

CABLE FRANCHISE AGREEMENT  
BY AND BETWEEN  
PRINCE WILLIAM COUNTY, VIRGINIA  
AND  
VERIZON SOUTH INC.

June 1, 2006

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THIS CABLE FRANCHISE AGREEMENT (the "Franchise Agreement" or "Agreement") is entered into by and between Prince William County, a duly organized county under the applicable laws of the Commonwealth of Virginia (the "County") and Verizon South Inc., a corporation duly organized under the applicable laws of the Commonwealth of Virginia (the "Franchisee").

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

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

WHEREAS, the County is a "franchising authority" in accordance with the Cable Act, as hereinafter defined, (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to the Code of Virginia, Va. Code Ann. § 15.2-2108 and the Prince William County Cable Television Ordinance, Chapter 5.6 of the Prince William County Code (the "Cable Ordinance");

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

WHEREAS, the County has relied on Franchisee's representations regarding Franchisee's financial, technical and legal qualifications and its plans for constructing, operating, and maintaining its Cable System, and has considered the information that Franchisee has presented to the County;

WHEREAS, in response to Franchisee's request for a cable television franchise, the Board of County Supervisors of Prince William County, Virginia (the "Board"), has determined that, subject to the provisions of the Cable Ordinance, and the terms and conditions set forth herein, the grant of a new nonexclusive franchise on the terms and conditions herein and subject to applicable law, is consistent with the public interest;

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

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

WHEREAS, the County wishes to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate the Cable System in the Franchise Area as designated in this Franchise Agreement.

NOW, THEREFORE, in consideration of the County's grant of a franchise to Franchisee, Franchisee's promise to provide Cable Service to residents of the County pursuant to and consistent with the Cable Ordinance, the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. **DEFINITIONS**

For the purpose of this Agreement, capitalized terms, phrases, words, and abbreviations shall have the meanings ascribed to them in the Cable Act (as hereinafter defined), unless otherwise defined herein. In addition, the following definitions shall apply:

1.1. *Access Channel*: Any Channel on the Cable System set aside under this Agreement for noncommercial educational or governmental use for the transmission of Video Programming as directed by the County.

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

1.3. *Basic Service*: Any service tier, which includes the retransmission of local television broadcast signals.

1.4. *Cable Act*: The Cable Communications Policy Act of 1984, as amended from time to time, 47 U.S.C. §§ 521 et seq.

1.5. *Cable Ordinance*: Chapter 5.6 of the Prince William County Code, known as the Prince William County Cable Television Ordinance.

1.6. *Cable Service*: (1) the one-way transmission to subscribers of Video Programming or other programming services; and (2) subscriber interaction, if any, which is required for the selection or use of such Video Programming or other programming service. If during the course of this Agreement any service is classified to be or not to be a "Cable Service" by a federal court of competent jurisdiction in a decision that constitutes binding legal precedent on the parties, or by the FCC in a decision that is binding on the parties, then the term "Cable Service" as used in this Agreement shall be interpreted in accordance with such decision.

1.7. *Cable System (or System)*: Shall be defined herein as it is defined under Section 602 of the Cable Act, 47 U.S.C. § 522(7), meaning Franchisee's facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within the Service Area. The Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of Cable Services directly to Subscribers within the Franchise/Service Area and shall not include the tangible network facilities of a common carrier subject in whole or in part to Title II (as hereinafter defined) or of an Information Services provider.

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

1.9. *Control*: The legal or practical ability to exert actual working control over the affairs of the Franchisee, either directly or indirectly, whether by contractual agreement, majority ownership interest, any lesser ownership interest, or in any other manner.

1.10. *County*: Prince William County, Virginia, or the lawful successor, transferee, or assignee thereof.

1.11. *County Executive*: The County Executive of Prince William County, Virginia or his designee.

1.12. *Dwelling Unit (or Home)*: A house, apartment, building, or group of buildings in which a person or persons live.

1.13. *Educational Access Channel*: An Access Channel available solely for noncommercial educational use by the educational community in the County. The County may adopt reasonable rules regarding the use of such Channel(s).

1.14. *EG Channel*: Educational and Governmental Channel.

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

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

1.17. *Force Majeure*: Notwithstanding any other provision of this Agreement, the Franchisee shall not be liable for delay in performance of, or failure to perform, in whole or in part, its obligations pursuant to this Agreement due, directly or indirectly, to an event or events beyond the ability of Franchisee to anticipate and control, including, but not limited to, delays due to severe or unusual weather conditions, strike, labor disturbance, work delays caused by waiting for utility providers to service or monitor utility poles to which Franchisee's FTTP Network is attached, unavailability of materials or qualified labor to perform the work necessary if such acquisition of qualified labor would be commercially impracticable as defined in 47 U.S.C. § 545(f), lockout, war or act of war (whether an actual declaration of war is made or not), insurrection, riot, act of public enemy, action or inaction of any government instrumentality or public utility including condemnation, accidents for which Franchisee is not primarily responsible, fire, flood or other act of God, sabotage or other events to the extent that such causes or other events are beyond the reasonable control of the Franchisee. In the event that any such delay in performance or failure to perform affects only part of the Franchisee's capacity to perform, the Franchisee shall perform to the maximum extent it is able to perform and shall take all reasonable steps within its power to correct such cause(s) in as expeditious a manner as possible. Provided, however, that an event shall not be beyond the ability of the Franchisee to anticipate and control if the foregoing is a result of the Franchisee's financial difficulties of any sort.

1.18. *Franchise Agreement (Franchise or Agreement)*: This contract and any amendments or exhibits hereto.

1.19. *Franchise Area*: The territorial confines of the County and any areas annexed thereto during the term of the Franchise. The Franchise Area, however, shall not include any separately incorporated areas within the County.

1.20. *Franchisee*: Verizon South Inc., and its lawful and permitted successors, assigns and transferees.

1.21. *Government Access Channel*: An Access Channel available for the noncommercial use solely of the County. The County or its designee may adopt reasonable rules regarding the use of such Channel(s).

1.22. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area. Consistent with the foregoing, the following, without limitation, shall be included in Gross Revenues to the extent derived from the operation of the Franchisee's Cable System to provide Cable Services in the Service Area: monthly fees collected from Subscribers for any basic, optional, premium, per-channel, per-program service, or cable programming service; installation, disconnection, reconnection, and change-in-service fees; production equipment rental fees and personnel fees; advertising revenues, net of normal agency commissions; revenues from the sale or carriage of other Cable Services over the Cable System in the Service Area; rental revenues from the Franchisee's cable towers (if any) that carry only Cable Services over the Cable System in the Service Area; revenues from leased channel fees; and late fees and administrative fees; and advertising revenues from home shopping channels as stated in Subsection 1.22.5. Provided, however, that Gross Revenue shall not include:

1.22.1. 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;

1.22.2. Bad debts written off by Franchisee in the normal course of its business, provided, however, that bad debt recoveries shall be included in Gross Revenue during the period collected;

1.22.3. Refunds, rebates or discounts made to Subscribers or other third parties;

1.22.4. Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law;

1.22.5. 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, notwithstanding that portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise, which portion shall be included in Gross Revenue;

1.22.6. 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;

1.22.7. The sale of Cable Services to customers, which are exempt, as required or allowed by the County including, without limitation, the provision of Cable Services to public institutions as required or permitted herein;

1.22.8. Any tax of general applicability imposed upon Franchisee or upon Subscribers by a city, state, federal or any other governmental entity and required to be collected by Franchisee and remitted to the taxing entity (including, but not limited to, sales/use tax, gross receipts tax, excise tax, utility users tax, public service tax, communication taxes and non-cable franchise fees);

1.22.9. 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;

1.22.10. Sales of capital assets or sales of surplus equipment;

1.22.11. Program launch fees;

1.22.12. Directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing;

1.22.13. Any fees or charges collected from Subscribers or other third parties specifically for the EG Channel and I-Net Capital Equipment Support Grant or Institutional Network Payment; and

1.22.14. Any compensation awarded to Franchisee based on the County's condemnation of property of Franchisee.

1.23. *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act of 1934, as amended, 47 U.S.C. §153(20).

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

1.25. *Institutional Network (or I-Net)*: An institutional network for the benefit of the County, as that term is used in 47 U.S.C. § 531(f).

1.26. *Internet Access*: Dial-up or broadband access service that enables Subscribers to access the Internet; provided, however, that any reference to Internet Access herein does not include any Cable Services over the Cable System in the Franchise Area.

1.27. *Middle Service Area:* The portion of the Franchise Area as outlined in Exhibit A.

1.28. *Non-Cable Services:* Any service that does not constitute Cable Service(s) as defined herein over the Cable System in the Franchise Area, including, but not limited to, Telecommunication Services and Information Services (which includes, but is not limited to, Internet Access service). However, if Internet Access service, or some subset of Internet Access service, is hereafter determined by the FCC or a court of competent jurisdiction over the County to be a Cable Service over the Cable System, then Internet Access service, or the appropriate subset of Internet Access service, shall not be considered a Non-Cable Service.

1.29. *Person:* An individual, partnership, association, joint stock company, organization, corporation, or any lawful successor thereto or transferee, but such term does not include the County.

1.30. *Public Rights-of-Way:* The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the County. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services. No reference herein to a Public Rights-of-Way shall be deemed to be a representation or guarantee by the County that its interest or other right to control the use of such property is sufficient to permit the Franchisee's use for specific purposes, and the Franchisee shall be deemed to gain only those rights to use that are within the County's power to convey.

1.31. *Scheduled Maintenance Time Period:* The period between 12:00 a.m. and 6:00 a.m. when Franchisee schedules maintenance to affect the least number of viewers.

1.32. *Service Area:* All portions of the Franchise Area where Cable Service is being offered, and any additional service areas where Cable Service is being provided.

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

1.34. *Subscriber:* Any person who lawfully receives, or contracts with Franchisee to receive, basic subscriber service, or one (1) or more of such other Cable Services as may be offered by the Cable System.

1.35. *Telecommunications Facilities:* Franchisee's existing Telecommunications Services and Information Services facilities and its FTTP Network facilities.

1.36. *Telecommunication Services:* Shall be defined herein as it is defined under Section 3 of the Communications Act of 1934, as amended, 47 U.S.C. § 153(46).

1.37. *Title II:* Title II of the Communications Act of 1934, as amended.



1.38. *Title VI*: Title VI of the Communications Act of 1934, as amended.

1.39. *Transfer of the Franchise*: Any transaction in which:

1.39.1. an ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that control of Franchisee is transferred; or

1.39.2. the rights held by Franchisee under the Franchise are transferred or assigned to another Person or group of Persons.

1.40. *Video Programming*: Shall be defined herein as it is defined under Section 602 of the Cable Act, 47 U.S.C. § 522(20).

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

2.1. *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Cable Ordinance, the County hereby accepts the cable franchise application submitted by the Franchisee pursuant Section 5.6-4(a) of the Cable Ordinance and grants the Franchisee the right to own, install, construct, reconstruct, operate, maintain, dismantle, test, upgrade, repair, use and remove a Cable System along, under over, above, through or across or in any manner connected with Cable System along, under over, above, through or across or in any manner connected with the Public Rights-of-Way within the Franchise Area. This Agreement shall be for the sole purpose of providing Cable Service, except as hereinafter expressly provided. The consideration provided by Franchisee under this Agreement shall be the only consideration due or required from the Franchisee to the County for the right to use and occupy the Public Rights-of-Way. No privilege or power of eminent domain is bestowed by this grant or by this Agreement. This Agreement does not confer any rights other than as expressly provided herein.

2.2. *County Does Not Regulate Telecommunications*: The parties recognize that Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities for the provision of Non-Cable Services. The jurisdiction of the County over such Telecommunications Facilities is restricted by federal and state law, and the County does not assert jurisdiction over Franchisee's FTTP Network in contravention of those limitations. Therefore, the County's regulatory authority under Title VI (unless changed by a federal court of competent jurisdiction in a decision that constitutes binding legal precedent on the parties, or by the FCC in a decision that is binding on the parties) is not applicable to the construction, installation, maintenance or operation of the Franchisee's FTTP Network to the extent the FTTP Network is constructed, installed, maintained or operated for the purpose of upgrading and/or extending the Franchisee's existing Telecommunications Facilities for the provision of Non-Cable Services. The County recognizes that the Franchisee was not required to obtain a franchise pursuant to Section 5.6-3 of the Cable Ordinance prior to the construction, installation, maintenance, or operation of the FTTP Network for Non-Cable Services. Notwithstanding the foregoing, the Franchisee acknowledges that it may only provide Cable Services in the Franchise Area pursuant to this Franchise.

2.3. *Term:* This Franchise shall become effective on June 1, 2006 (the "Effective Date"). Provided, however, if the Franchisee fails to accept the Franchise within thirty (30) days after approval by the Board, the Franchise shall be deemed void. The term of this Franchise shall expire at midnight on May 13, 2018 (the "Expiration Date") unless the Franchise is earlier revoked as provided herein, or unless the Franchise is renewed or extended by mutual agreement.

2.4. *Grant Not Exclusive:* The Franchise and the right it grants to use and occupy the Public Rights-of-Way shall not be exclusive, and the County reserves the right to grant other franchises for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use itself, at any time during the term of this Franchise Agreement, with or without a franchise.

2.5. *Competitive Equity:* The Franchisee acknowledges and agrees that the County reserves the right to grant in accordance with federal and Virginia law one or more additional franchises to provide Cable Service within the Franchise Area; provided, however, if required by Virginia law, that no such franchise agreement shall contain terms or conditions more favorable or less burdensome than the terms and conditions herein (the "Level Playing Field Analysis"). The parties agree that the Level Playing Field Analysis shall be done by comparing franchise agreements in their totality and all other relevant circumstances. Such comparison shall include, but not be limited to, a consideration of the following: those terms and conditions concerning franchise fees; insurance; system build-out requirements; performance bonds or similar instruments; EG Channels and capital support; customer service standards; required reports and related record keeping; universal service and notice and opportunity to cure; the regulatory regime of each franchise holder; the competitive position of each franchise holder; and the marketplace under which the franchise holder was in at the time when the County issued its franchise. If an application for a new cable television franchise is filed with the County proposing to serve the Franchise Area, in whole or in part, the County shall deliver a copy of such application to Franchisee.

2.6. *Effect of Acceptance:* By accepting the Franchise and executing this Franchise Agreement, the Franchisee:

2.6.1. acknowledges and accepts the County's legal right to grant the Franchise, to enter this Franchise Agreement; and

2.6.2. agrees that the Franchise was granted pursuant to processes and procedures consistent with applicable law and Franchisee represents that at this time it is unaware of any legal authority that would make any provision, condition or term of the Cable Ordinance or this Agreement unreasonable, arbitrary, unenforceable or void, but does not waive its right to challenge any condition or term on such grounds in the future.

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

2.8. *No Waiver:*

2.8.1. The failure of either party on one or more occasions to exercise a right or to require compliance or performance under this Franchise Agreement, the Cable Ordinance or any other applicable law shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance by either party, nor to excuse the non-performing party from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.8.2. Waiver of a breach of this Agreement shall not be a waiver of any other breach, whether similar to or different from that waived. Neither the granting of the Franchise, nor any provision herein, nor any action by the County hereunder shall constitute a waiver of or a bar to the exercise of any governmental right or power of the County, including without limitation of the right of eminent domain.

2.8.3. Nothing in this agreement shall be construed as a waiver of any right of the Franchisee unless such waiver is expressly stated and defined herein.

2.8.4. Nothing contained in this Agreement shall waive the lawful requirements of any generally applicable County ordinance or regulation except as specified herein.

2.9. *Proprietary Information:* The County agrees, to the extent permitted by the Virginia Freedom of Information Act, to treat any information disclosed by the Franchisee as confidential and only to disclose it to employees, representatives, and agents of the County that have a need to know and who agree to maintain the confidentiality of all such information, or in order to enforce this Franchise Agreement. The Franchisee shall not be required to provide Customer information in violation of Section 631 of the Cable Act. For purposes of this Agreement, the terms "proprietary or confidential" include, but are not limited to, information relating to the Cable System design, customer lists, marketing plans, financial information unrelated to the calculation of franchise fees or rates pursuant to FCC rules, or other information that is reasonably determined by the Franchisee to be competitively sensitive.

2.10. *Construction of Agreement:*

2.10.1. The provisions of this Franchise shall be liberally construed to effectuate their objectives. The Franchisee shall comply with the Cable Ordinance, provided, however, that any amendments to the Cable Ordinance after the Effective Date shall be consistent with state and federal law, and shall not abrogate any contractual rights of Franchisee contained herein or otherwise alter any of Franchisee's material rights, benefits, obligations or duties specified in this Franchise or impose any new obligations or duties (subject to the County's exercise of its police powers below in Section 2.11).

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

2.11. *Police Powers:* All rights and privileges granted herein are subject to the police powers of the County and its rights under applicable laws and regulations to exercise its governmental powers to their fullest extent. Subject to the county's lawful police powers, the County may not alter any of the Franchisee's material rights, benefits, obligations, or duties

specified in this Franchise Agreement. However, if the reasonable, necessary and lawful exercise of the County's police power results in any material alteration of the terms and conditions of this Franchise, then the parties shall modify this Franchise to the mutual satisfaction of both parties to permit the Franchisee to comply with such change of law with as little adverse impact on the Franchisee as possible. If the parties cannot reach agreement on the above-referenced modification to the Franchise on how the Franchisee will comply with such exercise of police power, then Franchisee may terminate this Agreement without further obligation to the County or, at Franchisee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association; provided, however, that the County (at its sole cost and expense) may within thirty (30) days petition the Prince William County Circuit Court (the "Court") to appoint such arbitrator and, provided further, that the County shall request that the arbitrator be appointed from a list of qualified Northern Virginia commercial arbitrators, such as without exclusion, arbitrators of the McCammon Group. If the Court fails to appoint such an arbitrator within sixty (60) days of the County's request or the County chooses not to request that an arbitrator be appointed by the Court, an arbitrator shall be selected in accordance with the commercial arbitration rules of the American Arbitration Association.

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

#### 3.1. *Service Area:*

3.1.1. *Initial Service Area:* Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area, within twenty-four (24) months of the Effective Date of this Franchise, and to all residential areas within three (3) years of the Effective Date of the Franchise, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the County; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in developments or buildings that Franchisee cannot access under reasonable terms and conditions after good faith negotiation; and (F) in developments or buildings that Franchisee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density requirement set forth in Sub-sections 3.1.1.1 and 3.1.1.2.

3.1.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than twenty-five (25) occupied residential Dwelling Units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an additional Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsections 3.1.1, 3.1.2, and 3.1.3 respectively, Franchisee shall provide Cable Service to such area within six (6) months of receiving notice that the density requirements have been met.

3.1.1.2. Where potential Subscribers reside in the Service Area where an average density is below the above density limitation in Subsection 3.1.1.1, the Franchisee shall extend Cable Service to such potential Subscribers under the following conditions:

3.1.1.2.1. If the potential Subscribers are willing to pay a one-time charge equivalent to the Franchisee's cost, which shall include all costs required to extend Cable Service, including, but not limited to, total construction, engineering, capital and administrative costs; or

3.1.1.2.2. If fifteen (15) potential Subscribers per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line commit themselves to taking Cable Service from the Franchisee.

3.1.2. *Middle Service Area:* Subject to the conditions of Subsection 3.1.1 above and the other terms set forth herein, the Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Middle Service Area and may make Cable Service available to businesses in the Middle Service Area, within three (3) years of the Effective Date of this Franchise, and to all residential areas within six (6) years of the Effective Date of the Franchise.

3.1.3. *Extended Service Area:* Subject to the conditions of Subsection 3.1.1 above and the other terms set forth herein, the Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Extended Service Area and may make Cable Service available to businesses in the Extended Service Area, within five (5) years of the Effective Date of this Franchise, and to all residential areas within seven (7) years of the Effective Date of the Franchise.

3.1.4. *Additional Service Areas:* Aside from the Initial, Middle, and Extended Service Areas, the Franchisee shall not be required to extend its Cable System or to provide Cable Services to any other areas within the Franchise Area. If Franchisee desires to add additional Service Areas within the Franchise Area, Franchisee shall notify the County in writing of such additional service area at least ten (10) days prior to providing Cable Services in such areas.

3.1.5. The Franchisee shall ensure that access to Cable Services are not denied to any group of potential residents of the County because of the income to the residents of the County.

3.2. *Consequences of Delays:* Absent a showing of excusable delay, should the Franchisee be unable to make Cable Service available in the Initial, Middle, and Extended Service Areas in the times specified in Section 3.1, or be unable to reasonably justify any delays, then the Franchisee shall be in violation of a material provision of this Agreement and the County may, in its sole discretion, either grant the Franchisee an extension of time or implement any enforcement measures specified in this Agreement, including but not limited to revocation of the Franchise.

3.3. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1 and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, all residential dwelling units that are within one hundred seventy five (175) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, actual costs incurred for residential Dwelling Unit connections that exceed one hundred seventy five (175) feet and actual costs incurred to connect any non-residential Dwelling Unit Subscriber.

3.4. *Cable Service to Public Buildings:* Subject to 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service, and any equipment necessary to receive such service, to each County fire station, public school and other public educational facility, police station, public library, access channel facility, and each other County government building within the Franchise Area as may be designated by the County as provided in Exhibit B and any such school or public building designated by the County thereafter during the term of this Franchise (which shall be no more than five (5) schools or public buildings per fiscal year); provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred seventy five (175) feet solely to provide service to any such school or public building, the County shall have the option either of paying Franchisee's direct costs for such extension in excess of one hundred seventy five (175) feet, or of releasing Franchisee from the obligation to provide service to such building. Furthermore, Franchisee shall be permitted to recover, from any public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than one hundred seventy five (175) feet of drop cable; provided, however, that Franchisee shall not charge for the provision of Basic Service to the additional service outlets once installed. In no event shall the Franchisee be required to provide Cable Service hereunder to more public buildings than the number served by the incumbent cable operator in the Service Area.

#### 4. SYSTEM OPERATION

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#### 5. SYSTEM FACILITIES, EQUIPMENT AND SERVICES.

5.1. *System Requirements:* The Cable System shall conform to or exceed all applicable FCC technical performance standards, as amended from time to time, and any other technical performance standards lawfully established by the County except as otherwise provided for in this Agreement.

5.1.1. The Cable System shall have qualified and trained personnel, facilities and equipment sufficient to cure violations of FCC, and other applicable technical standards and evaluate the Cable System for compliance with such standards.

5.1.2. *Continuous 24-Hour Operation:* The Cable System shall be designed to be capable of continuous twenty-four-hour daily operation in accordance with FCC standards except as caused by a Force Majeure condition.

5.1.3. *No Interference:* The Cable System shall be operated in such a manner as to comply with all applicable FCC requirements regarding (i) consumer electronic equipment and (ii) interference with the reception of off-the-air signals.

5.1.4. *No Deterioration to Access Signals:* The Cable System shall be so constructed and operated that each Access Channel shall be delivered over the Cable System with transmission quality the same as or better than the transmission quality of any other Channel on Basic Service.

5.1.5. *Industry-accepted Equipment:* Facilities and equipment shall be used at the headend to allow the Franchisee to transmit or cablecast broadcast video and audio signals in substantially the form received, without substantial alteration or deterioration. For example, the Cable System shall include components so that a signal received at the headend in color may be received by a Subscriber in color, a stereo signal in stereo.

5.1.6. *Program Security:* The Cable System shall include equipment so that any pay-per-view programming can only be activated by the positive action of a subscriber using, for example, a private identification number or other individual selection procedure.

5.1.7. *Handicapped Service:* The Franchisee shall comply with all requirements of applicable law, including but not limited to the Americans with Disabilities Act. Franchisee shall comply with FCC rules on transmission of closed captioning for the hearing-impaired. For hearing-impaired Subscribers, upon request the Franchisee shall provide information concerning the cost and availability of equipment to facilitate the reception of all basic services for the hearing impaired.

5.1.8. The Cable System's facilities and equipment shall be designed, built and operated in such a manner as to protect the safety of the Cable System workers and the public;

5.1.9. The Cable System shall have sufficient trucks, tools, testing equipment, signal leakage monitoring devices and other equipment and facilities and trained and skilled personnel required to enable the Franchisee to substantially comply with applicable law, including applicable customer service requirements and including requirements for responding to and resolving Cable System outages;

5.1.10. The Franchisee is authorized and required to operate its existing Cable System, and to provide service meeting all applicable technical standards.

5.1.11. The Franchisee shall provide operational signal leakage equipment and training necessary to assure compliance with applicable FCC signal leakage rules.

5.1.12. Subject to Article 3, the Franchisee shall extend Cable Service in accordance with the terms of this Agreement to Homes within the Franchise Area, including

multiple dwelling unit buildings, whose owners or occupants request Cable Service, except for locations to which the Franchisee cannot legally obtain access. Franchisee may refuse service to anyone for non-payment, subscriber violation of security, subscriber equipment malfunction that causes interference to the reception of Cable Service to others or the violation of FCC signal leakage rules.

5.1.13. The Cable System shall have an initial minimum design and operational capable bandwidth of 50 MHz to 860 MHz.

5.1.14. All active electronics the Franchisee installs will be rated for at least 860 MHz upper band limit. All passive electronics will be rated for at least 1 GHz upper band limit.

5.1.15. The bandwidth specifications of 50 MHz to 860 MHz refer to the engineering bandwidth of the Cable System and do not limit what sorts of signals (e.g., analog or digital) the Franchisee carries on any part of that bandwidth, nor do they require that the Franchisee program all the activated Channels.

5.1.16. Hubs and nodes should be placed so as to facilitate the tailoring of services to Subscribers within each separately franchised area served by the Cable System.

5.1.17. Each fiber optic node shall be located and designed to allow adequate space for several fiber receivers and transmitters.

5.1.18. Franchisee will provide at least 24 hours motorized generator backup power at the headend. The Franchisee must install equipment that will (A) cut in automatically on failure of commercial utility AC power, (B) revert automatically to AC power when such power is restored, (C) prevent the standby power source from powering a "dead" utility Line, and (D) alert the Franchisee's staff when the backup power supply cuts in.

5.1.19. The status monitoring system must, among other things, alert the Franchisee when and where back-up power supplies are being used.

5.1.20. The Cable System shall be designed to be an active two way plant utilizing the return bandwidth to permit such services as impulse pay-per-view and other interactive services.

5.1.21. As part of the Cable System, the Franchisee shall offer every Subscriber, at the same price for a given type of equipment and regardless of the level of digital service taken, the opportunity to lease equipment that utilize wireless remote controls and that allow Subscribers to view a program on any one scrambled or unscrambled digital Channel while recording a program on any other scrambled or unscrambled digital Channel.

5.1.22. The Cable System shall be technically capable of transmitting NTSC analog, compressed digital, and DTV and HDTV transmissions. The Franchisee shall comply with all FCC regulations regarding carriage of DTV and HDTV.



5.1.23. The same general non-EG programming and the County's EG Channels shall be available throughout the Franchise Area except for Subscribers who receive facility/community specific Channels as requested by such Subscriber or entity controlling access to that area.

5.2. The FTTP Network shall have at least the following characteristics:

5.2.1. FTTP Network fiber shall be initially designed utilizing splitters of no greater than thirty-two (32) homes per splitter.

5.2.2. The FTTP Network shall be pass-through or passive.

5.2.3. Status monitoring capability shall be a feature of the electronics at the customer premises in the FTTP Network. The FTTP Network shall deliver fiber to an Optical Network Terminal ("ONT") at the Subscriber's premises. The ONT shall automatically measure optical signal levels (and other distortion measurements) at the Subscriber's premises.

5.3. *Periodic Performance Evaluation:*

5.3.1. The County may, at its own expense, periodically evaluate the performance of the Franchisee during the Franchise term. The Franchisee shall cooperate fully with these evaluations and supply the County with all relevant information requested. Any meetings between the County and the Franchisee for purposes of evaluation shall be publicized in advance and open to the public.

5.3.2. If evaluation indicates the need for modification to the Agreement, the County Executive (or his designee) shall attempt to negotiate the necessary changes. The County Executive shall issue a report to the council of the results of the performance evaluation and any recommended changes to the Agreement as negotiated with the franchisee.

5.3.3. The Board may hold a public hearing on any performance evaluation reports. The Agreement modifications shall be approved by the Board before they become effective.

5.4. *Equipment Compatibility:*

5.4.1. The Franchisee shall comply with all FCC regulations regarding scrambling or other encryption of signals, Subscriber premises equipment, and equipment compatibility, and facilities and equipment that permit Subscribers to fully utilize the capabilities of consumer electronic equipment while receiving Cable Service. FCC regulations governing compatibility with consumer electronics equipment, as they may be amended from time to time, including but not limited to 47 C.F.R §§ 76.629 and 76.630, are incorporated herein by reference. The County shall have authority, consistent with applicable law, to adopt enforcement regulations to ensure that the Franchisee complies with these FCC regulations.

5.4.2. Upon request by a Subscriber or the County, the Franchisee will provide accurate information regarding equipment compatibility and the availability of universal remote controls and other compatible equipment which the Franchisee provides within the County.

5.4.3. As part of a Standard Installation (as hereinafter defined), the Franchisee will activate or connect one existing outlet, or if no outlet exists, install one outlet to a television. Franchisee also will connect or set up the converter/digital box to the television, and give instruction on the operation of the converter or digital box.

5.5. *Leased Access Channels:* The Franchisee shall provide leased access Channels as required by federal law.

5.6. *Customer Service Monitoring:* The Franchisee shall keep such records as are required to enable the County to determine whether the Franchisee is complying with all telephone answering standards required by the Customer Service Standards listed on Exhibit C. The Franchisee will not be required to acquire equipment or perform surveys to measure compliance with the telephone answering standards in the Customer Service Standards listed on Exhibit C unless an historical record of complaints indicates a clear failure to comply.

5.7. *Home Wiring:* Franchisee shall comply with all applicable FCC requirements including any notice requirements, with respect to home wiring. Prior to a customer's termination of Cable Service, the Franchisee will not restrict the ability of a Subscriber to remove, replace, rearrange or maintain any cable wiring located within the interior space of the Subscriber's Dwelling Unit, so long as such actions are consistent with FCC standards. Franchisee shall maintain the authority to charge the customer for repair of damage, not caused by Franchisee, or modification necessary to restore wiring to proper technical compliance.

5.8. *Interconnection:* The Franchisee shall design its System so that it may be interconnected with other cable systems or open video systems in the County at suitable locations as determined by the Franchisee. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

5.9. *Emergency Alert System:*

5.9.1. The Franchisee shall comply with the Emergency Alert System ("EAS") requirements of the FCC in order that emergency messages may be distributed over the System.

5.9.2. The EAS shall be remotely activated by equipment or other acceptable means such as a network system or software program. The County shall allow only appropriately trained and authorized Persons to override the audio and video on all analog Channels on the Cable System that may lawfully be overridden as long as such activation is consistent with the Franchisee's contractual obligations, without the assistance of the Franchisee, for emergency broadcasts in the event of a civil emergency or for reasonable tests. The County

shall take reasonable precautions to prevent any use of the Cable System in any manner that results in inappropriate use thereof, or any loss or damage to the Cable System.

5.9.3. The County shall provide reasonable notice to the Franchisee prior to any test use of the EAS and the Franchisee shall cooperate with the County in any such test.

## 6. EG SERVICES

### 6.1. *EG Set Aside:*

6.1.1. The Franchisee shall make available on the Basic Service tier a total of three (3) Educational Access Channels and Governmental Access Channels for noncommercial educational and governmental use. If any of these three EG Channels carries original, non-text, non-duplicative programming for at least 80% of the time between 6:00 a.m. and 12:00 a.m. for six (6) consecutive months, the County shall have the right to request an additional EG Channel. Upon receipt of such request, and further provided that sufficient channel capacity exists, the Franchisee shall make such additional EG Channel available within a reasonable time. The County may request one (1) additional EG Channel in the manner prescribed herein. In the event the additional EG Channel provided to the County fails to carry original, non-text, non-duplicative programming for at least 80% of the time between 6:00 a.m. and 12:00 a.m. (i) within one (1) year of being provided to the County, or (ii) at any time thereafter for eight (8) consecutive weeks, such additional EG Channel shall revert to the Franchisee for its sole and exclusive use after Franchisee provides the County ninety (90) days advance notice of such reversion.

6.1.2. The EG Channels shall include one shared Channel for George Mason University and Northern Virginia Community College (provided, however, that the County may change the use of this Educational Channel in its sole discretion), one County government Channel, and one County public schools Channel. The County expressly authorizes the Franchisee to transmit such EG programming within and without the County. The Franchisee shall assign the EG Channels on its channel line-up in its sole discretion. The Franchisee shall not arbitrarily or capriciously change EG Channel assignments and the Franchisee shall seek to minimize the number of such changes; provided, however, that the Franchisee may change EG Channel assignments as it deems appropriate so long as (i) the Franchisee gives the EG Channel programmer thirty (30) days notice of such change, and (ii) the Franchisee provides reasonable advertising and promotional materials required to educate viewers of the reassignment.

6.1.3. In the event the County ever discontinues the use of any of its EG Channels, the Franchisee may utilize the EG Channel.

6.1.4. Each Access Channel shall be transmitted on the System in standard unscrambled NTSC format so that every Subscriber can receive and display the Access Channel signals using the same converters and signal equipment that is used for other Basic Service Channels.

6.1.5. If the Franchisee makes changes to the Cable System that require improvements to access facilities and equipment, Franchisee shall provide any necessary additional headend and distribution facilities or equipment within thirty days so that Access Channel facilities and equipment may be used as intended with respect to the up to four Access Channels specified in Section 6.1, including, among other things, so that live and taped programming can be cablecast efficiently to Subscribers.

6.1.6. Access Channel programming is the sole responsibility of the County, and Franchisee shall not be responsible for any claims arising out of the use, or the denial of use of the Access Channels.

6.1.7. *EG Interconnection:*

6.1.7.1. Within one hundred fifty (150) days of the Effective Date hereof, Franchisee shall carry the same EG Channels on its Cable System as Comcast Cablevision of Virginia, Inc. ("Comcast") carries on its cable system in the County. Franchisee may accomplish such carriage in the manner that, in its reasonable judgment, is most economically feasible, provided that all EG Channels are carried and that the signal quality of such Channels on the Cable System is satisfactory and not inferior to that of other non-EG Channels carried on the Cable System. If Franchisee's EG Channel carriage is to be accomplished through interconnection with Comcast's system, the County shall, to the extent that it can, consistent with the Cable Ordinance and other applicable law, require Comcast to accommodate any reasonable request by Franchisee to interconnect to Comcast's system for the purpose of carrying the EG Channels, provided that Franchisee shall be responsible for extending its Cable System, at its cost, to the nearest feasible point of interconnection with Comcast's system ("Interconnection Demarcation Point"), and shall be responsible for paying Comcast the reasonable and customary direct costs that Comcast incurs to interconnect Franchisee to Comcast's system at that Interconnection Demarcation Point. Franchisee shall not be obligated to pay Comcast any programming or carriage fees for any of the EG Channels that it received from Comcast's system.

6.1.7.2. Franchisee shall have the right to request the County for an extension of the deadline set forth in Subsection 6.1.7.1, and the County shall not unreasonably withhold its consent to such an extension.

6.1.8. The Franchisee shall in good faith cooperate with the County in implementing interconnection of Access Channels with communications systems beyond the boundaries of the County at the County's sole expense. County shall notify the Franchisee of plans to make connections to any other networks and shall allow Franchisee an opportunity to submit a bid for any work necessary to provide such connections.

6.2. *EG Channel and I-Net Capital Equipment Support Grant:*

6.2.1. The capital grant to the County specified in this subsection (the "EG Channel and I-Net Capital Equipment Support Grant") shall be used by the County for EG

Channel and I-Net capital costs, including, but not limited to: capital costs for equipment for filming, taping and broadcasting (live or tape delay), meetings or other public events held in the Board Chambers of the County's McCoart Building or at other facilities; studio facilities; studio and portable production equipment; editing equipment and program playback equipment; and I-Net equipment.

6.2.2. The EG Channel and I-Net Capital Equipment Support Grant shall be payable as follows: one percent (1%) of Gross Revenues, paid at the same time as the Franchise Fee beginning on the Effective Date. In addition, Franchisee shall pay an initial grant of one hundred twenty thousand dollars (\$120,000) to the County within ninety (90) days of accepting this Agreement.

6.2.3. The Franchisee may request an accounting annually of the distribution of funds granted pursuant to this section 6.2.

6.3. *Institutional Network Payment:*

6.3.1. Pursuant to a separate franchise agreement with Comcast, the County is coordinating construction of a network of dark fibers linking public, educational and governmental facilities in the County. In support of such Institutional Network, Franchisee shall pay to the County an amount equal to \$1.18 per Subscriber per month from the Effective Date until such time as the actual construction costs for the Institutional Network have been paid.

6.3.2. Any County I-Net connections to other broadband networks will be the County's sole responsibility and done at the County's expense, but the Franchisee will assist in any such effort as reasonably requested. The County shall notify the Franchisee of plans to make connections to any other networks and shall allow Franchisee an opportunity to submit a bid for any work necessary to provide such connections.

6.4. This Franchise Agreement requires the Franchisee to pay the County the EG Channel and I-Net Capital Equipment Support Grant and the Institutional Network Payment in addition to the five (5%) percent Franchise fee.

6.5. *Costs, grants and payments not Franchise Fees:* The parties agree that any cost to the Franchisee associated with the provision of capital support for facilities for EG Channels and I-Net pursuant to this Agreement, including but not limited to the EG Channel and I-Net Capital Equipment Support Grant and the Institutional Network Payment, do not constitute franchise fee payments within the meaning of 47 U.S.C. § 542, and fall within one or more of the exceptions to 47 U.S.C. § 542.

6.6. All local producers and users of any of the EG facilities or Channels shall agree in writing, with email being sufficient, to authorize the Franchisee to transmit programming consistent with this Agreement.

6.7. To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the EG Channel and I-Net Capital Equipment Support Grant, the

Institutional Network Payment, or any other costs arising from the provision of EG or I-Net services from Subscribers and to include such costs as a separately billed line item on each Subscriber's bill. Without limiting the foregoing, if allowed under state and federal laws, Franchisee may externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

7. **FRANCHISE FEES**

7.1. *Payment to the County:* Franchisee shall pay to the County a Franchise fee of five percent (5%) of annual Gross Revenue; provided, however, that Franchisee shall not be compelled to pay any higher percentage of franchise fees than any other cable operator providing service in the Franchise Area. 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 thirty (30) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable. In the event any quarterly payment of the Franchise fee is not made within thirty (30) days specified herein, interest shall be charged from the thirty-first day at the interest rate permitted on delinquent personal property and real estate taxes under Virginia law, which is currently no more than ten percent (10%).

7.2. *Supporting Information:* Each Franchisee Fee payment shall be submitted with supporting detail and a statement certified by the Franchisee's authorized financial representative, reflecting the total amount of monthly Gross Revenues for the payment period and a breakdown by major revenue categories (such as basic service, cable programming service, premium service, etc.). The County shall have the right to reasonably require further supporting information.

7.3. *Limitation on Franchise Fee Actions:* The period of limitation for recovery of any Franchise fee payable hereunder shall be five (5) years from the date on which payment by Franchisee is due.

7.4. *Bundled Services:* If Franchisee bundles Cable Service with Non-Cable Service, Franchisee agrees that it will allocate the discount associated with such bundle consistent with the portion allocated in the Franchisee's books and records kept in the regular course of Franchisee's business. However, the parties agree that tariffed telecommunications services that cannot be discounted under state or federal law or regulation are excluded from the bundled discount allocation obligations in this section. Nothing in this Section 7.4 shall in anyway preclude the County from regulating the Franchisee's Cable Service rates as long as such regulation is consistent with federal law.

7.5. *No Limitation on Taxing Authority:*

7.5.1. Nothing in this Agreement shall be construed to limit any authority of the County to impose any tax, fee, or assessment of general applicability.

7.5.2. The Franchise fee payments required by this Section shall be in addition to any and all taxes of a general nature or other fees or charges which the Franchisee

shall be required to pay to the County or to any state or federal agency or authority, as required herein or by law, all of which shall be separate and distinct obligations of the Franchisee.

8. **CUSTOMER SERVICE**

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

9. **REPORTS AND RECORDS**

9.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the County shall have the right to inspect Franchisee's books and records, including all documents in whatever form maintained, including electronic media ("books and records") pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the County. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than five (5) years. The County shall take reasonable steps to protect the proprietary and confidential nature of any such documents to the extent they are designated as such by Franchisee. To the extent permitted by law, the County agrees to treat any information disclosed by Franchisee as confidential and only to disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Cable Act, 47 U.S.C. § 551. The County shall have the right to copy any such books and records, except to the extent that such books and records are proprietary and/or confidential pursuant to applicable law.

9.2. *Complete and Accurate Records:* Franchisee shall keep complete and accurate books of account and records of its business and operations under and in connection with this Franchise Agreement. Such books and records shall include any records required to be kept in a public file by the Franchisee pursuant to the rules and regulations of the FCC.

9.3. *Franchise Fee Inspection:* Upon the completion of any inspection by the County with regards to Franchise fees under this Agreement, the County shall provide to the Franchisee a final report, which sets forth the County's findings in detail, including any and all substantiating documentation. The Franchisee shall have thirty (30) days from the receipt of the report to provide the County with a written response, including any substantiating documentation. Any "Finally Settled amount(s)" due to the County as a result of such inspection shall be paid to the County by the Franchisee within thirty (30) days from receipt of written notice of the acceptance of such Finally Settled Amount from the County. For purposes of this Section 9 the term "Finally Settled Amount(s)" shall mean the agreed upon underpayment, if any, to the County by the Franchisee as a result of any such inspection. The County shall bear the expense of any inspection of the Franchisee's books and records.

9.4. *Financial Records:* The Franchisee shall have the capability to provide financial information specific to the County to the extent such information may be reasonably necessary to the performance of any of the County's responsibilities under this Franchise Agreement. All such documents pertaining to financial matters that may be the subject of an inspection by the County shall be retained by the Franchisee for a minimum period of five (5) years.

9.5. *Records Required:* Franchisee shall maintain, in accordance with its normal record retention policies, those records required to support the reports required by Article 9 hereof, including but not limited to:

9.5.1. Records of all recorded complaints for a period of five years after receipt by Franchisee. The term "complaint" as used herein and throughout this Agreement refers to complaints recorded through Franchisee's normal procedures about any aspect of Franchisee's Cable System or the Franchisee's operations, including, without limitation, complaints about employee courtesy. Complaints recorded may not be limited to complaints requiring an employee service call;

9.5.2. Records of outages for a period of five years after occurrence, indicating date, duration, area, and the estimated number of Subscribers affected, type of outage, and cause;

9.5.3. Records of service calls for repair and maintenance for a period of five years after resolution by Franchisee, indicating the date and time service was requested, the date and time service was scheduled (if it was scheduled), and the date and time service was provided;

9.5.4. Records of installation/reconnection and requests for service extension for a period of five years after the request was fulfilled by Franchisee, indicating date of request, and the date and time service was extended;

9.5.5. A public file showing the area of coverage for the provisioning of Cable Services and estimated timetable to commence providing Cable Service; and

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

9.6. All information, books and records that must be compiled, produced and/or maintained under this Agreement shall be retained, in any reasonable form, in accordance with Franchisee's normal record retention policies or as otherwise required by applicable law.

9.7. *Reports Required:*

9.7.1. *Annual Report:*



9.7.1.1. Unless this requirement is waived in whole or in part by the County, no later than April 30<sup>th</sup> of each year during the term of this Agreement, Franchisee shall submit a written report to the County, in a form reasonably satisfactory to the County, which shall include:

9.7.1.1.1. A summary of complaints, identifying both the number and nature of the complaints received and an explanation of their dispositions, as such records are kept by Franchisee. Where Franchisee has identified recurrent Cable System problems, the nature of any such problems and the corrective measures taken or to be taken shall be identified;

9.7.1.1.2. A copy of Franchisee's rules, regulations and policies available to Subscribers of Franchisee's Cable System, including but not limited to (A) all Subscriber rates, fees and charges; (B) copies of Franchisee's form contract or form application for Cable Services; and (C) a detailed summary of Franchisee's policies concerning (i) the processing of Subscriber complaints; (ii) delinquent Subscriber disconnect and reconnect procedures; and (iii) Subscriber privacy; and

9.7.1.1.3. A copy of the Franchisee's annual financial statement that it prepares for its bondholders (as long as the Franchisee has outstanding public debt) and a copy of Verizon Communications Inc.'s (the Franchisee's parent) 10-K report.

9.7.2. *Quarterly Report:* Beginning six (6) months after the Service Date, the Franchisee shall submit a written report to the County no later than thirty (30) days after the end of each calendar quarter during the term of this Agreement unless this requirement is waived in whole or in part by the County, which report shall be in a form reasonably satisfactory to the County, which shall include:

9.7.2.1. A report showing the number of service calls received by type during that quarter, including any line extension requests received during that quarter, as such records are kept by Franchisee;

9.7.2.2. A report showing the number of outages for that quarter, identifying the time it occurred, its duration, and, when available to Franchisee, number of homes affected;

9.7.2.3. A certification of compliance with applicable customer service standards. If a Franchisee is in non-compliance with any standard during any calendar quarter, it shall include in its annual filing a statement specifying the areas of non-compliance, the reason for the non-compliance, and a remedial plan. Franchisee shall keep such records as are reasonably required to enable the County to determine whether Franchisee is substantially complying with all such customer service standards, and shall maintain adequate procedures to demonstrate such substantial compliance; and

9.7.2.4. A report showing the number installation/reconnection and requests for service extension indicating the date of request, date of acknowledgment, and the date and time service was extended.

9.7.3. *Outage Reports:* During the County's normal business hours, the Franchisee shall notify the County Executive or designee of service outages lasting longer than four hours and affecting a substantial number of Subscribers which may result in substantial citizen calls to the County within one hour of becoming aware of such outage (assuming the service outage still exists); provided, however, that no such notice shall be required for outages during the Scheduled Maintenance Time Period. Such notification shall include a general description of the areas affected (if the Franchisee is aware of such affected area) by such outage and shall provide an estimate of the time needed to restore Cable Service to Subscribers affected by the outage (if the Franchisee is aware of such estimated time).

9.7.4. *Additional Information:* The County may, upon reasonable written notice, require such additional information with respect to the reports to be submitted pursuant to this Section as may be reasonably necessary for the performance of any County official's duties.

9.7.5. *Waiver of Reporting Requirements:* The County Executive or his designee may, at the sole discretion of the County Executive or the County Executive's designee, waive in writing the requirement of any particular report specified in this Section or elsewhere in the Agreement.

## 10. **INSURANCE AND INDEMNIFICATION**

10.1. *Insurance:* Not later than thirty (30) days after the Effective Date, and at all times during the term of the Franchise, the Franchisee shall obtain and file with the County executive certificates of insurance confirming that the Franchisee has policies conforming with the following insurance requirements:

10.1.1. A general comprehensive public liability insurance policy indemnifying, defending, and holding harmless the County, its officers, boards, commissions, agents, or employees from any and all claims by any person whatsoever on account of injury to or death of a person or persons caused by the operations of the Franchisee under the Franchise herein granted, or alleged to have been so caused, with a minimum liability of one million dollars (\$1,000,000) for personal injury or death of all persons so injured or killed in any one (1) occurrence.

10.1.2. A property damage insurance policy indemnifying, defending, and holding harmless the County, its officers, boards, commissions, agents, or employees from any and all claims by any person whatsoever for property damage caused by the operations of the Franchisee under the Franchise granted, or alleged to have been so caused, with a minimum liability of one million dollars (\$1,000,000) for damage to such property in any one occurrence.

10.1.3. Each of the foregoing insurance certificates shall be in substantially the same form as attached hereto as Exhibit D (which is a form acceptable to the County) and each shall require thirty (30) calendar days' notice of any cancellations to both the

County and the Franchisee. Within thirty (30) days following receipt by the County of Franchisee of any cancellation notice, the Franchisee shall obtain and file with the County written evidence of a replacement policy in the form of an insurance certificate, in the same minimum amount as the canceled policy.

10.2. *Indemnification:*

10.2.1. Franchisee agrees to indemnify, save and hold harmless, and defend the County, its officers, agents, boards and employees, from and against any liability for damages and for any liability or claims resulting from tangible property damage or bodily injury (including accidental death), to the extent proximately caused by Franchisee's negligent construction, operation (including, but not limited to, antitrust actions under state and federal law), or maintenance of its Cable System, provided that the County shall give Franchisee written notice of its obligation to indemnify the County within ten (10) days of receipt of a claim or action pursuant to this subsection. Notwithstanding the foregoing, Franchisee shall not indemnify the County, for any damages, liability or claims resulting from the willful misconduct or negligence of the County, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with EG Access, or EAS, or the distribution of any Cable Service over the Cable System.

10.2.2. Notwithstanding the foregoing, Franchisee shall not indemnify the County, for any damages, liability or claims resulting from the willful misconduct or negligence of the County, its officers, agents, employees, attorneys, consultants, independent contractors or third parties or for any activity or function conducted by any Person other than Franchisee in connection with EG Access, use of EAS, or the distribution of any Cable Service over the Cable System.

10.2.3. The foregoing indemnity is conditioned upon the County providing the Franchisee prompt notice of the making of any claim or the commencement of any suit, action, or other proceeding as stated in Subsection 10.2.1.

10.2.4. With respect to Franchisee's indemnity obligations set forth in Subsection 10.2.1, Franchisee shall provide the defense of any claims brought against the County by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the County, which shall not unreasonably be withheld. Nothing in this section, shall be deemed, construed, or applied to prevent the County from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its sole cost and expense, provided however, that after consultation with the County, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event the County does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the County shall in no event exceed the amount of such settlement.

10.2.5. The County shall be responsible for its own acts of willful misconduct or negligence, or breach of obligation committed by the County for which the

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

10.2.6. *Limitation on Liability:* Pursuant to 47 U.S.C. § 555a, in any court proceeding involving any claim against the County or other governmental entity, or any official, member, employee, or agent of the County, arising from the regulation of cable service or from a decision of approval or disapproval with respect to a grant, renewal, transfer, or amendment of a Franchise, any relief, to the extent such relief is required by any other provision of federal, state, or local law, shall be limited to injunctive relief and declaratory relief.

## 11. TRANSFER OF FRANCHISE

11.1. Subject to Section 617 of the Cable Act, 47 U.S.C. § 537, no Transfer of the Franchise shall occur without the prior consent of the County, provided that such consent shall not be unreasonably withheld, delayed or conditioned.

### 11.2. *Application:*

11.2.1. Except as provided below, the Franchisee shall notify the County as soon as possible of any proposed Transfer of the Franchise.

11.2.2. At least one hundred twenty (120) calendar days prior to the contemplated effective date of a Transfer of the Franchise, the Franchisee shall submit to the County a written application for approval of such a Transfer of the Franchise. Such an application shall include details on the legal, financial, and technical qualifications of the proposed transferee.

11.2.3. For the purposes of determining whether it shall consent to a Transfer of the Franchise, the County or its agents may inquire into the legal, technical and financial qualifications of the prospective transferee as the County may deem necessary to determine whether the Transfer of the Franchise is in the public interest and should be approved or denied. The Franchisee and any prospective transferees shall assist the County in any such inquiry.

11.2.4. Within thirty (30) days of receiving a request for Transfer of the Franchise, the County shall, in accordance with FCC rules and regulations, notify the Franchisee in writing of any additional information it requires to determine the legal, financial and technical qualifications of the transferee. If the County has not taken action on the Franchisee's request for such a Transfer of the Franchise within one hundred twenty (120) days after receiving such request, consent to the Transfer of the Franchise shall be deemed given unless the County and Franchisee otherwise agree to an extension of time.

11.2.5. *Determination by County:* For any Transfer of the Franchise requiring an application and the County's approval, the County may, in determining whether to grant, deny, or grant subject to conditions an application for a Transfer of the Franchise, consider

the legal, financial, and technical qualifications of the transferee to operate the Cable System and whether such Transfer is in the public interest.

11.3. *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 County 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.

11.4. *No Consent Required For Any Affiliate Transfers:* The Franchisee shall not be required to file an application or obtain the consent or approval of the County 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 County within thirty (30) days if at any time a transfer of the Franchise or the Franchisee's assets to an Affiliate occurs.

## 12. RENEWAL OF FRANCHISE

The County and Franchisee agree that any proceedings undertaken by the County that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Cable Act, 47 U.S.C. § 546.

## 13. ENFORCEMENT AND TERMINATION OF FRANCHISE

13.1. *Rights Cumulative:* In addition to any other remedies available at law or equity, the County may apply any one or a combination of the following remedies in the event the Franchisee violates this Franchise Agreement, or applicable state or federal law:

13.1.1. Apply any remedy provided for in this Agreement.

13.1.2. Revoke the Franchise pursuant to the procedures specified in this Agreement.

13.1.3. Impose liquidated damages pursuant to this Agreement.

13.1.4. Seek legal or equitable relief from any court of competent jurisdiction.

13.2. Revocation or Termination of Franchise.

13.2.1. The County may revoke the Franchise granted hereunder on any one (1) or more of the following grounds:

13.2.1.1. Franchisee's material misrepresentation of fact in its cable franchise application submitted pursuant to the Cable Ordinance.

13.2.1.2. Franchisee's willful or negligent failure or refusal to construct, install, maintain, or operate its Cable System in compliance with any term or condition of this Agreement or any applicable terms or conditions in the Cable Ordinance.

13.2.1.3. Franchisee's insolvency, or its seeking relief under the bankruptcy laws or having been adjudged bankrupt.

13.2.1.4. Foreclosure or other judicial sale of all or a substantial part of the Cable System.

13.2.1.5. Franchisee's repeated or substantial violation of any provision of the Virginia Consumer Protection Act of 1977, as amended.

13.2.1.6. Franchisee's repeated failure to provide efficient, continuous service, or to maintain the Cable System in good repair, or to satisfactorily respond to bona fide Subscriber complaints.

13.2.1.7. Franchisee's material violation of this Agreement.

13.3. The Board may revoke the Franchise, by ordinance, only after it has (i) afforded the Franchisee a minimum of thirty (30) days to cure, or commence to cure under a plan reasonably acceptable to the County, the alleged violation and (ii) given the Franchisee written notice of its intention to adopt such an ordinance and the grounds therefore, and has afforded the Franchisee at least an additional twenty-eight (28) days from the date of such notice to prove in a hearing before the Board that the proposed grounds for revocation never existed or do not warrant revocation. The Board shall give at least the same notice of such hearing as required for the adoption of ordinances.

13.3.1. Following the public hearing, the Board may determine to revoke the Franchise based on the information presented at the hearing, and other information of record, or, where applicable, grant additional time to the Franchisee to effect any cure. If the Board determined to revoke the Franchise, it shall adopt an ordinance that revokes the Franchise and sets forth the reasons for its decision. Unless the ordinance specifies a date upon which the revocation shall take effect, the Franchise shall be revoked upon the Board's adoption of the ordinance. A copy of such ordinance shall be promptly transmitted to the Franchisee. The Franchisee may appeal such determination of the County to an appropriate court, which shall have the power to review the decision of the County *de novo*, to the extent permitted by law. 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 County's ordinance revoking the Franchise.

13.4. This franchise shall not be revoked pursuant to this Section for any act or omission beyond Franchisee's control; provided, however, that an act or omission shall not be deemed or construed to be beyond Franchisee's control because of financial difficulties of the Franchisee.

13.5. *Franchisee Termination:* Franchisee shall have the right to terminate this Franchise and all obligations hereunder within ninety (90) days after the end of three (3) years

from the Service Date of this Franchise, if at the end of such three (3) year period Franchisee discontinues provision of Cable Service throughout the Washington, D.C., DMA. Notice to terminate under this Section shall be given to the City in writing, with such termination to take effect no sooner than one hundred and twenty (120) days after giving such notice. Franchisee shall also be required to give its then current Subscribers not less than ninety (90) days prior written notice of its intent to cease Cable Service operations.

13.6. *Performance Bond:*

13.6.1. The Franchisee shall obtain within thirty (30) days of accepting this Franchise and maintain throughout the Franchise term a performance bond in the County's favor in the amount of five hundred thousand dollars (\$500,000), in substantially the same form as attached hereto as Exhibit E and that is acceptable to the County, in order to ensure the Franchisee's faithful performance of its obligations under this Agreement. The Franchisee shall restore the bond to its original level within thirty (30) days after notification to the Franchisee by certified mail, return receipt requested, that any amount has been paid to the County from the bond.

13.6.2. The performance bond shall be issued by a surety with an A or better rating of insurance in Best's Key Rating Guide, Property/Casualty Edition, and shall contain an endorsement in substantially the following form:

"This bond may not be canceled, or allowed to lapse, until sixty (60) days after receipt by the County of a written notice from the issuer of the bond of intent to cancel or not to renew."

13.6.3. There shall be recoverable by the County from the performance bond any and all damages, losses, costs, and expenses suffered or incurred by the County resulting from the failure of the Franchisee to faithfully comply with the material provisions of this Agreement, the applicable provisions of the Cable Ordinance, and any applicable state and federal law; to comply with all orders, permits and directives of any County agency or body having jurisdiction over its acts or defaults; pay fees due to the County; or pay any claims or liens due the County. Such losses, costs and expenses shall include but not be limited to reasonable attorney's fees and other associated expenses.

13.6.4. The Franchisee shall not permit the performance bond to expire or approach less than thirty (30) days prior to expiration without securing and delivering to the County a substitute, renewal or replacement bond in conformance with the provisions of this Agreement.

13.6.5. Notwithstanding anything else in this Agreement, neither cancellation, nor termination nor refusal by the surety to extend this bond, nor inability of the Franchisee to file a replacement bond or replacement security for its obligations, shall constitute a loss to the County recoverable from the surety under the performance bond.

13.6.6. In the event the Franchisee is unable to secure a performance bond as required under this Agreement, the Franchisee shall be able to provide either a letter of credit, cashier's check, or other security acceptable to the County.

13.7. *Letter of Credit*

13.7.1. In addition to the performance bond, the Franchisee shall obtain within thirty (30) days of accepting this Agreement, and maintain thereafter throughout the Franchise term, with the County an irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) (the "Letter of Credit") to ensure the Franchisee's faithful performance of its obligations under the Agreement, in substantially the same form as that attached hereto as Exhibit F and is acceptable to the County. The Letter of Credit shall be provided by a third party agent ("Third Party Agent") approved by the County.

13.7.2. The Franchisee and the Third Party Agent shall be jointly and severally liable under the terms of the letter of credit.

13.7.3. The County may recover from the Letter of Credit any and all fines and penalties due to the County and any and all damages, losses, costs, and expenses suffered or incurred by the County resulting from the failure of the Franchisee to faithfully comply with the material provisions of this Agreement, the applicable provisions of the Cable Ordinance, and any applicable state and federal law; comply with all orders, permits and directives of any County agency or body having jurisdiction over its acts or defaults; pay fees due to the County; or pay any claims or liens due the County. Such losses, costs and expenses shall include but not be limited to reasonable attorney's fees and other associated expenses.

13.7.4. If the County notifies the Franchisee of any amounts due to the County pursuant to this Agreement or applicable law, and the Franchisee does not make such payment within thirty (30) days, the County may withdraw the amount in question, with any applicable interest and penalties, from the Letter of Credit by notice to the Franchisee and the Third Party Agent specifying the amount and purpose of such withdrawal.

13.7.5. If at the time of a withdrawal from the Letter of Credit by the County, the amount available with the Third Party Agent is insufficient to provide the total payment of the claim asserted in the County's notice of withdrawal, the balance of such claim shall not be discharged or waived, but the County may continue to assert the same as an obligation of the Franchisee to the County.

13.7.6. No later than thirty (30) days after mailing of notification to the Franchisee by certified mail, return receipt requested, of a withdrawal under the Letter of Credit, the Franchisee shall restore the amount of the Letter of Credit to twenty thousand dollars (\$20,000).

13.7.7. The Letter of Credit shall provide for thirty (30) days prior written notice to the County of any intention on the part of the Franchisee to cancel, fail to renew, or otherwise materially alter its terms.

13.7.8. In the event the Third Party Agent serves notice to the County that it elects not to renew the Letter of Credit, the County may withdraw the entire amount of the Letter of Credit unless the Franchisee provides a substitute Letter of Credit, in substantially the



same form as that attached hereto as Exhibit F, from a Third Party Agent approved by the County, before the effective Letter of Credit expires.

13.7.9. The Letter of Credit shall be released only upon expiration of the Franchise or upon replacement of the Letter of Credit within the time specified herein.

13.8. Upon termination of the Franchise under conditions other than those stipulating forfeiture of the Letter of Credit or performance bond, the balance then remaining in the Letter of Credit and performance bond shall be returned to the Franchisee within ninety (90) days of such termination, provided that there is then no outstanding default on the part of the Franchisee that is otherwise recoverable under the Letter of Credit or the performance bond.

13.9. *Liquidated Damages:*

13.9.1. For violations of this Agreement, liquidated damages shall be assessable against the Franchisee. Such liquidated damages shall: (i) be chargeable to the Franchisee, the performance bond, or the Letter of Credit, in any amounts up to the limits specified below, at the County's discretion, (ii) be subject to cure periods, to the extent listed below, that begin to run at the time the Franchisee is notified in writing of a penalty by the County; and (iii) not be deemed cured without written evidence from the Franchisee and acceptance thereof by the County for those violations that are subject to a cure period. The County may reduce or waive the liquidated damages specified in this Section for good cause shown. The following are the liquidated damages that the Franchisee shall be subject to:

13.9.2. On an annual basis from the Effective Date, the Franchisee shall not be liable for liquidated damages that exceed twenty thousand (\$20,000) (the "Liquidated Damages Cap"); provided, however, the Franchisee may pay any amount in excess of the Liquidated Damages Cap. Should the County elect to receive liquidated damages for any of the violations enumerated herein, such liquidated damages shall be the County's sole remedy for the violations occurring during the period of time to which the liquidated damages apply; provided, however, that the imposition of liquidated damages by the County does not waive the County's rights to revocation of the Franchise pursuant to Article 13 or denial of a renewal under Article 12. The liquidated damages shall be assessed in the following manner:

13.9.2.1. For failure to supply information, reports, or filings lawfully required under this Agreement or applicable law or by the County: \$200 per day for each violation for each day the violation continues after a thirty (30) day cure period, which shall begin to run on the due date of any regularly scheduled report and on the date of a deadline reasonably set by the County for any report or information request not regularly scheduled, unless the Franchisee shows that it was not in fact aware of the requirement in question, in which case the thirty (30) day cure period shall begin to run upon written notice of such requirement by the County to the Franchisee;

13.9.2.2. Beginning six (6) months after the Service Date, for each day during which the County determines that the Franchisee has violated any of the following types of customer service standards concerning Cable Service: \$100 per violation, after a ten (10) day cure period:

13.9.2.2.1. failure to efficiently provide for the pick up and drop off of equipment by having a Franchisee representative going to the Subscriber's residence, by using a pre-paid mailer, or by maintaining office hours at a local business office in the County pursuant to this Agreement;

13.9.2.2.2. failure to maintain office hours at a local business office in the County pursuant to this Agreement;

13.9.2.2.3. failure to extend Cable Service to a Subscriber; and

13.9.2.2.4. failure to arrange for converter transportation for a mobility-limited Subscriber.

13.9.2.3. For failure to pay Franchisee fees or liquidated damages: \$100 per day, in addition to any monetary payments due under this Agreement, for each violation for each day the violation continues after a seven (7) day cure period, if the Franchisee has failed to make payment within that seven (7) day cure period;

13.9.2.4. For failure to file, obtain, or maintain any required letter of credit or performance bond in a timely fashion: \$50 per day for each day the violation continues after a seven (7) day cure period; and

13.9.2.5. For violation of technical standards established by the FCC: \$100 per day for each day the violation continues after a thirty (30) day cure period after the County gives the Franchisee notice of such violation.

#### 14. **MISCELLANEOUS PROVISIONS**

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

14.2. *Binding Acceptance:* This Agreement shall bind and benefit the parties hereto and their respective heirs, beneficiaries, administrators, executors, receivers, trustees, successors and assigns.

14.3. *Preemption:* If federal or state laws, rules or regulations preempt a provision or limit the enforceability of a provision of this Agreement, then 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. If 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 County. If, subsequent to the Effective Date, there is a change in federal law or state law

that eliminates the authority of local governments to require and grant cable television franchises for the provision of Cable Service, then to the extent permitted by law this Franchise shall survive such legislation and remain in effect for the term of this Franchise.

14.4. *Force Majeure*: Franchisee shall not be held in default under, or in noncompliance with, the provisions of the Franchise, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by a Force Majeure; provided, however, that an act or omission shall not be deemed or construed to be beyond Franchisee's control because of financial difficulties of any sort. In the event that any such Force Majeure event affects only part of the Franchisee's capacity to perform, the Franchisee shall perform to the maximum extent it is able to perform and shall take all reasonable steps within its power to correct such cause(s) in as expeditious a manner as possible.

14.5. *Notices*: Unless otherwise provided by applicable law or this Agreement, all notices or other written communications required to be given to the County or the Franchisee under any provision of this Agreement or the Cable Ordinance shall be deemed served when regularly mailed, postage prepaid or delivered by hand in writing, to the addressees below. Each party may change its designee by providing written notice to the other party, but each party may only designate one entity to receive notice.

14.5.1. Notices to Franchisee shall be mailed to:

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

14.5.2. with a copy to:

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

14.5.3. Notices to the County shall be mailed to:

Attn: COUNTY EXECUTIVE  
One County Complex Court  
Prince William, Virginia 22192

14.5.4. with a copy to:

Attn: Director of Communications

Office of Executive Management  
One County Complex Court  
Prince William, Virginia 22192

The Franchisee shall at all times keep the County advised as to which individual(s) are authorized to act on behalf of the Franchisee and whose acts will be considered to bind the Franchisee.

14.6. *Entire Agreement:* This Franchise Agreement and the Exhibits embodies the entire understanding and agreement of the County and the Franchisee with respect to the subject matter hereof and supersedes all prior representations, agreements, and understandings, whether oral or written. Further, any amendments to this Agreement shall be mutually agreed to in writing by the parties.

14.7. *Captions and References:*

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

14.7.2. When any provision of the Cable Ordinance is expressly mentioned herein, such reference shall not be construed to limit the applicability of any other provision of the Cable Ordinance or County law that may also govern the particular matter in question.

14.8. *Severability:* If any term, condition, or provision of this Agreement shall, to any extent, be held to be invalid or unenforceable, the remainder hereof shall be valid in all other respects and continue to be effective.

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

14.10. *Modification:* This Agreement may only be modified or amended by mutual written consent of the County and the Franchisee.

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

14.12. *Compliance With Federal, State, and Local Laws:* Subject to the terms of the Agreement, the Franchisee shall, at all times during the term of this Agreement, including any extensions thereof, substantially comply with all applicable federal, state, local laws and regulations.

14.13. *Governing Law:* This Franchise Agreement shall be governed in all respects by the law of the Commonwealth of Virginia unless preempted by the Cable Act.

14.14. *Time of Essence:* Whenever this Agreement specifies any time for any act to be performed by or on behalf of the Franchisee or the County, such time shall be deemed to be of the essence and the Franchisee of the County's failure to perform within the time specified shall, in all cases, be sufficient grounds for the County to invoke the remedies available under the terms and conditions of this Agreement.

**[SIGNATURE PAGE FOLLOWS]**

AGREED TO THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2006.

Board of County Supervisors of  
Prince William County, Virginia

By: \_\_\_\_\_  
Sean T. Connaughton  
Chairman, Board of County Supervisors

ATTEST: \_\_\_\_\_  
Phillip J. Campbell  
Clerk to the Board

Verizon South Inc.

By: \_\_\_\_\_  
Robert W. Woltz, Jr.  
Vice President

EXHIBITS

EXHIBIT A - Service Areas

EXHIBIT B - Municipal Buildings to be Provided Free Cable Service

EXHIBIT C - Customer Service Standards

EXHIBIT D - Insurance Certificate Form

EXHIBIT E - Performance Bond

EXHIBIT F - Letter of Credit

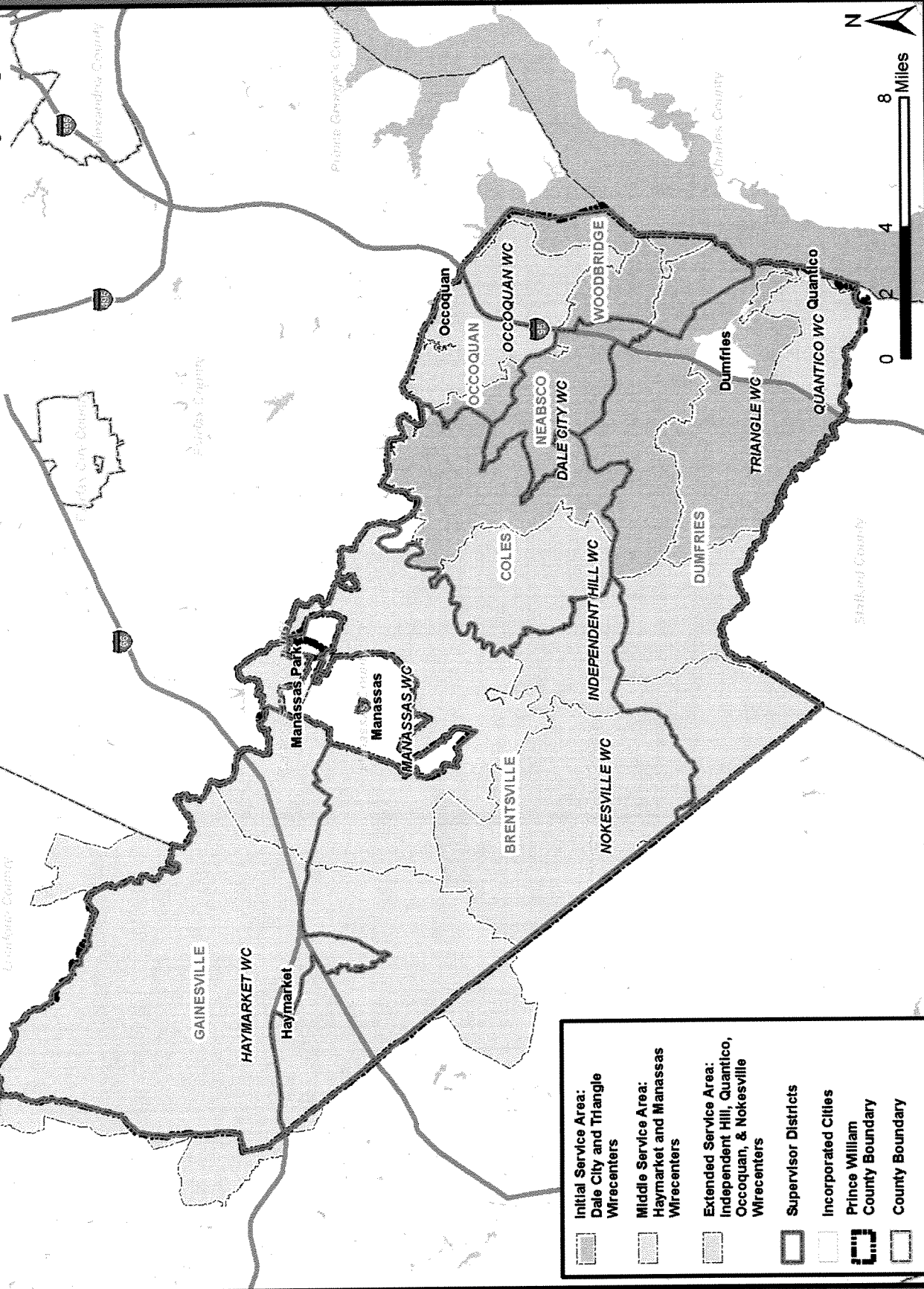
EXHIBIT G - Acceptance of Franchise by Franchisee








**EXHIBIT A**

**SERVICE AREAS**

The Service Area is shown in the attached map.

# Service Area Map for Prince William County, Virginia



-  Initial Service Area:  
Dale City and Triangle Wirecenters
-  Middle Service Area:  
Haymarket and Manassas Wirecenters
-  Extended Service Area:  
Independent Hill, Quantico, Occoquan, & Nokesville Wirecenters
-  Supervisor Districts
-  Incorporated Cities
-  Prince William County Boundary
-  County Boundary



## EXHIBIT B

### MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

<b>Municipal Buildings</b>	<b>Address</b>
George Mason University	10900 University Blvd.
Birchdale Fire Station (#10)	14998 Birchdale Ave.
Buckhall Fire Station (#16)	7190 Yates Ford Rd.
Coles Fire Station (#6)	13712 Dumfries Rd.
Dale City Volunteer Fire Station (#20)	3171 Prince William Parkway
Dumfries Fire Station (#3R)	3800 Graham Park Rd.
Evergreen Fire Station	3510 James Madison Hwy.
Future Fire Station	Vicinity George Mason - PWC Campus
Gainesville/Haymarket Fire Station (#4)	14450 John Marshall Hwy.
Hedges Run Fire Station (#14)	12400 Hedges Run Dr.
Hillendale Fire Station (#13)	13511 Hillendale Dr.
Lake Jackson Fire Station (#7)	11310 Coles Dr.
Montclair Fire Station (#17)	15219 Holleyside Dr.
Nokesville Fire Station (#5)	12826 Marsteller Dr.
Princedale Fire Station (#18)	5849Dale Blvd.
Stonewall Jackson Fire Station (#11)	7814 Garner Dr.
Triangle Fire Station (#3F)	18321 Jefferson Davis Hwy.
Woodbridge Fire Station (#12)	2170 Montgomery Ave.
Woodbridge Fire Station (#2)	1306 F St.
Yorkshire Fire Station (#8)	7602 Centreville Rd.
ADC Work Release Center	9127-B Euclid Ave.
BOCS-Brentsville	8506 Wellington Rd.
Branscome Building - Print Plant	5001 Prince William Parkway
Dr. A.J.Ferlazzo Building	15941 Donald Curtis Dr.
Fleet Management (Bristow)	12153 Hooe Rd.
Garfield Police Station	15948 Donald Curtis DR
Group Home for Girls	14879 Dumfries Road
Juvenile Detention Home	14873 Dumfries Rd.
Juvenile Emergency Shelter	8642 Wellington Rd.
Landfill Campus	14811 Dumfries Rd.
Linden Lake Business Center	10530 Linden Lake Plaza
McCoart Government Center	1 County Complex Ct.
Owens/Public Safety Communications Ctr	3 County Complex Ct
Prince William Club	8521 Phoenix Dr.
PRTC Campus	14700 Potomac Mills Rd.

Public Safety Training Center	13101 Public Safety Drive
PWC Judicial Center	9311 Lee Avenue
Radio Shop	8613 Quarry Rd.
Records Center	13851 Telegraph Rd.
Ridgewood Center	4355 Ridgewood Center Dr.
Smoketown Health Department	13792 Smoketown Road
Sudley North Government Facility	7873 Ashton Avenue
Western District Police Station	8900 Freedom Center Blvd.
Woodbridge Senior Center	13850 Church Hill Drive
Freedom Center	10900 University Blvd.
Park Authority Headquarters	14420 Bristow Rd
Bull Run Library	8051 Ashton Avenue
Central Branch Library	8601 Mathis Ave
Chinn Library	13065 Chinn Park Drive
Dale City Mini Library	4249 Dale Blvd.
Dumfries Mini Library	18007 Dumfries Shopping Plaza
Gainesville Mini Library	4603 James Madison Hwy
Independent Hill Mini Library	14418 Bristow Rd.
Lake Ridge Mini Library	12964 Harbor Dr.
Nokesville Mini Libraray	12993 Fitzwater Drive
Potomac Branch Library	2201 Opitz Blvd.
Ann Ludwig	2221 Opitz Blvd
Antietam Elementary	12000 Antietam Rd.
Bel Air Elementary	14151 Ferndale Rd.
Belmont Elementary	751 Norwood Lane
Bennet Elementary	10410 Grant Ave..
Benton Middle School	7411 Hoadly Rd.
Beville Middle	4901 Dale Blvd.
Brentsville District High School	12109 Aden Rd.
Bristow Run Elementary	8990 Worthington Dr.
Bull Run Middle	6308 Catharpin Rd.
Coles Elementary	7405 Hoadly Rd
Dale City Elementary	14450 Brook Dr.
Dumfries Elementary	300 Cameron St.
Enterprise Elementary	13900 Lindendale Rd.
Featherstone Elementary	14805 Blackburn Rd.
Forest Park High School	15721 Spriggs Rd.
Gar-Field High School	14000 Smoketown Rd.
Godwin Middle School	14800 Darbydale Ave.
Graham Park Middle	3613 Graham Park Rd.
Henderson Elementary	3799 Waterway Dr.

Hylton High School	14051 Spriggs Rd.
Independent Hill Schools HQ	14780 Joplin Rd.
Independent Hill Schools HQ	14800 Joplin Rd.
Kerrydale Elementary	13199 Kerrydale Rd.
Kilby Elementary	1800 Horner Rd.
King Elementary	13224 Nickleson Dr.
Lake Ridge Elementary	11970 Hedges Run Dr.
Lake Ridge Middle	12350 Mohican Rd.
Leesylvania Elementary	15800 Neabsco Rd.
Loch Lomond Elementary	7900 Augusta Rd.
Lynn Middle School	2451 Longview Dr.
Marshall Elementary	12505 Kahns Rd.
Marsteller Middle School	Sudley Manor Dr.
Marumsc Hills Elementary	14100 Page St.
McAuliffe Elementary	13540 Princedale Dr.
Minnieville Elementary	13639 Greenwood Dr.
Montclair Elementary	4920 Tallowood Dr.
Mountain View Elementary	5600 McLeod Way
Mullen Elementary	8000 Rodes Dr.
Neabsco Elementary	3800 Cordell Ave.
New Dominion Middle School	8220 Conner Dr.
Nokesville Elementary	12625 Fitzwater Dr.
Occoquan Elementary	12915 Occoquan Rd.
Old Bridge Elementary	3051 Old Bridge Rd.
Osbourn Park High	8909 Euclid Ave.
PACE West	14550 John Marshall Hwy.
Parkside Middle	8602 Mathis Ave.
Pattle Elementary	16125 Dumfries Rd.
Penn Elementary	12980 Queen Chapel Rd.
Pennington School	9305 Stonewall Rd.
Potomac High School	3401 Four Year Trail
Potomac View Elementary	14601 Lamar Rd.
Rippon Middle School	15101 Blackburn Rd.
River Oaks Elementary	16950 McGuffeys Trail
Rockledge Elementary	2300 Mariner Lane
Saunders Middle School	13557 Spriggs Rd.
Signal Hill Elementary	9553 Birmingham Dr.
Sinclair Elementary	7801 Garner Dr.
Springwoods Elementary	3815 Marquis Pl.
Stonewall Jackson High	8820 Rixlew Ln.
Stonewall Middle School	10100 Lomond Dr.

Sudley Elementary	9744 Copeland Dr.
Triangle Elementary	3615 Lionsfield Rd.
Tyler Elementary	14500 John Marshall Hwy.
Vaughan Elementary	2200 York Dr.
Washington-Reid Elementary	16108 Dumfries Rd.
West Gate Elementary	8031 Urbanna Rd.
Westridge Elementary	12400 Knightsbridge Dr.
Woodbine Preschool Center	13225 Dumfries Rd.
Woodbridge High School	3001 Old Bridge Rd.
Woodbridge Middle	2201 York Dr.
Yorkshire Elementary	7610 Old Centreville Rd.
Ashland Elementary	15300 Bowmans Folly Dr.
Swans Creek Elementary	17700 Wayside Dr.

## EXHIBIT C

### CUSTOMER SERVICE STANDARDS

Subject to the definitions and clarifications below, the Franchisee must satisfy those customer service standards set forth in Section 5.6-8 to 5.6-11 of the Cable Ordinance as of the Effective Date of this Agreement. Further, except as provided for in this Agreement, the Franchisee must satisfy any additional or more restrictive requirements established by, or permitted and implemented locally in accordance with, FCC regulations.

#### I. DEFINITIONS

The County and the Franchisee agree that the following definitions shall govern the County's enforcement of and the Franchisee's obligations under the foregoing customer service standard requirements:

- *Begin Working On:* means the Franchisee's investigation of a Service Interruption by receiving a Subscriber call and placing the Subscribers service repair request into the Franchisee's automated repair response system and, if required, taking action.
- *Next Billing Cycle:* means the Subscriber's next available billing cycle.
- *Planned Outage:* means an outage that is planned as the result of an event within the control of the Franchisee; provided, however, that such outage does not occur during the Scheduled Maintenance Time Period.
- *Resolution of the Request:* means the Subscribers Next Billing Cycle following determination by the Franchisee of the Subscriber's right to a refund.
- *Return of the Equipment:* means when the Franchisee has accepted the condition of the Subscriber's equipment and billed for any outstanding charges, all of which shall be completed no later than the Subscriber's Next Billing Cycle.
- *Significant Service Interruption:* A Cable Service interruption with a duration of a minimum of four (4) continuous hours and affecting at least one thousand (1,000) Subscribers.
- *Standard Installation:* means installations where the customer's premises are within one hundred seventy five (175) feet of the serving terminal, or the edge of the property, whichever is less, and where an Optical Network Terminal is already present.

#### II. CLARIFICATIONS

The County and the Franchisee agree that the following clarifications shall govern the County's enforcement of and the Franchisee's obligations under the foregoing customer service standard requirements:

- In Section 5.6-11(b) of the Cable Ordinance, the changes in rates and programming services that require notice from the Franchisee to its Subscribers within a given time period does not require such notice in the situation where rates are discounted or new products or offers are made available on the Cable System that does not result in a channel lineup change.
- Measurement of the standard in Section 5.6-10(g) of the Cable Ordinance may include all calls received by the Franchisee at all call centers receiving calls from Subscribers, whether they are answered by a live representative, by an automated attendant, or abandoned after thirty (30) seconds of call waiting.

### **III. ADDITIONAL REQUIREMENTS**

In addition to the foregoing customer service standard requirements, the County and the Franchisee agree that the following additional customer service standards shall apply to the Franchisee:

- The Franchisee's service representatives will have the ability to issue service credits, at their sole discretion, to address customer complaints related to missed appointments.
- *Business Office:* Franchisee shall provide a designated local office in the County that provides customer services such as bill payment, equipment pick up or drop off and similar services when the Franchisee has attained a minimum of thirty thousand (30,000) Subscribers. Prior to attaining this level of Subscribers, Franchisee shall provide a convenient alternative means for bill payment, and Franchisee shall provide for the pick up or drop off of equipment by any one or more of (i) having a Franchisee representative going to the Subscriber's premises, (ii) using a pre-paid mailer, or (iii) establishing a location(s) for the pick up and drop off equipment.

**EXHIBIT D**

**FORM INSURANCE CERTIFICATE**

The Form Insurance Certificate is shown the attached certificate

# ACORD™ CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YY)  
12/16/05

**PRODUCER**  
Aon Risk Services, Inc. of New York  
55 East 52nd Street  
New York NY 10055

**THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.**

PHONE - (866) 266-7475 FAX - (866) 467-7847

**COMPANIES AFFORDING COVERAGE**

COMPANY A	American Home Assurance Co.
COMPANY B	National Union Fire Ins Co of Pittsburgh
COMPANY C	
COMPANY D	

**INSURED**  
VERIZON COMMUNICATIONS INC.  
1717 Arch Street  
Floor 32S  
Philadelphia PA 19103 USA

**COVERAGES** SIR May Apply

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED, NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS		
A	<b>GENERAL LIABILITY</b>	RMGL 5743356	06/30/05	06/30/06	GENERAL AGGREGATE	\$2,000,000	
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG	\$2,000,000	
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY	\$2,000,000	
	<input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE	\$2,000,000	
					FIRE DAMAGE (Any one fire)	\$2,000,000	
					MED EXP (Any one person)	\$5,000	
A A A A	<b>AUTOMOBILE LIABILITY</b>	RMCA 2713252 (AOS) RMCA 2713253 (MA) RMCA 2713254 (TX) RMCA 2713255 (VA)	06/30/05	06/30/06	COMBINED SINGLE LIMIT	\$2,000,000	
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person)		
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident)		
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE		
	<input type="checkbox"/> HIRED AUTOS						
	<input type="checkbox"/> NON-OWNED AUTOS						
					AUTO ONLY - EA ACCIDENT		
					OTHER THAN AUTO ONLY:		
					EACH ACCIDENT		
					AGGREGATE		
B	<b>EXCESS LIABILITY</b>	BE 2979901	06/30/05	06/30/06	EACH OCCURRENCE	\$2,000,000	
	<input checked="" type="checkbox"/> UMBRELLA FORM				AGGREGATE	\$2,000,000	
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM						
A	<b>WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY</b>	375-77-75 SIR \$1,000,000	10/01/05	10/01/06	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER		
	THE PROPRIETOR/PARTNERS/EXECUTIVE OFFICERS ARE:				<input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL	EL EACH ACCIDENT	\$2,000,000
						EL DISEASE-POLICY LIMIT	\$2,000,000
						EL DISEASE-EA EMPLOYEE	\$2,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS

**CERTIFICATE HOLDER** **CANCELLATION**

CERTIFICATE HOLDER

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING COMPANY WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE COMPANY, ITS AGENTS OR REPRESENTATIVES.  
AUTHORIZED REPRESENTATIVE *Aon Risk Services Inc. of New York*

Holder Identifier: Certificate No: 570015888015



## EXHIBIT E

### **“Draft Sample- Definite Term” Franchise Bond** **Bond No. \_\_\_\_\_**

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

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

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

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

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

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

1. In the event of default by the Principal, Obligee shall deliver to Surety a written statement of the details of such default within thirty (30) days after the Obligee shall learn of the same, such notice to be delivered by certified mail to address of said Surety as stated herein.
2. This Bond shall be effective \_\_\_\_\_, 2006, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee.



**EXHIBIT F**

**LETTER OF CREDIT**

**JPMorgan  
JPMorgan Chase Bank  
Global Trade Services**

**IRREVOCABLE STANDBY LETTER OF CREDIT**

**Issue Date:**

**L/C No.:**

**Amount: USD \$20,000 (Twenty Thousand Dollars and 00/100 United States Dollars)**

**Beneficiary:**

**Applicant:**

Verizon Global Funding Inc  
d/b/a (Verizon South Inc.)  
1095 Avenue of the Americas  
Room 3000  
New York, NY 10036

**TO:**

We hereby establish this irrevocable standby Letter of Credit No. \_\_\_\_\_ in your favor, for an aggregate amount not to exceed the amount indicated above, expiring at JPMorgan Treasury Services, Tampa, Florida, at our close of business on \_\_\_\_\_.

This Letter of Credit is available with JPMorgan Chase Bank against presentation of your draft at sight drawn on JPMorgan Chase Bank when accompanied by the documents indicated herein.

Beneficiary's dated statement purportedly signed by the \_\_\_\_\_ reading as follows:

"The amount of this drawing USD \$ \_\_\_\_\_, under JPMorgan Chase Bank Letter of Credit No. \_\_\_\_\_ represents funds due us as Verizon South Inc. has failed to perform its duties pursuant to the Cable Franchise Agreement By and Between Prince William, Virginia, and Verizon South Inc., dated \_\_\_\_\_, 2006."

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

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

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

All correspondence and any drawings hereunder are to be directed to JPMorgan Treasury Services, Standby Letter of Credit Dept., 4<sup>th</sup> Fl., 10420 Highland Manor Drive, Tampa, Florida 33610. Customer Inquiry Number is 1-866-632-5101 and choose option No. 3.

We hereby agree with you that drafts drawn under and in compliance with the terms and conditions of this Letter of Credit will be duly honored.

This Letter of Credit is subject to the International Standby Practices (ISP98), International Chamber of Commerce Publication No. 590.

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

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

**EXHIBIT G**

**ACCEPTANCE OF FRANCHISE**

The Franchisee hereby accepts the cable franchise agreement offered by Ordinance No. \_\_\_\_ of the County. The Franchisee has carefully read and clearly understands the terms and conditions of the Agreement and the Cable Ordinance and agrees to be bound by the terms and conditions of the Agreement, and any amendments thereto, and all applicable provisions of the Cable Ordinance as of the Effective Date of this Agreement.

AGREED TO THIS \_\_\_\_ DAY OF \_\_\_\_\_, 2006.

VERIZON SOUTH INC.

By: \_\_\_\_\_

Its: \_\_\_\_\_