

**CABLE FRANCHISE AGREEMENT  
BETWEEN CHARLES COUNTY, MARYLAND  
AND VERIZON MARYLAND INC.**

May 10, 2009

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THIS CABLE FRANCHISE AGREEMENT (the "Agreement") is entered into by and between Charles County, Maryland, a charter county, duly organized under the applicable laws of the State of Maryland (the "LFA"), and Verizon Maryland Inc., a corporation duly organized under the applicable laws of the State of Maryland ("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 Agreement;

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 Charles County Cable Communications Regulatory Code, and Article 25A, Section 5(B) of the Annotated Code of Maryland, as amended;

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 State of Maryland and by Charles County;

WHEREAS, the FTTP Network occupies and 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, Franchisee's Application for a Franchise was approved by the LFA's County Commissioners on May 20, 2009, and the LFA has considered and approved the financial, technical and legal qualifications of Franchisee and has determined that Franchisee's plans for its Cable System are adequate, in a full public proceeding affording due process to all parties;

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

WHEREAS, the LFA has determined that, in accordance with the provisions of the Cable Law, 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 Cable Law and the terms and conditions set forth herein, the promises and undertakings herein, and other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

## 1. DEFINITIONS

For the purposes of this Agreement, the following terms shall have the meanings given herein, unless otherwise expressly stated. Unless otherwise expressly stated, terms not defined herein shall have the meanings set forth in the Communications Act, and, if not defined in the Communications Act, the meanings set forth in the Cable Law. The words "shall" and "will" are mandatory. The word "should" expresses an expectation, but is not mandatory. The word "may" is permissive. In addition, the following definitions shall apply and shall govern in the event that they conflict with the Cable Law:

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 *Additional Service Area*: Any such portion of the Service Area to which cable service is extended beyond the Initial Service Area and the Extended Service Area.

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

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

1.5 *Cable Law*: The Charles County Cable Communications Regulatory Code to the extent authorized under and consistent with federal and state law.

1.6 *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).

1.7 *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), meaning Franchisee's facility, consisting of a set of closed transmission paths and associated signal generation, reception, and control equipment that is designed to provide Cable Service which includes video programming and which is provided to multiple Subscribers within the Service Area. The portion of the FTTP Network used for the Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity to the extent that is used for the transmission of Cable Services directly to Subscribers within the Franchise/Service Area and shall not include the tangible network facilities of a common carrier to the extent that they are subject to Title II of the Communications Act or they are used for Information Services.

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

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

1.10 *Control*: The ability to exercise de facto or de jure control over day-to-day policies and operations or the management of corporate affairs.

1.11 *Educational Access Channel*: An Access Channel available for the use solely of educational institutions in the Franchise Area.

1.12 *Extended Service Area*: The portion of the Service Area as outlined in Exhibit A attached hereto.

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

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

1.15 *Franchise*: The franchise granted by this Agreement as defined in Section 2 (o) of the Cable Law.

1.16 *Franchise Area*: The entire unincorporated area within existing territorial limits of the LFA and such additional areas as may be included in the territorial limits of the LFA during the term of this Franchise.

1.17 *Franchisee*: Verizon Maryland Inc., and its lawful and permitted successors, assigns and transferees.

1.18 *Government Access Channel*: An Access Channel available for the use solely of the LFA and other governmental entities located within the boundaries of the Franchise Area, as determined by the LFA.

1.19 *Gross Revenue*: All revenue which is derived by Franchisee from the operation of the Cable System to provide Cable Service in the Service Area. Gross Revenue on bundled services will be calculated as provided in Section 7.4. Gross Revenue includes, without limitation: all Subscriber and customer revenues earned or accrued net of bad debts, including revenue for: (i) Basic Service, other service tiers, pay per view services, expanded services and premium services; (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 franchise fee pass throughs to Subscribers paid by Subscribers to Franchisee; Cable Service related or repair calls; the provision of converters, remote controls, additional outlets and/or other Cable Service related Subscriber premises equipment, whether by lease or fee; (iii) revenues from the sale or lease of access channel(s) or channel capacity; and (iv) 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. Commissions received by Franchisee from an Affiliate which provides home shopping over the Cable System in the Service Area shall be usual and customary, *i.e.*, the same as or similar to the commissions paid to Franchisee by unaffiliated home shopping providers for distribution over the Cable System in the Service Area. Gross Revenue includes a pro rata portion of all revenue derived by Franchisee pursuant to compensation arrangements for local, national and regional 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 carried on the Cable System solely in the Service Area shall not be subject to proration. Advertising commissions paid to third parties shall not be netted against advertising revenue included in Gross Revenue.

Gross Revenue shall not include:

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

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

1.19.3 Refunds, rebates or discounts made to Subscribers or other third parties, such as leased access providers, to the extent such refunds, rebates or discounts represent an actual refund or rebate of or a reduction in the price paid by Subscribers or other third parties;

1.19.4 Any revenues classified as Non-Cable Services revenue under federal or state law, it being agreed that as of the date of this Agreement such Non-Cable Services include, without limitation, revenue received from Telecommunications Services and revenue received from Information Services, including, without limitation, Internet Access service, electronic mail service and electronic message board service;

1.19.5 Any revenue of Franchisee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, except for that portion of such revenue which is paid to Franchisee;

1.19.6 The sale of Cable Services on the Cable System for resale for which the purchaser is required to pay franchise fees to the LFA;

1.19.7 The provision of Cable Services to customers without charge, including, without limitation, the provision of Cable Services to public institutions as required or permitted herein, provided, however, that such foregone revenue which Franchisee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue;

1.19.8 Any tax of general applicability imposed by a city, state, federal or any other governmental entity and required by the taxing authority to be collected by Franchisee

from Subscribers 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 service franchise fees to the extent that they satisfy the above description;

1.19.9 Sales of capital assets or sales of surplus equipment;

1.19.10 Program launch fees received by Franchisee from unaffiliated third parties in arm's-length transactions where such fees were actually used to reimburse Franchisee's costs and expenses; and

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

1.20 *Information Services*: Shall be defined herein as it is defined under Section 3 of the Communications Act, 47 U.S.C. §153(20). For purposes of this Agreement Information Services shall not include Cable Services over the Cable System.

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

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

1.23 *Local Franchise Authority (LFA)*: Charles County, Maryland or the lawful successor, transferee, or assignee thereof.

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

1.25 *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.

1.26 *Normal Operating Conditions*: Those service conditions which are within the control of Franchisee. Those conditions which are not within the control of 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 within the control of 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. See 47 C.F.R. § 76.309(c)(4)(ii).

1.27 *PEG*: Public, educational, and governmental.

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

1.29 *Public Access Channel*: An Access Channel available for use by the residents in the Franchise Area as determined by the LFA

1.30 *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including public utility easements and public lands that are 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 non-wire communications or broadcast services.

1.31 *Service Area*: All portions of the Franchise Area where Cable Service is being offered, including the Initial Service Area, the Extended Service Area and any Additional Service Areas added pursuant to Subsection 3.1.3.

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

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

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

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

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

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

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

1.39 *Transfer*:

1.39.1 Any transaction in which:

1.39.1.1 Control of Franchisee is transferred whether by a transfer or a grant of an ownership interest or any other interest in Franchisee, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, or

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

1.39.2 However, notwithstanding Subsection 1.39.1. above, a Transfer 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 Franchisee under this Agreement to the parent of Franchisee or to another Affiliate of Franchisee; any action which is the result of a merger of the parent of Franchisee or another



Affiliate of Franchisee (unless and to the extent such merger would result in a combination of two wireline Cable Service competitors in the Service Area).

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

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

2.1 *Grant of Authority*: Subject to the terms and conditions of this Agreement and the Cable Law, upon the approval of this Agreement by the Charles County Board of Commissioners, the LFA will grant Franchisee the right to own, construct, operate and maintain the Cable System along the Public Rights-of-Way within the Franchise Area, for the sole purpose of providing 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. The authority granted under the Franchise and this Agreement is pursuant to the LFA's Cable Law. Franchisee explicitly acknowledges and accepts the right of the LFA to issue and renew the Franchise, and Franchisee agrees it shall not now or at any time hereafter challenge this right in any way, or in any court of competent jurisdiction. By its acceptance of the terms of the Franchise and this Agreement, except as may be otherwise provided in this Agreement, Franchisee specifically agrees to abide in all material respects with the lawful requirements of the Cable Law subject to Section 2.7.1 below, and with all applicable federal state and other local law.

2.2 *LFA Does Not Regulate Telecommunications*: The parties recognize that Franchisee's FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or extension of its existing Telecommunications Facilities for the provision of Non-Cable Services (as well as eventually for Cable Services). The jurisdiction of the LFA over such Telecommunications Facilities is governed by federal and state law, and the LFA does not and will not assert jurisdiction over Franchisee's FTTP Network in contravention of federal and state limitations. Therefore, as provided in Section 621 of the Communications Act, 47 U.S.C. §541, the LFA's regulatory authority under Title VI of the Communications Act and the Cable Law is not applicable to the construction, installation, maintenance or operation of Franchisee's FTTP Network to the extent the FTTP Network is constructed, installed, maintained or operated for the purpose of upgrading and/or extending Franchisee's existing Telecommunications Facilities for the provision of Non-Cable Services. This Agreement shall not be construed to limit whatever other regulatory authority the LFA may have under state and local law with respect to the FTTP Network facilities as Telecommunications Facilities.

2.3 *Term*: The Franchise and this Agreement shall become effective on May 20, 2009 (the "Effective Date"). The term of the Franchise and this Agreement shall be fifteen (15) years from the Effective Date unless the Franchise and this Agreement are earlier revoked or terminated as provided herein.

2.4 *Grant Not Exclusive*: The Franchise and the right it grants 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 the Franchise. Any such rights which are granted shall not adversely impact the

authority granted under the Franchise and this Agreement and shall not interfere with existing facilities of the Cable System or Franchisee's FTTP Network.

2.5 *Franchise Subject to Federal Law:* The Franchise and this Agreement are 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 the LFA on one or more occasions to exercise a right or to require compliance or performance under this Agreement, the Cable Law or any other applicable 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 Franchisee on one or more occasions to exercise a right under this Agreement or applicable law, or to require performance under this Agreement or applicable law, shall not be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse the LFA from performance, unless such right or performance has been specifically waived in writing.

2.7 *Construction of Agreement:*

2.7.1 The provisions of this Agreement shall be liberally construed to effectuate their objectives. Franchisee is subject to the Cable Law in effect as of the Effective Date of this Agreement and to all reasonable and lawful exercises of police power by the County provided that each of these authorities is applied in a manner consistent with this Agreement. Where this Agreement specifically supersedes or substitutes a different requirement in place of any provision of the Cable Law, this Agreement shall prevail. The LFA shall not modify the terms and conditions of this Agreement by changes to the Cable Law enacted after the Effective Date. Any amendments to the Cable Law shall be consistent with state and federal law and shall not abrogate any contractual rights of Franchisee contained herein or impose any new obligations or duties on Franchisee that would be inconsistent with this Agreement.

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.

2.7.3 The LFA and Franchisee each acknowledge that they have received legal advice in entering into this Agreement. In the event that a dispute arises over the meaning or application of any term(s) of this Agreement, such term(s) shall not be construed by the reference to any doctrine calling for ambiguities to be construed against the drafter of the Agreement.

2.8 *Police Powers:* Nothing in this Agreement shall be construed to prohibit the reasonable and lawful exercise of the police powers of the LFA. However, if the reasonable and lawful exercise of the LFA's police power results in any material alteration of the terms and conditions of this Agreement, then the parties shall modify this Agreement to the mutual satisfaction of both parties to permit Franchisee to comply with such exercise of the LFA's police powers with as little adverse impact on Franchisee as possible. Any modifications of this

Agreement shall be in writing. The parties agree to use their best good faith efforts to promptly resolve any such issues. To that end, in the event that the matter cannot be informally resolved by communications between the parties, the parties agree to promptly schedule and hold a meeting at which representatives of each party will attend. If the matter cannot be resolved at this meeting, or at subsequent meetings which the parties mutually agree to hold, then the parties will jointly select a competent mediator by mutual agreement. At least one mediation session will be promptly conducted and attended by representatives of each party. The costs of the mediation billed by the mediator will be divided equally between the parties. If such mediation fails to produce a resolution, and the parties cannot reach agreement on the above-referenced modifications to this Agreement, or other action to ameliorate the negative effects upon Franchisee, and such alteration has materially and adversely affected Franchisee's rights, benefits, obligations or duties under this Agreement, then, in addition to all other legal and equitable remedies, Franchisee may terminate this Agreement and the Franchise without further obligation to the LFA notwithstanding Section 3(c)(2) of the Cable Law, or, at Franchisee's option, the parties agree to submit modifications to this Agreement to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

*2.9 Agreement Does Not Address Authority Other Than For Cable Service.*

Notwithstanding any other provision of this Agreement, nothing in this Agreement shall be construed to (i) grant Franchisee any right to use the LFA's Public Rights-of-Way or other property for any purpose other than Cable Service, (ii) waive any rights the LFA may have with respect to any use of the LFA's Public Rights-of-Way or other property for any purpose other than Cable Service, or (iii) imply that Franchisee has or does not have authority to use the Public Rights-of-Way for other purposes. Accordingly, the Franchise and this Agreement grant no authority for Franchisee to use the LFA's Public Rights-of-Way for any other purpose other than as expressly provided herein. However, nothing in this Agreement shall be construed to prohibit Franchisee from offering any service over the Cable System that is not prohibited by federal or state law provided any requirements for LFA authorization or registration not inconsistent with federal and state law are satisfied.

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

*3.1 Service Area:*

*3.1.1 Initial Service Area:* Franchisee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Initial Service Area and may make Cable Service available to businesses in the Initial Service Area, within twenty-four (24) months of the Effective Date, and shall offer Cable Service to all residential areas of the Initial Service Area within three (3) years of the Effective Date, except: (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 developments or buildings that Franchisee cannot access under reasonable terms and conditions after good faith negotiation, as determined by Franchisee; (F) in areas, developments or buildings where Franchisee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis; and

(G) in areas where the occupiable residential household density does not meet the density and other requirements set forth in Section 3.2 and Section 3.3.

3.1.2 *Extended Service Area:* Franchisee shall offer Cable Service to all residential areas of the Extended Service Area and may make Cable Service available to businesses in the Extended Service Area within eight (8) years of the Effective Date, subject to the conditions of Subsection 3.1.1 above and the other terms set forth herein; provided, however, that the Extended Service Area may be modified in whole or in part by Franchisee on not less than thirty (30) days notice to the LFA and may be reduced only upon demonstrating to the LFA that it would be economically infeasible to serve an area within the Extended Service Area. The LFA shall not unreasonably refuse, delay or condition any such request for a modification of the Extended Service Area.

3.1.3 *Additional Service Areas:* Except for the Initial Service Area and the Extended Service Area, Franchisee shall not be required to extend its Cable System or to provide Cable Services to any other areas within the Franchise Area while this Agreement is in effect, including any period that may elapse after the stated expiration date of this Agreement but prior to the grant or denial of a renewal franchise pursuant to 47 U.S.C. sec. 546. If Franchisee desires to add Additional Service Areas within the Franchise Area, Franchisee shall notify the LFA in writing of such Additional Service Area at least ten (10) days prior to providing Cable Services in such areas.

3.2 *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 the following numbers of occupiable 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 as follows:

3.2.1 *Initial Service Area:* (A) Thirty (30) residences per mile during years 1 through 5 of the term of the Franchise; and (B) Fifteen (15) residences per mile during years 6 through 15 of the term of the Franchise; and

3.2.2 *Extended Service Area and Additional Service Areas:* (A) Thirty (30) residences per mile during years 1 through 8 of the term of the Franchise; and (B) Fifteen (15) residences per mile during years 9 through 15 of the term of the Franchise.

3.2.3 *New Construction:* Should, through new construction, an area within a designated Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Subsections 3.1.1 or 3.1.2 respectively, Franchisee shall initiate construction to serve such area within six (6) months, and shall provide Cable Service to such area within one (1) year, of receiving written notice from the LFA that the density requirements have been met by the existence of the requisite number of residences per mile, provided, however, that greenfield developments (that is, a development of new homes on lots where no buildings previously existed and in which all utilities will install their facilities as a part of the development construction process) will be completed within six (6) months of such notice.

3.3 *Availability of Cable Service:* Franchisee shall make Cable Service available to all residential dwelling units and may make Cable Service available to businesses within the Service Area in conformance with Section 3.1. In satisfaction of its obligations under Section 16(a)(3) of the Cable Law, 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 twenty-five (225) 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 for the portion that exceeds two hundred twenty-five (225) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber. In connection with the provision of Cable Service to lower density areas within the Service Areas, Franchisee's line extension policy set forth in Exhibit C attached hereto shall apply.

3.4 *Cable Service to Public Buildings:* Subject to Section 3.1 and the distance limitation in this Section below, Franchisee shall provide, without charge, one service outlet activated for Basic Service to each fire station, public school, police station, public library, and such LFA buildings or offices within the Service Area where service is being provided designated by the LFA in Exhibit B attached hereto (it being understood that such service will be only provided to the schools or other public buildings designated on Exhibit B as being located in the Additional Service Area if, when, and to the extent Franchisee elects to provide Cable Services to such Additional Service Areas pursuant to Subsection 3.1.3 above), and any such newly acquired or constructed schools and public buildings designated hereafter during the term of this Franchise in writing to Franchisee; provided, however, that if it is necessary to extend from Franchisee's trunk or feeder lines with a drop of more than two thousand (2,000) feet for the buildings listed in Exhibit B or more than one thousand (1,000) feet solely to provide service to new schools or public buildings, the LFA shall have the option either of paying Franchisee's direct costs for portion of such extension in excess of two thousand (2,000) feet or one thousand (1,000) feet, as the case may be, or of releasing Franchisee from the, or deferring Franchisee's, obligation to provide service to such building. Franchisee shall not be required to provide Cable Service without charge to locations that are not staffed at all or are not fit or designed for occupancy. 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, provided, however, that Franchisee shall not charge for Basic Service to the additional service outlets once installed and may charge for additional equipment for any additional outlets. In no event shall Franchisee be required to provide service hereunder to more schools and other public buildings than the number served by the incumbent cable operator in the Service Area. Cable Service may not be resold or otherwise used in contravention of Franchisee's rights with third parties respecting programming. Franchisee shall notify the LFA if it becomes aware of any such impermissible use and provide a full explanation of its reasons for believing such use to be impermissible, including the identity of the party and the titles or names of the documents supporting such explanation. Equipment provided by Franchisee, if any, shall be replaced at replacement cost rates if lost, stolen or damaged.

#### **4. SYSTEM OPERATION**

4.1 *Cable System Tests and Inspections:* Inspection and testing under Section 11(h) of the Cable Law will be conducted in the following manner:

4.1.1 Franchisee shall perform all tests necessary to demonstrate compliance with the requirements of the Franchise and this Agreement, and to ensure that the Cable System components are operating as required. All tests shall be conducted in accordance with federal rules, and any applicable National Cable Telecommunications Association Recommended Practices and the Society of Cable Telecommunications Engineers' recommended methods for measurement and testing.

4.1.2 Franchisee shall provide reasonable notice to the LFA of all tests performed pursuant to Subsection 4.1.3 of this Agreement. Subject to Section 9.2, the LFA shall have the right to witness and/or review such tests performed on the Cable System. The LFA shall further have the right to have independent consultants employed by the LFA witness and/or review such tests, contingent upon and subsequent to the execution by such consultants of a non-disclosure agreement ("NDA") in a form substantially similar to that attached as Exhibit F hereto; provided, however, that the execution of such NDA shall not be construed to relieve the LFA of any obligations set forth in Section 9.2.

4.1.3 *Franchisee shall conduct tests as follows:*

4.1.3.1 Proof of performance tests on the Cable System as required by FCC rules (Subparts K and V of Part 76);

4.1.3.2 Special proof of performance tests, as requested by the LFA, of the Cable System or a segment thereof when Subscriber complaints or other information indicating a significant noncompliance issue indicate that tests are warranted;

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

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

#### **5. SYSTEM FACILITIES**

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

5.1.1 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.

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

5.1.3 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.

5.1.4 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 and RF signal strength at the Subscriber's premises, and the digital (QAM) signal being delivered via the ONT to the copper interface inside the premises shall be 7 dBmV or better. Non-QAM signals shall have signal strength proportionate to digital QAM carriers of 7dBmV or better, relative to the type of signal.

5.1.5 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.

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

5.1.7 Facilities and equipment sufficient to ensure that the Cable System remains in compliance with the standards specified in Subsection 5.1.16.

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

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

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

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

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

5.1.13 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.

5.1.14 Shall transmit in high definition any signal which is received in high definition format. Actual carriage of any such high definition channels will be at Franchisee's sole discretion.

5.1.15 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.

5.1.16 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 may be 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:

5.1.16.1 Occupational Safety and Health Administration (OSHA) Safety and Health Standards;

5.1.16.2 National Electrical Code;

5.1.16.3 National Electrical Safety Code (NESC);

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

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

5.1.16.6 The Charles County Building Code.

5.2 *Interconnection:* 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 fiber connection or other methods of equivalent quality.

5.3 *Emergency Alert System:* Section 5(j) of the Cable Law shall be implemented by Franchisee complying with the Emergency Alert System ("EAS") requirements of the FCC in



order that emergency messages may be distributed over the System. In the event of a state or local civil emergency, the EAS shall be activated by equipment or other acceptable means as set forth in the Maryland State EAS Plan. In accordance with the Maryland State EAS Plan, Franchisee will override the audio and video on all channels, so long as it is consistent with Franchisee's contractual commitments, to transmit EAS alerts received from the designated Local Primary Sources, including LP-1 and LP-2 Stations, assigned by the Maryland State EAS Plan to serve the Charles County Operational Area.

## **6. PEG SERVICES**

### **6.1 *PEG Set Aside:***

6.1.1 In order to ensure universal availability of public, educational and government programming, Franchisee shall provide on the Basic Service Tier up to four (4) Access Channels (collectively, "PEG Channels"), and six (6) reserved Access Channels which may be activated in accordance with Subsection 6.1.3 below ("Reserved PEG Channels"), all of which shall be individually designated by the LFA as Public, Educational or Government Access Channels. Franchisee will provide all PEG Channels and Reserved PEG Channels on the Basic Service tier throughout the life of the Franchise, or if there is no Basic Service tier, shall provide the PEG Channels and Reserved PEG Channels as part of the lowest-cost package it offers to Subscribers, in accordance with federal law, so that the PEG Channels and Reserved PEG Channels are viewable by the Subscriber without the need for equipment other than the equipment that is required by every Subscriber to view any programming. If Channels are selected only through a menu system, the PEG Access Channels will be displayed as PEG Access Channels on the menu. Further, each PEG Access Channel shall be delivered with transmission quality the same as or better than the transmission quality of any other Channel on Basic Cable Service, subject to the quality of the signal received at the PEG Access Interconnection Site.

6.1.2 The programming to be carried on the PEG Channels to be set aside by Franchisee shall be: one (1) government access channel reserved for the use of the County, two (2) educational access channels (one (1) reserved for the use of the Charles County Public Schools System and one (1) reserved for the use of the College of Southern Maryland System) and one (1) Public Access Channel, or as the County may otherwise allocate the use of such Channels. Franchisee shall assign the PEG Channels on its channel lineup in its sole discretion. The LFA hereby authorizes Franchisee to transmit such programming within and without the Franchise Area. 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.

6.1.3 Provided that the incumbent cable operator in the Franchise Area is required to provide an additional PEG Channel or equivalent channel capacity for PEG purposes, the LFA may activate a Reserved PEG Channel during the term of this Agreement by providing Franchisee with written notice one hundred twenty (120) days prior to the date it intends to activate any one or more of the Reserved PEG Channels. The LFA's written notice shall specify the programming to be carried on such Reserve PEG Channels. Franchisee is hereby authorized to transmit the Reserved PEG Channels within and outside the LFA. Franchisee shall assign the

Reserved PEG Channel on its channel line-up as to the extent such channel assignment does not interfere with any pre-existing channels. The connection of the Reserved PEG Channel(s) activated pursuant to this Section shall be located at the PEG Access Interconnection Site.

6.1.4 PEG Access Channel assignments shall be uniform throughout all areas served by the Franchisee within the Franchisee Area. Franchisee shall not arbitrarily or capriciously change PEG Access Channel assignments, and the Franchisee shall seek to minimize the number of such changes. Any such reassignment must be to a channel of technical quality at least equivalent to that of the other channels on the Cable System. If Franchisee decides to change the Channel designation for any of the PEG Access Channels, it shall provide not less than forty-five (45) days prior written notice to the LFA. Except for PEG Access Channel relocations due to factors not within Franchisee's control, including changes in the channel designation of must carry Channels or other Federal, state or local legal requirements, if Franchisee relocates PEG Access Channel(s), then Franchisee shall pay the LFA five thousand dollars (\$5,000) to assist in "rebranding" the PEG Access Channel(s). This is not a per Channel payment; rather, this is a payment per relocation instance.

6.2 *PEG Direct Connection with LFA:* The LFA has designated one (1) site within the Franchise Area for the interconnection of Access Channel facilities with the Cable System as further described in Exhibit D attached hereto (the "PEG Access Interconnection Site").

6.2.1 Subject to the successful completion of all required site preparation work by the LFA and provision of access to Franchisee for equipment, installation and provisioning, Franchisee shall, without charge to the LFA, provide upstream Access Channel transmission connections between its video channel aggregation point and the Access Interconnection Site in order to permit the signals to be correctly routed from the PEG Access Interconnection Site for the distribution to Subscribers. The LFA shall be responsible for delivering the signal from the program origination points to the PEG Access Interconnection Site.

6.2.2 The LFA shall provide to Franchisee at the PEG Access Interconnection Site a baseband video and audio signal, or comparable signals otherwise mutually agreed, for the PEG Access Channels. Franchisee, upon receipt of the suitable video and audio signals, shall provide, install and maintain in good working order the equipment necessary for transmitting the PEG Access Channels signal to the channel aggregation site for further processing for distribution to Subscribers. Franchisee's obligation to carry the PEG Access Channels shall be contingent upon the LFA's provision of the signals in such a way that they may be lawfully carried by Franchisee, without the necessity of any third party consent, and of suitable required space, environmental conditions, electrical power supply, access, pathway, and facilities and such cooperation of the LFA as is reasonably necessary for Franchisee to fulfill such obligations. Franchisee's obligation shall be limited to building to and configuring the interconnection point such that Franchisee shall not be obligated to provide the LFA with either cablecast equipment and facilities or personnel responsible for maintaining and operating such equipment and facilities, or generating or switching any of said PEG programming.

6.2.3 Franchisee shall deliver such PEG Access Channel signals at a level of technical quality and reliability that is equivalent to the levels of technical quality and reliability applied by the Franchisee for signals of commercial channels transmitted to Subscribers as a part

of Basic Service. If Franchisee makes changes to the Cable System that require improvements to PEG Access facilities to continue to be used as they were intended under the terms of this Agreement, then Franchisee shall, without charge to the LFA, make such changes in either the equipment and facilities referred to in Subsection 6.2.1 or in the Franchisee's video channel aggregation point and distribution equipment and facilities in order to permit the continuation of such intended use.

6.2.4 Franchisee shall comply with these requirements within a reasonable time, but in no event, later than 180 days from the Service Date.

### 6.3 *PEG/INET Grant:*

6.3.1 Franchisee shall provide a grant to the LFA to be used in support of the production of local PEG programming and the LFA's institutional network ("INET") (the "PEG/INET Grant"). Such grant shall be used solely by the LFA for PEG access and INET capital costs including equipment, facilities and infrastructure, 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.

6.3.2 The PEG/INET Grant provided by Franchisee hereunder shall be the sum of: (i) Two Hundred Fifty Thousand Dollars (\$250,000) payable within ninety (90) days after the Effective Date; (ii) one percent (1%) of Gross Revenue through the end of the term of this Agreement; and (iii) an additional six tenths of one percent (0.6%) of Gross Revenue through June 5, 2017. The percentage of Gross Revenue PEG/INET Grant payments, along with a brief summary of the Subscriber information upon which they are based, shall be delivered to the LFA within thirty (30) days after the end of each calendar quarter during the term of the Franchise. Calculation of the percentage of Gross Revenue portions of the PEG/INET Grant will commence with the first calendar month during which Franchisee obtains its first Subscriber in the Service Area.

6.3.3 Upon Franchisee's request the LFA shall provide Franchisee with a reasonable accounting annually of the distribution of funds granted pursuant to this Section 6.3.

6.4 The LFA shall require all local producers and users of any of the PEG facilities or Channels to execute the LFA's PEG Statement of Compliance form, which shall authorize Franchisee to transmit programming consistent with this Agreement and shall provide that such PEG users shall 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 arising out of the content of the material furnished for and/or cablecast.

6.5 To the extent permitted by federal law, Franchisee has advised the LFA that it may (i) recover the costs of the PEG/INET Grant or any other costs arising from the provision of PEG services from Subscribers, (ii) include such costs as a separately billed line item on each Subscriber's bill; and (iii) if allowed under state and federal laws, externalize, line-item, or otherwise pass-through interconnection costs to Subscribers.

6.6 *Costs and Payments not Franchise Fees:* The parties agree that any costs to Franchisee associated with Subsection 6.1.4 and with the provision of the PEG/INET Grant support set forth in Section 6.3 do not constitute and are not part of a franchise fee.

## 7. **FRANCHISE FEES**

7.1 *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 this Agreement for the computation of the Franchise fee shall be a calendar year. Such payments shall be made no later than thirty (30) days following the end of each calendar quarter. Franchisee shall be allowed to submit or correct any payments that were incorrectly omitted, and shall receive a credit from the LFA for any payments that were incorrectly submitted, in connection with the quarterly Franchise fee remittances within 90 days following the close of the quarter in question.

7.1.1 If a payment is not made on or before the due date, Franchisee shall pay as additional compensation an interest charge, computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed.

7.2 *Audit and 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. Subject to the confidentiality requirements of Section 9.2 of this Agreement, Franchisee shall be responsible for making available to the LFA for inspection, copying and audit, all records necessary to confirm the accurate payment of Franchise fees, whether the records are held by Franchisee, an Affiliate, or any other entity that collects or receives funds related to Franchisee's operation in the LFA subject to the payment of Franchise fees under this Agreement, including without limitation, any Affiliate entity that sells advertising on Franchisee's behalf. Franchisee shall maintain such records for five (5) years provided that, if the LFA commences an audit within that five year period, Franchisee shall continue to maintain such records for the duration of any audit in progress at the end of that five year period. The LFA shall conduct all audits expeditiously, and neither the LFA nor Franchisee shall unreasonably delay the completion of an audit. The LFA's audit expenses shall be borne by the LFA unless the audit determines the payment to the LFA should be increased by five percent (5%) or more in the audited period, in which case the reasonable and documented out-of-pocket third-party costs for the audit, together with any additional amounts due the LFA as a result of such audit, shall be paid by Franchisee to the LFA with its next quarterly Franchise fee payment pursuant to Section 7.1 due after written notice to Franchisee by the LFA of the underpayment, which notice shall include a copy of the audit report, provided, however, that Franchisee's obligation to pay or reimburse the LFA's audit expenses shall not exceed an aggregate of thirty thousand dollars (\$30,000) per audit. If recomputation results in additional Franchise fees to be paid to the LFA, such amount shall be subject to interest charges computed from the due date, at an annual rate equal to the commercial prime interest rate of the LFA's primary depository bank during the period such unpaid amount is owed. If the audit determines that there has been an overpayment by Franchisee, such overpayment shall be subject to interest charges computed from the overpayment date at the rate provided above and Franchisee may credit any overpayment and accrued interest thereon against its next quarterly payment under Section 7.1.

No auditor employed by the LFA shall be compensated on a success based formula, e.g., payment based on a percentage of an underpayment, if any. The LFA shall not conduct an audit more frequently than once every three years provided, however, that in the event of an underpayment of 5% or more in an audited period this limitation shall not apply to the subsequent audit period.

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

7.4 *Bundled Services:* If 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. Franchisee will not intentionally or unlawfully allocate such revenue for the purpose of evading Franchise fee payments under this Agreement. The parties agree that tariffed telecommunication service rates that cannot be discounted by law or regulation are to be excluded from the bundled discount allocation basis.

7.5 *No Limitation on Taxing Authority:* Nothing in this Agreement shall be construed to limit any authority of the LFA to impose any tax, fee, or assessment of general applicability. The Franchise fee payments required by this Section shall be in addition to any and all taxes of a general nature or other general fees or charges which Franchisee shall be required to pay to the LFA or to any state or federal agency or authority, as required herein or by law, all of which shall be separate and distinct obligations of Franchisee. However, Franchisee shall have the right to a credit, in the amount of its Franchise fee and PEG/INET Grants payments under this Agreement, against any general utility tax on Cable Services that may be imposed by the LFA, to the extent such a tax is applicable to Franchisee or its subscribers. Franchisee may designate Franchise fee(s) as a separate item in any bill to a Subscriber of Franchisee's Cable System, but shall not designate or characterize it as a tax.

## 8. CUSTOMER SERVICE

Franchisee shall comply with the Customer Service Standards set forth in Exhibit E attached hereto unless amended by written consent of the parties.

## 9. REPORTS AND RECORDS

9.1 *Open Books and Records:* Upon reasonable written notice to Franchisee and with no less than thirty (30) days prior written notice to Franchisee absent compelling circumstances, and then upon not less than ten (10) business days prior written notice to Franchisee, the LFA shall have the right to inspect and copy Franchisee's books and records pertaining to the operation of the Franchise at any time during Normal Business Hours as are reasonably necessary to ensure compliance with the terms of this Agreement, the Cable Law and applicable state and federal law at a location of Franchisee's choosing in the Franchise Area. Such ability shall satisfy the requirements of Section 11(a) of the Cable Law. Franchisee's capability to provide financial information under Section 11(a)(5) of the Cable Law will be limited to Gross

Revenue for franchise fee purposes. Such inspections shall be conducted in a manner that will not unreasonably disrupt Franchisee's normal operations. Such notice shall specifically reference the records the LFA desires to 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 five (5) years.

9.2 *Confidentiality*: Notwithstanding anything to the contrary set forth herein, Franchisee shall not be required to deliver copies of information that it reasonably deems to be proprietary or confidential in nature, or 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 only disclose Franchisee's proprietary or confidential information to employees, representatives, and agents thereof who have a need to know, or in order to enforce the provisions hereof, the Cable Law and applicable state and federal law. Except as provided below, the LFA shall treat as confidential and not voluntarily disclose any books, records, reports and information disclosed pursuant to this Agreement that constitute proprietary or confidential information under federal or state law, to the extent Franchisee makes the LFA aware of such confidentiality. Franchisee shall be responsible for clearly and conspicuously stamping the word "Confidential" on each page that contains confidential or proprietary information, and shall provide a brief written explanation as to why such information is confidential under state or federal law. If the LFA receives a demand from any Person for disclosure of any information designated by Franchisee as confidential, the LFA shall so far as consistent with applicable law, advise Franchisee and provide Franchisee, within a reasonable time, with a copy of any written request by the party demanding access to such information within a time sufficient to allow Franchisee to seek a court order to protect such information. Unless otherwise ordered by a court or agency of competent jurisdiction, the LFA agrees that, to the extent permitted by state and federal law, it shall deny access to any of Franchisee's information marked confidential as set forth above to any Person. Franchisee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. §551.

9.3 *Records Required*: Section 11(g) of the Cable Law shall be implemented by Franchisee maintaining at all times for inspection solely by the County or its designee:

9.3.1 Records of all written complaints for a period of five (5) 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;

9.3.2 Records of outages for a period of five (5) years after occurrence, indicating date, duration, area, and the number of Subscribers affected, type of outage, and cause;

9.3.3 Records of service calls for repair and maintenance for a period of five (5) 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;

9.3.4 Records of installation/reconnection and requests for service extension for a period of five (5) 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

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

9.4 *Certain Cable Law Requirements:*

9.4.1 *Reporting Requirements.*

9.4.1.1 In the summary to be provided in the annual report to the LFA pursuant to Section 11(c)(1) of the Cable Law, the number of Subscribers will be the aggregate number of Subscribers for all classes of service and such information shall be treated as confidential by the LFA pursuant to Section 9.2 hereof.

9.4.1.2 In the summary to be provided in the annual report to the LFA pursuant to Section 11(c)(2) of the Cable Law, that provision may be satisfied by providing (i) the number of homes passed by the Cable System which will be for each of Franchisee's wire centers serving the Franchise Area, (ii) the miles of cable distribution plant in service which will be for the FTTP Network plant, and (iii) a general description of the deployment of Cable Service availability in a form reasonably requested by the LFA.

9.4.1.3 In the information to be provided in the annual report to the LFA pursuant to Section 11(c)(3) of the Cable Law, that provision may be satisfied by making available for the LFA's inspection on reasonable notice routing maps showing the location of the Franchisee's plant in the LFA's Public Rights-of-Way. Franchisee further agrees that, upon request and with no less than thirty (30) days' notice, but no more than once per year, a representative of the Franchisee will meet with representatives of the LFA to provide additional information on the status of Franchisee's deployment of Cable Services in the Franchise Area. During these meetings, the Franchisee representative will show the LFA representatives, for viewing only, a map showing the availability of Cable Services in the Franchise Area in satisfaction of the requirements of Section 11(c)(3) of the Cable Law.

9.4.2 *State and Federal Reports:* The copies to be delivered to the LFA under Section 11(b)(1) of the Cable Law shall be provided upon request by the LFA and shall be limited to those matters that materially pertain to the provision of Cable Service within the Franchise Area.

9.4.3 *Quarterly Reporting:* Quarterly reporting under Section 11(e) of the Cable Law will be accomplished as follows: Beginning six (6) months after Cable Service is available on a commercial basis directly to multiple Subscribers in the Franchise Area, the Franchisee shall submit a written report to the County no later than thirty (30) days after the end of each calendar quarter during the term of this Agreement, which report shall be in a form reasonably satisfactory to the County, that shall include:

9.4.3.1 The results of any proof of performance tests required by Subsection 4.1.3 conducted on the Cable System during the quarter;

9.4.3.2 The number of homes in the County where Cable Service was made available during that quarter and a projection of the number of homes to which Cable Service will become available in the next ninety (90) days;

9.4.3.3 Telephone statistics per Section 2.F. of Exhibit E in satisfaction of Section 11(f) of the Cable Law. The report shall show the statistics for the three months plus quarterly totals;

9.4.3.4 A summary of service requests identifying the number and nature of the requests and their disposition; and

9.4.3.5 A summary showing the number and nature of service calls during the quarter.

## **10. INSURANCE AND INDEMNIFICATION**

### *10.1 Insurance:*

10.1.1 Franchisee shall maintain in full force and effect, at its own cost and expense, during the term of this Agreement, the following insurance coverage:

10.1.1.1 Commercial General Liability Insurance with respect to the construction, operation and maintenance of the Cable System and the conduct of Franchisee's Cable Service business in the LFA, in the following minimum amounts:

10.1.1.1.1 For bodily injury, including death, \$1,000,000 per occurrence and \$2,000,000 annual aggregate; and

10.1.1.1.2 For property damage, \$2,000,000; and

10.1.1.2 Automobile Liability Insurance in the amount of two million dollars (\$2,000,000) combined single limit for bodily injury and property damage coverage.

10.1.1.3 Workers' Compensation Insurance meeting all legal requirements of the State of Maryland.

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

10.1.2 The LFA shall be included as additional insured under each of the insurance policies required in this Article 10 except Worker's Compensation Insurance.

10.1.3 Franchisee shall not cancel any required insurance policy without submitting documentation to the LFA verifying that Franchisee has obtained alternative insurance in conformance with this Agreement.



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

10.1.5 Franchisee shall deliver to the LFA Certificates of Insurance showing evidence of the required coverage. Notwithstanding Section 12(a)(2) of the Cable Law, in no event shall Franchisee be required to provide copies of its insurance policies to the LFA.

## 10.2 *Indemnification:*

10.2.1 Franchisee agrees to indemnify, save and hold harmless, and defend the LFA and each of its officers, boards and employees, from and against any liability for damages or claims resulting from the following to the extent caused by Franchisee: (i) the acts or omissions of Franchisee and its employees, officers, agents, contractors or subcontractors, arising out of the construction, installation, maintenance, operation, or removal of the Cable System, including without limitation damage to persons, real property, or personal property caused by the construction, installation, operation, maintenance, or removal of any structure, equipment, wire, or cable; (ii) the acts or omissions of Franchisee, and its employees, officers, agents, contractors or subcontractors to comply with any obligation or duty imposed on Franchisee by the Cable Law or this Agreement; (iii) copyright infringements; and (iv) any failure by Franchisee to secure consents from the owners, authorized distributors, or licensees of programs to be delivered by the Cable System, whether or not any act or omission complained of is authorized, allowed, or prohibited by the Cable Law or this Agreement, and provided that the LFA shall give Franchisee prompt written notice of its obligation to indemnify the LFA as soon as practicable after of receipt of a claim or action pursuant to this Subsection and sufficiently in advance of the time for Franchisee's response to a third party claim in order that Franchisee will be able to timely respond and the defense against such claim will not be prejudiced.

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, employees, attorneys, consultants or independent contractors or for any act by any Person other than Franchisee in connection with PEG Access, use of the INET or EAS, or the distribution of any Cable Service over the Cable System by leased access providers.

10.2.2 With respect to Franchisee's indemnity obligations set forth in Subsection 10.2.1, Franchisee shall provide the defense of any claims brought against the 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. Franchisee shall keep the LFA and its counsel advised of the progress and the substance of the defense in a timely manner so that, if desired, the LFA can intervene to protect its rights and benefits. Nothing herein shall be deemed to prevent the LFA from consulting and cooperating with Franchisee and participating in the defense of any litigation by its own counsel at its own cost and expense, provided, however: (i) if a final judgment is obtained against the LFA or one or more of its officers, employees or agents in a suit or action for which the LFA and its officers, employees and agents are entitled to be indemnified and held harmless under Subsection 10.2.1, Franchisee shall pay such judgment, including all costs and attorneys' fees, entered against the LFA and any of its officers, employees and agents; and (ii) Franchisee shall be entitled to settle a claim brought in a suit or action for which the LFA

and its officers, employees and agents are entitled to be indemnified and held harmless hereunder, provided that, absent the release of the LFA and any other indemnified parties, Franchisee shall obtain the prior written approval of the LFA for any settlement of such claims against the LFA, which approval shall not be unreasonably withheld or unreasonably delayed. In the event that the terms of any such settlement do not include 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.

10.2.3 Neither the provisions of this Section nor any damages recovered by the LFA shall be construed to limit the liability of Franchisee or its subcontractors for damages under this Agreement or the Cable Law or to excuse the faithful performance of obligations required by this Agreement, except to the extent that any monetary damages suffered by the LFA have been satisfied by a financial recovery under this Section or other provisions of this Agreement or the Cable Law.

10.2.4 The LFA shall at no time be liable for any injury or damage occurring to any Person or property from any acts or omissions of Franchisee in the construction, maintenance, use, operation or condition of the Cable System. It is a condition of this Agreement that the LFA shall not and does not by reason of this Agreement assume any liability whatsoever of Franchisee for injury to Persons or damage to property; provided, however, that 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.

## 11. TRANSFER OF FRANCHISE

11.1 Subject to Section 617 of the Communications Act, 47 U.S.C. § 537, no Transfer shall occur without the prior consent of the LFA, provided that such consent shall not be unreasonably withheld, delayed or conditioned. 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 Franchisee in the Franchise, this Agreement or Cable System in order to secure indebtedness, or otherwise excluded under Section 1.39.2 above and such transfers shall not be considered transfers subject to LFA approval under Section 14 of the Cable Law.

11.2 In the event that Franchisee transfers the Franchise to an Affiliate as provided in Subsection 1.39.2, Franchisee shall guaranty the performance of this Agreement by such Affiliate; provided, however, that Franchisee may request the LFA to release said guaranty and the LFA shall act upon such request as promptly as reasonably possible. In considering such request, the LFA shall make its decision as to whether or not to release said guaranty by and upon evaluating the financial qualifications of the assignee or transferee. Franchisee shall provide the LFA with such information as may be reasonably required for the LFA to make such evaluation. Subject to Franchisee's compliance with such obligation, the LFA shall conduct such evaluation and reach its decision as promptly as practicable and shall not unreasonably withhold, delay or deny its consent to the release of said guaranty. Upon making its decision, the LFA shall promptly deliver to Franchisee written notice thereof. If the LFA shall agree to

release said guaranty, it shall promptly deliver to Franchisee a written document evidencing such release of said guaranty.

## **12. ENFORCEMENT, REVOCATION AND TERMINATION OF FRANCHISE**

12.1 *Notice of Violations and Cure*: In order to apply the enforcement provisions of Section 13(c) of the Cable Law, in the event that the LFA believes that Franchisee has not complied with the terms of this Agreement or applicable provision of the Cable Law, the LFA shall informally discuss any alleged noncompliance, violation or failure with Franchisee. If these discussions do not lead to resolution of the problem in a reasonable time and if the LFA wishes to pursue the matter further, the LFA shall notify Franchisee in writing of the exact nature of the alleged noncompliance (for purposes hereof, the "Noncompliance Notice"). Franchisee shall have thirty (30) 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 the nature of the noncompliance, it cannot be cured within the thirty (30) day period, initiate reasonable steps to remedy such noncompliance and notify the LFA of the steps being taken and the projected date that they will be completed, provided, however, that if such alleged noncompliance creates a safety hazard placing members of the public in imminent danger, Franchisee shall commence cure promptly after notice. At the end of that thirty-day period, after reviewing Franchisee's actions and any written response, the LFA may investigate further or discuss the matter further with Franchisee; allow Franchisee additional time to take further steps to remedy such noncompliance; or proceed as indicated in the Cable Law.

12.2 *Revocation*: Should the LFA seek to revoke the Franchise after following the procedures set forth in Section 12.1 above, it shall follow the procedures set forth in Section 13(e) of the Cable Law.

12.2.1 *Cable Advisory Committee*: Franchisee shall be entitled to forty-five (45) days after meetings with the County Administrator under Section 13(e)(2)(A) of the Cable Law which do not result in satisfactory resolution in which to respond in writing and to state its reasons for such objection. The LFA shall cause to be served upon Franchisee, at least thirty (30) days prior to a requested administrative hearing pursuant to Section 13(e)(2)(A) of the Cable Law a written notice specifying the time and place of such hearing and the matters to be considered by the Cable Advisory Committee. In addition, at the designated Section 13(e)(2)(A) hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel and to introduce relevant evidence. A complete verbatim record or a transcript shall be made of such hearing. Following the Section 13(e)(2)(A) public hearing, Franchisee shall be provided up to thirty (30) days to submit its proposed findings and conclusions in writing and thereafter the Cable Advisory Committee 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 Franchisee. It shall also determine whether to recommend revocation of the Franchise based on the information presented, or, where applicable, grant additional time to Franchisee to effect any cure. If the Cable Advisory Committee determines that the Franchise shall be revoked, it shall promptly provide Franchisee with a written decision setting forth its reasoning.

12.2.2 *County Commissioners:* The LFA shall cause to be served upon Franchisee, at least thirty (30) days prior to a public hearing pursuant to Section 13(e)(3) of the Cable Law a written notice specifying the time and place of such hearing and stating its intent to consider revocation of the Franchise. The record from the Cable Advisory Administrative Committee hearing shall be made a part of the record of such hearing. At the designated Section 13(e)(3) hearing, Franchisee shall be provided a fair opportunity for full participation, including the rights to be represented by legal counsel and to submit information for inclusion in the record. Franchisee shall be permitted to record or make a transcript of such hearing. If the LFA determines that the Franchise shall be revoked, the LFA shall promptly provide Franchisee with written evidence of its decision. To the extent permitted by applicable law, Franchisee may challenge such determination of the LFA to an appropriate court. Franchisee shall be entitled to such relief as the court finds appropriate. In the event of a revocation of or a failure to renew the Franchise, to satisfy Section 4(b)(1) of the Cable Law Franchisee will be obligated to take reasonable steps to transition Subscribers to another Cable Service provider.

12.2.3 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.

12.3 *Security Fund:* Prior to the Service Date, Franchisee shall provide to the LFA as security for the performance of its obligations under this Agreement a security fund in the amount of Thirty Thousand Dollars (\$30,000) in cash or in the form of a letter of credit reasonably satisfactory to the LFA or in form of a performance bond as provided in the Cable Law (the "Security Fund"). The LFA may not draw on the Security Fund until thirty (30) days have passed after the LFA has provided Franchisee with written notice of its intent to make such withdrawal and the amount and the reasons therefor. In the event that the Security Fund is in the form of cash, amounts withdrawn from the Security Fund pursuant to this Section shall be replenished by Franchisee by delivering to the LFA or its designee for deposit in the Security Fund a cash amount equal to the amount so withdrawn within thirty (30) days of its receipt of notice from the LFA of the date and amount of such withdrawal. In the event the Security Fund is in the form of a letter of credit, Franchisee shall replenish the Security Fund by establishing a new letter of credit in the same amount as the original letter of credit within thirty (30) days of its receipt of notice from the LFA of the date and amount of such withdrawal. Within thirty (30) days of receipt of the new letter of credit, the LFA shall return the previously issued letter of credit to Franchisee. If Franchisee posts a performance bond ("Performance Bond"), the Performance Bond shall be substantially in the form of Exhibit G attached hereto. In the event that a Performance Bond provided pursuant to this Agreement is not renewed or is cancelled, Franchisee shall provide new security pursuant to this Section within thirty (30) days of such cancellation or failure to renew. Neither cancellation, nor termination nor refusal by surety to extend the Performance Bond, nor inability of the Franchisee to file a replacement bond or replacement security for its obligations, shall constitute a loss to the LFA recoverable under the bond. Within five (5) days after a draw, County shall notify the Franchisee of the date and amount of the draw from the Performance Bond.

## 12.4 *Liquidated Damages*

12.4.1 The parties explicitly represent that it may be impractical to ascertain the amount of damages which may be incurred by the LFA as a result of certain breaches of the Cable Law or this Franchise Agreement. Therefore, the LFA and Franchisee agree that the liquidated damages set forth in this Section 12.4 are reasonable damages for the franchise breaches enumerated.

12.4.2 Payment by Franchisee of the liquidated damages shall be due thirty (30) days after the date of the LFA's notice assessing such damages pursuant to Section 13(c)(1)(A) of the Cable Law. If Franchisee does not make payment within that period, the LFA may withdraw from the Franchisee's Security Fund the amount assessed.

12.4.3 Any action, proceeding or exercise of a right by the LFA under this Section does not constitute an election of remedies or a waiver of any other right the LFA may have, including the right to seek specific performance of a franchise obligation, except that the LFA's election of liquidated damages shall take the place of any right to obtain civil penalties under the Cable Law or actual damages over and above the payment of any amounts otherwise due.

### 12.4.4 *Amount of Liquidated Damages*

12.4.4.1 Because the Franchisee's failure to comply with provisions of the Franchise and this Agreement will result in injury to the LFA, and because it will be difficult to estimate the extent of such injury, the LFA and the Franchisee agree to the following liquidated damages for the following violations of the Franchise and of this Agreement, which represent both parties' best estimate of the damages resulting from the specified violation.

<u>Breach</u>	<u>Liquidated Damages</u>
(a) Violation of Customer Service Standards	One Hundred Fifty Dollars (\$150) per day or per occurrence, as applicable.
(b) Failure to Comply With PEG Access Requirements	One Hundred Eighty Dollars (\$180) per day, in addition to any monetary payment due.
(c) Failure to Supply Information, Reports, or Filings Lawfully Required	Two Hundred Ninety Dollars (\$290) per day.
(d) Failure to Render Payments Due to the LFA, Including but Not Limited To Franchise Fees or Liquidated Damages	One Hundred Fifty Dollars (\$150) per day, in addition to any monetary payment due.

<u>Breach</u>	<u>Liquidated Damages</u>
(e) Failure to File, Obtain or Maintain Bond or Letter of Credit in a Timely Fashion	Seventy Dollars (\$70) per day.
(f) Violation of FCC Technical Standards	One Hundred Fifty Dollars (\$150) per day.

For purposes of liquidated damages, all similar violations or failures from the same factual events affecting multiple subscribers shall be assessed as a single violation or failure, and a violation or a failure may only be assessed under any one of the referenced categories.

12.4.4.2 The following procedure shall apply, in place of the amount specified in Sub-subsection 12.4.4.1 above for violation of customer service standards, in assessing liquidated damages for customer service standards that are measured on a quarterly basis:

12.4.4.2.1 For each calendar year, if the Franchisee does not meet any or all of the prescribed standards in a given calendar quarter (a “noncompliant quarter”), the Franchisee will be subject to liquidated damages for any subsequent noncompliant quarters during that same calendar year.

12.4.4.2.2 If the Franchisee has a second noncompliant quarter in the same calendar year, the Franchisee shall be subject to liquidated damages in the amount of \$2,000. If the Franchisee has a third noncompliant quarter in the same calendar year, the Franchisee shall be subject to liquidated damages in the amount of \$3,000. If a Franchisee has a fourth noncompliant quarter in the same calendar year, the Franchisee shall be subject to liquidated damages in the amount of \$6,000.

12.4.4.2.3 Each calendar year begins a new measurement period for the liquidated damage schedule set forth in Paragraph 12.4.4.2.2 above. However, if the fourth quarter of the prior year was a noncompliant quarter and the first quarter of the next year is a noncompliant quarter, the Franchisee shall be subject to liquidated damages in the amount of \$2,000 for the first quarter of the new year. If, in those circumstances, a second quarter is noncompliant, the Franchisee shall be subject to liquidated damages in the amount of \$3,000. If, in those circumstances, a third quarter is noncompliant, the Franchisee shall be subject to \$6,000 in liquidated damages. If, in those circumstances, the fourth quarter is noncompliant, the Franchisee will again be subject to \$6,000 in liquidated damages.

12.4.4.3 In determining which remedy or remedies for Franchisee's breach would be most appropriate, the LFA shall take into consideration the nature of the breach, the person or persons bearing the impact of the breach, the nature of the remedy required in order to prevent further such breaches, and such other matters as the LFA may deem appropriate.

12.5 *Certain Limitations.* The aggregate amount of all liquidated damages under Section 12.4 and civil penalties under the Cable Law per annum shall not exceed twenty thousand dollars (\$20,000) in the aggregate. Any civil penalties related to the first four, seventh and eighth violation categories under Section 13(d)(2) of the Cable Law (I-Net and FTTP Network construction matters) shall not apply to Franchisee. For purposes of liquidated damages under Section 12.4 and Civil Penalties under Section 13(d)(2) of the Cable Law: (i) all similar violations or failures from the same factual events affecting multiple subscribers shall be assessed as a single violation or failure, and a violation or a failure may only be assessed under any one of the referenced categories, and (ii) violations or failures shall not be deemed to have occurred or commenced until they are not cured as provided in Section 12.1. The LFA's election of civil penalties under the Cable Law shall take the place of liquidated damages under this Agreement. Notwithstanding the liquidated damages amounts specified in Sub-subsection 12.4.4.1, nothing in this Agreement shall prevent the LFA from seeking actual damages as an alternative to liquidated damages.

### 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, 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.

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.

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. If, subsequent to the Effective Date, there is a change in federal law or state law that eliminates the authority of local governments to require and grant cable television franchises for the provision of Cable Service, or permits Franchisee to terminate this Agreement, then to the extent permitted by law the Franchise and this Agreement shall survive such legislation and remain in effect for the term of the Franchise.

13.4 *Force Majeure:* Franchisee shall not be held in default under, or in noncompliance with, the provisions of this Agreement, nor suffer any enforcement or penalty relating to noncompliance or default, where such noncompliance or alleged defaults occurred or were caused by Force Majeure.

13.5 *Notices:* Unless otherwise expressly stated herein or otherwise required by law, 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:

William Roberts  
President  
Verizon Maryland Inc.  
1 East Pratt Street, 8E  
Charles, MD 21202

with a copy to:

John Raposa  
Senior Vice President & General Counsel - Telecom  
Verizon  
One Verizon Way  
VC44E232  
Basking Ridge, NJ 07920

13.5.2 Notices to the LFA shall be mailed to:

County Administrator  
Charles County Maryland  
200 Baltimore Street  
La Plata, Maryland 20646

with a copy to:

County Attorney  
Charles County Maryland  
200 Baltimore Street  
La Plata, Maryland 20646

13.6 *Entire Agreement:* This Agreement and the Exhibits hereto constitute the entire agreement between Franchisee and the LFA, and it supersedes all prior or contemporaneous agreements, representations or understandings of the parties regarding the subject matter hereof.

13.7 *Amendments:* Amendments and modifications of this Agreement 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 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. Notwithstanding the foregoing, this provision does not contravene leased access requirements under Title VI or PEG requirements set out in this Agreement or limit whatever regulatory authority the LFA may have under federal, state and local law with respect to the FTTP Network facilities as Telecommunications Facilities.

13.12 *Rate Regulation*: The rates and charges for Franchisee's Cable Service shall comply with any applicable provisions of 47 U.S.C. § 543. The parties acknowledge and agree that the rates and charges imposed by Franchisee for Cable Services are not currently subject to the approval of or regulation by the LFA pursuant to 47 U.S.C. § 543. Therefore, the LFA will not regulate Franchisee's rates at this time under Section 10 of the Cable Law, but it reserves any right to regulate Franchisee's rates it may have in the future.

13.13 *Certain Cable Law Provisions*: The LFA and Franchisee recognize and agree that due to the nature of the Franchisee's multi-purpose FTTP Network and for other reasons, the following provisions of the Cable Law are not applicable to the Franchisee: 3(c)(5); 4(b)(2); 5(b); 5(c); 5(d); 5(k); 5(l); 7; and 13(f)(1)-(4).

13.14 *Governing Law*: This Agreement shall be governed by and construed under the laws of the State of Maryland and applicable federal law.

13.15 *Jurisdiction and Venue*: Franchisee and the LFA agree that any court action to enforce or interpret the terms of this Agreement shall be brought and maintained exclusively in either the Circuit Court for Charles County, Maryland, or the U.S. District Court for the District of Maryland, provided that the chosen forum has subject matter jurisdiction over the action and, in the case of an action originally brought in the Circuit Court, without prejudice to the exercise of any right of removal created by federal law.

13.16 *Performance Review*: In implementing Section 5(m) of the Cable Law the LFA may, at its discretion but not more than once per twelve (12) month period, hold a performance evaluation session which may be conducted in private, or if required by the LFA, on a public basis (the "Performance Review"), to review Franchisee's compliance with the terms and conditions of this Franchise. The LFA shall provide Franchisee with at least thirty (30) days prior written notice of the Performance Review. 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 LFA to arrange a meeting with designated LFA 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; provided, however, that the information disclosed to the LFA by the Franchisee at any such informal non-public meeting shall be treated by the LFA as confidential. Within thirty (30) days after the conclusion of the Performance Review, the LFA 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 during the Performance Review.

SIGNATURE PAGE FOLLOWS

AGREED TO THIS 20<sup>th</sup> DAY OF MAY, 2009

ATTEST:

Dennis M. Legasa, Clerk

CHARLES COUNTY, MARYLAND

By: Wayne Cooper  
Wayne Cooper  
President of the Charles County  
Commissioners

FORM APPROVED  
Attorney \_\_\_\_\_  
Date \_\_\_\_\_

VERIZON MARYLAND INC.  
By: William R. Roberts  
William R. Roberts  
President

FORM APPROVED  
Attorney \_\_\_\_\_  
Date 5-13-09

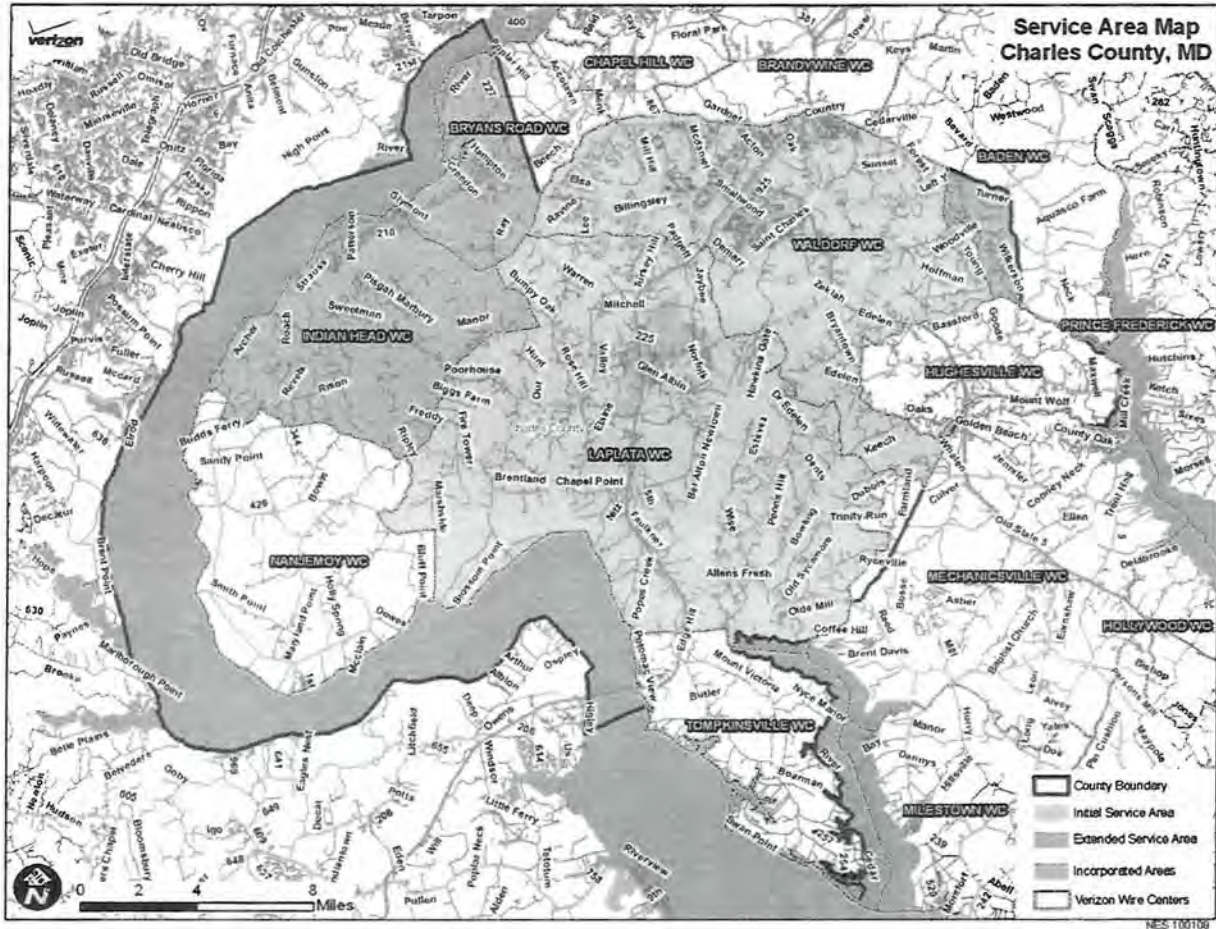
**EXHIBITS**

- Exhibit A: Initial Service Area and Extended Service Area
- Exhibit B: County Buildings to be Provided Free Cable Service
- Exhibit C: Line Extension Policy
- Exhibit D: PEG Access Interconnection Site
- Exhibit E: Customer Service Standards
- Exhibit F: Sample Non-Disclosure Agreement
- Exhibit G: Performance Bond Form

**EXHIBIT A**

**INITIAL SERVICE AREA and EXTENDED SERVICE AREA**

The Initial Service Area and the Extended Service Area are shown on the map attached hereto.



**EXHIBIT B**

**COUNTY BUILDINGS TO BE PROVIDED FREE CABLE SERVICE**

The provision of Cable Service to any County Buildings located in the Town of La Plata or the Town of Indian Head are subject to Franchisee first obtaining a cable franchise for such towns.

<b>Facility</b>	<b>Address</b>		<b>State</b>	<b>Zip</b>
Nanjemoy Fire Department	4260 Tobacco Rd.	Nanjemoy	MD	20662
Ironsides VRS Co. 58	6120 Port Tobacco Rd.	La Plata	MD	20646
Charles County Government Nanjemoy Community Center	4370 Port Tobacco Road	Nanjemoy	MD	20662
Nanjemoy EMS Tower Site	4375 Port Tobacco Road	Nanjemoy	MD	20662
Indian Head Tower Site	3767 Strauss Avenue	Indian Head	MD	20640
Pisgah Recycling Center & Pisgah Tower	6645 Mason Springs Road	Pisgah	MD	20640
Friendship Landing Park and Boat Slip	Friendship Farm Park, Friendship Landing Road	Nanjemoy	MD	20662
Southern Maryland Criminal Justice Academy	7682 Academy Place	Doncaster	MD	
Mt. Hope/Nanjemoy Elementary School	9275 Ironsides Road	Nanjemoy	MD	20662
Nanjemoy Creek Environmental Education Center	5300 Turkey Tayac Place	Nanjemoy	MD	20662
Indian Head Senior Center	100 Cornwallis Square	Indian Head	MD	
Capitol Clubhouse	3033 Waldorf Market Place	Waldorf	MD	20603
Charles County Landfill	12305 Billingsley Road	Waldorf	MD	
Charles County Landfill Tower Site	12305 Billingsley Road	Waldorf	MD	
Waldorf Tower Site	3470 Rockefeller Ct.	Waldorf	MD	
White Plains Regional Golf Course & Skate Park	4910 St. Charles Pkwy.	White Plains	MD	20695

Charles County Blue Crab Stadium Complex	11765 St. Linus Drive	Waldorf	MD	20602
Hughesville Fire & EMS Co. 2	15245 Prince Frederick Road 18210 Hyatt Avenue	Hughesville	MD	20637
Benedict VFD Co. 5		Benedict	MD	
Dentsville EMS Co. 15	12135 Charles Street	La Plata	MD	20646
Gilbert Run Park	13140 Charles Street	Charlotte Hall	MD	20622
Gilbert Run Park Tower	13140 Charles Street	Charlotte Hall	MD	20622
Charles County Animal Shelter	6707 Animal Shelter Road	Hughesville	MD	20637
Animal Shelter Tower	6707 Animal Shelter Road	Hughesville	MD	20637
CCSO Office SMECO	15045 Burnt Store Road	Hughesville	MD	
New Charles County Court House	200 Baltimore Street	La Plata	MD	20646
Cobb Island VFD & EMS Co. 6	13290 Main Avenue	Cobb Island	MD	20640
Glasva Tower	11000 Crain Highway	Glasva	MD	
Dr. Higdon Elementary School	12872 Rock Point Road	Newburg	MD	20664
Piccowaxen Middle School	12872 Rock Point Road	Newburg	MD	20664

## EXHIBIT C

### LINE EXTENSION POLICY

Where potential Subscribers reside in an area of a Service Area with a dwelling density that does not meet the prescribed minimum density requirements set out in Section 3.2 of the Agreement (“Low Density Area”), Franchisee shall extend service to such potential Subscribers in the Low Density Area under the following conditions:

(i) The potential Subscribers agree to pay a one-time up-front charge equivalent to a percentage of Franchisee’s cost of extending the System in order to deliver Cable Service to such Subscribers. Franchisee’s one-time charge will include all costs required to extend the System, including, but not limited to, total construction, engineering, design, capital and administrative costs (“Extension Costs”). The percentage shall be determined by the following formula: The percentage by which the actual number of homes per mile on the extension falls short of the required number of homes per mile specified in Section 3.2 is the percentage of the total construction costs that must be borne by the Subscriber. Thus, for example, in Term years 9 through 15 (regardless of the Service Area), to reach a requesting Subscriber requires an extension of two miles. That extension contains nine homes. Because the proposed extension would contain only 30% of the total number of homes specified in Section 3.2 for required service of (15 homes per mile or 30 homes over two miles), the Subscriber, with any other affected Subscribers who wish to contribute, must pay the remaining 70% of the cost; or

(ii) Potential Subscribers representing  $\frac{1}{2}$  of the density requirement, that is, 15 residents in the earlier period (years 1-5 for the Initial Service Area or years 1-8 for the Extended and Additional Service Areas) or 8 residents in the later period (years 6-15 for the Initial Service Area or years 9-15 for the Extended and additional Service Areas) per proposed cable plant mile as measured in strand footage from the nearest technically feasible point on the active trunk or feeder line, sign agreements to subscribe to Franchisee’s Cable Services for 24 months.

#### 1. Criteria for Extensions

The following criteria apply if a potential Subscriber or group of Subscribers residing in the same area request an extension of Franchisee’s network and/or facilities to a Low Density Area so that they may subscribe to Franchisee Cable Services:

- a. The potential Subscriber (or collective group of potential Subscribers) must reside in an area where the planned video serving office has already been constructed and the buildout in the area has been completed or the time for the buildout has expired. This provision may be waived at Franchisee’s sole discretion, if it should complete its buildout sooner than the Agreement allows;
- b. The potential Subscriber or group of Subscribers agrees to pay the one-time up-front charge for the Extension Costs. Franchisee will promptly provide the



estimate of the Extension Costs for the line extension to the potential Subscriber (or the pro-rata cost estimate to each member of a group of potential Subscribers). Franchisee may require each potential Subscriber requesting service to execute an agreement reasonably reflecting such party's responsibility for the Extension Costs;

- c. If sufficient payments are made to cover Franchisee's Extension Costs and all necessary agreements are returned to Franchisee, then Franchisee will proceed to construct the extension and such extension shall become a part of Franchisee's Service Area in which the density requirement has been satisfied for the provision of Cable Service; and
- d. Notwithstanding the above requirements, Franchisee may deny extension requests where significant technical or legal limitations on Franchisee's ability to satisfy the request make a line extension impracticable or unreasonably expensive. Prior to denying an extension request, Franchisee shall advise the LFA and provide to the LFA an explanation of the basis for its determination that the proposed extension is impracticable or unreasonably expensive.

## **2. Ownership of Facilities**

Franchisee shall own and maintain any and all facilities added, constructed or extended as a result of a request for construction pursuant to this line extension policy.

**EXHIBIT D**

**PEG ACCESS INTERCONNECTION SITE**

Charles County Administration Building  
200 Baltimore Street  
La Plata, MD 20646

EXHIBIT E  
CUSTOMER SERVICE STANDARDS

These standards shall apply to the Franchisee to the extent it is providing Cable Services over the Cable System in the Franchise Area and shall be in lieu of the customer service standards contained in the Cable Law.

**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 twenty-five (225) feet of trunk or feeder lines.

**SECTION 2: TELEPHONE AVAILABILITY**

- A. The Franchisee shall maintain a toll-free number available twenty-four (24) hours a day, seven (7) days a week, to receive all calls and inquiries from Subscribers in the Franchise Area and/or residents regarding Cable Service as follows. 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 calls and 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. Franchisee shall provide in the first tier menu an option which allows any Subscriber at any time to bypass the first tier menu or leave the queue and speak directly with a customer service 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. If a call is answered by an automated attendant, transfers to customer service representatives shall be completed within thirty (30) seconds from the time that the option is selected by the caller. 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.

F. Commencing with the first calendar quarter or portion thereof ending after six (6) months from the Service Date, upon request from the LFA, but in no event more than once a quarter thirty (30) days following the end of each quarter, the Franchisee shall report to the LFA the following for all call centers receiving calls from Subscribers except for temporary telephone numbers set up for national promotions:

- (1) Percentage of calls answered within thirty (30) seconds as set forth in Subsection 2.D.
- (2) Percentage of time customers received busy signal when calling the Verizon service center as set forth in Subsection 2.E.

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

G. At the Franchisee's option, the measurements and reporting above may be changed from calendar quarters to billing or accounting quarters, accounting for all months requiring reporting. The Franchisee shall notify the LFA of such a change at least thirty (30) days in advance of any implementation.

### **SECTION 3: INSTALLATIONS AND SERVICE APPOINTMENTS**

A. All installations will be in accordance with FCC rules, including but not limited to, appropriate grounding, connection of equipment to ensure reception of Cable Service, and the provision of required consumer information and literature to adequately inform the Subscriber in the utilization of 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 cases in which the customer requested that the connection be made 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. If the ONT is not present, the Standard Installation shall be performed within fourteen (14) business days after an order is placed. For other than a Standard Installation, Franchisee shall provide the customer in advance with a total installation cost estimate and an estimated date of completion.

C. Commencing with the first calendar quarter or portion thereof ending after six (6) months from the Service Date, the Franchisee shall provide the LFA with a report upon request from the LFA, but in no event more than once a quarter thirty (30) days following the end of each quarter, noting the percentage of Standard Installations completed within the seven (7) day period, excluding those requested outside of the seven (7) day period by the Subscriber. Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request.

At the Franchisee's option, the measurements and reporting of above may be changed from calendar quarters to billing or accounting quarters, accounting for all months requiring reporting. The Franchisee shall notify the LFA of such a change not less than thirty (30) days in advance.

D. 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.

E. Franchisee may not cancel an appointment with a Subscriber after the close of business on the business day preceding the appointment. If Franchisee's representative is running late for an appointment with a Subscriber and is not able to keep the appointment as scheduled, the Subscriber will be contacted, and the appointment rescheduled as necessary, at a time which is convenient for the Subscriber.

F. With regard to mobility-limited Subscribers, upon Subscriber request, Franchisee shall arrange for pickup and/or replacement of converters or other Franchisee equipment at the Subscriber's address or by a satisfactory equivalent (such as provision of a postage-prepaid mailer).

G. Franchisee shall use due care in the process of installation and shall restore the Subscriber's property to its prior condition. Such restoration shall be undertaken and completed as soon as reasonably possible after the damage is incurred.

#### **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 scheduled 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 shall do the following:

- (1) Begin working on a Service Interruption in the Service Area within twenty-four (24) hours, including weekends, of receiving a subscriber call.
- (2) Begin actions to correct all other Cable Service problems the next business day after notification by the Subscriber or the LFA of any other 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. Commencing with the first calendar quarter or portion thereof ending after six (6) months from the Service Date, the Franchisee shall provide the LFA with a report upon request from the LFA, but in no event more than once a quarter within thirty (30) days following the end of each calendar quarter, noting the percentage of Service Calls completed within the seventy-two (72) hour period not including Service Calls where the Subscriber was reasonably unavailable for a Service Call within the seventy-two (72) hour period as set forth in this Section. Subject to consumer privacy requirements, underlying activity will be made available to the LFA for review upon reasonable request. At the Franchisee's option, the above measurements and reporting may be changed from calendar quarters to billing or accounting quarters, accounting for all months requiring reporting. The Franchisee shall notify the LFA of such a change at least thirty (30) days in advance.

H. 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.

I. 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. Such credit shall be reflected on Subscriber billing statements within the next available billing cycle following the outage.

J. With respect to service issues concerning cable services provided to LFA facilities, Franchisee shall Respond to all inquiries from the LFA within four (4) hours and shall commence necessary repairs within twenty-four (24) hours under Normal Operating Conditions. If such repairs cannot be completed within twenty-four (24) hours, the Franchisee shall notify the LFA in writing as to the reason(s) for the delay and provide an estimated time of repair.

#### **SECTION 5: CUSTOMER COMPLAINTS AND INQUIRIES**

A. 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.

B. Under Normal Operating Conditions, billing inquiries and requests for service, repair and maintenance not involving service interruptions must be acknowledged by a customer service representative prior to the end of the next business day. Franchisee shall respond to all other inquiries within five (5) business days of the inquiry or complaint.

#### **SECTION 6: BILLING**

A. Subscriber bills must be itemized to describe Cable Services purchased by Subscribers and related equipment charges. Bills shall be clear, concise and understandable, with full itemization of services and 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 consistent with federal law. 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. No charge may be made for any Cable Service or Cable Service-related product that the Subscriber has not affirmatively indicated it wishes to receive. Payment of the regular monthly bill does not in and of itself constitute such an affirmative indication.

G. The Franchisee shall provide a telephone number and address on the bill for Subscribers to contact the Franchisee. The LFA hereby requests that Franchisee include the LFA's name and its address and telephone number on Subscriber bills.

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

I. 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.

## **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 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. Franchisee may terminate a Subscriber's service if the subscriber fails to pay his bill within forty-five (45) days after the franchisee mails the applicable bill to the Subscriber if the Franchisee has provided appropriate notice to the Subscriber, pursuant to 9.B below.

B. 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. Franchisee shall use reasonable efforts to collect on delinquent Subscriber accounts before terminating service. In all cases, the Franchisee shall provide the customer with at least ten (10) working days written notice prior to disconnections.

C. 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.

D. A Subscriber may at any time request a disconnection of service. Franchisee shall disconnect service at no charge to the Subscriber, except that the Subscriber may be obligated to pay an outstanding account balance and any applicable termination or equipment charges.

E. For billing purposes only, Franchisee shall consider a disconnection to be effective no later than the next business day after Franchisee receives the Subscriber's request to discontinue service or at a later date specified by the Subscriber for the disconnection of services. However, Franchisee may impose appropriate charges or penalties if a Subscriber fails to (i) return equipment consistent with Franchisee's policies and procedures, or (ii) pay any outstanding balance and any applicable termination charges.

F. Franchisee shall complete all disconnections requested by Subscribers within ten (10) days of the Subscriber's request, unless the Subscriber requests a later date for disconnection.

G. Upon Subscriber requests, Franchisee will pick up equipment at Subscribers' premises. Franchisee may impose a charge for such pick up.

H. 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. All promotional materials advertising Cable Services to Subscribers and the general public shall be accurate and not misleading. Franchisee shall clearly and accurately disclose to Subscribers prices and terms for all services, including the prices of pay-per-view and pay-per-event programming before an order is accepted.

J. 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.

K. Franchisee's obligation under Section 9(c)(1) of the Cable Law shall be satisfied by Franchisee establishing a conveniently located customer service center in Charles County when Franchisee attains a minimum of fifteen thousand (15,000) Subscribers in the Franchise Area. Prior to attaining this level of Subscribers, Franchisee shall provide convenient alternative means for (i) bill payment, and (ii) the pick up or drop off of equipment by any one or more of (a) having a Franchisee representative go to the Subscriber's premises, (b) using a pre-paid mailer, or (c) establishing a location(s) in Charles County for the pick up and drop off equipment.

## EXHIBIT F

### SAMPLE NON-DISCLOSURE AGREEMENT

THIS NON-DISCLOSURE AGREEMENT ("Agreement") is entered into by and between Verizon Maryland Inc., a corporation duly organized under the applicable laws of the State of Maryland ("Verizon") and \_\_\_\_\_, having a place of business in \_\_\_\_\_ ("Consultant").

WHEREAS, on or about \_\_\_\_\_, Charles County, Maryland, a duly organized County under the applicable laws of the State of Maryland, ("County") granted a cable franchise (the "Franchise Agreement") to Verizon Maryland Inc.; and

WHEREAS, Section 4.1 of the Franchise Agreement requires Verizon to perform certain tests necessary to demonstrate compliance with the requirements of the Franchise Agreement; and

WHEREAS, Subsection 4.1.2 of the Franchise Agreement provides that the County shall have the right to employ independent consultants to witness and review tests required under Section 4.1 of the Franchise Agreement pending the execution by such consultants of a non-disclosure agreement; and

WHEREAS, the County has contracted with the Consultant as an independent contractor to witness and review the required tests on behalf of the County (the "Consultancy").

NOW THEREFORE, considering these premises, Verizon and the Consultant agree as follows:

(1) For purposes of this Agreement, "Confidential Information" shall mean any and all non-public information, network designs and equipment, documents, data, correspondence, studies or other records or materials (including all information contained therein) which have been or will be provided, produced or made available to the Consultant by Verizon and its affiliates in connection with, or as the result of, the Consultant's access to Verizon property or otherwise and are reasonably deemed by Verizon to be proprietary or confidential in nature and are designated as "confidential" or "proprietary" by Verizon pursuant to this Agreement, including, but not limited to, documents and records identified by, and protected from disclosure under applicable Maryland law. Documents which Verizon wishes to designate as "confidential" or "proprietary" shall be clearly so marked in such manner that the written matter is not obliterated or obscured.

(2) Access to Confidential Information shall be limited to those individual representatives of the Consultant who are directly involved in the Consultancy and who have executed this Confidentiality Agreement ("Consultant's Staff"), and the Consultant assumes responsibility for compliance with the terms of this Confidentiality Agreement by its respective employees.

(3) The Consultant and the Consultant's Staff that are signatories hereto agree not to disclose, publish, or disseminate to the public or to any individual not a signatory hereto (including, but not limited to, the United States government or any agency or department thereof) any Confidential Information (including notes taken therefrom), except as otherwise provided herein. The Consultant and the Consultant's Staff further agree to use any or all of the

Confidential Information obtained hereunder only for purposes of the Consultancy. Notwithstanding anything else in this Confidentiality Agreement, Verizon understands that the Consultant must report the results of its findings, which may in part be based on review of Confidential Information, to the County. Consequently, Verizon understands that the Consultant may make reports to the County that will summarize its review of Verizon's Confidential Information and which will be presented in aggregate fashion, without disclosing the specifics of such information, and agrees that the presentation of aggregate non-specific information in this fashion does not violate the terms of this Agreement.

(4) Notwithstanding any other provision of this Agreement, the Consultant may refer to Confidential Information in any report or materials prepared by the Consultant for the County, provided that any such report or materials shall disclose such information only to the extent necessary to convey essential information. If the Consultant intends to disclose or include Confidential Information concerning specific network elements, designs or equipment, or any components thereof, in any such report or materials, the Consultant shall give Verizon at least fifteen (15) calendar days notice of such intent and provide specific identification of the network elements, designs or equipment to be disclosed or included. Upon receipt of notice, Verizon shall provide the following documentation to the Consultant and the County: (i) statement attesting to the reason(s) Verizon believes the information is confidential; and (ii) statement that the information is available for review by the County at a County-designated location. The Consultant shall thereafter redact all disclosures or inclusions of such Confidential Information in any report or materials prepared by the Consultant for the County.

(5) Notwithstanding any other provision of this Agreement, this Agreement shall not apply to Confidential Information that:

- was previously known to the Consultant or Consultant's Staff without obligation of confidentiality;
- is obtained by the Consultant or Consultant's Staff after the date hereof from a third party that is lawfully in possession of such information and is not in violation of any contractual or legal obligation to Verizon or any third party with respect to such information;
- is or becomes public through no fault of the Consultant or Consultant's Staff;
- is ordered to be disclosed by administrative or judicial action, provided that the Consultant, immediately after notice of such request for disclosure, notifies Verizon of such request to give Verizon sufficient time to seek a protective order or utilize other remedies to protect the Confidential Information; or,
- the Consultant is legally required to disclose; or
- is approved for disclosure and release by written authorization by Verizon.

(6) The Consultant shall give Verizon at least fifteen (15) business days notice of its desire to disclose, in the course of any judicial or administrative proceeding resulting from the

Consultancy, any Confidential Information, including but not limited to any proffer of evidence. If any such disclosure is planned, the Consultant and Verizon shall meet for purposes of attempting, in good faith, to establish procedures that will accommodate the needs of the Consultant while at the same time ensuring the nondisclosure of Confidential Information other than to the extent necessary for purposes of the relevant proceeding. In the event of a failure to agree, the Consultant and Verizon will submit the issue of appropriate protection from disclosure to the appropriate court or administrative tribunal.

(7) Nothing in this Confidentiality Agreement shall limit Verizon's right to seek greater protection for particular Confidential Information from a court of competent jurisdiction, including the right to seek to preclude access altogether. Nor shall anything in this Confidentiality Agreement limit or restrict Verizon's right to challenge the admissibility or use of any document or information in any administrative or judicial proceeding resulting from the Consultancy on any legitimate ground.

(8) This Confidentiality Agreement shall become effective as of the earliest date on which the parties hereto execute this Confidentiality Agreement and shall, unless the parties hereto agree in writing to an earlier termination date, continue for a period of five (5) years. Once the Consultancy is completed, either party may terminate this Confidentiality Agreement upon ten (10) days written notice to the other party. However, Verizon may terminate the Confidentiality Agreement for the Consultant's or the Consultant's Staff's failure to comply with the terms and conditions of the Confidentiality Agreement, subject to the following steps:

- Verizon shall provide notice to the Consultant, with copy of such notice also provided by Verizon to the County, of its intent to terminate the Confidentiality Agreement and indicate the reason or reasons for such termination;
- The Consultancy shall be paused and the Consultant shall have reasonable opportunity to assure Verizon, to Verizon's reasonable satisfaction, that it is conducting the Consultancy in compliance with the terms and conditions of the Confidentiality Agreement; and,
- Should Verizon then determine that the Consultant or Consultant's Staff cannot, will not, or is not complying with the terms and conditions of the Confidentiality Agreement, Verizon may then, following consultation with the County, terminate the Confidentiality Agreement.

All obligations regarding use and disclosure of Confidential Information shall survive and continue in effect following any termination, cancellation or expiration of this Confidentiality Agreement. Upon expiration or termination of this Agreement, the Consultant and Consultant's Staff shall, as may be requested by Verizon, destroy or return to Verizon all Confidential Information.

(9) Nothing in this Confidentiality Agreement shall limit Verizon's right to deny access to certain properties or business records on the basis that the information sought is not reasonably related to the subject of the Consultancy, is subject to the attorney-client privilege, or constitutes attorney work product. Nor shall anything in this Confidentiality Agreement be construed to limit or restrict Verizon's right to challenge the admissibility or use of any of its

business records in any administrative or judicial proceeding resulting from the Consultancy on any legitimate ground, including but not limited to competence, relevance, materiality, or privilege.

(10) All notices or other communications required or permitted to be made or given hereunder shall be in writing and shall be mailed or delivered to the below addresses or at such other address as may be specified by the parties in writing:

For Verizon:

Mr. John Raposa  
Senior Vice President and General Counsel - Telecom  
Verizon  
One Verizon Way  
VC44E232  
Basking Ridge, NJ 07920  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

For Consultant:

Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Company: \_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_

(11) The individuals executing this Agreement for and on behalf of the parties hereto represent that they are fully authorized and empowered to do so for and on behalf of their respective principals.

(12) This Agreement shall be governed and construed in accordance with the laws of the State of Maryland.

Executed on the respective dates set forth below:



**VERIZON**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**CONSULTANT**

\_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_