

Cable Franchise Agreement
by and between
Spotsylvania County, Virginia
and
Verizon Virginia Inc.

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

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

WHEREAS, the LFA is a “franchising authority” in accordance with Title VI of the Communications Act (*see* 47 U.S.C. §522(10)) and is authorized to grant one or more nonexclusive cable franchises pursuant to the Code of Virginia, Va. Code Ann. § 15.2-2108 and the Spotsylvania County Cable Television Systems Ordinance, Chapter 6 of the Spotsylvania County Code (the “Cable Ordinance”);

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 LFA, 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 LFA has identified the future cable-related needs and interests of the LFA and its community, 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 LFA has determined that the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

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

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

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

Except as otherwise provided herein, the definitions and word usages set forth in the Communications Act (as hereinafter defined) are incorporated herein and shall apply in this Agreement. References in this section to any federal or state law shall include amendments thereto as may be enacted from time-to-time. In addition, the following definitions shall apply:

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

1.2. *Affiliate*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, effective July 1, 2006, meaning in relation to any Person, another Person who owns or controls, is owned or controlled by, or is under common ownership or control with, such Person.

1.3. *Additional Service Area*: Shall mean any such portion of the Service Area added pursuant to Section 3.1.4. of this Agreement.

1.4. *Basic Service*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, effective July 1, 2006, meaning the Cable Service tier that includes (i) the retransmission of local television broadcast Channels and (ii) PEG Channels required to be carried in the basic tier.

1.5. *Cable Service* or *Cable Services*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, effective July 1, 2006, meaning the one-way transmission to subscribers of (i) Video Programming or (ii) other programming service, and subscriber interaction, if any, which is required for the selection or use of such Video Programming or other programming service. Cable service does not include any Video Programming provided by a commercial mobile service provider defined in 47 U.S.C. § 332(d).

1.6. *Cable System* or *System*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, effective July 1, 2006, 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, except that such term shall not include (i) a system that serves fewer than twenty (20) Subscribers; (ii) a facility that serves only to retransmit the television signals of one or more television broadcast stations; (iii) a facility that serves only Subscribers without using any Public Rights-of-Way; (iv) a facility of a common carrier that is subject, in whole or in part, to the provisions of Title II of the Communications Act of 1924, 47 U.S.C. § 201 *et seq.*, except that such facility shall be considered a Cable System to the extent such facility is used in the transmission of Video Programming directly to Subscribers, unless the extent of such use is solely to provide interactive on-demand services; (v) any facilities of any electric utility used solely for operating its electric system; (vi) any portion of a system that serves fewer than fifty

(50) Subscribers in any locality, where such portion is a part of a larger system franchised in an adjacent locality; or (vii) an open video system that complies with § 653 of Title VI of the Communications Act of 1934, as amended, 47 U.S.C. § 573.

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

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

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

1.10. *Educational Access Channel*: An Access Channel available for the use solely of the local public schools in the Franchise Area.

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

1.12. *Force Majeure*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.19, effective July 1, 2006, meaning an event or events reasonably beyond the ability of Franchisee to anticipate and control. "Force majeure" includes, but is not limited to, acts of God, incidences of terrorism, war or riots, labor strikes or civil disturbances, floods, earthquakes, fire, explosions, epidemics, hurricanes, tornadoes, governmental actions and restrictions, work delays caused by waiting for utility providers to service or monitor or provide access to utility poles to which Franchisee's facilities are attached or to be attached or conduits in which Franchisee's facilities are located or to be located, and unavailability of materials or qualified labor to perform the work necessary.

1.13. *Franchise Area*: The incorporated area (entire existing territorial limits) of the LFA and such additional areas as may be included in the corporate (territorial) limits of the LFA during the term of this Franchise.

1.14. *Franchisee*: Verizon Virginia Inc., and any lawful and permitted successors, assigns and transferees.

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

1.16. *Gross Revenue*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, §15.2-2108.19, effective July 1, 2006, meaning all revenue, as determined in accordance with generally accepted accounting principles, that is actually received by the Franchisee and derived from the operation of the Cable System to provide Cable Services in the Franchise Area; however, "gross revenue" shall not include: (i) refunds or rebates made to Subscribers or other third parties; (ii) any revenue which is received from the sale of merchandise over home shopping channels carried on the Cable System, but not including revenue received from home shopping channels for the use of the Cable Service to sell merchandise; (iii) any tax, fee, or charge collected by the Franchisee and remitted to a governmental entity or its agent or designee, including without limitation a local public access or

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

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

1.18. *Initial Service Area*: The Lee Hill and Brokenburg wire centers as identified in Exhibit A.

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

1.20. *Local Franchise Authority (LFA)*: The County of Spotsylvania or the lawful successor, transferee, or assignee thereof.

1.21. *Non-Cable Services*: Any service that does not constitute the provision of Cable Service.

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

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

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

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

1.26. *Public Access Channel*: An Access Channel available for use solely by the residents in the Franchise Area.

1.27. *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 within the jurisdiction or control of the LFA. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.28. *Service Area*: All portions of the Franchise Area where Cable Service is being offered, including the Initial Service Area and portions serviced pursuant to the Year Seven (7) Threshold and the Year Ten (10) Threshold.

1.29. *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 LFA in writing of the same, which notification shall become a part of this Franchise.

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

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

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

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

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

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

1.36. *Transfer of the Franchise*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, §15.2-2108.19, effective July 1, 2006, meaning any transaction in which (i) an ownership or other interest in the Franchisee is transferred, directly or indirectly, from one person or group of persons to another person or group of persons, so that majority control of the Franchisee is transferred; or (ii) the rights and obligations held by the Franchisee under the Franchise are transferred or assigned to another person or group of persons. However, notwithstanding clauses (i) and (ii) of the preceding sentence, a transfer of the cable franchise shall not include (a) transfer of an ownership or other interest in the Franchisee to the parent of the Franchisee or to another affiliate of the Franchisee; (b) transfer of an interest in the cable franchise granted under this article or the rights held by the Franchisee under the Franchise to the parent of the Franchisee or to another affiliate of the Franchisee; (c) any action that is the result of a merger of the parent of the Franchisee; (d) any action that is the result of a merger of another affiliate of the Franchisee; or (e) a transfer in trust, by mortgage, or by assignment of any rights, title, or interest of the Franchisee in the Franchise or the Cable System used to provide Cable Services in order to secure indebtedness.

1.37. *Video Programming*: Shall be defined herein as it is defined under Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, §15.2-2108.19, effective July 1, 2006, meaning programming provided by, or generally considered comparable to, programming provided by a television broadcast station.

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

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

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

2.1. *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Communications Act, the County hereby grants the Franchisee the right to own, construct, operate and maintain a Cable System along the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement. In order to fulfill all of the Franchisee's obligations under this Agreement with respect to those portions of the Franchise Area in which the Franchisee does not have telephone facilities, the County further grants the Franchisee the right to assign the right to provide Cable Service in such portions of the Franchise Area to Verizon South, Inc., an Affiliate of the Franchisee. Such assignment shall not release the Franchisee from any of the terms and conditions imposed in this Agreement and the Franchisee shall remain fully and solely liable to the County for the performance of those terms and conditions. Should Franchisee determine that assignment to Verizon South, Inc. is necessary in order for the Franchisee to fulfill its obligations under this Agreement, the Franchisee shall have authority to perform such assignment at the appropriate time and shall promptly notify the County at the time of any such assignment.

2.2. *LFA Does Not Regulate Telecommunications*: The Franchisee is a certified provider of telecommunications services that has a franchise to use the public rights-of-way in the County and acknowledges that its FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of certain existing Telecommunications Facilities. The County acknowledges that the Franchisee intends to provide Non-Cable Services by means of the FTTP Network. The jurisdiction of the County over such Telecommunications Facilities is restricted by federal and state law, and to the extent that the Franchisee's FTTP Network constitutes or comprises Telecommunications Facilities, the County does not assert jurisdiction over Franchisee's FTTP Network in contravention of those limitations. Subject to future changes in state or federal law, the County's regulatory authority under Title VI of the Communications Act as 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 is limited or may not be applicable. The parties acknowledge that this Franchise does not encompass or reflect the full extent of the County's authority over the Franchisee, and, notwithstanding any provision hereof, the County reserves all of its rights under state and federal law regarding the

scope of such authority. The Franchisee also acknowledges that, pursuant to and as limited by state and federal law, the County has the authority to adopt and enforce regulations and policies with respect to the Public Rights-of-Way, including the facilities of the FTTP Network located in the Public Rights-of-Way. Notwithstanding the foregoing, the County agrees that it shall not, under the authority of this Franchise, claim any additional authority over the physical facilities that comprise the FTTP Network and that are located in the Public Rights-of-Way. Nothing in this Franchise shall be deemed a waiver of any right or authority the County may have now or in the future to regulate Information Services, Telecommunications Services or the use of the FTTP Network to provide such services. Finally, nothing in this Franchise shall be deemed a waiver of any right of the Franchisee to contest any exercise or purported exercise by the County of the County's existing or future rights or authority.

2.3. *Term:* This Franchise shall become effective on October 26, 2006 (the "Effective Date"). The term of this Franchise shall be fifteen (15) years from the Effective Date unless the Franchise is earlier surrendered or revoked as provided herein.

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

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

2.6. *No Waiver:*

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

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

2.7. *Construction of Agreement:*

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

2.7.2. *Precedence of Documents:* In the event of an inconsistency between the Cable Ordinance and this Agreement, this Agreement shall prevail.

2.8. *Police Powers:* All rights and privileges granted herein are subject to the police powers of the LFA and its rights under applicable laws and regulations to exercise its governmental powers to their full extent, except where an exercise of such powers, including but not limited to the imposition upon Franchisee of additional obligations not currently set forth in this Agreement, would impair the obligations of this Agreement.

3. **PROVISION OF CABLE SERVICE**

3.1. *Service Area:*

3.1.1. *Initial Service Area:* Subject to the density requirement set forth in Section 3.1.1.1, Franchisee shall offer Cable Service to a significant number of occupied residential dwelling units in the Initial Service Area within one (1) year of the Effective Date, and shall offer Cable Service to all of the occupied residential dwelling units in the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area within four (4) years of the Effective Date of this Franchise, except: (A) for periods of Force Majeure; (B) for periods of delay caused by LFA; and (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area. Notwithstanding the foregoing, the Franchisee shall have no obligation to provide Cable Service to developments or buildings within the Service Area where: (A) such developments or buildings are subject to claimed exclusive arrangements with other providers; (B) Franchisee cannot access such developments or buildings under reasonable terms and conditions after good faith negotiation, as determined by Franchisee; and/or (C) Franchisee is unable to provide Cable Service to such buildings or developments for technical reasons or because such developments or buildings require non-standard facilities that are not available on a commercially reasonable basis.

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 thirty (30) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Initial Service Area or the portions serviced pursuant to the Year Seven (7) Threshold or Year Ten (10) Threshold meet the density requirements after the time stated for providing Cable Service as set forth in Sections 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 from LFA that the density requirements have been met.

3.1.1.2. The Franchisee agrees to use commercially reasonable efforts to inform itself of all newly planned developments within the County and to work with developers to cooperate in pre-installation of facilities to support Cable Service.

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

3.1.1.3.1. 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

3.1.1.3.2. 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 for a minimum of twenty-four (24) months.

3.1.2. *Year Seven (7) Threshold:* Franchisee shall begin providing Cable Service to no less than sixty-five percent (65%) of the occupied residential dwelling units in the Franchise Area in which the Franchisee has its telephone facilities within seven (7) years following the Service Date, subject to the conditions of Section 3.1.1 above and the other terms set forth herein.

3.1.3. *Year Ten (10) Threshold:* During the twelve (12) month period commencing after the seventh-year anniversary date of the Service Date, the County may, by ordinance adopted after a public hearing in which the County specifically finds that such a requirement is necessary to promote competition in cable services within the Franchise Area, require the Franchisee to make Cable Service available to no more than eighty percent (80%) of the occupied residential dwelling units in the Franchise Area in which the Franchisee has its telephone facilities within no less than ten (10) years of the Service Date, subject to the conditions of Section 3.1.1 above and the other terms set forth herein.

3.1.4. *Additional Service Areas:* Except for the Initial Service Area and portions serviced pursuant to the Year Seven (7) Threshold and the Year Ten (10) Threshold, Franchisee shall not be required to extend its Cable System or to provide Cable Services to any other areas within the Franchise Area during the term of this Franchise or any Renewals thereof. If Franchisee desires to add Additional Service Areas within the Franchise Area, Franchisee shall notify LFA in writing of such Additional Service Area at least ten (10) days prior to providing Cable Services in such areas.

3.2. *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1 and Franchisee shall not discriminate between or among any individuals in the availability of Cable Service. In the areas in which Franchisee shall provide Cable Service, Franchisee shall be required to connect, at Franchisee's expense, other than a standard installation charge, all residential dwelling units that are within two hundred fifty (250) feet of trunk or feeder lines not otherwise already served by Franchisee's FTTP Network. Franchisee shall be allowed to recover, from a Subscriber that requests such connection, actual costs incurred for residential dwelling unit connections that exceed two

hundred fifty (250) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.3. *Cable Service to Municipal Buildings:* Subject to 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each fire station, public school, police station, public library, and any other local government building as may be designated by the LFA and also required of other cable operators in the Service Area, as provided in Exhibit B; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than two hundred fifty (250) feet solely to provide service to any such school or public building, the LFA shall have the option either of paying Franchisee's direct costs for such extension in excess of two hundred fifty (250) feet, or of releasing Franchisee from the obligation to provide service to such building. Furthermore, Franchisee shall be permitted to recover, from any school or other public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than two hundred fifty (250) feet of drop cable; provided, however, that Franchisee shall charge for the provision of Basic Service to the additional service outlets once installed. Notwithstanding the foregoing, Franchisee shall, subject to 3.1, provide without charge one service outlet activated for Basic Service to the buildings identified in Exhibit B. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged. The requirements of this Section 3.3 shall not apply in cases where it is not technically feasible for the Franchisee to comply.

4. **SYSTEM FACILITIES**

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

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

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

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

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

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

4.1.6. Facilities and equipment sufficient to cure violations of any applicable FCC technical standards and to ensure that the Cable System remains in compliance with the standards specified in Section 4.1.19.

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

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

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

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

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

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

4.1.13. Design capable of interconnecting with other cable systems in the Franchise Area as set forth in Section 4.3 of this Agreement.

4.1.14. Facilities and equipment at the headend shall allow Franchisee to transmit or cablecast signals in substantially the form received, without substantial alteration or deterioration. For example, the headend should include equipment that will transmit color video signals received at the headend in color, stereo audio signals received at the headend in stereo, and a signal received with a secondary audio track with both audio tracks. Similarly, all closed-captioned programming retransmitted over the Cable System shall include the closed-captioned signal in a manner that renders that signal available to Subscriber equipment used to decode the captioning.

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

4.1.16. Shall provide adequate security provisions in its Subscriber site equipment to permit parental control over the use of Cable Services on the System. Such equipment will at a minimum offer as an option that a Person ordering programming must provide a personal identification number or other means provided by Franchisee only to a

Subscriber. Provided, however, that Franchisee shall bear no responsibility for the exercise of parental controls and shall incur no liability for any Subscriber's or viewer's exercise or failure to exercise such controls.

4.1.17. The provision of additional channels, channel capacity, and/or upgrades of any kind to the Cable System is solely within the control and discretion of the Franchisee.

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

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

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

4.1.19.2. National Electrical Code;

4.1.19.3. National Electrical Safety Code (NESC);

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

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

4.1.19.6. The Virginia Uniform Statewide Building Code.

4.2. *General Description:* The Cable System shall meet or exceed applicable FCC's technical standards (Subpart K of Part 76 of the FCC's Rules).

4.2.1. The FTTP Network fiber shall be initially designed utilizing splitters of no greater than thirty-two (32) homes per splitter. The FTTP Network shall be pass-through or passive.

4.2.2. 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.

4.3. *Interconnection:* The Franchisee shall design its Cable System so that it may be interconnected with other cable systems in the Franchise Area. Interconnection of

systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

4.4. *Emergency Alert System:*

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

5. **PEG SERVICES**

5.1. *PEG Set Aside:*

5.1.1. In order to ensure universal availability of public, educational and government programming, Franchisee shall provide on the Basic Service Tier four (4) dedicated PEG Channels. If a PEG Channel provided under Section 5.1.1 is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as LFA elects to utilize the PEG Channel for its intended purpose.

5.1.2. *Additional PEG Channels:*

5.1.2.1. If the LFA substantially utilizes its existing PEG Channels, it may require a reasonable number of additional PEG Channels by the enactment of an ordinance, after a public hearing, so long as (i) the ordinance applies equally to all cable operators within the LFA; (ii) the total number of additional PEG Channels does not exceed two (2) Channels in the Basic Service tier. Any additional PEG Channel provided pursuant to this Section 5.1.2.1 that is not utilized by the locality for at least eight (8) hours per day shall no longer be made available to the LFA and may be programmed at the Franchisee’s discretion. At such time as the LFA can certify to the Franchisee a schedule for at least eight (8) hours of daily programming for a period of three months, the Franchisee shall restore the previously re-allocated PEG Channel. For purposes of this Section 5.1.2.1, a PEG Channel shall be considered to be substantially utilized when twelve (12) hours are programmed on that PEG Channel each calendar day; in addition, at least thirty-three percent (33%) of the twelve (12) hours of programming for each business day on average over each calendar quarter must be nonrepeat programming. For purposes of this Section 5.1.2.1, nonrepeat programming shall include the first three videocastings of a program and shall include programming on other PEG Channels in the LFA. Programming for purposes of determining substantial utilization shall include an alphanumeric scroll for not more than one PEG Channel.

5.1.3. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. PEG Channel assignments may be changed at the sole discretion of the Franchisee, including but not limited to changes made as a result of the Franchisee’s determination to convert the provision of Cable Services to an all-digital format. PEG Channel assignments shall be the same throughout the Franchise Area. If the Franchisee decides to change the channel designation for any of the PEG Channels, it must provide sixty (60) days prior written notice to the County.

5.1.4. Franchisee shall use reasonable efforts to interconnect its Cable System with those of the incumbent cable operator and open video system operators. Prior to the Service Date, the Franchisee shall initiate interconnection negotiations with the incumbent cable operator to cablecast, on a live basis, public, educational, and governmental access programming consistent with this Franchise. Interconnection may be accomplished by direct cable, microwave link, satellite or other reasonable method of connection. Franchisee shall negotiate in good faith with the incumbent cable operator and open video system operators respecting reasonable, mutually convenient, cost effective, and technically viable interconnection points, methods, terms and conditions. The County shall work with the Franchisee and the operator(s) of such other system(s) to designate a reasonable and mutually acceptable place and manner for the PEG interconnection. If the Franchisee and existing cable operator(s) cannot agree on an interconnection agreement within one hundred and eighty (180) days of a request to interconnect by the Franchisee, then the LFA shall require existing cable operator(s) to interconnect, and shall determine an interconnection point with the objective of designating an interconnection point at the closest technically feasible location on Franchisee's Cable System permitting the transmission of high quality signals between cable systems for the least cost. Interconnection shall preserve the quality of the PEG programming as received by the Franchisee. The construction costs and ongoing expenses of interconnection shall be fairly shared between the Franchisee and the incumbent cable operator and open video system operators. The Franchisee shall begin carrying any PEG Channel provided under Section 5.1.1 within one hundred and eighty (180) days after the Service Date.

5.2. *PEG Grant:*

5.2.1. Franchisee shall provide an annual grant to the LFA to be used in support of the production of local PEG programming (the "Annual PEG Grant"). Such grant shall be used by the LFA for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities.

5.2.2. The Annual PEG Grant provided by Franchisee hereunder shall be the sum of fifty cents (\$.50) per month, per Subscriber in the Service Area to Franchisee's Basic Service Tier. The Annual PEG Grant payment, along with a brief summary of the Subscriber information upon which it is based, shall be delivered to the LFA within sixty (60) days after the beginning of each calendar year during the Franchise Term. Calculation of the Annual PEG Grant will commence with the first calendar month during which Franchisee obtains its first Subscriber in the Service Area.

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

5.3. LFA shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Franchisee to transmit programming consistent with this Agreement and to defend and hold harmless Franchisee and the LFA from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel,

slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. LFA shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

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

6. **FRANCHISE FEES**

6.1. *Payment to LFA:* Franchisee shall pay to the LFA a Franchise fee of five percent (5%) of annual Gross Revenue. In accordance with Title VI of the Communications Act, the twelve (12) month period applicable under the Franchise for the computation of the Franchise fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall be refunded any payments that were incorrectly submitted, in connection with the quarterly Franchise fee remittances within ninety (90) days following the close of the calendar year for which such payments were applicable.

6.1.1. Notwithstanding any other provision set forth in this Section 6, the parties acknowledge that this Section 6.1 is subject to pre-emption by Title 15.2 of the Code of Virginia, Chapter 21, Article 1, Section 15.2-2108.1:1 (the "Virginia Communications Sales and Use Tax"), and agree to comply with all applicable requirements set forth in Section 15.2-2108.1:1.

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

6.3. *Limitation on Franchise Fee Actions:* The parties agree that the period of limitation for recovery of any Franchise fee payable hereunder shall be three (3) years from the date on which payment by Franchisee is due.

6.4. *Bundled Services:* If Cable Services subject to the Franchise fee required under this Article 7 are provided to Subscribers in conjunction with Non-Cable Services, the Franchise fee shall be applied only to the value of the Cable Services, as reflected on the books and records of Franchisee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders. Any discounts resulting from purchasing the services as a bundle shall be reasonably allocated between the respective non-regulated services that constitute the bundled transaction.

7. **CUSTOMER SERVICE**

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

8. **REPORTS AND RECORDS**

8.1. *Open Books and Records:* Upon not less than thirty (30) business days written notice to the Franchisee and no more frequently than once every twenty-four (24) months), the LFA shall have the right to inspect Franchisee's books and records pertaining to Franchisee's provision of Cable Service in the Franchise Area at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this Franchise. Such notice shall specifically reference the section or subsection of the Franchise which is under review, so that Franchisee may organize the necessary books and records for appropriate access by the LFA. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than three (3) years. Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, or to disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. The LFA shall treat any information disclosed by Franchisee as confidential and only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

8.1.1. *Audit Provision:* Inspections performed pursuant to Section 8.1 of this Agreement may include an audit for purposes of recomputing any amounts determined to be payable by the Franchisee to the LFA under this Agreement. The Franchisee shall bear the LFA's reasonable out-of-pocket expenses of any such audit performed by a qualified, independent third-party auditor, up to a maximum of ten thousand dollars (\$10,000), if such audit discloses an underpayment by the Franchisee of more than three percent (3%) of any quarterly payment and five thousand dollars (\$5,000) or more. The LFA shall not audit the cable operator more frequently than once every twenty-four (24) months. The LFA shall have no more than three (3) years from the time the Franchisee delivers a payment to provide a written, detailed objection to or dispute of that payment, and if the LFA fails to object to or dispute the payment within that time period, the LFA shall be barred from objecting to or disputing it after that time period. In the event that the Franchisee disputes any underpayment discovered as the result of an audit conducted by the LFA, the LFA shall work together with the Franchisee in good faith to promptly resolve such dispute. The LFA and the Franchisee maintain all rights and remedies available at law regarding any disputed amounts.

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

8.2.1. Records of all written complaints for a period of three (3) years after receipt by Franchisee. The term "complaint" as used herein refers to complaints about any aspect of the Cable System or Franchisee's cable operations, including, without limitation,

complaints about employee courtesy. Complaints recorded will not be limited to complaints requiring an employee service call;

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

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

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

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

9. **INSURANCE AND INDEMNIFICATION**

9.1. *Insurance:*

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

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

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

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

9.1.1.4. Employers' Liability Insurance in the following amounts: (A) Bodily Injury by Accident: one hundred thousand dollars (\$100,000); and (B) Bodily Injury by Disease: one hundred thousand dollars (\$100,000) employee limit; five hundred thousand dollars (\$500,000) policy limit.

9.1.2. The LFA shall be designated as additional insured under each of the insurance policies required in this Article 10 except Workers' Compensation and Employers' Liability Insurance.

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

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

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

9.2. *Indemnification:*

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

9.2.2. With respect to Franchisee's indemnity obligations set forth in Section 9.2.1, Franchisee shall provide the defense of any claims brought against the LFA by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFA, which shall not unreasonably be withheld. Nothing herein shall be deemed to prevent the LFA from cooperating with the Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided however, that after consultation with the LFA, Franchisee shall have the right to defend, settle or compromise any claim or action arising hereunder, and Franchisee shall have the authority to decide the appropriateness and the amount of any such settlement. In the event that the terms of any such proposed settlement includes the release of the LFA and the LFA does not consent to the terms of any such settlement or compromise, Franchisee shall not settle the claim or action but its obligation to indemnify the LFA shall in no event exceed the amount of such settlement.

9.2.3. The LFA shall be responsible for its own acts of willful misconduct or negligence, or breach of obligation committed by the LFA for which the LFA 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 LFA for acts of the LFA which constitute willful misconduct or negligence on the part of the LFA, its officers, employees, agents, attorneys, consultants, independent contractors or third parties.

10. **TRANSFER OF FRANCHISE**

10.1. *Transfer of Franchise:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, no Transfer of the Franchise shall occur without the prior consent of the LFA, provided that such consent shall be provided in good faith and not withheld, delayed or conditioned in a manner inconsistent with applicable law. No such consent shall be required, however, for transactions excluded under Section 1.36 above.

10.1.1. In the case of any transaction excluded under Section 1.36 involving the Franchisee, the transferee or assignee shall, prior to consummation of any transaction, agree to be bound by the terms of this Franchise and to assume the liabilities to the County of its predecessor under this Franchise.

11. **RENEWAL OF FRANCHISE**

11.1. The LFA and Franchisee agree that any proceedings undertaken by the LFA that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 626 of the Communications Act, 47 U.S.C. § 546, or Title 15.2 of the Code of Virginia, Chapter 21, Article 1.2, Section 15.2-2108.30, effective July 1, 1006, as applicable.

11.2. In addition to the procedures set forth in Section 626 or Section 15.2-2108.30, the LFA shall notify Franchisee of any assessments regarding future cable-related community needs and interests and/or the past performance of Franchisee under the then current Franchise term upon which the County intends to rely during formal renewal proceedings. The LFA further agrees that if the County issues a request for a proposal under 47 U.S.C. § 546(b), such assessments shall be provided to Franchisee promptly so that Franchisee has adequate time to submit a proposal under § 626 or § 15.2-2108, and complete renewal of the Franchise prior to expiration of its term.

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

11.4. Franchisee and the LFA consider the terms set forth in this Article 12 to be consistent with the express provisions of Section 626 and Section 15.2-2108.30.

12. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

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

12.2. *Franchisee's Right to Cure or Respond:* Franchisee shall have fifteen (15) days from receipt of the Noncompliance Notice to: (i) respond to the LFA, if Franchisee contests (in whole or in part) the assertion of noncompliance; (ii) cure such noncompliance; or (iii) in the event that, by its nature, such noncompliance cannot be cured within such fifteen (15) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the date by which cure is projected to be completed. Upon cure of any noncompliance, LFA shall provide written confirmation that such cure has been effected.

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

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

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

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

12.4.3. In the case of a substantial material default of a material provision of the Franchise, seek to revoke the Franchise in accordance with Section 12.7; or

12.4.4. Enforce liquidated damages as set forth in Section 12.5 of this Agreement.

12.5. *Liquidated Damages:* Because the Franchisee's failure to comply with provisions of this Franchise may result in injury to the County, because it may be difficult to quantify the extent of such injury, and in full satisfaction for the term of this Agreement of the obligations set forth in this Agreement, the County and the Franchisee agree that, subject to the procedures in Section 12.5.8, liquidated damages as set forth herein may be assessable against the Franchisee for certain violations of provisions of this Franchise. On an annual basis from the Service Date of this Franchise, liquidated damages in total will not exceed twenty thousand dollars (\$20,000). The Franchisee hereby waives any defense as to the validity of any liquidated damages stated in this Franchise Agreement on the grounds that such liquidated damages are void as penalties or are not reasonably related to actual damages. The liquidated damages shall not apply when caused by Force Majeure events and shall only apply from the date of notice of intention to assess liquidated damages as provided for in Section 12.5.8 and as provided to the Franchisee, unless otherwise provided for or consistent with the time periods of notice and cure specific to certain liquidated damages.

12.5.1. Failure to materially comply with reporting requirements set forth in Section 8 and in Exhibit C (“Customer Service Standards”) of this Agreement: One hundred dollars (\$100) per day for each day the violation continues after the Franchisee is given a thirty (30) day period to cure the failure and then written notice has been provided to the Franchisee by the County of such continuing violation.

12.5.2. Failure to materially comply with carriage of PEG Channels as set forth in Section 5.1 of this Agreement: Fifty dollars (\$50) for each violation for each day the violation continues.

12.5.3. Failure to materially comply with timely and full payment of the franchise fee or the fee assessed for the provision of PEG Channels: One hundred dollars (\$100) for each violation for each day the violation continues.

12.5.4. Failure to materially comply with Customer Service Standards set forth in Exhibit C of this Agreement: One hundred dollars (\$100) for the first violation; two hundred fifty dollars (\$250) for any violation within 12 months after the first violation; and five hundred dollars (\$500) for any violation within 12 months after the second or any subsequent violation.

12.5.5. The County may reduce or waive any of the above-listed liquidated damages if the County determines that such waiver is in the best interests of the County.

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

12.5.7. Payment by the Franchisee of any of the foregoing liquidated damages assessments shall be due thirty (30) days after the date of the public hearing referenced in Section 12.3. If Franchisee does not make payment within that period, the County may withdraw from Franchisee’s Letter of Credit the amount assessed.

12.5.8. In order to assess the liquidated damages set forth herein, the County, following provision to the Franchisee of a written Noncompliance Notice as set forth in Section 12.2 and the expiration of applicable cure periods, shall issue to the Franchisee, by certified mail, a notice of intention to assess liquidated damages (“Notice of Assessment”). The Notice of Assessment shall set forth the basis of the assessment, and shall inform the Franchisee that liquidated damages will be assessed from the date of the notice. The Notice of Assessment may be appealed for hearing before the County Board of Supervisors (the “Board”) and if the Board rules (1) that the violation has been corrected, or (2) that an extension of the time or other relief should be granted, or (3) the Board disagrees with the findings of the County, then no liquidated damages will be owed. If the Franchisee desires such an appeal hearing before the Board, it shall send a written notice of appeal, by certified mail, to the County within thirty (30) days of the date on which the County sent the Notice of Assessment. After the hearing, if the Board sustains, in whole or in part, the County’s assessment of liquidated damages, then the

County shall inform the Franchisee and the Franchisee shall pay the required amount within thirty (30) days. If Franchisee does not make payment within thirty (30) days, the County may at any time thereafter draw upon the Letter of Credit required by Section 12.6 of this Agreement. Unless the Board indicates to the contrary, said liquidated damages shall be assessed beginning with the date on which the County sent the Notice of Assessment damages and continuing thereafter until such time as the violation ceases as determined by the County.

12.6. *Letter of Credit:*

12.6.1. Franchisee shall obtain within thirty (30) days of executing this Agreement, and maintain thereafter throughout the Agreement term, an irrevocable letter of credit in the amount of twenty thousand dollars (\$20,000) (the "Letter of Credit") from a federally insured lending institution licensed to do business in Virginia ("Lending Institution"). The Letter of Credit shall be in a form substantially the same as the form attached hereto as Exhibit D and that is acceptable to the County. The Letter of Credit shall be used to ensure Franchisee's compliance with the material terms and conditions of this Agreement.

12.6.2. Franchisee shall file with the County a complete copy of the Letter of Credit (including all terms and conditions applying to the letter of credit), and keep such copy current with respect to any changes over the term of the Agreement.

12.6.3. 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 draw upon the Letter of Credit by presentation of a draft at sight drawn on the Lending Institution, accompanied by a written certificate signed by the County Administrator certifying that Franchisee has failed to comply with this Agreement and stating the specific reason therefore and the basis for the amount being withdrawn.

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

12.6.5. 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 the total amount specified herein.

12.6.6. The rights reserved to the County with respect to the Letter of Credit are in addition to all other rights of the County, whether reserved by this Agreement or otherwise authorized by law, and no action, proceeding or right with respect to the Letter of Credit shall affect any other right the County has or may have.

12.6.7. No recovery by the County of any sum by reason of the Letter of Credit required in Section 12.6 of this Agreement shall be any limitation upon the liability of Franchisee to the County under the terms of this Agreement, except that any sums so received by

the County shall be deducted from any recovery which the County shall establish against Franchisee under the terms of this Agreement.

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

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

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

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

13. **MISCELLANEOUS PROVISIONS**

13.1. *Actions of Parties:* In any action by the LFA or Franchisee that is mandated or permitted under the terms hereof, such party shall act in a reasonable and timely manner. Furthermore, in any instance where approval or consent is required under the terms hereof, such approval or consent shall be provided in good faith and not withheld, delayed or conditioned in a manner inconsistent with applicable law.

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

successors and assigns, and the promises and obligations herein shall survive the expiration date hereof.

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

13.4. *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.

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

13.5.1. Notices to Franchisee shall be mailed to:

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

13.5.2. with a copy to:

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

13.5.3. Notices to the LFA shall be mailed to

County Administrator
P.O. Box 99
Spotsylvania, Virginia 22553

13.5.4. with a copy to:

County Attorney
P.O. Box 308

Spotsylvania, Virginia 22553

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

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

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

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

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

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

13.12. *Independent Review*: LFA and Franchisee each acknowledge that they have received independent legal advice in entering into this Agreement.

[SIGNATURE PAGE FOLLOWS]

AGREED TO THIS 26th DAY OF October, 2006.

County of Spotsylvania, Virginia

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

FORM APPROVED
Attorney [Signature]
Date 10-25-06

By: J. Randall Wheeler
J. Randall Wheeler
County Administrator

Approved as to Form:
Jacobs K. Stone, IV
County Attorney, County of Spotsylvania

EXHIBITS

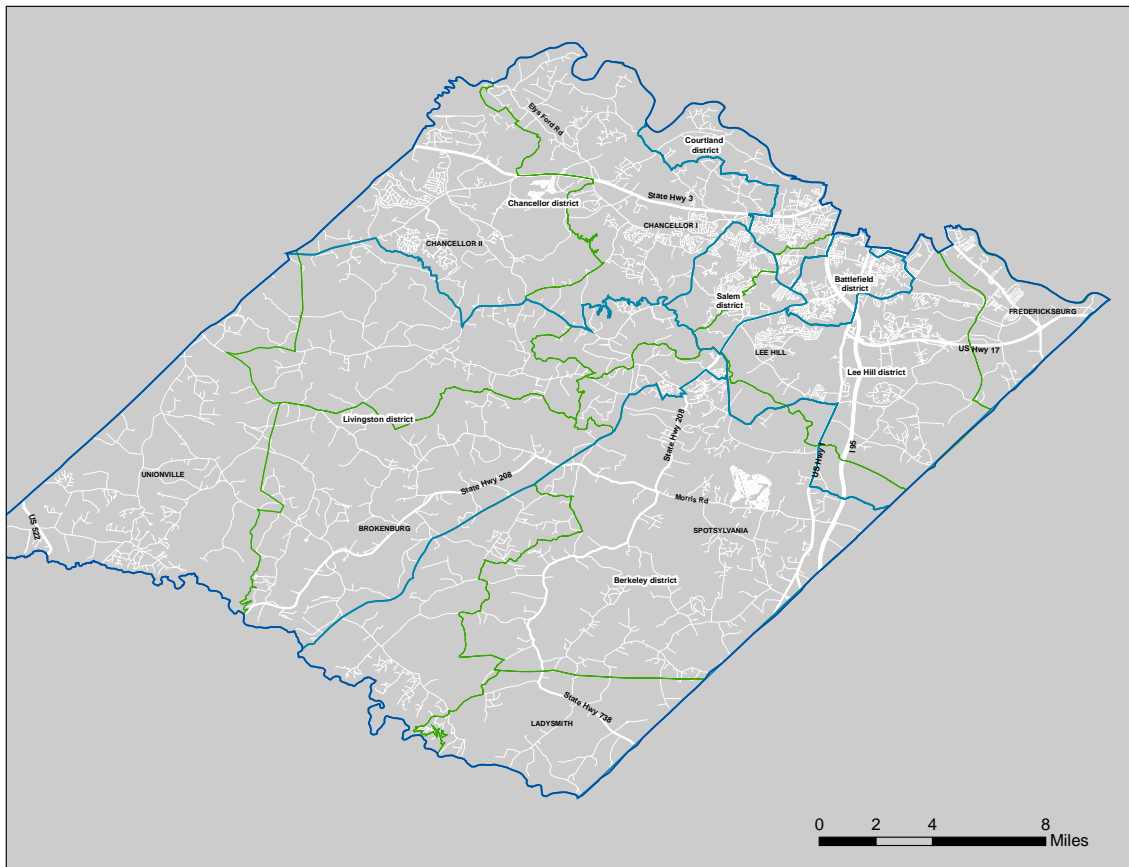
Exhibit A: Initial Service Area

Exhibit B: Municipal Buildings to be Provided Free Cable Service

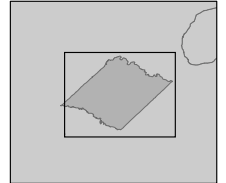
Exhibit C: Customer Service Standards

Exhibit D: Letter of Credit Form

EXHIBIT A
INITIAL SERVICE AREA
(See Section 1.18 of Agreement)



Spotsylvania County Virginia
 Showing Verizon Exchanges



- Spotsylvania County VA
 - Minor Civil Divisions (districts)
 - Verizon Exchanges
- Wirecenters**
- BROKENBURG
 - CHANCELLOR I
 - CHANCELLOR II
 - FREDERICKSBURG
 - LADYSMITH
 - LEE HILL
 - SPOTSYLVANIA
 - UNIONVILLE



Privileged and Confidential
 Prepared under Attorney-Client Privilege
 January 2005

EXHIBIT B

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

Animal Control
450 T.V. Drive
Fredericksburg, VA 22408

Assessment
9104 Courthouse Road
Spotsylvania, VA 22553

Building Inspections
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Business License/Meal Tax
9104 Courthouse Road
Spotsylvania, VA 22553

Circuit Court
9115 Courthouse Road
Spotsylvania, VA 22553

Clerk's Office/Record Room
9115 Courthouse Road
Spotsylvania, VA 22553

Code Compliance
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Code Compliance - Inspections Division
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Commissioner of the Revenue
9104 Courthouse Road
Spotsylvania, VA 22553

Commonwealth Atty.
9111 Courthouse Road
Spotsylvania, VA 22553

Communications/E911
9101 Courthouse Road
Spotsylvania, VA 22553

County Administrator
9104 Courthouse Road
Spotsylvania, VA 22553

County Attorney
9105 Courthouse Road
Spotsylvania, VA 22553

County Museum
8956 Courthouse Road
Spotsylvania, VA 22553

Court Services
9125 Courthouse Road
Spotsylvania, VA 22553

Court Services
9111 American Legion Drive
Spotsylvania, VA 22553

Economic Development
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Environmental Engineering
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Finance Department
8800 Courthouse Road
Spotsylvania, VA 22553

Fire Administration
8800 Courthouse Road
Spotsylvania, VA 22553

General District Court
9113 Courthouse Road
Spotsylvania, VA 22553

General Services
8800 Courthouse Road
Spotsylvania, VA 22553

Health Department
9104 Courthouse Road
Spotsylvania, VA 22553

Holbert Building
9104 Courthouse Road
Spotsylvania, VA 22553

Human Resources
9104 Courthouse Road
Spotsylvania, VA 22553

Information Services
8800 Courthouse Road
Spotsylvania, VA 22553

Juvenile Court
9113 Courthouse Road
Spotsylvania, VA 22553

Magistrate's Office
2706 Lafayette Blvd.
Fredericksburg, VA 22408

Marshall Center
8800 Courthouse Road
Spotsylvania, VA 22553

Mapping
8800 Courthouse Road
Spotsylvania, VA 22553

Parks and Recreation
10910 Leavells Road
Spotsylvania, VA 22553

Planning
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Personal Property
9104 Courthouse Road
Spotsylvania, VA 22553

Public Works Department
5917 Harrison Road
Spotsylvania, VA 22553

Purchasing Department
8800 Courthouse Road
Spotsylvania, VA 22553

Real Estate
9104 Courthouse Road
Spotsylvania, VA 22553

Salem Church Library
2607 Salem Church Road
Fredericksburg, VA 22407

Sheriff's Department
9101 Courthouse Road
Spotsylvania, VA 22553

Sheriff's Department - CID
8740 Courthouse Road
Spotsylvania, VA 22553

Sheriff's – Narcotics
9105 American Legion Drive
Spotsylvania, VA 22553

Snow Library
8740 Courthouse Road
Spotsylvania, VA 22553

Social Services
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Teen Senior Center
8800 Courthouse Road
Spotsylvania, VA 22553

Tourism
4704 Southpoint Parkway
Fredericksburg, VA 22407

Treasurer's Office
9104 Courthouse Road
Spotsylvania, VA 22553

Utilities Department
600 Hudgins Road
Fredericksburg, VA 22408

VA Cooperative Extension
8800 Courthouse Road
Spotsylvania, VA 22553

Voter Registration (modular)
9106A Courthouse Road
Spotsylvania, VA 22553

Zoning
10304 Spotsylvania Avenue
Fredericksburg, VA 22407

Disposal/Recycling Sites

Barn Convenience Site
2805 Lewiston Road
Bumpass, VA 23024

Belmont Convenience Site
7124 Belmont Road
Mineral, VA 23117

Berkeley Public Use Area
6013 Stanfield Road
Spotsylvania, VA 22553

Chancellor Public Use Area
5917 Harrison Road
Spotsylvania, VA 22553

Chewing Park Convenience Site
13001 Post Oak Road
Spotsylvania, VA 22553

Cole Hill Creek
5029 Partlow Road
Partlow, VA 22534

Lee's Hill Convenience Site
9904 Lee Hill Park Road
Fredericksburg, VA 22408

Livingston Landfill
6241 Massey Road
Spotsylvania, VA 22553

Marshall Park Convenience Site
8525 Courthouse Road
Spotsylvania, VA 22553

Mine Road Convenience Site
4010 Mine Road
Fredericksburg, VA 22408

Post Oak Convenience Site
10020 Post Oak Road
Spotsylvania, VA 22553

Rt. 522 Collection Site (on rt. 612)
Zachary Taylor Hwy.
Spotsylvania, VA 22553

Todds Tavern Convenience Site
10653 Catharpin Road
Spotsylvania, VA 22553

Wilderness Convenience Site
10501 Orange Plank Road
Spotsylvania, VA 22553

Fire Departments

Fire Co. 1 – Spotsylvania
7200 Courthouse Commons Blvd.
Spotsylvania, VA 22553

Fire Co. 2 – Brokenburg
11700 Volunteer Lane
Spotsylvania, VA 22553

Fire Co. 3 – Partlow
3221 Partlow Road
Partlow, VA 22534

Fire Co. 4 – Mine Road
4804 Bancroft Rd.
Fredericksburg, VA 22408

Fire Co. 5 – Chancellor
5992 Plank Road
Fredericksburg, VA 22407

Fire Co. 6 – Salem Church
5700 General Semmes Road
Fredericksburg, VA 22407

Fire Co. 7 – Wilderness
10501 Orange Plank Road
Spotsylvania, VA 22553

Fire Co. 8 – Thornburg
6429 Jefferson Davis Highway
Spotsylvania, VA 22553

Fire Co. 9 – Belmont
7100 Belmont Road
Mineral, VA 23117

Fire Co. 10
11201 Gordon Rd
Fredericksburg, VA 22407

Chancellor Site
5917 Harrison Road
Fredericksburg, VA 22407

Livingston Site
6241 Massey Road
Spotsylvania, VA 22553

Radio Tower Sites

Commuter Parking

Commuter Parking Lot
Houser Drive
Fredericksburg, VA 22407

Rescue Stations

Rescue Station 1 – Spotsylvania
8711 Courthouse Road
Spotsylvania, VA 22553

Rescue Station 2 – Brokenburg
11701 Volunteer Lane
Spotsylvania, VA 22553

Rescue Station 3 – Partlow
3530 Partlow Road
Partlow, VA 22534

Rescue Station 4 – Mine Road
4701 Market Street
Fredericksburg, VA 22407

Rescue Station 7 – Wilderness
10501 Orange Plank Road
Spotsylvania, VA 22553

Rescue Station 8 – Thornburg
6429 Jefferson Davis Highway
Spotsylvania, VA 22553

Rescue Station 5- Harrison
7030 Harrison Road
Fredericksburg, VA 22407

Utilities Treatment Plants

FMC WWTP
11801 Capital Lane
Fredericksburg, VA 22401

Massaponax WWTP
10900 HCC Drive
Fredericksburg, VA 22408

Motts Run WWTP
13000 Trench Hill Lane
Fredericksburg, VA 22401

Ni River Water Plant
10516 Gordon Road
Spotsylvania, VA 22553

Thornburg WWTP
5225 Mudd Tavern Road
Woodford, VA 22580

Wishner WWTP
6758 BB Sparrow Lane
Spotsylvania, VA 22553

Community Centers

Berkeley
5969 Partlow Road
Partlow, VA 22534

Chancellor
7300 Old Plank Road
Fredericksburg, VA

Harrison Road
4728 Harrison Road
Fredericksburg, VA 22407

Lee Hill
1 H.C.C. Drive
Fredericksburg, VA

Todds Tavern
10653 Catharpin Road
Spotsylvania, VA 22553

Community Parks

Arritt Park
9718 Waller's Road
Partlow, VA 22534

Loriella Park
10910 Leavells Road
Fredericksburg, VA 22407

Chewning Park
13013 Post Oak Road
Spotsylvania, VA 22553

Marshall Park
8525 Courthouse Road
Spotsylvania, VA 22553

Cosner Park
1 H.C.C. Drive
Fredericksburg, VA 22408

Ni River Recreational Center
10516 Gordon Road
Fredericksburg, VA 22407

Lee Hill Park
9910 Lee Hill Park Road
Fredericksburg, VA 22408

Rails to Trails
Salem Church Road
Fredericksburg, VA. 22407

School Facilities

Battlefield Elementary
11108 Leavells Road
Fredericksburg, VA 22407

Brock Road Elementary
10207 Brock Road
Spotsylvania, VA 22553

Berkeley Elementary
5979 Partlow Road
Spotsylvania, VA 22553

Chancellor Elementary
5995 Plank Road
Fredericksburg, VA 22407

Courthouse Road Elementary
9911 Courthouse Road
Spotsylvania, VA 22553

Courtland Elementary
6601 Smith Station Road
Spotsylvania, VA 22553

Lee Hill Elementary
3600 Lee Hill School Drive
Fredericksburg, VA. 22408

Livingston Elementary
6057 Courthouse Road
Spotsylvania, VA 22553

Riverview Elementary
7001 North Roxbury Mill Road
Spotsylvania, VA 22553

Robert E. Lee Elementary
7415 Brock Road
Spotsylvania, VA 22553

Salem Elementary
4501 Jackson Road
Fredericksburg, VA 22407

School Facilities (Continued)

Smith Station Elementary
7320 Smith Station Road
Fredericksburg, VA 22407

Spotswood Elementary
400 Lorraine Avenue
Fredericksburg, VA. 22408

Wilderness Elementary
11600 Catharpin Road
Spotsylvania, VA 22553

Harrison RD. Elementary
6230 Harrison Rd.
Fredericksburg, VA. 22407

Parkside Elementary
5620 Smith Station Rd.
Fredericksburg, VA. 22407

Battlefield Middle School
11120 Leavells Road
Fredericksburg, VA 22407

Chancellor Middle School
6320 Harrison Road
Fredericksburg, VA 22407

John J. Wright Middle School
7576 Courthouse Road
Spotsylvania, VA 22553

Ni River Middle School
11632 Catharpin Road
Spotsylvania, VA 22553

Post Oak Middle School
6959 Courthouse Road
Spotsylvania, VA 22553

Spotsylvania Middle School
8801 Courthouse Road
Spotsylvania, VA 22553

Germanna Community College
10000 Germanna Point Dr.
Fredericksburg, VA 22408

Thornburg Middle School
6929 North Roxbury Mill Road
Spotsylvania, VA 22553

Chancellor High School
6300 Harrison Road
Fredericksburg, VA 22407

Courtland High School
6701 Smith Station Road
Spotsylvania, VA 22553

Massaponax High School
8201 Jefferson Davis Hwy
Fredericksburg, VA 22407

Riverbend High School
12301 Spotswood Furnace Rd
Fredericksburg, VA 22407

Spotsylvania High School
6975 Courthouse Road
Spotsylvania, VA 22553

Commonwealth Governor's School
12301 Spotswood Furnace Rd
Fredericksburg, VA 22407

Spotsylvania Vocational Center
6713 Smith Station Road
Spotsylvania, VA 22553

ITTC (Technology/MIS)
6717 Smith Station Road
Spotsylvania, VA 22553

School Administration
8020 River Stone Drive
Fredericksburg, VA 22407

Transportation Office & Garage
8806 Courthouse Road
Spotsylvania, VA 22553

EXHIBIT C

CUSTOMER SERVICE STANDARDS

These standards shall, starting twelve (12) months after the Service Date, apply to the Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise area.

SECTION 1. DEFINITIONS

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

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

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

D. Standard Installation: Installations where the subscriber is within two hundred-fifty (250) feet of trunk or feeder lines.

SECTION 2. TELEPHONE AVAILABILITY

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

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

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

After the first tier menu (not including a foreign language rollout) has run through three times, if customers do not select any option, the ARU or VRU will forward the call to a queue

for a live representative. The Franchisee may reasonably substitute this requirement with another method of handling calls from customers who do not have touch-tone telephones.

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

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

SECTION 3. INSTALLATIONS AND SERVICE APPOINTMENTS

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

B. The Standard Installation shall be performed within seven (7) business days after the placement of the Optical Network Terminal (“ONT”) on the customer’s premises or within seven (7) business days after an order is placed if the ONT is already installed on the customer’s premises.

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

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

SECTION 4. SERVICE INTERRUPTIONS AND OUTAGES

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

B. The Franchisee shall exercise commercially reasonable efforts to limit any Significant Outage for the purpose of maintaining, repairing, or constructing the Cable System. Except in an emergency or other situation necessitating a more expedited or alternative notification procedure, the Franchisee may schedule a Significant Outage for a period of more

than four (4) hours during any twenty-four (24) hour period only after the LFA and each affected Subscriber in the Service Area have been given fifteen (15) days prior notice of the proposed Significant Outage. Notwithstanding the forgoing, Franchisee may perform modifications, repairs and upgrades to the System between 12.01 a.m. and 6 a.m. which may interrupt service, and this Section's notice obligations respecting such possible interruptions will be satisfied by notice provided to Subscribers upon installation and in the annual subscriber notice.

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

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

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

(2) The Franchisee must begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or the LFA of a Cable Service problem.

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

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

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

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

SECTION 5. CUSTOMER COMPLAINTS

Under Normal Operating Conditions, the Franchisee shall investigate Subscriber complaints referred by the LFA within five (5) business days. The Franchisee shall notify the LFA of those matters that necessitate an excess of five (5) business days to resolve, but those matters must be resolved within fifteen (15) days of the initial complaint. The LFA may require reasonable documentation to be provided by the Franchisee to substantiate the request for additional time to resolve the problem. For purposes of this Section, “resolve” means that the Franchisee shall perform those actions, which, in the normal course of business, are necessary to investigate the Customer’s complaint and advise the Customer of the results of that investigation.

SECTION 6. BILLING

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

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

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

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

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

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

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

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

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

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

SECTION 7. DEPOSITS, REFUNDS AND CREDITS

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

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

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

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

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

SECTION 8. RATES, FEES AND CHARGES

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

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

SECTION 9. DISCONNECTION / DENIAL OF SERVICE

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

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

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

SECTION 10. COMMUNICATIONS WITH SUBSCRIBERS

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

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

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

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

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

(2) A separate electronic notification.

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

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

(1) Products and Cable Service offered;

(2) Prices and options for Cable Services and condition of subscription to Cable Services. Prices shall include those for Cable Service options, equipment rentals, program guides, installation, downgrades, late fees and other fees charged by the Franchisee related to Cable Service;

(3) Installation and maintenance policies including, when applicable, information regarding the Subscriber's in-home wiring rights during the period Cable Service is being provided;

(4) Channel positions of Cable Services offered on the Cable System;

(5) Complaint procedures, including the name, address and telephone number of the LFA, but with a notice advising the Subscriber to initially contact the Franchisee about all complaints and questions;

(6) Procedures for requesting Cable Service credit;

(7) The availability of a parental control device;

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

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

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

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

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

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

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

EXHIBIT D

BANK NAME

ADDRESS

IRREVOCABLE STANDBY LETTER OF CREDIT

Issue Date:

L/C No.:

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

Beneficiary:

County of Spotsylvania
P.O. Box 99
Spotsylvania, Virginia 22553

Applicant:

Verizon Communications Inc.
One Verizon Way
MC VC53S459
Basking Ridge, NJ 07920-1097

TO:

(Beneficiary)

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

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

Beneficiary's dated statement purportedly signed by one of its officials reading as follows:

"The amount of this drawing USD \$ 20,000, under (Name of Bank) Letter of Credit No. _____ represents funds due us as (Name of Subsidiary, Inc.) has failed to perform its duties pursuant to the Cable Franchise Agreement Between the County of Spotsylvania, and Verizon Virginia 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 overnight carrier or hand delivery at the above address that we elect not to renew this Letter of Credit for such additional period.

Upon such notice to you, you may draw drafts on us at sight for an amount not to exceed the balance remaining in this Letter of Credit within the then applicable expiry date,

accompanied by your dated statement purportedly signed by one of your officials reading as follows:

“The amount of this drawing USD \$ 20,000 under (Name of Bank) Letter of Credit number _____ represents funds due us as we have received notice from (Name of Bank) of their decision not to extend Letter of Credit Number _____ for an additional year.”

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

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

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

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

Authorized Signature (Bank)