section 5.1, Franchisee shall, within sixty (60) days from the applicable Checkpoint, provide the City with written documentation, in a format to be reasonably determined by Franchisee, justifying the basis for Franchisee’s exercise of such extension. Such written documentation shall be treated as confidential and proprietary consistent with Section 11.1 hereof, and shall include, the number of residential units within FTTP Network Created MDUs and FTTP passed single family units (hereinafter, “SFUs,”) along with other elements of the formula set forth in Section 5.1.2.4 of this Agreement, as may be reasonably necessary to satisfy the objectives of this Section 5.1.3.

5.1.4. Consistent with the schedule set forth in Appendix F, nothing herein shall be construed to limit Franchisee's discretion with respect to the order of geographic areas to be wired, provided, however, that at each Checkpoint described above, the estimated median household income of all homes passed shall not be greater than the average household income of all households in New York City (based on the calculations set forth in the 2000 census data).

5.2. *VSO Conversions:* Subject to periods of Force Majeure and the checkpoint extensions set forth at subsection 5.1.2 above, not later than June 30, 2014 Franchisee shall have completed the upgrade of all of Franchisee's wire centers located within or serving the Franchise Area such that all of Franchisee's wire centers within or serving the Franchise Area constitute video-capable VSOs open for sales.

5.3. *Service Availability:*

5.3.1. *Initial Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units, at Franchisee's expense, except that Franchisee may charge a standard installation fee, and may make Cable Service available to businesses, in conformance with Section 5.4. The parties hereto agree that the terms of this Section 5.3.1 satisfy the minimum standards set forth in 16 NYCRR Section 895.5.

5.4. *Provision of Service:* Subject to the exceptions set forth in Subsection 5.5 hereof, Franchisee shall make Cable Service available to all residential dwelling units in the Service Area. Franchisee agrees that it shall not discriminate between or among any individuals in the availability of Cable Service or based upon the income in a local area.

5.4.1. *Installations of Cable Service – Standard Installations:* Franchisee shall perform all Standard Installations of Cable Service within seven (7) business days after any such request is received by the Franchisee, unless a later date is agreed to with the requesting potential residential Subscriber.

5.4.1.1. If the Franchisee is unable to fulfill a potential residential Subscriber's request for Standard Installation of Cable Service within seven (7) business days of Franchisee's receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), the Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for Franchisee's inability to perform the requested Standard Installation within seven (7) business days or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); and (ii) the date by which Franchisee anticipates performing such Standard Installation. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Standard Installation request subsequent to the later of: (i) the date which is seven (7) business days from the date which is seven (7) business days following a potential Subscriber's initial request for Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

5.4.1.2. All Standard Installations will be in accordance with FCC requirements governing appropriate grounding and connection of equipment to ensure reception of Cable Service.

5.4.1.3. Consistent with the requirements of Appendix A the Franchisee will offer Subscribers “appointment window” alternatives for arrival to perform all Standard Installations.

5.4.2. *Installations of Cable Service – Non-Standard Installations:* Franchisee shall perform all Non-Standard Installations of Cable Service within six (6) months after any such request is received by the Franchisee, unless either a later date is agreed to with the requesting potential residential Subscriber or Franchisee advises the requesting potential residential Subscriber of the current unavailability of Cable Service at the location as set forth in Subsection 5.4.2.1.

5.4.2.1. If the Franchisee is unable to fulfill a potential residential Subscriber’s request for Non-Standard Installation of Cable Service within six (6) months of Franchisee’s receipt of such request or the later date as agreed to with the requesting potential residential Subscriber (as the case may be), Franchisee shall promptly provide notice to such potential residential Subscriber setting forth: (i) the basis for the current unavailability of Cable Service at the requesting location; and (ii) a good faith estimate of the date by which Franchisee believes that Cable Service may be available at the location. Such notice shall be provided in oral, written, electronic or other format acceptable to the Commissioner; provided, however, that in no event shall Franchisee fulfill such Non-Standard Installation request subsequent to the later of: (i) the date which is six (6) months from the date which is six (6) months following a potential Subscriber’s initial request for Non-Standard Installation or the later date as agreed to with the requesting potential residential Subscriber (as the case may be); or (ii) a further later date agreed to with the Subscriber.

5.5. *Exceptions:* Franchisee’s Cable Service availability obligation as set forth in Section 5.4 shall be subject to the following exceptions: (A) where the FTTP Network has not been deployed or a VSO is not yet opened for sales; (B) for periods of Force Majeure; and (C) periods of delay caused by Franchisee’s inability, after good faith efforts, to obtain valid legal authority to access any MDU in the Franchise Area for the purpose of providing Cable Service to units within such MDU on other than commercially unreasonable terms and conditions with respect to each such MDU.

5.5.1. *Commercial Unreasonability:* The phrase “commercially unreasonable terms and conditions” means any one or more of the following circumstances:

5.5.1.1. The landlord is imposing buildout, installation and/or maintenance requirements to serve the MDU that require a financial investment which results in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee’s weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$;

5.5.1.2. The landlord is requiring removal or other remediation of hazardous materials;

5.5.1.3. The landlord, despite the legal requirements of Public Service Law Section 228, is demanding payment above the compensation contemplated by Section 228; and

5.5.1.4. A bulk sales, exclusive marketing or other arrangement is in effect in the MDU that reduces Franchisee's reasonably anticipated penetration rate resulting in a return on invested capital (ROIC) by four (4) years from the date on which the MDU is open for sales that is less than Franchisee's weighted average cost of capital, wherein $ROIC = (\text{Net Income} + \text{after tax interest}) / \text{Net Average Operating Assets}$.

5.5.2. *Access:* The phrase "Franchisee's inability, after good faith efforts, to obtain valid legal authority" as used herein shall be understood in the context, where applicable, of the legal obligations of landlords under Section 228 of the New York State Public Service Law ("Section 228"), or any successor provision of like effect, and therefore in instances in which the Franchisee believes that a landlord is in violation of Section 228, Franchisee is obligated to provide such landlord with notice of Section 228 and the legal obligations imposed upon such landlord pursuant thereto and pursue remedies available thereunder as appropriate in Franchisee's judgment, acting reasonably.

5.5.2.1. *Additional Procedures:* Beginning July 1, 2012, in each case in which the Franchisee needs to obtain access to the property in response to a request for Cable Service where the FTTP Network has been deployed and the VSO is opened for sales, Franchisee shall undertake (and document in written form) the following steps within the following time periods:

5.5.2.1.1. Send promptly (but in no event later than thirty (30) days after receipt of a request for Cable Service) to the property owner or managing agent notice of its intent to wire for Cable Service;

5.5.2.1.2. Attempt to negotiate a survey date and wiring method with the property owner or agent;

5.5.2.1.3. If not yet successful in obtaining access, send a second (2nd) notice of intent to wire including specific reference to Franchisee's access rights, and attempt to wire;

5.5.2.1.4. If the property owner or agent prevents wiring, request assistance from the Commissioner and/or the PSC; and

5.5.2.1.5. If access is not provided within one hundred and eighty (180) days of the first notice to the property owner or agent of intention to wire, file a petition pursuant to 16 NYCRR § 898.4 seeking an order for entry to the property.

5.5.2.2. The Commissioner may waive, or extend the dates for complying with, the requirements of this Section 5.5.2 upon a showing of good cause by the Franchisee.

5.6. *Periodic Reevaluation:* In the event that Franchisee delays service availability to any MDU in the Franchise Area pursuant to the terms of Section 5.5, Franchisee agrees that it will conduct periodic reevaluations of each such MDU to determine whether circumstances have changed in a manner that would enable Franchisee to obtain valid legal authority to access such MDU on commercially reasonable terms and conditions.

5.7. *Technology and Education Fund/Municipal Facilities Service Grant:* In lieu of, and in satisfaction for, the Franchisee's obligation to provide free service outlets and free Cable Service to public buildings, and in order to further the City's objective of funding technological and educational needs throughout the City, the Franchisee hereby agrees to pay to the City the aggregate sum of Four Million Dollars (\$4,000,000)(the "Technology, Educational & Municipal Facilities Grant") payable in accordance with the following schedule: (i) the first (1st) Technology, Educational & Municipal Facilities Grant payment in the amount of One Million Five Hundred Thousand Dollars (\$1,500,000) shall be payable on the date which is thirty (30) days from the Effective Date hereof; (ii) the second (2nd) Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the fourth (4th) anniversary of the Effective Date hereof; and (iii) the third (3rd), and final, Technology, Educational & Municipal Facilities Grant payment shall be payable in the amount of One Million Two Hundred Fifty Thousand Dollars (\$1,250,000) on the date which is thirty (30) days from the seventh (7th) anniversary of the Effective Date hereof.

5.7.1. The Technology, Educational & Municipal Facilities Grant will be used by the City to support the provision of technology services to City government locations and/or City government-related locations in each of the five boroughs of the City where technology services are made or to be made available to the community, such as (for example) New York City Housing Authority community centers, City Department for the Aging community centers and similar facilities. Decisions as to the specific facilities to be supported by said Technology, Educational & Municipal Facilities Grant within each borough shall be made by the City in consultation with the Borough President of the applicable borough. Franchisee shall exercise no discretion as to the allocation or distribution of funds from the Technology, Educational & Municipal Facilities Grant in any manner whatsoever.

6. SYSTEM FACILITIES

6.1. *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and in a manner that limits disruption to public use of City streets, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner, and in a manner which protects the City's property from damage.

6.2. *System Characteristics:* During the Term hereof, Franchisee's Cable System as described in Appendix J, shall meet or exceed the following requirements:

6.2.1. The System shall initially be designed and operated with a digital carrier passband between 50 and 860 MHz and shall provide for a minimum channel capacity of not less than 77 channels on the Effective Date.

6.2.2. 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.

6.2.3. The Cable System must conform to all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, and shall substantially conform in all material respects to applicable sections of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry procedures:

6.2.3.1. Cable Law;

6.2.3.2. Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

6.2.3.3. National Electrical Code;

6.2.3.4. National Electrical Safety Code (NESC).

6.3. *Cable System Tests and Inspections:*

6.3.1. The Franchisee shall perform all tests necessary to demonstrate compliance with the requirements of the Franchise, and to ensure that the Cable System components are operating as required; provided, however, that Franchisee's testing obligations under this Article 6 shall be limited solely to those tests which are designed for, and applicable to, a fiber optic network transmitting optical spectrum. All tests shall be conducted in accordance with federal rules and any applicable United States National Cable Television Association's Recommended Practices for measurement and testing. In the event that the FCC's technical performance standards are repealed or are no longer applicable to the Cable System, such standards shall remain in force and effect until the Commissioner, or a designee thereof, and the Franchisee agree to new standards.

6.3.2. The Franchisee shall conduct tests as follows:

6.3.2.1. Proof of Performance tests on the Cable System at least once every six (6) months or as required by FCC rules, whichever is more often, except as federal law otherwise limits the Franchisee's obligation. In consultation with DoITT, the Cable System monitor test points shall be established in accordance with good engineering practices and consistent with FCC guidelines;

6.3.2.2. Special Proof of Performance tests, as limited by the City, of the Cable System or a segment thereof when Subscriber complaints indicate tests are warranted;

6.3.2.3. Tests shall be supervised by a senior engineer of the Franchisee, who shall sign all records of tests provided to the City;

6.3.2.4. The City shall have the right to designate a City employee (or a third party consultant operating on the City's behalf, provided that such third party consultant executes, in advance, a nondisclosure agreement in a form reasonably acceptable to Franchisee) to visually inspect Franchisee's Cable System in order to verify compliance with Section 6.1 hereof and witness and/or review all required Proof of Performance Tests. The Franchisee shall provide the City with at least two (2) business days' notice of, and opportunity to observe, any such Proof of Performance Tests performed on the Cable System;

6.3.2.5. The Franchisee shall retain written reports of the results of any tests required by the FCC, and such reports shall be submitted to the City upon the City's request. The City shall have the same rights the FCC has to inspect the Franchisee's performance test data;

6.3.2.6. If any test indicates that any part or component of the Cable System fails to meet applicable requirements, the Franchisee, without requirement of additional notice or request from the City, shall take corrective action, retest the locations and advise the City of the action taken and results achieved, and supply the City with a copy of the results within thirty days from the date corrective action was completed; and

6.3.2.7. The Commissioner may, for good cause shown, waive or limit the system test and inspection provisions in this Section 6.3.

6.4. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area, and, to the extent necessary to effectuate the objectives of Article 8 hereof, with agreed upon CAO facilities. Franchisee shall use reasonable efforts to interconnect its Cable System with the existing cable operator(s). Franchisee shall initiate interconnection negotiations with the existing cable operator(s) to cablecast, on a live basis, Public, Educational and Governmental Access programming consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall attempt to negotiate in good faith with existing cable operator(s) respecting reasonable, mutually convenient, cost-effective, and technically viable interconnection points, methods, terms and conditions. The Franchisee and the existing cable operator(s) shall negotiate the interconnection agreement on reasonable terms and conditions. If, despite Franchisee's reasonable efforts, Franchisee is unable to successfully negotiate interconnection of its Cable System with the existing cable operator(s), the City shall make all best efforts to facilitate such negotiations between Franchisee and such other cable operator(s).

6.5. *Emergency Alert System:* Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC and the State of New York, including the NY PSC's rules and regulations and the current New York EAS Plan, in order that emergency messages may be distributed over the System.

6.6. *Program Services:* Franchisee shall strive to offer over the Cable System a diversity of video programming services, including, without limitation, a broad category of programming that includes locally-based, not-for-profit, and minority-managed public interest educational programming; provided however that nothing contained in this Agreement shall be

interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels). Consistent with the Cable Act, the Franchisee will meet with the Commissioner upon request to discuss broad categories of programming offered over the Cable System; provided, however, that such meetings shall not occur more than two (2) times in any calendar year. Franchisee shall at all times comply with applicable provisions of the Cable Act and FCC regulations with respect to program access.

7. LEADING TECHNOLOGY

7.1. *Leading Technology:* The parties hereto acknowledge and agree that the FTTP Network, and the Cable Services provided thereby, as described in Appendix J, will when built constitute a “Leading Technology” that includes more extensive fiber facilities, in lieu of coaxial cable facilities, than is currently, or ever has been, provided by any other Cable Service provider within the City as of the Effective Date.

7.1.1. The Franchisee will, at the City’s request (but not before the first anniversary of the Effective Date of the Franchise Agreement and not more often than once in any thirty-six (36) month period), prepare and submit to the City a report (in a mutually agreeable format) setting forth the Franchisee’s review and assessment of the current state of cable technology and its current plans, if any, to enhance its Cable System (provided however, that this reporting requirement will be in abeyance to the extent that a substantial competing franchisee delivering service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the City is then using a system in the City that fails to provide at least comparable capacity, reliability and feature richness to Franchisee’s system).

7.1.2. Upon the submission of each report as described in the preceding Section 7.1.1 the City may undertake an evaluation of such report, with an opportunity for Franchisee to comment on any City evaluation, and Franchisee will subsequently commence good faith discussions with the City, and implement agreements resulting from such good faith discussions, regarding enhancements, if any, to be made to the Cable System to maintain its leading technology status (provided however, that the requirement pursuant to this Section 7.1.2. will be in abeyance to the extent that a substantial competing franchisee delivering Cable Service through one-hundred percent (100%) of all cable systems owned and operated by such competing franchisee(s) in the Franchise Area is then using a system in the Franchise Area that fails to provide at least comparable capacity, reliability and feature richness to the FTTP Network).

8. PEG SERVICES

8.1. *PEG Set Aside:*

8.1.1. In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall, not later than one hundred eighty (180) days from the Effective Date (or, with respect to any Governmental/Educational Access Channels, such later date as may be agreed upon by the City and Franchisee in the event Franchisee reasonably requests an extension in order to complete necessary work), provide on the Basic

Service Tier use of twenty-five (25) access channels in total, as set forth immediately below in Section 8.1.1.1 (each, an “Access Channel”):

8.1.1.1. *Public Access Channel*:. Four (4) Public Access Channels for each Borough (i.e. four (4) Public Access Channels for Manhattan, four (4) Public Access Channels for Staten Island, four (4) Public Access Channels for Brooklyn, four (4) Public Access Channels for the Bronx, four (4) Public Access Channels for Queens).

8.1.1.2. *Government/Educational Access Channels*: Five (5) Governmental/Educational Access Channels, one of which is designated by the City for Educational Access Channel programming, which are cablecast City-wide.

8.1.2. In addition to providing the Access Channels described in Section 8.1.1 above, the Franchisee shall provide the City with the following additional Access Channels on the Basic Service Tier, subject to the conditions set forth below:

8.1.2.1. No sooner than January 1, 2009, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City: (i) an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels); and (ii) one (1) additional Governmental/ Educational Access Channel which shall be cablecast City-wide.

8.1.2.2. No sooner than January 1, 2012, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City: (i) one (1) additional Public Access Channel for each Borough (for a total of five (5) additional Public Access Channels); and (ii) two (2) additional Governmental/Educational Access Channels which shall be cablecast City-wide.

8.1.2.3. No sooner than the date which is the sixth (6th) Anniversary of the Effective Date hereof, and within one hundred eighty (180) days of Franchisee’s receipt of a written request from the City, Franchisee shall provide to the City an additional two (2) Public Access Channels for each Borough (for a total of ten (10) additional Public Access Channels).

8.1.2.4. No single additional Governmental/Educational Access Channel or additional Governmental/Educational Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee unless all existing Governmental/Educational Access Channels are providing original, non-text, non-duplicative programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months. With respect to the Public Access Channels to be carried in each Borough, no single additional Public Access Channel or additional Public Access Channels provided pursuant to this Section 8.1 shall be activated by Franchisee in the applicable Borough unless all existing Public Access Channels in the applicable Borough are providing programming for at least eighty percent (80%) of the time between 6:00 a.m. and 12:00 a.m. for the preceding six (6) consecutive months.

8.1.3. The City hereby authorizes Franchisee to transmit all Access Channel programming within and without City jurisdictional boundaries. In the event that one or more Public or Governmental/Educational Access Channels are not being utilized by the City or the CAO’s, the provisions of 16 NYCRR 895.4 (c)(12) shall be applicable.

8.1.4. Within ten (10) days after the Effective Date of this Agreement, the City shall notify Franchisee of the programming to be carried on each of the Public or Governmental/Educational Access Channels set aside by Franchisee as listed in Appendix B. Thereafter, Franchisee shall assign the Public or Governmental/Educational Access Channel programming on such Public or Governmental/Educational Access Channels on its channel lineup as set forth in such notice, to the extent such Access Channel assignments do not interfere with any pre-existing channels assignments or contractual obligations. Franchisee shall not be required to make Borough-specific Public or Governmental/Educational channels available to Subscribers until one or more VSOs in the specific borough are open for sales.

8.1.5. The Franchisee shall carry the programming on each of the respective Public or Governmental/Educational Access Channels as indicated in Appendix B. In the future, the Franchisee shall assign the Public or Governmental/Educational Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of the Franchisee's respective channel lineup. The Franchisee shall not arbitrarily or capriciously change such channel assignments, and the Franchisee shall minimize the number of such changes; provided, however, that the Franchisee may change such channel assignments as it deems appropriate so long as (i) the Franchisee gives the appropriate CAO(s) or the Governmental/Educational/Access Channel programmer ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) the Franchisee provides, free of charge, public announcements of such changes that shall include (A) to the extent Franchisee has advertising availability, advertising such Public or Governmental/Educational Access Channels changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Franchisee does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Franchisee shall then provide the advertising contemplated under this Section 8.1.5), and (B) providing notice of such changes in at least two monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event the Franchisee provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

8.1.6. *Governmental/Educational Interconnection:* The City shall designate in writing to the Franchisee up to one (1) physical site for each Governmental/Educational Access Channel provided pursuant to Section 8.1 hereof (for a total of up to eight (8) sites) within the Franchise Area for the purpose of interconnection of Governmental/Educational Access Channel facilities with the Cable System (each, a "GE Access Interconnection Site").

8.1.6.1. Upon one hundred eighty (180) days written notice from the City (or such later date as may be agreed upon by the City and the Franchisee) and subject to the successful completion of all required site preparation work by the City and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the City, provide upstream Governmental/Educational Access Channel transmission connections between its video channel aggregation point and each of the GE Access Interconnection Sites in

order to permit the signals to be correctly routed from the GE Access Interconnection Site for the distribution to Subscribers.

8.1.6.2. The City shall provide to Franchisee at the GE Access Interconnection Sites a suitable video signal and a suitable audio signal for each Governmental/Educational Access Channel. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the Governmental/Educational Access Channel signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the City as is reasonably necessary for Franchisee to fulfill such obligations; provided, however, that neither Franchisee nor the required site work contemplated hereunder shall impose any unreasonable material burdens on the City.

8.1.6.3. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Governmental/Educational Access Channel signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Governmental/Educational Access Channel facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the City, make such changes in either the equipment and facilities referred to in this Subsection 8.1.6 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

8.1.7. *Community Access Organizations:* The respective Borough Presidents have each designated an independent, not-for-profit, nonmembership corporation, organized pursuant to the New York Not-for-Profit Corporation Law, to serve as the Community Access Organization for the applicable Borough, under whose jurisdiction the Public Access Channels shall be placed for purposes of Article 8 of this Agreement. The CAO's shall undertake such activities and shall adopt such rules and regulations as are required, and may adopt rules and regulations not inconsistent with this Agreement, the CAO Agreements (as hereinafter defined) attached as Appendix C to this Agreement, the Certificate of Incorporation of the CAO's, the By-Laws of the CAO's, the rules and regulations of the Public Service Commission, and applicable law. The CAO's shall each maintain tax-exempt status under Section 501(c) of the Internal Revenue Code of 1986, as amended.

8.1.8. *Use of Public Access Channels.* The Public Access Channels for each Borough shall be under the jurisdiction of the CAO for such Borough. Such Public Access Channels shall be used for the purpose of distributing noncommercial services by the public, any other charitable, nonprofit purpose or other similar purpose, including, without limitation, the generation of revenues by activities reasonably related to such uses and purposes, or any other purpose agreed to between the Franchisee and the CAO.

8.1.8.1. *Public Access Interconnection:* The Franchisee shall effectuate the interconnection of any Public Access Channel facilities with the Cable System for purposes

of transmitting the Public Access Channels contemplated in this Article 8 in accordance with the terms of the CAO Agreements (as hereinafter defined).

8.1.9. *No Editorial Control by Franchisee:* The Franchisee shall not exercise editorial control over programming or distribution of services over any Access Channel used by any Person(s), so long as such Access Channel is being used for the purposes authorized herein and except where the Franchisee is utilizing any such Access Channel pursuant to the fallow time provisions of the Cable Law.

8.1.10. *PEG Channel Quality:* Each Public and Governmental/Educational Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Franchisee's lowest tier of service, provided, however, that Franchisee shall have no responsibility to improve upon or modify the quality of any Public or Governmental/Educational Access Channels content provided to Franchisee by any Public or Governmental/Educational Access Channel programmer.

8.2. *Governmental and Educational Access Grant:* Franchisee shall provide a grant to the City in the amount of Ten Million Dollars (\$10,000,000) in twelve (12) equal annual installments of Eight Hundred Thirty Three Thousand Three Hundred Thirty Three Dollars and Thirty Three Cents (\$833,333.33) over the Franchise Term to be used in support of the production of local Governmental/Educational Access programming (the "Annual GE Grant"). Each annual installment of the Annual GE Grant shall be payable to the City by the Franchisee not later than the date which is sixty (60) days from each anniversary of the Effective Date during the Term hereof (except for the first installment of the Annual GE Grant, which shall be payable not later than the date which is sixty (60) days of the Effective Date). Such grant shall be used solely by the City for Educational Governmental Access, capital costs. Upon request by Franchisee, the City shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 8.2.

8.3. *Community Access Grant:* Franchisee shall pay to the CAO's certain funding (collectively, the "CAO Grants") pursuant to the terms of certain Community Access Organization Grant and Use Agreements by and between the respective CAO's in the City and the Franchisee (collectively the "CAO Agreements"), substantially in the form attached hereto as Appendix C. The Franchisee and the City acknowledge and agree that:

8.3.1. the amount of the CAO Grants and the terms and conditions of the CAO Agreements were negotiated solely between the Franchisee and the respective CAO's and the City was not a party to any such negotiations;

8.3.2. the CAO Grants, or any portion thereof, shall not constitute a deduction against Franchise Fees payable to the City by Franchisee pursuant to this Agreement; and

8.3.3. consistent with applicable federal and state law, the City shall not exercise any editorial control over any programming carried on any Access Channels set aside for any CAO's pursuant to this Agreement or the CAO Agreements.

8.4. *Franchisee PEG Liability Immunity:* In accordance with 47 U.S.C. §558, the Franchisee shall not incur any liability arising from or in connection with any Access Channels.

8.5. *Recovery of Costs*: To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.7 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, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

9. INET

Requirements for an Institutional Network are set forth in Appendix D.

10. FRANCHISE FEES

10.1. *Payment to City*: Franchisee shall pay to the City 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. In the event that said payments are not received by the LFA within forty-five (45) days following the end of the applicable calendar quarter, following at least thirty (30) days written notice from the LFA that the Franchise Fee has not been paid, Franchisee shall pay interest on such overdue Franchise Fee amount at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the LFA retroactive to the first day that such Franchise Fee payment was due. 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.

10.2. *Acceptance of Payment*: No acceptance of any such payment shall be construed as an accord that the payment is the correct amount, nor shall such acceptance of payment be construed as a release of any claim the City may have for further or additional sums payable under this Agreement. Nothing herein shall be construed in such a way to affect a waiver by either party of applicable statutes of limitation with respect to Franchise Fee payments.

10.3. *Supporting Information*: Along with each quarterly Franchise Fee payment, the Franchisee shall submit to DoITT, or such other entity as the Commissioner may designate, with a copy to the Comptroller, a report in a form reasonably acceptable to the Commissioner (a form of such report that is currently in acceptable form is attached hereto as Appendix K) showing the basis for the computation for such quarterly Franchise Fee payment.

10.4. *Limitation on Franchise Fee Actions*: The parties agree that the period of limitation for recovery of any Franchise Fee payable hereunder shall be six (6) years from the date on which payment by Franchisee is due. Franchisee shall maintain the records necessary to confirm the accurate payment of Franchise Fees during this period and during any pendency of litigation.

10.5. *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 10 are provided to Subscribers in conjunction with Non-Cable Services, and the total

cost of the bundle reflects a discount from the aggregate retail prices of the services contained therein, the Franchise Fee shall be applied to the retail price of the Cable Services in the bundle reduced by no more than a proportionate share of the overall discount.

10.5.1. By way of illustrative example of the formula described in the foregoing Section 10.5, if Cable Service A is sold separately at a price of \$40 a month, Non-Cable Service B is sold separately at a price of \$40 a month and Non-Cable Service C is sold separately at a price of \$40 a month, but the three services when purchased together are sold for \$100 a month, the amount of the \$100 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$33.33 per month. As a second example, if Cable Service A is sold separately at a price of \$50 a month, Non-Cable Service B is sold separately at a price of \$63 a month, Non-Cable Service C is sold separately at a price of \$74 a month, but the three services when purchased together are sold for \$150 a month, the amount of the \$150 per month collected by the Franchisee from each subscriber purchasing the bundle which is to be included under Gross Revenues under this Franchise (i.e., the amount attributable to Cable Service) shall be \$40.11 per month.

10.6. *626 Offset:* 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; provided, however, that the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all other existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Franchise Area expressed in writing in the franchise agreement, or the renewal of any existing franchise agreement of each respective cable provider. 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 Franchisee's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

11. REPORTS AND RECORDS

11.1 *Open Books and Records:* Upon reasonable written notice to the Franchisee and consistent with Section 11.1.1 below, the City shall have the right to inspect Franchisee's books and records pertaining to 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, including, but not limited to, the calculation of Franchise Fees in accordance with Section 10.5 hereof. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the City. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Any records to be inspected by the City pursuant to this Article 11 shall be made available by Franchisee to the City in a mutually agreeable format and location, including, at the City's request, at a designated office of the Franchisee in the City. Franchisee may identify information disclosed to the City hereunder as "proprietary or confidential." For purposes of this Section, "proprietary or confidential" information may include, but is not limited to: information related to the Cable Systems design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of the Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive.

Subject to applicable law, including but not limited to New York State Public Officers Law (“FOIL”), any such information disclosed to the City that the Franchisee reasonably identifies as confidential or competitively sensitive (including, without limitation, financial information related to the calculation of Franchise Fees) shall be treated by the City as confidential under Section 87(2) (d) of the New York Public Officers Law and the City shall disclose such information only to employees, representatives, and agents thereof who have a need to know, or in order to monitor, enforce, or audit the Franchisee’s compliance with, the provisions hereof. If the City receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as proprietary or confidential, competitively sensitive, a trade secret or proprietary, the City shall notify Franchisee of such request. If the City determines in good faith that public disclosure of the requested information is required under FOIL or pursuant to a court order, the City shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. Nothing in this Article 11 is intended to impair in any way the authority of the Comptroller under Section 93(b) of the New York City Charter to perform audits. Notwithstanding anything to the contrary set forth in this Agreement, Franchisee shall not be required to disclose information (including its books and records and books and records of an Affiliate) that, in Franchisee’s reasonable determination, does not relate to the provision of Cable Service in the Service Area.

11.1.1. *Franchisee’s Response to Records Requests:* In the event the City provides the Franchisee with a written request to inspect or review Franchisee’s books and records pursuant to Section 11.1 above, Franchisee shall, within fifteen (15) days of Franchisee’s receipt of such written request, provide the City with access to any information Franchisee is reasonably able to collect in response to such request and shall, within thirty (30) days from receipt of such request make available to the City all pertinent information in response to such request, consistent with the terms of Section 11.1 above; provided however, that to the extent there is additional information which Franchisee is unable to reasonably collect in such thirty (30) day period, Franchisee shall provide the City with a written notice setting forth the nature of such additional information and the date on which Franchisee shall provide access to such additional information.

11.2. *Annual and Quarterly Reports:* Subject to the confidentiality requirements of Section 11.1 above, the Franchisee shall submit a written report to the Commissioner no later than forty-five (45) days after the end of each calendar year or calendar quarter, as the case may be, during the Term of this Franchise (except where otherwise expressly indicated herein), which report shall be in a form reasonably satisfactory to the Commissioner, that shall include the information described in Sections 11.2.1 through 11.2.4; provided, however, that unless otherwise expressly described below, Franchisee’s reporting obligations pursuant to this Section 11.2 shall not commence until six (6) months after Cable Service is made available by Franchisee on a commercial basis directly to multiple Subscribers in the Franchise Area.

11.2.1. After July 1, 2012, Franchisee shall provide the City with an annual report regarding the MDUs for which Franchisee is using the “Additional Procedures” contained in section 5.5.2.1 of this Franchise and the status of such procedures.

11.2.2. A quarterly report showing the total number of Significant Outages (as defined in Appendix A of this Franchise) which occurred during the quarter, and with respect to each such Significant Outage, the time it occurred, its cause and duration and the households.

11.2.3. In addition to the reports to be provided as expressly set forth in this Article 11, the Franchisee shall also provide the reports described in Section 10.3 and Appendix A (including but not limited to Sections 2.5.3, 3.4.3, 6.5.3 and 7.5.3) and Exhibit 2 to Appendix A of this Franchise.

11.2.4. Franchisee shall provide at each Checkpoint date as listed in section 5.1.2 of this Franchise, a report (based on the calculations set forth in the 2000 census data) showing the estimated median household income of all homes passed and the average household income of all households in New York City.

11.3. *Records Required:* Franchisee shall at all times maintain:

11.3.1. Records of all written complaints for a period of six (6) years after receipt by Franchisee. The term “complaint” as used herein refers to complaints about any aspect of the Cable System or Franchisee’s cable operations, including, without limitation, complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

11.3.2. Records of outages for a period of six (6) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

11.3.3. Records of service calls for repair and maintenance for a period of six (6) years after resolution by 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;

11.3.4. Records of installation/reconnection and requests for service extension for a period of six (6) years after the request was fulfilled by Franchisee, indicating the date of request, date of acknowledgment, and the date and time service was extended;

11.3.5. Commencing on February 15, 2009, in order to track compliance with the benchmarks established in Appendix F, records showing the number of MDUs and SFUs passed by the FTTP Network in each Borough during the preceding year, and the cumulative number of MDUs and SFUs passed by the FTTP Network in each Borough since Franchisee commenced construction of the FTTP Network;

11.3.6. Commencing on February 15, 2009, records showing which wire centers servicing the Franchise Area have been upgraded so as to make them video capable VSOs open for sales consistent with Section 5.2 of this Franchise. Such records shall also show which wire center upgrades, if any, have been delayed due to the exceptions contained in the opening clause of Section 5.2 of this Franchise;

11.3.7. Commencing on February 15, 2009, records of MDUs and SFUs that were Video Network Created during the preceding year and the total number of MDUs and SFUs in each Borough throughout the City that have been Video Network Created throughout the City. Such records shall show the number of MDUs and SFUs by Borough that could not be Video Network Created due to an exception contained in Section 5.5 of this Franchise which became effective during the year, and the cumulative number of MDUs and SFUs in each Borough that are not Video Network Created due to the exceptions contained in Section 5.5 of this Franchise;

11.3.8. Franchisee shall maintain records documenting the applicability of the Section 5.5.1 exceptions; and make such records available for inspection by the Commissioner or the Commissioner's designee at a designated Franchisee office location;

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

11.3.10. Franchisee shall maintain accurate maps and improvement plans which show the location, size and a general description of all facilities installed in the public ways and any power supply sources, including voltages and connections. Maps shall be based on post-construction inspection to verify location;

11.3.11. Notwithstanding the requirements of Section 11.1 of this Agreement, upon written notice, the Commissioner may request additional information pursuant to this Franchise as may be reasonably necessary for the performance of any of the Commissioner's duties or any other City official's duty as it pertains to this Franchise. Franchisee's response to such request may be provided to the Commissioner in oral or written form, at Franchisee's sole discretion.

11.4. *Service Availability Meeting:* Not later than eight (8) months from each calendar year, upon ten (10) days written notice from the Commissioner, a representative of the Franchisee will hold a meeting with the Commissioner or designated representatives thereof to discuss information on the status of Franchisee's deployment of Cable Services in the City and Franchisee's compliance with the requirements of Article 5 of this Franchise (the "Annual Service Availability Meeting"). If, as a result of any Annual Service Availability Meeting, the Commissioner or designated representative thereof reasonably determines that an additional meeting regarding the topics addressed in the Annual Service Availability Meeting is required, the parties shall hold one (1) additional meeting per calendar year to further discuss such topics. Any information provided to the City by Franchisee in connection with any Annual Service Availability Meeting or additional meeting pursuant to this Section 11.4 shall be treated by the City as confidential and proprietary consistent with Section 11.1 hereof.

11.5. *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, or if expressly described otherwise in this Franchise.

11.6. *File for Public Inspection:* Throughout the term of this Agreement, the Franchisee shall maintain a file available for public inspection during normal business hours at its service centers, or such other business office as may be designated by Franchisee, as required by Appendix A to this Agreement.

12. INSURANCE AND INDEMNIFICATION

12.1. *Insurance Generally; Types of Insurance:* The Franchisee shall continuously maintain one or more liability insurance policies meeting the requirements of this Section 12 throughout the Term (with the minimum limits and special conditions specified). Such insurance shall be issued by companies that meet the standards of Section 12.2(a) hereof and shall be primary (and non-contributing) to any insurance or self-insurance maintained by the City. The Franchisee has, as a condition of the Closing, provided proof of insurance pursuant to Section 12.3 hereof documenting compliance with the insurance requirements of this Section 12 as of the Closing.

(a) The Franchisee shall provide a Commercial General Liability Insurance policy covering the Franchisee as Named Insured and the City as an Additional Insured. Coverage for the City as Additional Insured shall specifically include the City's officials, employees and agents, and shall be at least as broad as Insurance Services Office ("ISO") Form CG 2010 (11/85 ed.) This policy shall protect the City and the Franchisee from claims for property damage and/or bodily injury, including death, which may arise from the performance of, or failure to perform, the Franchisee's obligations under this Agreement and the activities and operations conducted in connection with the provision of Cable Service under this Agreement. Coverage under this policy shall be at least as broad as that provided by ISO Form CG 0001 (1/96 ed.), must be "occurrence" based rather than "claims-made", and shall include, without limitation, the following types of coverage: Premises Operations, Products and Completed Operations, Contractual Liability (including the tort liability of another assumed in a contract), Broad Form Property Damage, Medical Payments, Independent Contractors, Personal Injury (Contractual Exclusion deleted), Cross Liability, Explosion, Collapse and Underground Property, and Incidental Malpractice. If such insurance contains an aggregate limit, it shall apply separately to the operations and activities undertaken pursuant to the Franchise. The Commercial General Liability Insurance policy described herein shall be maintained at all times with limits no less than Five Million Dollars (\$5,000,000) combined single limit per occurrence and Ten Million Dollars (\$10,000,000) aggregate.

(b) The Commercial General Liability Insurance policy referred to in the preceding subsection (a) shall contain each of the following endorsements:

(i) The City of New York together with its officials, employees and agents is an Additional Insured with coverage as broad as ISO Forms CG 2010 (11/85 ed.) and CG 0001 (1/96 ed.); and

(ii) The Duties in the Event of Occurrence, Claim or Suit condition of the policy is amended per the following: if and insofar as knowledge of an "occurrence", "claim", or "suit" is relevant to the City of New York as Additional Insured under this policy, such knowledge by an agent, servant, official, or employee of the City of New York will not be considered knowledge on the part of the City of New York of the "occurrence", "claim", or "suit" unless the following position shall have received notice thereof from such agent, servant, official, or employee: Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department; and

(iii) Any notice, demand or other writing by or on behalf of the Named Insured to the Insurance Company shall also be deemed to be a notice, demand, or other writing on behalf of the City as Additional Insured. Any response by the Insurance Company to such notice, demand or other writing shall be addressed to Named Insured and to the City at the following addresses: Insurance Unit, NYC Comptroller's Office, 1 Centre Street – Room 1222, New York, N.Y. 10007; and Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department, 100 Church Street, New York, NY 10007 (or replacement addresses of which the City notifies the Franchisee); and

(c) The Franchisee shall provide Workers Compensation Insurance and Disability Benefits Insurance in accordance with the Laws of the State of New York (with minimum limits as required by New York State law without regard to jurisdiction) on behalf of all employees undertaking activities or providing services pursuant to this Agreement.

(d) The Franchisee shall provide, and ensure that each subcontractor (if any) provides, Employers' Liability Insurance affording compensation due to bodily injury by accident or disease sustained by any employee arising out of and in the course of his/her employment under this Agreement. The Employers' Liability Insurance policy described herein shall be maintained at all times with limits no less than \$1 million per accident/disease/policy limit.

(e) The Franchisee shall provide a Comprehensive Business Automobile Liability policy for liability arising out of any automobile including owned, non-owned, leased and hired automobiles to be used in connection with undertaking activities or providing services pursuant to this Agreement. The Automobile Liability Insurance policy described herein shall be maintained at all times with limits no less than Two Million Dollars (\$2,000,000) combined single limit each accident. If automobiles are used for transporting hazardous materials, the Franchisee shall provide pollution liability broadened coverage for covered autos (endorsement CA 99 48) as well as proof of MCS 90.

(f) All insurers shall waive their rights of subrogation against the City, its officials, employees and agents.

(g) The required insurance to be carried is not limited by any limitations expressed in the indemnification language in this Agreement or any limitation placed on indemnity in this Agreement given as a matter of law.

12.2. General Requirements for Insurance Policies:

(a) All required insurance policies shall be maintained with companies that are authorized or permitted to conduct business in the State of New York and have an A.M. Best rating of at least A- VII or a Standard and Poor's rating of at least AA, unless prior written approval is obtained from the Mayor's Office of Operations (or successor entity thereto).

(b) The Franchisee shall be solely responsible for the payment of all premiums for all required policies and all deductibles and self-insured retentions to which such

policies are subject, whether or not the City is an insured under the policy. Any self-insured retention must be reasonable and is subject to approval by the City.

(c) Except for insurance required pursuant to Sections 12.1(c) and 12.1(d) herein, all policies shall contain a provision stating that the insurer or its authorized representative(s) shall use reasonable efforts to provide thirty (30) days prior written notice of intent to non-renew, cancellation or material adverse change to the City, except that ten (10) day notice for nonpayment of premium shall apply. Such notice shall be sent to the City pursuant to Section 18.6 hereof, and to the City's Comptroller ("the Comptroller"), attn: Office of Contract Administration, Municipal Building, Room 1005, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee).

(d) On or before the date of cancellation, termination or material adverse change affecting the City of any policies with respect to notices described in the preceding subsection (c) of this section 12.2., the Franchisee shall obtain and furnish to the City, with a copy to the Comptroller, replacement insurance binders demonstrating that replacement insurance fully compliant with this Section 12 has been obtained.

12.3. *Proof of Insurance:*

(a) The Franchisee has delivered to the City, as a condition of the Closing, for each policy required under this Agreement, a Certificate or Certificates of Insurance evidencing the effectiveness of all insurance required under this Agreement. All Certificates of Insurance shall be in a form reasonably acceptable to the City and shall certify the issuance and effectiveness of the types of insurance required herein, each with the specified minimum limits and conditions.

(b) A Certificate or Certificates of Insurance confirming renewals of, or changes to, insurance policies required hereunder shall be submitted to the City within ten (10) days of the expiration or renewal date of coverage of policies required under this Agreement. Such Certificates of Insurance shall comply with the requirements of the preceding subsection (a).

(c) The Franchisee shall be obligated to provide the City with a copy of any policy required by this Section 12 upon the demand for such policy by the Commissioner or the New York City Law Department; provided, however, that any policies or other related information provided by Franchisee (or Franchisee's designee, including, but limited to, an Affiliate or Franchisee's insurer) to the City pursuant to this subsection 12.3(c) shall be treated by the City as confidential and proprietary consistent with the provisions of Section 11.1 of this Franchise.

12.4. *Operations of the Franchisee:*

(a) Acceptance by the City of a certificate hereunder does not excuse the Franchisee from securing a policy consistent with all provisions of this Section 12 or of any liability arising from its failure to do so.

(b) The Franchisee shall be responsible for providing continuous insurance coverage in the manner, form, and limits required by this Agreement and shall be authorized to provide service pursuant to this Agreement and the Franchise only during the effective period of all required coverage.

(c) In the event of any loss, damage, injury or accident arising under this Agreement, the Franchisee (once the Franchisee's Risk Management Claims Group becomes aware of any of the foregoing circumstances) shall promptly notify in writing the commercial general liability insurance carrier, and, where applicable, the worker's compensation and/or other insurance carrier, of any loss, damage, injury, or accident, and any claim or suit arising under this Agreement from the operations of the Franchisee or its subcontractors, promptly, but not later than 20 days after Franchisee's Risk Management Claims Group becomes aware of such event. The Franchisee's notice to the commercial general liability insurance carrier must expressly specify that "this notice is being given on behalf of the City of New York as Additional Insured as well as the Franchisee as Named Insured." The Franchisee's notice to the insurance carrier shall contain the following information: the name of the Franchisee, the number of the applicable policy, the date of the occurrence, the location (street address and borough) of the occurrence, and, to the extent known to the Franchisee, the identity of the persons or things injured, damaged or lost. Additionally:

(i) At the time notice is provided to the insurance carrier(s), the Franchisee shall provide copies of such notice to the Comptroller and the Commissioner. Notice to the Comptroller shall be sent to the Insurance Unit, NYC Comptroller's Office, 1 Centre Street – Room 1222, New York, New York 10007 (or replacement addresses of which the City notifies the Franchisee). Notice to the Commissioner shall be sent to the address set forth in Section 18.6 hereof; and

(ii) If the Franchisee fails to provide any of the foregoing notices in a timely and complete manner, the Franchisee shall indemnify the City for all losses, judgments, settlements and expenses, including reasonable attorneys' fees, arising from an insurer's disclaimer of coverage citing late notice by or on behalf of the City.

12.5. *Insurance Notices, Filings, Submissions:* Wherever reference is made in this Section 12 to documents to be sent to the Commissioner (e.g., notices, filings, or submissions), such documents shall be sent to the address set forth in Section 18.6 hereof.

12.6. *Disposal of Hazardous Materials:* If pursuant to this Agreement the Franchisee is involved in the disposal of hazardous materials, the Franchisee shall dispose of such materials only at sites where the disposal site operator maintains Pollution Legal Liability Insurance in the amount of at least Two Million Dollars (\$2,000,000) for losses arising from such disposal site.

12.7. *Other Remedies:* Insurance coverage in the minimum amounts provided for herein shall not relieve the Franchisee or subcontractors of any liability under this Agreement, nor shall it preclude the City from exercising any rights or taking such other actions as are available to it under any other provisions of this Agreement or applicable law.

12.8. *Franchisee Indemnification Obligations:* The Franchisee shall indemnify, defend and hold the City, its officers, agents and employees (the “Indemnitees”) harmless from any and all liabilities, suits, damages, claims and expenses (including, without limitation, reasonable attorneys’ fees and disbursements) (“Damages”) that may be imposed upon or asserted against any of the Indemnitees arising out of the Franchisee’s performance of, or its failure to perform, its obligations under this Agreement and/or its provision of services hereunder, provided, however, that the foregoing liability and indemnity obligation of the Franchisee pursuant to this Section 12.8 shall not apply to any Damages to the extent arising out of any willful misconduct or gross negligence of an Indemnatee. Insofar as the facts and law relating to any Damages would preclude the City from being completely indemnified by the Franchisee, the City shall be partially indemnified by the Franchisee to the fullest extent provided by law, except to the extent such Damages arise out of any willful misconduct or gross negligence of any Indemnatee. This indemnification is independent of the Franchisee’s obligations to obtain insurance as provided under this agreement.

12.9. *Defense of Claim, Etc:* If any claim, action or proceeding is made or brought against any of the Indemnitees by reason of any event to which reference is made in Section 12.8 herein, then upon demand by the City, the Franchisee shall either resist, defend or satisfy such claim, action or proceeding in such Indemnatee’s name, by the attorneys for or approved by the Franchisee’s insurance carrier (if the defense of such claim, action or proceeding is provided by the insurance carrier) or by the Franchisee’s attorneys. The foregoing notwithstanding, in the event an Indemnatee believes additional representation is needed, such Indemnatee may engage its own attorneys to assist such Indemnatee’s defense of such claim, action or proceeding, as the case may be, at its sole cost and expense. The Franchisee shall not settle any claim with respect to which the Franchisee is required to indemnify the Indemnitees pursuant to Section 12.8 without the prior written consent of the City, which consent shall not be unreasonably withheld, conditioned or delayed.

12.10. *No Claims Against Officers, Employees, or Agents:* Franchisee agrees not to make any claim against any officer or employee of the City or officer or employee of an agent of the City, in their individual capacity, for, or on account of, anything done or omitted in connection with this Agreement, to the extent that such officer or employee of the City or officer or employee of an agent of the City was acting within the lawful course and scope of his employment or agency. Nothing contained in this Agreement shall be construed to hold the City liable for any lost profits, or any consequential damages incurred by Franchisee or any Person acting or claiming by, through or under Franchisee.

12.11. *Limitation on Indemnification:* As between the City and the Franchisee, the indemnifications obligations of the Franchisee pursuant to Section 12.8 above shall not apply to any Damages arising out of the distribution of programming over the Governmental/Educational Access Channels, the Institutional Network available to and used by the City, and/or the Public Access Channels, to the extent that such claim does not arise out of an act or failure to act by the Franchisee.

12.12. *No Applicability to Pending Litigation:* Franchisee's indemnification obligations pursuant to this Article shall have no applicability to the litigation referenced and defined in Section 18.14.

13. TRANSFER OF FRANCHISE

13.1. *City Approval Required:* Subject to the provisions of this Article, the Franchisee shall apply to the City for approval of any transaction in which any change is proposed with respect to ten percent (10%) or more for voting interests or twenty-five percent (25%) or more for non-voting interests of the ownership of the Franchisee, the Cable System, the Cable System assets, or the Franchise by submitting FCC Form 394 or such other form as the FCC may prescribe for that purpose; provided however that the foregoing, requirements of this Section 13.1 shall not be applicable with respect to transfers of any ownership interests contemplated hereunder which are effectuated as a result of any transactions involving the exchange of publicly traded shares. The application shall be made at least one hundred twenty (120) calendar days prior to the contemplated effective date of the transaction. Such application shall contain complete information on the proposed transaction, including details of the legal, financial, technical, and other qualifications of the transferee. At a minimum, the following information must be included in the application:

13.1.1. all information and forms required under federal law;

13.1.2. any shareholder reports or filings with the Securities and Exchange Commission that pertain to the transaction;

13.1.3. a report detailing any changes in ownership of voting or non-voting interests of over five percent;

13.1.4. other information necessary to provide a complete and accurate understanding of the financial position of the Cable System before and after the proposed transaction;

13.1.5. complete information regarding any potential impact of the transaction on Subscriber rates and service; and

13.1.6. any contracts that relate to the proposed transaction as it affects the City and, upon request by the City, all documents and information that are related or referred to therein and which are necessary to understand the proposed transaction; provided, however, that if the Franchisee believes that the requested information is confidential and proprietary, then the Franchisee must provide the following documentation to the City: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential; and (iii) a statement that the documents are available at the Franchisee's designated offices for inspection by the City.

13.2. *City Action on Transfer:* To the extent not prohibited by federal law, the City may: (i) grant; (ii) grant subject to conditions directly related to concerns relevant to the transactions; (iii) deny any such transactions; or (iv) not take action, in which case the

transactions shall be deemed granted, unless the requesting party and the LFA expressly agree in writing to an extension, pursuant to Section 617 of the Communications Act, 47 U.S.C. § 537.

13.3. *Waiver of Transfer Application Requirements:* To the extent consistent with federal law, the City may waive in writing any requirement that information be submitted as part of the transfer application, without thereby waiving any rights the City may have to request such information after the application is filed.

13.4. *Subsequent Approvals:* The City's approval of a transaction described in this Article in one instance shall not render unnecessary approval of any subsequent transaction.

13.5. *Approval Does Not Constitute Waiver:* Approval by the City of a transfer described in this Article shall not constitute a waiver or release of any of the rights of the City under this Agreement, whether arising before or after the date of the transfer.

13.6. *No Consent Required For Transfers Securing Indebtedness:* The Franchisee shall not be required to file an application or obtain the consent or approval of the City 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. However, the Franchisee will notify the City within ten (10) days if at any time there is a mortgage or security interest granted on substantially all of the assets of the Cable System. The submission of the Franchisee's audited financial statements prepared for the Franchisee's bondholders shall constitute such notice.

13.7. *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to pay any fee or file an application or obtain the consent or approval of the City for any transfer of an ownership or other interest in Franchisee, the Cable System, or the Cable System assets to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of 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. However, the Franchisee will notify the City within thirty (30) days if at any time a transfer covered by this subsection occurs.

14. RENEWAL OF FRANCHISE

14.1. *Governing Law:* The City and Franchisee agree that any proceedings undertaken by the City that relate to renewal or possible renewal of this Franchise shall be subject to, and shall not be inconsistent with, the Cable Law, including without limitation 47 U.S.C. § 546, as such may be amended from time to time.

14.2. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the City agree that at any time during the Term, while affording the public appropriate notice and opportunity to comment consistent with New York State law and the City Charter, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise granted hereunder and, if agreement is reached on the terms and conditions of such a renewal the

City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

14.3. *Non-Renewal/Termination:* In the event that the City (i) does not grant a renewal of the Franchise at the scheduled expiration date of the Term; or (ii) this Agreement is terminated for any other lawful reason prior to the scheduled expiration of the Term, then the Term of the Franchise shall expire and all rights of the Franchisee under the Franchise shall cease, provided however that nothing in this Section shall be inconsistent with the terms of Section 18.21, provisions of this Agreement expressly providing for the survival of certain provisions after such termination or expiration, or the provisions of subsection 14.3.1 below.

14.3.1. If the Franchisee continues to provide Cable Service after the termination or expiration of the Term of the Franchise, and the Franchise has not been renewed, then the Franchisee shall be bound by all of the Franchisee's obligations under this Franchise for the period of such continuing provision of Cable Service.

14.4. *Consistent Terms:* Franchisee and the City consider the terms set forth in this Article 14 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

15. DEFAULT AND REMEDIES

15.1. *Defaults.* In the event of any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Agreement (each such breach, default, failure or other noncompliance being referred to herein as a "Default"), which Default is not cured within the specific cure period provided for in this Agreement (or if no specific cure period is provided for in this Agreement then within the cure period described in Section 15.3 below), then the City may:

15.1.1. cause a withdrawal from the cash Security Fund, pursuant to the provisions of Section 15.11 herein;

15.1.2. make a demand upon the Performance Bond pursuant to the provisions of Section 15.9 herein;

15.1.3. draw down on the Letter of Credit pursuant to the provisions of Section 15.10 herein;

15.1.4. pursue any rights the City may have under the Guaranty;

15.1.5. seek and/or pursue money damages from the Franchisee as compensation for such Default;

15.1.6. seek to restrain by injunction the continuation of the Default; and/or

15.1.7. pursue any other remedy permitted by law, or in equity, or as set forth in this Agreement, provided however the City shall only have the right to terminate this Agreement upon the occurrence of a Revocation Default (defined hereinafter).

15.2. *Notice of Default:* If at any time the City believes that Franchisee has committed any Default, the City shall notify the Franchisee's designated franchise service manager, and the Franchisee representatives identified in Section 18.6 hereof, of such alleged Default. If, thereafter, the City determines that Franchisee is not in Default, the City shall promptly provide the Franchisee with written notice of such determination. However, if the City determines that such notice has failed to result in a resolution of the matter, the City shall then notify Franchisee in writing of the alleged Default and identifying the specific provision of the Franchise on which the alleged Default is based (for purposes of this Article, the "Notice of Default").

15.3. *Franchisee's Right to Cure or Respond:* Except as set forth in Section 15.3.1 below, Franchisee shall have thirty (30) days from receipt of the Notice of Default to: (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default. Upon cure of any alleged Default, the City shall provide written confirmation that such cure has, to the knowledge of the Commissioner or designated representative thereof, been effected.

15.3.1. With respect to the following Franchise obligations, Franchisee shall have ten (10) days from the receipt of Notice of Default to (i) respond to the City, if Franchisee contests (in whole or in part) the allegation of Default; or (ii) cure such alleged Default: (a) payment of Franchise Fees, Annual GE Grants, or Technology, Educational & Municipal Facility Grants; and (b) maintenance of Security pursuant to Sections 15.9, 15.10 and 15.11.

15.4. *Extended Time to Complete Cure:* Notwithstanding anything in the preceding to the contrary, no Default shall exist if a breach or default is curable, and a cure period is provided therefor in this Article 15 or otherwise, but work to be performed, acts to be done, or conditions to be removed to effect such cure cannot, by their nature, reasonably be performed, done or removed within the cure period provided, so long as the Franchisee shall have commenced curing the same within the specified cure period and shall diligently and continuously prosecute the same promptly to completion.

15.5. *Miscellaneous Matters Regarding Default, Cure and Remedies:* The rights and remedies described in Section 15.1 hereof shall not be exclusive, but each and every right and remedy specifically provided or otherwise existing or given may be exercised from time to time and as often and in such order as may be deemed appropriate by the City, except as provided herein. The exercise of one or more rights or remedies shall not be deemed a waiver of the right to exercise at the same time or thereafter any other right or remedy, nor shall any delay or omission in taking any action or exercising any remedies with respect to any Default be construed to be a waiver of or acquiescence to any Default. The exercise of any such right or remedy by the City shall not release the Franchisee from its obligations or any liability under this Agreement, provided that nothing in this Section 15.5 or in this Agreement is intended to authorize or shall result in double recovery of damages by the City.

15.6. *Revocation Defaults; Definition of Revocation Default:* A Revocation Default shall mean any of the following occurrences or events:

15.6.1. any failure by the Franchisee to maintain in effect the cash Security Fund described in Section 15.11 hereof and/or the Letter of Credit described in Section 15.10 hereof in accordance with the provisions of said sections, which failure continues for ten (10) business days after notice;

15.6.2. any failure by the Franchisee to maintain in effect the Performance Bond described in Section 15.9 hereof in accordance with the provisions of said section, which failure continues for ten (10) business days after notice;

15.6.3. if the Franchisee intentionally makes a material false entry, or repeated false entries that are material in the aggregate, in the books of account of the Franchisee applicable to this Agreement, or a material false statement (or repeated false statements that are material in the aggregate) in reports or other filings submitted to the City (materiality for purposes of this clause being defined as material with respect to accurately documenting the Franchisee's compliance with its obligations under this Agreement);

15.6.4. if the Franchisee fails to maintain insurance coverage or otherwise materially breaches Article 12 hereof and such failure continues for ten (10) business days after notice from the City to the Franchisee;

15.6.5. if the Franchisee engages in a course of conduct intentionally designed to practice fraud or deceit upon the City;

15.6.6. if the Franchisee, intentionally engages or has engaged in any material misrepresentation in any representation or warranty contained herein;

15.6.7. if there is any transfer of the Franchise other than in accordance with Article 13;

15.6.8. the conviction, guilty plea or plea of nolo contendere of the Franchisee, any Controlling Person, any director or officer of the Franchisee, or any employee or agent of the Franchisee or of any Controlling Person acting under the express direction or with the actual consent of any of the foregoing, of any offense, including, without limitation, bribery or fraud, arising out of or in connection with this Agreement, the award of the franchise granted pursuant to this Agreement, provided that such shall constitute a Revocation Default with respect to any of the foregoing with respect to a malfeasant director, officer, employee or agent of the Franchisee or of any Controlling Person only if the Franchisee or the applicable Controlling Person refuses to disassociate itself from, or terminate the employment of, said director, officer, employee or agent;

15.6.9. the conviction or guilty plea of any City officer, employee, or agent of the offense of bribery or fraud with respect to this Agreement which arises out of any act of the Franchisee of any Controlling Person, or of any agent or employee thereof acting under the express direction or actual consent of the foregoing;

15.6.10. any abandonment of service in default of the obligations described in Section 15.13 hereof; and

15.6.11. any persistent and repeated pattern of material Defaults, even if individual Defaults constructing such a persistent and repeated pattern are subsequently cured after their occurrence or remediated by recourse to security provided to the City under Sections 15.9 through 15.11 hereof or by other means; provided, however, that this provision shall not apply to alleged Defaults subject to good faith disputes.

15.7. *Remedies of the City for Revocation Defaults:* In the event of a Revocation Default, the City may (in addition to any other remedy which the City may have under Section 15.1 hereof) at its option, give to the Franchisee a written notice (“Notice of Revocation”), in accordance with Section 15.8 hereof, stating that this Agreement and the Franchise granted hereunder shall be revoked on the date specified in such notice (which date shall not be less than ninety (90) days from the giving of the notice), and this Agreement and the Franchise granted hereunder shall terminate on the date set forth in such notice as if such date were the date provided in this Agreement for the scheduled expiration of this Agreement and the franchise granted herein. Notwithstanding the preceding however, during the period between the Notice of Revocation provided pursuant to this Section 15.7 and thirty days prior to the date of revocation set forth in such notice, the Franchisee may submit to the City any material it wishes to document that no Revocation Default has occurred or that revocation as a remedy for such Revocation Default would not be in the best interests of the City. If the City after reviewing such material determines that a Revocation Default has not occurred, or determines in its discretion that termination as a remedy for such Revocation Default would not be in the best interests of the City, then the City shall notify the Franchisee of its withdrawal of the Notice of Revocation which notice shall thereby no longer be effective.

15.8. *Revocation:* In the event the City has not received a satisfactory response from Franchisee to the Notice of Revocation, it may then seek revocation of the Franchise at a hearing. The City shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such hearing, a written notice specifying the time and place of such hearing which shall not be earlier than as provided for in Section 15.7 and stating its intent to revoke the Franchise.

15.8.1. At the designated hearing, 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 City, 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.

15.8.2. Following the hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the City in writing and thereafter the City shall determine (i) whether an event of Revocation Default has occurred under this Franchise; (ii) whether such event of Revocation Default is excusable; and (iii) whether such event of Revocation Default has been cured or will be cured by the Franchisee. The City shall also determine whether it will revoke the Franchise based on the information presented, or, where

applicable, grant additional time to the Franchisee to effect any cure. If the City determines that it will revoke the Franchise, the City shall promptly provide Franchisee with a written determination setting forth the City's reasoning for such revocation. Franchisee may appeal such written determination of the City to an appropriate court, which shall have the power to review the decision of the City de novo. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the City.

15.9. *Performance Bond:*

15.9.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement, a performance bond, for the benefit of the City, on the form attached hereto as Appendix E and from an institution satisfactory to the City, in an amount as provided in Section 15.9.2 below (the "Performance Bond"). The "City of New York acting by and through the Department of Information Technology and Telecommunications" shall serve as the sole obligee under the Performance Bond. The attorney-in-fact who signs the Performance Bond must file with the bond a certified copy of his/her power of attorney to sign the bond. The Performance Bond shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement.

15.9.2. *Amount and Term:* The initial amount of the Performance Bond shall be Fifty Million Dollars (\$50,000,000), which amount may at Franchisee's option be periodically reduced pursuant to the following schedule if at the scheduled reduction date Franchisee has timely completed its deployment obligations under Appendix F hereof. The Performance Bond provided hereunder shall provide that it shall remain in effect during the term of this Agreement and for one year thereafter unless within such one year period DoITT notifies the Franchisee that the Performance Bond shall remain in full force and effect because of the pendency of any litigation or the assertion of any claim which has not been brought to final judgment and for which the Performance Bond provides security.

15.9.2.1. *Reduction Schedule:* The required amount of the Performance Bond shall be reduced in accordance with the following schedule as of December 31 of the year indicated so long as Franchisee has attained the "NYC Total" percentage of households passed required as of that date as set forth in Appendix F, except that the date for reduction in calendar year 2014 shall be June 30 of that year, subject to the same requirement. If Franchisee does not attain the "NYC Total" percentage of households passed required as of the date as set forth in Appendix F due to the triggering of one or more of the Checkpoint Extensions provided for in Section 5.1.2 or otherwise, then the required amount of the Performance Bond shall be reduced only when the "NYC Total" percentage of households passed thereafter is attained.

2008: Thirty-Five Million Dollars (\$35,000,000)
2009: Thirty Million Dollars (\$30,000,000)
2010: Twenty-Five Million Dollars (\$25,000,000)
2011: Fifteen Million Dollars (\$15,000,000)
2012: Ten Million Dollars (\$10,000,000)

2013: Five Million Dollars (\$5,000,000)
2014: One Million Dollars (\$1,000,000)

15.9.3. *Claim Against the Performance Bond:* The City may make a claim against the Performance Bond in such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations referenced in Section 15.9.2 (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such claim may be permitted by a final judgment of a court of competent jurisdiction. The City may not seek recourse against the Performance Bond for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Performance Bond, recourse to the Letter of Credit, or withdrawal from the cash Security Fund.

15.10. *Letter of Credit:*

15.10.1. *Establishment:* The Franchisee shall arrange for, and shall maintain throughout the term of this Agreement and for one year thereafter, a letter of credit, for the benefit of the City, in a form and issued by a bank satisfactory to the City, in an amount as provided in Section 15.10.2 below (the "Letter of Credit"). The Letter of Credit shall serve as security (together with the other elements of security provided for under this Agreement) for Franchisee's timely performance of its obligations under this Agreement. The "City of New York acting by and through the Department of Information technology and Telecommunications" shall be named as the beneficiary. The original Letter of Credit shall be deposited with the City. The Letter of Credit shall contain the following endorsement or with language with similar effect:

"It is hereby understood and agreed that this letter of credit may not be canceled or not renewed by the issuer/surety until at least ninety (90) days after receipt by the New York City Department of Information Technology and Telecommunications of a written notice stating such intention to cancel or not to renew."

15.10.2. *Amount:* The Letter of Credit shall be in the amount of Twenty Million Dollars (\$20,000,000).

15.10.3. *Drawdown Against the Letter of Credit:*

15.10.3.1. The City may draw down against the Letter of Credit such amounts as are necessary to satisfy (to the degree possible) the Franchisee's obligations under this Agreement not otherwise met in accordance with this Agreement (and to reimburse the City for costs, losses or damages incurred as the result of such failure(s) by Franchisee to meet its obligations), as such drawdown may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Letter of Credit for any costs, losses or damages for which the City has previously been compensated through a drawdown against the Letter of Credit, recourse to the Performance Bond, or withdrawal from the cash Security Fund.

15.10.3.2. In addition to its right to draw down on the Letter of Credit for any of the reasons set forth in 15.10.3.1 hereof, the City may draw down in full on the Letter

of Credit at any time such Letter of Credit has less than thirty (30) days to run before it is scheduled to expire and no replacement or renewal Letter of Credit has been given in its place. In the event of a drawdown for such reason, the City will hold the proceeds as cash security (paying to itself any interest earned) in lieu of a Letter of Credit (with the City having the right to make withdrawals for the same purposes as drawdowns are permitted on the Letter of Credit) until a replacement Letter of Credit is put in place, at which time such drawdown proceeds will be returned to the Franchisee less any proper withdrawals and any reasonable transaction expenses. In the event of a drawdown on the Letter of Credit as contemplated by this Section 15.10.3.2, and until such time as a replacement Letter of Credit is obtained in accordance herewith, the replenishment obligations of the Franchisee with respect to the moneys held by the City following such drawdown as cash security shall correspond to the replenishment obligations (and rights) of the Franchisee applicable to the cash Security Fund under Section 15.11.

15.10.3.3. Within two business days after any drawdown against the Letter of Credit, the City shall notify Franchisee of the date and amount thereof.

15.10.4. *Replenishment:* Until the expiration of one year after the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that at least One Hundred Thousand Dollars (\$100,000) (cumulatively or in a single instance) has been drawn down against the Letter of Credit, Franchisee shall obtain a replacement or additional Letter of Credit such that the total amount available under the letter(s) of credit obtained shall be restored to the amount required in Section 15.10.2.

15.11. *Cash Security Fund:*

15.11.1. *Establishment and Amount:* Franchisee shall deposit with DoITT as a condition to the Closing a certified check, bank check or wire transfer, payable to the “City of New York,” in the amount of One Million Dollars (\$1,000,000), to be held by the City as security (together with the other elements of security provided for under this Agreement) for performance of Franchisee’s obligations under this Agreement (the “Security Fund”).

15.11.2. *Withdrawals From or Claims Under the Security Fund:* The City may make withdrawals from the Security Fund of such amounts as are necessary to satisfy (to the degree possible) Franchisee’s obligations under this Agreement that are not otherwise satisfied (and to reimburse the City for costs, losses or damages incurred as the result of Franchisee’s failure(s) to satisfy its obligations), to the extent that such withdrawal may be permitted by a judgment of a court of competent jurisdiction. The City may not seek recourse against the Security Fund for any costs, losses or damages for which the City has previously been compensated through a withdrawal from the Security Fund, recourse to the Performance Bond provided for in this Agreement or drawdown against the Letter of Credit provided for in this Agreement. Within two business days after any withdrawal from the Security Fund, the City shall notify the Franchisee of the date and amount thereof.

15.11.3. *Replenishment:* Until the expiration of one year after the end of the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that any amount has been withdrawn from the Security Fund as provided in Section 15.11.2, the Franchisee shall restore to the Security Fund the amount thus withdrawn.

15.11.4. *Return of Security Fund:* Within thirty (30) days of the end of the Term, the City shall pay over to the Franchisee any amounts remaining in the Security Fund.

15.12. *Not a Limit on Liability:* Neither the Franchisee's obligations under this Agreement nor Franchisee's liability for non-performance of any such obligations are limited in nature or amount by the acceptance or availability of the Performance Bond provided pursuant to Section 15.9, the Letter of Credit provided pursuant to Section 15.10 or the cash Security fund provided by Section 15.11.

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

16. CUSTOMER PROTECTION STANDARDS

16.1. *Generally:* Franchisee shall comply with the consumer protection standards set forth in Parts 890 and 896 of the NY PSC rules and regulations and the provisions of Appendix A hereto.

16.2. *Privacy Protection:* The Franchisee shall comply with the provisions of 47 U.S.C. § 551 and any other applicable law, including any local standards to the extent not inconsistent with the terms of this Franchise established in accordance with applicable law, with respect to the protection of the privacy of Subscribers.

16.3. *Parental Control:* Franchisee shall make available to any Subscriber, if not already incorporated in standard equipment that is offered to all Subscribers, a device that offers as an option the ability to limit access to programming to Persons who provide a personal identification number or other means provided by the Franchisee only to a Subscriber, or other similar means of allowing parents to control children's access to programming in the Subscriber household. Provided, however, that it is not the intention of the parties that this Agreement be construed as placing any responsibility or liability on the Franchisee for the exercise of or failure to exercise such parental controls as are offered and Franchisee shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls as are offered.

16.4. *Information to City:* The Franchisee shall provide subscriber information requested by the City for the purpose of enforcement of this Franchise, to the extent the provision of such information does not violate applicable law (including, without limitation, 47 U.S.C. § 551).

17. EMPLOYMENT AND PURCHASING

17.1. *Right to Bargain Collectively:* The Franchisee shall recognize the right of its employees to bargain collectively through representatives of their own choosing in accordance with applicable law. The Franchisee shall recognize and deal with the representatives duly designated or selected by the majority of its employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or any other terms, conditions, or

privileges of employment as required by law. The Franchisee shall not dominate, interfere with, participate in the management or control of, or give financial support to any union or association of its employees.

17.2. *No Discrimination:* The Franchisee shall not: (i) refuse to hire, train, or employ; (ii) bar or discharge from employment; or (iii) discriminate against any individual in compensation, hours of employment, or any other term, condition, or privilege of employment, including, without limitation, promotion, upgrading, demotion, downgrading, transfer, layoff, and termination, on the basis of race, creed, color, national origin, sex, age, handicap, marital status, affectional preference or sexual orientation in accordance with applicable law. The Franchisee agrees to comply in all respects with all applicable federal, state and local employment discrimination laws and requirements during the term of this Agreement.

17.3. *Local Employment Plan:* Within thirty (30) days of the Effective Date hereof, the Franchisee shall, at its own cost and expense, develop, maintain and implement and disclose to the City (subject to appropriate and lawful confidentiality restrictions), a plan, consistent with Franchisee's collective bargaining agreements, for the recruitment, education, training, and employment of residents of the City for the opportunities to be created by the deployment and provision of service contemplated in this Agreement.

17.4. *City Vendors:* To the extent feasible and consistent with applicable law, and with due regard to price and quality considerations, the Franchisee shall utilize vendors located in the City in connection with the deployment and provision of service contemplated by this Agreement.

17.5. *Local Law Requirements:* The Franchisee agrees to comply in all respects with the provisions of the Mayor's Executive Order No. 50 (April 25, 1980) (codified at Title 10 Sections 1-14 of the Rules of the City of New York) and City Administrative Code 6-108.1 (1984) and all rules and regulations promulgated thereunder (collectively, the "EEO Requirements"), as such EEO Requirements may be amended, modified or succeeded throughout the Term of this Agreement. Notwithstanding the fact that the EEO Requirements do not apply on their face to Franchisee in its capacity as a franchisee, the Franchisee shall comply in all respects with the provisions of such EEO Requirements and successor and replacement laws, orders and regulations adopted following the date of this Agreement. As required by said Executive Order No. 50, the provisions of Sections 50.30 and 50.31 of the Final Rule implementing said Order are incorporated herein by this reference.

18. MISCELLANEOUS PROVISIONS

18.1. *Competition:* The parties agree that this Agreement, when compared to the terms of the City's cable television franchise agreements in existence as of the Closing, contains economic and regulatory burdens which, when taken as a whole, are not greater or lesser than those placed upon other cable operators operating within the Franchise Area.

18.2. *Actions of Parties:* Any action to be taken by the City and/or the Commissioner pursuant to this Agreement shall be taken in accordance with the applicable provisions of the City Charter, as said Charter may be amended or modified throughout the Term of this

Agreement. 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, unless expressly agreed otherwise herein.

18.3. *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.

18.4. *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 City.

18.5. *Force Majeure:* Subject to the procedures set forth in the last sentence of this Section 18.5, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Franchisee's capability to perform, Franchisee shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. The Franchisee shall notify the Commissioner in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

18.6. *Notices:* Every notice, order, petition, document, or other direction or communication to be served upon the City or the Franchisee shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses (unless expressly stated otherwise in this Agreement):

If to the Franchisee, to:

Verizon New York Inc.
Maura C. Breen, Senior Vice President/General Manager –Regional Operations
140 West Street
31st Floor
New York, NY 10007

with a copy to:

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

With a copy to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

If to the City, to:

Department of Information Technology and Telecommunications
75 Park Place, Ninth Floor
New York, NY 10007
Attention: Commissioner

with a copy to:

New York City Law Department
100 Church Street, Sixth Floor
New York, NY 10007
Attention: Chief, Economic Development Division

Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

18.7. *Additional Representations and Warranties*: In addition to the representations, warranties, and covenants of the Franchisee to the City set forth elsewhere herein, the Franchisee represents and warrants to the City and covenants and agrees that, as of the Closing:

18.7.1. *Organization, Standing and Power*: The Franchisee is a corporation duly organized and validly existing under the laws of the State of New York and is duly authorized to

do business in the State of New York and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

18.7.2. *Authorization:* The execution, delivery and performance of this Agreement and all other agreements entered into in connection with the transactions contemplated hereby have been duly, legally and validly authorized by all necessary action on the part of the Franchisee. This Agreement and all other agreements entered into in connection with the transaction contemplated hereby have been duly executed and delivered by the Franchisee and constitute (or upon execution and delivery will constitute) the valid and binding obligations of the Franchisee.

18.7.3. *Compliance with Law:* The Franchisee is in compliance with all laws, ordinances, decrees and governmental rules and regulations applicable to the provision of the services contemplated herein and has obtained or will obtain prior to the provision of service to the public all government licenses, permits, and authorizations necessary for the provision of the service, except approval by the NY PSC.

18.7.4. *Ownership Interests:* Franchisee is a wholly owned subsidiary of NYNEX Corporation, which itself is a wholly owned subsidiary of Verizon Communications, Inc.

18.7.5. *Compliance with City Contracts:* The Franchisee has not received notice from the City of any default or noncompliance with any existing written contract or other written agreement with the City, unless such default or noncompliance has subsequently been cured or otherwise resolved to the City's satisfaction or such notice has been withdrawn by the City or otherwise determined by the City or a court of competent jurisdiction to have been issued in error.

18.8. *Compliance with Laws; Licenses and Permits:* With respect to its activities pursuant to this Agreement, the Franchisee shall comply with: (i) all applicable laws, rules, regulations, orders, writs, decrees and judgments (including, but not limited to, those of the PSC and the FCC) and any other federal, state agency or authority of competent jurisdiction; and (ii) all local laws and all rules, regulations, orders, of the City and of DoITT consistent with this Agreement. The Franchisee shall have the sole responsibility for obtaining all permits, licenses and other forms of approval or authorization necessary to construct, operate, maintain, upgrade, replace or repair the System, or any part thereof.

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

18.10. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall not be effective unless mutually agreed to in writing by the parties and shall be subject to the approval of the NY PSC, pursuant to the Cable Law.

18.11. *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. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder," and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires.

18.12. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by, or a final order of any state or federal regulatory authority having competent 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, subject to the obligations of the parties as applicable under Section 18.4 above.

18.13. *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.

18.14. *Pending Litigation:* Nothing in this Franchise shall be construed to prejudice or affect any position taken by either the City or Franchisee in the litigation now pending in the Supreme Court, County of New York, captioned The City of New York v. Verizon New York Inc., Index No. 402961/03 (the "Pending Litigation").

18.15. *FTTP Network Status:* In the event of a lawful termination or non-renewal of the Franchise, the legal status of the FTTP Network in the rights-of-way will revert to whatever status it has as a system providing only services that do not include Cable Service, as such status may be ultimately determined by the final outcome of the litigation referred to in Section 18.14 above. In implementation of the intent of the preceding sentence, if and so long as the Franchisee shall have separate lawful authority to maintain facilities providing services of the type being carried over the FTTP Network in the City's Public Rights-of-Way, the Franchisee shall not be required to remove or 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 Franchisee from providing Cable Service.

18.16. *NY PSC Approval:* This Franchise is subject to confirmation by the NY PSC. Franchisee shall file a petition for confirmation with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

18.17. *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, and in no event shall Franchisee be subject to rate regulation, except to the extent Franchisee is no longer subject to

Effective Competition (as that term is defined by federal law) or such rate regulation is authorized to be imposed as a result of a change in federal law.

18.18. *Publishing Information:* Except as otherwise permitted in this Franchise, the City hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

18.19. *No Third Party Beneficiaries:* This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

18.20. *City Official:* The Commissioner is the City official that is responsible for the continuing administration of this Agreement.

18.21. *Holdover.* To the extent required or permitted by PSC regulations, in the event the Franchisee continues to provide Cable Service within the Franchise Area after the term of this Agreement, the Franchisee shall continue to comply with all applicable provisions of this Agreement, including, without limitation, all compensation and other payment provisions of this Agreement, throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of this Agreement or the Franchise granted pursuant to this Agreement.

18.22. *Investigations Clause:* Franchisee shall comply with the City's standard "Investigations Clause" to be included in City contracts and agreements pursuant to Section 4(b) of Mayoral Executive Order 16 of 1978, as set forth in Appendix I hereto, and in the event of any failure as described therein shall be subject to the penalties set forth therein.

18.23. *Interpretation:* This Agreement and the provisions contained herein shall not be construed or interpreted for or against any party because that party drafted, or caused that party's legal representative to draft, any of its provisions.

18.24. *Voluntary Execution:* The parties acknowledge that each has read this Agreement, that each fully understands its rights, privileges and duties under this Agreement, and that each enters into this Agreement freely and voluntarily. Each party further acknowledges that it has had the opportunity to consult with counsel of its own choosing in the negotiation or and agreement to the provisions of this Agreement.

18.25. *Execution in Counterparts:* This Agreement may be executed in multiple counterparts, each of which shall be considered an original, but all of which shall constitute a single agreement.

18.26. *Approval of Amendments:* In the event this Agreement is to be amended in any manner which affects the City's interest in a substantial manner, agreement by the City to such amendment shall only be effective if such amendment is approved by the FCRC.

AGREED TO THIS ____ DAY OF _____, 2008.

The City of New York:

By: _____
Deputy Mayor

By: _____
Paul Cosgrave, Commissioner

Approved as to form and certified as to legal authority:

Acting Corporation Counsel

Attest:

By: _____
City Clerk [City Seal]

Verizon New York Inc.

By: _____
Maura C. Breen, Senior Vice President/
General Manager - Regional Operations

Approved as to form:

John Raposa, Vice President & Deputy General Counsel –
Verizon Telecom

APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

Appendix C: Form Community Access Organization Agreement

Appendix D: Institutional Network

Appendix E: Form of Security

Appendix F: FTTP Upgrade Schedule

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Appendix H: Form of Guarantee

Appendix I: Investigations Clause

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Appendix K: Form of Franchise Fee Report

APPENDIX A

CONSUMER PROTECTION STANDARDS

APPENDIX A
CONSUMER PROTECTION STANDARDS
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Section 1

SOLICITATION OF SUBSCRIPTIONS

1.1 Uniforms/Identification Cards/Name Badges. Each employee of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her employment with the Franchisee. The photograph on the identification card shall prominently show the employee's name and/or identification number. Such employee shall prominently display such identification card and shall show it to all such members of the public. Each employee of any contractor or subcontractor of the Franchisee who routinely comes into contact with members of the public at their places of residence must wear a picture identification card clearly indicating his or her name, the name of such contractor or subcontractor and the name of the Franchisee. The parties acknowledge that each Franchisee employee who routinely comes into contact with members of the public at their places of residence shall wear a uniform provided by the Franchisee, in addition to the foregoing requirements with respect to identification cards, except to the extent such requirement is affected by or subject to any contractual agreement(s) between the Franchisee and any Person other than the City.

1.2 Subscription Information.

1.2.1 At the time of installation to the Subscriber who is receiving the installation, and at least once a year to all Subscribers, with a copy to DoITT, the Franchisee shall provide the following subscription information in a clear, complete and comprehensible form:

(i) a description of the Cable Services provided by the Franchisee, accompanied by a listing of the charges for each such Service, either alone or in combination;

(ii) a listing of all rates, terms and conditions for each Cable Service or tier of Cable Service, both alone and in combination, and all other charges, such as for installation, for application of Cable Service to additional television sets, for deposits on equipment, for stolen or lost converters and other equipment, for returned checks and for relocating cable outlets;

(iii) a general explanation of other devices which may be used in conjunction with the System, such as devices provided as contemplated in 47 C.F.R. § 76.1621, remote control devices, and parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices) and a listing of the Franchisee's charges for connecting such devices to the System;

(iv) a description of the Franchisee's billing and collection procedures (including payment requirements to avoid disconnection of service), the use of payment coupons, the amount of any applicable late fees, and a description of the option of paying in person, consistent with these consumer protection standards;

(v) the procedure for the resolution of billing disputes;

(vi) a description of the Franchisee's policies concerning credits for service interruptions and outages, consistent with these consumer protection standards;

(vii) an explanation of the procedures and charges, if any, for upgrading, downgrading or disconnecting Services, consistent with these consumer protection standards;

(viii) the required time periods for installation requests, consistent with these consumer protection standards; and

(ix) a statement that all Franchisee employees, contractors, or subcontractors who routinely come into contact with members of the public at their places of residence shall wear a uniform and Franchisee identification card, to the extent required by Section 1.1, which they shall prominently display and show to all such members of the public.

1.2.2 Within fifteen (15) days of a written request by the Commissioner to the Franchisee, the Franchisee shall provide the Commissioner with a written description of Franchisee's procedures for accommodating non-English speaking Subscribers ("Franchisee's Non-English Procedures").

1.2.3 The Franchisee shall deliver three (3) copies of all such subscription information to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber. The Franchisee agrees that the City assumes no liability for the subscription information by virtue of its review of such information.

1.3 Right of Rescission. Anyone who requests the installation of Cable Service from the Franchisee shall have the right to rescind such request at any time prior to the point in time at which physical installation upon the premises begins. Anyone who requests a particular Service from the Franchisee shall have the same right of rescission, except that such right shall expire once the requested Service is actually received by such Person.

Section 2 **INSTALLATION**

2.1 Information Provided to Subscribers.

2.1.1 At the time of installation, the Franchisee shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." The Welcome Kit shall provide the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form:

(i) the location, hours of operation and telephone number(s) for each of the Franchisee's existing Service Centers and a telephone number for information as to where each Payment Center is located;

(ii) the toll-free telephone number for the Franchisee's customer service telephone system, including any cable information service line established by the Franchisee (which is described further in this Appendix A), accompanied by a brief description of the services and information that may be obtained by dialing each number;

(iii) a general description of how equipment, including, but not limited to, devices provided as contemplated in 47 C.F.R. § 76.1621, wireless remote control devices, parental control devices (to the extent technology enabling parental control capability is not already incorporated in other devices), is obtained and used in conjunction with the System, and the terms for rental and loaner equipment, including deposit requirements, if any, and procedures for return of equipment and the Subscriber's liability for lost, stolen or damaged equipment;

(iv) the policies governing Service Interruptions, Significant Service Interruptions, Outages, and Significant Outages as defined in Section 6.2.1 of this Appendix A and repair service;

(v) the policies and procedures for obtaining credits consistent with Section 10 of this Appendix A and the return of any deposits;

(vi) the complaint resolution process, including notice that anyone who is dissatisfied with the way in which the Franchisee has handled a complaint has the right to speak to a Franchisee supervisor or to contact the NY PSC and the City at the addresses and telephone numbers listed in the Welcome Kit, and any such changes shall be communicated to Subscribers via the Franchisee's semi-annual notice to Subscribers (which address and telephone number of the City may be changed by the Commissioner, in a notice to be provided to the Franchisee, from time to time);

(vii) the procedures by which the Subscriber will be notified of any rate increases, any change in programming Services (as defined in Section 8.1.1 of this Appendix A), any change in the price or conditions for the rental of equipment, any change in the location or hours of the Service Centers, any change in billing practices, practices regarding Service interruption, or any significant change in the policies or information set forth in the Welcome Kit;

(viii) the requirements concerning Subscriber privacy which are set forth in the Cable Act or any rules or regulations established by the City pursuant to Section 16.3 of this Agreement;

(ix) if provided to the Franchisee by the City in a format reasonably acceptable to the Franchisee: (A) a listing of the currently available Public and Governmental/Educational Access Channels, (B) a description of the purposes and uses of such Channels, and (C) general information regarding how a Person can utilize or obtain further information regarding such Channels; Franchisee shall also make the foregoing information available on its website, subject to Franchisee's technical

capability to do so, including, but not limited to, limitations with respect to character capacity;

- (x) the rules governing the termination of Cable Service;
- (xi) the steps for resubscribing to Cable Service after an involuntary termination.

With respect to the provision of the Welcome Kit to new Subscribers, the Franchisee shall also provide any information to such Subscribers that is required by applicable law but is not listed above.

2.1.2 The Franchisee shall train and make available customer service representatives to aid by telephone visually impaired consumers who cannot read the Welcome Kit. The Franchisee shall also make available by telephone bilingual customer service representatives to communicate with non-English speaking consumers regarding the information contained in the Welcome Kit.

2.1.3 The Franchisee shall distribute the then current version of the Welcome Kit to all new Subscribers at the time of installation, and to any other person on request. Any Person who makes such a request in person to a customer service representative or salesperson of the Franchisee must be supplied with a copy of the Welcome Kit immediately. The Franchisee must mail, by first class, the Welcome Kit to any Person who requests one by telephone within ten (10) business days of such request.

2.1.4 The Franchisee shall provide each customer service representative and each salesperson of the Franchisee with copies of the most current Welcome Kit and shall advise them of the requirements of this Section 2.1 of this Appendix A.

2.1.5 The Franchisee shall submit the Welcome Kit, as well as any subsequent updates of it, to the Commissioner within three (3) days after distributing it to the first Subscriber or potential Subscriber and from time to time thereafter upon the Commissioner's request.

2.2 Channel Line-Up. The Franchisee must either (i) provide Subscribers with a Channel Line-up card for all Cable Services which shall be updated on an annual basis thereafter; or (ii) provide Subscribers with dial location information electronically on screens that can be controlled by the consumer, provided, however, that the Franchisee shall automatically provide such a card (and annual updates thereof) to all Subscribers who cannot access such information electronically, and shall further provide such a card to any Subscriber upon request.

2.3 Procedure for Installation

2.3.1 Once a request for Cable Service is received, the Franchisee shall offer "appointment window" time blocks of not more than four (4) hours on weekdays, for the selection of the Subscriber or potential Subscriber, during which the Franchisee's work crew shall arrive to perform the installation of the necessary equipment to receive

Cable Service (on Saturdays the Franchisee may in its discretion offer “appointment windows,” but shall, in any event, comply with the full 8:00 a.m. to 5:00 p.m. working period described in Section 2.3.2 below). The Franchisee shall use reasonable efforts to complete the installation during that appointment.

2.3.2 The Franchisee shall provide installation services including initial installation, continuously at least during the periods of 8:00 a.m. to 5:00 p.m. on weekdays and 8:00 a.m. to 5:00 p.m. on Saturdays and, for connection of additional outlets and upgrading of Cable Service for which all work can be performed indoors, continuously during the periods of 8:00 a.m. to 5:00 p.m. As required by Section 5.4 of the body of this Agreement, the Franchisee shall provide installation throughout its Franchise Area on a nondiscriminatory basis.

2.3.3 Consistent with the terms of Article 5 of the Franchise , unless a later date is requested by a potential Subscriber, the Franchisee shall complete installation of Cable Service for any new Subscriber and any upgrade or downgrade for any existing Subscriber within seven (7) business days after any such request is received, provided that if weekend installation is requested, installation shall be completed by no later than the fourth (4th) Saturday following the date the request is received. Notwithstanding the foregoing, such time period shall not apply to any building not currently wired for Cable Service as to which the Franchisee is, upon a showing to and with the approval of the Commissioner, in compliance with its obligations regarding access to such building pursuant to Article 5 of the body of this Agreement, or except as provided in Section 18.5 of the body of this Agreement.

2.3.4 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers to perform any visit to a Subscriber’s premises to perform its obligations under this Section 2.3.

2.4 Nature of the Request for Installation

2.4.1 The Franchisee shall not discriminate among Subscribers or potential Subscribers because someone living in the same household is already or was a Subscriber, unless the Franchisee can demonstrate, to the Commissioner’s satisfaction, that: (i) the Franchisee has a reasonable basis for believing that a Person(s) living in the household is (are) attempting to deceive the Franchisee or (ii) such Person(s) has (have) failed to respond to a reasonable request from the Franchisee for information which would enable the Franchisee to determine whether such Person(s) is (are) entitled to receive Cable Service.

2.5 Records of Requests for Cable Service

2.5.1 The Franchisee shall keep records capable of showing all requests for Cable Service, which shall contain, with respect to each request for Cable Service, the name and address of the Person requesting Cable Service, the date on which Cable Service was requested, the date and appointment period on which Cable Service was scheduled to be provided and the date and appointment period on which Cable Service

was actually provided. In the event that the Franchisee is unable to provide Cable Service, the Franchisee shall keep records showing in reasonable detail the number of attempts the Franchisee has made to provide such Cable Service and the reason the Franchisee was unable to provide Cable Service. These records shall be assembled continuously.

2.5.2 Any information in the records required by Section 2.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 2.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time or may require that the information be turned over to the Commissioner in lieu of its destruction in accordance with Section 11.1 of the body of this Agreement.

2.5.3 A report summarizing the information contained in the records required by Section 2.5.1 regarding all requests for Cable Service for the preceding quarter shall be submitted in written or electronic form to the Commissioner by the forty-fifth (45th) day following the end of each calendar quarter, containing the following information

- (i) the number of requests for Standard Installations;
- (ii) the number of Standard Installations made;
- (iii) the number of Standard Installation and service appointments made;
- (iv) the number of Standard Installation and service appointments met; and
- (v) the number of Standard Installations and service appointments rescheduled by the Franchisee.

To the extent permitted by state and federal privacy laws, upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commissioner to verify and supplement the information contained in the report required by the preceding sentence and the Franchisee's compliance with its obligations under Section 2.5.1; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 2.5.1 hereof. The Commissioner may waive the submission of such records as the Commissioner deems appropriate.

2.5.4 Franchisee's reporting requirements pursuant to Section 2.5.3 hereof shall not commence until the third (3rd) calendar quarter following the Effective Date of this Agreement. Notwithstanding the foregoing, with respect to reports in connection with Franchisee's obligation under Section 2.3.3 hereof regarding Saturday installation requests, Franchisee's reporting obligations shall commence on the date which is one (1) year from the Effective Date of this Agreement.

Section 3

SERVICE CENTERS

3.1 Service Centers

3.1.1 Subject to the requirements of Subsection 3.1.1.1 hereof, the Franchisee shall initially establish and maintain one (1) Service Center in each of the five (5) Boroughs of the Franchise Area. The Franchisee shall notify Subscribers and the Commissioner of the opening, and thereafter any change in the location, of these Service Centers.

3.1.1.1 With respect to each Borough in the Franchise Area, Franchisee's obligation to establish and maintain each Service Center pursuant to Section 3.1.1 hereof shall not commence until ninety (90) days from the date on which Franchisee determines that Franchisee has achieved a Subscriber base of ten thousand (10,000) Subscribers in the applicable Borough.

3.1.1.2 Within ninety (90) days from the date on which Franchisee achieves an aggregate Subscriber base of sixty thousand (60,000) Subscribers in any Borough, Franchisee shall establish and maintain one (1) additional Service Center in each such Borough; provided however, that nothing herein shall be construed to require Franchisee to establish and maintain more than a total of two (2) Service Centers in any Borough. All such Service Centers will be conveniently located near mass transit.

3.1.2 Except on the legal holidays recognized by the City of New York, a list of which shall be supplied to the Franchisee upon request to the Commissioner, these Service Centers shall be open continuously for at least nine (9) hours on weekdays and for at least five (5) hours on Saturdays, subject to Franchisee's contractual agreements with Persons other than the City. The Franchisee shall staff each Service Center so it is capable of providing on Saturday the same level of service it provides during any weekday, such that waiting time for any service on Saturday is not significantly different than during any weekday.

3.1.3 The Service Centers shall be designed so as to provide access in accordance with applicable law.

3.1.4 The Franchisee shall maintain on file at each Service Center, or on its website for public inspection current copies of its billing practices and payment requirements and general informational materials (including monthly bill stuffers) and shall keep such records at its central office for a period of two (2) years, to be mailed or otherwise delivered to a specified Service Center within a reasonable time upon the City's or a Subscriber's request. The foregoing records shall be maintained independent of, and in addition to, Franchisee's public inspection file maintained pursuant to 47 C.F.R. § 76.1700.

3.2 Training of Employees

3.2.1 Franchisee employees who regularly come in contact with the public shall be trained to perform efficiently the various tasks, including responding to consumer inquiries and complaints, necessary to provide consumer services in a responsible and courteous manner.

3.2.2 All Franchisee employees shall identify themselves by name or preassigned identification number when answering Franchisee telephone lines routinely used by members of the public. The Franchisee shall maintain a system to enable the Franchisee to identify the particular employee who answered any telephone call in such manner.

3.2.3 Franchisee employees shall refer any Person who is dissatisfied with the resolution or handling of any complaint concerning the Franchisee to a supervisor. Franchisee supervisors shall be available to speak to such Persons. If, due to unforeseen circumstances, a supervisor is temporarily unavailable to speak with such a Person, then that Person will be contacted by a supervisor as soon as practicable. If the Subscriber is not contacted by the supervisor or otherwise requests such information, a nonsupervisory employee shall inform the Subscriber of the foregoing information.

3.2.4 The Franchisee shall ensure that some employees at its office speak any language used by a substantial percentage of the Franchisee's Subscribers with whom they come into contact in the course of their employment.

3.2.5 To the extent the Franchisee uses contractors or subcontractors who regularly come into contact with the public on the Franchisee's behalf, the Franchisee shall ensure that such contractors or subcontractors receive the training and follow the procedures outlined in Sections 3.2.1-3.2.4 above.

3.3 Telephone Lines

3.3.1 The Franchisee shall have local telephone or toll-free lines for receiving requests for repair or installation services, for reporting service interruptions and for responding to billing questions. The lines shall be answered twenty-four (24) hours per day, seven (7) days per week by Franchisee employees with respect to service problems (such as for the reporting of interruptions or outages in service and the scheduling of service repairs) and, at a minimum, during normal business hours with respect to installation-related and billing-related matters and questions; but in no event shall such lines be operated for fewer hours than required, or less comprehensively than required, by applicable federal or state requirements. In the event a Franchisee employee receives, but is unable to respond to, a Subscriber call after normal business hours regarding any of the issues described in this Section 3.3.1, such Franchisee employee shall create a notation on Subscriber's record (to enable informed employee response upon business hours follow-up), including any appropriate Subscriber information, consistent with Franchisee's practices and procedures. For purposes of this Section 3.3.1, normal business hours shall have the meaning set forth in 47 C.F.R. § 76.309 and 16 NYCRR § 890.

3.4 Standard of Service for the Telephone System

3.4.1 The Franchisee shall maintain a telephone system throughout the term of this Agreement which shall be capable, at a minimum, of meeting each of the following standards:

- (i) each telephone call shall be answered within at least thirty (30) seconds;
- (ii) callers shall receive a busy signal not more than three percent (3%) of the time in any one (1) month period;
- (iii) callers shall not be kept on hold for longer than thirty (30) seconds;
- (iv) no more than ten percent (10%) of all calls (measured on a quarterly basis) shall be kept on hold for thirty (30) seconds;
- (v) any automated menu system shall provide, within ninety (90) seconds (or one hundred twenty (120) seconds during peak periods), an opportunity, which may include pressing "0" or remaining on the line without entering a menu option, for the caller to connect to a customer service representative; and
- (vi) all menus and subsidiary menus shall provide an opportunity to connect to a customer service representative.

3.4.2 Reasonable variations in these performance standards shall be permitted during abnormal operating conditions, including, by way of illustrative example, during trunk line failures.

3.4.3 The Franchisee shall provide quarterly reports to the Commissioner containing information relevant to the question of whether its telephone system continues to conform to Section 3.4.1 of this Appendix A. Franchisee's quarterly reports provided pursuant to this subsection 3.4.3 shall be measured for purposes of compliance with the requirements hereof solely on a quarterly basis, but shall reflect, for informational purposes, Franchisee's metrics on a month-by-month basis. If the Commissioner determines, based on complaints or any other evidence, that the Franchisee's telephone service does not meet the standards set forth in this Section 3.4, or any variations in those standards previously agreed to by the Commissioner, then the Commissioner has the authority to order the Franchisee to take appropriate action to meet such standards. Failure of the Commissioner to issue such order, however, shall not constitute a waiver of the City's rights with respect to any failure by the Franchisee to comply with its obligations pursuant to this Appendix A or this Agreement.

Section 4 **BILLING**

4.1 The Format of a Subscriber's Bill

4.1.1 The bill shall be designed in such a way as to present the information contained therein clearly, comprehensibly and accurately to Subscribers.

4.1.2 The bill shall contain itemized charges for each category of Cable Service and piece of equipment for which a charge is imposed (including late charges, if any), an explicit due date, the name and address of the Franchisee and telephone number for the Franchisee's office responsible for inquiries, billing, the NY PSC's toll-free Subscriber Assistance telephone number and the telephone number specified by the Commissioner for the resolution of billing disputes. The bill shall state the billing period, amount of current billing and appropriate credits or past due balances, if any. Unless prohibited by law, the Franchisee may accurately designate that portion of a Subscriber's bill attributable to the amount of any compensation payment to be made by the Franchisee or any other Person to the City pursuant to this Agreement.

4.2 Billing Procedures

4.2.1 All bills shall be rendered monthly, unless otherwise authorized by the Subscriber, or unless service was provided for less than one (1) month (because, for example, the Subscriber received service, from activation to cancellation, for less than one month.)

4.2.2 The Franchisee shall use reasonable efforts to cooperate with any regulated and accredited banking or financial institution that provides Subscribers with an optional payment mechanism whereby they can directly pay any bills electronically from their residence or business, when such mechanism is economically and technically feasible and viable, and provided that the Commissioner may reduce or relieve the Franchisee of such obligations where such relief is appropriate in light of the circumstances, including the nature of the institution and the burden to the Franchisee. To the extent permitted by applicable law, the Franchisee may "pass through" to the Subscriber any charges imposed on the Franchisee in connection with such bill payment by any such institution, so long as the Franchisee provides prior notice of such charge to the Subscriber.

4.2.3 The Franchisee shall credit any Subscriber who has voluntarily interrupted Cable Service, pursuant to the requirements established by the Franchisee, with a rebate on his or her monthly bill for the period(s) during which service was voluntarily interrupted, provided that the Franchisee may charge any such Subscriber a reconnection charge.

4.2.4 Any returned check charge imposed by the Franchisee shall be consistent with the requirements of N.Y. General Obligations Law, Ch. 24-A § 5-328 or any successor provision thereto.

4.3 Procedures for Collecting Late Bills

4.3.1 No bill shall be due less than fifteen (15) days from the date of the mailing of the bill by the Franchisee to the Subscriber.

4.3.2 A bill shall not be considered delinquent until at least forty-five (45) days have elapsed from the mailing of the bill to the Subscriber and payment has not been received by the Franchisee, provided that no bill shall be mailed more than fifteen (15) days prior to the date Cable Services covered by such bill commence, except in cases where a Subscriber requests advance billing. Late fees not to exceed the maximum percent allowed by law may be applied to a delinquent bill, so long as the billing dispute resolution procedures set forth in Section 4.4 of this Appendix A have not been initiated.

4.3.3 The Franchisee shall not physically or electronically discontinue Cable Service for nonpayment of bills rendered for Cable Service until: (i) the Subscriber is delinquent in payment for Cable Service; and (ii) at least five (5) days have elapsed after a separate written notice of impending discontinuance has been served personally upon a Subscriber; or (iii) at least eight (8) days have elapsed after mailing to the Subscriber a separate written notice of impending discontinuance (for which postage is paid by the Franchisee), addressed to such Person at the premises where the Subscriber requests billing; or (iv) at least five (5) days have elapsed after a Subscriber has either signed for or refused a certified letter (postage to be paid by the Franchisee) containing a separate written notice of impending discontinuance addressed to such Person at the premises where the Subscriber requests billing. Notice of impending Cable Service discontinuance must clearly state the amount in arrears, the total amount required to be paid to avoid discontinuance of Cable Service, collection fees, if any, reconnection charges if applicable, and the date by which such payment must be made, the location of Service Centers where such payment may be made, or how the Subscriber can get information (e.g., via the Franchisee's website and/or by calling a toll-free number) about the location of each Payment Center where such payment may be made. Receipt of a subsequently dishonored negotiable instrument in response to a notice of discontinuance shall not constitute payment, and the Franchisee shall not be required to issue an additional notice prior to discontinuance.

4.3.4 As described in Section 4.5 of this Appendix A, the Franchisee may under certain circumstances refer a delinquent account to a private collection agency. The Franchisee agrees that it will not, and will instruct all collection agencies collecting delinquent accounts on behalf of the Franchisee not to, refer any delinquent account to a credit agency except if the Subscriber has closed an account with an outstanding balance of more than fifty dollars (\$50) and that balance has been pending for more than ninety (90) days. If, however, the Subscriber subsequently pays the outstanding balance, the Franchisee shall notify any credit agencies that were previously informed of the outstanding balance.

4.4 Procedure for the Resolution of Billing Disputes

4.4.1 The billing dispute resolution procedure shall be initiated once a Subscriber contacts the Franchisee's department which handles billing questions or the Commissioner, in writing, so long as such contact occurs within thirty (30) days from the date of receipt of the bill by the Subscriber. If the Subscriber contacts the Commissioner, the Commissioner shall notify the Franchisee, by mail, by telephone or by electronic

means, that the dispute resolution procedure has been initiated and the Franchisee shall then contact the Subscriber to discuss the dispute.

4.4.2 The Subscriber shall not be required to pay the disputed portion of the bill until the dispute is resolved. The Franchisee shall not apply finance charges, issue delinquency or termination notices, or initiate collection procedures for the disputed portion of the bill pending resolution of the dispute.

4.4.3 The Franchisee shall promptly undertake whatever review is necessary to resolve the dispute, and shall notify the Subscriber of the results of the review as soon as it is completed, but in no case later than twenty (20) business days after receipt from the Subscriber of the billing dispute, problem or complaint notification.

4.4.4 The Franchisee shall, upon the Subscriber's or the City's written request, notify the Subscriber in writing of its proposed resolution of the billing dispute, shall provide the address and telephone number to be provided from time to time by the Commissioner and by which a Subscriber may notify the City of a billing dispute, problem or complaint, and shall inform the Subscriber that unless an appeal is taken to the Commissioner within ten (10) business days after the date of postmark on the notification letter, the Franchisee's resolution of the dispute shall be considered final. If, in response to a Subscriber's written request, the Franchisee resolves the dispute over the phone or in person, then no written response need be provided to the Subscriber. Where no appeal is taken, the amount the Franchisee claims is due must be paid within twenty (20) days after the date of postmark on the notification letter.

4.4.5 If the Subscriber appeals the Company's resolution within the aforementioned period, the amount under dispute by the Subscriber will not be due until at least one (1) week after the dispute has been resolved by Franchisee.

4.4.6 The procedures set forth in Sections 7.3.1 - 7.3.5 of this Appendix A shall apply to billing disputes appealed to the Commissioner.

4.5 Referral of Delinquent Accounts to a Collection Agency

4.5.1 If the billing dispute resolution procedures have not been initiated, the delinquent account may be referred to a private collection agency for appropriate action no sooner than ten (10) business days after it becomes delinquent or, where a Subscriber voluntarily terminates any Cable Service and the amount due is delinquent but not in dispute, no sooner than ten (10) business days after the final bill is mailed to the Subscriber.

4.5.2 If the billing dispute resolution procedures have been initiated, the delinquent account shall not be referred to a collection agency prior to the conclusion of those procedures, including any appeal to the Commissioner.

4.5.3 The Franchisee agrees that a referral to a private collection agency in violation of Sections 4.3.4, 4.5.1, or 4.5.2 of this Appendix A shall result in injury to the Subscriber which will be difficult to ascertain and to prove. The Franchisee therefore

agrees that, it will send to the affected Subscriber a letter of apology and notify, in writing, the collection agency, copies of which such letter and notice shall be sent to the Commissioner. Further, if any credit agency is contacted by the Franchisee or any collection agency collecting delinquent accounts on behalf of the Franchisee in violation of Section 4.3.4 of this Appendix A, the Franchisee shall, in addition to taking the foregoing actions, (i) notify the credit agency contacted as a result of such referral that the referral was wrongly made and should not adversely affect the Subscriber's credit standing, a copy of which notice(s) shall be sent to the affected Subscriber and the Commissioner.

Section 5

EQUIPMENT PROVIDED BY THE FRANCHISEE

5.1 Types of Equipment To Be Provided

5.1.1 The Franchisee shall comply with 47 C.F.R. § 76.1621 or any successor provision thereto.

5.1.2 The Franchisee shall supply a closed caption decoder to any hearing impaired Subscriber who requests one at a charge not to exceed the Franchisee's cost, unless the technology for such decoding is already incorporated in other equipment being provided to the subscriber.

5.2 Terms for Rental and Loaner Equipment

5.2.1 As provided in this Appendix A, the Franchisee may require deposits on certain equipment it provides to Subscribers, provided that the Franchisee shall return to Subscribers their deposits together with a reasonable amount of interest, and provided further that there shall be no discrimination among or between Subscribers in either the requirement for or the amount of any deposit. The Franchisee shall permit the return of such equipment to any Service Center. When equipment is returned, the Franchisee shall either promptly test it to ensure that it is not damaged or waive any damage claims, and shall give the Subscriber a receipt showing, in addition to the date and time of the return and the Subscriber name, the model and serial number of the returned equipment. The Franchisee shall return to the Subscriber his or her deposit, plus interest minus any reasonable amount, if any, deducted for damage to the equipment or the amount of any outstanding balance owed to the Franchisee within the next applicable billing cycle.

5.2.2 If such equipment is lost, damaged or stolen by reason of an intentional, wrongful act by, or the gross negligence of, the Subscriber, or if the Subscriber gives the equipment to a third party to return to the Franchisee and the third party does not do so, then the Subscriber shall be liable for the value of the equipment as determined by the Franchisee and consistent with Franchisee's annually published rates. If such equipment is lost, damaged or stolen through the wrongful act of a third party, or any other event outside the Subscriber's control (such as a burglary or a fire in the Subscriber's building), then the Subscriber shall have no liability for the equipment,

provided that the Subscriber files with the Franchisee a police report on the cause of any such loss, theft or damage to any equipment. The Franchisee shall keep records showing the resolution of Subscriber claims regarding lost, stolen or damaged equipment, which records shall be submitted in written or computer disk form to the Commissioner as the Commissioner may reasonably request from time to time, within fifteen (15) days of such request.

5.2.3 For billing purposes, the return of rental equipment shall be deemed to have taken place on the day such equipment is returned.

5.3 Notice That Equipment Is Available. The Franchisee shall provide in the Welcome Kit information about the availability and function of the equipment described in this Section 5 of this Appendix A, as well as where such equipment may be obtained.

5.4 Demonstration of Equipment. The Franchisee shall provide free demonstration of such equipment at the Service Centers.

Section 6

SERVICE OUTAGES AND SERVICE INTERRUPTIONS

6.1 The Franchisee shall exercise its best efforts to limit any scheduled Outage (as hereinafter defined) of any Cable Service for any purpose to periods of minimum use. Except in emergencies or incidents requiring immediate action, the Franchisee shall provide the Commissioner and all affected Subscribers with prior notice of scheduled Outage, if such scheduled Outages will last longer than four (4) hours.

6.2 Time Periods by Which Outages and Service Interruptions Must Be Corrected and Repairs Made.

6.2.1 The Franchisee shall maintain sufficient repair and maintenance crews so as to be able to correct Outages, Significant Outages, Service Interruptions, Significant Service Interruptions, and other problems requiring repair, within the following time periods:

(i) In the event of an “Outage,” which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions that is not caused by the Subscriber’s television receiver or the Subscriber and that affects fewer than one hundred (100) Subscribers served from the same VSO, such Outage shall be repaired within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day. For purposes of this Section 6, “loss of picture or sound” shall mean the absence of picture or sound quality that conforms to the requirements of Section 6.2 of the Franchise.

(ii) In the event of a “Significant Outage,” which is defined for purposes of this Appendix A as loss of picture or sound on all basic channels or on all

channels provided on any other service tier or on one or more premium channels occurring during normal operating conditions, which is not caused by the Subscriber's television receiver or the Subscriber, and that affects one hundred (100) or more Subscribers served from the same VSO, such Significant Outage shall be corrected within eighteen (18) hours after the Franchisee learns of it.

(iii) In the event of a "Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound on one or more cable channels affecting fewer than one hundred (100) Subscribers served from the same VSO, excluding conditions beyond the control of the Franchisee, the Franchisee shall begin working on the problem promptly and in no event later than twenty-four (24) hours after the Service Interruption becomes known.

(iv) In the event of a "Significant Service Interruption," which is defined for purposes of this Appendix A as the loss of picture or sound of one or more cable channels that affects one hundred (100) or more Subscribers served from the same VSO, Franchisee shall repair the problem within forty-eight (48) hours after the Franchisee receives a request for repair service, unless the request is made after 4:00 p.m. on a Friday, in which event the repair shall be made no later than the next business day.

6.2.2 The Franchisee shall maintain, at all times, an adequate repair and service force in order to satisfy its obligations pursuant to the foregoing Section 6.2.1. In order to satisfy its obligations pursuant to Section 6.2.1, in cases where it is necessary to enter upon a Subscriber's premises to correct any reception problem or other service problem, the Franchisee shall make available service calls continuously during the period of 7:30 a.m. to 7:00 p.m. May 1 through October 30 and 7:30 a.m. to 6:00 pm November 1 through April 30 on weekdays and continuously for at least eight (8) hours on each Saturday. During weekday periods, a Subscriber may request any four (4) hour period for the Franchisee to correct any such problem, provided that the Franchisee's customer service representatives shall at all times endeavor to be aware of service or other problems in adjacent areas which may obviate the need to enter a Subscriber's premises. The Franchisee shall provide on Saturday the same level of service it provides during any weekday, such that repair services provided on Saturday are not significantly different than during any weekday (other than a weekday evening).

6.2.3 The Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 6.2. In no event shall the Franchisee cancel any necessary scheduled service call later than 5:00 pm on the preceding business day, except in circumstances beyond the Franchisee's control.

6.3 Failure To Meet Time Periods May Be Excused. The Franchisee's failure to correct Outages, Significant Outages, Service Interruptions, or Significant Service Interruptions, or to make repairs within the stated time periods shall be excused if the Franchisee could not obtain access to a Subscriber's premises.

6.4 Repair Service and Disconnection Charges. In the event that the Cable Act is amended, or following a final order or determination by a court or regulatory agency having competent jurisdiction, following the exhaustion of all appeals thereto, such that the requirements of this section are not prohibited under applicable law and equivalent obligations are imposed upon all cable operators in the Franchise Area, then the following provisions shall be applicable:

(a) the Franchisee shall not impose any fee or charge any Subscriber for any service call to his or her premises to perform any repair or maintenance work, unless such work was necessitated by an intentional act or negligence of such Subscriber.

(b) The Franchisee shall not charge any fee for disconnection when a Subscriber returns the Company's equipment to a Service Center or via the self-addressed envelope provided by the Company. A fee may, however, be charged if the Franchisee has to collect the equipment from the Subscriber's premises and the Subscriber has been informed in advance of such charge and the alternative methods of returning the Franchisee's equipment. If the Subscriber pays the amount in arrears to the Franchisee when the Franchisee is on the Subscriber's premises to disconnect Service, then the Franchisee may charge the Subscriber a reasonable collection fee, provided that such Subscriber is notified of such collection fee in the notice required by Section 4.3.3.

6.5 Records of Repair Service Requests

6.5.1 Franchisee shall keep records showing in both individual and summary form all requests for repair service received from Subscribers, which shall show, at a minimum, the name and address of the affected Subscriber, the date and the approximate time of request, the date and approximate time the Franchisee responds, the date and approximate time Cable Service is restored, the type and the probable cause of the problem.

6.5.2 Any information in the records required by Section 6.5.1 of this Appendix A may be destroyed six (6) years after such information was collected, unless the Commissioner authorizes the Franchisee, in writing, to destroy any information required by Section 6.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

6.5.3 The Franchisee shall submit to the Commissioner a report in such form and containing such information as the Commissioner may reasonably request, not including specific Subscriber names or addresses, summarizing the information contained in the records required by Section 6.5.1 of this Appendix A in written or computer disk form on a quarterly basis, such report to be submitted by the forty-fifth (45th) day following the end of each calendar quarter. Upon request of the Commissioner, the Franchisee shall cooperate in good faith with the Commission to verify and supplement the information contained in the report required by the preceding sentence and the

Franchisee's compliance with its obligations under Section 6.5.1 of this Appendix A; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee's obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 6.5.1 hereof. The Commissioner may waive the submission of such reports as the Commissioner deems appropriate.

6.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the number of Significant Outages which occurred during the preceding calendar quarter, summarized by both Borough and VSO.

6.6 Plan for Correction. In the event the Commissioner notifies the Franchisee in writing that DoITT has determined that there has been an excessive number or identified a routine pattern of Significant Outages in any Borough or community served by a particular VSO, Franchisee shall submit to the Commissioner, on a quarterly basis within forty-five (45) days of the end of each applicable calendar quarter during the Term hereof and subject to the confidentiality provisions of Section 11.1, a "Plan for Correction" outlining Franchisee's plan for minimizing the occurrence of such Significant Outages in the applicable Borough or community. Franchisee's obligation to submit such quarterly Plan for Correction pursuant to this Section 6.6 shall cease upon Franchisee's demonstration, to the reasonable satisfaction of the Commissioner, that Franchisee has minimized the occurrence of Significant Outages in the applicable Borough or community for two (2) consecutive calendar quarters.

Section 7

SUBSCRIBER COMPLAINTS

7.1 Operation of the Service Centers and Payment Centers. As set forth in Section 3 of this Appendix A, the Franchisee shall operate its Service Centers, train its employees and maintain its telephone lines so that Subscribers' complaints are resolved quickly, professionally and politely. The Franchisee agrees to use reasonable efforts to monitor Franchisee's Payment Centers to ensure that such Payment Centers are operating in a manner consistent with the terms of this Appendix A, to the extent applicable; provided, however, that nothing herein shall be construed to limit any rights Franchisee may have or liabilities Franchisee may incur pursuant to applicable law or the terms of this Appendix A. For purposes of this Appendix A, "Payment Center" shall be defined as "a facility operated by a third party where Subscribers may make payments."

7.2 Time Period for the Resolution of Complaints. Except where another time period is required by any other provision of this Appendix A or this Agreement, the Franchisee shall make its best efforts to resolve all complaints received by the Franchisee

within ten (10) business days, or earlier to the extent practicable. Within two (2) business days of receiving a written complaint or a complaint forwarded to the Franchisee by the Commissioner, the Franchisee shall notify the Person who made the complaint, either by telephone or in writing, that the complaint has been received and that the Franchisee will make its best efforts to resolve such complaint within ten (10) business days of receipt of such complaint by the Franchisee. Complaints which constitute billing disputes shall be subject to the procedures set forth in Section 4.4 of this Appendix A in lieu of the requirements of this Section 7.2.

7.3 Appeal of a Resolution to the Commissioner

7.3.1 As provided in Section 2.1.1 (vi) of this Appendix A, a Subscriber may notify the Commissioner about a complaint that is not resolved to the Subscriber's satisfaction. As set forth in Section 2.1.1(vi) of this Appendix A, the Franchisee shall also provide notice in the Welcome Kit of the right described in the preceding sentence.

7.3.2 The Commissioner shall notify the Franchisee by mail, telephone, or electronic means, of any such appeal within one (1) week after it is received by the Commissioner.

7.3.3 If the Franchisee's stated resolution of the complaint is appealed to the Commissioner, then the Franchisee shall assist the Commissioner in the investigation thereof by the Commissioner, by providing or making available whatever documents, materials or other types of information are reasonably requested by the Commissioner.

7.3.4 The Commissioner shall have thirty (30) days in which to complete the investigation and to notify the Franchisee of the manner in which the Commissioner believes the dispute should be resolved. Before completing the investigation, the Commissioner shall consult both with the Person who registered the complaint and with the Franchisee; provided, however, that final resolution of any dispute shall be in Franchisee's sole discretion, to the extent such resolution is not inconsistent with this Agreement, applicable federal, state, or local laws.

7.3.5 Complaints may be referred to the Commissioner before the Franchisee has issued a resolution, if the Franchisee has exceeded the time allowed for resolving complaints under Section 7.4 of this Appendix A.

7.4 Referral of Complaints from the Commissioner to the Franchisee

7.4.1 If the Commissioner is contacted directly about a complaint concerning the Franchisee, the Commissioner shall notify the Franchisee.

7.4.2 Within ten (10) business days after being notified about the complaint, the Franchisee shall issue to the Commissioner a report detailing the investigation thoroughly, describing the findings, explaining any corrective steps which are being taken and indicating that the Person who registered the complaint has been notified of the resolution.

7.5 Complaint Records

7.5.1 The Franchisee shall maintain complaint records, which shall record the date a complaint is received, the name and address of the affected Subscriber, a description of the complaint (which may be located in the “comments” section of the Franchisee’s records), the date of resolution, a description of the resolution and an indication of whether the resolution was appealed to the Commissioner.

7.5.2 Any information in the records required by Section 7.5.1 may be destroyed six (6) years after such information was collected, unless the Commissioner and the Comptroller authorize the Franchisee, in writing, to destroy any information required by Section 7.5.1 prior to the expiration of such six (6) year period. However, the Commissioner may require the Franchisee to retain such information for a longer period of time, if relevant to an active audit or dispute, or may require that the information be turned over to the Commissioner in lieu of its destruction.

7.5.3 The Franchisee shall submit to the Commissioner the records required by Section 7.5.1 of this Appendix A, in summary form only, in written or electronic form on a quarterly basis; provided, however, that nothing herein shall be construed to require the Franchisee to disclose any records or information, the disclosure of which would be inconsistent with Franchisee’s obligations pursuant to applicable state or federal privacy laws, including, but not limited to, any records or information collected and retained by the Franchisee pursuant to Section 7.5.1 hereof.

7.5.4 In addition to providing the foregoing records, commencing six (6) months from the Effective Date hereof and subject to the confidentiality provisions of Section 11.1 of the Franchise, Franchisee shall submit to the Commissioner, within forty-five (45) days of the end of each calendar quarter during the Term hereof, a report setting forth the following information with respect to Subscriber complaints:

- (i) the total number of complaints received by Franchisee in each Borough and by VSO;
- (ii) the nature and current status of all complaints received by Franchisee in each Borough and VSO, described in appropriate sub-categories, including, but not limited to, billing, equipment related issues, installation related issues, credit adjustments, missed appointments and service calls, and such other complaint categories as may be tracked in Verizon’s internal customer service system; and
- (iii) the percentage of complaints resolved and percentage of complaints outstanding in each Borough and VSO.

Section 8 **NOTICE**

8.1 Notice Required

8.1.1 The Franchisee shall provide notice to the Commissioner and all Subscribers of any of the following changes, which notice shall be provided no later than thirty (30) days prior to the effective date of any such change (provided, however, all such notices shall be provided in a manner consistent with NY PSC rules), unless the Franchisee does not know of such change at that time, in which case the Franchisee must provide such notice: (a) within five (5) business days of the date upon which the Franchisee first knows of such change, in writing to the Commissioner and electronically on the Channel on which available Cable Services are listed or any other Channel as may be designated by the Franchisee, at least ten (10) times a day during the two (2) week period immediately following such fifth business day, and (b) to all affected Subscribers in the earliest practicable monthly bill sent to Subscribers or a separate mailing made within the same period following such change:

(i) any change in the rates or charges or significant terms or conditions for the receipt of any Cable Service (provided that any such notification may be provided solely via email or via U.S. mail); or

(ii) any significant change in billing practices (provided that any such notification may be provided solely via email or via U.S. mail)

(iii) any notices with respect to programming or network changes as required under NYCLS Pub. Ser. §224-a.

The foregoing notice requirements are in addition to the notice requirements contained elsewhere in this Appendix A, including those regarding the termination of Cable Service and Outages and Service Interruptions.

8.1.2 The Franchisee shall post on the earliest practicable date at any affected Service Centers any anticipated change in the location or significant changes in the hours of operation of such Service Centers.

8.1.3 The Company shall, as part of any annual updates to its Subscriber Handbook, list any significant change of any of the policies or other information set forth in the Subscriber Handbook. On its website the Company shall make available the most current version of its Subscriber Handbook.

8.1.4 Unless otherwise explicitly provided, all notices required by Section 8.1.1 shall be in writing no later than the periods specified in Section 8.1.1, except that any notice in connection with a change in Channel Position or an increase or decrease in the number of hours a Cable Service is carried over the System may be provided electronically on the System, so long as such electronic notice is made at least ten (10) times a day during the two (2) week period prior to the effective date of such change. All notices required by Section 8.1.1 of this Appendix A shall specify, as applicable, the Cable Service or Cable Services affected, the new rate, charge, term or condition, the effect of the change, and the effective date of the change.

8.1.5 The Franchisee shall comply with any and all applicable state and local law notice requirements including, but not limited to, those required by

Section 224-a of the New York Public Service Law and Section 890 of the NY PSC regulations.

Section 9

TERMINATION OF SERVICE AND DISCONNECTION

9.1 Notice of Termination of Service. As described in Section 4.3.3 of this Appendix A, the Franchisee may terminate Cable Service to any Subscriber whose bill has not been paid after it becomes delinquent, so long as the Franchisee gives proper notice to the Subscriber as provided in Section 4.3.3 of this Appendix A and the billing dispute resolution procedures have not been initiated.

9.2 Termination on Sundays, Holidays or Evenings. The Franchisee shall not terminate Cable Service to Subscribers at any time when the Service Centers are closed.

9.3 Resubscription to Cable Service. The Franchisee shall not refuse to serve a former Subscriber whose Cable Service was terminated by the Franchisee, so long as all past bills and late charges have been paid in full, and subject to verification that any such Subscriber has a credit rating acceptable to Franchisee.

9.4 Length of Time to Disconnection. If disconnection occurs at the Subscriber's written or oral request, then, for billing purposes, it shall be deemed to have occurred three (3) days after the Franchisee receives the request for disconnection unless (i) it in fact occurs earlier or (ii) the Subscriber requests a longer period.

9.5 Scheduling Appointments. The Franchisee shall provide Subscribers with "appointment window" time blocks of no more than four (4) hours on weekdays running continuously from 7:30 a.m. to 9:00 p.m. for selection of Subscribers, during which its work crew shall visit the Subscriber's premises to disconnect service and to remove any Franchisee equipment. On Saturdays, the Franchisee shall also provide such service disconnection and equipment removal at any time between 9:00 a.m. to 5:00 p.m., but may, in its sole discretion, choose not provide "appointment window" time blocks. Further, the Franchisee shall comply with the procedures set forth in Section 11.3 of this Appendix A regarding contact with Subscribers in connection with any visit to a Subscriber's premises in connection with its obligations under this Section 9.5.

Section 10

CREDITS

10.1 Grounds. As a result of the Franchisee's failure to comply with these consumer protection standards, the Franchisee shall provide to each affected Subscriber or potential Subscriber, as applicable, the following credits:

(i) for any Significant Service Interruption as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable

Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Significant Service Interruption occurred for each twenty-four (24) hour period during which a Significant Service Interruption continues for at least four (4) continuous hours, provided that: (i) the affected Subscriber has reported the Significant Service Interruption to the Franchisee and (ii) the Franchisee has verified that the reported Significant Service Interruption has occurred consistent with the Subscriber's claim;

(ii) for any Outage as defined in Section 6.2 which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access), a minimum credit in an amount equal to one-thirtieth (1/30) times the recurring charges for Cable Services (i.e. all charges for Cable Service minus non-recurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscriber for the then current monthly billing period for the Cable Service(s) as to which the Outage occurred for each twenty-four (24) hour period during which a Service Outage continues for at least four (4) continuous hours, provided that (i) the affected Subscriber has reported the Outage to the Franchisee and (ii) the Franchisee has verified that the reported Outage has occurred consistent with the Subscriber's claim;

(iii) for any Significant Outage, as defined in Section 6.2, which lasts more than four (4) continuous hours in any twenty-four (24) hour period (provided that, to the extent access to the Subscriber's premises is required to effect such repair, the Subscriber has granted the Franchisee such access) a minimum credit in an amount equal to one-thirtieth (1/30) times the average bill for recurring charges for Cable Services (i.e., all charges for Cable Service minus nonrecurring charges, such as installation and pay-per-view charges) to be charged to the affected Subscribers in the affected area for the then current monthly billing period for the Cable Service(s) as to which the Significant Outage occurred for each twenty-four (24) hour period during which the Significant Outage persists for at least four (4) hours, provided that: (i) the affected Subscriber has reported the Significant Outage to the Franchisee and (ii) the Franchisee has verified that the reported Significant Outage has occurred consistent with the Subscriber's claim;

(iv) for a failure of a Verizon representative to arrive at the Subscriber's premises within the appointment window period for repair service calls, a credit of \$25 will be applied to the customer's bill in the next available billing period. However, to the extent the Subscriber is not available when the crew arrives or if the crew does not have appropriate access to the Subscriber premises in order to address the service issue, this credit will not apply.

10.2 Application of Credits. With respect to any credit described in Section 10.1(i)-(iii), the Company shall, upon request of or notice from a Subscriber, provide a credit on such Subscriber's bill for Subscribers affected by a Significant Service Interruption, Outage or Significant Outage. With respect to any credit described in Section 10.1(iii), the Company shall automatically (without requiring a request from

each Subscriber) provide a credit on each Subscriber's bill for Subscribers affected by a Significant Outage that occurs, at least in part, between 6:00 p.m. and 12:00 a.m. In the event the Franchisee cannot determine all Subscribers affected by a Significant Outage in excess of four (4) continuous hours or no part of such Significant Outage occurs between the hours of 6:00 p.m. and 12:00 a.m. then Franchisee shall provide a credit to any eligible Subscriber who makes application therefor by either written or oral notice within ninety (90) days of such Significant Outage.

Section 11

MISCELLANEOUS REQUIREMENTS

11.1 Charge for Downgrades. The Franchisee may impose a charge upon a Subscriber for any downgrading of a Subscriber's Cable Service in accordance with Section 890.63 of the PSC regulations.

11.2 Overpayment Credits. If, at any time, the Franchisee becomes aware or if it is determined that a Subscriber is entitled to credit(s) otherwise than as a result of the operation of Section 10 of this Appendix A, the Franchisee shall (i) promptly credit such Subscriber's account, or (ii) in the event the Subscriber has terminated service, promptly issue a check.

11.3 Procedures for Contacting Subscribers. Following the scheduling of an appointment with any Subscriber within the time periods specified elsewhere in this Appendix A (the "appointment period"), the Franchisee shall:

(i) make a reasonable effort, within a reasonable time prior to the appointment period, to telephone the Subscriber or potential Subscriber to confirm the appointment, provided, however, that the obligation to make such telephone call shall not apply where the appointment is scheduled to occur: (i) within forty-eight (48) hours of the initial scheduling of the appointment or (ii) before or during the next business day if the request is made after 4:00 p.m. on a Friday. If such telephone call is not answered, in person or by an answering machine, the Franchisee shall use best efforts to make a second call to such Subscriber or potential Subscriber within a reasonable time thereafter to confirm the appointment; and

(ii) during the appointment period, either: (a) arrive at the Subscriber's or potential Subscriber's premises, as promised, or (b) prior to such arrival, telephone the Subscriber's or potential Subscriber's premises to determine whether the Subscriber is present during such appointment period. If, upon arrival at the Subscriber's or potential Subscriber's premises, the Franchisee is not able to secure access to the premises, the Franchisee's employee or representative shall make a reasonable effort to arrange for the premises to be telephoned immediately to determine whether the Subscriber or potential Subscriber is present. If such telephone call is not answered in person, the Franchisee shall, if possible, leave a notice under the door of the premises advising that the Franchisee did arrive at the premises during the appointment period, and the completion of such tasks shall be deemed an appropriate cancellation by the Franchisee of the scheduled appointment. In the event that, prior to arrival at the

Subscriber's or potential Subscriber's premises, the Franchisee telephones the Subscriber to determine whether the Subscriber is present at the premises and such call is not answered in person or by a device which states that the Subscriber is, in fact, present and awaiting the Franchisee's arrival, then the Subscriber shall be deemed to have cancelled the scheduled appointment.

(iii) From time to time, the Franchisee may use contractors or subcontractors to perform work at a Subscriber's premises. If the City receives a significant number of complaints from Subscribers regarding confusion in identifying such contractors or subcontractors performing work at Subscribers' premises, the City and Franchisee shall discuss and mutually agree upon a practice to address such issue.

11.4 Receipts. In connection with any transaction between the Franchisee and a Subscriber which involves a visit to a Subscriber's premises or place of business, the Franchisee will, in each such case when requested by the Subscriber, provide such Subscriber a written receipt briefly describing such transaction and the date and time thereof. The Franchisee shall reasonably seek to inform each such Subscriber in writing of the availability of such a receipt.

11.5 Governing Federal and State Law. In the event that any of the provisions of this Appendix A of this Agreement are preempted by and unenforceable under any rules or regulations promulgated by the NY PSC, adopted by the New York State legislature, the FCC or the United States Congress, the rules or regulations adopted by the applicable governing body or regulatory agency shall govern and the Franchisee's compliance with such rules or regulations shall be deemed satisfactory performance.

Section 12

FAILURE TO COMPLY WITH THESE REQUIREMENTS

12.1 Material Requirements. Any breach, default, failure or other noncompliance by the Franchisee in the performance of any obligation of the Franchisee under this Appendix A shall constitute a Default as defined in Section 15.1 of the body of this Agreement. Any such Default that constitutes substantial and material Default shall fall within the scope of Section 15.6.11 of the body of this Agreement and any persistent or repeated pattern of such Defaults shall fall within the scope of Section 15.6.11 of the body of this Agreement, provided that no substantial and material Default nor any persistent or repeated pattern of action or inaction in connection with this Appendix A shall be deemed to fall within the scope of Section 15.6.11 of the body of this Agreement by reason of actions or inactions which are taken in the good faith belief that such do not constitute a Default, during pendency of a good faith dispute as to whether such actions or inactions at issue constitute a Default.

12.2 Reporting. The Franchisee shall provide reports documenting its compliance with the requirements of this Appendix A and other customer service matters as set forth in Exhibit 2 attached hereto and made a part hereof.

Section 13
ANNUAL CABLE CONSUMER REPORT CARD

13.1 Annual Cable Consumer Report Card Requirements. The Franchisee shall provide an Annual Cable Consumer Report Card setting forth the information described in Exhibit 3 attached hereto and made a part hereof; provided, however, that Franchisee's obligation to provide such Annual Cable Consumer Report Card shall not commence until forty-five (45) days from the end of the first full calendar year in which each cable operator in the Franchise Area, or portion thereof, is subject to a substantially equivalent obligation as contemplated under this Section 13.1 pursuant to the terms of a valid and effective cable franchise agreement by and between each such respective cable operator and the City.

DESIGNATION AND LOCATION OF SERVICE CENTERS

SERVICE CENTER

[To be filled in by Verizon]

CONSUMER PROTECTION REPORTING REQUIREMENTS

SERVICE REPORTS

Significant Outage Report (Quarterly)

The Franchisee shall provide reports of Significant Outages, Significant Outage Reports, containing the date, time, location, number of homes affected, cause and duration of each outage, and such other information as the Commissioner shall reasonably require. Franchisee shall also include information related to automatic credits provided to Subscribers in relation to Significant Outages reported.

Interconnection Report (Upon Request)

Upon request of the Commissioner, the Franchisee shall submit to the Commissioner a report detailing its compliance with the requirements set forth in Section 8.1.6 of the Agreement.

TELEPHONE REPORT

A report containing the information detailing compliance with the standards required in Section 3.4.1 of Appendix A of the Agreement shall be submitted to the Commissioner in the form contained in the attached exhibit and according to the definitions set forth herein. Such report shall be submitted on a quarterly basis, except that a report regarding Supervisor Callback Within Four Hours shall be supplied upon request. If due to technological, service or other changes the Franchisee believes changes in the form of this report is appropriate, the Franchisee may petition the Commissioner for a change in form, which the Commissioner may grant if in his or her discretion such a change is in the interest of subscribers. To the extent there are references below to voicemail systems or other call response methods that the Company does not utilize, those sections shall not apply.

A. Telephone Reporting Definitions

1. Calls Offered.

All “calls” other than those which receive busy signals, made to the Franchisee’s sales, service, pay-per-view (other than pay-per-view automatic ordering), billing and any other lines for subscribers or potential subscribers (in short, all lines other than the Franchisee’s business office lines and its automated pay-per-view ordering lines), twenty-four (24) hours a day. All calls described in this report may be initiated by a voice response unit rather than a live representative.

2. Calls Handled.

All Calls Offered to the VRU which are not Lost Calls (see below).

3. Lost Calls.

a. Number: All Calls Offered which request, or hold for, a live customer service representative (“CSR”) (i.e., calls which neither request an automated response nor leave a taped message, or request an automated response then continue to hold for a CSR) but hang up before a live CSR comes to the phone.

b. Percent: Percentage of Calls Offered which are Lost Calls.

4. Average Wait Time.

“Wait Time” is defined as the number of seconds a caller waits, after the conclusion of recorded or automated phone system instructions and routing, before the earliest of the following occurs: a live CSR comes to the phone, or the caller leaves a recorded message, or the caller hangs up. Average Wait Time is the total Wait Time of all Calls Offered, which remain on the line after the commencement of Wait Time until they receive service from a live CSR, leave a recorded message, or hang up, divided by the number of such calls. Calls Offered which hang up prior to the commencement of Wait Time will not be counted in either the numerator or denominator of this calculated average, nor will any After Hours calls.

5. All Trunks Busy.

The Total amount of time in the reporting period during which the level of use of the Franchisee’s phone lines was such that a caller attempting to call any one of the phone lines included in Calls Offered would have received a busy signal (a period is considered within All Trunks Busy if, for example, all “service” lines are busy, even if “billing” lines are available, unless the Franchisee’s system automatically rolls calls from occupied lines into available lines).

6. Overflow Device. (During Normal Hours).

a. Total Calls Seeking CSR:

All Calls Offered during Normal Hours which remain on the line at the conclusion of any recorded or automated phone system instructions and routing. This should be the same number as the denominator in the calculation of Average Wait Time.

b. Calls Receiving CSR Within Thirty (30) Seconds:

The number of Total Calls Seeking CSR which were picked up by a live CSR within 30 seconds of the commencement of Wait Time. This number shall not include any calls picked up by a CSR after thirty (30) seconds of Wait Time has run, or any calls which leave a message, or any Lost Calls.

c. Total Messages Left:

The number of Total Calls Seeking CSR which leave messages. The number in this category when added to the number in the Calls Receiving CSR Within Thirty (30) Seconds category will add up to less than Total Calls Seeking CSR, because the following types of Total Calls Seeking CSR will not be included in either category: calls which are lost because the caller hangs up after thirty (30) seconds without leaving a message and callers who receive help from a CSR after waiting more than thirty (30) seconds.

d. Messages Requiring Callbacks:

The number of Total Calls Seeking CSR which leave messages which require callbacks. The difference between this category and Total Messages Left will be callers who leave messages which do not require further contact (because, for example, the caller's message reports an outage or other problem which was resolved shortly after the call, or the message simply reports an opinion on programming content) or are unreturnable (because, for example, the caller left no phone number or identification).

e. Messages Returned Within One (1) Business Day:

This is the number of Messages Requiring Callbacks which were returned within one (1) business day (including both calls which are successfully completed and calls in which the customer does not answer the phone).

f. Automated Calls Within Thirty (30) Seconds:

The number of Calls Offered which are handled by automated interaction between the customer and the telephone and/or billing system. This number shall not include any calls which roll over to the overflow device or during which for any other reason the automated response to the caller does not commence within thirty (30) seconds of the conclusion of initial recorded or automated phone service instructions and routing.

7. After Normal Hours.

a. Calls Offered After Hours:

All Calls Offered which come in After Hours. (These calls are separate from the Overflow Device category because all After Hours callers who remain on the line after recorded and automated information has been offered are immediately rolled into the message recording system, with no regular CSR availability).

b. After Hours Messages Returned Within One (1) Business Day:

Defined in the same manner as Messages Returned Within One (1) Business Day, except this category covers the messages received After Hours.

8. Supervisor Callback Requests:

All Calls Offered, requesting contact with a supervisor, including both requests made to live CSRs as well as requests left on recorded messages.

9. Supervisor Callback Within Four Hours:

All supervisor Callback requests which are returned by a supervisor within four (4) “calling hours.” “Calling hours” are defined as 9 a.m. to 10 p.m. on weekdays, 10 a.m. to 10 p.m. on weekends. (It is recognized that some late evening callers requesting a supervisor may request that a callback be made later than the early morning hours of the following day. While such callbacks should not be included in Supervisor Callback Within Four Hours, it is understood that callbacks that take longer than four hours at the request of the caller are acceptable exceptions to the four hour requirement, provided the Company keeps records of such requests and makes them available to the Commissioner at the Commissioner’s request.)

ANNUAL CABLE CONSUMER REPORT CARD

Subject to the terms of Section 13.1 hereof, within forty-five (45) days from the end of each calendar year, Franchisee shall post on its website, and provide to the leasing or sales office of each MDU with which Franchisee has executed a marketing agreement for Cable Service, an Annual Cable Consumer Report Card setting forth the following information on a City-wide basis:

(1) Customer service performance information, including:

- (a) Percentage of calls answered by voice response units (“VRU”);
- (b) Percentage of calls abandoned by VRU; and
- (c) Percentage of busy calls by VRU.

(2) Subscriber rights and remedies, including but not limited to contact information related to Subscriber complaints and customer service within Verizon, as well as contact information for DoITT for Subscriber issues, Subscriber credit policy, privacy notice, and billing (including a statement that Subscribers may, upon request, receive a written description of any resolution of a billing dispute) and payment information.

(3) Price of services information.

(4) Content/channel changes and improvement information.

(5) Significant Outage information, including:

- (a) Summary of categories of Significant Outages that occurred by VSO, in the Franchise Area during the preceding calendar year;
- (b) Percentage of each category of Significant Outage that occurred by VSO in the Franchise Area during the preceding calendar year; and
- (c) Remedies performed Franchisee for each category of Significant Outage during the preceding calendar year.

APPENDIX B

PEG CHANNELS

Date	Number of Channels	
Within 180 Days of the Effective Date	4 P each Borough, 5 City-wide E/G	25 channels
January 1, 2009	Additional 2 P each Borough, Additional 1 City-wide E/G	11 channels
January 1, 2012	Additional 1 P each Borough, Additional 2 City-wide E/G	7 channels
6 years after Effective Date	Additional 2 P each Borough	10 channels
	53 channels total	

APPENDIX C
FORM OF COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

[CAO]

THIS AGREEMENT (the “Agreement”) made on this [] day of [], 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (“Verizon”), with a place of business at 140 West Street, New York, New York 10007 and [CAO], a New York not-for-profit corporation (the “CAO”) designated by the Borough President of [borough name] (the “Borough President”), with a place of business at [address].

WHEREAS, the City of New York (the “City”), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise (“Franchise Agreement”) to operate a Cable System (the “System”) throughout the entire territorial boundaries of the City (“Service Area”), which among other boroughs includes the Borough of [borough name] (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of [borough name]; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels (“Public Access Channels”), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the “Code”), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such

other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in [borough name]; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I -DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of [borough name], and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II -GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 1: The Public Access Channel Grant shall be in the amount of DOLLAR (\$____) per month, per Subscriber until the first anniversary of the Effective Date;

Year 1 – Year 2: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the second anniversary of the Effective Date;

Year 2 – Year 3: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the third anniversary of the Effective Date;

Year 3 – Year 4: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fourth anniversary of the Effective Date;

Year 4 – Year 5: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 5 – Year 6: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 6 – Year 8: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9 – Year 10: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the tenth anniversary of the Effective Date; and

Year 11 – Year 12: The Public Access Channel Grant shall increase to and remain at DOLLAR (\$____) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a "Cash Grant") payable as follows:

DOLLARS (\$____) shall be due and payable within ninety (90) days of the Effective Date;

DOLLARS (\$____) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

DOLLARS (\$____) shall be due and payable on the second anniversary of the first payment pursuant to this Section 2.2; and

DOLLARS (\$____) shall be due and payable on the third anniversary of the first payment pursuant to this Section 2.2.

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall negotiate and seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon's obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The CAO shall negotiate and seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall

also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of [_____]. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III -OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies, in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO

primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV -PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access

Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at (_____) ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty days (180) of the Effective Date.

4.5.02 Verizon shall construct the auxiliary connections designated by the CAO on Exhibit 1 hereto between the content originating locations (each, a “Public Access Channel Origination Site”) and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. In the event the CAO desires to substitute a location currently designated on Exhibit 1 with an alternate location, Verizon agrees to commence good faith discussions with the CAO regarding the substitution of such Public Access Channel Origination Site within thirty (30) days of Verizon's receipt of written notice from the CAO of the CAO’s desire to commence such discussions. The cost related to any substitution of a Public Access Channel Origination Site shall not exceed the cost to Verizon for constructing the auxiliary connection for the original Public Access Channel Origination Site, as designated on Exhibit 1. Upon one hundred eighty days (180) days written notice from the CAO to Verizon that a Public Access Channel Origination Site is fully functional for its intended purpose, an auxiliary connection shall be made operable by Verizon. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall unreasonably or materially interfere with the CAO’s operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon’s video channel aggregation site for further processing for distribution to Subscribers. Verizon’s obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO’s operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough’s jurisdictional boundaries and without the Borough’s jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V -MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the “Effective Date”). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.1 (Public Access Channel Grant), 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are Open for Sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be “the term of this Agreement.” In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon’s disclosure of information pursuant to this Agreement. For purposes of this Agreement, “proprietary or confidential” information shall be defined as any information that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential, trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public

disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

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5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

[CAO NAME]

ATTEST:

BY: _____
[Signatory]

VERIZON NEW YORK, INC.

ATTEST:

BY: _____
[Signatory]

APPENDIX D

FRANCHISE FIBER RIGHT OF USE

Pursuant to the terms of Article 9 of the Franchise, and in consideration for the rights and benefits provided to the Franchisee under the Franchise, the Franchisee shall provide to the City the exclusive right to use of certain fiber optic strands as more fully described in **Exhibit 1** to this **Appendix D**. For purposes of this **Appendix D**, capitalized terms used herein but not otherwise defined below shall have the meanings ascribed to such terms in the Franchise.

Section 1 DEFINITIONS

1.1 “Connection Points” shall mean the locations at which the City Equipment may be connected to the Franchise Fibers as described on **Exhibit 1** to this **Appendix D**.

1.2 “Franchise Fibers” are identified in **Exhibit 1** to this **Appendix D** as the span locations of the fiber optic strands to be granted to the City hereunder.

1.3 The “City Equipment” shall mean any optronic, electronic, optical, or power equipment, and any other facilities, material or equipment owned, possessed or utilized by the City in connection with the use of the Franchise Fibers, including all innerducts (and other conduit tubing) and fiber optic cable in any telecommunications network owned by the City and connecting to any of the Franchise Fibers.

1.4 “Governmental Authority” shall mean any federal, state, regional, county, city, municipal, local, territorial, or tribal government, whether foreign or domestic, or any department, agency, bureau or other administrative or regulatory body obtaining authority from any of the foregoing, including without limitation, courts, public utilities and other authorities.

1.5 “Underlying Rights” shall mean all deeds, leases, easements, rights-of-way agreements, licenses, franchises, permits, grants and other rights, titles and interests that are necessary for the construction, installation, maintenance, operation, use or repair of the Franchise Fibers and Verizon’s supporting facilities, as applicable.

1.6 “Underlying Rights Requirements” shall mean the requirements, terms, conditions, obligations, liabilities, restrictions, and/or limitations on the City’s right to use and operate the Franchise Fibers and to access, install, repair, maintain and replace the City Equipment as set forth in the Right of Use granted by Article 9 of the Franchise and this **Appendix D**, in the Underlying Rights, in all applicable government codes, ordinances, laws, rules, permits, approvals and regulations, and all safety, operational and other rules and regulations imposed in connection with any of the foregoing or otherwise.

1.7 “Verizon Network” shall mean all of the physical facilities constructed, maintained and/or operated by the Franchisee or its Affiliates in the City which are utilized by Franchisee or its Affiliates for the provision of services, including, without limitation, Telecommunications Services, Information Services, or Cable Services.

Section 2 GRANT OF RIGHTS

2.1 *Right of Use of Franchise Fibers:* On the terms and subject to the conditions set forth herein, and consistent with the priority list set forth in **Exhibit 1** to this **Appendix D**, Franchisee grants to the City during the Term of the Franchise an exclusive right of use of the Franchise Fibers (the “Right of Use”) solely for the City’s noncommercial use.

2.2 *Franchisee’s Title:* Franchisee shall retain undivided, absolute legal title and ownership in the Franchise Fibers and the City’s rights pursuant to this **Appendix D** and Article 9 of the Franchise shall be limited solely to the Right of Use described herein during the Term of the Franchise.

2.3 *Limitation on City’s Rights:* Nothing herein shall be construed to confer upon the City any right to maintain, modify or alter the Franchise Fibers or Verizon’s supporting facilities, or the right of physical access to the Franchise Fibers or Verizon’s supporting facilities, or the right to encumber or use Verizon’s supporting facilities or any part thereof.

Section 3 TERM

3.1 *Term:* Subject to the terms of the Franchise, Section 3.2 hereof, and the priority list set forth on **Exhibit 1** to this **Appendix D**, the City’s Right of Use shall commence on the Effective Date of the Franchise and shall terminate in accordance with Section 3.2 of this **Appendix D**.

3.2 *Termination:* Upon the earlier of: (i) the expiration of the Term of the Franchise in accordance with Section 3.2 of the Franchise or (ii) the earlier termination of the Franchise pursuant to the terms of the Franchise, the City’s Right of Use shall immediately terminate, and all rights of the City to use the Franchise Fibers, or any parts thereof, shall cease upon written notice to the City from the Franchisee of such termination (the “Termination Notice”). Upon receipt by the City of the Termination Notice, the City shall immediately cease all use of the Franchise Fibers and at the City’s sole cost and expense remove any and all City Equipment connected with the Franchise Fibers or the Verizon’s supporting facilities.

Section 4 USE OF THE FRANCHISE FIBERS

4.1 *Compliance with Underlying Rights:* The City represents, covenants and warrants that it will use the Franchise Fibers granted hereunder in compliance with and subject to the Underlying Rights Requirements and all other applicable codes, ordinances, laws, rules and regulations of any Governmental Authority having jurisdiction over such Franchise Fibers.

4.2 *Permitted Use:* Subject to the provisions of the Right of Use granted by Article 9 of the Franchise and this **Appendix D**, the City may use the Franchise Fibers for the noncommercial purposes of the City and for no other purpose. The City acknowledges and agrees nothing herein shall be construed to confer upon the City any rights to use any fibers or other equipment or facilities, other than the Franchise Fibers, included or incorporated in the Verizon's supporting facilities or any portion of the Verizon Network except as expressly set forth in the Franchise.

Section 5 UNDERLYING RIGHTS

5.1 *Franchisee Underlying Rights:* Subject to the terms and provisions of this **Appendix D**, Franchisee agrees to obtain and maintain during the Term all Underlying Rights necessary for its construction, installation, maintenance and repair of the Franchise Fibers. The Right of Use granted hereunder is subject to the terms of the Underlying Rights, and is subject to the terms under which the Underlying Rights are owned or held by the grantor or grantors of the Underlying Rights, including covenants, conditions, restrictions, easements, reversionary and other interests, bonds, mortgages and indentures, and other matters, whether or not of record, and to the rights of tenants and licensees in possession. The Right of Use granted hereunder is further subject and subordinate to the prior right of the grantor or grantors of the Underlying Rights to use the right of way for other activities, including railroad operations, telecommunications uses, pipeline operations or any other purposes, and to the prior right of Franchisee to use its rights granted under the Underlying Rights. The rights granted to the City herein, if any, are made expressly subject to each and every limitation, restriction, condition or reservation in or affecting the Underlying Rights. Nothing herein shall be construed to be a representation, warranty or covenant of Franchisee's right, title or interest with respect to any of the Underlying Rights or with respect to the City's right to benefit from any of the Underlying Rights.

Section 6 ACCESS TO CONNECTION POINTS

6.1 *Connection:* The Franchisee shall provide the City with access to the Franchise Fibers at the Connection Points designated in **Exhibit 1** to this **Appendix D**. All terminations at Connection Points will be performed by the Franchisee in accordance with Franchisee's applicable specifications and operating procedures. The cost of such terminations at all Connection Points shall be the sole responsibility of the Franchisee.

6.2 *Access to Connection Points:* The City shall provide the Franchisee with all necessary legal, technical and physical access to all Connection Points as necessary to effectuate the objectives and obligations of this **Appendix D**.

6.3 *No Access by the City:* The City will not be entitled to any physical access to the Franchise Fibers or Verizon's supporting facilities.

6.4 *Franchisee Control:* Franchisee shall control all activities concerning access to the Verizon Network, including the Franchise Fibers and Verizon's supporting facilities.

6.5 *No Maintenance or Repair by the City:* Any maintenance or repair work required respecting the Franchise Fibers required by the City for any reason, including, without limitation, splicing of the Franchise Fibers or the installation of handholes or other physical access points shall be undertaken only by Franchisee at the City's request. All such work shall be performed for such charges and on such terms and conditions as are agreed to by the Parties in writing.

6.6 *Remediation/Removal of Hazardous Materials:* To the extent the installation of any Franchise Fibers at any Connection Points requires the removal or remediation of hazardous materials, such removal or remediation shall be the sole responsibility of the City and the Franchisee shall have no obligation to perform such installation until all appropriate removal and remediation of hazardous materials has been completed by the City to the reasonable satisfaction of the Franchisee.

Section 7 OPERATIONS

7.1 *No Interference by the City:* The City shall not interfere with, or adversely affect the use by any other Person of the Verizon Network and/or any electronic or optronic equipment used by such Person in connection therewith.

7.2 *No Interference by Franchisee:* Franchisee shall not interfere with, or materially or adversely affect (or permit another Person under the direct control of Franchisee to materially interfere with, or materially or adversely affect) the City's use of the Franchise Fibers and/or the City Equipment. Franchisee further agrees that it shall use best efforts to avoid interfering with, or materially or adversely affecting, any fiber facilities, directly connected to points of entry to City buildings, owned or operated by any other entity providing similar fiber facilities to the City as Franchisee has agreed to provide pursuant to this Appendix D (the "Third Party Facilities"); provided however, that the parties hereto agree that Franchisee shall rely solely on information provided by the City and thus presumed accurate regarding the location and nature of any such Third Party Facilities and that the Franchisee shall not incur any liability pursuant to this Section 7.2 which arises due to the City's failure to provide Franchisee with accurate information with respect to the location or nature of such Third Party Facilities.

7.3 *No Obligation to Supply Electronics:* The City acknowledges and agrees that Franchisee is not supplying, nor is Franchisee obligated to supply to the City, any of

the City Equipment, optronics or electronics or optical or electrical equipment, electrical power, any related facilities, or any space for the placement thereof (except as expressly agreed by the Parties pursuant to another agreement or agreements executed by the Parties), all of which are the sole responsibility of the City.

7.4 *Compliance with Applicable Authority:* The City represents, warrants and covenants that it will use and operate the Franchise Fibers and use, operate, maintain, repair and replace the City Equipment consistent with and subject to the terms of the Franchise, the Underlying Rights Requirements and all applicable codes, ordinances, laws, rules and regulations.

7.5 *Process for Response to Complaints:* Franchisee shall respond to City complaints and/or requests in accordance with the practices described on **Exhibit 2** hereto.

Section 8

RELOCATION, REPLACEMENT AND CONDEMNATION OF CUSTOMER FIBERS

8.1 *Relocation Request:* If Franchisee receives notice of any request, intent or plan by any third Person (“Relocation Request”), including, but not limited to, any Governmental Authority, to relocate or require the relocation of any segment of Verizon’s supporting facilities affecting the Franchise Fibers, Franchisee shall notify the City of such Relocation Request and shall keep the City advised of the status of any such proceedings and negotiations related thereto. If relocation is required as a result of any such Relocation Request, Franchisee shall, to the extent possible, give the City at least sixty (60) days’ prior written notice of any such required relocation (“Relocation Notice”) including an estimate of the cost of such relocation. Franchisee shall have the right to relocate the Franchise Fibers and to the extent Franchisee is not reimbursed for the costs of such relocation by a third party or Governmental Authority, the City shall pay any costs associated with the relocation of the Franchise Fibers.

8.2 *Replacement:* In the event all or any part of the Franchise Fibers shall require replacement during the Term, such replacement shall be made as soon as reasonably practicable at Franchisee’s sole cost and expense; provided, however, that if the replacement of the Franchise Fibers is required as a result of the negligence or willful misconduct of the City, then Franchisee shall replace the Franchise Fibers and the City shall pay all costs associated therewith.

8.3 *Condemnation:* In the event any portion of Verizon’s supporting facilities affecting the Franchise Fibers, and/or the Underlying Rights, become the subject of a condemnation proceeding which is not dismissed within one hundred eighty (180) days of the date of filing of such proceeding and which could reasonably be expected to result in a taking by any Governmental Authority or other party cloaked with the power of eminent domain for public purpose or use, both Parties shall be entitled, to the extent permitted under applicable law, to participate in any condemnation proceedings to seek to

obtain compensation by separate awards for the economic value of their respective interests in the portion of Verizon's supporting facilities and/or the Franchise Fibers subject to such condemnation. Franchisee shall notify the City as soon as practicable of receipt of any notice of any condemnation proceeding filed against Verizon's supporting facilities, the Franchise Fibers or the Underlying Rights.

Section 9 CONFIDENTIALITY

9.1 *Proprietary and Confidential Information:* The City agrees that it shall treat any information provided to the City by Verizon pursuant this Appendix D as "proprietary and confidential" in accordance with the provisions of Section 11.1 of the Franchise.

Section 10 INDEMNIFICATION

10.1 *Indemnification:* Franchisee hereby agrees to indemnify, defend, protect and hold harmless the City, and its employees, officers, directors and agents (the "the City Indemnified Persons"), from and against, and assumes liability for all suits, actions, damages, claims, losses, fines, judgments, costs and expenses (including reasonable attorneys', accountants' and experts' fees and disbursements) of any character ("Claims"): (a) suffered or incurred by the City Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property which in whole or in part arise on account of the negligent acts or omissions, of Franchisee in the construction of the Franchise Fibers and/or in the performance or non-performance of its repair and maintenance obligations or exercise of its rights under this Right of Use, including any material violation by Franchisee of any Governmental Authority; or (b) under the workers compensation laws asserted by any employee of Franchisee or its agents, contractors, customers or any other Person providing goods or services for or on behalf of any of the foregoing in connection with this Right of Use suffered or incurred by the City Indemnified Persons or any of them. Franchisee's indemnification obligations hereunder shall not be applicable to any Claims to the extent caused by, arising out of or in connection with the negligence, intentional acts or omissions or misconduct of the City Indemnified Persons or any of them.

10.2 The City hereby agrees to indemnify, defend, protect and hold harmless Franchisee and its Affiliates, and their employees, officers, directors and agents (the "Franchisee Indemnified Persons"), from and against, and assumes liability for all Claims (as defined in Section 10.1, above): (a) suffered or incurred by the Franchisee Indemnified Persons or any of them because of the death of any Person, or any injuries or damage received or sustained by any Persons or property (including, without limitation, the Verizon Network) which in whole or in part arise as a result of the negligent acts or omissions, of the City in the performance or non-performance of its obligations or exercise of its rights under this Right of Use, including any violation by the City of any Underlying Right Requirements or any Governmental Authority; (b) under the workers compensation laws asserted by any employee of the City, or its agents, contractors,

customers or any other Person providing goods or services to any of the foregoing in connection with this Right of Use, and suffered or incurred by the Franchisee Indemnified Persons or any of them; (c) suffered or incurred by the Franchisee Indemnified Persons or any of them and arising out of or resulting from the City's: (i) use or operation of the Franchise Fibers, or the ownership, use, operation, installation, repair, maintenance or replacement of the City Equipment (if any); (ii) the conduct of the City's business, including, without limitation, the provision of any services or the content of any video, voice or data carried through the Franchise Fibers; or (iii) the violation of any Underlying Rights Requirements applicable to the City; or (d) suffered or incurred by Franchisee Indemnified Persons or any of them and arising out of, caused by, related to or based upon a contractual or other relationship between such claiming Party and the City as it relates to the Franchise Fibers, the City Equipment, the Underlying Rights Requirements or this Right of Use, including any claim for interruption of service or in respect of service quality. The City's indemnification obligations hereunder shall not be applicable to any claims to the extent caused by the negligence, intentional acts or omissions or misconduct of Franchisee Indemnified Persons or any of them.

10.3 Either Party seeking indemnification hereunder ("Indemnitee") shall promptly notify the City or Franchisee, as appropriate, of the nature and amount of such claim and the method and means proposed by the Indemnitee for defending or satisfying such claim. The Parties shall consult and cooperate with each other respecting the defense and satisfaction of such claim, including the selection of and direction to legal counsel. Neither Party shall pay or settle any such claim without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed.

10.4 Subject to Section 10.5, below, nothing contained herein shall operate as a limitation on the right of either Party to bring an action for damages against any third Person, including indirect, special or consequential damages, based on any acts or omissions of such third Person as such acts or omissions may affect the construction, operation or use of the Franchise Fibers or the Verizon Network, except as may be limited by Underlying Rights Requirements; provided, however, that each Party hereto shall assign such rights or claims, execute such documents and do whatever else may be reasonably necessary to enable the other Party to pursue any such action against such third Person.

10.5 Notwithstanding the foregoing provisions of this Section 10, to the extent Franchisee is required under the terms and provisions of any Underlying Rights to indemnify the grantor or provider thereof from and against any and all claims, demands, suits, judgments, liabilities, losses or expenses arising out of or related to such Underlying Rights, regardless of the cause and regardless of whether such claims, demands, suits, judgments, liabilities, losses or expenses arise from the sole or partial negligence, actions or inaction of such grantor or provider and its employees, servants, agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right, the City hereby releases such grantor or provider from the same, regardless of whether such claims, suits, judgments, liabilities, losses or expenses arise

from the sole or partial negligence, willful misconduct or other action or inaction, of such grantor or provider or its employees, servants, agents, contractors, subcontractors or other Persons using the property covered by such Underlying Right.

Section 11 ASSIGNMENT

11.1 *Assignment:* The City shall not have the right to assign any rights to use of the Franchise Fibers without the written consent of Franchisee, which consent may be withheld in its absolute discretion.

11.2 *Binding On Permitted Assigns:* Subject to the provisions of this Section, this Right of Use and each of the Parties' respective rights and obligations hereunder, shall be binding upon and shall inure to the benefit of the Parties hereto and each of their respective permitted successors and assigns.

EXHIBIT 1 TO APPENDIX D
FRANCHISE FIBER ROUTES AND SPANS

This Exhibit is filed under separate cover as it contains information that is proprietary and confidential and is exempt from disclosure pursuant to New York Public Officer's Law 87(2)(c),(d), (f) & (i).

EXHIBIT 2 TO APPENDIX D

A. Lines and Circuit Trouble/Outages:

1. For any line or circuit trouble/outage, DoITT may call in a trouble ticket to Verizon Business services at the following number: 1-800 444-1111.
2. Lines and circuits shall be identified pursuant to the designations set forth in Exhibit 1

B. Ticket Escalation

1. Trouble tickets initiated pursuant to Section A.1. above which require escalation or unique review by Franchisee, shall be addressed by the Verizon Business Service Management Team, which will make all the necessary calls and keep the customer updated as to the status of such trouble ticket in accordance with the following management review order:

1st level – Service Manager

2nd level – Manager, Service Management

3rd level – Director, Customer Service, NorthEast

2. Verizon Business is also the interface for DoITT on issues which require internal intervention with other departments (i.e. billing, provisioning, construction, engineering, maintenance, etc.).

APPENDIX E
FORM OF SECURITY

SAMPLE

EXHIBIT E-1

FORM OF PERFORMANCE BOND

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 Fifty Million Dollars (\$50,000,000), 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 a potential 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; provided, however, that to the extent the Obligee provides the Principal with any written notice of such potential default prior to such 30-day period, the Obligee shall provide the Surety with a copy of such written notice simultaneous with transmission of same to the Principal.

2. In the event of default by the Principal, Obligee shall deliver to Surety a valid court order demonstrating a final judgment not subject to appeal or further judicial relief, together with a written statement of the details of the default resulting in such judgment within thirty (30) days after the entry of such judgment, such notice to be delivered by certified mail to address of said Surety as stated herein.

3. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee. Such termination or cancellation shall not affect any liability incurred or accrued under this bond prior to the effective date of such cancellation.

4. 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.

5. No claim, action, suit or proceeding shall be instituted against this bond unless same be brought or instituted and process served within one year after termination or cancellation of this bond.

6. No right of action shall accrue on this bond for the use of any person, corporation or entity other than the Obligee named herein or the heirs, executors, administrators or successors of the Obligee.

7. The aggregate liability of the surety is limited to the penal sum stated herein regardless of the number of years this bond remains in force or the amount or number of claims brought against this bond.

8. This bond is and shall be construed to be strictly one of suretyship only. If any conflict or inconsistency exists between the Surety's obligations as described in this bond and as may be described in any underlying agreement, permit, document or contract to which this bond is related, then the terms of this bond shall supersede and prevail in all respects.

IN WITNESS WHEREOF, the above bounded Principal and Surety have hereunto signed and sealed this bond effective this _____ day of _____, 2008.

Principal

Surety

By: _____

By: _____

Attorney-in-Fact

SAMPLE

EXHIBIT E-2

FORM OF LETTER OF CREDIT

This is an EXAMPLE of a letter of credit. In no way does this guarantee that the JPMorgan Chase Letter of Credit will read exactly as stated below:

Dated

OUR L/C NO.: XXXX-123456

APPLICANT REF. NO.: VZ12

TO:

CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBD STREET

NEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC.

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

ATTN:

EXECUTIVE VICE PRESIDENT

AND

GENERAL MANAGER

WE HAVE ESTABLISHED OUR IRREVOCABLE STANDBY LETTER OF CREDIT
IN YOUR FAVOR AS DETAILED HEREIN SUBJECT TO 600

DOCUMENTARY CREDIT NUMBER: XXXX-123456

DATE OF ISSUE: JUNE XX, 2008

BENEFICIARY: CITY OF NEW YORK, NY

ATTN: CITY CLERK OFFICE

TBDNEW YORK, NY XXXXX

APPLICANT:

VERIZON COMMUNICATIONS INC

O/B/O VERIZON NEW YORK INC.

140 WEST STREET

NEW YORK, NY 10007

DATE AND PLACE OF EXPIRY: JUNE XX, 2009

AT OUR COUNTER
DOCUMENTARY CREDIT AMOUNT: USD \$20,000,000.00
AVAILABLE WITH: JPMORGAN CHASE BANK, N.A.
BY PAYMENT

IT IS A CONDITION OF THIS LETTER OF CREDIT THAT IT SHALL BE AUTOMATICALLY EXTENDED WITHOUT AMENDMENT FOR ADDITIONAL 12 MONTH PERIODS FROM THE PRESENT OR EACH FUTURE EXPIRATION DATE, UNLESS AT LEAST 60 DAYS PRIOR TO THE CURRENT EXPIRY DATE WE SEND NOTICE IN WRITING TO THE CITY OF NEW YORK VIA SWIFT, TELEX, OR HAND DELIVERY AT THE ABOVE ADDRESS, THAT WE ELECT NOT TO AUTOMATICALLY EXTEND THIS LETTER OF CREDIT FOR ANY ADDITIONAL PERIOD. HOWEVER IN NO EVENT SHALL THIS LETTER OF CREDIT BE AUTOMATICALLY EXTENDED BEYOND THE FINAL EXPIRY DATE OF JUNE XX, 2009. UPON SUCH NOTICE TO THE CITY OF NEW YORK, THE CITY OF NEW YORK MAY DRAW ON US AT SIGHT FOR AN AMOUNT NOT TO EXCEED THE BALANCE REMAINING IN THIS LETTER OF CREDIT WITHIN THE THEN-APPLICABLE EXPIRY DATE, BY YOUR SWIFT OR PRESENTATION OF YOUR DRAFT AND DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF YOUR OFFICIALS READING EXACTLY AS FOLLOWS:

THE AMOUNT OF THIS DRAWING USD UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NUMBER XXX REPRESENTS FUNDS DUE US AS WE HAVE RECEIVED NOTICE FROM JPMORGAN CHASE BANK, N.A. OF THEIR DECISION NOT TO AUTOMATICALLY EXTEND LETTER OF CREDIT NUMBER TPTS-XXX AND THE UNDERLYING OBLIGATION REMAINS OUTSTANDING.

IN THE EVENT THIS LETTER OF CREDIT IS SUBSEQUENTLY AMENDED BY US TO EITHER:

I) RESCIND A NOTICE OF NON-EXTENSION AND TO EXTEND THE EXPIRY DATE HEREOF TO A FUTURE DATE, OR

II) EXTEND THE EXPIRY DATE TO A DATE THAT IS AFTER THE STATED FINAL EXPIRY DATE HEREOF, SUCH EXTENSION SHALL BE FOR THAT SINGLE PERIOD ONLY AND THIS LETTER OF CREDIT WILL NOT BE SUBJECT TO ANY FUTURE AUTOMATIC EXTENSIONS UNLESS AN AUTOMATIC EXTENSION PROVISION IS EXPRESSLY INCORPORATED INTO SUCH AMENDMENT.

ADDITIONAL DETAILS:

THIS LETTER OF CREDIT IS AVAILABLE WITH JPMORGAN CHASE BANK, N.A., AGAINST PRESENTATION OF YOUR DRAFT AT SIGHT MENTIONING THEREON DRAWN ON JPMORGAN CHASE BANK, N.A., LETTER OF CREDIT NUMBER XXX WHEN ACCOMPANIED BY THE DOCUMENTS INDICATED HEREIN.

BENEFICIARY'S DATED STATEMENT PURPORTEDLY SIGNED BY ONE OF ITS OFFICIALS READING AS FOLLOWS:

“THE AMOUNT OF THIS DRAWING LIMITED TO THE AMOUNT REFLECTED ON THE ACCOMPANYING COURT ORDER USD....., UNDER JPMORGAN CHASE BANK, N.A. LETTER OF CREDIT NO. XXXX-123456 REPRESENTS FUNDS DUE THE CITY OF NEW YORK, NY AS:” THE APPLICANT, VERIZON NEW YORK INC., FAILED TO PERFORM UNDER MATERIAL PROVISIONS OF AGREEMENT (DATED) BETWEEN CITY OF NEW YORK, NY AND VERIZON NEW YORK INC. UNDER A COURT ORDER DEMONSTRATING A FINAL JUDGMENT IN FAVOR OF THE CITY OF NEW YORK NOT SUBJECT TO APPEAL OR FURTHER JUDICIAL RELIEF’.

ALL CORRESPONDENCE AND ANY DRAWINGS HEREUNDER ARE TO BE DIRECTED TO JPMORGAN CHASE BANK, N.A., C/O JPMORGAN TREASURY SERVICES, STANDBY LETTER OF CREDIT DEPT. 4TH FL. 10420 HIGHLAND MANOR DRIVE, TAMPA, FLORIDA 33610.

CUSTOMER INQUIRY NUMBER IS 1-800-634-1969 CHOOSE OPTION 1. E-MAIL ADDRESS IS: GTS.CLIENT.SERVICES@JPMCHASE.COM. PLEASE HAVE OUR REFERENCE NUMBER AVAILABLE WHEN YOU CONTACT US.

WE HEREBY AGREE WITH YOU THAT DRAFTS DRAWN UNDER AND IN COMPLIANCE WITH THE TERMS AND CONDITIONS OF THIS LETTER OF CREDIT WILL BE DULY HONORED.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION) INTERNATIONAL CHAMBER OF COMMERCE, PUBLICATION NO. 600.

THIS LETTER OF CREDIT SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES OF CONFLICT OF LAWS.

THE NUMBER AND THE DATE OF OUR CREDIT AND THE NAME OF OUR BANK MUST BE QUOTED ON ALL DRAFTS REQUIRED.

AUTHORIZED SIGNATURE

APPENDIX F

FTTP UPGRADE SCHEDULE

All dates in this schedule refer to December 31 of the year indicated, except for the year 2014, which refers to June 30.

Cumulative Prems Passed (k) - % Complete								
Boro	Type	2008	2009	2010	2011	2012	2013	2014
Manhattan	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	57%	62%	66%	73%	82%	91%	100%
	Total	57%	62%	67%	73%	82%	91%	100%
Bronx	SFU	30%	46%	59%	69%	84%	96%	100%
	MDU	6%	23%	39%	58%	75%	92%	100%
	Total	13%	29%	45%	61%	77%	93%	100%
Queens	SFU	23%	39%	55%	69%	82%	95%	100%
	MDU	7%	21%	37%	54%	72%	93%	100%
	Total	15%	30%	46%	61%	77%	94%	100%
Staten Island	SFU	98%	100%	100%	100%	100%	100%	100%
	MDU	100%	100%	100%	100%	100%	100%	100%
	Total	98%	100%	100%	100%	100%	100%	100%
Brooklyn	SFU	17%	33%	47%	63%	77%	92%	100%
	MDU	8%	27%	42%	57%	76%	93%	100%
	Total	12%	30%	45%	60%	76%	93%	100%
NYC	SFU	32%	46%	59%	71%	83%	95%	100%
	MDU	27%	40%	51%	63%	78%	92%	100%
	Total	29%	42%	54%	66%	79%	93%	100%

APPENDIX G
FRANCHISE AREA
[See Attached Map]

NEW YORK CITY LFA

New Jersey

Manhattan

Bronx

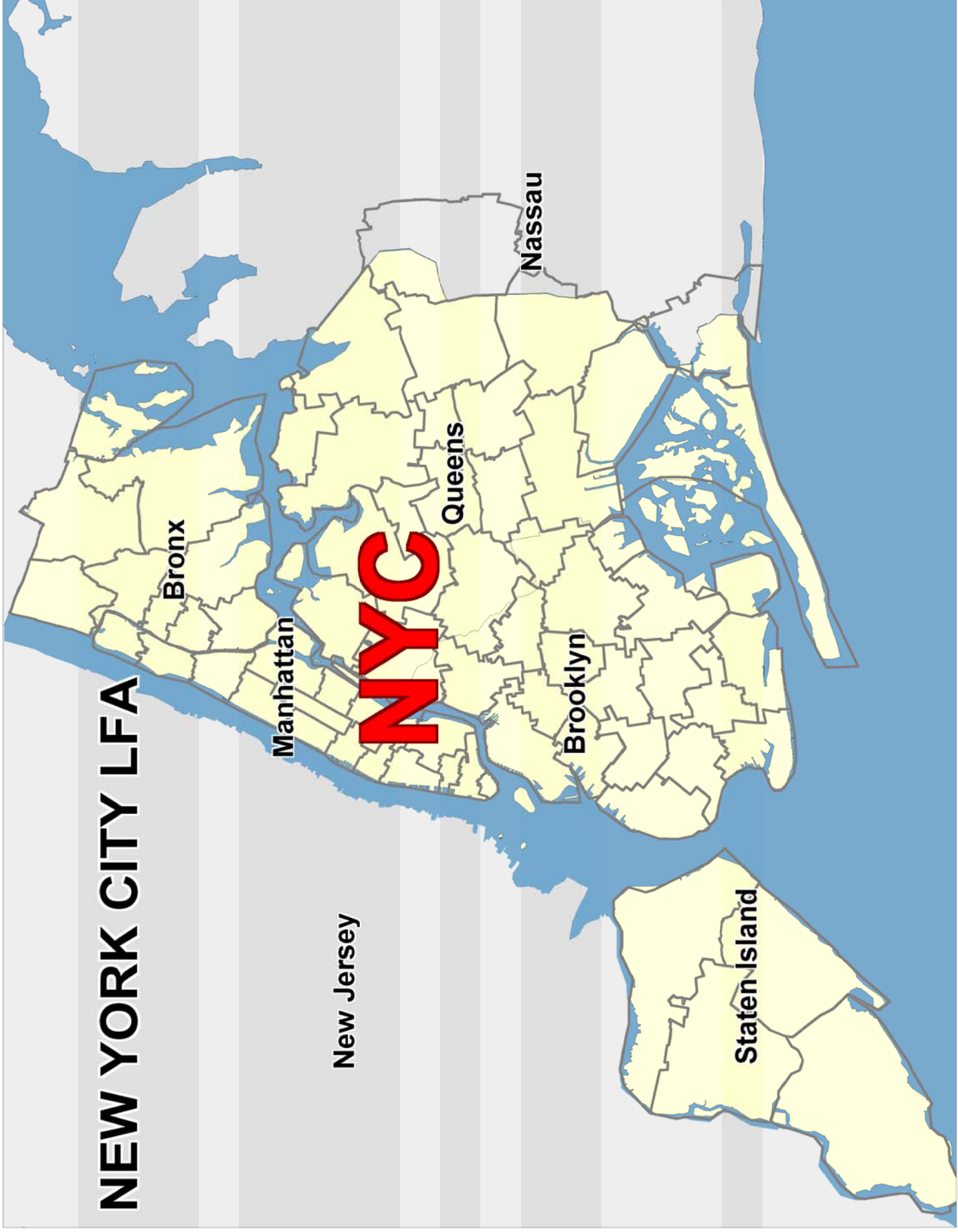
NYC

Queens

Brooklyn

Nassau

Staten Island



APPENDIX H

FORM OF GUARANTY

In consideration of the award of the Cable Franchise Agreement by and between the City of New York and Verizon New York Inc., dated _____ 2008, we, Verizon Communications Inc., hereby unconditionally and irrevocably agree to provide all the financial resources necessary for the satisfactory performance of the obligations of the Franchisee under the Cable Franchise Agreement and also to be legally liable for performance of the obligations of the Franchisee in case of default or revocation of the Cable Franchise Agreement.

Signature

Corporate Seal

Type or Print Name

Title & Official Name of Guarantor

Date

APPENDIX I

INVESTIGATION CLAUSE

1.1 The parties to this Agreement agree to cooperate fully and faithfully with any investigation, audit or inquiry conducted by a State of New York (State) or City of New York (City) governmental agency or authority that is empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath, or conducted by the Inspector General of a governmental agency that is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license that is the subject of the investigation, audit or inquiry.

1.1 (a) If any person who has been advised that his or her statement, and any information from such statement, will not be used against him or her in any subsequent criminal proceeding refuses to testify before a grand jury or other governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to examine witnesses under oath concerning the award of or performance under any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision or public authority thereof, or the Port Authority of New York and New Jersey, or any local development corporation within the City, or any public benefit corporation organized under the laws of the State of New York; or

(b) If any person refuses to testify for a reason other than the assertion of his or her privilege against self-incrimination in an investigation, audit or inquiry conducted by a City or State governmental agency or authority empowered directly or by designation to compel the attendance of witnesses and to take testimony under oath, or by the Inspector General of the governmental agency that is a party in interest in, and is seeking testimony concerning the award of, or performance under, any transaction, agreement, lease, permit, contract, or license entered into with the City, the State, or any political subdivision thereof or any local development corporation within the City.

1.2 (a) The commission or agency head whose agency is a party in interest to the transaction, submitted bid, submitted proposal, contract, lease, permit, or license shall convene a hearing, upon not less than five (5) days written notice to the parties involved to determine if any penalties should attach for the failure of a person to testify.

(b) If any non-governmental party to the hearing requests an adjournment, the commissioner or agency head who convened the hearing may, upon granting the adjournment, suspend any contract, lease, permit, or license pending the final determination pursuant to Section 1.3 below without the City incurring any penalty or damages for delay or otherwise.

1.3 The penalties which may attach after a final determination by the commissioner or agency head may include but shall not exceed:

(a) The disqualification for a period not to exceed five (5) years from the date of an adverse determination for any person, or any entity of which such person was a

member at the time the testimony was sought, from submitting bids for, or transacting business with, or entering into or obtaining any contract, lease, permit or license with or from the City; and/or

(b) The cancellation or termination of any and all such existing City contracts, leases, permits or licenses that the refusal to testify concerns and that have not been assigned as permitted under this Agreement, nor the proceeds of which pledged, to an unaffiliated and unrelated institutional lender for fair value prior to the issuance of the notice scheduling the hearing, without the City incurring any penalty or damages on account of such cancellation or termination; monies lawfully due for goods delivered, work done, rentals, or fees accrued prior to the cancellation or termination shall be paid by the City.

1.4 The Commissioner or agency head shall consider and address in reaching his or her determination and in assessing an appropriate penalty the factors in paragraphs (a) and (b) below. He or she may also consider, if relevant and appropriate, the criteria established in paragraphs (c) and (d) below in addition to any other information which may be relevant and appropriate:

(a) The party's good faith endeavors or lack thereof to cooperate fully and faithfully with any governmental investigation or audit, including but not limited to the discipline, discharge, or disassociation of any person failing to testify, the production of accurate and complete books and records, and the forthcoming testimony of all other members, agents, assignees or fiduciaries whose testimony is sought.

(b) The relationship of the person who refused to testify to any entity that is a party to the hearing, including, but not limited to, whether the person whose testimony is sought has an ownership interest in the entity and/or the degree of authority and responsibility the person has within the entity.

(c) The nexus of the testimony sought to the subject entity and its contracts, leases, permits or licenses with the City.

(d) The effect a penalty may have on an unaffiliated and unrelated party or entity that has a significant interest in an entity subject to penalties under 1.3 above, provided that the party or entity has given actual notice to the commissioner or agency head upon the acquisition of the interest, or at the hearing called for in 1.2(a) above gives notice and proves that such interest was previously acquired. Under either circumstance the party or entity must present evidence at the hearing demonstrating the potential adverse impact a penalty will have on such person or entity.

1.5 (a) The term "license" or "permit" as used herein shall be defined as a license, permit, franchise or concession not granted as a matter of right.

(b) The term "person" as used herein shall be defined as any natural person doing business alone or associated with another person or entity as a partner, director, officer, principal or employee.

(c) The term “entity” as used herein shall be defined as any firm, partnership, corporation, association, or person that receives monies, benefits, licenses, leases, or permits from or through the City, or otherwise transacts business with the City.

(d) The term “member” as used herein shall be defined as any person associated with another person or entity as a partner, director, officer, principal or employee.

APPENDIX J

SYSTEM ARCHITECTURE

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

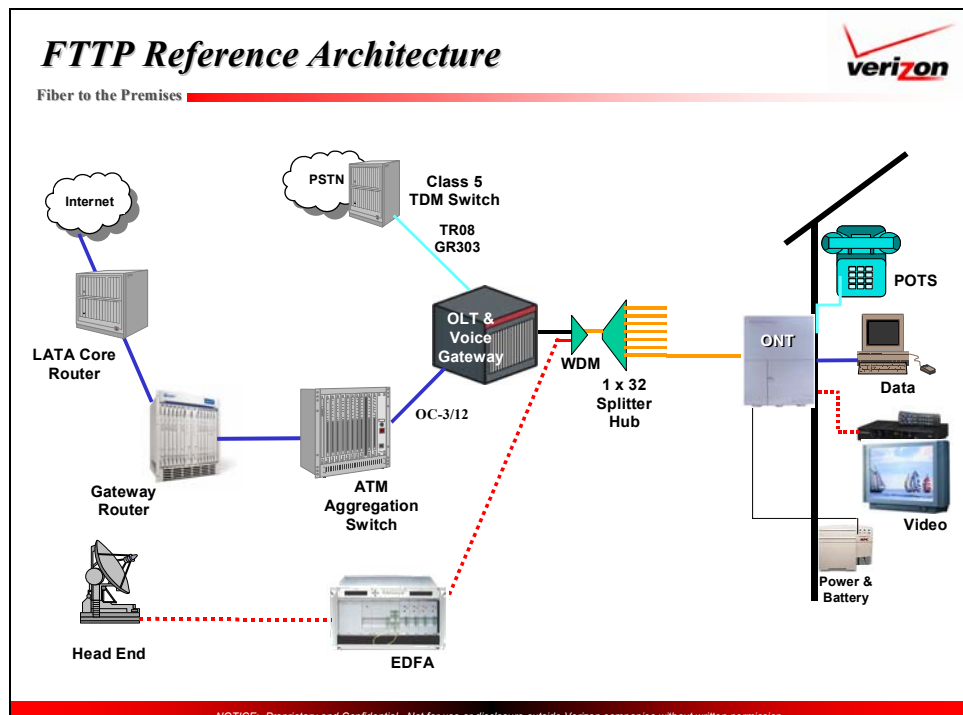
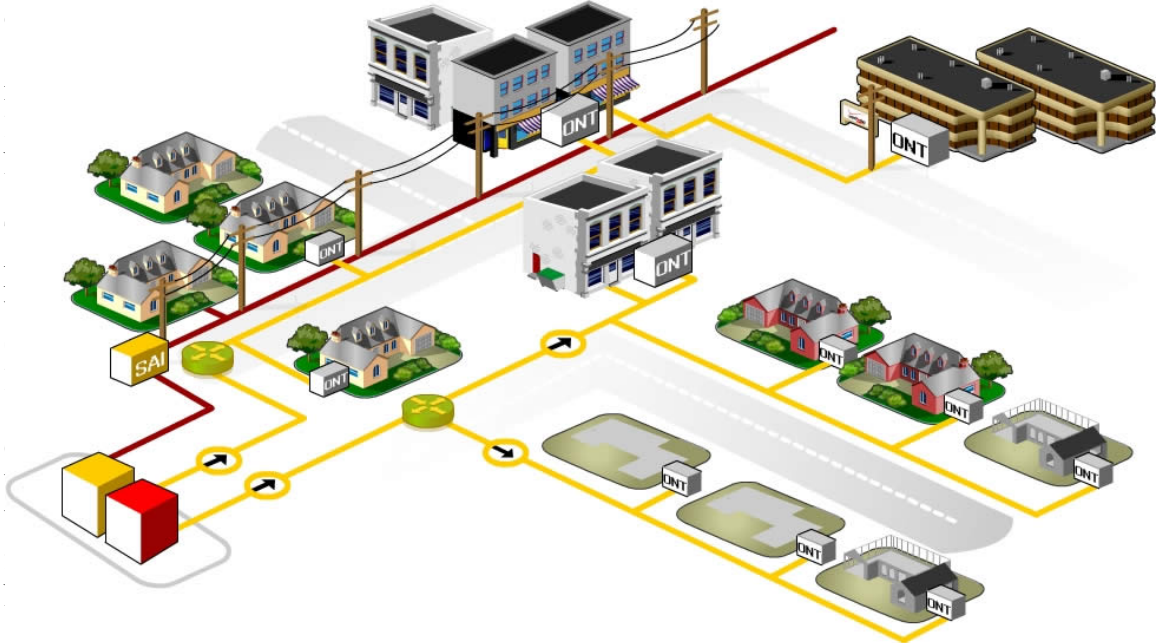


Figure 2-FTTP Full Build and Overlay Architectures

At the national or regional level, a “super” headend (SHE) shall serve as the single point



At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The

national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The VSO is a location within the central office containing FTTP equipment. If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

APPENDIX K
FORM OF FRANCHISE FEE REPORT

Franchise Fee Schedule/Report XX Quarter 2008

City of New York

Verizon - fBA

New York

Franchise Fee Rate:

5.00%

	October	November	December	Quarter Total
Monthly Recurring Cable Service Charges (e.g. Basic, Enhanced Basic, Premium and Equipment Rental)				
Usage Based Charges (e.g. PayPer View, Installation)				
Advertising				
Home Shopping				
Late Payment				
Other Misc. (Leased Access & Other Misc.)				
Franchise Fee Billed				
PEG Fee Billed				
Less:				
Bad Debt				
Total Receipts Subject to Franchise Fee Calculation				
Franchise Fee Due				
Verizon is hereby requesting that this information be treated by the Franchise Authority as confidential business information.				

The calculations set forth herein were conducted in accordance with the applicable provisions of the cable franchise agreement by and between Verizon NY Inc. and the City of New York and Verizon's applicable internal financial policies and are true and accurate to the best of my knowledge.

Signature:

Manager, Verizon Settlement Administration

Tab 23

From: Lasota, Marie C.
Sent: Tuesday, May 27, 2008 9:20 PM
To: bregal@law.nyc.gov
Cc: 'Goldstein, Pamela N.'; nmcdonald@wileyrein.com; Raposa, John F.
Subject: VZ-Staten Island CAO agreement

**Attorney-Client Privileged-Confidential-
Verizon Proprietary**

Marie C. Lasota
Assistant General Counsel
Video Franchising
phone: 703-351-3054

APPENDIX C

COMMUNITY ACCESS ORGANIZATION (“CAO”)

GRANT AND USE AGREEMENT

BY AND BETWEEN

VERIZON NEW YORK INC.

AND

STATEN ISLAND COMMUNITY TELEVISION, INC.

CAO GRANT AND USE AGREEMENT

THIS AGREEMENT (the "Agreement") made on this 16th day of May, 2008, is entered into by and between Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York ("Verizon"), with a place of business at 140 West Street, New York, New York 10007 and Staten Island Community Television, Inc., a New York not-for-profit corporation (the "CAO") designated by the Borough President of Staten Island (the "Borough President"), with a place of business at 100 Cable Way, Suite 2, Staten Island, NY 10313.

WHEREAS, the City of New York (the "City"), pursuant to Section 363(a) of the City Charter and Resolution No. 538 of the City Council, is entering into a Franchise Agreement granting Verizon a nonexclusive franchise ("Franchise Agreement") to operate a Cable System (the "System") throughout the entire territorial boundaries of the City ("Service Area"), which among other boroughs includes the Borough of Staten Island (as hereinafter defined); and

WHEREAS, Verizon has negotiated with the CAO and has agreed to provide the CAO with the grants and services pursuant to the terms hereof for the benefit of the Residents of the Borough of Staten Island; and

WHEREAS, the Franchise Agreement requires Verizon to place under the jurisdiction of the CAO Access Channels on the System, to be known as public access channels ("Public Access Channels"), and to provide to the CAO such grants as have been independently agreed upon as a result of direct negotiations between the CAO and Verizon and as described herein; and

WHEREAS, the CAO is a not-for-profit corporation organized pursuant to New York State law and has been designated by the Borough President as the CAO to receive such grants as shall be made available by Verizon pursuant to this Agreement; and

WHEREAS, the CAO has been organized to operate for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1954, as amended (the "Code"), including, among other purposes, the administration and management of Public Access Channels in the Borough, and such other purposes which shall qualify the CAO as exempt under Section 501(c)(3) of the Code; and

WHEREAS, the CAO desires to obtain the funds necessary to carry out its purposes and objectives from the grants provided for herein and from any other lawful sources; and

WHEREAS, Verizon desires to support the purposes and objectives of the CAO in the CAO's objectives of the development and production of public services and

programming to be distributed on the Public Access Channels and to be made available to all cable television subscribers in Staten Island; and

WHEREAS, the CAO will engage in activities and will develop programming to be distributed on the Public Access Channels for the benefit of Subscribers, to the System, thereby increasing the public service potential of cable television in the City;

NOW THEREFORE, in consideration of the foregoing clauses, which clauses are hereby made a part of this Agreement, and the mutual agreements herein contained, the parties agree as follows:

SECTION I - DEFINITIONS

1.1 Borough: The entire existing territorial boundaries of the Borough of Staten Island, and such additional areas as may be annexed or acquired.

1.2 All other capitalized terms used herein, but not otherwise defined, shall have the meanings ascribed to such terms in the Franchise Agreement.

SECTION II - GRANT OF SUPPORT TO THE CAO

2.1 Public Access Channel Grant

2.1.01 Verizon shall make a Public Access Channel grant to the CAO to be used in support of the production of local public access programming ("Public Access Channel Grant").

2.1.02 The Public Access Channel Grant provided by Verizon hereunder shall be in the form of a per month, per Subscriber grant for the Term of the Franchise Agreement in accordance with the following schedule:

Year 0 - Year 5: The Public Access Channel Grant shall be in the amount of ONE DOLLAR (\$1.00) per month, per Subscriber until the fifth anniversary of the Effective Date;

Year 6: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR FIVE CENTS (\$1.05) per month, per Subscriber until the sixth anniversary of the Effective Date;

Year 7: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR TEN CENTS (\$1.10) per month, per Subscriber until the seventh anniversary of the Effective Date;

Year 8: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR FIFTEEN CENTS (\$1.15) per month, per Subscriber until the eighth anniversary of the Effective Date;

Year 9: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR TWENTY CENTS (\$1.20) per month, per Subscriber until the ninth anniversary of the Effective Date;

Year 10 - Year 12: The Public Access Channel Grant shall increase to and remain at ONE DOLLAR TWENTY FIVE CENTS (\$1.25) per month, per Subscriber until the expiration date of the Agreement.

Calculation of the Public Access Channel Grant will commence with the first calendar month during which Verizon obtains its first Subscriber in the Borough. The per month, per Subscriber payments detailed herein will be calculated based on the number of Subscribers to Verizon's Basic Service tier in the Borough. The Public Access Channel Grant payment, along with a brief summary of the Subscriber information upon which it is based certified by a financial representative of Verizon, shall be delivered to the CAO within forty-five (45) days after the end of each calendar quarter. Verizon shall file a copy of said statement with DoITT.

2.1.03 Subject to Section 2.5, each Public Access Channel Grant payment shall be non-refundable.

2.1.04 The failure of the CAO to fully allocate or expend any monies provided pursuant to this Section 2.1 shall not affect Verizon's payment obligations under this Section 2.1.

2.2 Cash Grant

Verizon shall make cash grants to the CAO (each, a "Cash Grant") payable as follows:

ONE MILLION ONE HUNDRED THOUSAND DOLLARS (\$1,100,000.00) shall be due and payable within ninety (90) days of the Effective Date;

TWO HUNDRED FIFTY THOUSAND DOLLARS (\$250,000.00) shall be due and payable on the first anniversary of the first payment pursuant to this Section 2.2;

Each Cash Grant shall be non-refundable.

2.3 Use of Funds

Such Public Access Channel Grant and Cash Grant shall be used by the CAO in its discretion for public access costs, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, cameras, office equipment, renovation or construction of Public Access Channel facilities, and other public access costs as may be ascertained by the CAO.

2.4 Recovery of Costs

2.4.01 To the extent permitted by federal law, Verizon shall be allowed to recover the costs of any Public Access Channel Grant and Cash Grant 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, Verizon may also externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

2.4.02 The CAO shall seek to impose equivalent obligations to the obligations contained in Section 2.1 of this Agreement on all providers of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider. In the event that any new agreement or any renewal agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough contains obligations, taken as a whole, that are lesser in amount or aggregate value than the obligations imposed in Section 2.1, Verizon's obligations under Section 2.1 shall be reduced to an equivalent amount.

2.4.03 The parties hereto have agreed that the value of the obligation on the incumbent cable operator pursuant to Section 1.2.01 of the Community Access Organization Grant Agreement dated September 16, 1998, by and between the CAO and the incumbent cable operator, TWC Cable Partners d/b/a Staten Island Company, to provide the CAO with a studio and other facilities at 100 Cable Way, Staten Island, NY 10303, and any similar obligation which may be imposed in any new agreement or the renewal of any existing agreement between the CAO and any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough, shall be considered when determining whether an equivalent economic burden has been imposed when compared against the Cash Grant provided to the CAO by Verizon pursuant to Section 2.2 hereof. The CAO shall seek to require of any provider of Cable Service or cable service (as such term may be defined by other providers) in the Borough pursuant to any new agreement or the renewal of any existing agreement between the CAO and any cable provider a substantially equivalent economic burden to that imposed on Verizon in Section 2.2 of this Agreement.

2.5 Delivery of Payments; Interest

All payments by Verizon to the CAO pursuant to this Agreement shall be made payable to the CAO and shall be delivered to the address designated in writing therefor by the Executive Director or Chief Financial Officer of the CAO. In the event that a Public Access Channel Grant or Cash Grant payment is not received by the CAO by the respective due date set forth herein, following at least thirty (30) days written notice from the CAO that such payment has not been received, Verizon shall pay interest on such overdue Public Access Channel Grant or Cash Grant at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as

of the date of execution of this Agreement is nine percent (9%) per annum) to the CAO retroactive to the first day that such Public Access Channel Grant or Cash Grant payment was originally due. Verizon shall be allowed to submit or correct any payments that were incorrectly omitted, and may offset against future payments any payments that were incorrectly submitted, within ninety (90) days after the close of the calendar year for which such payments were applicable.

2.6 Publicity for Access Services

At the time of installation, Verizon shall provide each Subscriber with certain literature. Such literature, which need not be bound together, shall constitute the "Welcome Kit." If provided to Verizon by the CAO in a format mutually agreeable to both Verizon and the CAO, Verizon shall reproduce and include in the Welcome Kit the following information, materially accurate as of the first day of the previous month, in a clear, complete and comprehensible form: (A) a listing of the currently available Public Access Channels; (B) a description of the purposes and uses of such Public Access Channels; and (C) general information regarding how a Person can utilize or obtain further information regarding such Public Access Channels. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity.

2.7 Mailing to Subscribers

On an annual basis, if requested by the CAO, Verizon shall reproduce and mail, consistent with the privacy protection policies of Verizon, in Verizon's annual notification to Subscribers, such materials provided by the CAO in a format mutually agreeable to both Verizon and the CAO with respect to programming on the Public Access Channels and the activities of the CAO, as may be reasonably specified by the CAO. The cost of reproducing and distributing any materials provided to Verizon by the CAO pursuant to this Section shall be borne solely by Verizon, provided, however, that the CAO shall be solely responsible for any costs associated with each original production of such materials. Subject to the CAO providing the above-referenced materials in a format mutually agreeable to both Verizon and the CAO in a sufficient period of time, but no less than eighty (80) days prior to such mailing, Verizon shall also include these materials in its Welcome Kit to Subscribers in the Borough. Verizon shall also make the foregoing information available on its website, subject to Verizon's technical capability to do so, including, but not limited to, limitations with respect to character capacity. Verizon shall provide the CAO with at least thirty (30) days notice of the date by which such materials referenced in this Section 2.7 will be required.

2.8 Additional Obligations of Verizon

2.8.01 Each Public Access Channel shall be delivered with transmission quality at least the same as the transmission quality of any other channel on Verizon's lowest tier of service, provided, however, that Verizon shall have no responsibility to improve upon or modify the quality of any Public Access Channel's content provided to Verizon by the CAO.

2.8.02 Subject to the service availability requirements set forth in the Franchise Agreement, Verizon shall provide to the CAO, without charge, one service outlet activated for Basic Service at the location of the CAO's master control with an address of 100 Cable Way, Suite 2, Staten Island, NY 10303 and to such other address to which the CAO may relocate its master control. Notwithstanding the foregoing, however, Verizon will not provide such complimentary drop unless and until Verizon's Cable Service is available to be offered at such location. Cable Service may not be resold or otherwise used in contravention of Verizon's rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged.

2.8.03 Verizon does not currently collect ratings information specific to viewership of Public Access Channels. In the event that Verizon does collect for itself such specific standalone public access viewer information, Verizon may make such specific information available to the CAO at the CAO's cost and expense subject to any limitation of 47 U.S.C. §551.

2.8.04 To the extent technically feasible and commercially reasonable, Verizon shall display Public Access Channel program content titles in electronic on-screen channel listings in the same manner as it designates all other programming on the System; provided, however, that Verizon shall not be responsible for any inaccuracies in such information.

SECTION III - OBLIGATIONS OF THE CAO

3.1 Consideration for Cash Grant and Public Access Channel Grant; Use for Educational or Charitable Purposes

As consideration for the Cash Grant and Public Access Channel Grant by Verizon to the CAO, the CAO shall: (i) administer and manage the Public Access Channels provided for its use by Verizon and the use of the CAO's facilities, equipment, and supplies in a fair and reasonable manner; and (ii) develop and support programming to be cablecast on the Public Access Channels, which is responsive to the needs and interests of the Residents of the Borough. The CAO shall use the Public Access Channels and the Cash Grant and Public Access Channel Grant provided by Verizon to the CAO primarily for educational or charitable purposes within the meaning of Section 501(c)(3) of the Code.

3.2 Maintenance of Tax-Exempt Status

The CAO shall conduct its activities so as to maintain its tax exempt status under Section 501(c)(3) of the Code or other applicable laws.

3.3 Public Access Channel Rules and Regulations

3.3.01 The CAO shall maintain reasonable rules and regulations to provide for open access to Public Access Channel time, facilities, equipment, supplies, and training on a non-discriminatory basis and to the extent required by applicable law. Said rules and regulations providing for open access may dedicate segments of Public Access Channel time and/or specific channels to particular or related subject matters or uses.

3.3.02 If the CAO provides programming grants, it shall establish reasonable rules and regulations governing the procedure for applying to the CAO for programming grants and the selection of grant recipients by the CAO.

3.3.03 The CAO shall make all rules and regulations publicly available.

3.4 Compliance with Privacy Law

The CAO shall comply with the requirements of applicable law regarding privacy protection.

3.5 Annual Report

The CAO shall prepare and mail to Verizon each year an annual income and expenditure report for the preceding year.

SECTION IV - PUBLIC ACCESS CHANNEL SERVICES

4.1 Compliance with Federal, State and Local Law

Verizon and the CAO shall comply with all applicable local, state, and federal laws with respect to program content on the Public Access Channels.

4.2 Public Access Channel Set Aside

4.2.01 In order to ensure universal availability of public access programming, Verizon shall initially provide on the Basic Service Tier use of four (4) Public Access Channels to the CAO during the Term of the Franchise Agreement, subject to increase as provided in the Franchise Agreement. Verizon shall carry the programming on each of the respective Public Access Channels as indicated in Appendix B to the Franchise Agreement. In the future, Verizon shall assign the Public Access Channels on its channel line up as configured elsewhere within the City to the extent such channel assignments do not interfere with any other channels or fall outside

the range of Verizon's respective channel lineup. Verizon shall not arbitrarily or capriciously change such channel assignments, and Verizon shall minimize the number of such changes; provided, however, that Verizon may change such channel assignments as it deems appropriate so long as (i) Verizon gives the CAO ninety (90) days notice of such change (if commercially practicable) but in no event less than forty-five (45) days, and (ii) Verizon provides, free of charge, public announcements of such changes that shall include (a) to the extent Verizon has advertising availability, advertising such Public Access Channel changes on advertising inserts on local channels carrying non-satellite programming in prime time at least thirty (30) seconds per day for the time period of thirty (30) to fifteen (15) days prior to such change and two (2) minutes per day for the fourteen (14) days prior to such change (provided, however, that if Verizon does not have advertising availability at the commencement of the thirty (30) to fifteen (15) day period, as soon as advertising space becomes available, Verizon shall then provide the advertising contemplated under this Section 4.2.01), and (b) providing notice of such changes in at least two (2) monthly Subscriber bill inserts prior to such change (if commercially practicable) but in no event less than one (1) monthly Subscriber bill insert; provided, however, that such bill inserts shall not be necessary in the event Verizon provides the requisite notice of such changes to all Subscribers in a letter separate from their bill.

4.2.02 The provisions of 16 NYCRR §895.4 (c)(12) shall apply to this Agreement.

4.3 Indemnity for Public Access Channels

In accordance with 47 U.S.C. §558, Verizon shall not incur any liability arising from or in connection with any program carried on the Public Access Channels.

4.4 Rights to Public Channel Programming

Verizon shall have no rights to programming carried on the Public Access Channels by virtue of cablecasting or distributing such programming over its System, except for Verizon's right to transmit such programming to its Subscribers. All rights to the programming content are intellectual property of the owner, regardless of the individual or entity requesting transmission. Verizon shall have no editorial control over programming on the Public Access Channels.

4.5 Public Access Channel Interconnection

4.5.01 Verizon, at its expense, shall interconnect its Cable System to the CAO's studio at 100 Cable Way, Suite 2, Staten Island, NY 10303 ("Public Access Channel Interconnection Site"). Verizon shall take reasonable steps to accomplish such interconnection within one hundred eighty (180) days of the Effective Date. Verizon shall negotiate in good faith with the CAO and all required third parties to acquire all necessary legal approval(s) for access to the Public Access Channel Interconnection Site on reasonable terms and conditions. If the CAO is unable to provide access or any

required third party is unable or unwilling to provide access to Verizon on reasonable terms and conditions to effectuate such interconnection within one hundred eighty (180) days of the Effective Date, Verizon and the CAO will negotiate a reasonable extension of time.

4.5.02 The CAO shall designate in writing to Verizon one (1) content originating location ("Public Access Channel Content Origination Site") within the Borough at a location reasonably acceptable to Verizon and within 200 feet of Verizon's fiber optic trunk or feeder route. Upon one hundred eighty (180) days written notice from the CAO to Verizon that the Public Access Channel Content Origination Site is fully functional for its intended purpose, Verizon shall construct and make operable an auxiliary connection between the Public Access Channel Content Origination Site and the Public Access Channel Interconnection Site to enable additional programming to be inserted at the Public Access Channel Interconnection Site. The CAO is obligated to furnish, install and maintain the equipment necessary to perform any switching or aggregation functions at the affected Public Access Channel Interconnection Site.

4.5.03 Subject to the successful completion of all required site preparation work by the CAO and provision of access to Verizon for equipment installation and provisioning, Verizon shall, without charge to the CAO, provide links between Verizon's video channel aggregation site and the Public Access Channel Interconnection Site in order to permit the signals to be correctly routed from the Public Access Channel Interconnection Site to the appropriate Public Access Channel for distribution to Subscribers, provided, however, that neither Verizon nor the required site work shall unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.04 The CAO shall provide to Verizon at the Public Access Channel Interconnection Site a suitable video and audio signal(s) for each Public Access Channel. Verizon, upon receipt of the suitable video signal(s), shall provide, install and maintain in good working order the equipment necessary for transmitting the Public Access Channel signals from the Public Access Channel Interconnection Site to Verizon's video channel aggregation site for further processing for distribution to Subscribers. Verizon's obligations with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Verizon, of suitable required space, environmental conditions, electrical power supply, access, pathway, and other facilities and such cooperation of the CAO as is reasonably necessary for Verizon to fulfill such obligations, provided, however, that Verizon shall not unreasonably or materially interfere with the CAO's operations or otherwise impose additional material burdens on the CAO.

4.5.05 The CAO hereby authorizes Verizon to transmit all Public Access Channel programming within the Borough's jurisdictional boundaries and without the Borough's jurisdictional boundaries to the extent such programming is transmitted to the adjacent borough or the immediately adjacent local franchising authorities in the

adjacent county and to the extent those areas are served by a VSO also serving the Borough.

SECTION V - MISCELLANEOUS PROVISIONS

5.1 Effective Date and Term

5.1.01 This Agreement shall take effect on the date that the NY PSC issues a certificate of confirmation for the Franchise Agreement (the "Effective Date"). Notwithstanding the foregoing, Verizon will not be required to fulfill any obligations under Sections 2.6 (Publicity for Access Services), 2.7 (Mailing to Subscribers), 4.2 (Public Access Channel Set Aside), and 4.5 (Public Access Channel Interconnection) until one or more VSOs are open for sales in the Borough.

5.1.02 This Agreement shall remain in effect throughout the Term of the Franchise Agreement, as provided in the Franchise Agreement, provided that the designation of the CAO by the Borough President remains in effect. The period of time during which this Agreement is in effect shall be "the term of this Agreement." In the event that the Franchise Agreement is terminated for any lawful reason prior to the scheduled expiration of the Term, then the term of this Agreement shall expire and all rights and obligations of the CAO and Verizon under this Agreement shall cease. Notwithstanding the foregoing, in the event Verizon continues to provide Cable Service in the Service Area after the termination or expiration of the Term of the Franchise Agreement, then Verizon shall be bound by all of the obligations under this Agreement for the period of such continuing provision of Cable Service in the Service Area.

5.2 Application to Successors

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.

5.3 Confidential Information

Except as may be required by applicable law, the CAO shall treat any information disclosed by Verizon (and so designated by Verizon and served upon the CAO as per Section 5.16) as confidential and proprietary, and shall only disclose it to employees, directors, the Borough President, DoITT, the Comptroller, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to publicly disclose or allow the CAO to copy information that it reasonably deems to be proprietary or confidential in nature in connection with Verizon's disclosure of information pursuant to this Agreement. For purposes of this Agreement, "proprietary or confidential" information shall be defined as any information that is reasonably determined by Verizon to be competitively sensitive. If the CAO receives a request for the disclosure of information that Verizon has designated as confidential,

trade secret or proprietary, the CAO shall notify Verizon of such request. If the CAO determines in good faith that public disclosure of the requested information is required, the CAO shall so notify Verizon, and before making disclosure shall give Verizon a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

5.4 Separability

If any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by a final order of 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 this Agreement.

5.5 Entire Agreement

This Agreement constitutes the entire agreement between Verizon and the CAO and it supersedes all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

5.6 Amendments and Modifications

Amendments and/or modifications to this Agreement shall not be effective unless mutually agreed to in writing by the parties.

5.7 Captions and Headings

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

5.8 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.

5.9 Construction of Agreement

The provisions of this Agreement shall be liberally construed to effectuate their objectives.

5.10 Governing Law

This Agreement shall be deemed to be executed in the City of New York, State of New York, regardless of the domicile of the Verizon, and shall be governed by and construed in accordance with federal law and the laws of the State of New York.

5.11 No Third Party Beneficiaries

This Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement. Nothing in this Agreement shall be interpreted to provide that Verizon and the CAO are partners, joint venturers, agents or assignees of the other.

5.12 Force Majeure

Subject to the procedures set forth in the last sentence of this Section 5.12, Verizon shall not be held in default under, or in noncompliance with, the provisions of this Agreement, 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; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Verizon's capability to perform, Verizon shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. Verizon shall notify the CAO in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

5.13 Enforceability

Each party represents and warrants to the other that this Agreement (i) has been duly executed and delivered by such party and (ii) constitutes the valid and legally binding obligation of such party, enforceable in accordance with its terms.

5.14 No Right of Set Off

Except as otherwise set forth herein, including but not limited to Section 2.5, all Public Access Channel Grant and Cash Grant payments shall be made without set-off.

5.15 Counterparts

The parties hereby agree that this Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5.16 Notices

Every notice, order, petition, document, or other direction or communication to be served upon the CAO or Verizon shall be in writing and shall be sufficiently given if sent by registered or certified mail, return receipt requested, or by a nationally recognized overnight delivery service, to the following addresses:

If to Verizon, to:

Verizon Communications
140 West St., 22nd Floor
New York, NY 10007
Attention: Franchise Service Manager

with a copy to:

Director-Franchise Operations
Verizon Communications Inc. (Location VC11W412)
One Verizon Way
Basking Ridge, NJ 07920

If to the CAO, to:

Executive Director
Staten Island Community Television, Inc.
100 Cable Way, Suite 2
Staten Island, NY 10303

with a copy to:

President
Staten Island Community Television, Inc.
100 Cable Way, Suite 2
Staten Island, NY 10303

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Except as otherwise provided herein, the receipt of such notice, direction, or order shall be equivalent to direct personal notice and shall be deemed to have been given when received. Either party may change the above notice addresses by notice to the other party.

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date first above written.

STATEN ISLAND COMMUNITY TELEVISION,
INC.

ATTEST:

BY: Maria Esposito
Name: Maria Esposito
Title: President

VERIZON NEW YORK, INC.

ATTEST:

BY: Maura C. Breen
Name: Maura C. Breen
Title: Senior Vice President and General
Manager - NY/CT Region, Verizon
Telecom

FORM APPROVED
Attorney
Date

[Signature]

ATTACHMENT E

Technical Information

FTTP System Architecture

End-to-End Architecture

Figure 1 shows the architecture topology for supporting service across multiple market areas. A brief summary of the end-to-end architecture follows. Subsequent sections provide more information on each major component within the planned Verizon FTTP overlay architecture.

Figure 2 shows full build and overlay architecture. FTTP will be built instead of copper facilities in new communities. In existing communities, the existing copper network will continue to serve those customers who have not migrated to the FTTP network. The fiber is deployed from a Central Office location within a wire center area.

Figure 1-High Level End to End Architecture

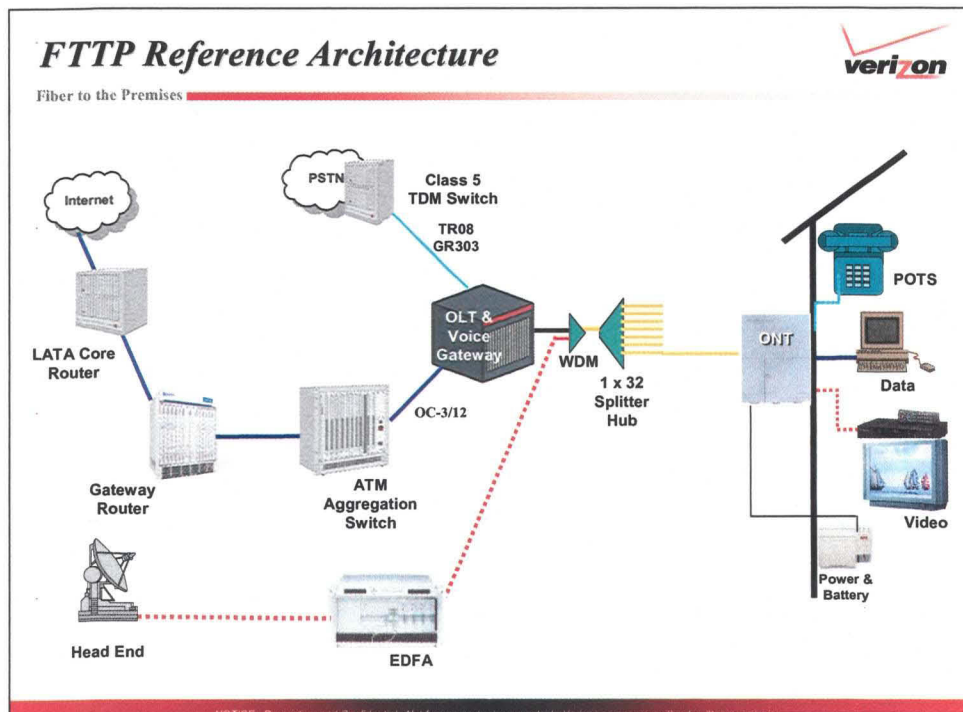
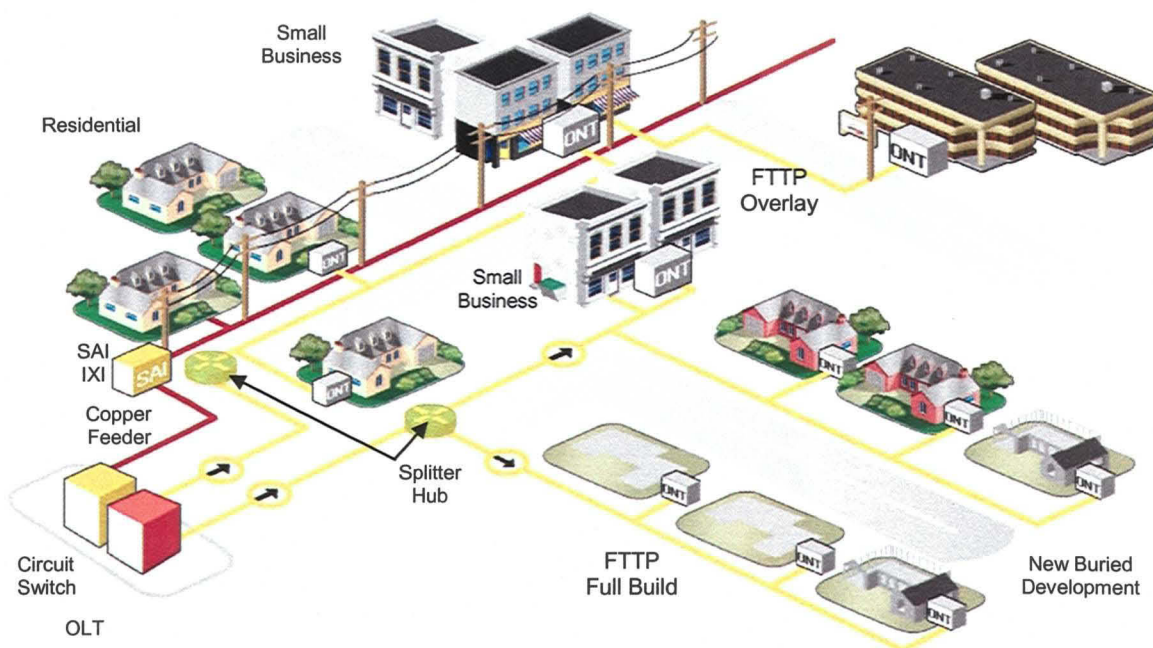


Figure 2-FTTP Full Build and Overlay Architectures



At the national or regional level, a “super” headend (SHE) shall serve as the single point of national content aggregation (see Figure 1). All content shall be encoded into MPEG2 streams and transported over nationwide SONET and/or ROADM services. In each market where Verizon seeks to offer service, the broadcast cable television traffic is off loaded from the long haul network and terminated at a Video Hub Office (VHO). Network redundancy and route diversity shall extend from the SHE to the VHO.

The VHO serves as the metro or local point of aggregation. It is here that off-air and public, education, and government (PEG) channels (where appropriate) are combined with the broadcast cable television coming from the SHE. Interactive Program Guides (IPG) shall be controlled from this site, also. The service that exits the VHO shall look like the final product viewed by the end user subscriber.

Cable television traffic is converted to optical signals at the VHO and transported over Verizon’s metro area, inter-office facilities (IOF) to Video Serving Offices (VSOs). Voice and high-speed data signals are combined with the cable television at this location for final transport to the subscriber premises over Verizon’s FTTP Passive Optical Network (PON).

At the premise, the optical cable television signal is de-multiplexed and converted to an electrical signal, which meets cable television industry standards for cable services. Standard home wiring practices, using coaxial cables, as well as alternative media, shall distribute the signal to cable ready TVs and standard set top boxes (STB).

There will be 24x7 control and surveillance of the cable television platform from a remote location. This Network Operations Center (NOC) will be centrally located and shall be responsible for the operation and maintenance of the Conditional Access System (CAS), which directs the encryption functions performed back at the VHO.

Super Headend (SHE)

A “super” headend (SHE) shall serve as the single point of national content aggregation. At general service availability, Verizon shall deploy a primary SHE and an additional SHE for redundancy.

Both the primary and redundant SHEs will be strategically located to ensure technical and environmental requirements are met.

The key functions of the SHE include:

Content Reception

Signal Processing

Encoding

Network Interface

The majority of cable television sources shall be individual content provider programming. A mix of standard and high definition formats shall be supported. All content shall be encoded into MPEG2 streams, formatted for SONET and/or ROADM, and transported via a SONET and/or ROADM transport facilities to a local point-of-presence (POP) for wide area (national) transport.

Wide Area Transport

In support of the cable television service, Verizon will use SONET and/or ROADM network facilities in the POPs serving target cable markets. Where multiple POPs exist within a market, redundancy options shall dictate if a single or multiple POPs shall be designated for supporting the cable television traffic.

In most cases, it is expected that the cable television traffic shall traverse multiple interconnected rings between the SHE and the destination market. Once the cable traffic reaches a POP located

in a target market, it will be forwarded to a SONET and/or ROADM interface connected to metro/local SONET and/or ROADM facilities. These facilities shall connect the POP to a Video Hub Office (VHO). VHOs are capable of serving multiple communities within a target market. If more than one VHO is required, the metro SONET and/or ROADM ring(s) would be deployed to cover multiple sites.

Video Hub Office (VHO)

The VHO serves as the metro or local point of aggregation. The VHO location is based on a combination of technical factors, metro fiber/IOF availability, local channel reception characteristics, and municipal regulations (e.g., zoning ordinances).

Under current network design plans, the anticipated functions of the VHO include:

WAN Interface for Cable television Transport

Ad Insertion

PEG Content

Signal Grooming and Multiplexing

Emergency Alert Service

Interactive Program Guide

Conditional Access

Local Content

The VHO shall aggregate three basic sources of content: national broadcast channels, local broadcast channels, and public, education, & government (PEG) channels. The national content is the traffic sent from the SHE and is delivered via a SONET interface from the SONET POP. The local broadcast channels shall be received off-air via antennas or terrestrial fiber transport located at the VHO site. The PEG channels shall be collected via terrestrial connections from each local franchising area (LFA) served by the VHO.

The final collection of content is placed into the RF spectrum between 50 – 870 MHz as either an analog AM-VSB signal or, as part of a digital multiplex, into a 256-QAM modulated carrier. Digital content requiring encryption by the CAS shall also be multiplexed into QAM modulators and combined with other analog and digital carriers. In addition, an out-of-band downstream channel is generated which carries the Interactive Program Guide (IPG), provisioning, and management messages to STBs. The combined RF signal is converted to optics and fed into EDFAs at egress from the VHO. These optical cable television signals are transported on the 1550 nm wavelength of the G.983-specified Enhancement band to Verizon Video Serving Offices (VSOs).

As noted previously, it is intended that the broadcast cable television traffic/service that exits the VHO shall look like the final product viewed by the end user subscriber.

Metro Area Transport

The optical cable television signals coming from the VHO are transported on the 1550 nm wavelength over fiber available within Verizon's inter-office facilities (IOF).

Video Serving Office (VSO) & Passive Optical Network (PON)

The Video Serving Office (VSO) is a location within the central office containing FTTP equipment. There are sixty-six (66) VSO's in total that will serve the City, located in each of the five boroughs – Manhattan (18); Brooklyn (18); Queens (17); Bronx (9); and Staten Island (4). If technically feasible or otherwise appropriate, PEG insertion may occur at this location in the network.

The key function of the VSO is to combine Broadcast Cable television into the Voice and High Speed Data FTTP Network

Once in the VSO, the optical cable television signal is sent through an EDFA and then to a Wave Division Multiplexer (WDM) combiner and splitter, which is used to add the cable signal to the voice and high-speed data signals' wavelength (1490nm) – coming from the Optical Line Terminal (OLT) – together with the cable wavelength onto a single optical source. This optical signal is then sent towards the subscriber premises via a PON. The VSO will also play a role in supporting upstream signals from the customer premises for pay-per-view services. Pay-per-view usage data uses the data service's 1310nm upstream wavelength. The upstream data communications shall be sent back to a subscriber database located in the Operations Center located in the VHO.

Customer Premises

At the premise, an Optical Network Terminal (ONT) de-multiplexes the 1550nm optical signal and simply converts it to a voice, data and cable television electrical signal, which meets cable television industry standards for cable services.

It is expected that, in many cases, standard home wiring practices, using coaxial cables, will distribute the signal to cable ready televisions and to STBs for digital subscribers.

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ATTACHMENT F

STATE OF NEW YORK
PUBLIC SERVICE COMMISSION

In the Matter of the Petition of Verizon
New York Inc. Pursuant to Section 221
of the Public Service Law for
Confirmation of a Cable Television
Franchise Awarded by the City of New
York, New York (New York, Bronx,
Queens, Kings, and Richmond Counties)

Case 08-V-_____

AFFIDAVIT OF SERVICE

STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)

JOHN LACY CLARK, being duly sworn, deposes and says:

I certify that a complete copy of Verizon New York Inc.'s Petition for Confirmation will be sent to Hector Diaz, City Clerk, on May 30, 2008, by overnight mail addressed to him at City of New York, 1 Centre Street, New York, New York 10007.



JOHN LACY CLARK

Sworn to before me
this 30th day of May, 2008.



Notary Public

MIGUEL A. ROSA
Notary Public, State of New York
No. 43-4771951, Qualified in Kings County
Certificate Filed in New York County
Commission Expires Nov. 30, 2010

ATTACHMENT G

**STATE OF NEW YORK
PUBLIC SERVICE COMMISSION**

**In the Matter of the Petition of Verizon
New York Inc. Pursuant to Section 221
of the Public Service Law for
Confirmation of a Cable Television
Franchise Awarded by the City of New
York, New York (New York, Bronx,
Queens, Kings, and Richmond Counties)**

Case 08-V-_____


AFFIDAVIT OF PUBLICATION

**STATE OF NEW YORK)
) ss.:
COUNTY OF NEW YORK)**

JOHN LACY CLARK, being duly sworn, deposes and says:

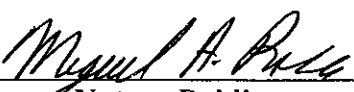
I certify that notices with the following text will be published on June 3, 2008 in the New York Post, the Daily News, and the New York Times. The New York Post, the Daily News, and the New York Times are newspapers of general circulation in the City of New York. Verizon has submitted the notices to those newspapers, has arranged for payment for such publications, and has been assured that the notices will appear in the newspapers on the specified date.

PLEASE TAKE NOTICE that Verizon New York Inc. ("Verizon") has filed a Petition with the New York State Public Service Commission ("Commission") seeking confirmation and approval of a cable television franchise awarded to Verizon by the City of New York, New York. Copies of the Petition are available from the Commission or from Verizon. Interested parties may file comments on the Petition with the Commission within ten days of the date of publication of this notice. Comments should be addressed to Hon. Jaclyn A. Brillling, Secretary, New York State Public Service Commission, Three Empire State Plaza, Albany, New York 12223.



JOHN LACY CLARK

Sworn to before me
this 30th day of May, 2008.



Notary Public
MIGUEL A. ROSA
Notary Public, State of New York
No. 43-4771951, Qualified in Kings County
Certificate Filed in New York County
Commission Expires Nov. 30, 2010

ATTACHMENT H

EXPLANATORY NOTES TO ATTACHMENT H

1. This Attachment H consists of: (a) these Explanatory Notes; (b) a Department of Environmental Conservation (“DEC”) “Full EAF” form for Verizon’s offering of cable service in the City, with Part 1 filled in; (c) an EAF Addendum providing certain additional background information; and (d) maps showing environmentally relevant features of the franchise. Due to the large number of historic sites in the City that are listed in the SPHINX database (*see below*), a listing of such sites is not included in this filing, but will be made available to Staff upon request.

2. These Exhibits are submitted without prejudice to Verizon’s positions that: (a) the activities at issue here are not “actions” under SEQRA, and that therefore no EAF is required; and (b) if an EAF is required in this case, a short-form EAF (rather than a full EAF) would be sufficient.

3. The EAF and the EAF Addendum are based on information in Verizon’s possession or available to us through research in readily available sources. Beyond such sources, consistent with DEC requirements, we have not undertaken any “new studies, research or investigation.”¹

4. Historic site information was derived from the SPHINX database of the New York State Historic Preservation Office (*see* <http://www.nysparks.state.ny.us/shpo/resources/index.htm>). Coastal area information was obtained from the New York State Geographic Information Systems Clearinghouse website (*see* <http://www.nysgis.state.ny.us/gisdata/inventories/details.cfm?DSID=317>), as was flood plain data (*see* <http://www.nysgis.state.ny.us/gisdata/inventories/details.cfm?DSID=246>). Information on wetlands locations was obtained

¹ See Full Environmental Assessment Form at 2.

from the U.S. Fish & Wildlife Service National Wetlands Inventory (*see* <http://www.fws.gov/nwi/>) and the Cornell University Geospatial Information Repository (*see* <http://cugir.mannlib.cornell.edu/mapbrowse.jsp?series=counties>). Information on agricultural districts was obtained from the Cornell University Geospatial Information Repository (*see* <http://cugir.mannlib.cornell.edu/mapbrowse.jsp?series=counties>). Information on “critical environmental areas” was obtained from the website of the State Department of Environmental Conservation (*see* <http://www.dec.state.ny.us/website/dcs/seqr/cea/index.html>). Information on National Natural Landmarks was obtained from the website of the National Park Service (*see* http://www.nature.nps.gov/nnl/Registry/USA_Map/States/NewYork/new_york.cfm).

5. In response to several questions in Part 1 of the Full EAF, Verizon has indicated that the question is “Not Applicable” (“N/A”) to the confirmation that is the subject of the Petition. The activities to be undertaken pursuant to the franchise for which confirmation is sought involve the delivery of video programming throughout the franchise area, and thus do not have a definite, specific location. To the extent any construction — including line extensions, placement of drop wires, extensions, and repairs — takes place after the franchise becomes effective, all of the locations within the franchise area at which such activity will occur cannot be known in advance.

The information provided for contiguity to historic sites, etc., has been provided with respect to Verizon’s FTTP facilities in the franchise area, even though it is Verizon’s position that such facilities have been constructed pursuant to independent permissions and authorities.

617.20
Appendix A
State Environmental Quality Review
FULL ENVIRONMENTAL ASSESSMENT FORM

Purpose: The full EAF is designed to help applicants and agencies determine, in an orderly manner, whether a project or action may be significant. The question of whether an action may be significant is not always easy to answer. Frequently, there are aspects of a project that are subjective or unmeasurable. It is also understood that those who determine significance may have little or no formal knowledge of the environment or may not be technically expert in environmental analysis. In addition, many who have knowledge in one particular area may not be aware of the broader concerns affecting the question of significance.

The full EAF is intended to provide a method whereby applicants and agencies can be assured that the determination process has been orderly, comprehensive in nature, yet flexible enough to allow introduction of information to fit a project or action.

Full EAF Components: The full EAF is comprised of three parts:

- Part 1:** Provides objective data and information about a given project and its site. By identifying basic project data, it assists a reviewer in the analysis that takes place in Parts 2 and 3.
- Part 2:** Focuses on identifying the range of possible impacts that may occur from a project or action. It provides guidance as to whether an impact is likely to be considered small to moderate or whether it is a potentially-large impact. The form also identifies whether an impact can be mitigated or reduced.
- Part 3:** If any impact in Part 2 is identified as potentially-large, then Part 3 is used to evaluate whether or not the impact is actually important.

THIS AREA FOR LEAD AGENCY USE ONLY

DETERMINATION OF SIGNIFICANCE -- Type 1 and Unlisted Actions

Identify the Portions of EAF completed for this project:

☐

Part 1

☐

Part 2

☐

Part 3

Upon review of the information recorded on this EAF (Parts 1 and 2 and 3 if appropriate), and any other supporting information, and considering both the magnitude and importance of each impact, it is reasonably determined by the lead agency that:

- ☐ A. The project will not result in any large and important impact(s) and, therefore, is one which **will not** have a significant impact on the environment, therefore **a negative declaration will be prepared.**
- ☐ B. Although the project could have a significant effect on the environment, there will not be a significant effect for this Unlisted Action because the mitigation measures described in PART 3 have been required, therefore **a CONDITIONED negative declaration will be prepared.***
- ☐ C. The project may result in one or more large and important impacts that may have a significant impact on the environment, therefore **a positive declaration will be prepared.**

*A Conditioned Negative Declaration is only valid for Unlisted Actions

Name of Action

Name of Lead Agency

Print or Type Name of Responsible Officer in Lead Agency

Title of Responsible Officer

Signature of Responsible Officer in Lead Agency

Signature of Preparer (If different from responsible officer)

PART 1--PROJECT INFORMATION
Prepared by Project Sponsor

NOTICE: This document is designed to assist in determining whether the action proposed may have a significant effect on the environment. Please complete the entire form, Parts A through E. Answers to these questions will be considered as part of the application for approval and may be subject to further verification and public review. Provide any additional information you believe will be needed to complete Parts 2 and 3.

It is expected that completion of the full EAF will be dependent on information currently available and will not involve new studies, research or investigation. If information requiring such additional work is unavailable, so indicate and specify each instance.

Name of Action Award of Cable Television Franchise to Verizon

Location of Action (include Street Address, Municipality and County)

Discrete Areas within the City of New York, NY

+

Name of Applicant/Sponsor Verizon New York Inc. ("Verizon")

Address c/o Thomas McCarroll, 158 State Street

City / PO Albany State NY Zip Code 12207

Business Telephone (518) 396-1001

Name of Owner (if different) N/A

Address _____

City / PO _____ State _____ Zip Code _____

Business Telephone _____

Description of Action:

Activities undertaken by Verizon pursuant to the authority awarded by the franchise.

Please Complete Each Question--Indicate N.A. if not applicable

A. SITE DESCRIPTION

Physical setting of overall project, both developed and undeveloped areas.

1. Present Land Use: ☒ Urban ☒ Industrial ☒ Commercial ☒ Residential (suburban) ☐ Rural (non-farm)
☐ Forest ☐ Agriculture ☐ Other _____

* Although Verizon does not believe that this question applies to the activities at issue here, it has determined at Staff's request that its FTTP facilities constructed in the franchise area to date have an approximate length of 697 miles. The width of the right-of-way varies by location, and Verizon cannot readily determine at this time the average width (and therefore the area) of the right-of-way used by Verizon.

2. Total acreage of project area: _____ acres.*

APPROXIMATE ACREAGE

Meadow or Brushland (Non-agricultural)	_____ acres	_____ acres
Forested	_____ acres	_____ acres
Agricultural (Includes orchards, cropland, pasture, etc.)	_____ acres	_____ acres
Wetland (Freshwater or tidal as per Articles 24,25 of ECL)	_____ acres	_____ acres
Water Surface Area	_____ acres	_____ acres
Unvegetated (Rock, earth or fill)	_____ acres	_____ acres
Roads, buildings and other paved surfaces	_____ acres	_____ acres
Other (Indicate type) _____	_____ acres	_____ acres

3. What is predominant soil type(s) on project site? N/A

- a. Soil drainage: ☐ Well drained _____% of site ☐ Moderately well drained _____% of site.
☐ Poorly drained _____% of site

- b. If any agricultural land is involved, how many acres of soil are classified within soil group 1 through 4 of the NYS Land Classification System? _____ acres (see 1 NYCRR 370).

4. Are there bedrock outcroppings on project site? ☐ Yes ☐ No N/A

- a. What is depth to bedrock _____ (in feet)

**** Parts of Verizon's FTTP network in the franchise area pass historic sites. See Addendum.**

5. Approximate percentage of proposed project site with slopes: N/A

☐ 0-10% _____% ☐ 10- 15% _____% ☐ 15% or greater _____%

6. Is project substantially contiguous to, or contain a building, site, or district, listed on the State or National Registers of Historic Places? ☒ Yes ** ☐ No

7. Is project substantially contiguous to a site listed on the Register of National Natural Landmarks? ☐ Yes ☒ No

8. What is the depth of the water table? _____ (in feet) N/A

9. Is site located over a primary, principal, or sole source aquifer? ☒ Yes ☐ No

10. Do hunting, fishing or shell fishing opportunities presently exist in the project area? ☐ Yes ☐ No N/A

11. Does project site contain any species of plant or animal life that is identified as threatened or endangered? ☐ Yes ☐ No N/A

According to:

Identify each species:

12. Are there any unique or unusual land forms on the project site? (i.e., cliffs, dunes, other geological formations?)

☐ Yes ☐ No N/A

Describe:

13. Is the project site presently used by the community or neighborhood as an open space or recreation area?

☐ Yes ☐ No N/A

If yes, explain:

14. Does the present site include scenic views known to be important to the community? ☐ Yes ☐ No N/A

15. Streams within or contiguous to project area: N/A

a. Name of Stream and name of River to which it is tributary

16. Lakes, ponds, wetland areas within or contiguous to project area: See Addendum.

b. Size (in acres):

17. Is the site served by existing public utilities? ☒ Yes ☐ No
- a. If **YES**, does sufficient capacity exist to allow connection? ☒ Yes ☐ No
- b. If **YES**, will improvements be necessary to allow connection? ☐ Yes ☒ No
18. Is the site located in an agricultural district certified pursuant to Agriculture and Markets Law, Article 25-AA, Section 303 and 304? ☐ Yes ☒ No
19. Is the site located in or substantially contiguous to a Critical Environmental Area designated pursuant to Article 8 of the ECL, and 6 NYCRR 617? ☒ Yes ☐ No
20. Has the site ever been used for the disposal of solid or hazardous wastes? ☐ Yes ☐ No N/A

B. Project Description

1. Physical dimensions and scale of project (fill in dimensions as appropriate).
- a. Total contiguous acreage owned or controlled by project sponsor: N/A acres.
- b. Project acreage to be developed: N/A acres initially; N/A acres ultimately.
- c. Project acreage to remain undeveloped: N/A acres.
- d. Length of project, in miles: _____ * (if appropriate) * See response to Item 2 on Page 3.
- e. If the project is an expansion, indicate percent of expansion proposed. N/A %
- f. Number of off-street parking spaces existing N/A ; proposed N/A
- g. Maximum vehicular trips generated per hour: N/A (upon completion of project)?
- h. If residential: Number and type of housing units: N/A
- | | One Family | Two Family | Multiple Family | Condominium |
|------------|------------|------------|-----------------|-------------|
| Initially | _____ | _____ | _____ | _____ |
| Ultimately | _____ | _____ | _____ | _____ |
- i. Dimensions (in feet) of largest proposed structure: N/A height; N/A width; N/A length.
- j. Linear feet of frontage along a public thoroughfare project will occupy is? N/A ft.
2. How much natural material (i.e. rock, earth, etc.) will be removed from the site? N/A tons/cubic yards.
3. Will disturbed areas be reclaimed ☐ Yes ☐ No ☒ N/A
- a. If yes, for what intended purpose is the site being reclaimed?
-
- b. Will topsoil be stockpiled for reclamation? ☐ Yes ☐ No
- c. Will upper subsoil be stockpiled for reclamation? ☐ Yes ☐ No
4. How many acres of vegetation (trees, shrubs, ground covers) will be removed from site? _____ acres. N/A

5. Will any mature forest (over 100 years old) or other locally-important vegetation be removed by this project?

☐ Yes ☒ No

6. If single phase project: Anticipated period of construction: _____ months, (including demolition) *

7. If multi-phased: N/A

a. Total number of phases anticipated _____ (number)

b. Anticipated date of commencement phase 1: _____ month _____ year, (including demolition)

c. Approximate completion date of final phase: _____ month _____ year.

d. Is phase 1 functionally dependent on subsequent phases? ☐ Yes ☐ No

8. Will blasting occur during construction? ☐ Yes ☒ No

9. Number of jobs generated: during construction N/A ; after project is complete N/A

10. Number of jobs eliminated by this project N/A .

11. Will project require relocation of any projects or facilities? ☐ Yes ☒ No

If yes, explain:

12. Is surface liquid waste disposal involved? ☐ Yes ☒ No

a. If yes, indicate type of waste (sewage, industrial, etc) and amount _____

b. Name of water body into which effluent will be discharged _____

13. Is subsurface liquid waste disposal involved? ☐ Yes ☒ No Type _____

14. Will surface area of an existing water body increase or decrease by proposal? ☐ Yes ☒ No

If yes, explain:

15. Is project or any portion of project located in a 100 year flood plain? ☒ Yes ☐ No

16. Will the project generate solid waste? ☐ Yes ☒ No

a. If yes, what is the amount per month? _____ tons

b. If yes, will an existing solid waste facility be used? ☐ Yes ☐ No

c. If yes, give name _____ ; location _____

d. Will any wastes not go into a sewage disposal system or into a sanitary landfill? ☐ Yes ☐ No

* Although it is Verizon's position that any further FTTP construction activity in the franchise area is being undertaken pursuant to independent authority, rather than pursuant to the franchise, Verizon expects to complete its build out as required by the franchise.

e. If yes, explain:

17. Will the project involve the disposal of solid waste? ☐ Yes ☒ No

a. If yes, what is the anticipated rate of disposal? _____ tons/month.

b. If yes, what is the anticipated site life? _____ years.

18. Will project use herbicides or pesticides? ☐ Yes ☒ No

19. Will project routinely produce odors (more than one hour per day)? ☐ Yes ☒ No

20. Will project produce operating noise exceeding the local ambient noise levels? ☐ Yes ☒ No

21. Will project result in an increase in energy use? ☐ Yes ☒ No

If yes, indicate type(s)


22. If water supply is from wells, indicate pumping capacity N/A gallons/minute.

23. Total anticipated water usage per day N/A gallons/day.

24. Does project involve Local, State or Federal funding? ☐ Yes ☒ No

If yes, explain:

25. Approvals Required:

		Type	Submittal Date
City, Town, Village Board	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	City of New York	
		Award Franchise	5/27/08* 
		* Franchise was awarded on this date.	
City, Town, Village Planning Board	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
City, Town Zoning Board	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
City, County Health Department	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Other Local Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
Other Regional Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		
State Agencies	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	Public Service Commission	
		Confirmation	5/30/08
Federal Agencies	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No		

C. Zoning and Planning Information

1. Does proposed action involve a planning or zoning decision? ☐ Yes ☒ No

If Yes, indicate decision required:

<input type="checkbox"/> Zoning amendment	<input type="checkbox"/> Zoning variance	<input type="checkbox"/> New/revision of master plan	<input type="checkbox"/> Subdivision
<input type="checkbox"/> Site plan	<input type="checkbox"/> Special use permit	<input type="checkbox"/> Resource management plan	<input type="checkbox"/> Other

2. What is the zoning classification(s) of the site? N/A

3. What is the maximum potential development of the site if developed as permitted by the present zoning? N/A

4. What is the proposed zoning of the site? N/A

5. What is the maximum potential development of the site if developed as permitted by the proposed zoning? N/A

6. Is the proposed action consistent with the recommended uses in adopted local land use plans? ☐ Yes ☐ No N/A

7. What are the predominant land use(s) and zoning classifications within a ¼ mile radius of proposed action? N/A

8. Is the proposed action compatible with adjoining/surrounding land uses with a ¼ mile? ☐ Yes ☐ No N/A

9. If the proposed action is the subdivision of land, how many lots are proposed? N/A

a. What is the minimum lot size proposed? _____

10. Will proposed action require any authorization(s) for the formation of sewer or water districts? ☐ Yes ☒ No

11. Will the proposed action create a demand for any community provided services (recreation, education, police, fire protection)?

☐ Yes ☒ No

a. If yes, is existing capacity sufficient to handle projected demand? ☐ Yes ☒ No

12. Will the proposed action result in the generation of traffic significantly above present levels? ☐ Yes ☒ No

a. If yes, is the existing road network adequate to handle the additional traffic. ☐ Yes ☒ No

D. Informational Details

Attach any additional information as may be needed to clarify your project. If there are or may be any adverse impacts associated with your proposal, please discuss such impacts and the measures which you propose to mitigate or avoid them.

E. Verification

I certify that the information provided above is true to the best of my knowledge.

Applicant/Sponsor Name Verizon New York Inc.

Date 5/30/08

Signature

Title Vice President Regulatory Affairs, NY & CT

If the action is in the Coastal Area, and you are a state agency, complete the Coastal Assessment Form before proceeding with this assessment.

PART 2 - PROJECT IMPACTS AND THEIR MAGNITUDE

Responsibility of Lead Agency

General Information (Read Carefully)

- ! In completing the form the reviewer should be guided by the question: Have my responses and determinations been **reasonable?** The reviewer is not expected to be an expert environmental analyst.
- ! The **Examples** provided are to assist the reviewer by showing types of impacts and wherever possible the threshold of magnitude that would trigger a response in column 2. The examples are generally applicable throughout the State and for most situations. But, for any specific project or site other examples and/or lower thresholds may be appropriate for a Potential Large Impact response, thus requiring evaluation in Part 3.
- ! The impacts of each project, on each site, in each locality, will vary. Therefore, the examples are illustrative and have been offered as guidance. They do not constitute an exhaustive list of impacts and thresholds to answer each question.
- ! The number of examples per question does not indicate the importance of each question.
- ! In identifying impacts, consider long term, short term and cumulative effects.

Instructions (Read carefully)

- a. Answer each of the 20 questions in PART 2. Answer **Yes** if there will be **any** impact.
- b. **Maybe** answers should be considered as **Yes** answers.
- c. If answering **Yes** to a question then check the appropriate box(column 1 or 2)to indicate the potential size of the impact. If impact threshold equals or exceeds any example provided, check column 2. If impact will occur but threshold is lower than example, check column 1.
- d. Identifying that an Impact will be potentially large (column 2) does not mean that it is also necessarily **significant**. Any large impact must be evaluated in PART 3 to determine significance. Identifying an impact in column 2 simply asks that it be looked at further.
- e. If reviewer has doubt about size of the impact then consider the impact as potentially large and proceed to PART 3.
- f. If a potentially large impact checked in column 2 can be mitigated by change(s) in the project to a small to moderate impact, also check the **Yes** box in column 3. A **No** response indicates that such a reduction is not possible. This must be explained in Part 3.

1	2	3
Small to Moderate Impact	Potential Large Impact	Can Impact Be Mitigated by Project Change

Impact on Land

1. Will the Proposed Action result in a physical change to the project site?

NO ☐ YES ☐

Examples that would apply to column 2

- | | | | | |
|--|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Any construction on slopes of 15% or greater, (15 foot rise per 100 foot of length), or where the general slopes in the project area exceed 10%. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction on land where the depth to the water table is less than 3 feet. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction of paved parking area for 1,000 or more vehicles. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction on land where bedrock is exposed or generally within 3 feet of existing ground surface. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Construction that will continue for more than 1 year or involve more than one phase or stage. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Excavation for mining purposes that would remove more than 1,000 tons of natural material (i.e., rock or soil) per year. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Construction or expansion of a sanitary landfill.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Construction in a designated floodway.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<div></div>			

2. Will there be an effect to any unique or unusual land forms found on the site? (i.e., cliffs, dunes, geological formations, etc.)

☐ NO ☐ YES

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Specific land forms:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<div></div>			

Impact on Water

3. Will Proposed Action affect any water body designated as protected? (Under Articles 15, 24, 25 of the Environmental Conservation Law, ECL)

☐ NO ☐ YES

Examples that would apply to column 2

• Developable area of site contains a protected water body.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Dredging more than 100 cubic yards of material from channel of a protected stream.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Extension of utility distribution facilities through a protected water body.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Construction in a designated freshwater or tidal wetland.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<div></div>			

4. Will Proposed Action affect any non-protected existing or new body of water?

☐ NO ☐ YES

Examples that would apply to column 2

• A 10% increase or decrease in the surface area of any body of water or more than a 10 acre increase or decrease.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Construction of a body of water that exceeds 10 acres of surface area.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<div></div>			

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
5. Will Proposed Action affect surface or groundwater quality or quantity? <input type="checkbox"/> NO <input type="checkbox"/> YES			
Examples that would apply to column 2			
• Proposed Action will require a discharge permit.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action requires use of a source of water that does not have approval to serve proposed (project) action.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action requires water supply from wells with greater than 45 gallons per minute pumping capacity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Construction or operation causing any contamination of a water supply system.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will adversely affect groundwater.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Liquid effluent will be conveyed off the site to facilities which presently do not exist or have inadequate capacity.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action would use water in excess of 20,000 gallons per day.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will likely cause siltation or other discharge into an existing body of water to the extent that there will be an obvious visual contrast to natural conditions.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will require the storage of petroleum or chemical products greater than 1,100 gallons.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will allow residential uses in areas without water and/or sewer services.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action locates commercial and/or industrial uses which may require new or expansion of existing waste treatment and/or storage facilities.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

1	2	3
Small to Moderate Impact	Potential Large Impact	Can Impact Be Mitigated by Project Change

6. Will Proposed Action alter drainage flow or patterns, or surface water runoff?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|--|--------------------------|--------------------------|--|
| • Proposed Action would change flood water flows | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action may cause substantial erosion. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action is incompatible with existing drainage patterns. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will allow development in a designated floodway. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON AIR

7. Will Proposed Action affect air quality?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • Proposed Action will induce 1,000 or more vehicle trips in any given hour. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will result in the incineration of more than 1 ton of refuse per hour. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Emission rate of total contaminants will exceed 5 lbs. per hour or a heat source producing more than 10 million BTU's per hour. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will allow an increase in the amount of land committed to industrial use. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will allow an increase in the density of industrial development within existing industrial areas. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON PLANTS AND ANIMALS

8. Will Proposed Action affect any threatened or endangered species?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • Reduction of one or more species listed on the New York or Federal list, using the site, over or near the site, or found on the site. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
|---|--------------------------|--------------------------|--|

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Removal of any portion of a critical or significant wildlife habitat.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Application of pesticide or herbicide more than twice a year, other than for agricultural purposes.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

9. Will Proposed Action substantially affect non-threatened or non-endangered species?
☐ NO ☐ YES

Examples that would apply to column 2

• Proposed Action would substantially interfere with any resident or migratory fish, shellfish or wildlife species.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action requires the removal of more than 10 acres of mature forest (over 100 years of age) or other locally important vegetation.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

IMPACT ON AGRICULTURAL LAND RESOURCES

10. Will Proposed Action affect agricultural land resources?
☐ NO ☐ YES

Examples that would apply to column 2

• The Proposed Action would sever, cross or limit access to agricultural land (includes cropland, hayfields, pasture, vineyard, orchard, etc.)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Construction activity would excavate or compact the soil profile of agricultural land.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• The Proposed Action would irreversibly convert more than 10 acres of agricultural land or, if located in an Agricultural District, more than 2.5 acres of agricultural land.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• The Proposed Action would disrupt or prevent installation of agricultural land management systems (e.g., subsurface drain lines, outlet ditches, strip cropping); or create a need for such measures (e.g. cause a farm field to drain poorly due to increased runoff).	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

IMPACT ON AESTHETIC RESOURCES

11. Will Proposed Action affect aesthetic resources? (If necessary, use the Visual EAF Addendum in Section 617.20, Appendix B.)
☐ NO ☐ YES

Examples that would apply to column 2

• Proposed land uses, or project components obviously different from or in sharp contrast to current surrounding land use patterns, whether man-made or natural.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed land uses, or project components visible to users of aesthetic resources which will eliminate or significantly reduce their enjoyment of the aesthetic qualities of that resource.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Project components that will result in the elimination or significant screening of scenic views known to be important to the area.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

IMPACT ON HISTORIC AND ARCHAEOLOGICAL RESOURCES

12. Will Proposed Action impact any site or structure of historic, prehistoric or paleontological importance?
☐ NO ☐ YES

Examples that would apply to column 2

• Proposed Action occurring wholly or partially within or substantially contiguous to any facility or site listed on the State or National Register of historic places.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Any impact to an archaeological site or fossil bed located within the project site.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will occur in an area designated as sensitive for archaeological sites on the NYS Site Inventory.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

IMPACT ON OPEN SPACE AND RECREATION

13. Will proposed Action affect the quantity or quality of existing or future open spaces or recreational opportunities?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • The permanent foreclosure of a future recreational opportunity. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • A major reduction of an open space important to the community. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

IMPACT ON CRITICAL ENVIRONMENTAL AREAS

14. Will Proposed Action impact the exceptional or unique characteristics of a critical environmental area (CEA) established pursuant to subdivision 6NYCRR 617.14(g)?

☐ NO ☐ YES

List the environmental characteristics that caused the designation of the CEA.

Examples that would apply to column 2

- | | | | |
|---|--------------------------|--------------------------|--|
| • Proposed Action to locate within the CEA? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will result in a reduction in the quantity of the resource? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will result in a reduction in the quality of the resource? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Proposed Action will impact the use, function or enjoyment of the resource? | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes <input type="checkbox"/> No |

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Impact

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Potential
Large
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3
Can Impact Be
Mitigated by
Project Change

IMPACT ON TRANSPORTATION

15. Will there be an effect to existing transportation systems?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | | |
|--|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Alteration of present patterns of movement of people and/or goods. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will result in major traffic problems. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

IMPACT ON ENERGY

16. Will Proposed Action affect the community's sources of fuel or energy supply?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | | |
|---|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Proposed Action will cause a greater than 5% increase in the use of any form of energy in the municipality. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will require the creation or extension of an energy transmission or supply system to serve more than 50 single or two family residences or to serve a major commercial or industrial use. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

NOISE AND ODOR IMPACT

17. Will there be objectionable odors, noise, or vibration as a result of the Proposed Action?

☐ NO ☐ YES

Examples that would apply to column 2

- | | | | | |
|--|--------------------------|--------------------------|------------------------------|-----------------------------|
| • Blasting within 1,500 feet of a hospital, school or other sensitive facility. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Odors will occur routinely (more than one hour per day). | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will produce operating noise exceeding the local ambient noise levels for noise outside of structures. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Proposed Action will remove natural barriers that would act as a noise screen. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |
| • Other impacts: | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> Yes | <input type="checkbox"/> No |

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Moderate
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Potential
Large
Impact

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Can Impact Be
Mitigated by
Project Change

IMPACT ON PUBLIC HEALTH

18. Will Proposed Action affect public health and safety?

☐ NO ☐ YES

- Proposed Action may cause a risk of explosion or release of hazardous substances (i.e. oil, pesticides, chemicals, radiation, etc.) in the event of accident or upset conditions, or there may be a chronic low level discharge or emission.
- Proposed Action may result in the burial of "hazardous wastes" in any form (i.e. toxic, poisonous, highly reactive, radioactive, irritating, infectious, etc.)
- Storage facilities for one million or more gallons of liquefied natural gas or other flammable liquids.
- Proposed Action may result in the excavation or other disturbance within 2,000 feet of a site used for the disposal of solid or hazardous waste.
- Other impacts:

☐
☐

☐ Yes ☐ No

☐
☐

☐ Yes ☐ No

☐
☐

☐ Yes ☐ No

☐
☐

☐ Yes ☐ No

☐
☐

☐ Yes ☐ No

IMPACT ON GROWTH AND CHARACTER OF COMMUNITY OR NEIGHBORHOOD

19. Will Proposed Action affect the character of the existing community?

☐ NO ☐ YES

Examples that would apply to column 2

- The permanent population of the city, town or village in which the project is located is likely to grow by more than 5%.
- The municipal budget for capital expenditures or operating services will increase by more than 5% per year as a result of this project.
- Proposed Action will conflict with officially adopted plans or goals.
- Proposed Action will cause a change in the density of land use.
- Proposed Action will replace or eliminate existing facilities, structures or areas of historic importance to the community.
- Development will create a demand for additional community services (e.g. schools, police and fire, etc.)

☐
☐

☐ Yes ☐ No

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☐ Yes ☐ No

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☐ Yes ☐ No

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☐ Yes ☐ No

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☐ Yes ☐ No

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☐

☐ Yes ☐ No

	1 Small to Moderate Impact	2 Potential Large Impact	3 Can Impact Be Mitigated by Project Change
• Proposed Action will set an important precedent for future projects.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Proposed Action will create or eliminate employment.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No
• Other impacts:	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/> Yes <input type="checkbox"/> No

20. Is there, or is there likely to be, public controversy related to potential adverse environment impacts?
☐ NO ☐ YES

If Any Action in Part 2 Is Identified as a Potential Large Impact or If you Cannot Determine the Magnitude of Impact, Proceed to Part 3

Part 3 - EVALUATION OF THE IMPORTANCE OF IMPACTS

Responsibility of Lead Agency

Part 3 must be prepared if one or more impact(s) is considered to be potentially large, even if the impact(s) may be mitigated.

Instructions (If you need more space, attach additional sheets)

Discuss the following for each impact identified in Column 2 of Part 2:

1. Briefly describe the impact.
2. Describe (if applicable) how the impact could be mitigated or reduced to a small to moderate impact by project change(s).
3. Based on the information available, decide if it is reasonable to conclude that this impact is **important**.

To answer the question of importance, consider:

- ! The probability of the impact occurring
- ! The duration of the impact
- ! Its irreversibility, including permanently lost resources of value
- ! Whether the impact can or will be controlled
- ! The regional consequence of the impact
- ! Its potential divergence from local needs and goals
- ! Whether known objections to the project relate to this impact.

ADDENDUM TO ENVIRONMENTAL ASSESSMENT FORM

Setting

The City of New York comprises five boroughs, each of which is a separate county: (1) the Bronx (Bronx County), (2) Brooklyn (Kings County), (3) Manhattan (New York County), (4) Staten Island (Richmond County), and (5) Queens (Queens County). The City is located in the southeastern portion of New York State. As of the 2000 Census, the City had a population of 8,008,278 within a total area of 469 square miles.¹

The City is not within an agricultural district, nor is it substantially contiguous to a National Natural Landmark. The City is in or substantially contiguous to a Critical Environmental Area, namely the Jamaica Bay. Due to the large number of historic sites in the City that are listed in the SPHINX database, a listing of such sites is not included in this filing, but will be made available to Staff upon request. It is Verizon's policy to conform to all applicable laws and regulations in placing its facilities, including any special requirements that may be applicable to historic sites, districts, or landmarks.

The City sits atop aquifers and includes coastal areas. The City has designated wetlands areas and designated 100-year flood plains. However, Verizon's FTTP extensions and drop wires will be placed only to serve existing or future residences and businesses and will be consistent with physical arrangements for the provision of non-video communications services (voice, data), and other types of service, to such areas. Video programming will be delivered over existing distribution routes and will generally utilize existing supporting structures. Moreover, cable service is already provided within the franchise area by the incumbents,

¹ The total square miles in the City is comprised of 303 square miles of land and 166 square miles of water.

Cablevision and Time Warner. Thus, Verizon's construction activities would not impact otherwise undeveloped areas.

Five sets of maps are included with this addendum, one for each borough. Each set includes three maps. The first map shows the borough boundary, the tidal wetlands, and the coastal area boundary. The second map shows freshwater wetlands, lakes and ponds. The third map shows the 100-year flood plains.

Description of Potential Construction Activities

The Commission is being asked to approve the City's award of a cable television franchise to Verizon. The franchise will enable Verizon to deliver video programming to subscribers over its FTTP network, which is also used for the provision of voice and data services. It is Verizon's position that the construction, extension, modification, and repair of the facilities comprising the FTTP network are independently authorized, do not require franchise authority, and are thus not included within any "action" (within the meaning of SEQRA) for which approval is sought in this proceeding. Nevertheless, at Staff's request, Verizon is providing the following information concerning work on Verizon's FTTP facilities that may be undertaken in the City subsequent to the Commission's approval of the franchise.

Extensions of Verizon's FTTP network will take place in the City following the award of the franchise. FTTP construction in the City's rights-of-way would relate to facilities that will also be used for Verizon's voice and data services. (Any equipment that is utilized exclusively for the provision of cable services in the City will be located in Verizon's central offices.) Verizon's FTTP network currently passes approximately 20% of the current housing units in the franchise area.

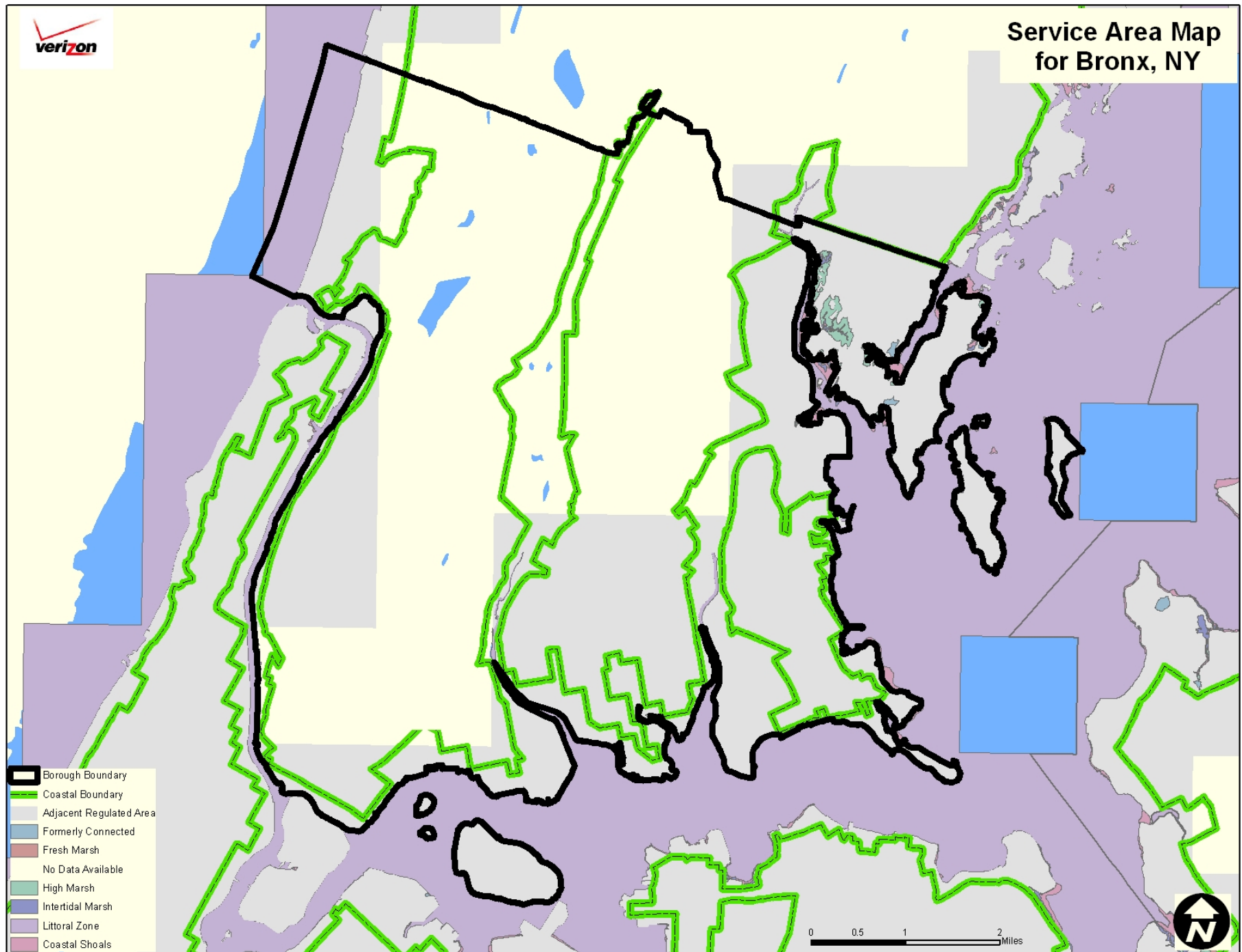
When a Verizon subscriber who lives in a single-family unit (“SFU”) requests the FiOSSM voice, data, and/or video services that are available over the FTTP network, fiber drop wire is run to the subscriber’s home. In the case of subscribers in multiple dwelling units (“MDUs”), more extensive “network creation” activities are required to extend service to individual residents.² There are 3.1 million housing units within the City that could ultimately be served by Verizon.³ In terms of the potential environmental impact of drop placement activities and MDU network creation, the fiber facilities that are associated with FTTP do not differ in any significant respect from the copper facilities that Verizon routinely installs, maintains and on occasion replaces in connection with its current services. Moreover, fiber drops will be deployed to customers who request FiOS data services even if such customers do not elect to purchase FiOS video. Thus, there are no environment-impacting activities uniquely associated with Verizon’s offering of video-programming services in the City.

² See description in Section IV(A) of Statement of Basis and Rationale for Limited Waivers (Attachment 2A to Verizon’s Petition for Limited Waivers of Certain Rules in Connection with a Proposed Cable Television Franchise Agreement with the City of New York (filed May 2, 2008)).

³ Verizon’s outside plant in the City includes both aerial and underground facilities. Thus, some of the work related to the extension of FTTP facilities and the placement of drops may be underground.



Service Area Map for Bronx, NY







Service Area Map for Bronx, NY



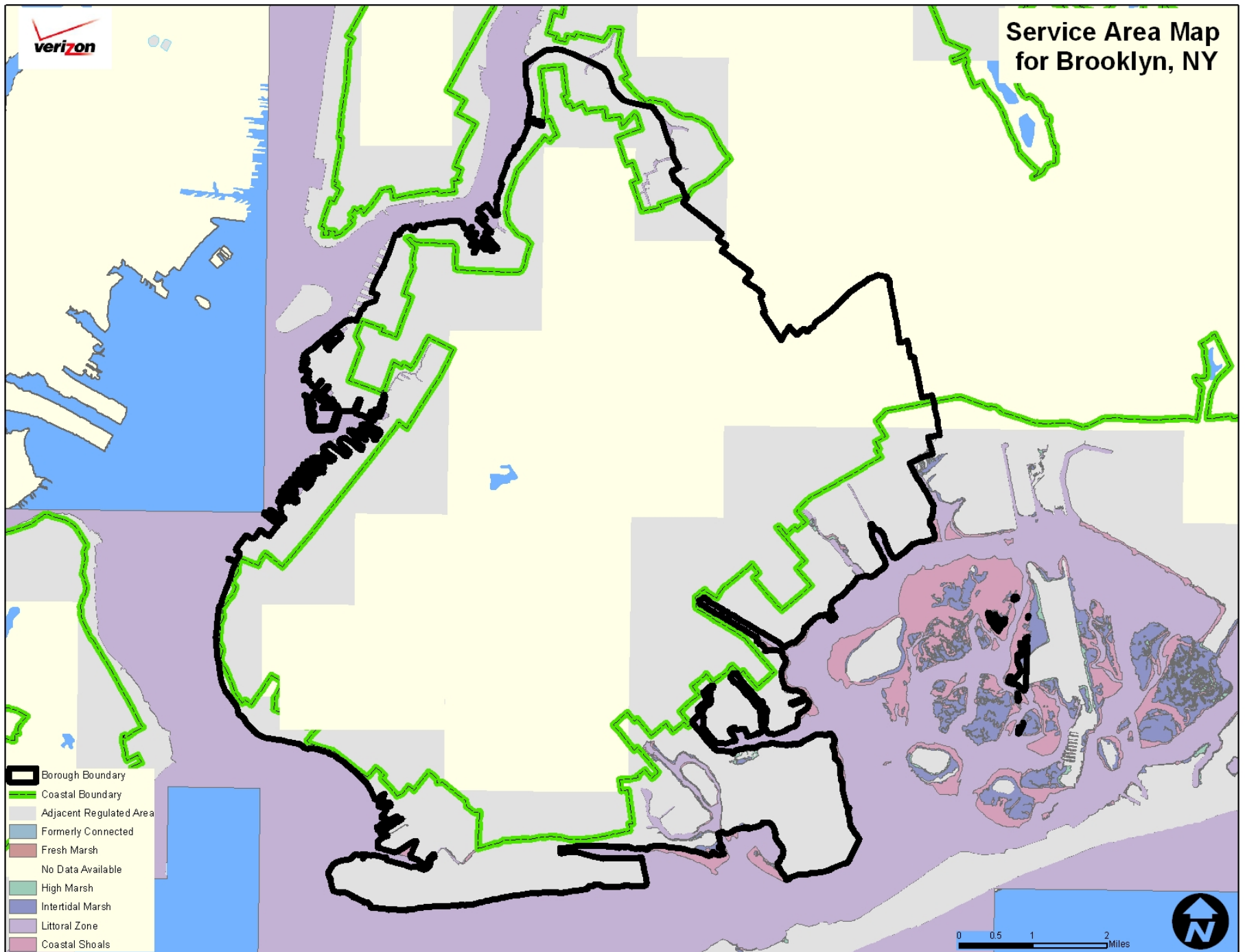
- Borough Boundary
- Coastal Boundary
- 100 Year Flood

0 0.5 1 2 Miles





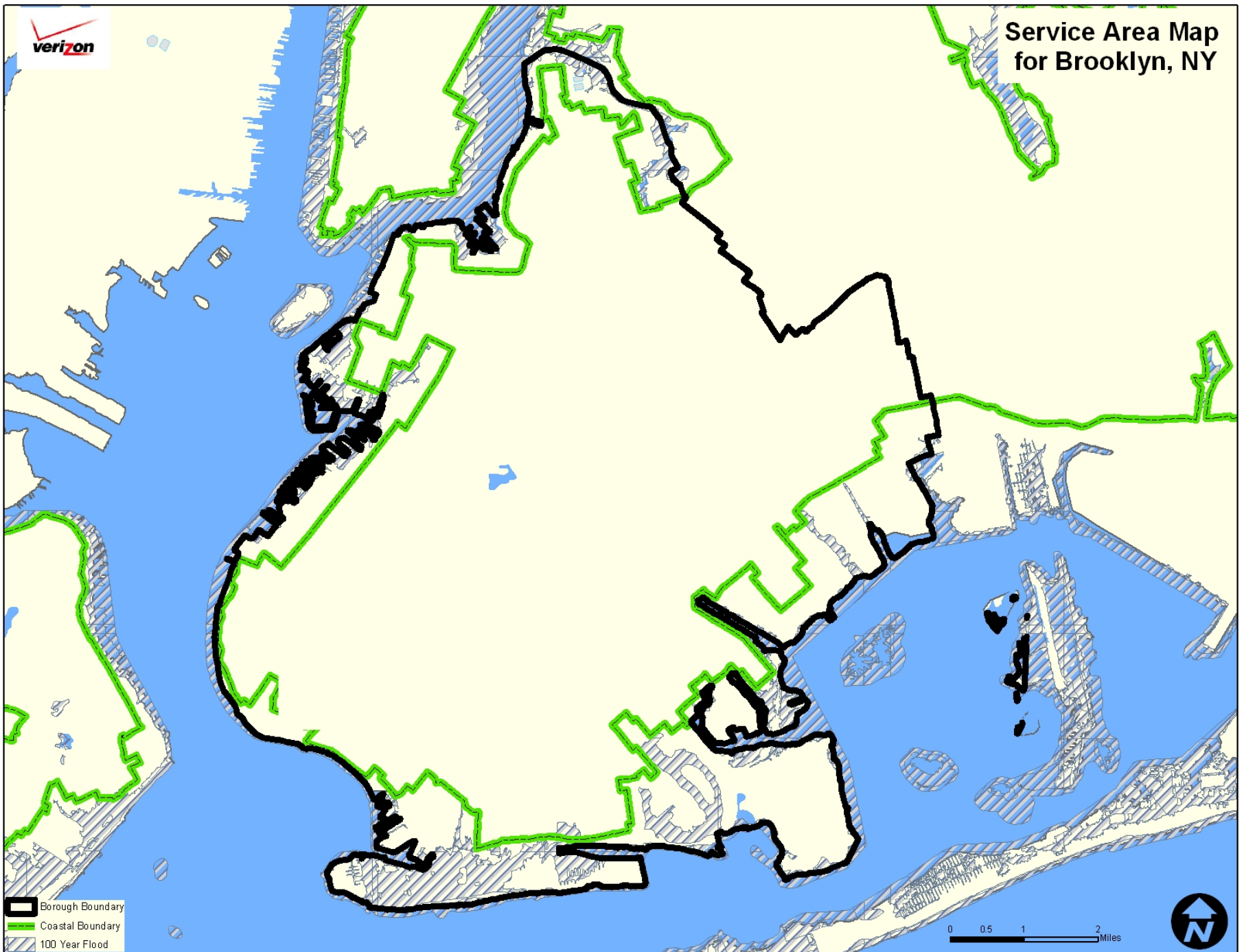
Service Area Map for Brooklyn, NY

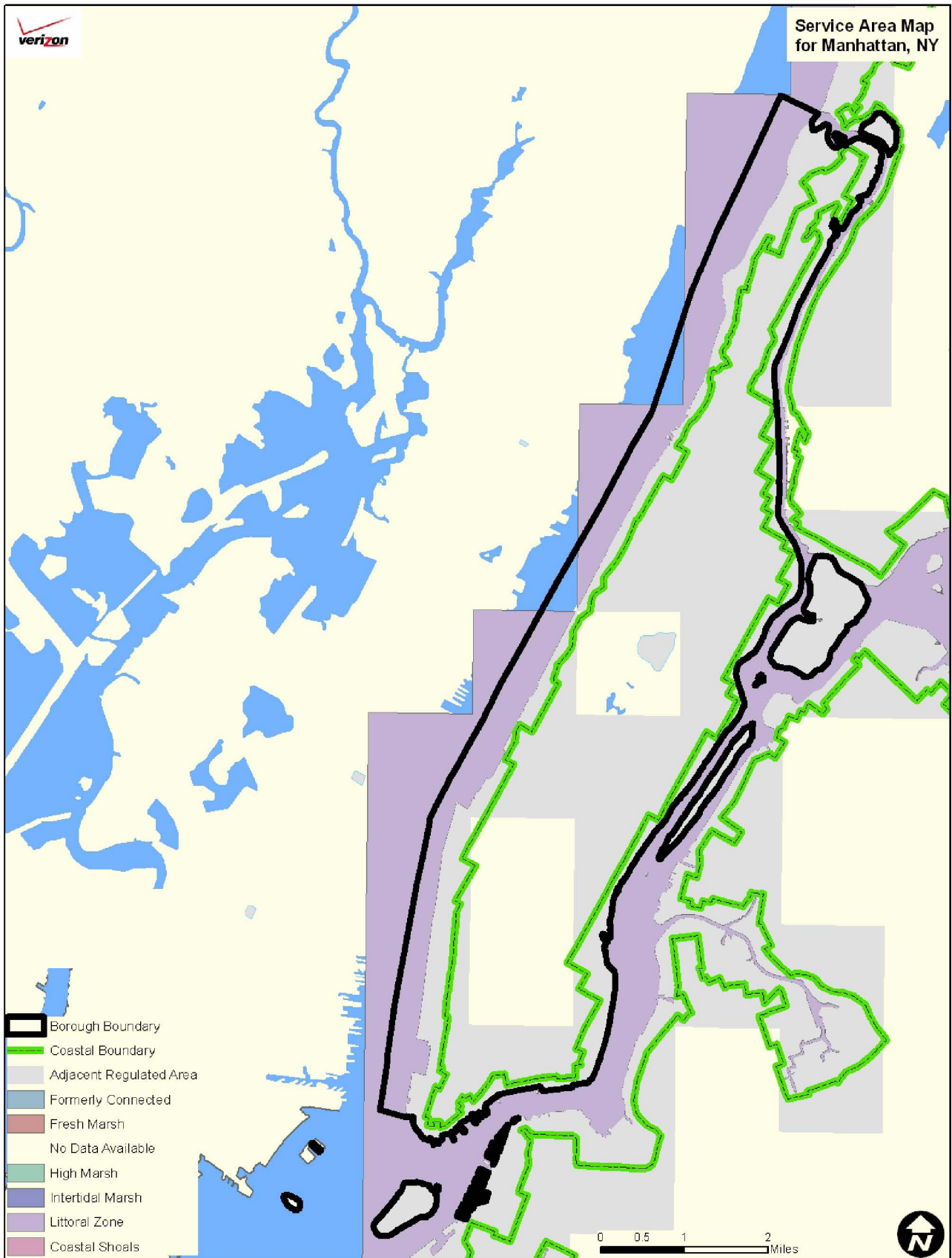


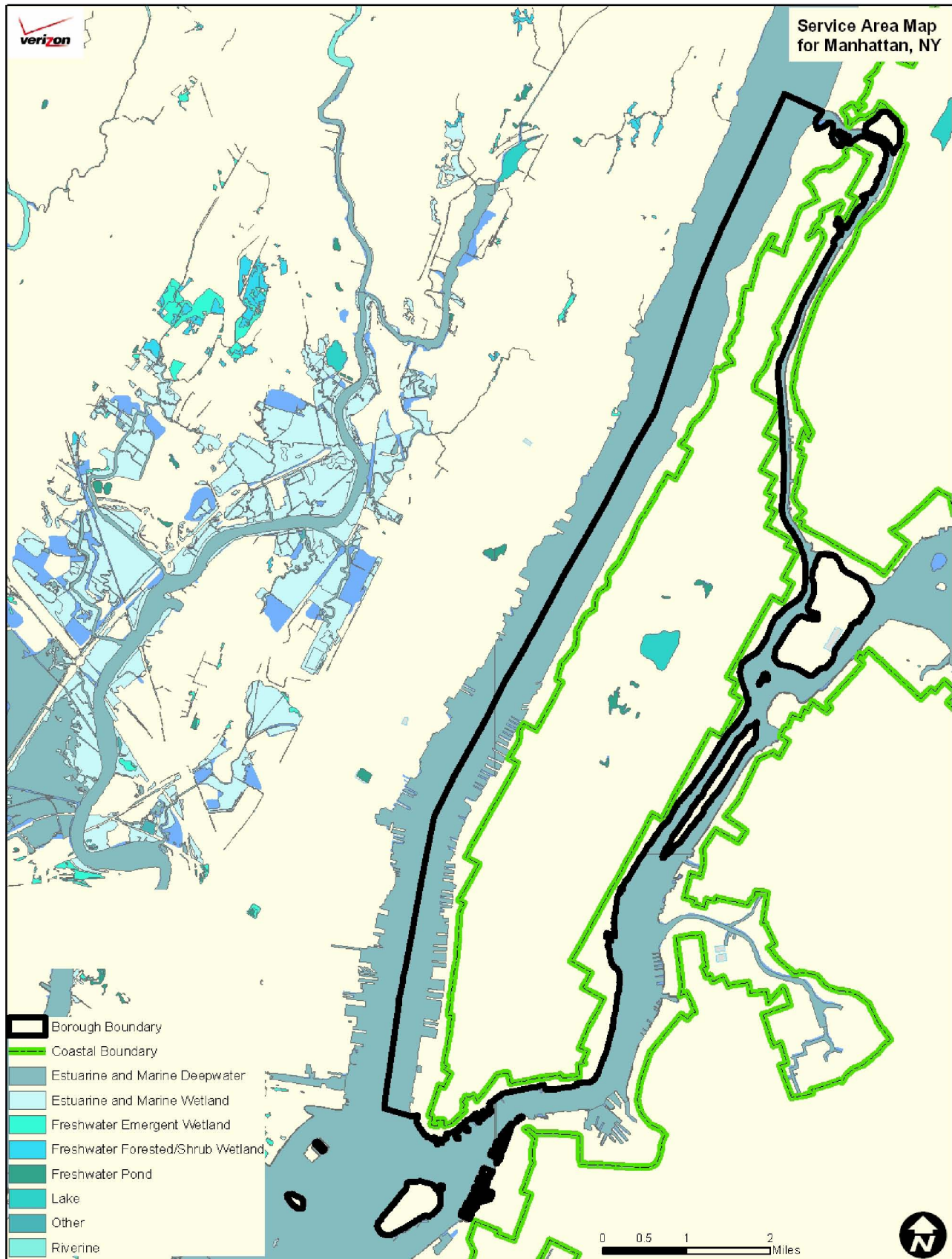




Service Area Map for Brooklyn, NY







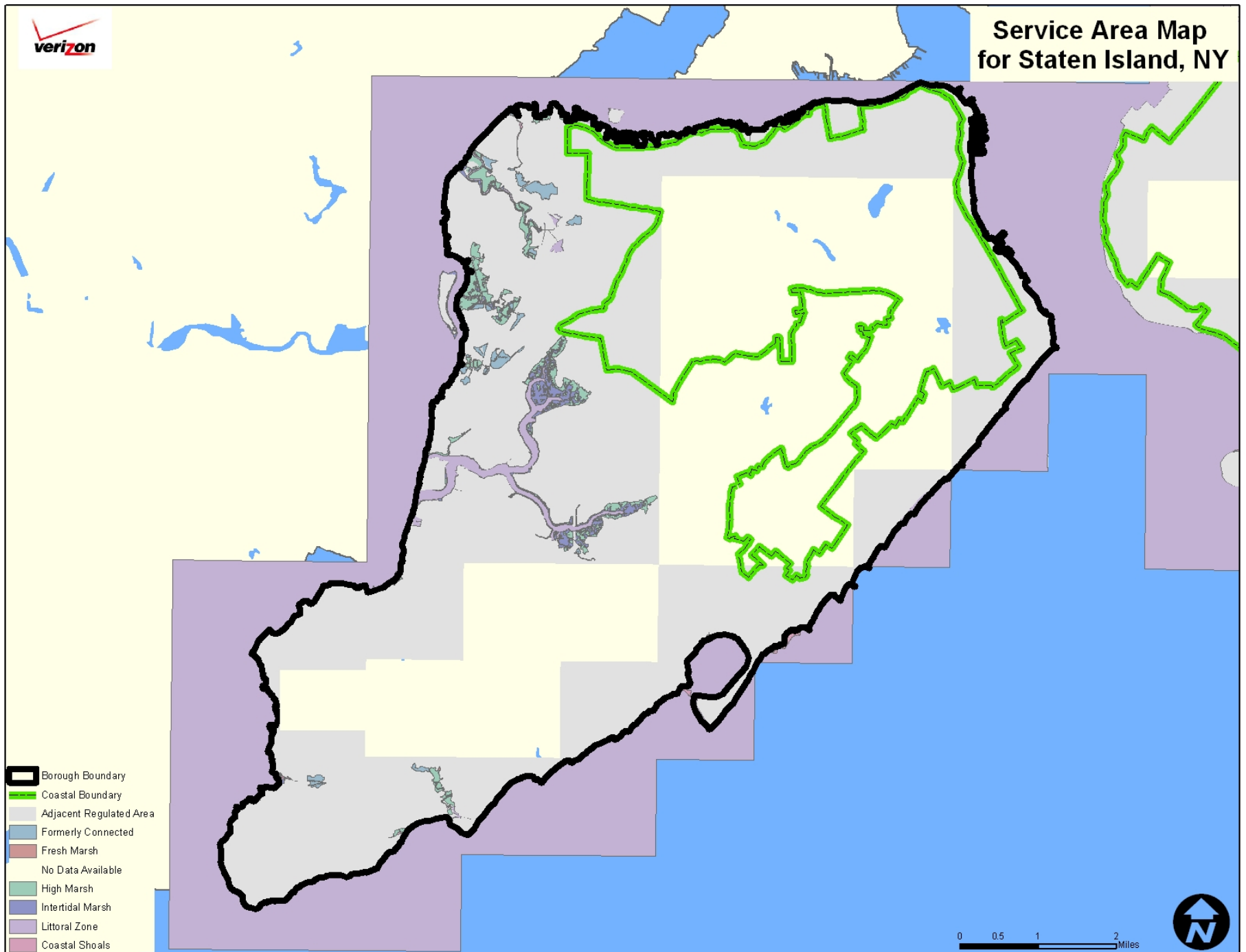


Service Area Map
for Manhattan, NY





Service Area Map for Staten Island, NY



- Borough Boundary
- Coastal Boundary
- Adjacent Regulated Area
- Formerly Connected
- Fresh Marsh
- No Data Available
- High Marsh
- Intertidal Marsh
- Littoral Zone
- Coastal Shoals

0 0.5 1 2 Miles





Service Area Map for Staten Island, NY





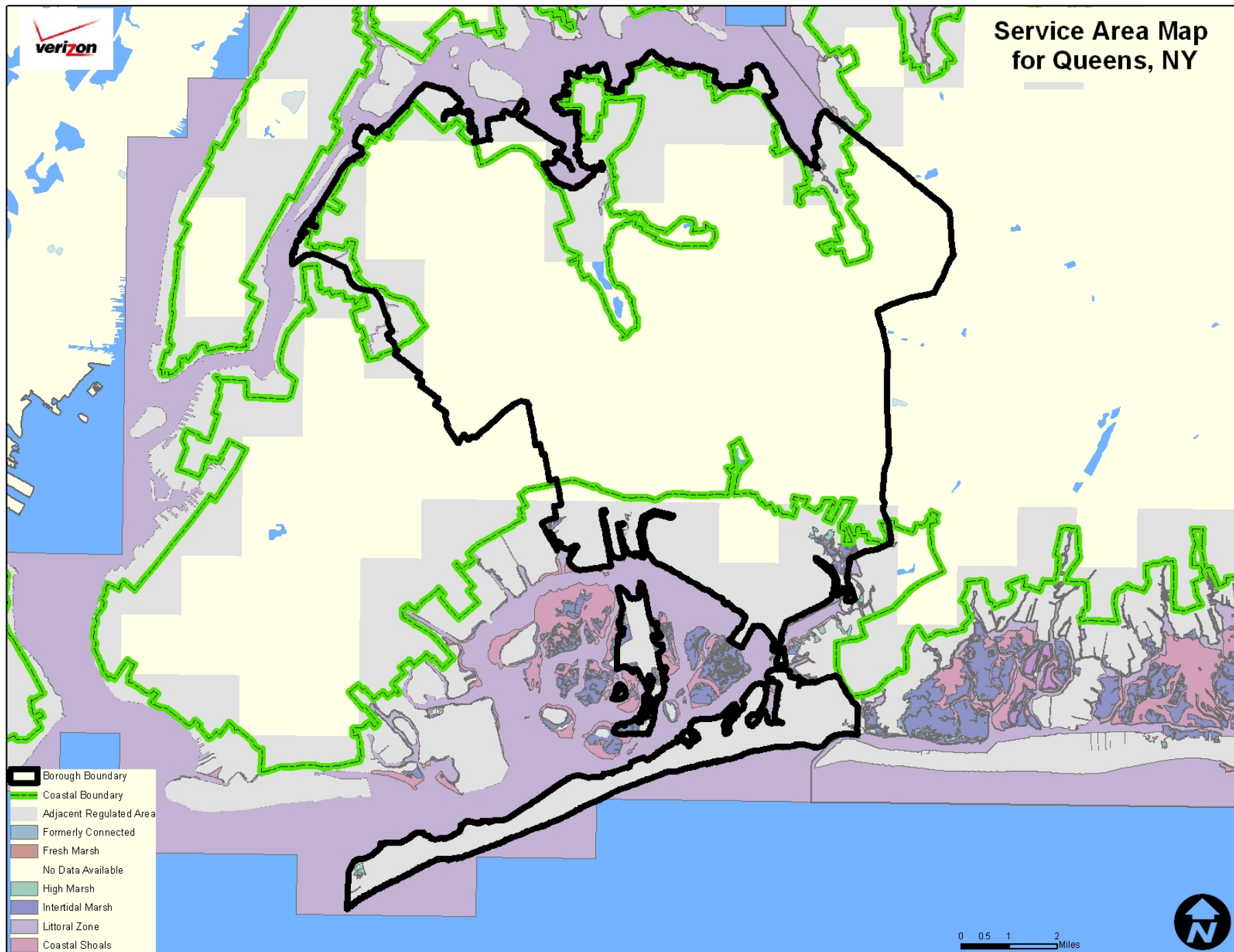
Service Area Map for Staten Island, NY



— Borough Boundary
— Coastal Boundary
100 Year Flood

0 0.5 1 2 Miles







Service Area Map for Queens, NY





Service Area Map for Queens, NY



ATTACHMENT I

**EXCERPTS FROM MAY 20, 2008 SPECIAL PUBLIC HEARING
BEFORE THE FRANCHISE AND CONCESSION REVIEW COMMITTEE**

Paul Cosgrave, Commissioner of New York City's Department of Information Technology & Telecommunications:

The proposed agreement would establish a competitive marketplace for cable TV service for the first time in any major American city. With this direct competition, cable TV prices, customer service and program offerings will finally be subjected to true market forces joining with competition and prices. . . .

So in conclusion, it should be noted that construction of the Verizon system will be the largest single municipality cable television franchise project in history. In total, the commitment that Verizon is making in this proposed agreement will involve an investment by the company of several billions of dollars, an extraordinary vote of confidence in the future of advanced technology infrastructure in New York City. No contribution of taxpayer funds will be required to this extraordinary structure commitment which will be entirely financed by private capital.

I am convinced that the proposed agreement represents a win-win for City residents, a newly competitive marketplace, new advanced technology available to each and every household in the City and new benefits supporting public and governmental programming.

In accordance, I urge the FCRC to approve this.

Henry Calderon, President of the East Harlem Chamber of Commerce:

I am here today to give my support and support of about 225 small business owners to the Verizon video agreement. One of our most important missions in the Chamber is to support legislation and public policy that benefit economic development. This agreement represents the policy that this Committee should promote. It will encourage investment in communication infrastructure, promote job growth and cable TV competition.

Joe Kelleher, President of the Bronx Chamber of Commerce:

On behalf of the Bronx Chamber of Commerce, I would like to add our support for the Verizon cable franchise. The Bronx Chamber of Commerce promotes business initiatives and economic opportunities in the Bronx for its over 500 members. We work to connect today's businesses to a more profitable and successful tomorrow. Competition is hallmark of American business and businesses both large and small understand the benefits that competition brings. The majority of our members operate small businesses, some which are home-based. We all know well that state of the art technology is what makes our

businesses competitive. We support bringing competition to the cable market in New York City, it's good for jobs, it's good for economic development and it's good for the budgets of our many businesses in the Bronx and the City of New York giving them choice. The cable franchise before you today should be voted on immediately and I respectfully ask you to approve it without delay.

Laura Bucko, Director of Communications for the Manhattan Chamber of Commerce:

I am here today to support the Verizon video franchise agreement. The Manhattan Chamber of Commerce represents over 100,000 businesses in Manhattan. This is a very important contract for all of us in New York. Cable TV competition is alive and well in northern New Jersey, Westchester and Rockland counties and on Long Island. When cable companies compete, consumers have choice. They can select the best value offering for the money, and if they are dissatisfied, they can go with another company. All five boroughs want this kind of cable TV competition as well. Communities that have the Verizon FiOS in their villages and towns also have the benefit of state of the art broadband network. We cannot think of a single company that has made the investment and commitment to New York's high tech future in the way Verizon has. This company should be commended for its dedication to technology development and the agreement should be approved as soon as possible.

Linda Baron, President and CEO for Staten Island Chamber of Commerce:

On behalf of the Staten Island Chamber of Commerce and our 900 business members, I would like to express our enthusiastic support for the recent citywide cable franchise contract announced by New York City Deputy Mayor and New York City Department of Information Technology & Telecommunications Commissioner Paul Cosgrave. The Staten Island Chamber of Commerce supports this agreement foremost because it will foster additional competition in the market, along with more choice, lower prices and better service. Real cable competition is long overdue for the residents and businesses on Staten Island as well as all of New Yorkers. According to a recent poll conducted by Crane's New York business, at least one quarter of all New York City residents are not happy with their current cable company's prices as we've heard tonight. It is really a no brainer. Increased competition in the cable marketplace is healthy for residential and business customers. [Indecipherable] throughout consumers who are promoting economic development. Verizon's deployment of an all fiber state of the art communications network on Staten Island has already demonstrated its commitment to Staten Island consumers and businesses. The capabilities of its FiOS network is unparalleled anywhere in the country and a powerful resource for those who work at home who are telecommuting, start-up businesses and for any businesses that are on rapid [indecipherable] vendors or warehouses across the street or across the world.

Greg Bishop, Senior Manager of Workforce Development at NPower:

I'm here today to support the Verizon video franchise agreement. As part of the NPower network, we are very well aware of the need for adequate cable and broadband coverage in the City and we believe that the addition of Verizon will give consumers and businesses an important choice in this critical service. Please ensure that this agreement is approved. Brooklyn is a borough with millions of residents and small businesses that will benefit greatly from a choice of cable provider in their neighborhoods. The fiberoptic network that Verizon is building in our City will offer unprecedented service quality and options for New Yorkers and give us new and exciting communication and entertainment capabilities. If we get this right, harnessing the power of the networks like Verizon FiOS could offer learning opportunities that would enable us to build a more productive workforce in the future. As a provider of technology skills training, we know how important having adequate bandwidth and stable and robust service is to the functioning of our classroom and the training of our young people. Not only at our facilities, but in their neighborhoods. Competition spurs innovation and innovation provides opportunities.

Ken Adams, President and CEO of the Business Council of New York State:

For the New York business community, all across the state, advanced data and video technology is a critical factor in deciding whether to start up, grow or relocate a business in the State. The video franchise agreement now pending approval before this Committee demonstrates that New York State is committed to its business community by fostering a next generation data, voice and video communications infrastructure along with robust competition that many other speakers before me have acknowledged.

Probably no organization understands the value of choice and competition better than the Business Council. Every day our members are competing for customers and businesses in very difficult business conditions. Verizon's all fiber network is unique and it will have enough capacity to accommodate all kinds of new two way applications, including crystal clear videoconferencing, online employee training, interactive websites and much, much more. It also affords opportunity to businesses to more efficiently reach their customer base, manage databases and interact with off-site business units. These technologies are enormously beneficial to our members in the Business Council and certainly to small businesses all across the City where this agreement will have its effect. As a representative of the New York business community all across the State, I ask you on this Committee to speedily support Verizon's video franchise agreement and I thank you very much for your attention this afternoon.

Robert Bell, Executive Director of the Intelligent Community Forum:

I am here to strongly support the Verizon proposal and the decision of the Mayor's office and DoITT to award that Citywide cable television franchise to

Verizon for the simple reason that it's going to bring enormous amount of much needed investment in the way of infrastructure to the City of New York and to bring it to every street in every borough within six years according to the agreement. Now, of course, for consumers, for small businesses, who need accesses to hundreds of cable television channels, availability of very high speed broadband, it's difficult to overestimate the ultimate economic impact this will have as the railroad standard of commerce and other areas of broadband will be the ticket to new job, to new types of wealth creation here in the digital age in New York City, and so I commend the government for understanding that need and I look forward to a decade, really many decades of the creation of brand new application of television entertainment, E-commerce, and bringing telecommuting to the creation of middle class jobs, health care -- the stimulation of entrepreneurship and quite frankly assisting New York's leaders in creating a community where our export remains human innovation in areas of finance, health care and so many other topics. So on behalf of my fellow New Yorkers, I urge the Committee to act quickly in approving this revolutionary agreement.

Jack Friedman, Queens Chamber of Commerce:

This is a very important contract for all of us in New York City and especially for us in Queens County. Verizon's new FiOS network will convert unlimited bandwidth to data and video applications far beyond the reach of copper and co-axial networks.

This is a critical time. Queens has a growing need for bandwidth to accommodate advanced data and video demands on our schools, colleges, hospitals, cultural institutions and businesses. Verizon's broadband services can help meet this demand now and in the years ahead. To remain a world class City, New York must remain innovative, competitive and on the cutting edge of technology and consumer choice. Queens interconnectedness with neighboring communities in the world rests with communications infrastructure and advanced telecommunications and video network means our borough can operate more efficiently and competitively in both education, health care, government and especially in business. The new Verizon network will create a pathway opportunity for millions of us who need to work more efficiently and Verizon's investment in New York City will redefine the way New Yorkers live and work for years to come. It's good for business, it's good for residents and it's good for the City's economy and it's another chance to show our competitive advantage over neighboring states and continue to be a high tech leader and innovator. This is the most massive and important infrastructure project since the first telephone wires were placed in New York more than a hundred years ago. The high speed network Verizon has promised to build will lead to jobs ranging from construction jobs to IT jobs and will help protect New York from current and future economic downturns.

David Liss, Vice President for Government Relations and Strategic Initiatives at New York Presbyterian:

I'm here to support the Verizon application. I believe that if Verizon is able to offer video services, it will encourage investment in network infrastructure in the City that will be very, very beneficial for health care. The most promising technology in health care now, it's not MRIs, it's not x-ray machines, it's telecommunications and health IT and health information technology because this technology can drive care to the most appropriate setting. In some ways, the most clinically effective setting, in others the most inexpensive setting, and that's critical for all of us. It's particularly critical for the City though which absorbs so much of the Medicaid costs. Health and human services estimates that 20 percent of lab tests, 20 percent of radiology tests, are redundant. They don't need to be done. They're being done because the clinician who is treating the patient doesn't have the data where he needs it when he needs it. Imagine the City's share of Medicaid if you could take 20 percent of lab tests and 20 percent of radiology tests out of that expense. So we have a technology that by driving care to the most appropriate setting can give the best clinical care, can open up access to care and can drive some costs out of the system. That would be good for everybody.

The State of New York itself recognizes that with its HEAL New York program. HEAL gives all these dollars to health IT and to building the types of regional networks that can carry health care information. We at New York Presbyterian have a project where we're linking our own academic medical center with community hospitals, with community physicians who aren't even affiliated with us, with long-term care settings so that we can share data about the patients as appropriate, respecting confidentiality, fully covered by all appropriate laws, but the data is where it needs to be to take care of the patients in the best possible way. We are doing this under a HEAL funded contract. If we had Verizon providing fiber to the home, fiber to the various care settings, this would be incredibly more effective and so we very strenuously support this. We support the technology to be used for home monitoring for disease management. How much of the City's own Medicaid costs involve people who are chronically ill with diabetes or asthma whose care is -- essential to this care is the monitoring trend, the technology would allow for home monitoring, and so it may be much more effective to keep them out of my emergency room, out of hospitals and at home. So this technology has enormous promise for health care. My hospital has enormous respect for it. We think that by granting Verizon the ability to offer cable TV, it will incentivize them to put this infrastructure in the ground where it will be utilized for health care, and we support it.

Eduardo Guilardo, Vice President for Corporate and Government Affairs for the Queens Chamber of Commerce:

We are in support of Verizon, we think it's a fantastic idea that competition is coming into place. Competition makes it better for the ultimate person who is the consumer and small business and we look forward, so we're here to support.