

**CABLE TELEVISION
FINAL LICENSE**

**GRANTED TO
VERIZON NEW ENGLAND, INC.**

**BOARD OF SELECTMEN
TOWN OF SWAMPSCOTT,
MASSACHUSETTS**

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THIS CABLE LICENSE AGREEMENT (this "License" or "Agreement") is entered into by and between the Board of Selectmen of the Town of Swampscott, as Issuing Authority for the grant of the cable television license pursuant to the Massachusetts Cable Law, and Verizon New England, Inc., a corporation duly organized under the applicable laws of the State of New York (the "Licensee").

WHEREAS, the Issuing Authority wishes to grant Licensee a nonexclusive License to construct, install, maintain, extend and operate a cable communications system in the Town as designated in this License;

WHEREAS, the Issuing Authority is a "franchising authority" in accordance with Title VI (as hereinafter defined) (see 47 U.S.C. § 522(10)) and is authorized to grant one or more nonexclusive cable licenses pursuant to the Massachusetts Cable Law;

WHEREAS, Licensee is in the process of upgrading its existing Telecommunications Facilities through the installation of a Fiber to the Premise Telecommunications Network ("FTTP Network") in the Town which transmits Non-Cable Services pursuant to authority granted by M.G.L. c. 166 and Title II, which Non-Cable Services are not subject to the Massachusetts Cable Law or Title VI;

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

WHEREAS, Licensee submitted an application dated February 8, 2006, on Cable Division Form 100 for a license to operate and maintain a Cable System in the Town;

WHEREAS, pursuant to 207 CMR 3.03(3), the Issuing Authority released an Issuing Authority Report dated July 20, 2006, and Licensee submitted an amended application dated July 28, 2006;

WHEREAS, pursuant to 207 CMR 3.03(4), the Issuing Authority held a public hearing to assess the qualifications of Licensee, and has found Licensee to be financially, technically and legally qualified to operate the Cable System;

WHEREAS, the Issuing Authority has determined that, in accordance with the provisions of the Massachusetts Cable Law, the grant of a nonexclusive License to Licensee is consistent with the public interest; and

WHEREAS, the Issuing Authority and Licensee 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 Issuing Authority's grant of a License to Licensee, Licensee's promise to provide Cable Service to residents of the Town pursuant to the terms and conditions set forth herein, and for other good and valuable consideration, the receipt and the adequacy of which are hereby acknowledged,

THE SIGNATORIES DO HEREBY AGREE AS FOLLOWS:

1. **DEFINITIONS**

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

1.1. *Access Channel*: A video Channel, which Licensee shall make available to the Town without charge for non-commercial public, educational, or governmental use for the transmission of Video Programming as directed by the Town.

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

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

1.4. *Cable Division*: The Cable Television Division of the Massachusetts Department of Telecommunications and Energy.

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

1.6. *Cable System* or *System*: Shall be defined herein as it is defined under Section 602 of the Communications Act, 47 U.S.C. § 522(7), meaning Licensee'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 Town. The Cable System shall be limited to the optical spectrum wavelength(s), bandwidth or future technological capacity that is used for the transmission of Cable Services directly to Subscribers within the Town and shall not include the tangible Telecommunications Facilities of Licensee subject in whole or in part to Title II or of an Information Services provider.

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

1.8. *CMR*: The Code of Massachusetts Regulations.

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 Licensee's affairs.

1.11. *Educational Access Channel*: An Access Channel available for the use of the local public schools in the Town.

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

1.13. *Force Majeure*: An event or events reasonably beyond the ability of Licensee 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, riots, act of public enemy, actions or inactions of any government instrumentality or public utility including condemnation, accidents for which the Licensee is not primarily responsible, fire, flood, or other acts of God, or work delays caused by waiting for utility providers to service or monitor utility poles to which Licensee's FTTP Network is attached, and unavailability of materials and/or qualified labor to perform the work necessary.

1.14. *FTTP Network*: Shall have the meaning set forth in the recitals of this Agreement.

1.15. *Government Access Channel*: An Access Channel available for use of the Issuing Authority.

1.16. *Gross Revenue*: All revenue, as determined in accordance with generally accepted accounting principles, which is derived by Licensee from the operation of the Cable System to provide Cable Service in the Town, provided, however, that Gross Revenue shall not include:

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

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

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

1.16.4. Any revenues classified, in whole or in part, as Non-Cable Services revenue under federal or state law including, without limitation, revenue received from Telecommunications Services; revenue received from Information Services, including, without limitation, Internet Access Service, electronic mail service, electronic bulletin board service, or similar online computer services; charges made to the public for commercial or cable television that is used for two-way communication; and any other revenues attributed by Licensee to Non-Cable Services in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders;

1.16.5. Any revenue of Licensee or any other Person which is received directly from the sale of merchandise through any Cable Service distributed over the Cable System, notwithstanding that portion of such revenue which represents or can be attributed to a

Subscriber fee or a payment for the use of the Cable System for the sale of such merchandise, which portion shall be included in Gross Revenue;

1.16.6. The sale of Cable Services on the Cable System for resale in which the purchaser is required to collect cable license fees from purchaser's customer;

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

1.16.8. Any tax of general applicability imposed upon Licensee or upon Subscribers by a Town, state, federal or any other governmental entity and required to be collected by Licensee 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 license fees);

1.16.9. Any foregone revenue which Licensee chooses not to receive in exchange for its provision of free or reduced cost cable or other communications services to any Person, including without limitation, employees of Licensee and public institutions or other institutions designated in this License; provided, however, that such foregone revenue which Licensee chooses not to receive in exchange for trades, barter, services or other items of value shall be included in Gross Revenue;

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

1.16.11. Program launch fees;

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

1.16.13. Any fees or charges collected from Subscribers or other third parties for the License Fee, PEG Grant, and PEG Access Support.

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

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

1.19. *Issuing Authority:* The Board of Selectmen of the Town of Swampscott.

1.20. *License Fee:* The payments to be made by the Licensee to the Town, which shall have the meaning as set forth in Section 9 of the Massachusetts Cable Law.

1.21. *Licensee:* Verizon New England, Inc., and its lawful and permitted successors, assigns and transferees.

1.22. *Massachusetts Cable Law*: Chapter 166A of the General Laws of the Commonwealth of Massachusetts.

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

1.24. *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.

1.25. *Normal Operating Conditions*: Those service conditions which are within the control of the Licensee. Those conditions which are not within the control of the Licensee 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 the Licensee 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).

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

1.27. *PEG Channel*: Shall have the meaning set forth in Section 6.1.1 of this Agreement.

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 the use by the residents in the Town.

1.30. *Public Rights-of-Way*: The surface and the area across, in, over, along, upon and below the surface of the public streets, roads, bridges, sidewalks, lanes, courts, ways, alleys, and boulevards, including, public utility easements and public lands and waterways used as Public Rights-of-Way, as the same now or may thereafter exist, which are under the jurisdiction or control of the Town. Public Rights-of-Way do not include the airwaves above a right-of-way with regard to cellular or other nonwire communications or broadcast services.

1.31. *Service Area*: The geographic boundaries of the Town as outlined in Exhibit A.

1.32. *Service Date*: The date that the Licensee first provides Cable Service on a commercial basis directly to multiple Subscribers in the Town. The Licensee shall memorialize the Service Date by notifying the Issuing Authority in writing of the same, which notification shall become a part of this License.

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 Licensee's express permission.

1.35. *Telecommunications Facilities*: Licensee's existing Telecommunications Services and Information Services facilities, including the FTTP Network.

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. *Town*: The Town of Swampscott.

1.40. *Transfer of the License*:

1.40.1. Any transaction in which:

1.43.1.1 an ownership or other interest in Licensee is transferred, directly or indirectly, from one Person or group of Persons to another Person or group of Persons, so that Control of Licensee is transferred; or

1.43.1.2 the rights held by Licensee under this License are transferred or assigned to another Person or group of Persons.

1.40.2. However, notwithstanding Sections 1.43.1.1 and 1.43.1.2 above, a Transfer of this License shall not include transfer of an ownership or other interest in Licensee to the parent of Licensee or to another Affiliate of Licensee; transfer of an interest in this License or the rights held by the Licensee under the License to the parent of Licensee or to another Affiliate of Licensee; any action which is the result of a merger of the parent of the Licensee; or any action which is the result of a merger of another Affiliate of the Licensee.

1.41. *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 Massachusetts Cable Law, the Issuing Authority hereby grants the Licensee the right to own, operate and maintain a Cable System along the Public Rights-of-Way within the Town, in order to provide Cable Service. No privilege or power of eminent domain is bestowed by this grant; nor is such a privilege or power bestowed by this Agreement.

2.2. *Issuing Authority Does Not Regulate Telecommunications*: The Issuing Authority's regulatory authority under Title VI does not extend to the construction, installation, maintenance or operation of the FTTP Network to the extent the FTTP Network is constructed,

installed, maintained or operated for the purpose of upgrading and/or extending Verizon's existing Telecommunications Facilities for the provision of Non-Cable Services.

2.3. *Term:* This License shall become effective on November 20, 2006 (the "Effective Date"). The term of this License shall be fifteen (15) years from the Effective Date unless this License is earlier revoked or terminated as provided herein, or surrendered. If, subsequent to the Effective Date, there is a change in federal law or state law that eliminates the authority of local governments to require and grant cable television franchises for the provision of Cable Service, then to the extent permitted by law this License shall survive such legislation and remain in effect for the term of this License.

2.4. *Grant Not Exclusive:* This License and the rights granted herein to use and occupy the Public Rights-of-Way to provide Cable Services shall not be exclusive, and the Issuing Authority reserves the right to grant other licenses for similar uses or for other uses of the Public Rights-of-Way, or any portions thereof, to any Person, or to make any such use themselves, at any time during the term of this License. Any such rights which are granted shall not adversely impact the authority as granted under this License and shall not interfere with the existing facilities of the Cable System or the FTTP Network.

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

2.6. *No Waiver:*

2.6.1. The failure of the Town on one or more occasions to exercise a right or to require compliance or performance under this License, the Massachusetts 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 Town, nor to excuse Licensee from complying or performing, unless such right or such compliance or performance has been specifically waived in writing.

2.6.2. The failure of the Licensee on one or more occasions to exercise a right under this License or applicable law, or to require performance under this License, shall not be deemed to constitute a waiver of such right or of performance of this Agreement, nor shall it excuse the Town 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 License shall be liberally construed to effectuate their objectives.

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

2.7.3. Should any change to state law have the lawful effect of materially altering the terms and conditions of this License, then the parties shall modify this License to the

mutual satisfaction of both parties to ameliorate the negative effects on the Licensee of the material alteration. If the parties cannot reach agreement on the above-referenced modification to this License, then Licensee may terminate this Agreement without further obligation to the Town or, at Licensee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

2.8. *Police Powers:* Nothing in this License shall be construed to prohibit the reasonable, necessary and lawful exercise of the Town's police powers. However, if the reasonable, necessary and lawful exercise of the Town's police power results in any material alteration of the terms and conditions of this License, then the parties shall modify this License to the mutual satisfaction of both parties to ameliorate the negative effects on the Licensee of the material alteration. If the parties cannot reach agreement on the above-referenced modification to this License, then Licensee may terminate this Agreement without further obligation to the Town or, at Licensee's option, the parties agree to submit the matter to binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association.

3. PROVISION OF CABLE SERVICE

3.1. *Service Area:*

3.1.1. *Service Area:* Licensee shall offer Cable Service to significant numbers of Subscribers in residential areas of the Service Area, and may make Cable Service available to businesses in the Service Area, within twelve (12) months of the Service Date, and shall offer Cable Service to all residential areas of the Service Area within five (5) years of the Service Date, except: (A) for periods of Force Majeure; (B) for periods of delay caused by the Town; (C) for periods of delay resulting from Licensee's inability to obtain authority to access rights-of-way in the Service Area; (D) in areas where developments or buildings are subject to claimed exclusive arrangements with other providers; (E) in areas, developments or buildings where Licensee cannot access under reasonable terms and conditions after good faith negotiation, as determined by Licensee; and (F) in areas, developments or buildings where Licensee is unable to provide Cable Service for technical reasons or which require non-standard facilities which are not available on a commercially reasonable basis; and (G) in areas where the occupied residential household density does not meet the density requirements set forth in Section 3.1.2.

3.1.2. *Density Requirement:* Licensee shall make Cable Services available to residential dwelling units in all areas of the Service Area where the average density is equal to or greater than thirty (30) occupied residential dwelling units per mile as measured in strand footage from the nearest technically feasible point on the active FTTP Network trunk or feeder line. Should, through new construction, an area within the Service Area meet the density requirements after the time stated for providing Cable Service as set forth in Section 3.1.1, Licensee shall provide Cable Service to such area within six (6) months of receiving notice from the Issuing Authority that the density requirements have been met.

3.1.3. *Additional Service Area:* Except for the Service Area, Licensee shall not be required to extend its Cable System or to provide Cable Services to any other areas

within the Town during the term of this License or any renewals thereof. If licensee desires to add additional service areas within the Town, Licensee shall notify the Issuing Authority in writing of such additional service area at least ten (10) days prior to providing Cable Service in such areas.

3.2. *Availability of Cable Service:* Licensee shall make Cable Service available to all residential dwelling units, and may make Cable Service available to businesses, within the Service Area in conformance with Section 3.1 and Licensee shall not discriminate between or among any individuals in the availability of Cable Service. In the areas in which Licensee shall provide Cable Service, Licensee shall be required to connect, at Licensee's expense, all residential dwelling units that are within one hundred twenty five (125) feet of trunk or feeder lines not otherwise already served by Licensee's FTTP Network. Licensee shall be allowed to recover, from a Subscriber that requests such connection, actual costs incurred for residential dwelling unit connections that exceed one hundred twenty five (125) feet and actual costs incurred to connect any non-residential dwelling unit Subscriber.

3.3. *Cable Service to Public Buildings:* Subject to Section 3.1, Licensee shall provide, without charge within the Service Area, one service outlet activated for Basic Service to each public school, police and fire station, public library, and other public buildings as are designated by the Issuing Authority pursuant to Section 5(e) of the Massachusetts Cable Law, as well as one service outlet activated for the most commonly subscribed to digital tier to the police station and to two offices within the Town Hall at the discretion of the Town, including a set top box for each of the three digital service outlets. The parties recognize that the mostly commonly subscribed to digital tier only pertains to the flat rate digital tier offered by Licensee and does not include any pay per view services or similar services; and, the Town recognizes that equipment provided by Licensee shall be replaced at retail rates if lost, stolen or damaged.. Each such written designation for Basic Service shall include the street address of each building. The current designation of public buildings and their street addresses are set forth in Exhibit B. Licensee shall be permitted to recover, from any school or other public building owner entitled to free service, the direct cost of installing, when requested to do so, more than one outlet, or concealed inside wiring, or a service outlet requiring more than one hundred twenty five (125) feet of drop cable; provided, however, that Licensee shall not charge for the provision of Basic Service to the additional service outlets once installed.

4. SYSTEM OPERATION

The parties recognize that the FTTP Network is being constructed and will be operated and maintained as an upgrade to and/or an extension of Licensee's existing Telecommunications Facilities under Title II and M.G.L. c. 166. The jurisdiction of the Town over such Telecommunications Facilities is restricted by federal and state law, and the Town does not and will not assert jurisdiction over Licensee's FTTP Network, in contravention of those limitations.

5. SYSTEM FACILITIES

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

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

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

5.2. *Interconnection:* The Licensee shall design its Cable System so that it may be interconnected with other cable systems in the Town. Interconnection of systems may be made by direct cable connection, microwave link, satellite, or other appropriate methods.

5.3. *Emergency Alert System:* Licensee shall comply with the Emergency Alert System ("EAS") requirements of the FCC in order that emergency messages may be distributed over the System.

6. PEG SERVICES AND SUPPORT

6.1. *PEG Set Aside; Interconnection:*

6.1.1. In order to ensure universal availability of PEG programming, Licensee shall provide capacity on its Basic Service tier for two (2) Channels for Public Access, Educational Access and Government Access (collectively, "PEG Channels").

6.1.2. In addition to the two (2) PEG Channels referenced in Section 6.1.1 above, Subscribers in the Town will have the capability of viewing a third PEG Channel with programming from Lynn, Massachusetts. However, in the event that the Town of Lynn determines that programming on said third PEG Channel shall be solely for the benefit of Lynn subscribers or the Issuing Authority decides that it intends to have a third PEG Channel for the Town's use, the Issuing Authority shall then have the right to request a third PEG Channel for Swampscott use, as follows:

6.1.2.1. In order to obtain said third PEG Channel, the Issuing Authority shall write to the Licensee, stating that the two (2) existing PEG Channels are being programmed with non-duplicated, locally produced programming during available cablecast hours for the previous three (3) months and that there is a need for a third PEG Channel in order to provide additional programming for the benefit of Swampscott Subscribers during available cablecast hours and shall provide a log of such programming. In its letter to the Licensee, the Issuing Authority shall state, in good faith, that such third PEG Channel i) will be substantially programmed with non-duplicated, locally produced non-character generated programming and (ii) is necessary to accomplish the PEG programming goals of the Town. Such third PEG Channel will not be used simply to repeat PEG programming that is already carried on the other two (2) PEG Channels, but will be used to carry substantially new locally produced PEG programming. The Issuing Authority agrees that such a third PEG Channel shall not be utilized solely to carry character-generated messages; provided, however, that the Town may use said third PEG Channel to carry character-generated messages along with other new locally produced PEG programming.

6.1.2.2. At such time as the Issuing Authority requests such third PEG Channel, at the request of the Licensee, the Issuing Authority and the Licensee agree to meet in order to discuss said request; and,

6.1.2.3. For purposes of this Section 6.1.2, "available cablecast hours" shall mean the hours of 11:00 AM to 10:00 PM.

6.1.3. Provided that the Issuing Authority give the Licensee six (6) months written notice, the Licensee shall make such third PEG Channel available to the Issuing Authority within six (6) months of said notice and the meeting of the conditions in Section 6.1.2.

6.1.4. The programming to be carried on each of the PEG Channels set aside by Licensee is reflected on Exhibit C. The Issuing Authority hereby authorizes Licensee to transmit such programming within and without the Town's jurisdictional boundaries. Licensee shall assign the PEG Channels on its channel line-up as set forth in such exhibit, to the extent such channel assignments do not interfere with Licensee's existing or planned channel line-up and contractual obligations, provided it is understood that Licensee specifically reserves the right to make such assignments in its sole discretion. If a PEG Channel provided under this Article is not being utilized by the Town, Licensee may utilize such PEG Channel, in its sole discretion, until such time as the Town elects to utilize the PEG Channel for its intended purpose. In the event that the Town determines to use such PEG capacity, the Town shall provide Licensee with 120 days' prior written notice of such request.

6.1.5. The Licensee, at the Licensee's expense, shall interconnect its Cable System at the new Swampscott High School (to be located at Essex Street). The Licensee shall take reasonable steps to accomplish such interconnection within one-hundred twenty (120) days of access to the studio at the new Swampscott High School being made available by the Town to the Licensee, provided that the Town shall cooperate with the Licensee with respect to such interconnection, including, without limitation, providing the Licensee with timely and reasonably sufficient access to the studio. The Licensee shall provide, install, maintain, repair and replace equipment as may be necessary to receive and transmit such PEG Access Programming from the designated location to Subscribers. The interconnection shall be implemented in consultation with the Town and/or its designee(s) to ensure coordination and implementation of same.

6.2. PEG Grant and PEG Access Support:

6.2.1. Licensee shall provide an annual grant to the Town or its designee to be used for the support of the production of local PEG programming (the "PEG Grant"). Such grant shall be used by the Town or its designee solely for PEG access equipment, including, but not limited to, studio and portable production equipment, editing equipment and program playback equipment, or for renovation or construction of PEG access facilities. The PEG Grant provided by Licensee hereunder shall be the sum of two hundred twenty-five thousand dollars (\$225,000), payable as follows:

\$125,000 within sixty (60) days of the signing of the License by both parties; and,
\$100,000 on the fifth (5th) anniversary of the Effective Date.

6.2.2. Licensee shall provide payments to the Town or its designee to be used to support ongoing operations of PEG access programming (the "PEG Access Support"). Such payment shall be used by the Town or its designee solely for personnel, operating and other related expenses incurred in connection with PEG access programming operations. Subject to the limitations in Section 7.2, the PEG Access Support provided by Licensee hereunder shall be up to two and three quarters percent (2.75%) of Licensee's annual Gross Revenues and paid pursuant to Section 6.2.3 below. Each payment made pursuant to this Section 6.2.2 shall be accompanied by a statement certified by a duly authorized representative of Licensee documenting, in reasonable detail, the basis for the computation.

6.2.3. The annual PEG Grant payments (Section 6.2.1) shall be made no later than March 15 of each year during the term of this License. The PEG Access Support payments (Section 6.2.2) shall be made no later than forty-five (45) days following the end of each calendar quarter. Licensee shall be allowed to submit or correct any payments that were incorrectly omitted, or shall be refunded any payments that were incorrectly submitted, in connection with the quarterly remittances within ninety (90) days following the close of the calendar year for which such payments were applicable. For purposes of the PEG Access Support payment, the annual period for determining Gross Revenues shall be the preceding calendar year. If Cable Services subject to the calculation of Gross Revenues are provided to Subscribers in conjunction with Non-Cable Services, the amount of such revenue included in the calculation of Gross Revenues shall be only the value of the Cable Services, as reflected on the books and records of Licensee in accordance with FCC or state public utility regulatory commission rules, regulations, standards or orders.

6.3. *Indemnity for PEG.* The Town shall require all local producers and users of any of the PEG facilities or Channels to agree in writing to authorize Licensee to transmit programming consistent with this License and to hold harmless and defend Licensee and the Town from and against any and all liability or other injury, including the reasonable cost of defending claims or litigation, arising from or in connection with claims for failure to comply with applicable federal laws, rules, regulations or other requirements of local, state or federal authorities; for claims of libel, slander, invasion of privacy, or the infringement of common law or statutory copyright; for unauthorized use of any trademark, trade name or service mark; for breach of contractual or other obligations owing to third parties by the producer or user; and for any other injury or damage in law or equity, which result from the use of a PEG facility or Channel. The Town shall establish rules and regulations for use of PEG facilities consistent with, and as required by, Section 611 of the Communications Act (47 U.S.C. § 531).

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

7. LICENSE FEES

7.1. *License Fee:* Pursuant to Section 9 of the Massachusetts Cable Law, the Licensee shall pay to the Town, throughout the term of this License, a license fee equal to fifty cents (\$.50) per Subscriber per year (the "License Fee").

7.2. *Maximum Financial Obligation:* The Licensee shall not be liable for a total financial commitment pursuant to this License and applicable law in excess of five percent (5%) of its annual Gross Revenues; provided that such five percent (5%) shall include (i) the License Fee payable to the Town (Section 7.1), (ii) the license fee payable to the Commonwealth of Massachusetts pursuant to Section 9 of the Massachusetts Cable Law, and (iii) the PEG Access Support (Section 6.2.2), but it shall not include the PEG Grant (Section 6.2.1).

7.3. *Payment Information:* In determining the License Fee, the number of Subscribers shall be measured as of December 31 of the preceding calendar year. The License Fee shall be paid no later than March 15 of each year during the term of this License.

7.4. *Limitation on Actions:* The parties agree that the period of limitation for recovery of any payment obligation under this Agreement shall be three (3) years from the date on which payment by Licensee is due.

8. CUSTOMER SERVICE

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

9. REPORTS AND RECORDS

9.1. *Open Books and Records:* Upon reasonable written notice to the Licensee and with no less than thirty (30) business days written notice to the Licensee, the Issuing Authority shall have the right to inspect Licensee's books and records pertaining to Licensee's provision of Cable Service in the Town at any time during Normal Business Hours and on a nondisruptive basis, as are reasonably necessary to ensure compliance with the terms of this License. Such notice shall specifically reference the section or subsection of this License which is under review, so that Licensee may organize the necessary books and records for appropriate access by the Issuing Authority. Licensee shall not be required to maintain any books and records for License compliance purposes longer than three (3) years. Notwithstanding anything to the contrary set forth herein, Licensee shall not be required to disclose information that it reasonably deems to be proprietary or confidential in nature, nor disclose any of its or an Affiliate's books and records not relating to the provision of Cable Service in the Town. The Issuing Authority shall treat any information disclosed by Licensee as confidential and shall only disclose it to employees, representatives, and agents thereof that have a need to know, or in order to enforce the provisions hereof. Licensee shall not be required to provide Subscriber information in violation of Section 631 of the Communications Act, 47 U.S.C. § 551.

9.2. *Records Required:* Licensee shall at all times maintain: