

**Cable Franchise Agreement**

**by and between**

**The City of New York**

**and**

**Verizon New York Inc.**

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

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

WHEREAS, the Franchisee is in the process of upgrading its existing Telecommunications Services (as hereinafter defined) and Information Services (as hereinafter defined) network through the installation of the FTTP Network (as hereinafter defined) in the Franchise Area (as hereinafter defined) which transmits Non-Cable Services pursuant to authority determined by Franchisee to have been granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law (as hereinafter defined) or Title VI of the Communications Act; and

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

WHEREAS, pursuant to Section 895.1 of Title 16 of the New York Code of Rules and Regulations, the Franchisee's technical ability, financial condition, and character were considered and approved by the City in a full public proceeding affording due process; the Franchisee's plans for its Cable System were considered and found to be adequate and feasible in a full public proceeding affording due process; the Franchise complies with the franchise standards of the NY PSC (as hereinafter defined); and the Franchise is nonexclusive; and

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

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

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

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

**THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:**

**1. DEFINITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

1.26. *Government/Educational Access Channel*: An Access Channel which the Franchisee shall make available for the sole noncommercial use of the City or for noncommercial use by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area as specified by the City, as provided in Article 8 and Appendix B to this Agreement.

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

1.27.1. Gross Revenue includes, without limitation: all Subscriber revenues earned or accrued net of bad debts including revenue for: (i) Basic Service; (ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Franchise Area, including, without limitation, Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by

lease or fee; (iii) video on demand and pay-per-view; (iv) revenues from the sale or lease of channel(s) or channel capacity; (v) compensation received by Franchisee that is derived from the operation of the Cable System to provide Cable Service with respect to commissions that are paid to Franchisee or an Affiliate providing Cable Service under this Franchise as compensation for promotion or exhibition of any products or services on the Cable System, such as a “home shopping” or similar channel, subject to the exceptions below; and (vi) charges described to Subscribers as attributable to Franchise Fees (as hereinafter defined) and PEG Grants. Gross Revenue shall also include all advertising revenue which is received directly or indirectly by the Franchisee or any Affiliate from or in connection with the distribution of any service over the System (and including, without limitation, compensation for use of studio or other facilities and equipment associated with production or distribution of any programming or advertising to be distributed as part of a Cable Service). The allocation shall be based on the number of Subscribers in the Franchise Area divided by the total number of Subscribers in relation to the relevant local, regional or national compensation arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

1.27.2. Except as provided above, Gross Revenue shall not include: revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System; bad debts written off by Franchisee in the normal course of its business and in accordance with generally accepted accounting principles (provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected); refunds, rebates or discounts made to Subscribers or other third parties; any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law; any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, provided, however, that any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System paid to Franchisee or an Affiliate for the sale of such merchandise shall be included in Gross Revenue; the sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser’s customer; the sale of Cable Services to customers, which are exempt, as required or allowed by the City including, without limitation, the provision of Cable Services to public institutions as required or permitted herein; any tax of general applicability imposed upon Franchisee or upon Subscribers by the LFA, a state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity; taxes imposed on Subscribers by law, which the Franchisee is obligated to collect; any foregone revenue which Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions designated in the Franchise (provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue); sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming; directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing.



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **2. CLOSING; CLOSING CONDITIONS**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3. EFFECTIVE DATE AND TERM:**

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

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

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

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

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

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

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

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

4.4. *Franchise Subject to Federal and State Law:* Notwithstanding any provision to the contrary herein, this Franchise is subject to and shall be governed by all applicable provisions of federal and state law as may be amended, including but not limited to the Communications Act. Further, the parties to this Franchise agree that this Franchise is consistent with applicable federal and state law and the parties agree to be bound by the terms hereof.

4.5. *No Waiver:* The failure of either the City or Franchisee on one or more occasions to exercise a right under this Franchise, the Cable Law or other applicable state or federal law, or to require compliance or performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance of this Agreement, nor shall it excuse the other (neither the City nor the Franchisee) from compliance or performance, unless such right or such compliance or performance has been specifically waived in writing.

4.6. *Construction of Agreement:*

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

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

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

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

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

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

## **5. DEPLOYMENT; PROVISION OF CABLE SERVICE**

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

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

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

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

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

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

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

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

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

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

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

5.3. *Service Availability:*

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## **6. SYSTEM FACILITIES**

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

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

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

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

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

6.2.3.1. Cable Law;

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

6.2.3.3. National Electrical Code;

6.2.3.4. National Electrical Safety Code (NESC).

6.3. *Cable System Tests and Inspections:*

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

6.3.2. The Franchisee shall conduct tests as follows:

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

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

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

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

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

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

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

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

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

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

interpreted as a requirement for provision of specific video programming services (except the requirement for provision of PEG Access Channels). Consistent with the Cable Act, the Franchisee will meet with the Commissioner upon request to discuss broad categories of programming offered over the Cable System; provided, however, that such meetings shall not occur more than two (2) times in any calendar year. Franchisee shall at all times comply with applicable provisions of the Cable Act and FCC regulations with respect to program access.

## **7. LEADING TECHNOLOGY**

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

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

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

## **8. PEG SERVICES**

8.1. *PEG Set Aside:*

8.1.1. In order to ensure universal availability of Public, Educational and Government Access programming, Franchisee shall, not later than one hundred eighty (180) days from the Effective Date (or, with respect to any Governmental/Educational Access Channels, such later date as may be agreed upon by the City and Franchisee in the event Franchisee reasonably requests an extension in order to complete necessary work), provide on the Basic

Service Tier use of twenty-five (25) access channels in total, as set forth immediately below in Section 8.1.1.1 (each, an “Access Channel”):

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

8.5. *Recovery of Costs*: To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the grants referenced in this Article 8 and Section 5.7 from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the forgoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection and any franchise-related costs to Subscribers.

## 9. **INET**

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

## 10. **FRANCHISE FEES**

10.1. *Payment to City*: Franchisee shall pay to the City a Franchise Fee of five percent (5%) of annual Gross Revenue (the "Franchise Fee"). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. In the event that said payments are not received by the LFA within forty-five (45) days following the end of the applicable calendar quarter, following at least thirty (30) days written notice from the LFA that the Franchise Fee has not been paid, Franchisee shall pay interest on such overdue Franchise Fee amount at the then-current interest rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) to the LFA retroactive to the first day that such Franchise Fee payment was due. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise Fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

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

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

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

10.5. *Bundled Services*: If Cable Services subject to the Franchise Fee required under this Article 10 are provided to Subscribers in conjunction with Non-Cable Services, and the total

cost of the bundle reflects a discount from the aggregate retail prices of the services contained therein, the Franchise Fee shall be applied to the retail price of the Cable Services in the bundle reduced by no more than a proportionate share of the overall discount.

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

10.6. *626 Offset:* The Franchise Fee as defined herein shall not constitute a set off against the special franchise tax as provided for in N.Y. Real Property Tax Law Section 626; provided, however, that the LFA agrees that it shall impose the same special franchise tax offset waiver restriction upon all other existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Franchise Area expressed in writing in the franchise agreement, or the renewal of any existing franchise agreement of each respective cable provider. The operation of this subparagraph shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchisee's rights under any provision of state or federal law regarding the provision of services other than Cable Service.

## **11. REPORTS AND RECORDS**

11.1 *Open Books and Records:* Upon reasonable written notice to the Franchisee and consistent with Section 11.1.1 below, the City shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise, including, but not limited to, the calculation of Franchise Fees in accordance with Section 10.5 hereof. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the City. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Any records to be inspected by the City pursuant to this Article 11 shall be made available by Franchisee to the City in a mutually agreeable format and location, including, at the City's request, at a designated office of the Franchisee in the City. Franchisee may identify information disclosed to the City hereunder as "proprietary or confidential." For purposes of this Section, "proprietary or confidential" information may include, but is not limited to: information related to the Cable Systems design; trade secrets; Subscriber lists; marketing plans; financial information unrelated to the calculation of the Franchise Fees; or other information that is reasonably determined by the Franchisee to be competitively sensitive.

Subject to applicable law, including but not limited to New York State Public Officers Law (“FOIL”), any such information disclosed to the City that the Franchisee reasonably identifies as confidential or competitively sensitive (including, without limitation, financial information related to the calculation of Franchise Fees) shall be treated by the City as confidential under Section 87(2) (d) of the New York Public Officers Law and the City shall disclose such information only to employees, representatives, and agents thereof who have a need to know, or in order to monitor, enforce, or audit the Franchisee’s compliance with, the provisions hereof. If the City receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as proprietary or confidential, competitively sensitive, a trade secret or proprietary, the City shall notify Franchisee of such request. If the City determines in good faith that public disclosure of the requested information is required under FOIL or pursuant to a court order, the City shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude public disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551. Nothing in this Article 11 is intended to impair in any way the authority of the Comptroller under Section 93(b) of the New York City Charter to perform audits. Notwithstanding anything to the contrary set forth in this Agreement, Franchisee shall not be required to disclose information (including its books and records and books and records of an Affiliate) that, in Franchisee’s reasonable determination, does not relate to the provision of Cable Service in the Service Area.

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

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

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

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

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

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

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

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

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

11.3.3. Records of service calls for repair and maintenance for a period of six (6) years after resolution by Franchisee, indicating the date and time service was required, the date of acknowledgment and date and time service was scheduled (if it was scheduled), and the date and time service was provided, and (if different) the date and time the problem was resolved;

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

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

11.3.6. Commencing on February 15, 2009, records showing which wire centers servicing the Franchise Area have been upgraded so as to make them video capable VSOs open for sales consistent with Section 5.2 of this Franchise. Such records shall also show which wire center upgrades, if any, have been delayed due to the exceptions contained in the opening clause of Section 5.2 of this Franchise;

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

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

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

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

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

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

11.5. *System-Wide Statistics:* Any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints, or if expressly described otherwise in this Franchise.

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

## **12. INSURANCE AND INDEMNIFICATION**

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

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

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

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

(ii) The Duties in the Event of Occurrence, Claim or Suit condition of the policy is amended per the following: if and insofar as knowledge of an "occurrence", "claim", or "suit" is relevant to the City of New York as Additional Insured under this policy, such knowledge by an agent, servant, official, or employee of the City of New York will not be considered knowledge on the part of the City of New York of the "occurrence", "claim", or "suit" unless the following position shall have received notice thereof from such agent, servant, official, or employee: Insurance Claims Specialist, Affirmative Litigation Division, New York City Law Department; and



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

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

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

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

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

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

#### 12.2. *General Requirements for Insurance Policies:*

(a) All required insurance policies shall be maintained with companies that are authorized or permitted to conduct business in the State of New York and have an A.M. Best rating of at least A- VII or a Standard and Poor's rating of at least AA, unless prior written approval is obtained from the Mayor's Office of Operations (or successor entity thereto).

(b) The Franchisee shall be solely responsible for the payment of all premiums for all required policies and all deductibles and self-insured retentions to which such

policies are subject, whether or not the City is an insured under the policy. Any self-insured retention must be reasonable and is subject to approval by the City.

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

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

### 12.3. *Proof of Insurance:*

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

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

(c) The Franchisee shall be obligated to provide the City with a copy of any policy required by this Section 12 upon the demand for such policy by the Commissioner or the New York City Law Department; provided, however, that any policies or other related information provided by Franchisee (or Franchisee's designee, including, but limited to, an Affiliate or Franchisee's insurer) to the City pursuant to this subsection 12.3(c) shall be treated by the City as confidential and proprietary consistent with the provisions of Section 11.1 of this Franchise.

### 12.4. *Operations of the Franchisee:*

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

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

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

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

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

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

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

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

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

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

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

12.11. *Limitation on Indemnification:* As between the City and the Franchisee, the indemnifications obligations of the Franchisee pursuant to Section 12.8 above shall not apply to any Damages arising out of the distribution of programming over the Governmental/Educational Access Channels, the Institutional Network available to and used by the City, and/or the Public Access Channels, to the extent that such claim does not arise out of an act or failure to act by the Franchisee.

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

### **13. TRANSFER OF FRANCHISE**

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

13.1.1. all information and forms required under federal law;

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

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

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

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

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

13.2. *City Action on Transfer:* To the extent not prohibited by federal law, the City may: (i) grant; (ii) grant subject to conditions directly related to concerns relevant to the transactions; (iii) deny any such transactions; or (iv) not take action, in which case the

transactions shall be deemed granted, unless the requesting party and the LFA expressly agree in writing to an extension, pursuant to Section 617 of the Communications Act, 47 U.S.C. § 537.

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

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

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

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

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

#### **14. RENEWAL OF FRANCHISE**

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

14.2. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the City agree that at any time during the Term, while affording the public appropriate notice and opportunity to comment consistent with New York State law and the City Charter, the City and Franchisee may, each acting in its discretion, agree to undertake and finalize, pursuant to 47 U.S.C. §546(h), informal negotiations regarding renewal of the Franchise granted hereunder and, if agreement is reached on the terms and conditions of such a renewal the

City may grant such a renewal, consistent with the applicable procedures and requirements of New York State law and the City Charter.

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

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

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

## **15. DEFAULT AND REMEDIES**

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

15.6.9. the conviction or guilty plea of any City officer, employee, or agent of the offense of bribery or fraud with respect to this Agreement which arises out of any act of the Franchisee of any Controlling Person, or of any agent or employee thereof acting under the express direction or actual consent of the foregoing;

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

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

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

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

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

15.8.2. Following the hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the City in writing and thereafter the City shall determine (i) whether an event of Revocation Default has occurred under this Franchise; (ii) whether such event of Revocation Default is excusable; and (iii) whether such event of Revocation Default has been cured or will be cured by the Franchisee. The City shall also determine whether it will revoke the Franchise based on the information presented, or, where

applicable, grant additional time to the Franchisee to effect any cure. If the City determines that it will revoke the Franchise, the City shall promptly provide Franchisee with a written determination setting forth the City's reasoning for such revocation. Franchisee may appeal such written determination of the City to an appropriate court, which shall have the power to review the decision of the City de novo. Franchisee shall be entitled to such relief as the court finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the City.

#### 15.9. *Performance Bond:*

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

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

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

2008: Thirty-Five Million Dollars (\$35,000,000)  
2009: Thirty Million Dollars (\$30,000,000)  
2010: Twenty-Five Million Dollars (\$25,000,000)  
2011: Fifteen Million Dollars (\$15,000,000)  
2012: Ten Million Dollars (\$10,000,000)

2013: Five Million Dollars (\$5,000,000)  
2014: One Million Dollars (\$1,000,000)

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

15.10. *Letter of Credit:*

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

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

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

15.10.3. *Drawdown Against the Letter of Credit:*

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

15.10.3.2. In addition to its right to draw down on the Letter of Credit for any of the reasons set forth in 15.10.3.1 hereof, the City may draw down in full on the Letter

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

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

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

15.11. *Cash Security Fund:*

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

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

15.11.3. *Replenishment:* Until the expiration of one year after the end of the Term, within 30 days after receipt of notice (the “Replenishment Period”) from the City that any amount has been withdrawn from the Security Fund as provided in Section 15.11.2, the Franchisee shall restore to the Security Fund the amount thus withdrawn.

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

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

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

## **16. CUSTOMER PROTECTION STANDARDS**

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

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

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

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

## **17. EMPLOYMENT AND PURCHASING**

17.1. *Right to Bargain Collectively:* The Franchisee shall recognize the right of its employees to bargain collectively through representatives of their own choosing in accordance with applicable law. The Franchisee shall recognize and deal with the representatives duly designated or selected by the majority of its employees for the purpose of collective bargaining with respect to rates of pay, wages, hours of employment, or any other terms, conditions, or

privileges of employment as required by law. The Franchisee shall not dominate, interfere with, participate in the management or control of, or give financial support to any union or association of its employees.

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

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

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

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

## **18. MISCELLANEOUS PROVISIONS**

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

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

Agreement. In any instance where approval or consent is required under the terms hereof, such approval or consent shall not be unreasonably withheld, delayed or conditioned, unless expressly agreed otherwise herein.

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

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

18.5. *Force Majeure:* Subject to the procedures set forth in the last sentence of this Section 18.5, the Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure; provided, however, that in the event that any delay in performance resulting from such a Force Majeure affects only part of Franchisee's capability to perform, Franchisee shall perform to the extent it is able to do so and shall take all steps, reasonably within its ability, to minimize the length and effect of such Force Majeure delay. The Franchisee shall notify the Commissioner in writing of the occurrence of an event of Force Majeure, or a series of related events constituting an event of Force Majeure, which resulted in or is resulting in a delay in performance, such notice to be provided within twenty (20) business days of the event or series of events, or if notification within such period is not practicable under the circumstances, as soon as practicable.

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

If to the Franchisee, to:



Verizon New York Inc.  
Maura C. Breen, Senior Vice President/General Manager –Regional Operations  
140 West Street  
31<sup>st</sup> Floor  
New York, NY 10007

with a copy to:

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

With a copy to:

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

If to the City, to:

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

with a copy to:

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

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

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

18.7.1. *Organization, Standing and Power*: The Franchisee is a corporation duly organized and validly existing under the laws of the State of New York and is duly authorized to

do business in the State of New York and in the City. The Franchisee has all requisite power and authority to execute, deliver and perform this Agreement and all other agreements entered into or delivered in connection with or as contemplated hereby. Certified copies of the Franchisee's constituent documents, as amended to date, will be provided to the Commissioner upon request.

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

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

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

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

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

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

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

18.11. *Captions:* The captions and headings of articles and sections throughout this Agreement are intended solely to facilitate reading and reference to the articles, sections and provisions of this Agreement. Such captions shall not affect the meaning or interpretation of this Agreement. Terms such as "hereby," "herein," "hereof," "hereinafter," "hereunder," and "hereto" refer to this Agreement as a whole and not to the particular sentence or paragraph where they appear, unless the context otherwise requires. The term "may" is permissive; the terms "shall" and "will" are mandatory, not merely directive. All references to any gender shall be deemed to include all others, as the context may require. Terms used in the plural include the singular, and vice versa, unless the context otherwise requires.

18.12. *Severability:* If any section, subsection, sentence, paragraph, term, or provision hereof is determined to be illegal, invalid, or unconstitutional by a final order of any court of competent jurisdiction or by, or a final order of any state or federal regulatory authority having competent jurisdiction thereof, such determination shall have no effect on the validity of any other section, subsection, sentence, paragraph, term or provision hereof, all of which will remain in full force and effect for the term of the Franchise, subject to the obligations of the parties as applicable under Section 18.4 above.

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

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

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

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

18.17. *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law, and in no event shall Franchisee be subject to rate regulation, except to the extent Franchisee is no longer subject to

Effective Competition (as that term is defined by federal law) or such rate regulation is authorized to be imposed as a result of a change in federal law.

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

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

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

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

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

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

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

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

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

**AGREED TO THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2008.**

The City of New York:

By: \_\_\_\_\_  
Deputy Mayor

By: \_\_\_\_\_  
Paul Cosgrave, Commissioner

Approved as to form and certified as to legal authority:

\_\_\_\_\_  
Acting Corporation Counsel

Attest:

By: \_\_\_\_\_  
City Clerk [City Seal]

Verizon New York Inc.

By: \_\_\_\_\_  
Maura C. Breen, Senior Vice President/  
General Manager - Regional Operations

Approved as to form:

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

## APPENDICES

Appendix A: Customer Protection Standards

Appendix B: PEG Channels

Appendix C: Form Community Access Organization Agreement

Appendix D: Institutional Network

Appendix E: Form of Security

Appendix F: FTTP Upgrade Schedule

Appendix G: Franchise Area

Appendix H: Form of Guarantee

Appendix I: Investigations Clause

Appendix J: System Architecture

Appendix K: Form of Franchise Fee Report