

CABLE FRANCHISE AGREEMENT
BY AND BETWEEN
THE VILLAGES OF LARCHMONT AND MAMARONECK
AND THE TOWN OF MAMARONECK, NEW YORK
AND
VERIZON NEW YORK INC.

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THIS CABLE FRANCHISE AGREEMENT (the “Franchise” or “Agreement”) is entered into by and between the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck, validly organized and existing political subdivisions of the State of New York (collectively referred to as the “Local Franchising Authorities” or “LFAs”) and Verizon New York Inc., a corporation duly organized under the applicable laws of the State of New York (the “Franchisee”).

WHEREAS, each of the LFAs wish to grant Franchisee a nonexclusive franchise to construct, install, maintain, extend and operate a cable system in the Franchise Area as designated in this Franchise;

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

WHEREAS, each of the LFAs are members of the tri-municipal cable television Board of Control (the “Board of Control”) as created in the CATV agreement executed on the 3rd day of December, 1980 (the “Members”);

WHEREAS, pursuant to the franchises granted by the Members, and pursuant to law, it is the responsibility of each Member to administer and supervise the provisions of such franchise for its own benefit and for the benefit of its residents;

WHEREAS, each of the Members has heretofore determined that these franchises are interrelated, that negotiation, administration, and supervision of the franchises can be best performed in a cooperative arrangement between and among the Members, and that the ability of each Member to provide its residents with adequate cable television service would be enhanced by such a cooperative arrangement;

WHEREAS, each of the Members have delegated to the Board of Control the power and authority to act on behalf of the LFAs pursuant to and relating to negotiating, administering, and supervising the terms and conditions of this franchise agreement between the LFAs and Franchisee;

WHEREAS, Franchisee is upgrading its existing telecommunications and information services network through the installation of a Fiber to the Premise Telecommunications Network (“FTTP Network”) in the Franchise Area which transmits the Non-Cable Services pursuant to authority granted by Section 27 of the New York Transportation Corporations Law, as amended, and Title II of the Communications Act, which Non-Cable Services are not subject to the Cable Law or Title VI of the Communications Act;

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

WHEREAS, the LFAs, jointly, and the Franchisee are entering into this Agreement for the purpose of setting forth the terms and conditions on which Franchisee shall be entitled to provide Cable Services in the Franchise Area with the express understanding and agreement that nothing in this Agreement shall add to or detract from (i) the LFAs' police powers, or rights or privileges in respect of the Public Rights of Way in accordance with Federal, State, and local laws or (ii) the Franchisee's rights or privileges in respect of the FTTP Network in accordance with Federal, State, and local laws, as each relates to the provision of Non-Cable Services in the Franchise Area, it being the intent of the parties that this Agreement shall govern only the provision of Cable Services;

WHEREAS, the LFAs have identified the future cable-related needs and interests of the LFAs and after appropriate public proceedings affording due process to all parties in accordance with New York Law have determined that Franchisee's plans for its Cable System are adequate and feasible;

WHEREAS, based on the representations of the Franchisee in the Franchisee's cable franchise applications, the LFAs have found Franchisee to be financially, technically and legally qualified to operate the Cable System in the Franchise Area;

WHEREAS, the LFAs have determined that in accordance with the provisions of the Cable Law, this Franchise complies with NY PSC's franchise standards and the grant of a nonexclusive franchise to Franchisee is consistent with the public interest; and

WHEREAS, the LFAs 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 each of the LFA's grant of a franchise to Franchisee and Franchisee's promise to provide Cable Service to residents of the Franchise Area pursuant to and consistent with the Cable Law (as herein defined), in each case on the terms and conditions hereinafter set forth, the promises and undertakings of the parties hereinafter set forth, and such 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 Cable Law are incorporated herein and shall apply in this Agreement. In addition, the following definitions shall apply:

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

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

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

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

1.5. *Cable Service* or *Cable Services*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(6), as amended.

1.6. *Cable System* or *System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), as amended.

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

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 noncommercial use by local public schools and public school districts in the Franchise Area and other not-for-profit educational institutions chartered or licensed by the New York State Department of Education or Board of Regents in the Franchise Area.

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

1.12. *Force Majeure*: An event or events reasonably beyond the ability of Franchisee to anticipate and control that directly or indirectly results in Franchisee's non-compliance with, or delay in the performance of, any obligation hereunder. This includes, but is not limited to, severe or unusual weather conditions, strikes, labor disturbances and disputes, war or act of war (whether an actual declaration of war is made or not), insurrection, riots, act of public enemy, incidences of terrorism, acts of vandalism, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Franchisee is not primarily responsible, fire, flood, or other acts of God, or work delays resulting from unaffiliated utility providers' failure to service, monitor, or maintain utility poles to which Franchisee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

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

1.14. *Franchisee*: Verizon New York Inc. and its lawful and permitted successors, assigns and transferees.

1.15. *Government Access Channel*: An Access Channel available for the sole noncommercial use of the LFAs.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area.

Gross Revenue includes, without limitation: all Subscriber and customer revenues earned or accrued net of bad debts including revenue for:

(i) Basic Service;

(ii) all fees charged to any Subscribers for any and all Cable Service provided by Franchisee over the Cable System in the Service Area, including without limitation Cable Service related program guides, the installation, disconnection or reconnection of Cable Service; revenues from late or delinquent charge fees; Cable Service related or repair calls; the provision of converters, digital video recorders, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee;

(iii) revenues from the sale or lease of access channel(s) or channel capacity;

(iv) revenues from video on demand and pay-per-view;

(v) compensation received by Franchisee that is derived from the operation of Franchisee's Cable System to provide Cable Service with respect to commissions that are paid to Franchisee as compensation for promotion or exhibition of any products or services on the Cable System, such as "home shopping" or a similar channel, subject to the exceptions below. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for advertising derived from the operation of Franchisee's Cable System to provide Cable Service within the Service Area, subject to the exceptions below. The allocation shall be based on the number of Subscribers in the Service Area divided by the total number of subscribers in relation to the relevant local, regional or national compensation arrangement. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue; and

(vi) Franchise Fees imposed on Franchisee by the LFAs that are passed through from Franchisee as a line item paid by Subscribers.

Except as provided above, Gross Revenue shall not include:

(i) Revenues received by any Affiliate or other Person in exchange for supplying goods or services used by Franchisee to provide Cable Service over the Cable System;

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

(iii) refunds, rebates or discounts made to Subscribers or other third parties;

(iv) except as otherwise provided in Section 1.16, any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Franchisee to Non-Cable Services in accordance with federal law, rules, regulations, standards or orders. Should revenue from any service provided by Franchisee over the Cable System be classified as a Cable Service by the Communications Act (as amended from time to time), then Franchisee shall include revenue from such service as Gross Revenue on a going forward basis commencing with the next available billing cycle following the effective date of such change in the Communications Act. Should a final determination or ruling of any agency or court having jurisdiction, after the exhaustion of all appeals related thereto, classify as a Cable Service any service provided by the Franchisee over the Cable System, then the LFAs shall be entitled, after notification to Franchisee and without mutual agreement in writing as otherwise required by Section 12.7, to amend this Agreement in the manner prescribed under applicable state law or this Franchise to include revenue from the Franchisee's provision of such service as Gross Revenue, and Franchisee shall include revenue from such service as Gross Revenue on a going forward basis commencing with the next available billing cycle following the date of the issuance of an order from the NY PSC approving such amendment;

(v) any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System,; provided, however, that, any portion of such revenue which represents or can be attributed to a Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise shall be included in Gross Revenue;

(vi) the sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable Franchise Fees from purchaser's customer;

(vii) the sale of Cable Services to customers, which are exempt, as required or allowed by the LFAs including, without limitation, the provision of Cable Services to public institutions as required or permitted herein, except to the extent Franchisee actually receives any revenues from such customers that would otherwise be included in Gross Revenues;

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

(ix) any foregone revenue which Franchisee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Franchisee and public institutions or other institutions

designated in the Franchise (provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue);

(x) sales of capital assets or sales of surplus equipment; program launch fees, i.e., reimbursement by programmers to Franchisee of marketing costs incurred by Franchisee for the introduction of new programming;

(xi) directory or Internet advertising revenue including, but not limited to, yellow page, white page, banner advertisement and electronic publishing; or

(xii) any fees or charges collected from Subscribers or other third parties for the Initial PEG Grant payments and the Annual PEG Grant payments.

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), as amended.

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

1.19. *Local Franchise Authority (LFAs)*: Collectively the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck, New York, or their lawful successors, transferees, or assignees thereof.

1.20. *Non-Cable Services*: Any service that does not constitute the provision of a Cable Service pursuant to this Agreement including, but not limited to, Information Services and Telecommunications Services.

1.21. *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.

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

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

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

1.25. *Public Access Channel*: An Access Channel available for noncommercial use solely by the residents or by nonresidents with resident sponsorship in the Franchise Area on a first-come, first-served, nondiscriminatory basis.

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

jurisdiction or control of the 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.

1.27. *Service Area*: All portions of the Franchise Area where Cable Service is being offered, as described in **Exhibit B** attached hereto.

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

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

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

1.31. *Transfer of the Franchise*:

1.31.1. Any transaction in which:

1.31.1.1. a fifty percent ownership or other interest in Franchisee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Franchisee is transferred; or

1.31.1.2. the rights held by Franchisee under the Franchise and the certificate of confirmation issued therefor by the NY PSC are transferred or assigned to another Person or group of Persons.

1.31.2. However, notwithstanding Sub-subsections 1.31.1.1 and 1.31.1.2 above, a *Transfer of the Franchise* shall not include transfer of an ownership or other interest in Franchisee to the parent of Franchisee or to another Affiliate of Franchisee; transfer of an interest in the Franchise or the rights held by the Franchisee under the Franchise to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of the Franchisee; or any action which is the result of a merger of another Affiliate of the Franchisee. Franchisee shall notify LFA in writing within sixty (60) business days of any change in ownership or other interest. The new Franchisee shall not use such change in ownership or other interest as a basis for challenging the validity of any past non-performance.

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

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

2.1. *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Cable Law, the LFAs hereby grants the Franchisee the right to own, construct, operate and maintain a Cable System in the Public Rights-of-Way within the Franchise Area, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2. *The FTTP Network:* Upon delivery of Cable Service, by subjecting Franchisee's mixed-use facilities to the NY PSC's minimum franchise standards and the LFA's police power, the LFA has not been granted broad new authority over the construction, placement and operation of Franchisee's mixed-use facilities; provided, however, that nothing herein shall be construed to limit the LFA's existing authority with respect to the Franchisee's mixed use facilities pursuant to Title II of the Communications Act, Section 27 of the Transportation Corporations Law, and lawful and applicable local laws, including any lawful right to compel relocation of such facilities in the event of road-widenings and other similar adjustments to the Public-Rights-of-Way, consistent with the NY PSC rules and regulations and orders.

2.3. *Effective Date and Term:* This Franchise shall become effective on the date that the NY PSC issues a certificate of confirmation for this Franchise (the "Effective Date"), following its approval by the LFAs' respective governing authority authorized to grant franchises and its acceptance by the Franchisee. The term of this Franchise shall be fifteen (15) years from the Effective Date unless the Franchise is earlier revoked as provided herein. The Franchisee shall memorialize the Effective Date by notifying the LFAs in writing of the same, which notification shall become a part of this Franchise. If subsequent to the Effective Date, there is a change in federal or state law that eliminates the authority of the LFA to require, grant or maintain this Franchise, then to the extent permitted by law, this Franchise shall survive such legislation and remain in effect for the term of this Franchise.

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 the 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 adversely impact the authority as granted under this Franchise.

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

2.6. *No Waiver:*

2.6.1. The failure of the LFAs on one or more occasions to exercise a right under this Franchise, the Cable Law or other applicable state, federal or local law, or to require compliance or performance under this Franchise, shall not be deemed to constitute a waiver of such right or a waiver of compliance or performance of this Agreement, nor shall it excuse Franchisee from compliance or performance, 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, the Cable Law or other applicable state, federal, or local law, or to require performance under this Franchise, shall not be deemed to constitute a waiver of such

right or a waiver of performance of this Agreement, nor shall it excuse the LFA from performance, unless such right or such performance has been specifically waived in writing.

2.7. *Construction of Agreement:*

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

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

2.8. *Local Authority:* All rights and privileges granted herein are subject to the police powers of LFAs and its rights under applicable laws and regulations to exercise its governmental powers to their full extent; provided, however, that such laws and regulations are reasonable, not materially in conflict with the privileges granted in this Franchise, and consistent with all federal and state laws, rules, regulations, and orders.

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

2.10. *Restoration of Municipal Property:* Any municipal property damaged or destroyed shall be repaired or replaced by the Franchisee and restored to its pre-existing condition.

3. **PROVISION OF CABLE SERVICE**

3.1. *Service Area:* Subject to the issuance of all necessary permits by the LFA, Franchisee shall offer Cable Service to significant numbers of residential Subscribers in the Service Area and may make Cable Service available to businesses in the Service Area, within twelve (12) months and shall offer Cable Service to all residential Subscribers in the Service Area within five (5) years, of the Effective Date of this Franchise, or, in both instances, such longer period as may be permitted by the Cable Law, except, in accordance with NY PSC rules and regulations: (A) for periods of Force Majeure; (B) for periods of delay caused by the LFA; (C) for periods of delay resulting from Franchisee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where Franchisee cannot gain access after good faith efforts; (F) in areas, developments or buildings where the provision of Cable Service is economically infeasible because such provision requires nonstandard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density and other requirements set forth in Subsection 3.1.1 and Section 3.2.

3.1.1. *Density Requirement:* Franchisee shall make Cable Services available to residential dwelling units requesting Cable Service from Franchisee in all areas of the Service Area where the average density is equal to or greater than twenty (20) 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 Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Section 3.1, Franchisee shall provide Cable Service to such area within twelve (12) months of receiving notice from the LFAs that the density requirements have been met.

3.2. *Availability of Cable Service*

3.2.1. *Availability of Cable Service Generally:* 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 or based upon the income in a local area. 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 one hundred fifty (150) 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, the actual costs incurred for residential dwelling unit connections that exceed one hundred fifty (150) feet or are in an area with a density of less than twenty (20) occupied residential dwelling units per mile and the actual costs incurred to connect any non-residential dwelling unit Subscriber, provided, however, that Franchisee may seek a waiver of any requirement that it extend service to any party requesting the same in an area with a density of less than twenty (20) occupied residential dwelling units per mile if such would not be possible within the limitations of economic feasibility.

3.2.2. *No Discrimination in the Availability of Cable Service:* Franchisee shall not deny access to Cable Service to any group of potential residential Subscribers because of the income of the residents of the local area in which such group resides.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, Franchisee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each public school and public library, and such other buildings used for municipal purposes as may be designated by the LFA as provided in **Exhibit A** attached hereto; or as designated by the LFAs in the future during the Franchise term, upon sixty (60) days prior written notice to the Franchisee and within the Franchisee's approved video validated area; provided however that any new additional library, school or public buildings added to **Exhibit A** by the LFAs cannot exceed in the aggregate to the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck more than five (5) additional buildings per year and ten (10) additional buildings over the life of the Agreement; provided, however, that if it is necessary to extend Franchisee's trunk or feeder lines more than one hundred fifty (150) feet solely to provide service to such library, school or public building, the LFAs shall have the option either of paying Franchisee's direct costs for such extension in excess of one hundred fifty (150) feet, or of releasing Franchisee from the obligation to provide service to such school or public building. Furthermore, Franchisee shall be permitted to recover, from any school or public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than one hundred fifty (150) feet of drop cable; provided, however, that Franchisee shall not charge for

the provision of Basic Service to the additional service outlets once installed. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Equipment provided by Franchisee, if any, shall be replaced at retail rates if lost, stolen or damaged.

3.4. *Contribution in Aid:* Notwithstanding the foregoing, Franchisee shall comply at all times, with the requirements of Section 895.5 of NY PSC rules and regulations.

4. **SYSTEM FACILITIES**

4.1. *Quality of Materials and Work:* Franchisee shall construct and maintain its System using materials of good and durable quality, and all work involved in the construction, installation, maintenance and repair of the Cable System shall be performed in a safe, thorough and reliable manner.

4.2. *System Characteristics:* During the term hereof Franchisee's Cable System shall meet or exceed the following requirements:

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

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

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

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 capacity on its Basic Service tier for three (3) PEG Channels as permitted in the Cable Law; provided, however, that the Franchisee shall provide a fourth (4th) PEG Access Channel on its Basic Service tier within ninety (90) days after receiving written notice from the LFAs that an existing provider of Cable Service or cable service (as such term may be defined by other providers) in the Service Area has activated a fourth (4th) PEG Access Channel for the LFAs.

5.1.2. The programming to be carried on each of the PEG Channels set aside by Franchisee is reflected in **Exhibit C** attached hereto. The LFA hereby authorizes Franchisee to transmit such programming within and without LFA jurisdictional boundaries. Franchisee specifically reserves the right to make or change channel assignments in its sole discretion. Franchisee agrees to provide the LFAs with thirty (30) days notice in the event that Franchisee elects to change the PEG Channel lineup. If a PEG Channel provided under this Article is not being utilized by the LFA, Franchisee may utilize such PEG Channel, in its sole discretion, until such time as the LFA elects to utilize the PEG Channel for its intended purpose. In the event that the LFA determines to use PEG capacity, the LFA shall provide Franchisee with prior written notice of such request in accordance with NY PSC rules and regulations.

5.1.3. Franchisee shall provide the technical ability to play back pre-recorded programming provided to Franchisee consistent with this Section. Franchisee shall transmit programming consistent with the dedicated uses of PEG Access Channels. Franchisee shall comply at all times with the requirements of Section 895.4 of the NY PSC rules and regulations.

5.2. *PEG Access Interconnection:*

5.2.1. The LFA shall designate in its sole discretion a site within the Franchise Area for the interconnection of PEG access facilities with the Cable System (the “PEG Access Interconnection Site”), and not more than three (3) additional sites within the Franchise Area for PEG Content Origination (each, a “PEG Content Origination Point”), which PEG Access Interconnection Site and PEG Content Origination Points are identified in **Exhibit D**.

5.2.2. Consistent with NY PSC rules and regulations, Franchisee shall provide a link between its video channel aggregation point and the PEG Access Interconnection Site in order to permit the signals to be correctly routed from the PEG Access Interconnection Site to the appropriate PEG Access Channel for distribution to Subscribers.

5.2.3. The LFA shall provide to Franchisee at the PEG Access Interconnection Site and the PEG Content Origination Points (as defined in **Exhibit D**) a suitable video signal for each PEG Channel, including a signal from each PEG content origination point provided or maintained by any other cable service provider in the Service Area. Franchisee, upon receipt of the suitable video signal, shall provide, install and maintain in good working order the equipment necessary for transmitting the PEG signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee’s obligation with respect to such upstream transmission equipment and facilities shall be subject to the availability, without charge to Franchisee, of suitable required space, environmental conditions, electrical power supply, access, pathway and other facilities and such cooperation of the LFAs as is reasonably necessary for Franchisee to fulfill its obligations. Channel or channels provided by Franchisee for PEG services shall provide transmission quality comparable to the transmission quality of other channels included in the Basic Service Tier, subject to limitations, if any, in the quality of signal as received by Franchisee.

5.2.4. Such upstream transmission provided by Franchisee shall comply with applicable FCC standards during the transport and distribution of PEG signals to Subscribers.

5.3. *PEG Grant:*

5.3.1. Franchisee shall provide grants in the aggregate to the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck to be used in support of local PEG programming. Such grants shall be used by the LFAs 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 equipment, and any other PEG related needs of the LFAs.

5.3.2. Franchisee shall pay a PEG grant (the “Initial PEG Grant”) to the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck in the aggregate total amount of FOUR HUNDRED FORTY FIVE THOUSAND DOLLARS (\$445,000) payable in four (4) installments as follows:

- (i) The first installment of TWO HUNDRED THOUSAND DOLLARS (\$200,000) shall be payable within sixty (60) days after the Effective Date.
- (ii) The second and third installment of NINETY FIVE THOUSAND DOLLARS (\$95,000) each shall be payable within thirty (30) days of the first and second anniversary date of the Effective Date, respectively.
- (iii) The remaining fourth installment of FIFTY FIVE THOUSAND DOLLARS (\$55,000) shall be payable within thirty (30) days of the third anniversary date of the Effective Date.

5.3.3. In addition to the sum set forth in Subsection 5.3.2 and except as otherwise provided for in Subsections 5.3.4 and 5.3.5, the Franchisee shall pay on a quarterly basis to the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck an additional, per subscriber annual PEG grant (the “Annual PEG Grant”) in the aggregate as follows:

- (i) Commencing on the first anniversary date of the Effective Date, in the amount of Seventy Five Cents (\$0.75) per month, per Subscriber who subscribes to Franchisee’s Basic Service tier in the respective Service Area.
- (ii) Commencing on the tenth anniversary date of the Effective Date, in the amount of One Dollar (\$1.00) per month, per Subscriber who subscribes to Franchisee’s Basic Service tier in the respective Service Area.

The Annual PEG Grant payment, along with a brief summary of the Subscriber information upon which it is based, shall be delivered to the LFAs within sixty (60) days after the end of each

calendar quarter from the first through the fifteenth anniversary date of the Effective Date as set forth above in Subsection 5.3.3.

5.3.4. The LFAs shall impose an equivalent obligation to the obligations set forth in this Section 5.3 (including the total amount of the Initial PEG Grant and amounts of the Annual PEG Grant) on all new and renewed providers of cable service in the Service Area. If the LFAs do not impose such equivalent obligations on all renewed and new cable service providers in the Service Area, then the Franchisee shall have no obligation to provide the Annual PEG Grant payments set forth in Subsection 5.3.3.

5.3.5. Notwithstanding Subsections 5.3.3 and 5.3.4 above, if any other cable service provider in the Service Area is providing cable service pursuant to a temporary operating authority which the LFAs believe contains a legal obligation to pay a per-subscriber PEG grant to the LFAs, then the Franchisee shall be obligated to provide, in lieu of the Annual PEG Grant amount set forth in Subsection 5.3.3, an Annual PEG Grant in the amount of Fifty Cents (\$0.50) per month, per Subscriber who subscribes to Franchisee's Basic Service tier in the LFAs' respective Service Area, commencing on the second anniversary date of the Effective Date through the sixth anniversary of the Effective Date, subject to the LFAs' delivery of written confirmation to the Franchisee, at least sixty (60) days prior to the second anniversary of the Effective Date, representing that the LFAs are taking reasonable steps to actively pursue enforcement of the other cable provider's PEG grant payment obligation under such temporary operating authority. If, during this time period, the LFAs enter into a renewal franchise agreement with a cable service provider in the Service Area that includes a payment obligation equivalent to those set forth in Subsections 5.3.2 and 5.3.3, then, in lieu of the Fifty Cents (\$0.50) amount set forth in this Subsection, the Annual PEG Grant amounts set forth in Subsection 5.3.3 shall become effective and due in the next full calendar month following the issuance by the NY PSC of an order confirming the renewal franchise agreement of such cable service provider.

5.4. *Indemnity for PEG:* The LFAs 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 LFAs 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. The LFAs shall establish rules and regulations for use of PEG facilities, consistent with, and as required by, 47 U.S.C. §531.

5.5. *Recovery of Costs:* To the extent permitted by federal law, the Franchisee shall be allowed to recover the costs of the Initial PEG Grant, the 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 and any franchise-related costs to Subscribers.

6. **FRANCHISE FEES**

6.1. *Payment to LFAs:* Franchisee shall pay to the LFAs a Franchise Fee of five percent (5%) of annual Gross Revenue (the “Franchise Fee”). In accordance with Title VI, the twelve (12) month period applicable under the Franchise for the computation of the Franchise Fee shall be a calendar year. Such payments shall be made no later than forty-five (45) days following the end of each calendar quarter. 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. Late payments for Franchise Fees shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of Article 50 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) during the period such unpaid amount is owed.

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 six (6) years from the date on which payment by Franchisee is due, but cannot exceed the date of records retention reflected in Section 7. Unless agreed to in writing by the parties, the acceptance of any Franchise Fee payment shall be not be construed as an accord and satisfaction that such payment is in fact that correct amount, nor shall such acceptance of payment be construed as a release or satisfaction of any claim the LFAs may have for further or additional Franchise Fee sums payable under the provisions of this Franchise.

6.4. *Bundled Services:* If Cable Services subject to the Franchise Fee required under this Article 6 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. The parties agree that tariffed telecommunication service rates that cannot be discounted by law or by regulation are to be excluded from the bundled discount allocation basis. Where pro rata allocation of bundled discounts is commercially practical for any bundled offering, the Franchisee will allocate the bundled discount such that the discount allocated to Cable Service revenues will not exceed the amount which would be allocated to Cable Service revenue on a pro rata basis.

6.5. *Town Comptroller of the Town Of Mamaroneck:* The LFAs and the Franchisee agree that the Town Comptroller of the Town of Mamaroneck is appointed as the agent of the LFAs for receipt of any and all payments or sums due to the LFAs under the Franchise Agreement, including, but not limited to, the Initial PEG Grant, the Annual PEG

Grant, and the Franchise Fee. However, the LFAs may appoint a new representative of the LFAs to receive such payments or sums upon sixty (60) days advance written notice to the Franchisee.

6.6. *Section 626 Treatment:* Franchisee agrees that it will not take a special franchise tax deduction (whether in the form of a reduction in the franchise fee amount paid to the LFAs or as a credit against the special franchise tax payable to each of the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck, pursuant to N.Y. Real Property Tax Law Section 626) for the first two (2) years following the issuance by the NY PSC of an order confirming this Agreement. Thereafter, Franchisee reserves the right to apply the Franchise Fee as a deduction against the special franchise tax payable to each such LFA, pursuant to N.Y. Real Property Tax Law Section 626, in an amount not to exceed the highest deduction available to any other cable franchisee in such LFA (based upon the other cable franchisee's yearly tax invoice payable to the LFA) until such time that the LFA obtains a written complete waiver of the full amount of the special franchise tax deduction (whether in the form of a reduction in the franchise fee amount paid to the LFA or as a credit against the special franchise tax) from such existing and any new provider of Cable Service or cable service (as such term may be defined by other providers) in the Service Area. Upon securing such written waiver from all existing and new providers of Cable Service or cable service (as such term may be defined by other providers) in the Service Area, Franchisee agrees to no longer apply the Franchise Fee as a deduction against the special franchise tax payable to such LFA, pursuant to N.Y. Real Property Tax Law Section 626 beginning in the next full calendar month after such waiver becomes legally binding on such LFA's existing cable franchisee. The operation of this Section 6.6 shall be strictly limited to Franchise Fees lawfully imposed upon Cable Service, and shall not be construed to affect the Franchisee's rights under any provision of State or Federal law regarding the provision of services other than Cable Service.

7. **REPORTS AND RECORDS**

7.1. *Open Books and Records:* Upon reasonable written notice to the Franchisee and with no less than thirty (30) business days written notice to the Franchisee, the LFAs 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 LFAs. Franchisee shall not be required to maintain any books and records for Franchise compliance purposes longer than six (6) years. Notwithstanding anything to the contrary set forth herein, except in the case of an audit as provided for in Section 7.4, Franchisee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Service Area. Subject to the requirements of the New York Freedom of Information Law ("FOIL"), the LFAs shall treat any information disclosed by Franchisee as proprietary and confidential under Section 87(2) (d) of the New York Public Officers Law and shall only disclose it to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof. For purposes of this Section, "proprietary or confidential" information includes, but is not limited to: information related to the Cable System design; trade secrets;

Subscriber lists; marketing plans; financial information; or other information that is reasonably determined by the Franchisee to be competitively sensitive. If the LFAs receives a request under FOIL or similar law for the disclosure of information that Franchisee has designated as confidential, trade secret or proprietary, the LFAs shall notify Franchisee of such request. If LFAs determines in good faith that public disclosure of the requested information is required under FOIL, LFAs shall so notify Franchisee and before making disclosure shall give Franchisee a reasonable period of time to seek to obtain judicial redress to preclude disclosure. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

7.2. *Minimum Records Required:* Franchisee shall at all times maintain at a minimum:

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

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

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

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

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

7.3. *System-Wide Statistics:* Subject to the requirements of Section 895(1)(t) of the NY PSC Rules and Regulations, any valid reporting requirement in the Franchise may be satisfied with system-wide statistics, except those related to Franchise Fees and consumer complaints.

7.4. *Audit:* Subject to the confidentiality requirements set forth in Section 7.1 of this Franchise, Franchisee shall be responsible for making available to the LFAs for inspection and audit, all records necessary to confirm the accurate payment of Franchise Fees and the Annual PEG Grants, whether the records are held by the Franchisee, an Affiliate, or any other entity that collects or receives funds related to the Franchisee’s Cable Services operation in the LFAs subject to the payment of Franchise Fees under this Agreement, including, by way of illustration and not limitation, any entity that sells advertising on the Franchisee’s behalf.

Franchisee shall maintain such records for six (6) years, provided that, if the LFAs commences an audit within that six (6) year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that six (6) year period. The LFAs shall conduct all audits expeditiously, and neither the LFAs nor Franchisee shall unreasonably delay the completion of an audit. The LFAs' audit expenses shall be borne by the LFAs unless the audit determines that the payment to the LFAs should be increased by five percent (5%) or more in the audited period, in which case the reasonable and customary costs of the audit, together with any additional amounts due to the LFAs as a result of such audit, shall be paid by Franchisee to the LFAs within sixty (60) days following written notice to Franchisee by the LFAs of the underpayment, which notice shall include a copy of the audit report; provided, however, that Franchisee's obligation to pay or reimburse the LFAs' audit expenses shall not exceed an aggregate amount payable to the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck of Fifteen Thousand Dollars (\$15,000). If re-computation results in additional revenue to be paid to the LFAs, such amount shall be subject to interest charges computed from the due date, at the then-current rate set forth in Section 5004 of the New York Civil Practice Law and Rules (which as of the date of execution of this Agreement is nine percent (9%) per annum) per annum during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, the Franchisee may credit any overpayment against its next quarterly payment. Said audit shall be conducted by an independent third party and no auditor so employed by the LFAs shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFAs shall not conduct an audit more frequently than once every three (3) years in the aggregate for the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck.

8. **INSURANCE AND INDEMNIFICATION**

8.1. *Insurance:*

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

8.1.1.1. 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 LFAs.

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

8.1.1.3. Workers' Compensation Insurance meeting all legal requirements of the State of New York.

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

8.1.1.5. Excess liability or umbrella coverage of not less than ten million dollars (\$10,000,000).

8.1.2. The LFAs shall be designated as additional insureds under each of the insurance policies required in this Article 8 except Worker's Compensation Insurance, Employer's Liability Insurance, and excess liability or umbrella coverage.

8.1.3. Each of the required insurance policies shall be noncancellable except upon thirty (30) days prior written notice to the LFAs. Franchisee shall not cancel any required insurance policy without submitting documentation to the LFAs verifying that the Franchisee has obtained alternative insurance in conformance with this Agreement.

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

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

8.2. *Indemnification:*

8.2.1. Franchisee agrees to indemnify the LFA, and its officers, agents, boards, elected officials and employees for, and hold them harmless from, all liability, damage, cost or expense arising from claims of injury to persons or damage to property occasioned by reason of any conduct undertaken pursuant to the Franchise, or by reason of any suit or claim for royalties, programming license fees, or infringement of patent rights arising out of Franchisee's provision of Cable Services over the Cable System other than PEG facilities and Channels, provided that the LFA shall give Franchisee timely written notice of the LFAs' request for indemnification but in any event, the LFAs shall provide such notice to Franchisee within a sufficient period of time from receipt of a claim or action pursuant to this Subsection to enable Franchisee to timely answer complaints, raise defenses and defend all claims. Notwithstanding the foregoing, Franchisee shall not indemnify the LFAs for any damages, liability or claims resulting from the willful misconduct or negligence of the LFAs, 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 or EAS.

8.2.2. With respect to Franchisee's indemnity obligations set forth in Subsection 8.2.1, Franchisee shall provide the defense of any claims brought against the LFAs by selecting counsel of Franchisee's choice to defend the claim, subject to the consent of the LFAs, which shall not be unreasonably withheld. Nothing herein shall be deemed to prevent the LFAs 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 LFAs, 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 if Franchisee shall bear the entire cost of the settlement. In the event that the terms of any such proposed settlement includes the release of the LFAs and the LFAs do 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 LFAs shall in no event exceed the amount of such settlement.

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

9. **TRANSFER OF FRANCHISE**

9.1. *Transfer:* Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, as amended, no Transfer of the Franchise shall occur without the prior consent of the LFAs, provided that such consent shall not be unreasonably withheld, delayed or conditioned. In considering an application for the Transfer of the Franchise, the LFAs may consider the applicant's: (i) technical ability; (ii) financial ability; (iii) good character; and (iv) other qualifications necessary to continue to operate the Cable System consistent with the terms of the Franchise. No such consent shall be required, however, for a transfer in trust, by mortgage, by other hypothecation, by assignment of any rights, title, or interest of the Franchisee in the Franchise or Cable System in order to secure indebtedness, or for transactions otherwise excluded under Section 1.31 above.

9.2. *Acceptance of Terms:* Within sixty (60) business days of the effective date of a Transfer of the Franchise, the transferee shall provide written notification to the LFAs confirming acceptance of the terms of this Franchise and not use such Transfer as a basis for challenging the validity of any past non-performance. As a condition of a Transfer, transferee will assume all liability existing under the Agreement. Such written notification shall be substantially in the form of **Exhibit E** and, upon execution and approval of the NY PSC, shall become incorporated herein and made a part hereof.

10. **RENEWAL OF FRANCHISE**

10.1. *Governing Law:* The LFAs and Franchisee agree that any proceedings undertaken by the LFAs that relate to the renewal of this Franchise shall be governed by and comply with the provisions of Section 12.11 below, the Cable Law and Section 626 of the Communications Act, 47 U.S.C. § 546, as amended.

10.2. *Needs Assessment:* In addition to the procedures set forth in Section 626 of the Communications Act, the LFAs shall notify Franchisee of all of its assessments regarding the identity of future cable-related community needs and interests, as well as the past performance of Franchisee under the then current Franchise term. Such assessments shall be provided to Franchisee by the LFAs promptly so that Franchisee will have adequate time to submit a proposal under 47 U.S.C. § 546 and complete renewal of the Franchise prior to expiration of its term.

10.3. *Informal Negotiations:* Notwithstanding anything to the contrary set forth herein, Franchisee and the LFAs agree that at any time during the term of the then current Franchise, while affording the public appropriate notice and opportunity to comment, the LFAs

and Franchisee may agree to undertake and finalize informal negotiations regarding renewal of the then current Franchise and the LFAs may grant a renewal thereof.

10.4. *Consistent Terms:* Franchisee and the LFAs consider the terms set forth in this Article 10 to be consistent with the express provisions of 47 U.S.C. § 546 and the Cable Law.

11. **ENFORCEMENT AND TERMINATION OF FRANCHISE**

11.1. *Notice of Violation:* If at any time the LFAs believes that Franchisee has not complied with the terms of the Franchise, the LFAs shall notify Franchisee in writing of the exact nature of the alleged noncompliance (for purposes of this Article, the “Noncompliance Notice”).

11.2. *Franchisee’s Right to Cure or Respond:*

11.2.1. Except as provided for in Subsection 11.2.2, the Franchisee shall have sixty (60) days from receipt of the Noncompliance Notice to: (i) respond to the LFAs, 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 sixty (60) day period, initiate reasonable steps to timely remedy such noncompliance and notify the LFAs of the steps being taken and the date by which Franchisee projects that it will complete cure of such noncompliance. Upon cure of any noncompliance, the LFAs shall provide written confirmation that such cure has been effected.

11.2.2. If the Noncompliance Notice alleges the Franchisee has failed to make a payment when due with respect to the Initial PEG Grant, any Annual PEG Grant, or Franchise Fee, the Franchisee shall have thirty (30) days from receipt of the Noncompliance Notice to cure such nonpayment of the undisputed amount.

11.3. *Liquidated Damages:* For the violation of any of the following provisions of this Franchise, liquidated damages shall be paid by the Franchisee to the LFAs. Any such liquidated damages shall be assessed as of the date that is sixty (60) days from the Franchisee’s receipt of the Noncompliance Notice, provided that the Franchisee has not cured the noncompliance upon which the Noncompliance Notice was issued, in accordance with the procedures set forth in Sections 11.1 and 11.2 above. On an annual basis from the Effective Date, the Franchisee shall not be liable for liquidated damages that exceed Ten Thousand Dollars (\$10,000) in the aggregate payable to the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck . Liquidated damages shall be assessed as follows:

For failure to provide Cable Service as set forth in Sections 3.1-3.3.....	\$100 per day for each day the violation continues;
For failure to maintain the system standards as set forth in Article 4.....	\$50 per day for each day the violation continues;

For failure to comply with Article 5	\$100 per day for each day the violation continues;
For failure to provide LFAs with any reports or records required by the Agreement within the time period required.....	\$50 per day for each day the violation continues;
For failure to carry the insurance specified in Subsection 8.1.1	\$100 per day for each day the violation continues;
For a transfer specified in Article 9 without required approval.....	\$100 per day for each day the violation continues; and
For failure to comply with Parts 890 through and 896 of the NY PSC rules and regulations	\$100 per day for each day the violation continues, provided that such penalty shall be inapplicable if the NY PSC imposes a penalty on Franchisee for such a violation.

11.3.1. Any liquidated damages assessed pursuant to this section shall not be a limitation upon any other provisions of this Franchise and applicable law, including revocation, or any other statutorily or judicially imposed penalties or remedies; provided, however, that in the event that the LFAs collects liquidated damages for a specific breach for a specific period of time, pursuant to this Section 11.3, the collection of such liquidated damages shall be deemed to be the LFAs exclusive remedy for the specific breach for such specific period of time only.

11.3.2. The parties agree that each case of non-compliance as set forth in this Section 11.3 shall result in damage to the LFAs, compensation for which will be difficult to ascertain. The parties agree that the liquidated damages in the amounts set forth in this Section 11.3 are fair and reasonable compensation for such damage.

11.4. *Public Hearing:* The LFA shall schedule a public hearing (i) if Franchisee fails to respond to the Noncompliance Notice pursuant to the procedures required by this Article, or (ii) if Franchisee has not remedied or commenced to remedy the alleged noncompliance within sixty (60) days (or, in the case of a noncompliance as set forth at Subsection 11.2.2, within thirty (30) days) or the date projected pursuant to Subsection 11.2.1(iii) above. The LFA shall provide Franchisee at least thirty (30) calendar 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.

11.5. *Enforcement:* Subject to Section 12.11 below and applicable federal and state law, in the event the LFAs, after the public hearing set forth in Section 11.4, determines that Franchisee is in default of any provision of this Franchise, the LFAs may:

11.5.1. Seek to recover liquidated damages from Franchisee in accordance with Section 11.3; or

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

11.5.3. Commence an action at law for monetary damages or seek other equitable relief, including, but not limited to, payment with respect to any form of security provided for in Section 11.8; or

11.5.4. In the case of a substantial noncompliance with a material provision of this Franchise, seek to revoke the Franchise in accordance with Section 11.6.

11.6. *Revocation:* Should the LFAs seek to revoke this Franchise after following the procedures set forth above in this Article, including the public hearing described in Section 11.4, the LFAs 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 “Revocation Hearing”). The LFAs shall cause to be served upon the Franchisee, at least thirty (30) business days prior to the Revocation Hearing, a written notice specifying the time and place of such hearing and stating its intent to revoke the Franchise.

11.6.1. At the Revocation Hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel, to introduce relevant evidence, to require the production of evidence, to compel the relevant testimony of the officials, agents, employees or consultants of the 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 Revocation Hearing.

11.6.2. Following the Revocation Hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions to the LFAs in writing, and thereafter the LFAs shall determine (i) whether an event of default has occurred under this Franchise; (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 LFAs shall also determine whether it will revoke the Franchise based on the information presented, or, where applicable, grant additional time to the Franchisee to effect any cure. If the LFAs determines that it will revoke the Franchise, the LFAs shall promptly provide Franchisee with a written determination setting forth the LFAs’ reasoning for such revocation. Franchisee may appeal such written determination of the LFAs to an appropriate court, which shall have the power to review the decision of the LFAs *de novo*, to the extent permitted by law. Franchisee shall be entitled to such relief as the court

finds appropriate. Such appeal must be taken within sixty (60) days of Franchisee's receipt of the written determination of the LFA.

11.6.3. The LFAs may, at its sole discretion, take any lawful action that it deems appropriate to enforce the LFAs' rights under the Franchise in lieu of revocation of the Franchise.

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

11.8. *Security:* Prior to the Effective Date, the Franchisee shall provide and thereafter maintain in the aggregate to the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck security for the performance of its obligations under this Agreement in the amount of Sixty Thousand and 00/100 Dollars (\$60,000.00). The form of this security may, at Franchisee's option, be a performance bond, letter of credit, cash deposit, cashier's check or any other security acceptable to the LFAs. If the Franchisee posts a performance bond, it shall be substantially in the form of **Exhibit F** attached hereto.

11.8.1. In the event that a performance bond provided pursuant to the Agreement is not renewed or is cancelled, Franchisee shall provide new security pursuant to this Article within thirty (30) days of such cancellation or failure to renew.

11.8.2. Neither cancellation nor termination, nor refusal by surety to extend the performance bond, nor inability of the Franchisee, as principal, to file a replacement performance bond or replacement security for its obligations, shall constitute a loss to the LFAs, as obligee, recoverable under the performance bond.

12. **MISCELLANEOUS PROVISIONS**

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

12.2. *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.

12.3. *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 LFAs.

12.4. *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.

12.5. *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.

12.5.1. Notices to Franchisee shall be mailed to:

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

12.5.2. Notices to the LFAs shall be mailed to:

Village of Larchmont
Village Clerk
Municipal Building
120 Larchmont Ave.
Larchmont, NY 10538

Town of Mamaroneck
Town Clerk
Town Hall
740 W. Boston Post Road
Mamaroneck, NY 10543

Village of Mamaroneck
Clerk - Treasurer
Village Offices at the Regatta
123 Mamaroneck Ave.
Mamaroneck, NY 10543

12.5.3. with a copy to:

Administrator
Cable TV Board of Control
C/O of Village of Mamaroneck
123 Mamaroneck Ave.
Mamaroneck, NY 10573

12.6. *Entire Agreement:* This Franchise and the Exhibits hereto constitute the entire agreement between Franchisee and the LFAs and they supersede all prior or contemporaneous agreements, representations or understandings (whether written or oral) of the parties regarding the subject matter hereof. Any local laws or parts of local laws that materially conflict with the provisions of this Agreement are superseded by this Agreement.

12.7. *Amendments and Modifications:* Amendments and/or modifications to this Franchise shall be mutually agreed to in writing by the parties and subject to the approval of the NY PSC, pursuant to the Cable Law.

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

12.9. *Severability:* With the exception of this Agreement's Section 1.16 (Definition of Gross Revenue), Section 6.1 (Payment of Franchise Fees to LFAs), and Article V (PEG Services), if any section, subsection, sub-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.

12.10. *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.

12.11. *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 LFAs 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 pursuant to this Agreement. This provision is not intended to contravene leased access requirements under Title VI or PEG requirements set out in this Agreement.

12.12. *NY PSC Approval:* This Franchise is subject to the approval of the NY PSC. Franchisee shall file an application for such approval with the NY PSC within sixty (60) days after the date hereof. Franchisee shall also file any necessary notices with the FCC.

12.13. *Rates and Charges:* The rates and charges for Cable Service provided pursuant to this Franchise shall be subject to regulation in accordance with federal law.

12.14. *Employment Practices:* Franchisee will not refuse to hire, nor will it bar or discharge from employment, nor discriminate against any person in compensation or in terms, conditions, or privileges of employment because of age, race, creed, color, national origin, or sex.

12.15. *Customer Service:* Franchisee shall comply with the consumer protection and customer service standards set forth in Parts 890 and 896 of the NY PSC rules and regulations.

12.16. *Performance Review:* The LFAs may, at its discretion but not more than once per twelve-month period, hold a performance evaluation session (the “Performance Review”) to review Franchisee’s compliance with the terms and conditions of this Franchise. The LFAs shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review to be held at a mutually agreeable time. Franchisee shall have the opportunity to participate in and be heard at the Performance Review. Franchisee shall not be required to disclose any confidential or proprietary information at any Performance Review held in a public forum. To the extent Franchisee identifies any information addressed at a Performance Review as confidential or proprietary, Franchisee shall cooperate with the LFAs to arrange a meeting with designated LFAs representatives in an informal non-public forum to review any such confidential or proprietary information to the extent necessary to effectuate the objectives of this Section 12.16; provided, however, that the information disclosed to the LFAs by the Franchisee at any such informal non-public meeting shall be treated by the LFAs as confidential. Within thirty (30) days after the conclusion of the Performance Review, the LFAs shall provide Franchisee written documentation (“Performance Review Report”) setting forth its determinations regarding Franchisee’s compliance with the terms and conditions of this Franchise. The Performance Review Report shall not contain any confidential information disclosed by the Franchisee in connection with the Performance Review.

12.17. *No Third Party Beneficiaries:* Except as expressly provided in this Agreement, this Agreement is not intended to, and does not, create any rights or benefits on behalf of any Person other than the parties to this Agreement.

12.18. *LFAs Official:* The LFAs’ Manager or designated representatives or representative of the Manager is the LFAs’ official that is responsible for the continuing administration of this Agreement. However, the Franchisee agrees that the LFAs may transfer or delegate any such responsibilities to the Control Board to act on behalf of the LFAs; provided, however, that in the event the Control Board acts on behalf of the LFAs on a particular matter the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck may not simultaneously exercise their individual rights on the same matter under this Franchise Agreement.

12.19. *No Waiver of LFAs’ Rights:* Notwithstanding anything to the contrary in this Agreement, no provision of this Agreement shall be construed as a waiver of the LFAs’ rights under applicable federal and state law.

[SIGNATURE PAGE FOLLOWS]

AGREED TO THIS _____ DAY OF _____, 2007.

Village of Larchmont:

By: _____

Village of Mamaroneck:

By: _____

Town of Mamaroneck:

By: _____

Verizon New York Inc.

By: _____
Tracey Edwards, Vice President

EXHIBITS

Exhibit A: Municipal Buildings to be Provided Free Cable Service

Exhibit B: Service Area

Exhibit C: PEG Channels

Exhibit D: PEG Access Origination Point

Exhibit E: Form of Transferee's Notification Regarding Acceptance of Terms

Exhibit F: Form of Performance Bond

EXHIBIT A

MUNICIPAL BUILDINGS TO BE PROVIDED FREE CABLE SERVICE

<u>Municipal Buildings</u>	<u>Address</u>
Firehouse	205 Weaver Street, Larchmont, NY 10538
Town Center	740 West Boston Post Road, Mamaroneck, NY 10543
Firehouse	146 Palmer Avenue, Mamaroneck, NY 10543
Mamaroneck EMS Building	200 North Barry Avenue, Mamaroneck, NY 10543
Firehouse	147 Mamaroneck Avenue, Mamaroneck, NY 10543
Firehouse	643 Mamaroneck Avenue, Mamaroneck, NY 10543
Firehouse	1400 Halstead Avenue, Mamaroneck, NY 10543
Firehouse	605 North Barry Avenue, Mamaroneck, NY 10543
Emelin Theater	153 Library Lane, Mamaroneck, NY 10543
Village Hall	169 Mt. Pleasant Avenue, Mamaroneck, NY 10543
Police Department	169 Mt. Pleasant Avenue, Mamaroneck, NY 10543
Library	136 Prospect Avenue, Mamaroneck, NY 10543
Village Yard	2015 Boston Post Road, Larchmont, NY 10538
Police Department	120 Larchmont Avenue, Larchmont, NY 10538
Village Hall	120 Larchmont Avenue, Larchmont, NY 10538
Firehouse	130 Larchmont Avenue, Larchmont, NY 10538
Library and Village Center	119-121 Larchmont Avenue, Larchmont, NY 10538
Ambulance Corps	155 Weaver Street, Larchmont, NY 10538
Public Works	313 Fayette Avenue, Mamaroneck, NY 10543
Public Works	40 Maxwell Avenue, Larchmont, NY 10538
Senior Center	740 West Boston Post Road, Mamaroneck, NY 10543
Police Department	740 West Boston Post Road, Mamaroneck, NY 10543
Health Center Building	234 Stanley Ave., Mamaroneck, NY 10543
Village Administrative Offices	123 Mamaroneck Ave., Mamaroneck, NY 10543
Sanitation Commission	30 Maxwell Avenue, Larchmont, NY 10538
Hommocks Ice Rink	140 Hommocks Road, Larchmont, NY 10538
Sheldrake Environmental	685 Weaver Street, Larchmont, NY 10538
Senior Center	1288 Boston Post Road, Larchmont, NY 10538

<u>Mamaroneck School District</u>	<u>Address</u>
Central School	1100 Palmer Avenue, Mamaroneck, NY 10543
Chatsworth School	34 Chatsworth Avenue, Larchmont, NY 10538

Mamaroneck Avenue School
Murray Avenue School
Hommocks Middle School
Mamaroneck High School

850 Mamaroneck Avenue, Mamaroneck, NY 10543
250 Murray Avenue, Larchmont, NY 10538
10 Hommocks Road, Larchmont, NY 10538
1000 West Boston Post Road, Mamaroneck, NY 10543

Rye Neck School District

Address

F.E. Bellows School
Daniel Warren School
Rye Neck High School
Rye Neck Middle School

200 Carroll Avenue, Mamaroneck, NY 10543
1310 Harrison Avenue, Mamaroneck, NY 10543
310 Hornidge Road, Mamaroneck, NY 10543
300 Hornidge Road, Mamaroneck, NY 10543

EXHIBIT B

SERVICE AREA

The Service Area is the Franchise Area. A map of the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck's Service Area is attached hereto.

The construction of the Franchisee's FTTP Network has been completed to approximately 77% of the current households in the Franchise Area. At present, Franchisee's anticipated schedule (with schedule dates measured from the month that the NY PSC issues the confirmation order approving this Franchise) calls for 81% deployment at 6 months, 84% deployment at 12 months, 87% deployment at 18 months, 90% deployment at 24 months, 92% deployment at 30 months, 94% deployment at 36 months, 95% deployment at 42 months, 97% deployment at 48 months, 99% deployment at 54 months, and 100% deployment at 60 months. This schedule is subject to further review and modification by the Franchisee consistent with Section 895.5(b)(1) of the NY PSC rules and regulations; provided, however, that Franchisee shall provide notice to the LFA and the NY PSC of any material change in this schedule.

EXHIBIT C

PEG CHANNELS

The Franchisee will transmit PEG Programming as provided by the LFAs and the public, as directed.

EXHIBIT D

PEG ACCESS ORIGINATION POINTS

Subject to the requirements set forth in Section 5.2 of the Agreement, the following Public Access Channel, Government Access Channel and Educational Access Channel PEG Access Interconnection Site (“PEG Access Interconnection Site”) shall be operable within one hundred twenty (120) days of the Effective Date:

LMC TV Studio, 740 W. Boston Post Road, Floor 3, Mamaroneck, NY 10543

The PEG Access Interconnection Site shall serve as the aggregation point for the PEG Content Origination Points designated below (“PEG Content Origination Points”) feeding signals to the public, government and educational access channels. For purposes of permitting the LFAs to select and switch feeds into an aggregation point, Franchisee shall provide the LFAs, without charge, such capability at such aggregation point. Operation and maintenance of any equipment associated therewith shall be the responsibility of the LFAs. At the PEG Access Interconnection Site, the LFAs will provide Franchisee, without restriction, with suitable video signals from any and all additional PEG content origination points which may be provided or maintained by any other cable service provider within the Service Area.

Subject to the requirements set forth in Section 5.2 of the Agreement, the following one (1) PEG Content Origination Points feeding a signal to the PEG Access Interconnection Site shall be operable within one hundred eighty (180) days of the Effective Date:

Mamaroneck Village Hall , 169 Mt. Pleasant Avenue, Mamaroneck, NY 10543

[Note: This site is subject to review by Verizon]

Subject to the requirements set forth in Section 5.2 of the Agreement, the following two (2) PEG Content Origination Points feeding a signal to the PEG Access Interconnection Site shall be operable within two hundred and forty (240) days of the Effective Date:

Rye Neck High School, 300 Hornidge Road, Mamaroneck, NY 10543

Larchmont Village Hall, 120 Larchmont Avenue, Larchmont 10538

At the above PEG Content Origination Points, the LFAs will provide Franchisee, without restriction, with a suitable video signal for the PEG Channels and the LFAs are responsible for all content and equipment necessary to deliver such signal at the point of connection.

EXHIBIT E

EXHIBIT F FORM OF TRANSFEREE'S NOTIFICATION REGARDING ACCEPTANCE OF TERMS

[LFAs ADDRESS]

Re: Cable Franchise Agreement by and between the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck and Verizon New York Inc.

To Whom It May Concern:

Please be advised that, pursuant to Section 9.2 of the Cable Franchise Agreement by and between the Villages of Larchmont and Mamaroneck and the Town of Mamaroneck and Verizon New York Inc. dated _____, 2007 (the "Verizon Franchise"), the undersigned, [NAME OF TRANSFEREE], hereby confirms acceptance of the terms of the Verizon Franchise. [NAME OF TRANSFEREE] shall not use the Transfer as a basis for challenging the validity of any past non-performance and shall assume all liability existing under the Agreement.

Please contact the undersigned should you have any questions.

Very truly yours,

[NAME OF TRANSFEREE]

EXHIBIT F

FORM OF PERFORMANCE BOND

Bond No. _____

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

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

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

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

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

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

1. In the event of default by the Principal, Obligee shall deliver to Surety a written statement of the details of such default within 30 days after the Obligee shall learn of the same, such notice to be delivered by certified mail to address of said Surety as stated herein.
2. This Bond shall be effective _____, 20____, and shall remain in full force and effect thereafter for a period of one year and will automatically extend for additional one year periods from the expiry date hereof, or any future expiration date, unless the Surety provides to the Obligee not less than sixty (60) days advance written notice of its intent not to renew this Bond or unless the Bond is earlier canceled pursuant to the following. This Bond may be canceled at any time upon sixty (60) days advance written notice from the Surety to the Obligee.
3. Neither cancellation, termination nor refusal by Surety to extend this bond, nor inability of Principal to file a replacement bond or replacement security for its obligations under said Agreement, shall constitute a loss to the Obligee recoverable under this bond.

