

EXHIBIT "A"

An Ordinance Granting a Franchise to Verizon Virginia Inc. to Construct and Operate a Cable System in the City of Hampton, Virginia

Table of Contents

ARTICLE	PAGE
1 DEFINITIONS	4
2 GRANT OF AUTHORITY; LIMITS AND RESERVATIONS.....	8
3 PROVISION OF CABLE SERVICE.....	10
4 SYSTEM OPERATION.....	12
5 SYSTEM FACILITIES.....	12
6 PEG SERVICES	14
7 COMMUNICATIONS SALES AND USE TAX.....	17
8 CUSTOMER SERVICE.....	17
9 REPORTS AND RECORDS	17
10 INSURANCE AND INDEMNIFICATION.....	19
11 TRANSFER OF FRANCHISE.....	20
12 RENEWAL OF FRANCHISE.....	20
13 ENFORCEMENT AND TERMINATION OF FRANCHISE.....	21
14 MISCELLANEOUS PROVISIONS.....	23
EXHIBIT A - INITIAL SERVICE AREA	29
EXHIBIT B - MUNICIPAL BUILDINGS ELIGIBLE FOR FREE CABLE SERVICE.....	30
EXHIBIT C – CUSTOMER SERVICE STANDARDS	33
EXHIBIT D – SAMPLE PERFORMANCE BOND.....	41

ORDINANCE NO. 08-0309

AN ORDINANCE GRANTING A FRANCHISE TO VERIZON VIRGINIA INC. TO CONSTRUCT AND OPERATE A CABLE SYSTEM IN THE CITY OF HAMPTON, VIRGINIA; SETTING FORTH CONDITIONS ACCOMPANYING THE GRANT OF THE FRANCHISE; PROVIDING FOR REGULATION AND USE OF THE SYSTEM; PRESCRIBING PENALTIES FOR VIOLATION OF THE PROVISIONS HEREIN; AND AUTHORIZING AND DIRECTING THE MAYOR TO EXECUTE AND THE CLERK TO ATTEST ON BEHALF OF THE CITY OF HAMPTON

WHEREAS, this cable franchise (the “Franchise”) is entered into by and between the City of Hampton, a municipal corporation organized and existing under the applicable laws of the Commonwealth of Virginia (the “City” or Local Franchising Authority (“City”)) and Verizon Virginia Inc., a corporation duly organized under the applicable laws of the Commonwealth of Virginia (“Verizon” or “Franchisee”); and

WHEREAS, Verizon has made application to the City pursuant to Article 1.2 of Chapter 21 of Title 15.2 of the Virginia Code (Virginia Code Sections 15.2-2108.19 *et seq.*) for a nonexclusive franchise to construct, install, maintain, extend and operate a cable communications system in the Franchise Area as designated in this Franchise; and

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

WHEREAS, the City is a “franchising authority” in accordance with Title VI of the Communications Act (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to the Code of Virginia, Va. Code Ann. § 15.2-2108; and

WHEREAS, Verizon 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; and

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

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

WHEREAS, the City and Verizon 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, BE IT ORDAINED THAT THE CITY COUNCIL OF THE CITY OF HAMPTON, VIRGINIA HEREBY GRANTS A FRANCHISE TO VERIZON VIRGINIA INC.

TO OCCUPY THE PUBLIC RIGHTS OF WAY TO CONSTRUCT AND OPERATE A CABLE SYSTEM PURSUANT TO THE FOLLOWING TERMS AND CONDITIONS AND HEREBY AUTHORIZES AND DIRECTS THE MAYOR TO EXECUTE AND THE CITY CLERK TO ATTEST ON BEHALF OF THE CITY OF HAMPTON VERIZON VIRGINIA INC. FRANCHISE:

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. In addition, the following definitions shall apply:

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

1.2. *Access Facilities*: Shall be defined herein as it is defined under 47 U.S.C. § 522(16), meaning (a) channel capacity designated for public, educational or government use; and (b) facilities and equipment for the use of such channel capacity.

1.3. *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.

1.4. *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.

1.5. *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).

1.6. *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 Verizon'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.

1.7. *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.

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

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 Verizon 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 Verizon’s facilities are attached or to be attached or conduits in which Verizon’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 incorporated area of the City and such additional areas as may be included in the corporate limits of the City during the term of this Franchise.

1.12. *Franchisee or Verizon*: 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 Verizon 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 Verizon 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 Verizon 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 Verizon 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 PEG Grant*: A fee paid by Verizon to support the capital costs of local PEG programming pursuant to Subsection 6.2.2.

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

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

1.18. *Local Franchise Authority ("LFA" or "City")*: The City of Hampton, Virginia or the lawful successor, transferee, or assignee thereof.

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

1.20. *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.

1.21. *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 Verizon. Those conditions which are not within the control of Verizon 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 Verizon 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.

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

1.23. *PEG Capital Grant Surcharge Fee*: A fee paid by Verizon to support the capital costs of local PEG programming pursuant to Subsection 6.2.3.

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

1.25. *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the City. 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.

1.26. *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 and the Year Ten (10) Threshold..

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

1.28. *Subscriber*: A Person who lawfully receives Cable Service over the Cable System with Verizon's express permission.

1.29. *Telecommunications Facilities*: Verizon's existing Telecommunications Services and Information Services facilities and its FTTP Network facilities.

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

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

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

1.33. *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 Verizon is transferred, directly or indirectly, from one person or group of persons to another person or group of persons, so that majority control of Verizon is transferred; or (ii) the rights and obligations held by Verizon 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 Verizon to the parent of Verizon or to another affiliate of Verizon; (b) transfer of an interest in the cable franchise granted under this article or the rights held by Verizon under the Franchise to the parent of Verizon or to another affiliate of Verizon; (c) any action that is the result of a merger of the parent of Verizon; (d) any action that is the result of a merger of another affiliate of Verizon; or (e) a transfer in

trust, by mortgage, or by assignment of any rights, title, or interest of Verizon in the Franchise or the Cable System used to provide Cable Services in order to secure indebtedness.

1.34. *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.

1.35. *Year Seven (7) Threshold*: The portion of the Franchise Area to which Verizon agrees to provide Cable Services pursuant to Section 3.1.2 of this Agreement.

1.36. *Year Ten (10) Threshold*: The portion of the Franchise Area to which Verizon agrees to provide Cable Services pursuant to Section 3.1.3 of this Agreement.

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

2.1. *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Communications Act, the City hereby grants Verizon 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. *City Does Not Regulate Telecommunications*: The City's regulatory authority under Title VI of the Communications Act is not applicable to the construction, installation, maintenance or operation of Verizon's FTTP Network to the extent the FTTP Network is constructed, installed, maintained or operated for the purpose of upgrading and/or extending Verizon's existing Telecommunications Facilities for the provision of Non-Cable Services.

2.3. *Term*: This Franchise shall be effective on July 16, 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.

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

2.5. *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.

2.6. *No Waiver*:

2.6.1. The failure of City 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 City, nor to excuse Verizon from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2. The failure of Verizon 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 City from performance, unless such right or performance has been specifically waived in writing.

2.7. *Construction of Agreement:*

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

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

2.7.3. Should any change to state law have the lawful effect of materially altering the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on Verizon of the material alteration. Any modifications shall be in writing. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Verizon may terminate this Agreement. Notwithstanding any termination of this Agreement pursuant to this Subsection 2.7.3, Verizon shall pay applicable franchise fees, if any, accrued as of the date of such termination, and any indemnification and liability provisions set forth in this Agreement shall remain in effect with respect to relevant acts committed prior to such termination.

2.8. *Construction, Removal and Relocation of Facilities:* Any authority of the City regarding the construction, removal, or relocation of Verizon's Telecommunications Facilities shall be pursuant to the telecommunications franchise between the City of Hampton, Virginia and Verizon Virginia Inc. dated July 16, 2008 as such telecommunications franchise currently exist and may be amended, renewed, or superseded by other telecommunications franchises in the future, and any applicable state and federal law, and not pursuant to this Agreement.

2.9. *Police Powers:* Nothing in the Franchise shall be construed to prohibit the reasonable, necessary and lawful exercise of City's police powers. However, if the reasonable, necessary and lawful exercise of City's police power results in any material alteration of the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to ameliorate the negative effects on Verizon of the material alteration. Any modifications shall be in writing. If the parties cannot reach agreement on the above-referenced modification to the Franchise, then Verizon may terminate this Agreement without further obligation to the City or, if the parties mutually agree, the matter may be

submitted to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

3. **PROVISION OF CABLE SERVICE**

3.1. *Service Area:* Verizon 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 Effective 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 Effective Date of this Franchise (the “Year Seven (7) Threshold”). Verizon may make Cable Service available to businesses in the Service Area.

3.1.1. Notwithstanding the foregoing, Verizon shall not be required to make Cable Service available:

3.1.1.1. for periods of Force Majeure;

3.1.1.2. for periods of delay caused by the City;

3.1.1.3. for periods of delay resulting from Verizon’s inability to obtain authority to access Public Rights-of-Way in the Service Area;

3.1.1.4. in areas where developments or buildings are subject to claimed exclusive arrangements;

3.1.1.5. in developments or buildings that Verizon cannot access under industry standard terms and conditions after good faith negotiation;

3.1.1.6. in developments or buildings that Verizon 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;

3.1.1.7. in areas where it is not technically feasible to provide Cable Service due to the technology used by Verizon to provide Cable Service;

3.1.1.8. in areas where the average occupied residential household density is less than twenty-five (25) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on Verizon’s active FTTP Network trunk or feeder line; and

3.1.1.9. when Verizon’s prior service, payment, or theft of Service history with a Subscriber or potential Subscriber has been unfavorable.

3.1.2. During the twelve (12) month period commencing after the seventh-year anniversary date of the Effective Date, the City may, by ordinance adopted after a public hearing in which the City specifically finds that such a requirement is necessary to promote competition in cable services within the Franchise Area, require Verizon to make Cable Service available to no more than eighty percent (80%) of the occupied residential dwelling units

in the Franchise Area within no less than ten (10) years of the Effective Date of this Franchise (the “Year Ten (10) Threshold”), subject to exclusions set forth in Subsection 3.1.1. Should, through new construction, an area within Verizon’s Initial Service Area or portions serviced pursuant to the Year Seven (7) Threshold or the Year Ten (10) Threshold meet the density requirement as set forth in this subsection, Verizon shall, subject to exclusions set forth in Subsection 3.1.1, provide Cable Service to such area within six (6) months of receiving notice from the City that the density requirements have been met.

3.1.3. Except for the Initial Service Area and any portions of the Service Area serviced pursuant to the Year Seven (7) Threshold and the Year Ten (10) Threshold, Verizon 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:* Verizon 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 Verizon shall not discriminate between or among any individuals in the availability of Cable Service. In the areas in which Verizon shall provide Cable Service, Verizon shall be required to connect, at Verizon’s expense, other than a standard installation charge, all occupied residential dwelling units that are within two hundred-fifty (250) feet of trunk or feeder lines not otherwise already served by Verizon’s FTTP Network. Verizon shall be allowed to recover, from a Subscriber that requests such connection, actual costs incurred for residential dwelling unit connections that exceed two hundred-fifty (250) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.3. *Cable Service to Municipal Buildings:* Subject to 3.1, Verizon shall provide, without charge within the Service Area, one service outlet, including any necessary set top box, activated for Basic Service to each fire station, public school, police station, public library, and any other local government building as may be designated by the City and also required of other cable operators in the Service Area, provided, however, that if it is necessary to extend Verizon’s trunk or feeder lines more than two hundred-fifty (250) feet solely to provide service to any such school or public building, the City shall have the option either of paying Verizon’s direct costs for such extension in excess of two hundred-fifty (250) feet, or of releasing Verizon from the obligation to provide service to such building. A list of local government buildings currently existing in the City and eligible for designation pursuant to this Section 3.3. is set forth in Exhibit B. Furthermore, Verizon 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-fifty (250) feet of drop cable; provided, however, that Verizon shall not charge for the provision of Basic Service to the additional service outlets once installed, but Verizon reserves the right to charge for equipment at then-commercial rates. Cable Service may not be resold or otherwise used in contravention of Verizon’s rights with third parties respecting programming. Equipment provided by Verizon, if any, shall be replaced at retail rates if lost, stolen or damaged. The requirements of this Section 3.3 shall not apply in cases where it is not technically feasible for Verizon to comply.

4. **SYSTEM OPERATION**

The parties recognize that Verizon's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities. The jurisdiction of the City over such Telecommunications Facilities is restricted by federal and state law, and the City does not and will not assert jurisdiction over Verizon's FTTP Network in contravention of those limitations.

5. **SYSTEM FACILITIES**

5.1. *System Characteristics:* Verizon's Cable System shall meet or exceed the following requirements:

5.1.1. The System shall be initially designed with a digital carrier passband between 50 and 863 MHz.

5.1.2. 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.

5.1.3. 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.

5.1.4. 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.

5.1.5. Facilities and equipment of good and durable quality, generally used in high-quality, reliable, systems of similar design.

5.1.6. 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.

5.1.7. 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.

5.1.8. 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.

5.1.9. 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.

5.1.10. 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.

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

5.1.12. 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.

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

5.1.14. Facilities and equipment at the headend shall allow Verizon 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.

5.1.15. 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 Verizon's sole discretion.

5.1.16. 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 ordering programming must provide a personal identification number or other means provided by Verizon only to a Subscriber. Provided, however, that Verizon shall bear no responsibility for the exercise of parental controls and shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls.

5.1.17. 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 Verizon.

5.1.18. 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 Verizon.

5.1.19. 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 City 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:

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

5.1.19.2. National Electrical Code;

5.1.19.3. National Electrical Safety Code (NEC);

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

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

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

5.2. *Interconnection:* Verizon 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.

5.3. *Emergency Alert System:*

5.3.1. Verizon shall comply with the Emergency Alert System (“EAS”) requirements of the FCC in order that emergency messages may be distributed over the System.

5.3.2. In the event of a state or local civil emergency, the EAS shall be remotely activated as set forth in the Virginia EAS plan.

6. **PEG SERVICES**

6.1. *PEG Access Channels:*

6.1.1. *Initial PEG Channels:* In order to ensure universal availability of public, educational and government programming, Verizon shall provide on the Basic Service Tier three (3) dedicated initial PEG Access Channels (collectively, “Initial PEG Channels”). If an Initial PEG Channel provided under Section 6.1.1 is not being utilized by the City, Verizon may utilize such Initial PEG Channel, in its sole discretion, until such time as City elects to utilize the Initial PEG Channel for its intended purpose.

6.1.2. *Additional PEG Channels:* If the City substantially utilizes all active PEG Access Channels, it may require up to four (4) additional PEG Access Channels (the “Additional PEG Channels”) by the enactment of an ordinance, after a public hearing, so long as the ordinance applies equally to all cable operators within the City. Any Additional PEG Channel provided pursuant to this Section 6.1.2 that is not utilized by the locality for at least eight (8) hours per day shall no longer be made available to the City and may be programmed at

Verizon's discretion. At such time as the City can certify to Verizon a schedule for at least eight (8) hours of daily programming for a period of three months, Verizon shall restore the previously re-allocated PEG Access Channel. For purposes of this Section 6.1.2, an Initial or Additional PEG Channel shall be considered to be substantially utilized when twelve (12) hours are programmed on such PEG Access Channel each calendar day; in addition, at least thirty-three percent (33%) of the twelve (12) hours of programming for each business day on average over each calendar quarter must be nonrepeat programming. For purposes of this Section 6.1.2, nonrepeat programming shall include the first three videocastings of a program and shall include programming on other PEG Access Channels in the City. Programming for purposes of determining substantial utilization shall include an alphanumeric scroll for not more than one (1) PEG Access Channel.

6.1.3. The City hereby authorizes Verizon to transmit PEG Access Channel programming within and without City jurisdictional boundaries. Verizon specifically reserves its right to make or change channel assignments in its sole discretion; provided, however, that PEG Access Channel assignments shall be uniform throughout all areas served by Verizon within the Franchise Area, and that Verizon shall not arbitrarily or capriciously change PEG Access Channel assignments, and shall seek to minimize the number of such changes. Any such reassignment must be to a Channel of technical quality at least equivalent to that of the existing PEG Access Channel. If Verizon decides to change the Channel designation for any of the PEG Access Channels, it shall provide not less than forty-five (45) days prior written notice to the City. Content of the Initial and Additional PEG Channels shall be at the sole discretion of the City.

6.1.4. Verizon shall deliver PEG Access Channel signals at a level of technical quality and reliability that complies with all applicable FCC technical standards and is consistent with standard definition local television broadcast channels in Verizon's Basic Service Tier. Verizon shall provide all PEG Access Channels on the Basic Service tier, or, if there is no Basic Service tier, shall provide the PEG Access Channels as part of the lowest-cost package that Verizon offers to Subscribers.

6.1.5. *PEG Connection:*

6.1.5.1. *PEG Locations:* The City shall provide to Verizon suitable video signals for transmission of any Initial or Additional PEG Channels at the following two (2) locations: Public Television Studio, 418 Mercury Blvd., Hampton, VA ("Public Television Studio"); and Jones Middle School, 1819 Nickerson Blvd, Hampton, VA, (collectively, the "PEG Locations"). Subject to Subsection 6.1.5.3, and within one hundred-eighty (180) days of the Effective Date or delivery of suitable video signals, whichever is later, Verizon shall obtain, without charge to the City, the PEG Access Channel programming via dedicated fiber connections to the PEG Locations, and shall install and maintain in good working order the equipment necessary for transmitting such signals to Subscribers.

6.1.5.2. *Auxiliary Path:* Subject to Subsection 6.1.5.3, Verizon shall, without charge to the City, also provide, install, and maintain in good working order one (1) auxiliary connection for the provision of PEG Access Channel programming to the Public Television Studio from City Hall, 22 Lincoln St., Hampton, VA ("City Hall"). Verizon shall

provide such auxiliary connection within one hundred-eighty (180) days of the Effective Date excluding periods of Force Majeure.

6.1.5.3. Verizon's obligations under this Section 6.1, including its obligation to provide upstream equipment and facilities necessary to transmit signals, shall be subject to the provision by the City, without charge to Verizon, of: (1) access to City Hall and the PEG Locations; (2) access to any required PEG equipment within City Hall and the PEG Locations and suitable required space, environmental conditions, electrical power supply, access, and pathways within City Hall and the PEG Locations; (3) video signals in a mutually agreed upon format suitable for PEG Access Channel programming; (4) any third-party consent that may be necessary to transmit PEG signals (including, without limitation, any consent that may be required with respect to third-party facilities, including facilities of the incumbent cable provider, if any, used to transmit PEG content to City Hall and the PEG Locations from auxiliary locations); and (5) any other cooperation and access to facilities as are reasonably necessary for Verizon to fulfill the obligations stated herein. The City shall further be responsible for any required switching and for communicating to Verizon information sufficient to ensure that such video signals and signal feeds are properly connected to the correct PEG Access Channel for distribution to Subscribers.

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

6.2. *PEG Grant:*

6.2.1. Subject to this Article 6, Verizon shall provide an initial PEG grant (the "Initial PEG Grant") and a PEG capital grant surcharge fee (the "PEG Capital Grant Surcharge Fee") to the City to support the capital costs of local PEG programming (collectively, the "PEG Grants").

6.2.2. Verizon shall provide the Initial PEG Grant in the form of a one-time lump sum payment of four thousand dollars (\$4,000.00). Payment of the Initial Grant shall be made no later than forty-five (45) days following the Effective Date of this Agreement.

6.2.3. Starting on August 1, 2009, so long as all other cable operators are paying a recurring fee, Verizon shall provide a PEG Capital Grant Surcharge Fee in an amount equal to the lower of either: (a) one and one-half percent (1 ½%) of Gross Revenues from Subscribers; or (2) the lowest recurring amount required to be paid by any other cable operator solely to support the capital costs of the PEG channel facilities in the City. The PEG Capital Grant Surcharge Fee shall be delivered to the City within sixty (60) days after the beginning of each calendar year during the Franchise Term. Verizon's obligations in this Subsection 6.2.3 are subject to the City's providing Verizon with written notice of any required adjustment, and Verizon shall have sixty (60) days from the date of receipt of such notice to begin paying the adjusted amount.

6.2.4. The City shall provide Verizon with a complete accounting annually of the distribution of funds granted pursuant to this Section 6.2.

6.3. City shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Verizon to transmit programming consistent with this Agreement. The City shall further require all local producers and users of any of the PEG facilities or Channels other than the City and the School Board to produce proof of insurance in an amount and form satisfactory to the City's Risk Manager and to defend and hold harmless Verizon and the City 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 Channel. City shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

6.4. To the extent permitted by federal law, Verizon shall be allowed to recover from Subscribers the costs of the PEG Grants 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, Verizon may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

7. **COMMUNICATIONS SALES AND USE TAX**

The parties 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.

8. **CUSTOMER SERVICE**

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

9. **REPORTS AND RECORDS**

9.1. *Open Books and Records:* Upon not less than thirty (30) business days written notice to Verizon and no more frequently than once every twenty-four (24) months), the City shall have the right to inspect Verizon's books and records pertaining to Verizon's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Verizon may organize the necessary books and records for appropriate access by the City. Verizon shall not be required to maintain any books and records for Franchise compliance purposes longer than three (3) years. Notwithstanding anything to the contrary set forth herein, Verizon shall not be required to disclose information that it reasonably

deems to be proprietary or confidential in nature, 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. The City shall treat any information disclosed by Verizon as confidential and only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof. Verizon shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

9.2. *Audit:* Inspections performed pursuant to Section 9.1 of this Agreement may include an audit of all records reasonably necessary to confirm the accurate payment of the PEG Capital Grant Surcharge Fee. Verizon shall bear the City's reasonable, documented out-of-pocket expenses of any such audit performed by a qualified, independent third-party auditor, up to a maximum of twenty thousand dollars (\$20,000), if such audit discloses an underpayment by Verizon of more than three percent (3%) of any quarterly payment and five thousand dollars (\$5,000) or more. The City shall not audit Verizon more frequently than once every twenty-four (24) months. The City shall have no more than three (3) years from the time Verizon delivers a payment to provide a written, detailed objection to or dispute of that payment, and if the City fails to object to or dispute the payment within that time period, the City shall be barred from objecting to or disputing it after that time period. Verizon 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 City. In the event that Verizon disputes any underpayment discovered as the result of an audit conducted by the City, the City shall work together with Verizon in good faith to promptly resolve such dispute. The City and Verizon maintain all rights and remedies available at law regarding any disputed amounts. The City may require Verizon to pay any additional undisputed amounts due to the City as a result of an audit performed by the City pursuant to this Section 9.2 within thirty (30) days following receipt by Verizon of written notice by the City. Notwithstanding the foregoing, Verizon shall not be obligated to bear any audit expenses for any auditor utilized by the City that is compensated on a success based formula, e.g., payment based on a percentage of underpayment, if any.

9.3. *Records Required:* Verizon shall at all times maintain:

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

9.3.2. 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;

9.3.3. Records of service calls for repair and maintenance for a period of three (3) years after resolution by Verizon, 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;

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

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

10. **INSURANCE AND INDEMNIFICATION**

10.1. *Insurance:*

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

10.1.1.1. Commercial General Liability Insurance in the amount of three million dollars (\$3,000,000.00) 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 Verizon's Cable Service business in the City.

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

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

10.1.1.4. 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.

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

10.1.3. The City 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.

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

10.1.5. 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.

10.1.6. Verizon shall annually deliver to City Certificates of Insurance showing evidence of the required coverage.

10.2. *Indemnification:*

10.2.1. Verizon agrees to indemnify, save and hold harmless, and defend the City, 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), to the extent proximately caused by Verizon's negligent construction, operation, or maintenance of its Cable System, provided that the City shall give Verizon written notice of its obligation to indemnify the City in a timely fashion so as not to materially prejudice Verizon. Notwithstanding the foregoing, Verizon shall not indemnify the City, for any damages, liability or claims resulting from the willful misconduct or negligence of the City, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Verizon or any agent or independent contractor thereof in connection with PEG Access or EAS, or the distribution of any Cable Service over the Cable System. The City shall be responsible for its own acts of willful misconduct or negligence, or breach of obligation committed by the City for which the City is legally responsible, subject to any and all defenses and limitations of liability provided by law.

10.2.2. With respect to Verizon's indemnity obligations set forth in Subsection 10.2.1, Verizon shall provide the defense of any claims brought against the City by selecting counsel of Verizon's choice to defend the claim, subject to the consent of the City, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent the City from cooperating with Verizon 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 City, Verizon shall have the right to defend, settle or compromise any claim or action arising hereunder, and Verizon 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 City and the City does not consent to the terms of any such settlement or compromise, Verizon shall not settle the claim or action but its obligation to indemnify the City shall in no event exceed the amount of such settlement.

11. **TRANSFER OF FRANCHISE**

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 City, provided that such consent shall not be unreasonably withheld, delayed or conditioned. No such consent shall be required, however, for transactions excluded under Section 1.33 above.

12. **RENEWAL OF FRANCHISE**

12.1. The City and Verizon agree that any proceedings undertaken by the City 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.

12.2. In addition to the procedures set forth in Section 626 or Section 15.2-2108.30, the City shall notify Verizon of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Verizon under

the then current Franchise term. The City further agrees that such assessments shall be provided to Verizon promptly so that Verizon has adequate time to submit a proposal under Section 626 or Section 15.2-2108, and complete renewal of the Franchise prior to expiration of its term.

12.3. Notwithstanding anything to the contrary set forth herein, Verizon and the City agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the City and Verizon may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the City may grant a renewal thereof.

12.4. Verizon and the City consider the terms set forth in this Article 12 to be consistent with the express provisions of Section 626 and Section 15.2-2108.30.

13. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

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

13.2. *Verizon’s Right to Cure or Respond:* Verizon shall have fifteen (15) days from receipt of the Noncompliance Notice to: (i) respond to the City, if Verizon 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 reasonable steps to remedy such noncompliance and notify the City of the steps being taken and the date by which cure is projected to be completed. Upon cure of any noncompliance, City shall provide written confirmation that such cure has been effected.

13.3. *Public Hearing:* The City shall schedule a public hearing if the City seeks to continue its investigation into the alleged noncompliance in the event that: (1) Verizon fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (2) in the event that Verizon has not remedied the alleged noncompliance within fifteen (15) days or the date projected pursuant to Section 13.2(iii) above. The City shall provide Verizon at least thirty (30) business days prior written notice of such public hearing, which will specify the time, place and purpose of such public hearing, and provide Verizon the opportunity to be heard.

13.4. *Enforcement:* Subject to applicable federal and state law, in the event the City, after the public hearing set forth in Section 13.3, determines that Verizon is in default of any provision of this Franchise, the City may:

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

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

13.4.3. In the case of a substantial default of a material provision of the Franchise, seek to revoke the Franchise in accordance with Section 13.5; or

13.4.4. *Liquidated Damages*: Enforce the following liquidated damages for the following violations of this Agreement, because such violations will result in injury to the City, and because it is and will be impracticable to determine the actual amount of such damage in the event of delay or nonperformance:

13.4.4.1. For failure to materially comply with timely and full payment of the PEG Capital Grant Surcharge Fee: the legal rate of interest set forth at Section 6.1-330.53 of the Virginia Code (currently, six percent (6%) per annum).

13.4.4.2. For failure to comply with the reporting requirements as set forth in Article 9 and Exhibit C of this Franchise: One hundred dollars (\$100.00) per day for each day the violation continues;

13.4.4.3. For failure to materially comply with Customer Service Standards set forth in Exhibit C of this Agreement where compliance is measured quarterly: (a) Verizon shall be liable for liquidated damages in the amount of five hundred dollars (\$500.00) for each quarter in which such standards were not met if the failure was by less than five percent (5%); one thousand dollars (\$1,000.00) 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 two thousand dollars (\$2,000.00) for each quarter in which such standards were not met if the failure was by fifteen percent (15%) or more.

13.4.4.4. 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 13.3

13.4.5. The amount of all liquidated damages per annum shall not exceed ten thousand dollars (\$10,000.00) in the aggregate.

13.5. *Security*: Verizon shall maintain throughout the Term of this Agreement security for the performance of its obligations under this agreement in the amount of ten thousand dollars (\$10,000.00). The form of this security may, at Verizon's option, be a performance bond, letter of credit, cash deposit, cashier's check or any other security acceptable to the City. If Verizon posts a performance bond, it shall be substantially in the form of Exhibit D. In the event that a performance bond provided pursuant to this Agreement is not renewed or is cancelled, Verizon shall provide new security pursuant to this Article within thirty (30) days of such cancellation or failure to renew. Neither cancellation, nor termination nor refusal by surety to extend the bond, nor inability of Principal to file a replacement bond or replacement security for its obligations, shall constitute a loss to the Obligee recoverable under the bond.

13.6. *Revocation*: Should the City seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 13.3., the City shall give written notice to Verizon of such intent. The notice shall set forth the

specific nature of the noncompliance. Verizon 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 City has not received a satisfactory response from Verizon, it may then seek termination of the Franchise at a second public hearing. The City shall cause to be served upon Verizon, 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.

13.6.1. At the designated hearing, Verizon 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, to compel the relevant testimony of the officials, agents, employees or consultants of the City, to compel the testimony of other persons as permitted by law, and to question and/or cross examine witnesses. A complete verbatim record and transcript shall be made of such hearing.

13.6.2. Following the public hearing, Verizon shall be provided up to thirty (30) days to submit its proposed findings and conclusions in writing and thereafter the City 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 Verizon. The City shall also determine whether to revoke the Franchise based on the information presented, or, where applicable, grant additional time to Verizon to affect any cure. If the City determines that the Franchise shall be revoked, the City shall promptly provide Verizon with a written decision setting forth its reasoning. Verizon may appeal such determination of the City to an appropriate court. Verizon shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Verizon's receipt of the determination of the franchising authority.

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

14. MISCELLANEOUS PROVISIONS

14.1. *Actions of Parties:* In any action by the City or Verizon 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.

14.2. *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.

14.3. *Preemption:* In the event that federal or state law, rules, or regulations preempt a provision or limit the enforceability of a provision of this Agreement, the provision shall be read to be preempted to the extent, and for the time, but only to the extent and for the time, required by law. In the event such federal or state law, rule or regulation is subsequently repealed, rescinded, amended or otherwise changed so that the provision hereof that had been

preempted is no longer preempted, such provision shall thereupon return to full force and effect, and shall thereafter be binding on the parties hereto, without the requirement of further action on the part of the City.

14.4. *Force Majeure:* Verizon 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.

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

14.6. *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 Verizon shall be mailed to:

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

with a copy to:

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

Notices to the City shall be mailed to:

City of Hampton
City Attorney's Office
22 Lincoln Street
Hampton, VA 23669
Attn: City Attorney

14.7. *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between Verizon and the City, 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.

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

14.9. *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.

14.10. *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.

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

14.12. *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 Verizon from providing Cable Services, shall Verizon or its assignees be required to sell any right, title, interest, use or control of any portion of Verizon's FTTP Network including, without limitation, the cable system and any capacity used for cable service or otherwise, to the City or any third party. Verizon 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 Verizon 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.

14.13. *Independent Review*: City and Verizon 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.

14.14. *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.

14.15. *Rights Cumulative*: All rights and remedies given to the County and Verizon by this Franchise shall be in addition to and cumulative with any and all other rights or remedies, existing or implied, now or hereafter available to the County and Verizon at law or in equity.

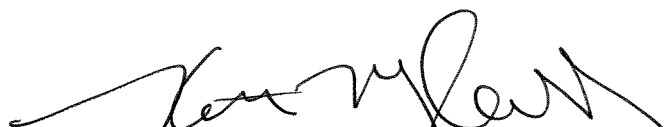
SIGNATURE PAGE FOLLOWS

AGREED TO THIS 22nd DAY OF July, 2008.

City of Hampton, Virginia

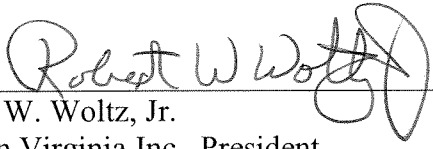
By: 
Mayor

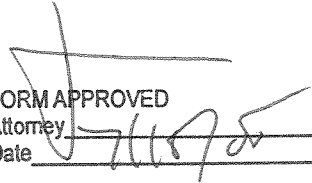
ATTEST


Clerk

SIGNATURES CONTINUE ON NEXT PAGE

Verizon Virginia Inc.

By: 
Robert W. Woltz, Jr.
Verizon Virginia Inc., President


FORM APPROVED
Attorney _____
Date 7/1/05

EXHIBITS

Exhibit A: Initial Service Area

Exhibit B: Municipal Buildings Eligible for Free Cable Service

Exhibit C: Customer Service Standards

Exhibit D: Sample Performance Bond

EXHIBIT A

INITIAL SERVICE AREA

The initial service area is shown in the attached map.

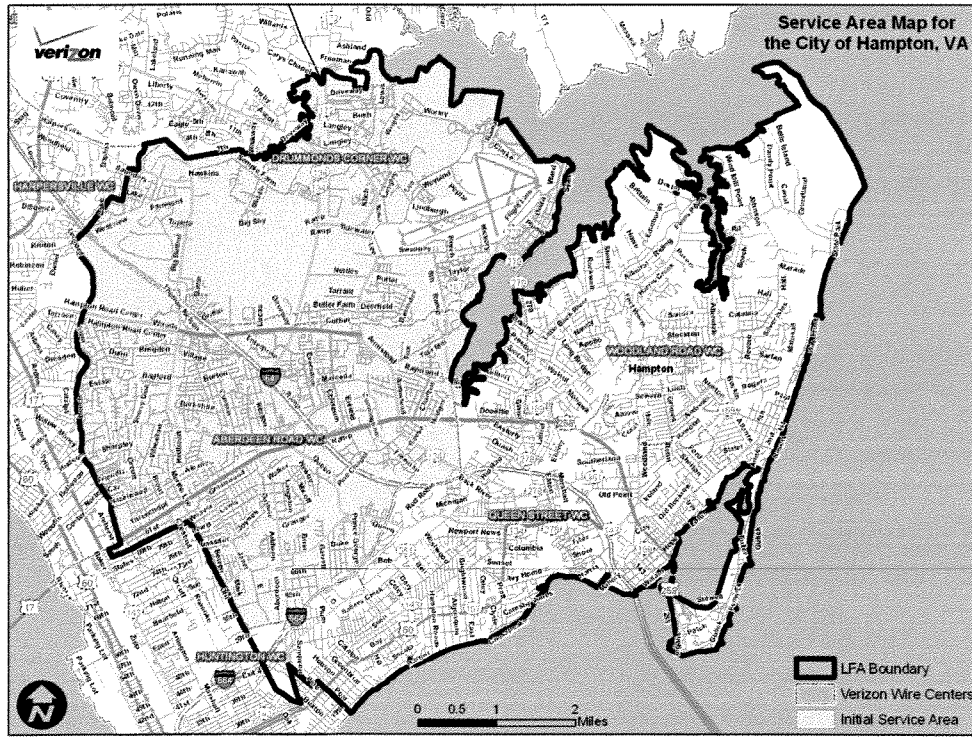


EXHIBIT B

MUNICIPAL BUILDINGS ELIGIBLE FOR FREE CABLE SERVICE

Address	City	State	Zip	Place Name	Place Type
3501 KECOUGHTAN RD	HAMPTON	VIRGINIA	236661	Senoir Citizens Center	City Facility
136 KINGS WAY	HAMPTON	VIRGINIA	23669	Carmel Center	City Facility
1320 LASALLE AVE	HAMPTON	VIRGINIA	23669	Social Services	City Facility
100 OLD HAMPTON LN	HAMPTON	VIRGINIA	23669	Healthy Families Partnership	City Facility
1815 SHELL RD	HAMPTON	VIRGINIA	236661	Hart McAllister Community Center	City Facility
600 SETTLERS LANDING RD	HAMPTON	VIRGINIA	23669	Virginia Air & Space Center	City Facility
1928 W PEMBROKE AVE	HAMPTON	VIRGINIA	236661	City Jail Annex	City Facility
249 W CHAMBERLIN AVE	HAMPTON	VIRGINIA	23663	North Phoebus Community Center	City Facility
120 OLD HAMPTON LN	HAMPTON	VIRGINIA	23669	Hampton History Museum	City Facility
1 S MALLORY ST	HAMPTON	VIRGINIA	23663	Phoebus Branch Library	City Facility
710 SETTLERS LANDING RD	HAMPTON	VIRGINIA	23669	Cousteau Society	City Facility
26 WINE ST	HAMPTON	VIRGINIA	23669	Court Services Unit	City Facility
4205 VICTORIA BLVD	HAMPTON	VIRGINIA	23669	Charles Taylor Arts Center	City Facility
35 WINE ST	HAMPTON	VIRGINIA	23669	Juvenile Intake Office	City Facility
2315 VICTORIA BLVD	HAMPTON	VIRGINIA	236661	Kenny Wallace Resource Center	City Facility
125 E MELLEN ST	HAMPTON	VIRGINIA	23663	American Theatre	City Facility
3130 VICTORIA BLVD	HAMPTON	VIRGINIA	236661	Health Department	City Facility
1430 KECOUGHTAN RD	HAMPTON	VIRGINIA	236661	Fire Station 3 - Wythe	City Facility
201 LINCOLN ST	HAMPTON	VIRGINIA	23669	Old Hampton Community Center	City Facility
2412 E PEMBROKE AVE	HAMPTON	VIRGINIA	23664	Fire Station 4 - Buckroe	City Facility
602 SETTLERS LANDING RD	HAMPTON	VIRGINIA	23669	Carousel Park	City Facility
1501 BETHEL AVE	HAMPTON	VIRGINIA	23669	Police Firing Range	City Facility
122 S HOPE ST	HAMPTON	VIRGINIA	23663	Fire Station 2 - Phoebus	City Facility
3922 KECOUGHTAN RD	HAMPTON	VIRGINIA	23669	Newtown Neighborhood Learning Center	City Facility
40 LINCOLN ST	HAMPTON	VIRGINIA	23669	Public Safety Building	City Facility
220 N KING ST	HAMPTON	VIRGINIA	23669	Juvenile & Domestic Relations Court	City Facility
22 LINCOLN ST	HAMPTON	VIRGINIA	23669	City Hall	City Facility
419 N ARMISTEAD AVE	HAMPTON	VIRGINIA	23669	Solid Waste, Traffic Ops, & Drainage	City Facility
306 W PEMBROKE AVE	HAMPTON	VIRGINIA	23669	FS 1 - Downtown Hampton	City Facility
550 N BACK RIVER RD	HAMPTON	VIRGINIA	23669	Street Operations & Wastewater	City Facility
4207 VICTORIA BLVD	HAMPTON	VIRGINIA	23669	Main Library	City Facility
936 BIG BETHEL RD	HAMPTON	VIRGINIA	23666	Northampton Branch Library	City Facility
101 KINGS WAY	HAMPTON	VIRGINIA	23669	Circuit Court	City Facility
101 KINGS WAY FL 2	HAMPTON	VIRGINIA	23669	George Wythe Law Library	City Facility
1306 THOMAS ST	HAMPTON	VIRGINIA	23669	Mary Peake Center	City Facility
1300 THOMAS ST	HAMPTON	VIRGINIA	23669	Adult & Alternative Learning Center	City Facility
1248 LANGLEY BLVD STOP 209	HAMPTON	VIRGINIA	23666	Fire Station 8 - NASA	City Facility
1590 BRIARFIELD RD	HAMPTON	VIRGINIA	23666	Fire Station 9 - Briarfield	City Facility
9 WOODLAND RD	HAMPTON	VIRGINIA	23663	Woodland Golf Course	City Facility
1135 LASALLE AVE	HAMPTON	VIRGINIA	23669	Jones Community Center	City Facility
1435 A TODDS LN	HAMPTON	VIRGINIA	23666	Northampton Community Center	City Facility
1 FRANKLIN ST	HAMPTON	VIRGINIA	23669	Ruppert Sargent Building	City Facility
135 HIGH COURT LN	HAMPTON	VIRGINIA	23669	Hampton City Jail	City Facility
236 N KING ST OFC CA	HAMPTON	VIRGINIA	23669	Commonwelath Attorney	City Facility
236 N KING ST	HAMPTON	VIRGINIA	23669	General District Court	City Facility

101 KINGS WAY RM 103	HAMPTON	VIRGINIA	23669	Voter Registrar	City Facility
1919 COMMERCE DR STE 290	HAMPTON	VIRGINIA	23666	Convention & Visitor Bureau	City Facility
101 N ARMISTEAD AVE STE 200	HAMPTON	VIRGINIA	23669	Virginia Cooperative Extension	City Facility
413 N ARMISTEAD AVE	HAMPTON	VIRGINIA	23669	Fleet Operations	City Facility
231 SPRINGFIELD AVE	HAMPTON	VIRGINIA	23669	Facilities	City Facility
418 W MERCURY BLVD	HAMPTON	VIRGINIA	23669	Parks Athletics Office	City Facility
50 WYTHE CREEK RD	HAMPTON	VIRGINIA	23666	Steam Plant	City Facility
227 FOX HILL RD	HAMPTON	VIRGINIA	23669	Willow Oaks Branch Library	City Facility
2001 NORTH PARK LN	HAMPTON	VIRGINIA	23666	Landfill	City Facility
1000 COLISEUM DR	HAMPTON	VIRGINIA	23666	Hampton Coliseum	City Facility
1610 COLISEUM DR	HAMPTON	VIRGINIA	23666	Hampton Roads Convention Center	City Facility
100 GRUNDLAND DR	HAMPTON	VIRGINIA	23664	Grundland Park	City Facility
2028 NICKERSON BLVD	HAMPTON	VIRGINIA	23663	Nickerson Police Field Office	City Facility
1638 BRIARFIELD RD	HAMPTON	VIRGINIA	236661	West Hampton Community Center	City Facility
416 BEACH RD	HAMPTON	VIRGINIA	23664	Fire Station 5 - Fox Hill	City Facility
413 W MERCURY BLVD	HAMPTON	VIRGINIA	23669	Air Power Park	City Facility
2203 MINGEE DR	HAMPTON	VIRGINIA	236661	Parks Operations	City Facility
1221 TODDS LN	HAMPTON	VIRGINIA	23666	Fire Station 6 - Northampton	City Facility
1255 BIG BETHEL RD	HAMPTON	VIRGINIA	23666	Sandy Bottom Nature Park	City Facility
176 FOX HILL RD	HAMPTON	VIRGINIA	23669	Fire Station 7 - Willow Oaks	City Facility
4111 VICTORIA BLVD	HAMPTON	VIRGINIA	23669	Darling Stadium	City Facility
60 PINE CHAPEL RD	HAMPTON	VIRGINIA	23666	Bluebird Gap Farm	City Facility
204 MARCELLA RD	HAMPTON	VIRGINIA	23666	Fire Station 10 - Mercury Central	City Facility
320 BUTLER FARM RD	HAMPTON	VIRGINIA	23666	Hamptons Golf Course	City Facility
85 E MERCURY BLVD	HAMPTON	VIRGINIA	23669	Ridgway Park	City Facility
901 E LITTLE BACK RIVER RD	HAMPTON	VIRGINIA	23669	Gosnolds Hope Park	City Facility
903 E LITTLE BACK RIVER RD	HAMPTON	VIRGINIA	23669	Gosnolds Hope Park	City Facility
1424 ABERDEEN RD	HAMPTON	VIRGINIA	23666	Aberdeen Elementary School	
3401 MATOAKA RD	HAMPTON	VIRGINIA	236661	Armstrong Elementary School	
140 BEACH RD	HAMPTON	VIRGINIA	23664	Asbury Elementary School	
45 FOX HILL RD	HAMPTON	VIRGINIA	23669	Barron Elementary School	
671 BELL ST	HAMPTON	VIRGINIA	236661	Bassette Elementary School	
1067 BIG BETHEL RD	HAMPTON	VIRGINIA	23666	Bethel High School	
160 APOLLO DR	HAMPTON	VIRGINIA	23669	Booker Elementary School	
1021 N MALLORY ST	HAMPTON	VIRGINIA	23663	Bryan Elementary School	
40 TIDE MILL LN	HAMPTON	VIRGINIA	23666	Burbank Elementary School	
2009 ANDREWS BLVD	HAMPTON	VIRGINIA	23663	Cary Elementary School	
200 MARCELLA RD	HAMPTON	VIRGINIA	23666	Cooper Elementary School	
1435 TODDS LN	HAMPTON	VIRGINIA	23666	Davis Middle School	
2108 CUNNINGHAM DR	HAMPTON	VIRGINIA	23666	Eaton Middle School	
1406 TODDS LN	HAMPTON	VIRGINIA	23666	Forrest Elementary School	
1491 W QUEEN ST	HAMPTON	VIRGINIA	23669	Hampton High School	
1819 NICKERSON BLVD	HAMPTON	VIRGINIA	23663	Jones Middle School	
522 WOODLAND RD	HAMPTON	VIRGINIA	23669	Kecoughtan High School	
600 CONCORD DR	HAMPTON	VIRGINIA	23666	Kraft Elementary School	
16 ROCKWELL RD	HAMPTON	VIRGINIA	23669	Langley Elementary School	
1646 BRIARFIELD RD	HAMPTON	VIRGINIA	23669	Lee Elementary School	
1636 BRIARFIELD RD	HAMPTON	VIRGINIA	236661	Lindsay Middle School	
20 SACRAMENTO DR	HAMPTON	VIRGINIA	23666	Machen Elementary School	
331 BIG BETHEL RD	HAMPTON	VIRGINIA	23666	Mallory Elementary School	
2113 WOODMANSEE DR	HAMPTON	VIRGINIA	23663	Merrimack Elementary School	
339 OLD BUCKROE RD	HAMPTON	VIRGINIA	23663	Moton Elementary School	
520 BUTLER FARM RD	HAMPTON	VIRGINIA	23666	New Horizons Regional Education Center	
1061 BIG BETHEL RD	HAMPTON	VIRGINIA	23666	New Middle School	
703 LEMASTER AVE	HAMPTON	VIRGINIA	23669	Phillips Elementary School	
100 IRELAND ST	HAMPTON	VIRGINIA	23663	Phoebus High School	
14 WIND MILL POINT RD	HAMPTON	VIRGINIA	23664	Schools Facilities	

379 WOODLAND RD	HAMPTON	VIRGINIA	23669	Smith Elementary School
339 WOODLAND RD	HAMPTON	VIRGINIA	23669	Spratley Middle School
170 FOX HILL RD	HAMPTON	VIRGINIA	23669	Syms Middle School
1589 WINGFIELD DR	HAMPTON	VIRGINIA	23666	Tarrant Elementary School
113 WELLINGTON DR	HAMPTON	VIRGINIA	23605	Tucker - Capps Elementary School
57 SALINA ST	HAMPTON	VIRGINIA	23669	Tyler Elementary School
200 CLAREMONT AVE	HAMPTON	VIRGINIA	236661	Wythe Elementary School

EXHIBIT C

CUSTOMER SERVICE STANDARDS

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

SECTION 1. DEFINITIONS

A. Respond: Verizon'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 Verizon 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.

Standard Installation: Installations where the subscriber is within one hundred fifty (150) feet of trunk or feeder lines.

SECTION 2. TELEPHONE AVAILABILITY

A. Verizon shall maintain a toll-free number to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service. Verizon 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. Verizon representatives shall identify themselves by name when answering this number.

B. Verizon'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 Verizon.

C. Verizon 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. Verizon 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 Verizon shall be answered within thirty (30) seconds. Verizon 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 Verizon 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 Verizon 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 Effective Date, upon request from the City but in no event more than once a quarter thirty (30) days following the end of each quarter, Verizon shall report to the City 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 Verizon service center as set forth in Subsection 2.E.

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

G. At Verizon's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters. Verizon shall notify the City 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 Verizon-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. Verizon 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 Effective Date, upon request from the City but in no event more than once a quarter thirty (30) days following the end of each quarter, Verizon shall provide to the City a 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 City for review upon reasonable request. At Verizon's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters. Verizon shall notify the City of such a change not less than thirty (30) days in advance.

D. Verizon 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 Verizon's discretion, Verizon 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. Verizon shall notify the City of any Significant Outage of the Cable Service.

B. Verizon 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, Verizon may schedule a Significant Outage for a period of more than four (4) hours during any twenty-four (24) hour period only after the City and each affected Subscriber in the Service Area have been given fifteen (15) days prior notice of the proposed Significant Outage. Notwithstanding the forgoing, Verizon 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. Verizon 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, Verizon 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) Verizon must begin actions to correct all other Cable Service

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

E. Under Normal Operating Conditions, Verizon shall complete Service Calls within seventy-two (72) hours of the time Verizon 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. Verizon 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 Effective Date, upon request from the City but in no event more than once a quarter within thirty (30) days following the end of each calendar quarter, Verizon shall provide a 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 City for review upon reasonable request. At Verizon's option, the above measurements and reporting may be changed from calendar quarters to billing or accounting quarters. Verizon shall notify the City of such a change at least thirty (30) days in advance.

H. Under Normal Operating Conditions, Verizon 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 Verizon to verify the problem if requested by Verizon. 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, Verizon 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 Verizon 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, Verizon shall investigate Subscriber complaints referred by the City within five (5) business days. Verizon shall notify the City 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 City may require reasonable documentation to be provided by Verizon to substantiate the request for additional time to resolve the problem. For purposes of this Section, "resolve" means that Verizon 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. Verizon 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. Verizon shall maintain records of the date and place of mailing of bills.

B. Every Subscriber with a current account balance sending payment directly to Verizon 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 Verizon 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 Verizon's sole discretion to determine when the dispute has been resolved.

E. Under Normal Operating Conditions, Verizon 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. Verizon shall provide a telephone number and address on the bill for Subscribers to contact Verizon.

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

H. Verizon 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. Verizon 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 Verizon, the payment alternative may be limited.

I. *City Information:* Pursuant to 47 C.F.R. 76.952, Verizon shall provide City information on Franchise bills as requested in writing by the City.

SECTION 7. DEPOSITS, REFUNDS AND CREDITS

A. Verizon may require refundable deposits from Subscribers 1) with a poor credit or poor payment history, 2) who refuse to provide credit history information to Verizon, or 3) who rent Subscriber equipment from Verizon, so long as such deposits are applied on a non-

discriminatory basis. The deposit Verizon 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 Verizon may charge for Subscriber equipment is the cost of the equipment which Verizon would need to purchase to replace the equipment rented to the Subscriber.

B. Verizon 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. Verizon 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 Verizon or its authorized agent. Appropriate time considerations shall be included in Verizon'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. Verizon 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 Verizon 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 Verizon equipment incorrectly) or by the failure of the Subscriber to take reasonable precautions to protect Verizon's equipment (for example, a dog chew).

B. Verizon 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. Verizon shall not terminate Cable Service for nonpayment of a delinquent account unless Verizon 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 Verizon to deny Cable Service for non-payment of previously provided Cable Services, refusal to pay any required deposit, theft of Cable Service, damage to Verizon's equipment, abusive and/or threatening behavior toward Verizon's employees or representatives, or refusal to provide credit history information or refusal to allow Verizon to validate the identity, credit history and credit worthiness via an external credit agency.

SECTION 10. COMMUNICATIONS WITH SUBSCRIBERS

A. All Verizon personnel, contractors and subcontractors contacting Subscribers or potential Subscribers outside the office of Verizon shall wear a clearly visible identification card bearing their name and photograph. Verizon shall make reasonable effort to account for all identification cards at all times. In addition, all Verizon representatives shall wear appropriate clothing while working at a Subscriber's premises. Every service vehicle of Verizon and its contractors or subcontractors shall be clearly identified as such to the public. Specifically, Verizon vehicles shall have Verizon's logo plainly visible. The vehicles of those contractors and subcontractors working for Verizon shall have the contractor's / subcontractor's name plus markings (such as a magnetic door sign) indicating they are under contract to Verizon.

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

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

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. Verizon 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 Verizon, and Verizon shall provide a copy of the notice to the City including how and where the notice was given to Subscribers.

F. Verizon 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 Verizon:

(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 Verizon 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 City, but with a notice advising the Subscriber to initially contact Verizon about all complaints and questions;

(6) Procedures for requesting Cable Service credit;

(7) The availability of a parental control device;

(8) Verizon practices and procedures for protecting against invasion of privacy; and

(9) The address and telephone number of Verizon's office to which complaints may be reported.

A copy of notices required in this Subsection 10.F. will be given to the City 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 Verizon and as soon as possible if not within the control of Verizon.

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 Verizon where the Subscriber can receive additional information about their account and discuss the pending termination.

EXHIBIT D

SAMPLE PERFORMANCE BOND

“Draft Sample- Definite Term” Franchise Bond

Bond No. _____

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

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

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

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

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

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

1. In the event of default by the Principal, Obligee shall deliver to Surety a written statement of the details of such default within 30 days after the Obligee shall learn of the same, such notice to be delivered by certified mail to address of said Surety as stated herein.
2. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be

