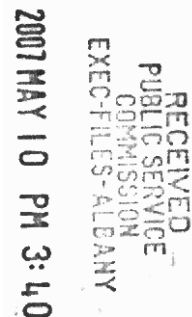


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Joseph A. Post
Assistant General Counsel



May 10, 2007

BY HAND

Honorable Jaclyn A. Brillling
Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 07-V-0495 (Petition for Confirmation of North Hempstead Franchise)

Dear Secretary Brillling:

Enclosed please find Supplemental Attachment D to the petition for confirmation filed by Verizon New York Inc. ("Verizon") on April 26, 2007. Supplemental Attachment D is a revised franchise agreement that Verizon submitted to the Town of North Hempstead prior to the hearing on April 17, 2007. We have just learned that we inadvertently omitted this document from the filing.

We respectfully request that this letter and its attachment be included in the record of this proceeding and apologize for any inconvenience that may have been caused by this omission.

Respectfully submitted,

Joseph A. Post

Honorable Jaclyn A. Brilling
May 10, 2007
Page 2

cc: Town of North Hempstead
Ms. Leslie Gross
Town Clerk
Town of North Hempstead
220 Plandome Road
Manhasset, New York 11030

New York State Department of Public Service
Peter McGowan, Esq.
Peter Catalano, Esq.
Maureen Farley, Esq.
Brian Ossias, Esq.
Mr. Robert Mayer
Mr. Chad G. Hume
Mr. John A. Figliozzi

SUPPLEMENTAL ATTACHMENT D

----- Message from "Brendon Pinkard" <bmp0216@yahoo.com> on Tue, 17 Apr 2007 13:40:14 -0700 (PDT) -----

To: hymana@northhempstead.com

Subject: Further Revised Verizon Franchise

The revised agreement is attached.



4.17.07_N._Hempstead_Franchise__Further_Revised_Blackline__1_[1].doc

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

Cable Franchise Agreement
by and between
The Town of North Hempstead
and
Verizon New York Inc.

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

TABLE OF CONTENTS

<u>ARTICLE</u>	<u>PAGE</u>
1. DEFINITIONS.....	2
2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS	6
3. PROVISION OF CABLE SERVICE	9
4. SYSTEM FACILITIES	10
5. PEG SERVICES	11
6. FRANCHISE FEES	13
7. REPORTS AND RECORDS.....	14
8. INSURANCE AND INDEMNIFICATION	15
9. TRANSFER OF FRANCHISE.....	17
10. RENEWAL OF FRANCHISE.....	17
11. ENFORCEMENT AND TERMINATION OF FRANCHISE	17
12. MISCELLANEOUS PROVISIONS.....	19

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

Exhibit D: Security

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

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

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

WHEREAS, Franchisee is in the process of completing the upgrading of its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act;

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

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

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

WHEREAS, the LFA has determined that in accordance with the provisions of the Cable Law, this Franchise complies with NY PSC's franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

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

NOW, THEREFORE, in consideration of the LFA's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the LFA pursuant to and consistent with the Cable Law (as hereinafter defined), pursuant to the

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

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

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

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

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

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

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

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

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

1.8. *Communications Act*: The Communications Act of 1934, 47 U.S.C. § 151 et. seq., as amended.

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

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

**TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT**

State Department of Education or Board of Regents in the Franchise Area as specified by the LFA in Exhibit A to this Agreement.

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

1.12. *Force Majeure*: An event or events reasonably beyond the ability of 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.

1.13. *Franchise Area*: The entire existing territorial limits of the LFA and such additional areas as may be annexed or acquired during the term of this Franchise but not including any portion of an incorporated village located wholly or partially within the territorial limits of the LFA or any area within the territorial limits of the LFA annexed or acquired by another municipality pursuant to Article 17 of the General Municipal Law.

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

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFA.

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

Gross Revenue includes, without limitation: all Subscriber and customer revenues earned or accrued net of bad debts including revenue for: (i) Basic Service; (ii) video-on-demand and pay-per-view; (iii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; (iv) revenues from late or delinquent charge fees; Cable Service related or repair calls; (v) the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (vi) revenues from the sale or lease of access channel(s) or channel capacity; (vii) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below; and (viii) Franchise Fees imposed on Franchisee by the LFA that are

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

passed through from Franchisee as a line item paid by Subscribers. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue. Should revenue from any service provided over the Cable System be deemed a Cable Service by a final determination or ruling of any agency or court having jurisdiction, then in that event, the LFA may amend this Agreement pursuant to Section 12.7 hereof, and Franchisee shall include revenue from such activities in Gross Revenue on a going forward basis commencing with the next available billing cycle following the date of issuance of an order from the NYPSC of an order of confirmation of such amendment.

Except as otherwise 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 (provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders; 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, however, that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise shall be included in Gross Revenue; the sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer; the sale of Cable Services to customers, which are exempt, as required or allowed by the LFA including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable franchise fees); any foregone revenue which 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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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; or any fees or charges collected from Subscribers or other third parties for any PEG Grant payments.

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

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

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

1.20. *Non-Cable Services*: Any service that does not constitute a Cable Service pursuant to this Franchise, including, but not limited to, Information Services and Telecommunications Services.

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

1.22. *NYPSC*: The New York Public Service Commission.

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

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

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

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

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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

1.28. Service Deployment: The availability of Cable Service as provided for in this Agreement and as described in Exhibit B.

~~1.28~~.1.29. Subscriber: A Person who lawfully receives Cable Service over the Cable System with Franchisee's express permission.

~~1.29~~.1.30. Telecommunication Services: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46), as amended.

~~1.30~~.1.31. Title VI: Title VI of the Communications Act, Cable Communications, as amended.

~~1.31~~.1.32. Transfer of the Franchise:

~~1.31~~~~1.1~~.1.32.1. Any transaction in which:

~~1.31~~~~1.1~~.1.32.1.1. a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

~~1.31~~~~1.2~~.1.32.1.2. the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

~~1.31~~~~2~~.1.32.2. However, notwithstanding Sub-subsections 1.312.1.1 and 1.3132.1.2 above, a Transfer of the Franchise shall not include transfer of an ownership or other interest in Franchisee 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.

~~1.32~~.1.33. Video Programming: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(20), as amended.

2. GRANT OF AUTHORITY; LIMITS AND RESERVATIONS

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

2.2. *The FTTP Network:* Upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

police power, the LFA has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities; provided, however, that nothing herein shall be construed to limit any existing authority that the LFA may have with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other adjustments to the Public-Rights-of-Way.

2.3. *Term:* This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFA's governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be fifteen (15) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFA in writing of the same, which notification shall become a part of this Franchise.

2.4. *Grant Not Exclusive:* The Franchise and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services are not and shall not be exclusive, and the LFA has granted and 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. Subject to Section 2.8 hereof, any such rights which have been or are granted shall not adversely impact the authority as granted under this Franchise and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

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

2.6. *No Waiver:*

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

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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

2.7. *Construction of Agreement:*

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

~~2.7.2. Should any change to state law, rules or regulations have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall use best efforts to modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on the Franchisee 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.~~

~~2.7.3.~~ 2.7.2. The LFA and the Franchisee each acknowledge that they have received independent legal advice in entering into this Agreement.

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

2.9. *Compliance with Town Code:* To the extent not pre-empted by federal or state law, the Franchisee shall comply with all applicable and lawful provisions of Town of North Hempstead Town Code.

2.10. *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be promptly repaired or replaced by the Franchisee and restored to its pre-existing condition.

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

2.12. *Level Playing Field:* In accordance with the requirements of Section 895.3 of the PSC Rules, the parties hereto have determined that the terms of this Agreement, when compared against the terms of that certain cable franchise agreement (the "Incumbent Agreement"), dated April 16, 2001, by and between the LFA and the incumbent cable operator, Cablevision Systems Long Island Corporation ("Cablevision"), does not contain economic or

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

regulatory burdens, which, when taken as a whole, are greater or lesser than those burdens placed upon Cablevision pursuant to the Incumbent Agreement.

3. PROVISION OF CABLE SERVICE

3.1. Service Area:

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

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than 35 occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsection 3.1.1, Franchisee shall provide Cable Service to such area within twelve (12) months of receiving notice from the LFA that the density requirements have been met.

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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than 35 occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility. For underground installations, Franchisee shall charge the recipient Franchisee's actual cost. Such costs shall be submitted to said recipient in writing, before installation is begun.

3.2.1. Franchisee agrees that, upon the LFA's request and with no less than thirty (30) day's written notice, but no more than once per year, a representative of the Franchisee will meet with representatives of the LFA to provide additional information on the status of the ~~deployment~~Service Deployment of Cable Services in the Franchise Area. During these meetings, the Franchisee's representative will show the LFA's representatives, for viewing only, a map showing the availability of Cable Services in the Franchise Area.

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

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, at a minimum, with the requirements of Section 895.5 of Cable Law.

4. SYSTEM FACILITIES

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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

4.2.1. The System shall be designed and operated with an initial analog and digital carrier passband between 50 and 860 MHz and shall provide for a minimum Channel capacity of not less than 77 Channels on the Effective Date.

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

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

4.4. *Emergency Alert System:* 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 the current New York EAS Plan, in order that emergency messages may be distributed over the Cable System.

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

5. **PEG SERVICES**

5.1. *PEG Set Aside*

5.1.1. In order to ensure universal availability of public, educational and government programming, Franchisee shall provide capacity on its Basic Service tier for up to one (1) dedicated Public Access Channel, one (1) dedicated Educational Access Channel, and up to one (1) dedicated Government Access Channel (collectively, "PEG Channels"). If after the third anniversary of the Effective Date, the Educational or Governmental Access Channel carries original, non-text, non-duplicative programming for at least 80% of the time between 6:00 a.m. and 12:00 a.m. for six (6) consecutive months, the LFA shall have the right to request an additional Educational or Governmental Access Channel. Upon receipt of such request, and further provided that sufficient channel capacity exists, the Franchisee shall make such additional Educational or Governmental Access Channel available within a reasonable time. The LFA may request one (1) additional Educational or Governmental Access Channel in the manner prescribed herein. In the event the additional Educational or Governmental Access Channel provided to the LFA fails to carry original, non-text, non-duplicative programming for at least

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

80% of the time between 6:00 a.m. and 12:00 a.m. (i) within one (1) year of being provided to the LFA, or (ii) at any time thereafter for eight (8) consecutive weeks, such additional Educational or Governmental Access Channel shall revert to the Franchisee for its sole and exclusive use after Franchisee provides the LFA ninety (90) days advance notice of such reversion.

5.1.2. The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in **Exhibit C** attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with the Cable Law. The LFA shall have complete editorial control over programming on the Governmental and Educational Access Channels.

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

5.1.4. The Franchisee shall not arbitrarily or capriciously change 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 the Franchisee gives the LFA thirty (30) days written notice of such change. If the Franchisee changes PEG Channel assignment, it shall reimburse the LFA's reasonable costs incurred for making logo changes necessitated by channel designation and public education of new channel numbers; provided, however, that the Franchisee shall not be required to reimburse the LFA for any costs in excess of five thousand dollars (\$5,000) for any single change in PEG Channel assignment.

5.2. *PEG Facilities:* Franchisee shall design, build, and maintain all PEG upstream feeds, connections, and distribution facilities in order that such feeds function as reliably as Franchisee's Cable System as a whole within the Franchise Area, and are no more likely to fail than is Franchisee's Cable System as a whole within the Franchise Area.

5.3. *PEG Access Interconnection:* The LFA shall designate in its sole discretion not more than two (2) sites within the Franchise Area for the interconnection of Education and Governmental Access facilities with the Cable System (each, a "EG Access Interconnection Site").

**TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT**

5.3.1. Subject to the successful completion of all required site preparation work by the LFA and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the LFA, provide upstream Educational and Governmental Access Channel transmission connections between its video channel aggregation point and the EG Access Interconnection Sites in order to permit the signals to be correctly routed from the EG Access Interconnection Access Channel for the distribution to Subscribers as follows: (i) upon one hundred eighty (180) days written notice from the LFA, one (1) EG Interconnection Access Site shall be made operable by the Franchisee; and (ii) after the second (2nd) anniversary date of the Effective Date, and upon one hundred twenty (120) days written notice from the LFA, one (1) EG Interconnection Access Site for a new EG Access studio as designated by the LFA shall be made operable by the Franchisee. At no time after the third (3rd) anniversary of the Effective Date shall Franchisee be responsible for the maintenance or operation of more than one EG Access Interconnection Site.

5.3.2. The LFA shall provide to Franchisee at the EG Access Interconnection Sites as suitable video signal and a suitable audio signal for each Education and Governmental 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 Educational and Governmental Access 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 LFA as is reasonably necessary for Franchisee to fulfill such obligations.

5.3.3. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards governing the transport and distribution of Educational and Governmental Access signals to Subscribers. If Franchisee makes changes to the Cable System that require improvements to Educational and Governmental Access facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the LFA, make such changes in either the equipment and facilities referred to in Subsection 5.3.3 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

5.4. PEG Grant

5.4.1. The Franchisee shall pay to the LFA a PEG grant in the amount of One Million One Hundred Fifty Thousand and No/100 Dollars (\$1,150,000.00) (the "PEG Grant") payable in three installments. The first PEG Grant payment in the amount of Three Hundred Fifty Thousand and No/100 Dollars (\$350,000.00) shall be payable on the date which is ninety (90) days from the Effective Date; the second PEG Grant payment in the amount of Four Hundred Thousand and No/100 Dollars (\$400,000.00) on the date which is sixty (60) days from

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

the second anniversary of the Effective Date; and the third, and final, PEG Grant payment in the amount of Four Hundred Thousand and No/100 Dollars (\$400,000.00) on the date which is sixty (60) days from the third anniversary of the Effective Date.

5.4.2. The LFA shall provide Franchisee with a complete accounting annually of the distribution of funds granted pursuant to this Section 5.2.

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

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

6. FRANCHISE FEES

6.1. *Payment to LFA:* Franchisee shall pay to the LFA a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). Notwithstanding the foregoing, if all cable operators providing Cable Service in the Franchise Area pay LFA a higher Franchise Fee pursuant to their franchises, Franchisee agrees to pay the same increased Franchise Fee to the extent permitted by law. 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. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.1.1. *Supporting Information:* Each Franchise Fee payment shall be accompanied by a brief report prepared by a representative of Franchisee showing the basis for the computation.

6.2. *Audit:* Subject to the confidentiality requirements set forth in Section 7.1 of this Franchise, Franchisee shall be responsible for making available to the LFA for inspection and audit, all records necessary to confirm the accurate payment of Franchise Fees, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee's Cable Services operation in the LFA subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee's behalf. Franchisee shall maintain such records for six (6) years, provided that, if the LFA commences an audit within that six (6) year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six (6) year period. The LFA shall conduct all audits expeditiously, and neither the

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines that the payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit, together with any additional amounts due to the LFA as a result of such audit, shall be paid by Franchisee to the LFA within sixty (60) days following written notice to Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report; provided, however, that Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of Forty Thousand and No/100 Dollars (\$40,000.00). If re-computation results in additional revenue to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at the then-current 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) per annum during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. Said audit shall be conducted by an independent third party and no auditor so employed by the LFA shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFA shall not conduct an audit more frequently than once every three (3) years.

6.3. *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.

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

7. **REPORTS AND RECORDS**

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFA shall have the right to inspect 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. 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 LFA. Franchisee shall not be required to maintain any books and

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

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

7.2.1. Records of all written complaints for a period of three (3) 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;

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

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

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

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

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

8. **INSURANCE AND INDEMNIFICATION**

8.1. Insurance:

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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

8.1.1.2. Automobile Liability Insurance in the amount of five hundred thousand dollars (\$500,000) combined single limit for bodily injury and property damage coverage.

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

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

8.1.2. The LFA shall be designated as an additional insured under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

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

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

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

8.2. Indemnification:

8.2.1. Franchisee agrees to indemnify the LFA, its officers, agents, boards, elected officials, authorized representatives and employees for, and hold the same harmless from, all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, provided that the LFA shall give Franchisee written notice of the LFA's request for indemnification within a sufficient period of time from receipt of a claim or action pursuant to this Subsection to enable the Franchisee to timely answer complaints, raise defenses and to defend all claims. Notwithstanding the foregoing, Franchisee shall not indemnify the LFA for any damages, liability or claims resulting from the willful misconduct or negligence of the LFA, its officers, agents, employees, attorneys, consultants, independent contractors, authorized representatives, or third parties or for any activity or function conducted by any Person other than Franchisee or Affiliate thereof in connection with PEG Access or EAS.

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

8.2.3. The LFA shall be responsible for its own acts of willful misconduct, negligence, or breach, subject to any and all defenses and limitations of liability provided by law. The Franchisee shall not be required to indemnify the LFA for acts of the LFA which constitute willful misconduct or negligence on the part of the LFA, its officers, employees, authorized representatives, agents, attorneys, consultants, independent contractors or third parties.

9. TRANSFER OF FRANCHISE

9.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFA may consider the proposed transferee's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31-32 above.

10. RENEWAL OF FRANCHISE

10.1. *Governing Law:* The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.12 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2. *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFA shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be

**TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT**

provided to Franchisee by the LFA promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

10.3. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, the parties agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, they may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFA may grant a renewal thereof.

10.4. *Consistent Terms:* The parties consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. ENFORCEMENT AND TERMINATION OF FRANCHISE

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

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

11.3. *Public Hearing:* Consistent with Section 11.5 below, (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied the alleged noncompliance within sixty (60) days or the date projected pursuant to Section 11.2(iii) above, the LFA shall provide Franchisee at least thirty (30) business days prior written notice of a public hearing, which will specify the time, place and purpose of such public hearing, including, whether revocation of this Franchise is a possible consequence at such hearing, and provide Franchisee the opportunity to be heard and to present evidence.

11.4. *Enforcement:* Subject to Section 12.11 below and applicable federal and state law, in the event the LFA, after the public hearing set forth in Section 11.3, determines that Franchisee is in default of any provision of this Franchise, the LFA may:

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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

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

11.5. *Revocation Hearing:* At any designated public hearing at which the LFA has informed the Franchisee that revocation is a possible consequence, in accordance with the written notice requirements set forth in Section 11.1 and Section 11.2 hereof, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, and to require the production of evidence. A complete verbatim record and transcript shall be made of such hearing.

11.5.1. Following any public hearing at which revocation is a possible consequence, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the LFA in writing and promptly thereafter the LFA shall provide a written determination to the Franchisee setting forth: (i) whether an event of default has occurred under this Franchise; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured or will be cured by the Franchisee. The LFA shall also determine whether 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 LFA determines that it will revoke the Franchise, the LFA shall promptly provide Franchisee with a written determination setting forth the LFA's reasoning for such revocation. Franchisee may appeal such written determination of the LFA to an appropriate court, which shall, to the extent permitted under applicable law, have the power to review the decision of the LFA *de novo*. 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 LFA.

11.5.2. The LFA may, at its sole discretion, take any lawful action that it deems appropriate to enforce the LFA's rights ~~(including, without limitation, its right to completion of construction and deployment of Franchisee's FTTP Network in the Franchise Area pursuant to Exhibit B hereto, and the map referred to in said Exhibit B)~~ under the Franchise in lieu of revocation of the Franchise, including, without limitation, recourse against the Security in Section 11.6 hereof.

11.6. Commencing on the date which is ninety (90) days from the Effective Date hereof, for material violations of Franchisee's Service Deployment and completion of construction obligations pursuant to Article 3 and Exhibit B, the LFA shall have the right to assess liquidated damages upon the Franchisee in an amount of \$200 per day for each day the violation continues.

**TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT**

11.6.1. Any liquidated damages assessed pursuant to this Section shall not be a limitation upon any other provisions of this Franchise and applicable law, including revocation, or any other statutorily or judicially imposed penalties or remedies; provided, however, that in the event that the LFA collects liquidated damages pursuant to this Subsection, the collection of such liquidated damages shall be deemed to be the exclusive remedy for that specific breach for such specific period of time only.

11.6.2. The parties agree that each case of non-compliance as set forth in this Section 11.6. shall result in damage to the LFA, compensation for which will be difficult to ascertain. The parties agree that the liquidated damages in the amounts set forth in this Section 11.6.1 are fair and reasonable compensation for such damage. The parties further agree that Franchisee shall not be subject to liquidated damages pursuant to this Section in excess of One Hundred Thousand Dollars (\$100,000.00) in total.

11.6.11.7. Performance Bond: Within thirty (30) days after the Effective Date, the Franchisee shall provide to the LFA security for the performance of its obligations under this Agreement in the amount of One Hundred Thousand and 00/100 Dollars (\$100,000.00) (the "Security"), subject to Subsection 11.6.1 herein. The form of this security may, at the Franchisee's option, be a performance bond, letter of credit, cash deposit, cashier's check or any other security acceptable to the LFA. If the Franchisee posts a performance bond, it shall be substantially in the form of Exhibit D attached hereto.

11.6.11.7.1. If, upon the second (2nd) anniversary of the Effective Date hereof, the LFA has made no determination, following the notice and cure provisions set forth in this Article 11, that the Franchisee has defaulted on any material provision of this Franchise, then Franchisee shall reduce the amount of the Security to Fifty Thousand and 00/100 Dollars (\$50,000.00).

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

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

11.6.411.7.4. Neither cancellation, nor termination, nor refusal by surety to extend the performance bond, nor inability of the Franchisee to file a replacement

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

performance bond or replacement security for its obligations, shall constitute a loss to the LFA recoverable under the performance bond.

~~11.7.11.8.~~ *Abandonment of Service:* Franchisee shall not abandon any Cable Service or portion thereof without the LFA's prior written consent as provided in the Cable Law.

12. MISCELLANEOUS PROVISIONS

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

12.2. *Binding Acceptance:* This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

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

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

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

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

12.5.1. Notices to Franchisee shall be mailed to:

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

12.5.2. with a copy to:

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

12.5.3. Notices to the LFA shall be mailed to:

Chief of Staff for the Supervisor
Town of North Hempstead
220 Plandome Rd.
Manhasset, NY 11030

12.5.4. with a copy to:

Town Attorney
Town of North Hempstead
220 Plandome Rd.
Manhasset, NY 11030

12.6. *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the LFA and they supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. The LFA shall not subject the Franchisee to any local laws or parts of local laws that materially conflict with the provisions of this Agreement.

12.7. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

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

12.9. *Severability:* With the exception of the "material terms" of this Agreement, if any section, subsection, sub-subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by any court of competent

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise. For purposes of this Agreement, the term "material provision" or "material provisions" shall mean the following: Section 2.3 (Term), Section 2.5 (Franchise Subject to State and Federal Law), Article 3 (Provision of Cable Service) in its entirety, Section 4.1 (System Facilities), Article 5 (PEG Services) in its entirety, Section 6.1 (Payment of Franchise Fees), Article 9 (Transfer of Franchise) and Section 11.6-7 (Performance Bond).

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

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

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

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

12.14. *Publishing Information:* LFA hereby requests that Franchisee omit publishing information specified in 47 C.F.R. § 76.952 from Subscriber bills.

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

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

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

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

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

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

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

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

12.19. *No Waiver of LFA's Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFA's rights under applicable federal and state law.

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TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

AGREED TO THIS ____ DAY OF _____, 2007.

Town of North Hempstead:

By: _____
Jonathan S. Kaiman, Supervisor

Verizon New York Inc.

By: _____
Tracey A. Edwards, Vice President

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

Exhibit D: Security

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

1.	Town Hall Management Authority 220 Plandome Road Manhasset, NY 11030
2.	Town Hall Annex 200 & 210 Plandome Road Manhasset, NY 11030
3.	North Hempstead Park Activities Center 1801 Evergreen Avenue New Hyde Park, NY 11040
4.	Manorhaven Beach Park Bath House Manorhaven Boulevard Port Washington, NY 11055
5.	Town of North Hempstead Animal Shelter 75 Marino Avenue Port Washington, NY 11050
6.	Harbor Links Maintenance Building 1 Fairway Drive Port Washington, NY 11050
7.	Broadway Park Teen Center Broadhouse & Old Court House Road Garden City, NY 11530
8.	Highway Building Kenworth Avenue Albertson, NY 11507
9.	John D. Caemmerer Park Recreation Center Wentworth Avenue & William Street Albertson, NY 11507

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

10.	Public Works Building 285 Denton Avenue New Hyde Park, NY 11040
11.	Martin Reid Park Broadway Avenue & Urban Avenue Westbury, NY
12.	Charles J. Fuschillo Park Carle Road & Broadmore Lane Carle Place, NY 11514
13.	Town Dock Main Street Port Washington, NY 11050
14.	New Cassel Park Garage Brush Hollow Road Westbury, NY 11590
15.	Searingtown Pond Park Office Dogwood & Searington Road Albertson, NY 11507
16.	Ridders Pond Park (Office) Marcus Avenue & Meadow Farm Road New Hyde Park, NY 11040
17.	Clark Botanic Gardens (Bldg.) 193 IU Willets Road Albertson, NY 11507
18.	Clinton G. Martin Park Activities Building Marcus Avenue & New Hyde Park Road New Hyde Park, NY 11040
19.	Merillon Center (Bldg.) Marcus Avenue New Hyde Park, NY 11040
20.	Transfer Station 899 West Shore Road Port Washington, NY 11050

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

21.	Harbor Links Golf Course Hub House 1 Fairway Drive Port Washington, NY 11050
22.	Harbor Links Golf Course Club House 1 Fairway Drive Port Washington, NY 11050
23.	Port Washington Public Parking/Office Building Vanderventer Avenue Port Washington, NY
24.	Mary Jane Davies Park & Gazebo 200 Pandome Road Manhasset, NY 11030
25.	Solid Waste Management Authority Admin. Bldg. Port Washington 802 West Shore Road Port Washington, NY 11050
26.	Floral Park Centre Fire Department 94 McKee Street Floral Park, NY 11001
27.	Notre Dame School 25 Mayfair Road New Hyde Park, NY 11040
28.	Manhasset Valley Residence 155 East Shore Road Manhasset, NY 11030
29.	Manhasset Lakeville Fire Department 170 East Shore Road Manhasset, NY 11030
30.	North Shore Hebrew Academy 175 Community Drive Manhasset, NY 11030

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

31.	Manhasset-Great Neck EOC 65 High Street Manhasset, NY 11030
32.	Albertson Fire Department 100 I.U. Willets Road Albertson, NY 11507
33.	Garden City Park Fire Department 2264 Jericho Turnpike Garden City Park, NY 11040
34.	Herricks Senior Citizens, Inc. 999 Herricks Road New Hyde Park, NY 11040
35.	Harbor Day Care Center Inc. 999 Herricks Road New Hyde Park, NY 11040
36.	St Peter of Alcantara School 1321 Port Washington Boulevard Port Washington, NY 11050
37.	Port Washington Christian School 35 Campus Drive Port Washington, NY 11050
38.	Mertz Community Center - Community Room 382 Main Street Port Washington, NY 11050
39.	P.W.F.D. (Port Washington Fire Department) 423 Port Washington Boulevard Port Washington, NY 11050
40.	Harbor Homes Harbor Road & Middle Neck Road Port Washington, NY 11050

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

41.	Abilities, Inc. 201 I.U. Willets Road Albertson, NY 11507
42.	Abilities 201 I.U. Willets Road Albertson, NY 11507
43.	Henry Viscardi School I.U. Willets Road Albertson, NY 11507
44.	Roslyn Highlands Fire Department 270 Warner Avenue Roslyn Heights, NY 11577
45.	Concerned Citizens for Roslyn Youth 53 Orchard Street Roslyn Heights, NY 11577
46.	Laurel Homes 61 Linden Court Roslyn Heights, NY 11577
47.	Chabad of Roslyn Inc. 75 Powerhouse Road Roslyn Heights, NY 11577
48.	Carle Place Fire Department 460 Broadway Carle Place, NY 11514
49.	Magnolia Gardens 899 Broadway Westbury, NY 11590

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

EXHIBIT B

FRANCHISE AREA/SERVICE AREA

The Service Area shall be the Franchise Area. A map of the Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 78% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule calls for 82% ~~deployment~~Service Deployment by July 2007, 90% ~~deployment~~Service Deployment by January 2008, 93% ~~deployment~~Service Deployment by July 2008, 96% ~~deployment~~Service Deployment by January 2009, 96% ~~deployment~~Service Deployment by July 2009, 96% ~~deployment~~Service Deployment by January 2010, 96% ~~deployment~~Service Deployment by July 2010, 96% ~~deployment~~Service Deployment by January 2011, 99% ~~deployment~~Service Deployment by July 2011, and 100% ~~deployment~~Service Deployment by January 2012. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule.

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

EXHIBIT C

PEG CHANNELS

PEG Channels to be provided in accordance with the Cable Law. Subject to Franchisee's receipt of all necessary legal authority, and a determination by Franchisee that Franchisee is technically capable to do so, Franchisee shall use commercially reasonable efforts to transmit the Town's Education and Governmental Access Channels to each incorporated village located within the Franchise Area and to receive into the Franchise Area of the LFA the Educational and Governmental Access Channels of such incorporated villages. Franchisee acknowledges that the LFA consents to the incorporation of a provision in Verizon's franchise agreements with other ~~municipalities~~ villages within the territorial limits ~~Franchise Area~~ of the LFA providing for the transmission of such ~~municipalities~~ villages Educational and Governmental Access Channels into the Franchise Area hereof, to the extent permitted by law.

TOWN OF NORTH HEMPSTEAD/VERIZON
CABLE FRANCHISE AGREEMENT

EXHIBIT D

SECURITY

SAMPLE
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 _____ Dollars (\$ _____), the payment of which sum, well and truly to be made, the said Principal and Surety bind themselves, their heirs, administrators, executors, and assigns, jointly and severally, firmly by these presents.

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

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

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

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

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

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

4. 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.
5. 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.
6. 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.
7. 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.

This bond shall not bind the Surety unless it is accepted by the Obligee by signing below.

IN WITNESS WHEREOF, the above bounded Principal and Surety have hereunto signed and sealed this bond effective this day of _____, 2007.

Principal

Surety

By: _____

By: _____, Attorney-in-Fact

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