

# **Cable Franchise Agreement**

**by and between  
the County of Stafford, Virginia  
and  
Verizon Virginia Inc.**

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THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the County of Stafford, a duly organized County under the applicable laws of the Commonwealth of Virginia (the Local Franchising Authority or “County”) and Verizon Virginia Inc., a corporation duly organized under the applicable laws of the Commonwealth of Virginia (the “Franchisee”).

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

WHEREAS, the County 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 the Code of Virginia, Va. Code Ann. § 15.2-2108;

WHEREAS, the County intends to exercise the full scope of its municipal powers to the extent not prohibited by Virginia law, including both its police power and contracting authority, to promote the public interest and to protect the health, safety and welfare of the citizens of Stafford County, Virginia;

WHEREAS, Franchisee maintains that it is in the process of installing a Fiber to the Premises Telecommunications Network (“FTTP Network”) in the Franchise Area for the transmission of Non-Cable Services pursuant to authority granted by the Commonwealth of Virginia;

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

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

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

WHEREAS, the County has determined that the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the County 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 County's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the Franchise/Service Area of the County pursuant to and consistent with the Communications Act (as hereinafter defined), pursuant to the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

Except as otherwise provided herein, the definitions and word usages set forth in the Communications Act (as hereinafter defined) are incorporated herein and shall apply in this Agreement. References in this section to any federal or state law shall include amendments thereto as may be enacted from time-to-time. When not inconsistent with the context, words used in the present tense include the future tense, words in the plural number include the singular number and words in the singular number include the plural number. The words "shall" and "will" are mandatory and "may" is permissive. Words not defined shall be given their common and ordinary meaning. In addition, the following definitions shall apply:

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

1.2. *Affiliate*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, meaning in relation to any person, another person who owns or controls, is owned or controlled by, or is under common ownership or control with, such person.

1.3. *Basic Service or Basic Service Tier*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, meaning the Cable Service tier that includes (i) the retransmission of local television broadcast Channels and (ii) PEG Channels required to be carried in the basic tier.

1.4. *Cable Service or Cable Services*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, meaning the one-way transmission to Subscribers of (i) Video Programming or (ii) other programming service, and Subscriber interaction, if any, which is required for the selection or use of such Video Programming or other programming service. Cable Service does not include any Video Programming provided by a commercial mobile service provider defined in 47 U.S.C. § 332(d).

1.5. *Cable System or System*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, meaning Franchisee's facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service that includes Video Programming and that is provided to multiple Subscribers within the Service Area, except that such term shall not include (i) a system that serves fewer than twenty (20) Subscribers; (ii) a facility that serves only to retransmit the television signals of one or more

television broadcast stations; (iii) a facility that serves only Subscribers without using any Public Rights-of-Way; (iv) a facility of a common carrier that is subject, in whole or in part, to the provisions of Title II of the Communications Act of 1934, 47 U.S.C. § 201 *et seq.*, except that such facility shall be considered a Cable System to the extent such facility is used in the transmission of Video Programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (v) any facilities of any electric utility used solely for operating its electric system; (vi) any portion of a system that serves fewer than fifty (50) Subscribers in any locality, where such portion is a part of a larger system franchised in an adjacent locality; or (vii) an open video system that complies with § 653 of Title VI of the Communications Act of 1934, as amended, 47 U.S.C. § 573.

1.6. *Channel*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(4), meaning a portion of the electromagnetic frequency spectrum which is used in a cable system and which is capable of delivering a television channel, as defined by the Federal Communications Commission by regulation.

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

1.8. *County*: The County of Stafford, Virginia and its lawful and permitted successors, assigns, and transfers.

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

1.10. *Force Majeure*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, meaning an event or events reasonably beyond the ability of Franchisee to anticipate and control. “Force majeure” includes, but is not limited to, acts of God, incidences of terrorism, war or riots, labor strikes or civil disturbances, floods, earthquakes, fire, explosions, epidemics, hurricanes, tornadoes, governmental actions and restrictions, work delays caused by waiting for utility providers to service or monitor or provide access to utility poles to which Franchisee’s facilities are attached or to be attached or conduits in which Franchisee’s facilities are located or to be located, and unavailability of materials or qualified labor to perform the work necessary.

1.11. *Franchise Area*: The entire existing territorial limits of the County and such additional areas as may be included in the territorial limits of the County during the term of this Franchise.

1.12. *Franchisee*: Verizon Virginia Inc. and its lawful and permitted successors, assigns and transferees.

1.13. *Gross Revenue*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, §15.2-2108.19, meaning all revenue, as determined in accordance with generally accepted accounting principles, that is actually received by the Franchisee and derived from the operation of the Cable System to provide Cable Services in the Franchise Area; however, “gross revenue” shall not include: (i) refunds or rebates made to Subscribers or other third parties; (ii) any revenue which is received from the sale of merchandise over home shopping channels carried on the Cable System, but not including

revenue received from home shopping channels for the use of the Cable Service to sell merchandise; (iii) any tax, fee, or charge collected by the Franchisee and remitted to a governmental entity or its agent or designee, including without limitation a local public access or education group; (iv) program launch fees; (v) directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement, and electronic publishing; (vi) a sale of Cable Service for resale or for use as a component part of or for the integration into Cable Services to be resold in the ordinary course of business, when the reseller is required to pay or collect franchise fees or similar fees on the resale of the Cable Service; (vii) revenues received by any affiliate or any other person in exchange for supplying goods or services used by the Franchisee to provide Cable Service; and (viii) revenue derived from services classified as Non-Cable Services under federal law, including, without limitation, revenue derived from Telecommunications Services and Information Services, and any other revenues attributed by the Franchisee to Non-Cable Services in accordance with rules, regulations, standards, or orders of the Federal Communications Commission.

1.14. *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20), meaning the offering of a capability for generating, acquiring, storing, transforming, processing, retrieving, utilizing, or making available information via telecommunications, and includes electronic publishing, but does not include any use of any such capability for the management, control, or operation of a telecommunications system or the management of a telecommunications service.

1.15. *Initial Service Area*: The portion of the Franchise Area as outlined in Exhibit A.

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

1.17. *Local Franchise Authority (County)*: The County of Stafford or the lawful successor, transferee, or assignee thereof.

1.18. *Non-Cable Services*: Any service that does not constitute the provision of Cable Services directly to multiple Subscribers in the Franchise Area.

1.19. *Normal Business Hours*: Shall be defined herein as it is defined under 47 C.F.R. § 76.309(c)(4)(i), meaning 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.

1.20. *Normal Operating Conditions*: Shall be defined herein as it is defined under 47 C.F.R. § 76.309(c)(4)(ii), meaning those service conditions which are within the control of the Franchisee. Those conditions which are not within the control of the Franchisee include, but are not limited to, natural disasters, civil disturbances, power outages, telephone network outages, and severe or unusual weather conditions. Those conditions which are ordinarily within the control of the Franchisee include, but are not limited to, special promotions, pay-per-view events, rate increases, regular peak or seasonal demand periods, and maintenance or rebuild of the Cable System.

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

1.22. *Person*: An individual, partnership, association, joint stock company, trust, corporation, or limited liability entity.

1.23. *Public Rights-of-Way*: The surface of and the space above and below any public street, public road, public highway, public freeway, public lane, public path, public way, public alley, public court, public sidewalk, public boulevard, public parkway, public drive, or public easement or right-of-way now or hereafter held by County which shall, within its proper use and meaning, entitle Franchisee to the use thereof for the purpose of installing or transmitting over poles, wires, cables, conductors, ducts, conduits, vaults, manholes, amplifiers, appliances, attachments and other property as may be ordinarily necessary and pertinent to the Cable System. 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.

1.24. *Service Area*: All portions of the Franchise Area where Cable Service is being offered, including the Initial Service Area and portions serviced pursuant to the Year Seven (7) Threshold.

1.25. *Service Date*: The date that the Franchisee first provides Cable Service on a commercial basis directly to multiple Subscribers in the Franchise Area. The Franchisee shall memorialize the Service Date by notifying the County in writing of the same, which notification shall become a part of this Franchise.

1.26. *Service Interruption*: The loss of picture or sound on one or more cable channels.

1.27. *Subscriber*: A Person or governmental entity within the County that is legally authorized to receive Cable Services over the Cable System provided by Franchisee. In the case of multiple office buildings or multiple dwelling units, Subscriber means the lessee, tenant, or occupant not the building owner, except in cases where Franchisee and the building owner have entered into a legally permissible bulk-billed arrangement.

1.28. *Telecommunication Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. § 153(46), meaning the offering of telecommunications for a fee directly to the public, or to such classes of users as to be effectively available directly to the public, regardless of the facilities used.

1.29. *Title II*: Title II of the Communications Act.

1.30. *Title VI*: Title VI of the Communications Act.

1.31. *Transfer of the Franchise*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, §15.2-2108.19, meaning any transaction in which (i) an ownership or other interest in the Franchisee is transferred, directly or indirectly, from one person or group of persons to another person or group of persons, so that majority control of the Franchisee is transferred; or (ii) the rights and obligations held by the Franchisee under the Franchise are transferred or assigned to another person or group of persons.

However, notwithstanding clauses (i) and (ii) of the preceding sentence, a transfer of the cable franchise shall not include (a) transfer of an ownership or other interest in the Franchisee to the parent of the Franchisee or to another affiliate of the Franchisee; (b) transfer of an interest in the cable franchise granted under this article or the rights held by the Franchisee under the Franchise to the parent of the Franchisee or to another affiliate of the Franchisee; (c) any action that is the result of a merger of the parent of the Franchisee; (d) any action that is the result of a merger of another affiliate of the Franchisee; or (e) a transfer in trust, by mortgage, or by assignment of any rights, title, or interest of the Franchisee in the Franchise or the Cable System used to provide Cable Services in order to secure indebtedness.

1.32. *Video Programming*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, §15.2-2108.19, meaning programming provided by, or generally considered comparable to, programming provided by a television broadcast station.

1.33. *Year Seven (7) Threshold*: The portion of the Franchise Area to which Franchisee agrees to provide Cable Services pursuant to Section 3.1 of this Agreement.

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

2.1. *Grant of Authority*: Subject to the terms and conditions of this Agreement, Section 15.2-2108.19, *et seq.* of the Code of Virginia, and the Communications Act, the County 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. *Facility Construction and Public Rights-of-Way Management*: The County hereby agrees to comply with Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, §15.2-2108.24, in its current form and as it may be amended. The Parties agree that §15.2-2108.24 currently reads as follows:

A locality shall not impose through a franchise to provide cable service, whether by negotiation or by ordinance, any facility construction or rights-of-way management requirements on a cable operator that is (i) a certificated provider of telecommunications services that has a franchise to use the public rights-of-way in a locality or (ii) a certificated provider of telecommunications services that lacked prior consent to provide cable service in a locality but provided telecommunications services over facilities leased from an entity having a franchise to use the public rights-of-way in such locality, except that a municipality must meet the requirements of Article 1.1 (§ 15.2-2108.2 *et seq.*) of this chapter or otherwise be authorized to provide cable service.

Nothing in this Agreement shall affect any authority or constitute a waiver by the County regarding any right to adopt and enforce lawful regulations with respect to Franchisee's Telecommunications Facilities in the Public Rights-of-Way.



2.3. *Termination of Telecommunications Services:* Notwithstanding any other provision of this Agreement, if Franchisee ceases to provide Telecommunications Services over the FTTP Network at any time during the Term, and is not otherwise authorized to occupy the Public Rights-of-Way in the Franchise Area, the County may regulate the FTTP Network as a Cable System to the extent permitted by Title VI.

2.4. *Term; Acceptance:* This Franchise shall become effective on \_\_\_\_\_, 2008 (the "Effective Date"). The term of this Franchise shall be fifteen (15) years from the Effective Date unless the Franchise is earlier surrendered or revoked as provided herein. Execution of this Agreement by the Franchisee shall constitute acceptance of the Franchise by the Franchisee and notification of such acceptance to the Stafford County Board of Supervisors.

2.5. *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 County 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 governmental entity, or to make any such use themselves, at any time during the term of this Franchise. Any such other rights which are granted shall not be inconsistent with rights granted to the Franchisee under this Franchise or under state law.

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

2.7. *No Waiver:*

2.7.1. The failure of County on one or more occasions to exercise a right or to require compliance or performance under this Franchise, the Communications Act or any other applicable State or Federal law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by the County, nor to excuse Franchisee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

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

2.8. *Construction of Agreement:*

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

2.8.2. Nothing herein shall be construed to limit the scope or applicability of state and federal law.

2.9. *Police Powers:* Except as otherwise provided in this Section 2.9, Franchisee's rights under this Franchise shall be subject to the lawful police powers of the County to adopt and enforce ordinances of general applicability necessary to protect and preserve the health, safety and welfare of the public. Franchisee shall comply with all applicable general laws and ordinances lawfully enacted by County pursuant to such police powers. The County agrees that ordinances which it adopts that impact this Agreement must be enacted upon reasonable conditions and of a character appropriate to the public purpose justifying enactment. Nothing herein prohibits the Franchisee from challenging any future ordinances enacted by the County as may be permitted under applicable law.

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

#### 3.1. *Service Area:*

3.1.1. Franchisee shall make Cable Service available (i) to all of the occupied residential dwelling units in the Initial Service Area within three (3) years of the Service Date of this Franchise, and (ii) to no less than sixty-five percent (65%) of the occupied residential dwelling units in the Franchise Area within seven (7) years of the Service Date of this Franchise (the "Year Seven (7) Threshold"). Franchisee may make Cable Service available to businesses in the Service Area. Notwithstanding the foregoing, Franchisee shall not be required to make Cable Service available: (a) for periods of Force Majeure; (b) for periods of delay caused by the County; (c) for periods of delay resulting from the 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; (e) in developments or buildings that the Franchisee cannot access under industry standard terms and conditions after good faith negotiation; (f) in developments or buildings that the Franchisee is unable to provide Cable Service for technical reasons or that require facilities that are not available or cannot be deployed on a commercially reasonable basis; (g) in areas where it is not technically feasible to provide Cable Service due to the technology used by the Franchisee to provide Cable Service; (h) in areas where the average occupied residential household density is less than twenty (20) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the Franchisee's active FTTP Network trunk or feeder line; and (i) when the Franchisee's prior service, payment, or theft of Service history with a Subscriber or potential Subscriber has been unfavorable. Should, through new construction, an area within the Franchisee's Initial Service Area or portions serviced pursuant to the Year Seven (7) Threshold meet the density requirement as set forth in this subsection, Franchisee shall, subject to exclusions (a) through (i) set forth in this Subsection, provide Cable Service to such area within six (6) months of receiving notice from the County that the density requirements have been met.

3.1.2. The Franchisee shall provide a certificate at its third (3<sup>rd</sup>) and seventh (7<sup>th</sup>) anniversary dates certifying its compliance with the requirements set forth in Subsection 3.1.1.

3.1.3. Except for the Initial Service Area, and any portions of the Service Area serviced pursuant to the Year Seven (7) Threshold, Franchisee shall have the right but not the obligation to extend its Cable System or to provide Cable Services to any other areas within the Franchise Area during the term of this Franchise or any renewals thereof.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all occupied 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. 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 occupied residential dwelling units that are within two hundred (200) feet of 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 connection, actual costs incurred for residential dwelling unit connections that exceed two hundred (200) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.3. *Discriminatory Practices Prohibited:* Franchisee shall comply at all times with all applicable federal and state laws regarding non-discrimination in the provisioning of Cable Service.

3.4. *Cable Service to Municipal Buildings:* Subject to 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for the most commonly subscribed-to tier of Cable Service and one (1) set top box, if necessary, to each fire station, public school, police station, public library, and any other local government building as may be designated by the County and also required of one or more other franchised cable operators in the Service Area, as provided in Exhibit B and to any additional newly constructed or acquired fire station, public school, police station, public library, or other local government building that may be designated by the County ("Additional Buildings") so long as such Additional Buildings do not exceed five (5) per calendar year and are also required of one or more other franchised cable operators in the Service Area; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than two hundred (200) feet solely to provide service to any such school or public building, the County shall have the option either of paying Franchisee's direct costs for such extension in excess of two hundred (200) feet, or of releasing Franchisee from the obligation to provide service to such building. Furthermore, Franchisee shall be permitted to recover, from any school or other 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 two hundred (200) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of the most commonly subscribed-to tier of Cable Service to the additional service outlets once installed. 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. The requirements of this Section 3.3 shall not apply in cases where it is not technically feasible for the Franchisee to comply.

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

4.1. *System Characteristics:* The Franchisee's Cable System shall meet or exceed the following requirements:

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

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

4.1.3. Modern design when built, utilizing an architecture that will permit additional improvements necessary for high quality and reliable service throughout the term of this Agreement. The FTTP Network shall initially utilize the ITU G.983 Passive Optical Network standard and have no active elements so as to make it more reliable.

4.1.4. Protection against outages due to power failures, so that back-up power is available for at least twenty-four (24) hours at each headend, and conforming to industry standards, but in no event rated for less than four hours, at each power supply site.

4.1.5. Facilities and equipment sufficient to cure violations of any applicable FCC technical standards and to ensure that the Cable System remains in compliance with the standards specified in Subsection 5.1.19 below.

4.1.6. Facilities and equipment as necessary to maintain, operate, and evaluate the Cable System to comply with any applicable FCC technical standards, as such standards may be amended from time to time.

4.1.7. All facilities and equipment designed to be capable of continuous twenty-four (24) hour daily operation in accordance with applicable FCC standards except as caused by a Force Majeure event.

4.1.8. All facilities and equipment designed, built and operated in such a manner as to comply with all applicable FCC requirements regarding (i) consumer electronic equipment and (ii) interference with the reception of off-the-air signals by a subscriber.

4.1.9. All facilities and equipment designed, built and operated in such a manner as to protect the safety of the Cable System workers and the public.

4.1.10. Sufficient trucks, tools, testing equipment, monitoring devices and other equipment and facilities and trained and skilled personnel required to enable the Franchisee to substantially comply with applicable law, including applicable customer service standards and including requirements for responding to system outages.

4.1.11. All facilities and equipment required to properly test the Cable System and conduct an ongoing and active program of preventive maintenance and quality control and to be able to quickly respond to customer complaints and resolve system problems.

4.1.12. Design capable of interconnecting with other cable systems in the Franchise Area as set forth in Section 5.2 below.

4.1.13. Facilities and equipment at the headend shall allow the Franchisee to transmit or cablecast signals in substantially the form received, without substantial alteration or deterioration. For example, the headend should include equipment that will transmit color video signals received at the headend in color, stereo audio signals received at the headend in stereo, and a signal received with a secondary audio track with both audio tracks. Similarly, all

closed-captioned programming retransmitted over the Cable System shall include the closed-captioned signal in a manner that renders that signal available to Subscriber equipment used to decode the captioning.

4.1.14. The System shall be capable of transmitting in high definition any Channels that are received in high definition format. Actual carriage of any such high definition Channels will be at the Franchisee's sole discretion.

4.1.15. The System shall provide adequate security provisions in its Subscriber site equipment to permit parental control over the use of Cable Services on the System. Such equipment shall at a minimum offer as an option that a Person or governmental entity ordering programming must provide a personal identification number or other means provided by the Franchisee only to a Subscriber. Provided, however, that the Franchisee shall bear no responsibility for the exercise of parental controls and shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls.

4.1.16. The provision of additional Channels, increased Channel capacity, and/or upgrades of any kind to the Cable System is solely within the control and discretion of the Franchisee.

4.1.17. With the exception of any PEG Channels and subject to applicable law, all content and programming of Cable Services, including the mix, level, and/or quality of such content and programming, remains in the sole discretion of the Franchisee.

4.1.18. The Cable System must conform to or exceed all applicable FCC technical performance standards, as amended from time to time, and any other future applicable technical performance standards, which the County is permitted by a change in law to enforce, and shall substantially conform in all material respects to applicable provisions of the following standards and regulations to the extent such standards and regulations remain in effect and are consistent with accepted industry procedures:

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

4.1.18.2. National Electrical Code;

4.1.18.3. National Electrical Safety Code (NESC);

4.1.18.4. Obstruction Marking and Lighting, AC 70/7460 i.e., Federal Aviation Administration;

4.1.18.5. Constructing, Marking and Lighting of Antenna Structures, Federal Communications Commission Rules, Part 17; and

4.1.19. Requirements set forth in the Virginia Uniform Statewide Building Code.

4.2. Upon request of the County and subject to Section 8.3, the Franchisee shall provide written verification of compliance with the requirements set forth in Section 4.1.

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. Upon written request, the County may require the Franchisee to interconnect with any other franchised cable operator to ensure the carriage of the PEG Access Channels required by Section 5.1. If the new cable operator and Franchisee cannot agree to an interconnection agreement within one hundred eighty (180) days of the County's written request to interconnect, then the County may, in the County's sole discretion, determine an interconnection point with the objective of designating an interconnection point that is mutually convenient, cost-effective, and technically feasible. Nothing herein shall prohibit the Franchisee from requiring such other franchised cable operator to pay the costs of such interconnection, including construction, signal transport, and maintenance costs.

4.4. *Emergency Alert System:*

4.4.1. Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC in order that emergency messages may be distributed over the System. In the event of a state or local civil emergency, the EAS shall be remotely activated as set forth in the Commonwealth of Virginia and Fredericksburg Local Area Plan.

## 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 on the Basic Service Tier two (2) dedicated PEG Access Channels (collectively, "Initial PEG Access Channels") to the County or its designee. If an Initial PEG Access Channel provided under Section 5.1.1 is not being utilized by the County, Franchisee may utilize such Initial PEG Access Channel, in its sole discretion, until such time as County elects to utilize the Initial PEG Access Channel for its intended purpose.

5.1.2. *Additional PEG Access Channels:*

5.1.2.1. Upon six (6) months advance written notice by County, Franchisee shall provide County with one (1) additional non-commercial PEG Access Channel (the "Additional PEG Access Channel") to be programmed in County's sole discretion. This Additional PEG Access Channel shall not be required of the Franchisee prior to January 1, 2010 (*i.e.*, six (6) month notice sent by County to Franchisee no sooner than June 30, 2009) and shall be required only: (1) after approval by the County Board of Supervisors at a public hearing voting in favor of requiring such Additional PEG Access Channel, and (2) so long as such determination by the County Board of Supervisors applies equally to all franchised cable operators in the Franchise Area. Franchisee may provide such Additional PEG Access Channel on any tier of Service then available to Subscribers in the County and need not be provided on the Basic Cable Service tier.

5.1.3. The County hereby authorizes Franchisee to transmit PEG Access Channel programming within and without County jurisdictional boundaries. Franchisee specifically reserves its right to make or change channel assignments in its sole discretion; provided, however, that the Franchisee shall give the County at least forty-five (45) days notice of any PEG Channel assignment change if the reason for the change is within the control of Franchisee, and as soon as possible if the reason for the change is not within the control of Franchisee.

5.1.4. The Franchisee shall obtain the PEG Access Channel programming via a dedicated fiber connection to the Stafford County Administration Center, 1300 Courthouse Rd., Stafford, VA, 22554 ("Administration Center"). The Franchisee's obligations under this Subsection 5.1.4, including its obligation to provide upstream equipment and facilities necessary to transmit signals, shall be subject to the provision by the County, without charge to the Franchisee, of: (1) access to the Administration Center facility; (2) access to any required PEG equipment within the Administration Center facility and suitable required space, environmental conditions, electrical power supply (currently a dedicated 20 amp 110/120 vac non-switched electrical outlet), access, and pathways within the Administration Center facility; (3) a standard viewable NTSC signal suitable for PEG Access Channel programming; (4) any third-party consent that may be necessary to transmit PEG signals; and (5) any other cooperation and access to facilities as are reasonably necessary for the Franchisee to fulfill the obligations stated herein. The County shall further be responsible for ensuring that such video signals and signal feeds are properly connected to the correct PEG Access Channel for distribution to Subscribers. The Franchisee shall, within one hundred twenty (120) days of the Effective Date or delivery of suitable video signals, whichever is later, provide, install, and maintain in good working order the equipment necessary for transmitting such signals to Subscribers.

5.1.5. Upon notification by the County, Franchisee's response time for any dedicated fiber signal discrepancies in any Access Channel dedicated fiber connection established pursuant to Section 5.1 shall be as follows:

5.1.5.1. Dedicated fiber technical problems which render any or all of the Access Channels unusable or unviewable shall be serviced as soon as possible and in the same priority as any other dedicated fiber technical problems which render any other Channel in the Cable System unusable or unviewable. Minor signal distortions or problems shall be serviced: (1) as soon as reasonably possible; and (2) in no more than forty-eight (48) hours.

5.1.5.2. Signal problems on any dedicated fiber supporting Access Channel operation which render the signal unusable or unviewable shall be serviced as soon as possible. Other technical problems on any dedicated fiber supporting Access Channels shall be addressed: (1) as soon as reasonably possible; and (2) in no more than forty-eight (48) hours.

5.1.6. In the event the County lawfully designates a separate body to administer any of the PEG Access Channels, Franchisee agrees to cooperate with such designee in connection with matters relating to the use of the PEG Access Channels.

5.1.7. If Franchisee makes changes or improvements to its Cable System that necessitate additional PEG Access Channel facilities or equipment by Franchisee, Franchisee shall provide such equipment within thirty (30) days so that PEG Channel facilities and equipment may be used as intended with respect to the PEG Access Channels specified in this Section 5.1 and so that live and taped programming can be cablecast efficiently to Subscribers. Franchisee shall be solely responsible for the costs associated with any Franchisee-desired technology changes to and maintenance and repair of the Franchisee's dedicated fiber connection required by Subsection 5.1.4.

5.1.8. Notwithstanding the foregoing, Franchisee shall not be obligated to provide the County with either cablecast equipment and facilities or personnel responsible for maintaining and operating such cablecast equipment and facilities used to generate any such PEG signals.

5.2. *PEG Grant:*

5.2.1. Franchisee shall provide a PEG grant to the County (the "PEG Capital Fee"). The PEG Capital Fee shall be used by the County to support the capital costs of PEG Channel facilities.

5.2.1.1. The PEG Capital Fee shall be the sum of twenty cents (\$0.20), per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier, commencing on the Service Date. Beginning four (4) years from the Effective Date, the Franchisee shall adjust the PEG Capital Fee to an amount equal to the lowest per month, per subscriber amount required to be paid by any other franchised cable operator solely to support the capital costs of the PEG channel facilities in the County, up to a maximum of twenty-five cents (\$0.25) per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier. Beginning eight (8) years from the Effective Date, the Franchisee shall adjust the PEG Capital Fee paid to an amount equal to the lowest per month, per subscriber amount required to be paid by any other franchised cable operator solely to support the capital costs of the PEG channel facilities in the County, up to a maximum of thirty cents (\$0.30) per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier. No sooner than June 13, 2016, the Franchisee shall adjust the PEG Capital Fee to an amount equal to the highest per month, per subscriber amount required to be paid by any other franchised cable operator in the Franchise Area solely to support the capital costs of the PEG channel facilities in the County, up to a maximum of fifty cents (\$.50) per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier. No sooner than December 20, 2016, the Franchisee shall adjust the PEG Capital Fee to an amount equal to the lowest per month, per subscriber amount required to be paid by any other franchised cable operator in the Franchise Area solely to support the capital costs of the PEG channel facilities in the County, up to a maximum of fifty cents (\$.50) per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier. Franchisee's obligations to adjust the PEG Capital Fee as set forth in this Subsection 5.2.1.1 are subject to the County providing the Franchisee with written notice of any required adjustment, and the Franchisee shall have sixty (60) days from the date of receipt of such notice to begin paying the adjusted amount. Consistent with the foregoing, the County shall have the right, on or any time after December 20, 2016, subject to the requirements set forth in this Subsection 5.2.1.1, to mandate that the Franchisee match the lowest per month, per subscriber amount required to be paid by any other franchised



cable operator in the Franchise Area solely to support the capital costs of the PEG channel facilities in the County, up to a maximum of fifty cents (\$.50) per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier.

5.2.1.2. The PEG Capital Fee shall be delivered to the County within forty-five (45) days after the beginning of each quarter during the Franchise Term. Calculation of the PEG Grant will commence with the first calendar month during which Franchisee obtains its first Subscriber in the Service Area.

5.2.1.3. If the Franchisee fails to materially comply with timely and full payment of the PEG Capital Fee pursuant to Subsections 5.2.1.1 and 5.2.1.2, Franchisee agrees to pay the legal rate of interest set forth at Section 6.1-330.53 of the Virginia Code (currently, six percent (6%) per annum).

5.2.2. Upon request but no more frequently than one (1) time per year, the County shall provide Franchisee with a complete accounting of the distribution of funds granted pursuant to this Section 5.2.

5.3. Should at any time during the term of this Agreement the Franchisee begin paying franchise fees pursuant to Section 6.2, any and all payments by the Franchisee of the PEG Capital Fee shall not be off-set against such franchise fees or otherwise deemed "Franchise Fees" within the meaning of Section 622 of the Cable Act (47 U.S.C. § 542), so long as such requirement applies equally to all other franchised cable operators in the Franchise Area.

5.4. County shall require all local producers and users of any of the PEG facilities or Access Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement. The County shall further use reasonable efforts to require all local producers and users of any of the PEG facilities or Access Channels other than the County and the School Board to defend and hold harmless Franchisee and the County from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Access Channel. County shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.5. To the extent permitted by federal and state law, including Section 15.2-2108.25 of the Code of Virginia, the Franchisee shall be allowed to recover from Subscribers the costs of the PEG Capital Fee or any other costs arising from the provision of PEG services, and shall be allowed 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 costs to Subscribers.

6. **COMMUNICATIONS SALES AND USE TAX**

6.1. The Franchisee shall comply with all applicable requirements of the provisions of Section 58.1-645 of the Code of Virginia (the "Communications Sales and Use Tax") in its current form and as it may be amended.

6.2. Should at any time during the term of this Agreement the Communications Sales and Use Tax be repealed or amended to reduce or eliminate the payment of taxes by the Franchisee on the provision of Cable Services over the Cable System, the County may, to the extent allowable under applicable law, require, upon sixty (60) days written notice, that the Franchisee pay to the County a franchise fee based on Gross Revenue in an amount established by the County and the Franchisee that is no greater than that allowed by federal law; provided, however, that: (1) any such requirement to pay a franchise fee applies equally to all franchised cable operators in the County; (2) the Franchisee shall not be compelled to pay any higher percentage of gross revenue as franchise fees than any other franchised cable operator providing service in the County; and (3) Franchisee shall not be obligated to pay franchise fees on revenues not included in gross revenues by any other franchised cable operator in the County. Any payment of franchise fees to the County pursuant to this Section 6.2 shall be made on a quarterly basis and shall be due forty-five (45) days after the close of each quarter.

7. **CUSTOMER SERVICE**

7.1. Customer Service Requirements are set forth in Exhibit C, which shall be binding unless amended by written consent of the parties.

7.2. *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.

8. **REPORTS AND RECORDS**

8.1. *Open Books and Records:* Upon not less than thirty (30) business days written notice to the Franchisee, the County 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, as are reasonably necessary to ensure compliance with the terms of this Franchise; provided, however, that inspections of financial records including audits performed pursuant to Section 8.2 shall be performed no more frequently than once every twenty-four (24) months. 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 County. Franchisee shall produce such books and records at a location within the County or at a mutually agreed upon location no greater than thirty (30) miles from the County. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than five (5) years. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

8.2. Inspections performed pursuant to Section 8.1 of this Agreement may include an audit of all records reasonably necessary to confirm the accurate payment of the PEG Grant. Franchisee shall bear the County's reasonable, documented out-of-pocket expenses of any such audit performed by a qualified, independent third-party auditor, up to a maximum of five thousand dollars (\$5,000), if such audit discloses an underpayment by Franchisee of more than three percent (3%) of any quarterly payment and five thousand dollars (\$5,000) or more. The County shall not audit Franchisee more frequently than once every twenty-four (24) months. The County shall have no more than three (3) years from the time Franchisee delivers a payment to provide a written, detailed objection to or dispute of that payment, and if the County fails to object to or dispute the payment within that time period, the County shall be barred from objecting to or disputing it after that time period. Franchisee shall be provided a reasonable opportunity to review the results of any audit and to dispute any audit results which indicate an underpayment to the County. In the event that Franchisee disputes any underpayment discovered as the result of an audit conducted by the County, the County shall work together with Franchisee in good faith to promptly resolve such dispute. The County and Franchisee maintain all rights and remedies available at law regarding any disputed amounts. The County may require Franchisee to pay any additional undisputed amounts due to the County as a result of an audit performed by the County pursuant to this Section 9.2 within thirty (30) days following receipt by Franchisee of written notice by the County. Notwithstanding the foregoing, Franchisee shall not be obligated to bear any audit expenses for any auditor utilized by the County that is compensated on a success based formula, *e.g.*, payment based on a percentage of underpayment, if any.

8.3. *Proprietary and Confidential Information:* 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 except in accordance with the following procedures, or to disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. If Franchisee believes that any requested information is confidential and proprietary, Franchisee must provide the following documentation to the County: (i) specific identification of the information; (ii) a statement attesting to the reason(s) Franchisee believes the information is confidential and/or proprietary; and (iii) a statement that the document(s) are available for inspection by the County. Such inspection shall take place at a location within the County or at a mutually agreed upon location no greater than thirty (30) miles from the County. Franchisee shall be responsible for clearly and conspicuously stamping the word "Confidential" on each page that contains any "confidential" or "proprietary" information. Unless otherwise ordered by a court or agency of competent jurisdiction, the County agrees that, to the extent permitted by applicable law, it shall deny access to any of Franchisee's information marked "Confidential" as set forth in this Section 8.3 to any Person or governmental entity. If, in the course of enforcing this Franchise or for any other reason, the County believes it must disclose any information marked "Confidential" as set forth in this Section 8.3, the County shall provide reasonable advance notice of such disclosure so that Franchisee can take appropriate steps to protect its interests. If the County receives a demand from any Person or governmental entity for disclosure of any information identified as "Confidential" pursuant to this Section 8.3, the County shall, so far as consistent with applicable law, advise Franchisee and provide Franchisee with a copy of any written request prior to granting the Person or governmental entity access to such information.

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

8.4.1. 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;

8.4.2. 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;

8.4.3. 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;

8.4.4. Records of installation/reconnection and requests for service extension for a period of three 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

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

8.4.6. Within forty-five (45) days of receipt of a written request from the County, Franchisee shall, subject to Section 8.3, provide the County with such written information or reports as set forth in this section 8.4 to permit County to verify Franchisee’s compliance with the terms of this Agreement.

8.5. *Cable Service Deployment Meetings:* Franchisee agrees that, upon request and with no less than thirty (30) days’ written notice, but no more than once per year, a representative of the Franchisee will meet with representatives of the County to provide additional information on the status of Franchisee’s deployment of Cable Services in the Franchise Area. During these meetings, the Franchisee representative will show the County representatives, for viewing only, a map showing the availability of Cable Services in the Franchise Area. Nothing herein shall prevent the County from contacting at any time the single point of contact identified in Section 13.14 with respect to any additional matters regarding this Agreement. Nothing herein shall prevent the County from requesting, at any time, for viewing purposes only, the maps referenced in this Subsection 8.5, which shall be made available at the location where such maps are maintained by the Franchisee in the normal course of business.

## 9. **INSURANCE AND INDEMNIFICATION**

9.1. *Insurance:*

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

9.1.1.1. Commercial General Liability Insurance in the amount of one million dollars (\$1,000,000.00) 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 County.

9.1.1.2. Automobile Liability Insurance in the amount of one million dollars (\$1,000,000.00) combined single limit for bodily injury and property damage coverage.

9.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the Commonwealth of Virginia.

9.1.1.4. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: one hundred thousand dollars (\$100,000.00); and (B) Bodily Injury by Disease: one hundred thousand dollars (\$100,000.00) employee limit; five hundred thousand dollars (\$500,000.00) policy limit.

9.1.1.5. Umbrella Liability Insurance shall be maintained above the primary Commercial General Liability, Automobile Liability, and Employers' Liability policies required herein. The limit of such Umbrella Liability Insurance shall not be less than two million dollars (\$2,000,000.00) each occurrence and in the annual aggregate.

9.1.2. The limits required above may be satisfied with a combination of primary and excess coverage.

9.1.3. The County shall be included as an additional insured under each of the insurance policies required in this Article 10 except Workers' Compensation and Employers' Liability Insurance.

9.1.4. Franchisee shall not cancel any required insurance policy without obtaining alternative insurance in conformance with this Agreement.

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

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

## 9.2. *Indemnification:*

9.2.1. Franchisee agrees to indemnify, save and hold harmless, and defend the County, its officers, agents, boards and employees, from and against any liability for damages or claims resulting from tangible property damage or bodily injury (including accidental death), resulting from the construction, operation, or maintenance of its Cable System by Franchisee or Franchisee's subcontractors or agents, provided that the County shall give Franchisee written notice of its obligation to indemnify the County within ten (10) days of

receipt of a claim or action pursuant to this subsection. Notwithstanding the foregoing, Franchisee shall not indemnify the County, for any damages, liability or claims resulting from: 1) the willful misconduct or negligence of the County, its officers, agents, employees, attorneys, consultants, independent contractors; or 2) any activity or function conducted by any Person or governmental entity other than Franchisee in connection with PEG Access or EAS; or (3) the distribution of any Cable Service over the Cable System pursuant to 47 U.S.C. § 532.

9.2.2. With respect to Franchisee's indemnity obligations set forth in Subsection 9.2.1, Franchisee shall provide the defense of any claims brought against the County by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the County, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent the County 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 County, 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 County and the County 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 County shall in no event exceed the amount of such settlement.

## 10. **TRANSFER OF FRANCHISE**

10.1. Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, no Transfer of the Franchise shall occur without the prior consent of the County, provided that such consent shall not be unreasonably withheld, delayed or conditioned. No such consent shall be required, however, for transactions excluded under Section 1.31 above. For any Transfer of the Franchise requiring prior consent by the County pursuant to this Article 10, the Franchisee shall provide any reasonably requested legal, technical, and financial qualifications of the proposed transferee.

10.2. *Assignment to Verizon South Inc.:* Notwithstanding anything to the contrary herein, the County expressly acknowledges and agrees that Franchisee is permitted to assign the right to provide Cable Service, in whole or in part, in the Franchise Area to Verizon South Inc., without obtaining any prior approval from the County. Such assignment shall not release Franchisee from any of the terms and conditions imposed in this Agreement and Franchisee shall remain solely liable to the County for the performance of those terms and conditions.

## 11. **RENEWAL OF FRANCHISE**

11.1. The County and Franchisee agree that any proceedings undertaken by the County that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Communications Act, 47 U.S.C. § 546, or Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.30, as applicable.

11.2. Notwithstanding anything to the contrary set forth herein, Franchisee and the County agree that at any time during the term of the then current Franchise, while

affording the public appropriate notice and opportunity to comment, the County and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the County may grant a renewal thereof.

12. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

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

12.2. *Franchisee’s Right to Cure or Respond:* Franchisee shall have fifteen (15) days from receipt of the Noncompliance Notice to: (i) respond to the County, 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 fifteen (15) day period, initiate all reasonable steps to remedy such noncompliance as quickly as possible and notify the County of the steps being taken and the date by which cure is projected to be completed. Upon cure, Franchisee shall immediately notify County in writing and the County shall provide written confirmation that such cure has been accepted by the County.

12.3. *Public Hearing:* The County shall schedule a public hearing if the County seeks to continue its investigation into the alleged noncompliance in the event that: (1) Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (2) in the event that Franchisee has not remedied the alleged noncompliance within fifteen (15) days or the date projected pursuant to Section 12.2(iii) above. The County shall provide Franchisee at least thirty (30) days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Franchisee the opportunity to be heard.

12.4. *Enforcement:* Subject to applicable federal and state law, in the event the County, after the public hearing set forth in Section 12.3, determines that Franchisee is in default of any provision of this Franchise, the County may:

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

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

12.4.3. In the case of a substantial default of a material provision of the Franchise, seek to revoke the Franchise in accordance with Section 12.5; or

12.4.4. Draw from the Letter of Credit required of Franchisee in Section 12.5 of this Agreement pursuant to the procedure set forth in section 12.5.2; or

12.4.5. *Liquidated Damages:* Enforce the following liquidated damages for the following violations of this Agreement, because such violations will result in injury to the

County, and because it is and will be impracticable to determine the actual amount of such damage in the event of delay or nonperformance:

12.4.5.1. For failure to comply with the reporting requirements as set forth in Article 8 and Exhibit C of this Franchise: Two hundred dollars (\$200.00) per day for each day the violation continues;

12.4.5.2. For failure to materially comply with the carriage of PEG Access Channel(s) requirements as set forth in Section 5.1 of this Franchise: Three hundred dollars (\$300.00) per day for each day the violation continues;

12.4.5.3. For failure to materially comply with quarterly Customer Service Standards set forth in Exhibit C of this Agreement: one thousand dollars (\$1,000.00) for each quarter in which such standards were not met if the failure was by less than five percent (5%); two thousand dollars (\$2,000.00) for each quarter in which such standards were not met if the failure was by five percent (5%) or more but less than fifteen percent (15%); and four thousand dollars (\$4,000.00) for each quarter in which such standards were not met if the failure was by fifteen percent (15%) or more.

12.4.5.4. For purposes of any liquidated damages assessments, all similar violations or failures arising out of the same factual events affecting multiple Subscribers shall be assessed as a single violation, and a violation or a failure may only be assessed under any single one of the above-referenced categories. Violations or failures shall not be deemed to have occurred or commenced until they are deemed not cured as provided in Section 12.2.

12.4.5.5. The amount of all liquidated damages per annum shall not exceed twenty thousand dollars (\$20,000.00) in the aggregate.

12.5. *Letter of Credit:* Franchisee shall maintain throughout the term of this Agreement an irrevocable letter of credit as set forth in this Section 12.5 (the "Letter of Credit") and in substantially the same form as attached hereto in Exhibit D. The Letter of Credit shall be in the amount of twenty thousand dollars (\$20,000.00). Upon Franchisee achieving a minimum of two thousand (2,000) Subscribers, Franchisee shall increase the amount of the Letter of Credit to fifty thousand dollars (\$50,000.00). The Letter of Credit shall be issued from a federally insured lending institution licensed to do business in Virginia ("Lending Institution"). The Letter of Credit shall be the sole collateral provided by the Franchisee to the County with respect to this Agreement, and shall be used to ensure Franchisee's substantial compliance with the material terms and conditions of this Agreement.

12.5.1. Franchisee shall file with the County a complete copy of the Letter of Credit (including all terms and conditions applying to the Letter of Credit or to draws upon it) within sixty (60) days of its effective date, and shall keep such copy current with respect to any changes over the term of the Agreement.

12.5.2. If the County notifies the Franchisee of any amounts lawfully due to the County pursuant to the terms of this Agreement and the Franchisee does not make such payment within thirty (30) days, the County may draw upon the Letter of Credit by presentation of a draft at sight drawn on the Lending Institution, accompanied by a written certificate signed



by the County Administrator certifying that Franchisee has failed to comply with this Agreement and citing the specific provision of the Agreement at issue and the specific basis for the amount being withdrawn.

12.5.3. In the event the Lending Institution serves notice to the County that it elects not to renew the Letter of Credit, the County may withdraw the entire amount of the Letter of Credit unless the Franchisee provides, before the effective Letter of Credit expires, a substitute Letter of Credit from a Lending Institution in substantially the same form as that attached hereto as Exhibit D.

12.5.4. No later than thirty (30) days after receipt by the Franchisee of notification by certified mail, return receipt requested of a withdrawal under the Letter of Credit, the Franchisee shall restore the amount of the Letter of Credit to the applicable amount as set forth in this Section 12.5.

12.5.5. No recovery by the County of any sum by reason of the Letter of Credit required in this Section 12.5 shall be any limitation upon the liability of Franchisee to the County under the terms of this Agreement, except that any sums so received by the County shall be deducted from any recovery which the County shall otherwise establish against Franchisee for the same violation or violations under the terms of this Agreement.

12.6. *Revocation:* Should the County seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 12.3, the County shall give written notice to Franchisee of such intent. The notice shall set forth the specific nature of the noncompliance. The Franchisee shall have ninety (90) days from receipt of such notice to object in writing and to state its reasons for such objection. In the event the County has not received a satisfactory response from Franchisee, it may then seek termination of the Franchise at a second public hearing. The County shall cause to be served upon the Franchisee, at least thirty (30) business days prior to such public hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

12.6.1. At the designated hearing, consistent with applicable state and federal law, Franchisee shall be provided a fair opportunity for full participation, including the right to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence consistent with applicable state and federal law, to compel the relevant 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 the cost of which shall be shared by Franchisee and the County.

12.6.2. Following the public hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions in writing and thereafter the County shall determine (i) whether an event of default has occurred; (ii) whether such event of default is excusable; and (iii) whether such event of default has been cured or will be cured by the Franchisee. The County shall also determine whether to revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to affect any cure. If the County determines that the Franchise shall be revoked, the County shall promptly

provide Franchisee with a written decision setting forth its reasoning. Franchisee may appeal such determination of the County to an appropriate court. 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 determination of the franchising authority.

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

13. **MISCELLANEOUS PROVISIONS**

13.1. *Actions of Parties:* In any action by the County 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.

13.2. *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.

13.3. *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.

13.4. *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.

Notices to Franchisee shall be mailed to:

Robert W. Woltz, Jr.  
President, Verizon Virginia Inc.  
600 E. Main Street  
Suite 1100  
Richmond, VA 23219

with a non-binding courtesy copy to:

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

Notices to the County shall be mailed to:

County of Stafford  
PO Box 339  
Stafford, VA 22555-0339

13.5. *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the County, and it supersedes all prior or contemporaneous agreements, representations or understanding (whether written or oral) of the parties regarding the subject matter hereof. Any ordinances or parts of ordinances that conflict with the provisions of this Agreement are superseded by this Agreement.

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

13.7. *Captions:* The captions and headings of articles and 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.

13.8. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional, by any court of competent jurisdiction or by any state or federal regulatory authority having jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise.

13.9. *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 County 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.

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

13.11. *Counterparts:* This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, and the parties may become a party

hereto by executing a counterpart hereof. This Agreement and any counterpart so executed shall be deemed to be one and the same instrument. It shall not be necessary in making proof of this Agreement or any counterpart hereof to produce or account for any of the other counterparts.

13.12. *Communications with Regulatory Agencies:* Upon request and subject to Section 8.3, Franchisee shall provide the County with a copy of any document (redacted and confidential information excluded) filed by Franchisee with any regulatory agency or other legislative body (other than publicly available agency mailings or publications) that materially and expressly pertains to the provision of Cable Services within the Service Area.

13.13. *Contractors or Subcontractors:* The use or employment by Franchisee of contractors or subcontractors for purposes of performing under this Agreement shall not release Franchisee from any of the terms and conditions imposed in this Agreement and Franchisee shall remain solely liable to the County for performance of such terms and conditions.

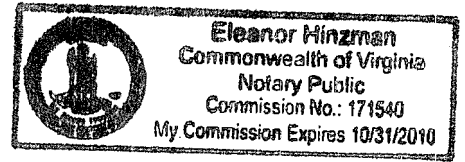
13.14. *Single Point of Contact for County:* Franchisee shall provide the County with contact information for an individual who shall be the single point of contact for Franchisee on Cable Services in the Franchise Area. Contact information shall include the contact's name, address, business telephone and facsimile numbers, and e-mail address.

13.15. *Equal Opportunity Employment; Employment Discrimination:* Franchisee shall comply with all federal and state laws and regulations, including any laws and regulations regarding notices, advertisements and solicitations, regarding equal opportunity and non-discrimination in employment to all individuals, regardless of their race, color, religion, age, sex, national origin, disability, or any other applicable basis.

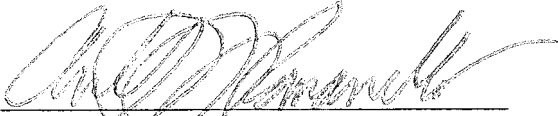
13.16. *Protection of Privacy:* Franchisee agrees to comply with all practices and procedures for protecting against invasion of privacy as set forth in 47 U.S.C. § 551.

**SIGNATURE PAGES FOLLOW**

AGREED TO THIS 19<sup>th</sup> DAY OF August, 2008.



Stafford County, Virginia

By:   
Anthony J. Romanello, ICMA-CM  
County Administrator

NOTARY PUBLIC



SWORN TO BEFORE ME THIS

25<sup>th</sup> day of August, 2008

**SIGNATURES CONTINUED ON NEXT PAGE**

Verizon Virginia Inc.

By: Robert W. Woltz, Jr.  
Robert W. Woltz, Jr.  
President

Dated: 8/27/08

FORM APPROVED

Attorney

Date

EXHIBITS

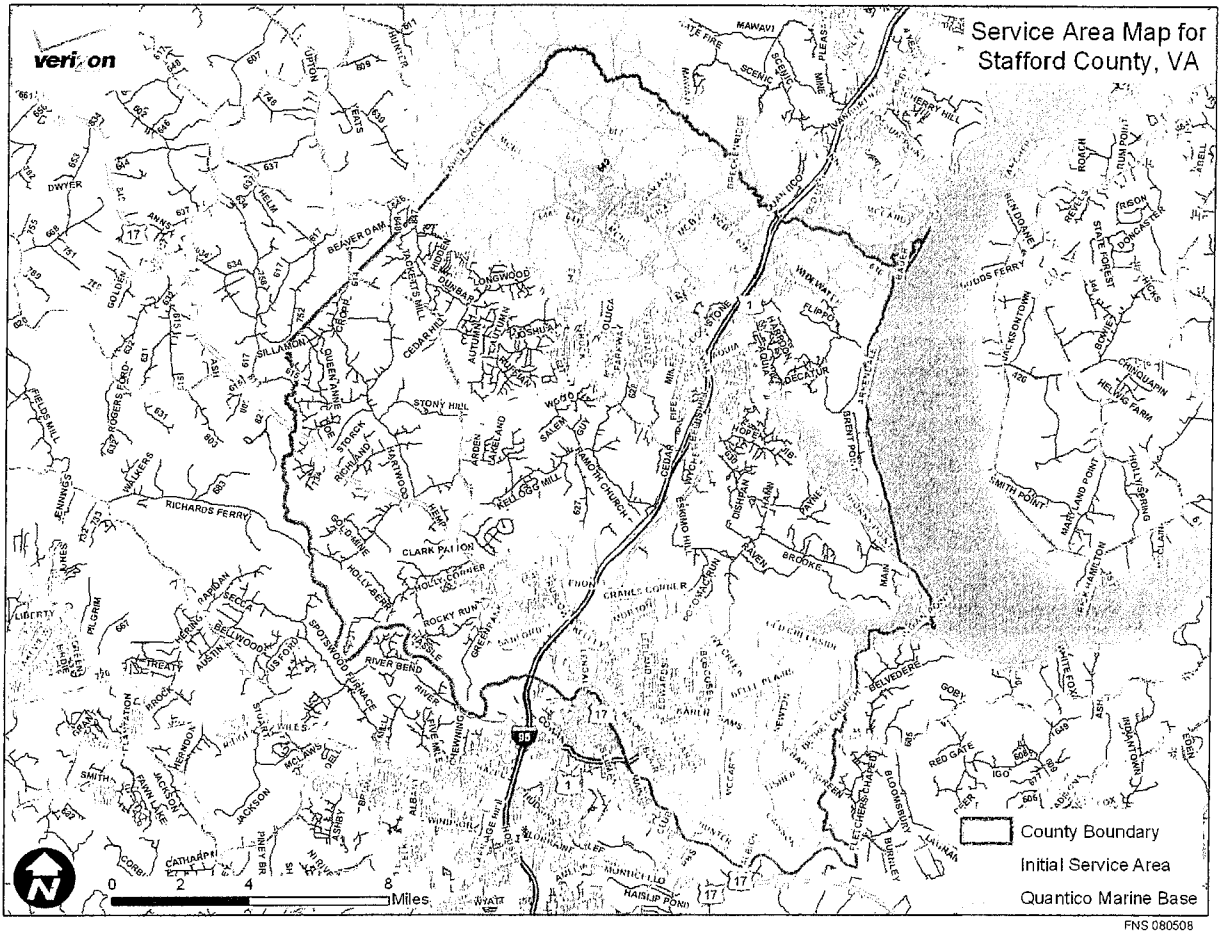
Exhibit A: Service Area Map

Exhibit B: Municipal Buildings to be Provided Free Cable Service

Exhibit C: Customer Service Standards

Exhibit D: Sample Performance Bond

**EXHIBIT A**  
**SERVICE AREA MAP**



**The initial service area is the Fredericksburg wire center, as outlined in the attached map.**

**The Quantico Marine Base is not part of the Franchise Area.**

## EXHIBIT B

### BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

SCHOOL NAME	ADDRESS	CITY	ZIP
MONCURE E.S.	75 MONCURE LN	STAFFORD	22556
H.H. POOLE M.S.	800 EUSTACE RD	STAFFORD	22554
PARK RIDGE E.S.	2000 PARKWAY BLVD	STAFFORD	22554
NORTH STAFFORD H.S.	839 GARRISONVILLE RD	STAFFORD	22554
ROCK HILL E.S.	50 WOOD DR	STAFFORD	22556
A.G. WRIGHT M.S.	100 WOOD DR	STAFFORD	22556
GARRISONVILLE E.S.	100 WOOD DR	STAFFORD	22556
STAFFORD M.S.	101 SPARTAN DR	STAFFORD	22554
BROOKE POINT H.S.	1700 COURTHOUSE RD	STAFFORD	22554
COLONIAL FORGE H.S.	550 COURTHOUSE RD	STAFFORD	22554
RODNEY E. THOMPSON M.S.	75 WALPOLE ST	STAFFORD	22554
STAFFORD E.S.	1349 COURTHOUSE RD	STAFFORD	22554
KATE WALLER BARRETT E.S.	150 DUFFEY DR	STAFFORD	22554
HAMPTON OAKS E.S.	107 NORTHAMPTON BLVD	STAFFORD	22554
MOUNTAIN VIEW H.S.	2135 MOUNTAIN VIEW RD	STAFFORD	22556
MARGARET BRENT E.S.	2125 MOUNTAIN VIEW RD	STAFFORD	22556
HARTWOOD E.S.	14 SHACKELFORD WELL RD	FREDERICKSBURG	22406



<b>SCHOOL NAME</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ZIP</b>
WINDING CREEK E.S.	475 WINDING CREEK RD	STAFFORD	22554
WIDEWATER E.S.	101 DEN RICH RD	STAFFORD	22554
ANTHONY BURNS E.S.	60 GALLERY RD	STAFFORD	22554
FERRY FARM ELEMENTARY SCHOOL	20 PENDLETON ROAD	FREDERICKSBURG	22405
T BENTON GAYLE MIDDLE SCHOOL	100 PANTHER DRIVE	FREDERICKSBURG	22406
DREW MIDDLE SCHOOL	501 CAMBRIDGE STREET	FALMOUTH	22405
GRAFTON VILLAGE ELEMENTARY SCHOOL	501 DEACON ROAD	FREDERICKSBURG	22405
STAFFORD SENIOR HIGH	33 STAFFORD INDIAN LANE	FREDERICKSBURG	22405
ROCKY RUN ELEMENTARY	95 RESERVOIR ROAD	FREDERICKSBURG	22406
CONWAY ELEMENTARY	105 PRIMMER HOUSE ROAD	FREDERICKSBURG	22405
FALMOUTH ELEMENTARY SCHOOL	1000 FORBES STREET	FALMOUTH	22405
DIXON-SMITH MIDDLE SCHOOL	503 DEACON ROAD	FREDERICKSBURG	22405
SHIRLEY C. HEIM MIDDLE SCHOOL	320 TELEGRAPH ROAD	STAFFORD	22554

<b>COUNTY FACILITIES</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ZIP</b>
FIRE AND RESCUE TRAINING & LOGISTICS CENTER	1326 COURTHOUSE ROAD	STAFFORD	22554
2001 PARKWAY BLVD (LIBRARY) (B768 P082)	2001 PARKWAY BLVD	STAFFORD	22554
JUDICIAL CENTER	2119 JEFFERSON DAVIS HWY	STAFFORD	22554
CURTIS PARK (B247 P173)	58 JESSE CURTIS LN	FREDERICKSBURG	22406
FIRE AND RESCUE TRAINING CENTER SITE	602 COURTHOUSE RD	STAFFORD	22554
STAFFORD GOVERNMENT COMPLEX	1300 COURTHOUSE RD	STAFFORD	22555
HEALTH DEPT (B242 P522)	2131 JEFFERSON DAVIS HWY	STAFFORD	22554
COURT HOUSE WEST OF CHICHESTER LOT (B242 P522)	1300 COURTHOUSE RD	STAFFORD	22555
COUNTY DEPT OF CODE ADMINISTRATION	2124 JEFFERSON DAVIS HWY STE 201	STAFFORD	22554
COUNTY DEPT OF CODE ADMINISTRATION	2126 JEFFERSON DAVIS HWY STE 202	STAFFORD	22554
ROWSER EDUCATIONAL CENTER (030019781)	1733 JEFFERSON DAVIS HWY	STAFFORD	22554
COURTHOUSE COMMUNITY CENTER	37 STAFFORD AVE	STAFFORD	22554
STAFFORD CTY GOV'T CTR (B232 P607)	1300 COURTHOUSE RD	STAFFORD	22554

COUNTY FACILITIES	ADDRESS	CITY	ZIP
STAFFORD COUNTY EXTENSION OFFICE	1739 JEFFERSON DAVIS HIGHWAY	STAFFORD	22555
PUBLIC SAFETY BUILDING	1225 COURTHOUSE ROAD	STAFFORD	22554
ROWSER BUILDING – PARKS AND RECREATION DEPT	1729 JEFFERSON DAVIS HIGHWAY	STAFFORD	22554
UTILITIES ADMINISTRATION OFFICE	20 PGA DRIVE, SUITE 201	STAFFORD	22554
ALVIN YORK BANDY ADMIN. COMPLEX	31 STAFFORD AVE.	STAFFORD	22554

<b>FIRE STATIONS</b>	<b>ADDRESS</b>	<b>CITY</b>	<b>ZIP</b>
STAFFORD RESCUE SQUAD	2147 JEFFERSON DAVIS HWY	STAFFORD	22554
MOUNTAIN VIEW RESCUE SQUAD	1268 MOUNTAIN VIEW RD	FREDERICKSBURG	22406
ROCK HILL RESCUE SQUAD	1565 GARRISONVILLE RD	STAFFORD	22554
BROOKE FIRE AND RESCUE	222 ANDREW CHAPEL RD	STAFFORD	22554
ROCK HILL FIRE STATION	2133 GARRISONVILLE RD	STAFFORD	22556
STAFFORD FIRE STATION	2080 JEFFERSON DAVIS HWY	STAFFORD	22554
HARTWOOD FIRE AND RESCUE	67 HARTWOOD CHURCH RD	FREDERICKSBURG	22406
MOUNTAIN VIEW FIRE STATION	924 KELLOGG MILL RD	FREDERICKSBURG	22406
AQUIA HARBOUR RESCUE SQUAD	1040 AQUIA DR	STAFFORD	22554
POTOMAC HILLS FIRE AND RESCUE	3528 JEFFERSON DAVIS HWY	STAFFORD	22554
FALMOUTH FIRE AND RESCUE	250 BUTLER RD.	FALMOUTH	22403
WHITE OAK FIRE DEPARTMENT	12 NEWTON ROAD	FALMOUTH	22405
WHITE OAK RESCUE SQUAD	535 WHITE OAK RD.	FALMOUTH	22403
BEREA FIRE STATION	120 SEBRING DRIVE	FREDERICKSBURG	22401
NEW FIRE & RESCUE STATION	(U.S. ROUTE 630 & U.S. ROUTE 1)	STAFFORD	22554

\*Parenthetical refers to book and page numbers in Deed Book maintained by the office of the Commissioner of Revenue and the Clerk of the Circuit Court.

## EXHIBIT C

### CUSTOMER SERVICE STANDARDS

These standards shall apply to the Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise area.

#### SECTION 1. DEFINITIONS

A. Respond: Franchisee's investigation of a Service Interruption by receiving a Subscriber call and opening a trouble ticket, if required.

B. Service Call: The action taken by the Franchisee to correct a Service Interruption the effect of which is limited to an individual Subscriber.

C. Significant Outage: A significant outage of the Cable Service shall mean any Service Interruption lasting at least four (4) continuous hours that affects at least ten percent (10%) of the Subscribers in the Service Area.

D. Standard Installation: Installations where the subscriber is within two hundred (200) feet of trunk or feeder lines.

#### SECTION 2. TELEPHONE AVAILABILITY

A. The Franchisee shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. Franchisee representatives trained and qualified to answer questions related to Cable Service in the Service Area must be available to receive reports of Service Interruptions twenty-four (24) hours a day, seven (7) days a week, and other inquiries at least forty-five (45) hours per week. Franchisee representatives shall identify themselves by name when answering this number.

B. The Franchisee's telephone numbers shall be listed, with appropriate description (e.g. administration, customer service, billing, repair, etc.), in the directory published by the local telephone company or companies serving the Service Area, beginning with the next publication cycle after acceptance of this Franchise by the Franchisee.

C. Franchisee may use an Automated Response Unit ("ARU") or a Voice Response Unit ("VRU") to distribute calls. If a foreign language routing option is provided, and the Subscriber does not enter an option, the menu will default to the first tier menu of English options.

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue for a live representative. The Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

D. Under Normal Operating Conditions, calls received by the Franchisee shall be answered within thirty (30) seconds. The Franchisee shall meet this standard for ninety percent (90%) of the calls it receives at all call centers receiving calls from Subscribers, as measured on a cumulative quarterly calendar basis. Measurement of this standard shall include all calls received by the Franchisee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after 30 seconds of call waiting.

E. Under Normal Operating Conditions, callers to the Franchisee shall receive a busy signal no more than three (3%) percent of the time during any calendar quarter.

F. Beginning six (6) months from the Service Date, upon request from the County but in no event more than once per quarter, the Franchisee shall provide a written report to the County, within thirty (30) days following the end of the requested quarter, for the following for all call centers receiving calls from Subscribers except for temporary telephone numbers set up for national promotions:

(1) Percentage of calls answered within thirty (30) seconds as set forth in Subsection 2.D.

(2) Percentage of time customers received busy signal when calling the Verizon service center as set forth in Subsection 2.E.

Subject to consumer privacy requirements, underlying activity will be made available to the County for review upon reasonable request.

G. At the Franchisee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the County of such a change at least thirty (30) days in advance of any implementation.

### **SECTION 3. INSTALLATIONS AND SERVICE APPOINTMENTS**

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the provision of required consumer information and literature to adequately inform the Subscriber in the utilization of the Franchisee-supplied equipment and Cable Service.

B. The Standard Installation shall be performed within seven (7) business days after the placement of the Optical Network Terminal ("ONT") on the customer's premises or within seven (7) business days after an order is placed if the ONT is already installed on the customer's premises. The Franchisee shall meet this standard for ninety-five percent (95%) of the Standard Installations it performs, as measured on a calendar quarter basis, excluding customer requests for connection later than seven (7) days after ONT placement or later than seven (7) days after an order is placed if the ONT is already installed on the customer's premises.

C. Beginning six (6) months from the Service Date, upon request from the County but in no event more than once per quarter, the Franchisee shall provide to the County, within thirty (30) days following the end of the requested quarter, a written report noting the percentage

of Standard Installations completed within the seven (7) day period, excluding those requested outside of the seven (7) day period by the Subscriber. Subject to consumer privacy requirements, underlying activity will be made available to the County for review upon reasonable request. At the Franchisee's option, the measurements and reporting of above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the County of such a change not less than thirty (30) days in advance

D. At the Franchisee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the County of such a change not less than thirty (30) days in advance.

E. The Franchisee will offer Subscribers "appointment window" alternatives for arrival to perform installations, Service Calls and other activities of a maximum four (4) hours scheduled time block during appropriate daylight available hours, usually beginning at 8:00 AM unless it is deemed appropriate to begin earlier by location exception. At the Franchisee's discretion, the Franchisee may offer Subscribers appointment arrival times other than these four (4) hour time blocks, if agreeable to the Subscriber. These hour restrictions do not apply to weekends.

#### **SECTION 4. SERVICE INTERRUPTIONS AND OUTAGES**

A. The Franchisee shall notify the County of any Significant Outage of the Cable Service.

B. The Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, the Franchisee may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after the County and each affected Subscriber in the Service Area have been given fifteen (15) days prior notice of the proposed Significant Outage. Notwithstanding the forgoing, Franchisee may perform modifications, repairs and upgrades to the System between 12.01 a.m. and 6 a.m. which may interrupt service, and this Section's notice obligations respecting such possible interruptions will be satisfied by notice provided to Subscribers upon installation and in the annual subscriber notice.

C. Franchisee representatives who are capable of responding to Service Interruptions must be available to Respond twenty-four (24) hours a day, seven (7) days a week.

D. Under Normal Operating Conditions, the Franchisee must Respond to a call from a Subscriber regarding a Service Interruption or other service problems within the following time frames:

(1) Within twenty-four (24) hours, including weekends, of receiving subscriber calls respecting Service Interruptions in the Service Area.

(2) The Franchisee must begin actions to correct all other Cable Service

problems the next business day after notification by the Subscriber or the County of a Cable Service problem.

E. Under Normal Operating Conditions, the Franchisee shall complete Service Calls within seventy-two (72) hours of the time Franchisee commences to Respond to the Service Interruption, not including weekends and situations where the Subscriber is not reasonably available for a Service Call to correct the Service Interruption within the seventy-two (72) hour period.

F. The Franchisee shall meet the standard in Subsection E. of this Section for ninety percent (90%) of the Service Calls it completes, as measured on a quarterly basis.

G. Beginning six (6) months from the Service Date, upon request from the County but in no event more than once per quarter, the Franchisee shall provide to the County, within thirty (30) days following the end of the requested quarter, a written report noting the percentage of Service Calls completed within the seventy-two (72) hour period not including Service Calls where the Subscriber was reasonably unavailable for a Service Call within the seventy-two (72) hour period as set forth in this Section. Subject to consumer privacy requirements, underlying activity will be made available to the County for review upon reasonable request. At the Franchisee's option, the above measurements and reporting may be changed from calendar quarters to billing or accounting quarters. The Franchisee shall notify the County of such a change at least thirty (30) days in advance.

H. Under Normal Operating Conditions, the Franchisee shall provide a credit upon Subscriber request when all Channels received by that Subscriber are out of service for a period of four (4) consecutive hours or more. The credit shall equal, at a minimum, a proportionate amount of the affected Subscriber(s) current monthly bill. In order to qualify for the credit, the Subscriber must promptly report the problem and allow the Franchisee to verify the problem if requested by the Franchisee. If Subscriber availability is required for repair, a credit will not be provided for such time, if any, that the Subscriber is not reasonably available.

I. Under Normal Operating Conditions, if a Significant Outage affects all Video Programming Cable Services for more than twenty-four (24) consecutive hours, the Franchisee shall issue an automatic credit to the affected Subscribers in the amount equal to their monthly recurring charges for the proportionate time the Cable Service was out, or a credit to the affected subscribers in the amount equal to the charge for the basic plus enhanced basic level of service for the proportionate time the Cable Service was out, whichever is technically feasible or, if both are technically feasible, as determined by Franchisee provided such determination is non-discriminatory. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

**SECTION 5. CUSTOMER COMPLAINTS**

Under Normal Operating Conditions, the Franchisee shall investigate Subscriber complaints referred by the County within five (5) business days. The Franchisee shall notify the County of those matters that necessitate an excess of five (5) business days to resolve, but those matters must be resolved within fifteen (15) days of the initial complaint. The County may



require reasonable documentation to be provided by the Franchisee to substantiate the request for additional time to resolve the problem. For purposes of this Section, "resolve" means that the Franchisee shall perform those actions, which, in the normal course of business, are necessary to investigate the Customer's complaint and advise the Customer of the results of that investigation.

## **SECTION 6. BILLING**

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills shall clearly delineate activity during the billing period, including optional charges, rebates, credits, and aggregate late charges. Franchisee shall, without limitation as to additional line items, be allowed to itemize as separate line items the Communications Sales and Use Tax, and/or other taxes or governmentally imposed fees. The Franchisee shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to Franchisee shall be given at least twenty (20) days from the date statements are mailed to the Subscriber until the payment due date.

C. A specific due date shall be listed on the bill of every Subscriber whose account is current. Delinquent accounts may receive a bill which lists the due date as upon receipt; however, the current portion of that bill shall not be considered past due except in accordance with Subsection 6.B. above.

D. Any Subscriber who, in good faith, disputes all or part of any bill shall have the option of withholding the disputed amount without disconnect or late fee being assessed until the dispute is resolved provided that:

- (1) The Subscriber pays all undisputed charges;
- (2) The Subscriber provides notification of the dispute to Franchisee within five (5) days prior to the due date; and
- (3) The Subscriber cooperates in determining the accuracy and/or appropriateness of the charges in dispute.
- (4) It shall be within the Franchisee's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, the Franchisee shall initiate investigation and resolution of all billing complaints received from Subscribers within five (5) business days of receipt of the complaint. Final resolution shall not be unreasonably delayed.

F. The Franchisee shall provide a telephone number and address on the bill for Subscribers to contact the Franchisee.

G. The Franchisee shall forward a copy of any Cable Service related billing inserts or other mailing sent to Subscribers to the County upon request.

H. The Franchisee shall provide all Subscribers with the option of paying for Cable Service by check or an automatic payment option where the amount of the bill is automatically deducted from a checking account designated by the Subscriber. Franchisee may in the future, at its' discretion, permit payment by using a major credit card on a preauthorized basis. Based on credit history, at the option of the Franchisee, the payment alternative may be limited.

I. *County Information:* County hereby requests that Franchisee omit County name, address and telephone number from Franchise bill as permitted by 47 C.F.R. 76.952.

## **SECTION 7. DEPOSITS, REFUNDS AND CREDITS**

A. The Franchisee may require refundable deposits from Subscribers 1) with a poor credit or poor payment history, 2) who refuse to provide credit history information to the Franchisee, or 3) who rent Subscriber equipment from the Franchisee, so long as such deposits are applied on a non-discriminatory basis. The deposit the Franchisee may charge Subscribers with poor credit or poor payment history or who refuse to provide credit information may not exceed an amount equal to an average Subscriber's monthly charge multiplied by six (6). The maximum deposit the Franchisee may charge for Subscriber equipment is the cost of the equipment which the Franchisee would need to purchase to replace the equipment rented to the Subscriber.

B. The Franchisee shall refund or credit the Subscriber for the amount of the deposit collected for equipment, which is unrelated to poor credit or poor payment history, after one year and provided the Subscriber has demonstrated good payment history during this period. The Franchisee shall pay interest on other deposits if required by law.

C. Under Normal Operating Conditions, refund checks will be issued within the next available billing cycle following the resolution of the event giving rise to the refund, (e.g. equipment return and final bill payment).

D. Credits for Cable Service will be issued no later than the Subscriber's next available billing cycle, following the determination that a credit is warranted, and the credit is approved and processed. Such approval and processing shall not be unreasonably delayed.

E. Bills shall be considered paid when appropriate payment is received by the Franchisee or its authorized agent. Appropriate time considerations shall be included in the Franchisee's collection procedures to assure that payments due have been received before late notices or termination notices are sent.

## **SECTION 8. RATES, FEES AND CHARGES**

A. The Franchisee shall not, except to the extent permitted by law, impose any fee or charge for Service Calls to a Subscriber's premises to perform any repair or maintenance work related to Franchisee equipment necessary to receive Cable Service, except where such problem is caused by a negligent or wrongful act of the Subscriber (including, but not limited to a situation in which the Subscriber reconnects Franchisee equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect the Franchisee's equipment (for example, a dog chew).

B. The Franchisee shall provide reasonable notice to Subscribers of the possible assessment of a late fee on bills or by separate notice.

**SECTION 9. DISCONNECTION / DENIAL OF SERVICE**

A. The Franchisee shall not terminate Cable Service for nonpayment of a delinquent account unless the Franchisee mails a notice of the delinquency and impending termination prior to the proposed final termination. The notice shall be mailed to the Subscriber to whom the Cable Service is billed. The notice of delinquency and impending termination may be part of a billing statement.

B. Cable Service terminated in error must be restored without charge within twenty-four (24) hours of notice. If a Subscriber was billed for the period during which Cable Service was terminated in error, a credit shall be issued to the Subscriber if the Service Interruption was reported by the Subscriber.

C. Nothing in these standards shall limit the right of the Franchisee to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to the Franchisee's equipment, abusive and/or threatening behavior toward the Franchisee's employees or representatives, or refusal to provide credit history information or refusal to allow the Franchisee to validate the identity, credit history and credit worthiness via an external credit agency.

**SECTION 10. COMMUNICATIONS WITH SUBSCRIBERS**

A. All Franchisee personnel, contractors and subcontractors contacting Subscribers or County residents outside the office of the Franchisee on official Franchisee business shall wear a clearly visible identification card bearing their name and photograph. The Franchisee shall make reasonable effort to account for all identification cards at all times. In addition, all Franchisee representatives shall wear appropriate clothing while working at a Subscriber's premises. Every service vehicle of the Franchisee and its contractors or subcontractors shall be clearly identified as such to the public. Specifically, Franchisee vehicles shall have the Franchisee's logo plainly visible. The vehicles of those 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.

B. All contact with a Subscriber or potential Subscriber by a Person representing the Franchisee shall be conducted in a courteous manner.

C. The Franchisee shall send annual notices to all Subscribers informing them that any complaints or inquiries not satisfactorily handled by the Franchisee may be referred to the County.

D. All notices identified in this Section shall be by either:

(1) A separate document included with a billing statement or included on the portion of the monthly bill that is to be retained by the Subscriber; or

- (2) A separate electronic notification.

E. The Franchisee shall provide reasonable notice to Subscribers of any pricing changes or additional changes (excluding sales discounts, new products or offers) and, subject to the forgoing, any changes in Cable Services, including channel line-ups. Such notice must be given to Subscribers a minimum of thirty (30) days in advance of such changes if within the control of the Franchisee, and the Franchisee shall provide a copy of the notice to the County including how and where the notice was given to Subscribers.

F. The Franchisee shall provide information to all Subscribers about each of the following items at the time of installation of Cable Services, annually to all Subscribers, at any time upon request, and, subject to Subsection 10.E., at least thirty (30) days prior to making significant changes in the information required by this Section if within the control of the Franchisee:

- (1) Products and Cable Service offered;
- (2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees and other fees charged by the Franchisee related to Cable Service;
- (3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;
- (4) Channel positions of Cable Services offered on the Cable System;
- (5) Complaint procedures, including the name, address and telephone number of the County, but with a notice advising the Subscriber to initially contact the Franchisee about all complaints and questions;
- (6) Procedures for requesting Cable Service credit;
- (7) The availability of a parental control device;
- (8) Franchisee practices and procedures for protecting against invasion of privacy; and
- (9) The address and telephone number of the Franchisee's office to which complaints may be reported.

A copy of notices required in this Subsection 10.F. will be given to the County at least fifteen (15) days prior to distribution to subscribers if the reason for notice is due to a change that is within the control of Franchisee and as soon as possible if not within the control of Franchisee.

G. Notices of changes in rates shall indicate the Cable Service new rates and old rates, if applicable.

H. Notices of changes of Cable Services and/or Channel locations shall include a description of the new Cable Service, the specific channel location, and the hours of operation of the Cable Service if the Cable Service is only offered on a part-time basis. In addition, should the channel location, hours of operation, or existence of other Cable Services be affected by the introduction of a new Cable Service, such information must be included in the notice.

I. Every notice of termination of Cable Service shall include the following information:

- (1) The name and address of the Subscriber whose account is delinquent;
- (2) The amount of the delinquency for all services billed;
- (3) The date by which payment is required in order to avoid termination of Cable Service; and
- (4) The telephone number for the Franchisee where the Subscriber can receive additional information about their account and discuss the pending termination.

**EXHIBIT D**

**SAMPLE LETTER OF CREDIT**

BANK NAME

ADDRESS

**IRREVOCABLE STANDBY LETTER OF CREDIT**

**Issue Date:**

**L/C No.:**

**Amount: USD \$00,000 (00 Thousand Dollars and 00/100 United States Dollars)**

**Beneficiary:**

**Applicant:**

Verizon Communications Inc.  
o/b/o (Subsidiary)  
One Verizon Way  
MC VC53S459  
Basking Ridge, NJ 07920-1097

**TO:**

(Beneficiary)

We hereby establish this irrevocable standby Letter of Credit No. \_\_\_\_\_ in your favor, for an aggregate amount not to exceed the amount indicated above, expiring at (Name and address of Bank), at our close of business on \_\_\_\_\_.

This Letter of Credit is available with (Name of Bank,) against presentation of your draft at sight drawn on (Name of Bank,) 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 USD \$ \_\_\_\_\_, under (Name of Bank) Letter of Credit No. \_\_\_\_\_ represents funds due us as (Name of Subsidiary) has failed to perform its duties pursuant to the cable franchise granted by (Beneficiary) to (Name of Verizon Subsidiary), dated \_\_\_\_\_, 2008."

It is a condition of this Irrevocable Letter of Credit that it shall be automatically extended without amendment for additional one year periods from the present or each future expiration date, but not beyond (a final date is inserted), unless at least 30 days prior to such date, we send you notice in writing by overnight carrier or hand delivery at the above address that we elect not to renew this Letter of Credit for such additional period.

Upon such notice to you, you may draw drafts on us at sight for an amount not to exceed the balance remaining in this Letter of Credit within the then applicable expiry date, accompanied by your dated statement purportedly signed by one of your officials reading as follows:

“The amount of this drawing USD \$ \_\_\_\_\_ under (Name of Bank) Letter of Credit number \_\_\_\_\_ represents funds due us as we have received notice from (Name of Bank) of their decision not to extend Letter of Credit Number \_\_\_\_\_ for an additional year.”

All correspondence and any drawings hereunder are to be directed to (NAME AND ADDRESS OF BANK)

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 Letter of Credit is subject to the International Standby Practices (ISP98), International Chamber of Commerce Publication No. 600.

This Letter of Credit shall be governed by, and construed in accordance with, the laws of the New York, without regard to principles of conflict of laws.

\_\_\_\_\_  
Authorized Signature (Bank)