

STATE OF NEW YORK : COUNTY OF WESTCHESTER
VILLAGE OF HASTINGS-ON-HUDSON BOARD OF TRUSTEES

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IN THE MATTER OF THE PUBLIC HEARING
To Consider the Application of VERIZON NEW YORK INC.
to the VILLAGE of HASTINGS-ON-HUDSON for a Cable
Television Franchise

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September 19, 2006
8:10 p.m.
Hastings-On-Hudson Village Hall
7 Maple Avenue
Hastings-On-Hudson, New York

B E F O R E:

WM. LEE KINNALLY, JR., Mayor
MARJORIE APEL, Trustee
PETER SWIDERSKI, Trustee
JEREMIAH QUINLAN, Trustee
DIGGITT MCLAUGHLIN, Trustee
FRANCIS A. FROBEL, Village Manager
SUSAN MAGGIOTTO, Village Clerk/Deputy Manager

A P P E A R A N C E S:

McFALL KERBEY, III, ESQ.,
Verizon Business Leader
PAMELA N. GOLDSTEIN, ESQ.,
Verizon's Outside Counsel

ROCKLAND & ORANGE REPORTING
20 South Main Street
New City, New York 10956
(845) 634-4200

1 Proceedings
2 MAYOR KINNALLY: Good evening.
3 I call to order the Public Hearing
4 on the Verizon Cable Franchise.
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5 We'll start with the Pledge of
6 Allegiance.
7 (The Pledge of Allegiance is
8 recited.)
9 MAYOR KINNALLY: Roll call,
10 please.
11 CLERK MAGGIOTTO: Mayor
12 Kinnally?
13 MAYOR KINNALLY: Here.
14 CLERK MAGGIOTTO: Trustee Apel?
15 TRUSTEE APEL: Here.
16 CLERK MAGGIOTTO: Trustee
17 Swiderski?
18 TRUSTEE SWIDERSKI: Here.
19 CLERK MAGGIOTTO: Trustee
20 Quinlan?
21 TRUSTEE QUINLAN: Here.
22 CLERK MAGGIOTTO: Trustee
23 McLaughlin?
24 TRUSTEE MCLAUGHLIN: Here.
25 CLERK MAGGIOTTO: Village

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1 Proceedings
2 Manager Frobel?
3 VILLAGE MANAGER FROBEL: Here.
4 MAYOR KINNALLY: Proof of
5 publication?
6 CLERK MAGGIOTTO: Publication,
7 The Rivertowns Enterprise,
8 September 8th, 2006.
9 MAYOR KINNALLY: The purpose of
Page 2

10 this Public Hearing is to consider
11 the application of Verizon New York
12 Inc. to the Village of
13 Hastings-On-Hudson for a Cable
14 Television Franchise.

15 Just a brief outline of how I
16 hope to proceed, this evening, we
17 will have introductions of the
18 various players, if you will, who
19 are going to participate, tonight,
20 we'll have a brief history of the
21 negotiations and how we got to be
22 where we are, today, a presentation
23 by Verizon, a presentation by
24 Cablevision, public comments, a
25 brief summary or summation by

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1 Proceedings
2 Cablevision, followed by a brief
3 summation by Verizon.

4 We would ask that, in the
5 public-comment section of the
6 program, this evening, anyone
7 wishing to speak, please come
8 forward, give your name and address
9 and possible affiliation for the
10 record.

11 This record is being taken,
12 both, by video and, also, by a
13 stenographer, this evening, and all
14 this information will be helpful to

15 those of us who will be relying upon
16 the record, both, here in the
17 Village and, possibly, the Public
18 Safety's Commission.

19 Now, for the introductions, our
20 - our Cable Committee, Raf Zaratzian
21 and Bob Perlstein.

22 For Verizon, John Butler, who
23 is the Director of Community
24 Affairs; Monica Azare, Senior Vice
25 President of Public Policy and

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1 Proceedings

2 External Affairs; Mac Kerbey, the
3 Telecommunications Insight Group,
4 and Pamela Goldstein from McGuire,
5 Woods, the attorneys for Verizon.

6 And, for Cablevision, Emilie
7 Spaulding, who is the, I believe,
8 Director of Community Affairs?

9 MS. SPAULDING: Government
10 relations.

11 MAYOR KINNALLY: Government
12 relations?

13 MS. SPAULDING: Uh-huh.

14 MAYOR KINNALLY: Clare Dorfman,
15 Government and Public Affairs, Area
16 Director; John Urban, a consultant
17 to Cablevision; and Paul Abbott with
18 the law firm of Mintz, Levin, Cohn,
19 Ferris, Glovsky and Popeo who is

20 representing Cablevision.

21 I guess, we will start now with
22 Bob Perlstein to give a brief -- I'm
23 sorry.

24 MR. PERLSTEIN: John Figliozi.

25 MAYOR KINNALLY: Oh, John

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1 Proceedings

2 Figliozi, our consultant from the
3 New York State Public Service
4 Commission.

5 My apologies to John.

6 Bob Perlstein will give a brief
7 overview of the process to date,
8 where we've come from, how we've
9 gotten here and what we're gonna do
10 in the future.

11 Bob, thank you.

12 MR. PERLSTEIN: The proposed
13 Verizon Franchise Agreement, which
14 we are considering, tonight, which I
15 don't view as a completely-finished
16 document, is the product of several
17 years of negotiation between
18 Hastings and Verizon and, at least,
19 indirectly, between Hastings and
20 Cablevision in the sense that the
21 negotiations with Cablevision,
22 though, inconclusive to date, have
23 proceeded and really gave form to
24 our discussions with Verizon.

25 There are those whose

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1 Proceedings
2 participation in and, therefore,
3 memory of this process long predate
4 my own.

5 John Figliozi, who was just
6 introduced, of the New York State
7 Public Service Commission, who has
8 guided us, kindly and generously,
9 through the negotiations for many
10 years is with us and can correct
11 anything that I say which is not
12 accurate.

13 Hastings negotiations with
14 Verizon with respect to a possible
15 Franchise Agreement have, in large
16 measure, been conducted as part of a
17 Consortium comprised of Ardsley,
18 Irvington, Tarrytown and the Town of
19 Greenburgh.

20 Once the Consortium achieved
21 more or less of a consensus, itself,
22 and then with Verizon and a template
23 agreement was developed as the basis
24 for a municipal franchise, really,
25 for an agreement applicable to each

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1 Proceedings
2 of the communities, then the

3 Hastings Cable Committee, and this
4 has really just occurred in the last
5 few months, has tried to address
6 with Verizon particular concerns of
7 the Village with respect to
8 technical requirements and language
9 in an attempt to come up with an
10 agreement peculiar to and which
11 would serve the best interests of
12 the Village residents.

13 It should be noted I think
14 that, right now, no provider has a
15 valid franchise agreement for
16 Hastings. The Cablevision franchise
17 agreement expired in 2005. So,
18 Cablevision has been operating --
19 has been providing service to the
20 Village under a State-mandated
21 Temporary Operating Authority. That
22 leaves for the Village, at least,
23 something to be desired since the
24 rules of the TOA are, at least, in
25 part, ambiguous and Cablevision has

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1 Proceedings
2 taken advantage of that to withhold,
3 at least, temporarily, its PEG
4 payments to the Village, payments
5 which support HOH and the rest of
6 Raffy Zaratzian's TV operation which
7 you really should know is,

8 generally, acknowledged throughout
9 the area to be the most formidable
10 local cable TV operation in the
11 region.

12 Hopefully, with this
13 background, it will provide some
14 context for what's about to unfold.

15 Thank you.

16 MAYOR KINNALLY: Thank you,
17 Bob.

18 All right. The Verizon
19 presentation?

20 Monica, good evening.

21 MS. AZARE: Good evening.

22 Mayor Kinnally, Trustees,
23 Ladies and Gentlemen, good evening
24 and thank you for this opportunity
25 to address this forum.

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1 Proceedings

2 My name is Monica Azare. I'm
3 Senior Vice President for Public
4 Policy and Government Affairs for
5 Verizon New York in Connecticut.

6 I'm joined, this evening, by
7 John Butler and Tom Clark from my
8 External Affairs team, as well as,
9 from our negotiators, Pamela
10 Goldstein and Mac Kerbey whom you
11 will hear from, later, this evening.

12 We are pleased to present our

13 franchise application before you,
14 this evening.

15 As you heard, earlier, its been
16 a long and lengthy process and it
17 will bring true competition to this
18 village.

19 To us, this is just the
20 beginning. Our
21 fiber-to-the-premises network will
22 open up a world of high-tech
23 applications and allow you to enjoy
24 a wide range of multicultural
25 entertainment from around the world.

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1 Proceedings

2 The deployment of this
3 high-speed network allows us to
4 offer many applications over a
5 network of unmatched reliability and
6 we have a legacy of great service to
7 this community as well as others
8 that we serve.

9 I will not make the commercial
10 about Verizon, but I would like to
11 state to you what our commitment has
12 been to this County.

13 We have demonstrated our strong
14 commitment to service, this past
15 year, when Westchester was hit by a
16 tornado and hurricane. We stepped
17 up. We've demonstrated, then and

18 now, that we're a company with a lot
19 of heart and a great track record of
20 local corporate citizenship.

21 Over the past few years,
22 Verizon has invested, nearly,
23 276 million dollars in its
24 fiber-optic communications network
25 here in Westchester County, alone.

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1 Proceedings

2 The company pays more than
3 175 million, annually, in
4 compensation to the, nearly,
5 2,000 Westchester County residents
6 employed by our company.

7 Last year, Verizon contributed
8 close to \$500,000.00 to
9 200 nonprofits in Westchester County
10 and, nearly, 14 million to the
11 2,700 nonprofits throughout the
12 State.

13 Our dedication from technology
14 delivery to the people that benefit
15 from it is strong and will remain so
16 in years to come.

17 This evening, I ask you to let
18 us take our dedication to the next
19 level and present to you our
20 application to our -- of our FiOS TV
21 to the Village. We're ready to
22 compete and we know that competition

23 works.

24 I commend you, all, for your
25 leadership, especially,

13

1 Proceedings

2 Mr. Perlstein for working with our
3 team, and I want to thank you on
4 behalf of Verizon for this
5 opportunity.

6 At this time, I will ask Mac
7 Kerbey, when the time is proper, to
8 address the Council on the merits of
9 our franchise.

10 MAYOR KINNALLY: Thank you.

11 MS. AZARE: You're welcome.

12 MAYOR KINNALLY: Mr. Kerbey.
13 Good evening.

14 MR. KERBEY: Good evening.

15 Mr. Mayor, Members of the
16 Board, Members of the Public, my
17 name is Mac Kerbey. I'm with the
18 Telecommunications Insight Group and
19 I'm appearing here, tonight, on
20 behalf of Verizon.

21 Let me echo Monica's opening
22 comments and express our
23 appreciation for the opportunity to
24 be here, tonight.

25 And our purpose in being here,

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7 And that applies not just to the
8 incumbent, that works, also, for
9 Verizon. We have to compete for our
10 customers. Service is one of the
11 bases on which we'll do that.

12 Finally, an improved and
13 expanded range of services.
14 Competition fosters innovation -
15 technological innovation, delivery
16 innovation. You can already see it
17 with some of the new services that
18 Verizon is bringing out in terms of,
19 for instance, the remote DVR
20 capability. It allows for one DVR
21 machine in a house but to provide
22 that capacity to other machines in
23 the house.

24 That's - those are the sorts of
25 benefits that you see coming from

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1 Proceedings
2 competition, and what that really
3 translates to, one simple word, is
4 choice. Choice for the consumer,
5 choice that hasn't been there to
6 date, choice we intend to bring to
7 the marketplace.

8 The way we'll do that, the
9 vehicle for bringing competition is
10 the Franchise Agreement that's
11 before you, tonight. And that's our

12 petition is to seek your permission
13 to operate in this marketplace.

14 During the course of the
15 evening, tonight, you will hear the
16 proposition that competition isn't
17 really what's at stake here, just
18 the terms of the Agreement, a rather
19 narrow reading of what's really
20 happening. Respectfully, I
21 disagree.

22 Are the terms of the Agreement
23 important? Absolutely. They're
24 critical.

25 Those terms, that Agreement,

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1 Proceedings

2 this Agreement is before you,
3 tonight, in the context of some
4 history and process.

5 Mr. Perlstein's talked,
6 earlier, a little bit about the
7 process. I'd like to talk about
8 some of the history, very briefly
9 so, and draw your attention to three
10 milestones that I think are
11 important as you consider this
12 Agreement going forward:

13 First is 1992, amendments to
14 the Federal Telecommunications Act.

15 Prior to that time, it was
16 possible to grant exclusive

17 franchises. The FCC and,
18 ultimately, through Congress,
19 recognized that, however, the market
20 had changed. A business that had
21 started out as a community
22 operation, community-based operation
23 and a community service really had
24 changed over time and it was now
25 functioning as a large commercial

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1 Proceedings
2 enterprise and the best way for that
3 to be regulated was through a
4 competitive marketplace.

5 Consequently, among a number of
6 important changes to the Act, it was
7 - it was people who were precluded
8 and municipalities were precluded
9 going forward for granting exclusive
10 franchises.

11 Fast-forward to April of last
12 year. New York's own Public Service
13 Commission concluded a proposed
14 ruling-making that it really started
15 in December of 2004 but had been
16 underway for a number of years. The
17 thrust of that rule-making was to
18 clean up the Act and the Regulations
19 that govern the provision of video
20 services here in New York. They did
21 some administrative housekeeping in

22 that, but there were really two
23 provisions that came through loud
24 and clear that were of significant
25 importance.

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1 Proceedings

2 The first was the imposition of
3 level-playing-field regulation.
4 That is, specifically, designed to
5 foster competition. What that
6 level-playing-field regulation says
7 is that no franchise shall be
8 granted that imposes regulatory
9 burdens or economic burdens that are
10 any greater than that imposed on
11 another provider in the same
12 marketplace.

13 Again, this is the State,
14 really, articulating the
15 procompetitive policy that had been
16 stated, earlier, at the federal
17 level, now at the - now at the State
18 level.

19 The final milestone that you
20 want to take a look at was the
21 rendering of a Declaratory Judgment
22 in June of last year, again, by the
23 Public Service Commission.

24 In response to a petition from
25 a number of municipalities and the

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Cable TV Association here in New York seeking a ruling that Verizon had to have a video franchise before it could conduct any of the buildout on its new fiber-optic system.

PSC was very clear on saying a couple of things.

First, no, Verizon does not need a video franchise to be able to build a system, but, also, making it clear that, as Verizon proceeded forward, as it started to provide video services, it was subject to the Cable Regulations here in New York State.

With those pieces in place, with that context and background, Verizon has moved forward very very aggressively. That's how we have responded to the opportunities that have been put before us by the regulatory bodies to enhance competition.

In dealing with over

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140 communities in a four-county area that we're, currently, seeking to do operations in - that would be

5 Suffolk, Nassau, Rockland and
6 Westchester - and we have moved
7 forward, very aggressively, in local
8 franchising.

9 To date, thirteen franchises
10 have been granted, eight of them
11 have been approved, more are in the
12 pipeline every month going before
13 the Public Service Commission.

14 What that really speaks to, I
15 think, is Verizon's commitment to
16 the local franchising process and to
17 bringing competition to the
18 marketplace, and, with respect to
19 all of those franchises that have
20 gone before the Public Service
21 Commission, they've been approved,
22 unanimously.

23 In fact, by the time the
24 Hempstead Agreement came through in
25 May, they were being approved

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1 Proceedings

2 without conditions.

3 What all that means is that the
4 Agreement that is before you,
5 tonight, is the beneficiary of that
6 process, a couple of processes.

7 First of all, very lengthy
8 negotiations that have gone on with
9 the Consortium, of which, your

10 community was a part, but, also,
11 what Verizon has learned in tandem
12 working with the Public Service
13 Commission about bringing these
14 agreements before the public,
15 getting them approved and forming a
16 framework under which we can provide
17 service to the communities.

18 With that in mind, with that
19 background in place, I'd like to
20 turn the floor over to Pamela
21 Goldstein, who will come up and talk
22 about some of the specific
23 attributes of our Agreement, and,
24 again, thank you very much for
25 hearing us, tonight.

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MAYOR KINNALLY: Thank you.

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Ms. Goldstein. Good evening.

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MS. GOLDSTEIN: Good evening.

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Mr. Mayor, Members of the

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Board, Ms. Maggiotto --

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CLERK MAGGIOTTO: Hello.

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MS. GOLDSTEIN: Ladies and --

9

Mr. Frobel.

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Ladies and Gentlemen, good

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evening and thank you for inviting

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us here, tonight.

13

My name is Pamela Goldstein and

14

I am Verizon's Outside Counsel with

15 the law firm McGuire, Woods.

16 we are delighted to appear
17 before you, tonight, regarding
18 Verizon's application for a Cable
19 Television Franchise.

20 At this time and on behalf of
21 Verizon's negotiating team, I would
22 like to take a minute to recognize
23 your negotiator on the Greenburgh
24 Consortium, Bob Perlstein, who
25 spoke, earlier, for his efforts and

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1 Proceedings

2 contributions in helping the village
3 and Verizon reach this historic
4 moment.

5 I, also, wish to thank John
6 Figliozi of the New York Public
7 Service Commission who acted as our
8 municipal consultant and helped
9 shepherd - shepherd the process
10 through.

11 This public hearing is the
12 culmination of, practically, two
13 years of working with the village on
14 Verizon's FiOS TV project.

15 The franchise process has been
16 lengthy and deliberative. The
17 process began almost two years ago
18 in December of 2004 when, in an
19 effort to expedite the franchise

20 process, the Village requested
21 relief from the New York Public
22 Service Commission of certain
23 franchising procedures.

24 In June of 2000 -- In -- Sorry.
25 In May of 2005, the New York Public

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1 Proceedings

2 Service Commission approved the
3 Village's waiver request and, the
4 next month, Verizon submitted to the
5 Village a Draft Franchise Agreement.

6 In July 2005, Verizon met with
7 the entire Greenburgh Consortium to
8 commence negotiations. Verizon was
9 advised that the Greenburgh
10 Consortium was formed to, jointly,
11 conduct, both, an initial cable
12 franchise process with Verizon and
13 the renewal of cable franchise
14 process with Cablevision.

15 In August 2005, the Consortium
16 submitted to each of Verizon and
17 Cablevision a Statement of Intent
18 and Specifications detailing the
19 Consortium's process, interests and
20 discussion points relevant to the
21 franchise negotiations, as well as
22 the costs associated with meeting
23 each municipality's cable-related
24 needs.

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specifically, describes the matters

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and issues that the Consortium will

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require an applicant to address to

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its satisfaction in a final

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franchise agreement.

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The Statement of Intent was

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designed to provide an orderly,

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systematic framework for

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negotiations with each company in an

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effort to, quickly and efficiently,

12

secure franchise agreements.

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The Consortium, also,

14

acknowledged its commitment to

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provide a level playing field as

16

required by New York State Law.

17

Verizon treated the Statement

18

of Intent with great seriousness.

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As instructed, Verizon

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responded on September 1st, 2005.

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During the fall, the parties

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conducted face-to-face negotiations

23

to review Verizon's response and to

24

discuss how the matters and issues

25

required to be addressed by the

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Proceedings

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Consortium should be, properly,

3

incorporated into the Verizon

4 Franchise.

5 On November 29th, the
6 Consortium submitted a proposed
7 redline to Verizon, and, thereafter,
8 the parties had the opportunity to
9 review various New York PSC Orders
10 confirming Verizon franchises in
11 other municipalities.

12 In reviewing each of these
13 franchises, the PSC conducted an
14 exhaustive analysis of all aspects
15 of Verizon's Agreement. The PSC
16 reviewed substantial objections from
17 the Cablevision, the Cable
18 Television Association of New York
19 and Verizon's responses. The PSC,
20 also, conducted an independent
21 review of these franchises to
22 determine whether they met its
23 minimum franchise standards. And,
24 in each case, the PSC, unanimously,
25 confirmed the Verizon Franchises.

1 Proceedings

2 During the winter, spring and
3 early summer, the Consortium and
4 Verizon made a deliberate and
5 sincere effort to reach
6 accommodation.

7 To demonstrate that Verizon's
8 proposed Franchise represents a

9 sterling example of a negotiation
10 that has benefited both parties, I
11 would like to review certain
12 provisions of the Franchise and how
13 such provisions meet the needs of
14 the Village as articulated in our
15 Statement of Intent.

16 1. Consistent with Section A,
17 Section 4 of the Verizon Franchise
18 provides detailed system
19 characteristics.

20 Additionally, Exhibit 1 to
21 Verizon's application for a Cable
22 Television Franchise provides a
23 detailed explanation of its
24 fiber-to-the-premises network system
25 architecture.

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1 Proceedings

2 2. Consistent with Section B
3 of the Statement of Intent, Verizon
4 shall offer cable service to
5 significant number of subscribers
6 within residential areas of the
7 Village within one year and shall
8 offer service to all Village
9 residents within five years.

10 In fact, Verizon has already
11 completed construction of its
12 FTTP network to, approximately,
13 89 percent of the households in the

14 village.

15 Additionally, the Agreement
16 contains detailed assurances against
17 redlining and other illegal
18 discriminatory practices in no less
19 than two separate provisions of the
20 Agreement.

21 3. Consistent with Section C
22 of the Statement of Intent, Verizon,
23 affirmatively - affirmatively,
24 agrees that the Village may exercise
25 its reasonable, necessary and lawful

30

1 Proceedings
2 police powers and that the Village
3 may enact, adopt, implement and
4 enforce such additional laws and
5 regulations as it may deem proper.

6 4. Consistent with Section D
7 of the Statement of Intent, Verizon
8 has agreed to pay a franchise fee in
9 the maximum amount of 5 percent of
10 gross revenues. Verizon is, also,
11 going to pay a fee on the amount of
12 the franchise fee collected from
13 subscribers.

14 Moreover, Verizon agrees that
15 it will not, intentionally or
16 unlawfully, allocate any discount
17 associated with purchasing bundled
18 services for the purpose of negating
Page 25

19 franchise-fee payments under the
20 Franchise.

21 5. Consistent with Section E
22 of the Statement of Intent, Verizon
23 will provide capacity on its
24 basic-service tier for one full-time
25 dedicated public-access channel, one

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1 Proceedings
2 full-time educational-access channel
3 and one full-time dedicated
4 government-access channel.

5 Verizon will provide the
6 Village with an initial PEG grant of
7 \$61,983.00 and an annual grant of
8 .75 cents per month per subscriber
9 to its basic-service tier in the
10 service area.

11 Verizon will carry to its
12 subscribers, without exception, all
13 of the PEG-access programming
14 telecast by the Village on its
15 PEG-access channels via a direct,
16 live connection from distribution
17 points specified by the Village.

18 Consistent with Section F of
19 the Statement of Intent, Verizon has
20 agreed to provide free cable service
21 to each municipal building specified
22 by the Village.

23 Consistent with Section G of
Page 26

24 the Statement of Intent, Verizon's
25 Franchise contains detailed

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1 Proceedings
2 enforcement and revocation
3 mechanisms.
4 8. Consistent with Section H
5 of the Statement of Intent, Verizon
6 is required to comply with all
7 consumer-protection and
8 customer-service regulations
9 pertaining -- of New York State
10 pertaining to cable service.

11 Moreover, the Village maintains
12 the right, under Federal Law, to
13 legislate its own
14 consumer-protection laws and
15 regulations.

16 Verizon has, also, agreed to
17 restore municipal and subscriber
18 property in the event of damage or
19 destruction.

20 Most importantly, however, as a
21 competitive entrant, Verizon will be
22 expected to deliver superior
23 customer service.

24 Other provisions in the Verizon
25 Franchise offer additional

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1 Proceedings

2 protections for the Village. For
3 example, there are insurance and
4 indemnification provisions and
5 prohibitions against unauthorized
6 transfers of the Franchise.

7 Verizon must, also, engage in
8 nondiscriminatory employment
9 practices.

10 Finally, Verizon is restricted
11 from abandoning service without the
12 Village's prior written consent, and
13 that's notwithstanding anything you
14 may hear, tonight, to the contrary.

15 Now, as, originally,
16 contemplated and I think as you
17 heard, earlier, the Consortium
18 sought to reach agreement with each
19 of Verizon and Cablevision,
20 simultaneously. While this result
21 is not fully achieved, the
22 Consortium has reached an Agreement
23 with Verizon that fulfills its needs
24 and interests and considers an
25 absolute commitment to a level

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1 Proceedings
2 playing field.

3 The Verizon Franchise,
4 therefore, also, establishes a
5 level-playing-field standard for the
6 village so that each franchisee will

7 be afforded the fullest opportunity
8 to engage in robust competition and
9 the delivery of video service to
10 subscribers.

11 In reaching this Agreement, the
12 process has been thorough and
13 deliberative.

14 As indicated in the Statement
15 of Intent, it is now your
16 responsibility to approve Verizon's
17 Franchise and fulfill the needs and
18 demands of your constituents.

19 Your favorable action on
20 Verizon's application will ensure
21 that Hastings-On-Hudson residents
22 can reap the benefits of cable
23 competition available to residents
24 of more than 125 communities across
25 the nation - competitive pricing,

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1 Proceedings
2 enhanced product offerings, improved
3 customer service and consumer
4 choice.

5 Once again, on behalf of
6 Verizon, thank you very much for
7 this opportunity.

8 MAYOR KINNALLY: You're
9 welcome.

10 cable.

11 All right. Cablevision.

KL091906.txt
12 Emilie, you want to go, first?
13 Good evening.
14 MS. SPAULDING: Thank you very
15 much.
16 Good evening, Mayor, Trustees,
17 Staff and Bob and Rafael, Residents.
18 It's a pleasure to be here,
19 tonight, and have this opportunity
20 to address you.
21 We are very proud of our cable
22 TV Triple Play we have here, of our
23 community partnership, and we have
24 been, especially, supportive of
25 local programming. I'm sure that

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1 Proceedings
2 you have all watched our News 12,
3 our Traffic & Weather, our Meet The
4 Leaders which some elected officials
5 have appeared on.
6 But, tonight, we do have some
7 concerns about the Verizon document,
8 and, at this time, Paul Abbott will
9 go through some of the concerns that
10 we do have.
11 Thank you, again.
12 MAYOR KINNALLY: Thank you.
13 Paul.
14 MR. ABBOTT: Thank you,
15 Mr. Mayor and Members of the Board,
16 Members of the Public, and, again,

17 my name is Paul Abbott, Outside
18 Counsel to Cablevision.

19 As you know, we have an
20 interest in this proceeding and we
21 just thank you very much for the
22 opportunity to provide some comment
23 and will try to be brief.

24 what I want to do, tonight, is,
25 as Emilie said, just highlight some

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1 Proceedings
2 concerns, but I want to - I want to
3 make clear that the decision on this
4 Agreement is yours. It's not ours.
5 And so the concerns I raise,
6 tonight, you know, do with them what
7 you will. But these are concerns
8 that we have and, also, concerns
9 that have been raised by several
10 other communities, including other
11 communities within the Greenburgh
12 Consortium as this process has moved
13 along.

14 The first issue I want to focus
15 on is the franchise fees, and, as
16 Verizon told you, they - they are
17 paying as a percentage, the
18 percentage, 5 percent is the maximum
19 allowed under Federal Law.

20 The issue we have is with how
21 gross revenue is defined in the

22 Franchise. And so there's still a
23 question in our mind as to whether
24 the Village is, in fact, getting the
25 maximum amount of fees that it's

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1 Proceedings

2 entitled to.

3 The term "cable service," under
4 Federal Law, and it is described as
5 video programming as well as
6 services such as subscriber
7 interaction required to use that
8 programming. And you are entitled
9 to collect 5 percent of revenues on
10 cable service.

11 Well, Verizon's Agreement says
12 gross revenues do not include
13 anything defined by the Agreement as
14 noncable service. And noncable
15 service is defined as anything
16 Verizon does that's not video
17 programming. And the hole that this
18 leaves is this interactive process,
19 and it raises a question as to
20 whether newer interactive services,
21 such as video-on-demand, will be
22 included in gross revenue.

23 Now, again, this is - this is a
24 perfect example of a thing that this
25 is your decision. We think it's -

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we think it's vague and but to the extent that the Agreement is satisfactory to you, we would just -- for them to say, well, we hope we would see an equal term in the franchise that Cablevision, ultimately, enters into with the village.

There's a section in the Agreement, Section 2.2. This one - this one has a little bit of interesting history to it, as well.

As Verizon has said and its - its physical plant is a mixed-use plant, it provides, both, telecommunication services, telephone, which cannot be regulated by a cable franchise, and video service, which is regulated by the franchise.

Now, what Verizon seeks to do in this provision is says that by granting this Franchise or entering into this Franchise, you, the

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village, has no new, additional or broader authority over Verizon's physical plant.

well, you do, and, in fact, you

6 do have a new authority. It's --
7 and what the PSC has said is there's
8 new authority, it's just not broad
9 new authority. And I think that the
10 language in that Section 2.2, to the
11 extent that the Village is amenable
12 to including it at all, should, at
13 least, reflect what the PSC has said
14 on the matter.

15 Going back, and this is just
16 gonna -- I'm just gonna do some
17 quick comments on a few provisions.

18 Sections 1.12, force majeure.
19 Traditionally, a force-majeure
20 clause is something that excuses
21 performance during an event,
22 typically, an act of God, an act of
23 weather that just makes performance
24 of franchise obligations impossible.

25 The point here is that it's an

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1 Proceedings
2 obligation that is, completely, out
3 -- or it's an event that is,
4 completely, outside of the control
5 of the cable operator, Verizon.

6 And this force-majeure clause
7 includes, for example, lockouts of
8 Verizon employees, and a lockout is,
9 of course, a unilateral decision by
10 Verizon management, and it would

11 mean that notwithstanding that this
12 is something, entirely, within
13 Verizon's control, the village,
14 during the - during the occurrence
15 of that event, would have to wait
16 until it could require performance
17 until that event passed.

18 One -- Section 2.7.3 of
19 provision -- of the Agreement, at
20 least, the last version of the
21 Agreement that I have seen, contains
22 a statement that ambiguities in the
23 document shall not be construed
24 against Verizon.

25 Now, the PSC has, repeatedly,

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1 Proceedings

2 rejected this provision.

3 It's my understanding that
4 Verizon has now told the PSC that it
5 no longer intends to use this
6 provision. So, it may no longer be
7 in the draft you're working off of,
8 but I just suggest that you make
9 sure that is the case.

10 You heard, tonight, that
11 89 percent of the village is built
12 out and that it can receive service,
13 but what we don't know is there's
14 still another 11 percent, and, aside
15 from an obligation to serve that

16 11 percent in the next five years,
17 you really don't know a whole lot
18 about, one, who that 11 percent is
19 and, two, what the plan for building
20 out to that 11 percent is. And
21 you're entitled to that. Under the
22 PSC Regulations, you're entitled to
23 a six-months schedule of the
24 buildout that informs you what's
25 gonna be built where and when, and

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1 Proceedings

2 the Agreement that I see does not -
3 does not contain any of that detail.

4 And I just say that another
5 Village Mayor, recently, was aware
6 of this. I think it was a similar
7 level of buildout. So, it wasn't a
8 large part of the community wasn't
9 built, but he asked a very simple
10 question to Verizon which was, well,
11 what isn't built yet? what isn't?
12 And Verizon was unable to answer
13 that question.

14 So, I think, you know, at
15 minimum, you just want to know what
16 is and what isn't built and what the
17 plan is to build out.

18 Section 1.31.2 of the Agreement
19 governs transfers of the Franchise.

20 Under Federal Law, you, the

21 Village, has -- have the right to -
22 to oversee and then approve the
23 transfer of a franchise from one
24 entity to another. You know,
25 cablevision can't turn around,

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tomorrow, and sell - sell their
3 franchise to another entity without
4 your approval.

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Verizon's Agreement carves out
from that transfer a transfer
involving Verizon New York Inc., the
Franchisee, or Verizon New York
Inc.'s parent company. And the
concern here is that the merger is
just a primary way cable is -- For
those of you with any familiarity
with it, obviously, the cable
industry has seen a lot of - a lot
of what was once thousands of
businesses merge into fewer, but the
key point is it was mergers like
this. I mean it was - it was
agreements now that the Village
might not have any authority over
that transfer.

The next thing to talk about
isn't, actually, any specific
section of Verizon's Franchise and I
think it involves taking the

1 Proceedings
2 Cablevision expired franchise and
3 look at Section 6, the entire
4 Section 6 of that agreement. There
5 is a lot of detail about use of the
6 rights-of-way in the village,
7 conditions on the use of the
8 rights-of-way, circumstances where
9 Cablevision makes it clear that it
10 will relocate facilities to
11 accommodate Public works projects,
12 and we don't see any of these things
13 in the Verizon Agreement, and it's
14 another one that the village should
15 just consider whether these are the
16 types of provisions it wants to
17 include.

18 Section 12.4.1 of the
19 Agreement, essentially, makes the
20 Agreement unenforceable in certain
21 circumstances. For example, where a
22 breach of the Agreement is --
23 doesn't cause any - any serious harm
24 to - to the -- or any harm to
25 subscribers, and I think the more

1 Proceedings
2 important piece is the second piece
3 of that provision which says it

4 can't - that an agreement can't be
5 forced or to cause undue hardship to
6 Verizon, and, to me, you know,
7 Federal Law does provide a mechanism
8 to modify an agreement in extreme
9 circumstances, and I think there's
10 really - there's really just a real
11 ability to create a lot of problems
12 with this 12.4.1. I don't see why
13 the existing law isn't workable in
14 that area, and we have seen, at
15 least, one Village, the Village of
16 Mineola did succeed in having that
17 provision stricken, entirely, from
18 its Agreement.

19 An issue I just want to touch
20 on, briefly, is public access.
21 Verizon's proposal calls for an
22 up-front - up-front grant for Public
23 - for Public, Educational and
24 Governmental PEG access and then
25 annual payments on a per-subscriber

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1 Proceedings
2 basis, and it's I think in this
3 Village 75 percent -- .75 cents per
4 month per subscriber.
5 In all of the communities
6 outside of the Greenburgh Consortium
7 - Consortium, what Verizon has done
8 is very similar to what Cablevision

9 does, which is provide some sort of
10 up-front grant at the time that the
11 franchise is entered into and then
12 some secondary fixed-amount grants,
13 thereafter. And those can be
14 annual, they can be -- or they can
15 just be one lump-sum secondary as in
16 five years into the agreement.

17 The point here is that we do
18 not think that paying on a
19 per-subscriber basis is - is the
20 best approach and it doesn't best
21 address the community's needs with
22 respect to PEG access, and the
23 approach we suggest and that we've
24 seen work elsewhere is to take an
25 identified amount, and this will

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1 Proceedings
2 attest, quite specifically,
3 identified the amount it -- support
4 it needs for PEG access. Take that
5 amount, divide it by two and have
6 the companies and the Village come
7 to some sort of agreement on a
8 schedule for those payments to be
9 made.

10 And the sky is -- I mean
11 there's sort of an endless
12 possibilities as to how that could
13 work - equal payments each year for

14 10 years, possible waiting of
15 payments in some way. Again, a
16 topic for negotiation.

17 what this approach does is it
18 creates a very predictable level of
19 funding and it avoids making PEG
20 funding conditional upon the success
21 of the companies.

22 Under the existing model if it
23 were to be in place, obviously,
24 up-front, cablevision would bare the
25 incredible brunt of the PEG-access

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1 Proceedings

2 obligations, and then, going
3 forward, you know, who knows what
4 might happen? And if, ultimately --
5 I mean we all know the way
6 technology is going. We have no
7 idea what will happen in five years,
8 let alone 10, the length of this
9 Agreement. You know, there may come
10 a time where cable television
11 providers aren't the dominant TV
12 providers and you could see
13 incredibly-diminished fees for
14 PEG-access funding if you go on a
15 per-subscriber basis.

16 Having it as a fixed -- as a
17 fixed flat amount gives some
18 guarantee to the Village that, at

24 Agreement that you have posted on
25 the village's website, there's,

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1 Proceedings
2 actually, a letter in back of it
3 that clarifies. I suspect it was in
4 response to some issues the village
5 raised clarifying some of the
6 provisions. And, for example, I
7 look at -- there's a Paragraph 4 on
8 the second page of that letter in
9 which "verizon acknowledges that PEG
10 programming content referenced in
11 the particular subsection of the
12 Agreement constitute the property of
13 the village and shall not be
14 transmitted beyond the
15 jurisdictional boundaries of the
16 village other than as stated and
17 consistent with Verizon's specific
18 obligations under the Verizon
19 Franchise."

20 I'm not gonna go into what it
21 means. I'm just gonna say this is
22 -- This says, to me that it was,
23 clearly, an important issue for the
24 village and, presumably, this was
25 some clarification the village

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1 Proceedings
2 wanted, but if you don't put this
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3 provision into the Franchise, and I
4 submit it's a cutting - a
5 cutting-and-pasting job, then this -
6 this letter is not enforceable. You
7 know, Verizon may live up to the -
8 up to the letter of its own, you
9 know, goodwill, but you can't
10 enforce it if they don't live up to
11 that obligation.

12 And this is important.

13 We saw, in the proceedings in
14 the Village of Cedarhurst, the
15 Village Board was very concerned
16 with timing of the buildout in that
17 Village. It expressed a lot of
18 concern, and, during the hearing,
19 Verizon stated that the community
20 would be built out by the end of
21 2007, and they even produced a map
22 showing its buildout plans, and the
23 consultant went so far as -- and
24 this is from the transcript -- to
25 saying that the map was submitted as

1 Proceedings
2 part of the agreement and made part
3 of the agreement. Well, when the
4 matter became before the PSC,
5 Cablevision said, all right, well,
6 there's these comments on the
7 record, they say it's part of the

8 agreement, PSC, make it part of the
9 agreement. And Verizon's response
10 was Section 12.6 says what the
11 agreement is. It's the document.
12 It's not those statements, and, you
13 know, we're gonna do our best to
14 live up to those, but it's not our
15 obligation under the franchise.

16 So, the bottom line -- I think
17 it's a clear point -- is that, to
18 the extent there are concerns you
19 have, to the extent that there are
20 issues you are not 100-percent sure
21 are - are dealt with in the text of
22 the Franchise Agreement, you need to
23 make those part of the Franchise
24 Agreement.

25 I do want to thank you for your

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1 Proceedings
2 time, this evening. We are more
3 than happy to answer any questions
4 you have or provide you with any
5 materials that might be helpful or
6 any information that could assist
7 you with evaluating Verizon's
8 proposal.

9 Thank you.

10 MAYOR KINNALLY: Thank you.

11 All right. Just one
12 modification of the proceedings, of

13 the order of proceedings, that what
14 I did not put in here were any
15 comments or questions by the Board
16 to - to Verizon.

17 So, before we have public
18 comment, I will open it up to the
19 Board for any questions.

20 Let me just start off by asking
21 two questions here of Verizon.

22 The first question is: what is
23 your projection for the buildout of
24 the remaining 11 percent? I know it
25 has to be done within five years,

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1 Proceedings

2 but do you have a projection for
3 that balance with the 11 percent?

4 Mac?

5 MR. KERBEY: No, sir. At this
6 time, we do not. That will need to
7 be done in six-months segments and
8 we will comply with that, but we do
9 not have it at this time.

10 MAYOR KINNALLY: Can you
11 identify those buildings that are --

12 MR. KERBEY: Yes.

13 MAYOR KINNALLY: -- that are
14 part of the area?

15 MR. KERBEY: The areas that
16 remain are, primarily, the buried
17 areas in the village and we can get

18 you that information.
19 MAYOR KINNALLY: Okay. The
20 buried - buried area?
21 TRUSTEE APEL: Oh, buried
22 cables.
23 MAYOR KINNALLY: Buried.
24 And what -- Does that include
25 all of the multifamily residences?

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1 Proceedings
2 MR. KERBEY: MDU user, a
3 different issue. Again, MDU stands
4 for a Multiple Dwelling Unit.
5 With respect to MDUs, our
6 installation process requires us to
7 go through common areas of those
8 and we can't just walk in and do
9 that under our own volition. We
10 have to have permission to do so.
11 In an apartment building, it
12 would be the permission of the
13 owner. In a co-op or condo, it
14 would be the co-op or condo board.
15 Public Housing process -- project,
16 it would be the Public Housing
17 Authority. Those require
18 right-of-entry agreements which are
19 a negotiated agreement.
20 The MDUs, to the extent they
21 exist in the village, have been
22 identified in Verizon's plans.

23 We're in the process of approaching
24 those buildings and getting the -
25 getting the right-of-entry

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1 Proceedings
2 agreements.
3 I will point out, however,
4 that, with respect to the basic
5 footprint of the system, if those
6 are served by aerial wire, they're
7 already passed. If they are served
8 by buried wire, then they still need
9 to be passed, but the basic
10 footprint, the basic infrastructure,
11 at least, with respect to the aerial
12 portions are already in place. What
13 we need to get are the
14 right-of-entry agreements to be able
15 to go in and install the equipment.

16 MAYOR KINNALLY: Are the MDUs
17 part of the 89 percent?

18 MR. KERBEY: No. No. It's
19 going to be buried units and if
20 there is any aerial left, that will
21 be it.

22 When we do the - when we do the
23 projections, what we're saying in
24 terms of the buildout completed to
25 date is whether or not the basic

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infrastructure has passed those facilities. If we were to get a right-of-entry agreement, tomorrow, where we have the facilities in place, we'll be able to start walking in and doing installations.

MAYOR KINNALLY: Okay. But the 89 percent then is - is exclusive of the MDUs and the buried cable areas; is that correct?

MR. KERBEY: The 89 percent would -- The 89-percent installation, the remaining 11 percent is going to be buried installations that have to take place.

MAYOR KINNALLY: Okay. So, the MDUs are part of the 89 percent?

MR. KERBEY: Correct.

MAYOR KINNALLY: But that number is a little fudged because you can't go in, tomorrow, and turn on the system?

MR. KERBEY: No, we can't, but

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Proceedings

the basic facilities necessary to be able to do so are in place.

MAYOR KINNALLY: But only to the outside?

6 MR. KERBEY: Correct.
7 MAYOR KINNALLY: How -- what
8 percentage of the 89 percent is
9 MDUs?
10 MR. KERBEY: It's represented,
11 but that, I do not know.
12 MAYOR KINNALLY: Okay. would
13 be interesting in getting that -
14 getting that information.
15 TRUSTEE MCLAUGHLIN: A
16 question: That 11 percent - are we
17 talking about 11 percent of the
18 square footage in the village or
19 11 percent of the households?
20 MR. KERBEY: Households.
21 Potential subscribers, that's what
22 were mentioned.
23 TRUSTEE MCLAUGHLIN: Of the
24 households. So, in other words, the
25 MDUs constitute less than 11 or

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1 Proceedings
2 11 percent or less of the village?
3 MR. KERBEY: No.
4 MAYOR KINNALLY: They're --
5 MR. KERBEY: They're included.
6 MAYOR KINNALLY: The MDUs are
7 part of the 89; right?
8 TRUSTEE MCLAUGHLIN: Right,
9 because they -- because their access
10 -- but their access is buried; is

11 that it?
12 MAYOR KINNALLY: No.
13 MR. KERBEY: No.
14 MAYOR KINNALLY: The MDUs are
15 different. MDUs can be buried, but
16 they could, also, be --
17 MR. KERBEY: -- served by the
18 aerial.
19 TRUSTEE MCLAUGHLIN: Okay.
20 MAYOR KINNALLY: Okay.
21 All right. Thank you.
22 MR. KERBEY: Certainly.
23 MAYOR KINNALLY: I have one
24 question, another, one other
25 question and that is on the initial

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1 Proceedings
2 PEG and the annual PEG grants.
3 The initial PEG grant is,
4 approximately, \$61,000.00, and the
5 annual PEG grant will be based upon
6 a formula, a per-subscriber formula.
7 MR. KERBEY: Correct.
8 MAYOR KINNALLY: And the
9 payment of the annual grants is
10 staged. Is the earlier of the three
11 years for the recoupment of the
12 entire \$61,000.00 --
13 MR. KERBEY: Correct.
14 MAYOR KINNALLY: -- is that
15 correct?

16 Is it just a timing thing or is
17 the village going to get the
18 \$61,000.00 plus all of the annual -
19 annual grants?

20 MR. KERBEY: It would be
21 recouped against the initial grant
22 payment. We're, basically, taking
23 the risk that we -- as to whether or
24 not we recoup all of that within the
25 course of the three years.

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1 Proceedings

2 MAYOR KINNALLY: If you don't
3 recoup it within - within three
4 years --

5 MR. KERBEY: Then we start
6 paying.

7 MAYOR KINNALLY: You start
8 paying without any offset?

9 MR. KERBEY: Without any
10 additional offset.

11 So, in other words --

12 MAYOR KINNALLY: When you say
13 "additional offset" --

14 MR. KERBEY: Yup. We give you
15 a grant of \$61,000.00 during the
16 course of the first three years,
17 \$41,000.00 has accrued --

18 MAYOR KINNALLY: Right.

19 MR. KERBEY: -- we start
20 paying, going forward, we eat the

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21 \$20,000.00.
22 MAYOR KINNALLY: Okay. All
23 right.
24 VIDEO OPERATOR: A cell phone.
25 MAYOR KINNALLY: Thank you.

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1 Proceedings
2 TRUSTEE QUINLAN: I have a
3 question.
4 MAYOR KINNALLY: Sure, Jerry.
5 TRUSTEE QUINLAN: I'm concerned
6 about the -- this 12.6 paragraph --
7 MR. KERBEY: Uh-huh.
8 TRUSTEE QUINLAN: -- and the
9 agreements about the side letters.
10 Are you willing to put all the
11 agreements in the side letters into
12 the document, itself?
13 MR. KERBEY: No, we are not at
14 this point. We'll, certainly,
15 discuss them with you, further, but
16 no, the representations that were
17 made in the side letter were by way
18 of clarification, but they, at
19 least, in one instance, deal with
20 something that's outside of the
21 purview of the Franchise Agreement.
22 MAYOR KINNALLY: Mr. Kerbey --
23 TRUSTEE QUINLAN: I was just --
24 MAYOR KINNALLY: -- I must tell
25 you that --

1 Proceedings
2 VILLAGE MANAGER FROBEL: Excuse
3 me.
4 MAYOR KINNALLY: Go ahead,
5 Jerry.
6 TRUSTEE QUINLAN: I'd just like
7 to finish for a second.
8 MR. KERBEY: Sure.
9 TRUSTEE QUINLAN: So then what
10 is the purpose of the side letter
11 again?
12 MR. KERBEY: To clarify what
13 the operation of some of the
14 provisions would be.
15 TRUSTEE QUINLAN: If it's --
16 Then, according to 12.6, it would be
17 unenforceable?
18 MR. KERBEY: As a separate
19 agreement, correct. This is an
20 integrated document. So, the
21 entirety of the document is - is
22 what the four points of an agreement
23 are.
24 TRUSTEE QUINLAN: Right.
25 So, the answer to my question

1 Proceedings
2 is then that it would be
3 unenforceable?
4 MR. KERBEY: Yes, as a separate
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5 agreement, yes.
6 TRUSTEE QUINLAN: Fine.
7 I have -- I'll tell you I
8 didn't know anything about that
9 until tonight and that causes me
10 very grave concern.
11 would you be willing to put the
12 agreements in the side letter into
13 the document, itself?
14 MR. KERBEY: No, we would not.
15 Those were issued as clarifications.
16 Let me take a minute --
17 TRUSTEE QUINLAN: Do so at your
18 own peril because --
19 MR. KERBEY: Understand.
20 TRUSTEE QUINLAN: -- if
21 Mr. Perlstein indicates that he
22 would like those in the Agreement --
23 MR. KERBEY: Understand.
24 TRUSTEE QUINLAN: -- I'm asking
25 you to, seriously, consider

1 Proceedings
2 including them in the Agreement.
3 MR. KERBEY: Let me, if I may,
4 by - by way of explanation, point
5 out a situation, for instance, in
6 which it would be impossible for us
7 to do so.
8 with respect to provision of
9 service to the school district, the

10 school district here in Town extends
11 outside the political boundaries of
12 this particular village. We do not
13 have the authority to grant a
14 franchise outside of your political
15 boundaries.

16 Furthermore, the school
17 districts, themselves, do not have
18 the authority or the power to engage
19 in agreements or grant these
20 franchises. They lie, solely, with
21 what's called "the LFA," Local
22 Franchising Authority, which is the
23 political entity that is the
24 village.

25 As a matter of practical

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1 Proceedings
2 operation, the signals will be
3 available and we will be able to
4 provide that service, but we will
5 have to do it under the auspices of
6 a different franchising authority.

7 So, it would be inappropriate
8 for us to make that commitment in
9 the context of your franchising
10 Agreement cause we don't have the
11 power to do so.

12 TRUSTEE QUINLAN: I'm finished.

13 MAYOR KINNALLY: You're done.

14 I share your concerns, Jerry, as

15 their execution of the 12th time.

16 To the extent that you're right
17 that our school district is not
18 contiguous with the village, the
19 area that's served is the Town of
20 Greenburgh, the unincorporated part
21 of the Town of Greenburgh. So, I
22 think that concern of yours would be
23 allayed if and when you enter into a
24 franchise agreement with the Town of
25 Greenburgh.

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1 Proceedings

2 So, it's, maybe, more of a
3 timing thing than a practical
4 problem.

5 MR. KERBEY: Absolutely. It's
6 a - it's a timing issue and we
7 intend to provide the service, we
8 just can't just do it as a matter of
9 commitment within this particular
10 Franchise Agreement.

11 MAYOR KINNALLY: I think - I
12 think you could, probably, do it,
13 say if and when or subject to. I'm
14 - I'm sure Ms. Goldstein can come up
15 with some correcting language to
16 deal with it, but I am uncomfortable
17 with having any side-letter
18 agreements that are not,
19 specifically, incorporated into the
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20 Agreement, and the position taken by
21 Verizon is that those agreements
22 will not be integrated in this
23 Agreement. I must tell you --

24 MR. KERBEY: That's correct.

25 MAYOR KINNALLY: -- I have

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1 Proceedings

2 great concern over that.

3 MR. KERBEY: Understandable.

4 MAYOR KINNALLY: And I don't
5 think the contents of that letter
6 agreement deal only with the issue
7 of providing service to - to the
8 school district that is not
9 part of --

10 MR. KERBEY: There are - there
11 are a number of other issues
12 addressed there, but they fall
13 within the same kind of problem in
14 terms of integrating them into the
15 Agreement.

16 MAYOR KINNALLY: Okay. I mean
17 it's the same thing if - if - if you
18 made any representations here, this
19 evening --

20 MR. KERBEY: Correct.

21 MAYOR KINNALLY: -- I would --
22 you or anybody else on the Verizon
23 side or the Cablevision side when
24 they have their hearing or even if

25 it was in the course of this

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1 Proceedings
2 hearing, tonight, I would expect
3 those representations to be
4 enforceable and to be part and
5 parcel of whatever goes up to the
6 P.S.C.

7 MR. KERBEY: Fair enough,
8 Mr. Mayor. We understand your
9 position.

10 MAYOR KINNALLY: Okay. All
11 right.

12 Peter.

13 TRUSTEE SWIDERSKI: I didn't
14 understand, fully, the way you deal
15 with the issue of the 5 percent
16 applied against the bundled
17 services.

18 I, certainly, understand, you
19 know, my cable bill is \$60.00 and
20 it's 5 percent of that, but I,
21 fully, expect the vast majority of
22 customers, in the end, will,
23 probably, land up bundling, whether
24 it's phone or Internet or whatever
25 and cable. How does the prorating

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1 Proceedings
2 work and what does that mean for the

3 Village?
4 MR. KERBEY: The way the
5 prorating would work in Verizon's
6 instance is a little bit different
7 than it would be with the incumbent
8 because the phone service that they
9 provide is not regulated. It's not
10 tariffed, as ours is. We don't have
11 the ability to set our telephone
12 prices. They are set by a very
13 complicated process of which we're
14 only one part of that process.
15 As a consequence, we can't
16 discount any of that phone service.
17 That's against the tariff and
18 against the Regulations.
19 Any discounts that would be
20 available on our package pricing
21 would be applied against the data
22 services and the video services.
23 The concerns that have been
24 stated before was, well, it's
25 cheaper so you could apply those

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1 Proceedings
2 discounts all against the video
3 services and reduce the revenue down
4 to video services to next to nothing
5 and eliminate our franchise fees.
6 Not possible to do.
7 One of the references in our

8 gross-revenues section is to GAAP.

9 And understand, perfectly,
10 Verizon is a publicly-traded
11 corporation. There are very
12 rigorous rules that we have to
13 follow in accordance with our
14 accounting procedures. We can't
15 choose to discount, simply, against
16 one service in the context of a
17 package. We have to account for the
18 discounts that apply to both.

19 So, they would be applied on a
20 pro rata ratio according to the
21 stand-alone prices of each of those
22 individual services.

23 In addition, we have made a
24 commitment in the Agreement above
25 and beyond what is of necessity

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1 Proceedings
2 imposed on us by GAAP accounting
3 rules that we will not apply those
4 discounts in the way so as to avoid
5 the franchise fees, and that's,
6 specifically, stated in the
7 Agreement.

8 TRUSTEE SWIDERSKI: And I would
9 assume that if the phone service
10 offered in a bundle was IP-based,
11 you wouldn't treat that as regular
12 phone service, it would be different

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in that case?

MR. KERBEY: Right now, our digital phone service is still considered a phone service, and Verizon has taken the positions contrary, for instance, with what AT&T has taken that video services are, in fact, video services and we pay franchise fees on them.

In other words, AT&T is saying that their service is, strictly, an IP-based service and that they don't need video franchises or pay

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franchise fees.

Verizon does pay the franchise fees. We're here, tonight, seeking a Franchise before you.

MAYOR KINNALLY: Okay. Bob?

Bob had a comment.

And would you come up, Bob?

MR. PERLSTEIN: Sure.

MAYOR KINNALLY: Thank you, Mac.

MR. PERLSTEIN: I wanted to try and put this in some kind of coherent order.

With respect to Paul's comments on how the PEG payments are to work under the Verizon Agreement, the

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18 Consortium requested that system in
19 an attempt to -- when I say "that
20 system," I mean an up-front payment
21 and then a per-subscriber payment
22 over the years -- in an attempt to
23 really create the level playing
24 field for both companies that they
25 could live with. Verizon coming in

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Proceedings

2

as a new company and not knowing how
3 many subscribers it's gonna have and
4 Cablevision having all the
5 subscribers.

6

So, we thought if there was an
7 entry fee, it would be fair that
8 Verizon shouldn't just be able to
9 walk in without any commitment, but
10 then, once we saw how the
11 subscribers worked, it would be fair
12 to have a per-subscriber fee. We
13 still think that's fair.

14

The only way the Village, I
15 think, could suffer is if, all of a
16 sudden, all of the subscribers went
17 away. I mean I -- and everybody
18 switched to satellite. I - I doubt
19 that's gonna happen.

20

Addressing something that Mac
21 said, which I find very serious, is
22 that the word "recovered" -- Lee,

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23 this was your question -- in 5.4.3,
24 we never understood that to mean
25 recoupment, and Hastings, as did the

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1 Proceedings
2 other villages, took the position
3 that, while we were willing to leave
4 some kind of a gap before Verizon
5 had to make the per-subscriber
6 payments, they would make those
7 payments and that this was not
8 somehow to be recouped from the
9 up-front payment or anything else,
10 that, while there was gonna be a lag
11 time in those payments for a period
12 of about three years, that there was
13 not gonna be a recoupment factor,
14 that this was a timing issue, and to
15 hear, tonight, for the first time,
16 that Verizon intends to not only
17 pass through this money but then to
18 recoup it from the up-front monies
19 that they were providing to us, I
20 think is just not responsible and
21 I'm surprised that I heard it here.

22 TRUSTEE QUINLAN: Can I just
23 ask a question?

24 MAYOR KINNALLY: Sure, Jerry.

25 TRUSTEE QUINLAN: Bob, before

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2 you leave.

3 MR. PERLSTEIN: Sorry.

4 TRUSTEE QUINLAN: I'm - I'm
5 concerned about the side agreement.
6 would you explain a little bit more?
7 I've seen your letter dated
8 September 15th where you did
9 question that side agreement and
10 whether it was enforceable in the
11 Agreement. You heard my questions.
12 What's your opinion on that?

13 MR. PERLSTEIN: When we were
14 negotiating the points that were
15 incorporated in this side agreement,
16 I had not focussed on the language
17 in Paragraph 12.6, which really
18 makes the side agreement,
19 completely, unenforceable, which is
20 why I wrote my follow-up letter
21 saying that I did not think any of
22 these things should be in the side.
23 I don't -- I didn't accept that at
24 all.

25 TRUSTEE QUINLAN: Uh-huh.

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1 Proceedings

2 MR. PERLSTEIN: The only
3 possible exclusion is - is,
4 conceivably, the school-district
5 issue --

6 TRUSTEE QUINLAN: Right.
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7 MR. PERLSTEIN: -- because
8 Verizon can't agree with us, I
9 suppose, to provide services outside
10 of Hastings. They have to agree
11 with that with someone else, but I
12 don't know why all the other points
13 can't be in the Agreement, and,
14 frankly, I do think that Pamela
15 could develop some wording so that
16 even that point could be in the
17 Agreement.

18 And to say, by the way, as Mac
19 did, that the school districts don't
20 have authority to do these contracts
21 is irrelevant. We're doing the
22 contracts and we're making it a
23 requirement that the school district
24 gets service in its entirety.

25 So, I think all of these points

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1 Proceedings
2 should be in the body of the
3 Agreement.

4 TRUSTEE QUINLAN: Okay. Thank
5 you.

6 MR. PERLSTEIN: Thank you.

7 TRUSTEE APEL: I have a
8 question.

9 Based on that, what is the
10 operating law that says that they
11 can't deal with the entire school

KL091906.txt

12 system if a part of it is in another
13 government under this petition?

14 MR. PERLSTEIN: I'm going to
15 have to defer to John Figliozi on -
16 on that question.

17 TRUSTEE APEL: Okay.

18 MR. FIGLIOZZI: You -- Hi.
19 This is John - I'm John Figliozi.
20 I'm with the Department of Public
21 Service, work in the Municipal
22 Section. I'm very happy to have
23 worked with Bob and the Consortium
24 and with - with Verizon, as well.

25 The answer to your question is

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1 Proceedings
2 is that the franchise can only -
3 only -- you only have the legal
4 right to franchise within your
5 political boundaries, political
6 boundaries of the incorporated
7 village.

8 If a portion -- if the school
9 district is extraterritorial, the
10 language in your contract only
11 applies to the portion of the school
12 district that's inside your - your
13 boundaries.

14 For example, you cannot give
15 authorization to Verizon to extend
16 its system to -- If the headquarters

17 of the school, say, or the school,
18 itself, is, physically, located
19 outside of the village, you cannot,
20 in your Agreement, say, for example,
21 Verizon must serve the school cause
22 the school doesn't -- is not within
23 the territory of the village.

24 In this particular case, I
25 don't - I don't know where the

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1 Proceedings
2 school, specifically, is, but I do
3 know that a portion of the school
4 district and people attending the
5 school live outside the boundaries
6 of the Village of Hastings;
7 therefore, there needs to be some
8 other construction in order to
9 permit or in order to allow for the
10 intent, which, as I understand it,
11 is you that want the programming
12 that's produced by the school
13 district to be seen by all - by
14 residents -- by subscribers that
15 live or, you know, that attend that
16 school and may live inside or
17 outside the village.

18 Some of that might be addressed
19 in other agreements. Some of that,
20 perhaps, can be - can be worked out,
21 but, strictly speaking, you cannot

22 mandate through the Franchise
23 service to people that don't live in
24 your community.

25 TRUSTEE APEL: I am excited I

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1 Proceedings

2 understand what you said.

3 MR. FIGLIOZZI: Okay.

4 TRUSTEE APEL: Thank you.

5 MAYOR KINNALLY: Thank you.

6 Peter.

7 TRUSTEE SWIDERSKI: I just -- I
8 didn't, fully, understand the answer
9 to my question on the IP phone
10 issue, and I think it's,
11 potentially, quite important because
12 it has ramifications for how the
13 percentage is calculated. And I
14 just want to address it, one more
15 time, so I understand what you said.
16 And I'm gonna put it in my very
17 simple terms.

18 MR. KERBEY: Uh-huh.

19 TRUSTEE SWIDERSKI: My
20 understanding is that the world of
21 telephony is divided into the IP
22 stuff, vottage, what Cablevision
23 offers, and plain old telephone
24 service, you know, POT service which
25 is a regulated service you were

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speaking about.
MR. KERBEY: Correct.
TRUSTEE SWIDERSKI: Is the
service offered over FIOS POTS or
IP?
MR. KERBEY: It is digital so
it is different than what,
traditionally, POTS is, which is an
analog signal, but it is still a POT
service, not an IP-based service.
TRUSTEE SWIDERSKI: So, it's --
MR. KERBEY: It's digital
phone.
TRUSTEE SWIDERSKI: It's
regulated?
MR. KERBEY: Yes.
TRUSTEE SWIDERSKI: It's
something you consider it's
regulated? It is, genuinely,
regulated?
MR. KERBEY: Yes.
TRUSTEE SWIDERSKI: Okay. And,
when you speak of bundled services,
you are speaking of POTS plus cable

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Proceedings
plus Internet?
MR. KERBEY: Phone services,
what's otherwise --

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5 TRUSTEE SWIDERSKI: Right.

6 MR. KERBEY: -- referred to in
7 some circumstances as the Triple
8 Play, the three services that can be
9 offered through a mixed-use
10 telecommunications system.

11 TRUSTEE SWIDERSKI: Do you
12 offer IP telephony?

13 MR. KERBEY: I don't know if we
14 have that in our product list, right
15 now. Is that --

16 MS. AZARE: We're working on
17 it, that kind of offer.

18 TRUSTEE SWIDERSKI: So, yeah,
19 but is it possible to get Verizon's
20 IP over DSL, for example?

21 Not yet? Yes? No?

22 MR. KERBEY: I'm not familiar
23 with it.

24 MS. AZARE: We're not on the
25 record.

□

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1 Proceedings

2 TRUSTEE SWIDERSKI: Okay. The
3 reason I'm asking is because in
4 these bundled services, if it was
5 IP, I would consider that part of
6 the cable slash Internet services;
7 right?

8 MR. KERBEY: An IP if it were
9 data service --

10 TRUSTEE SWIDERSKI: Right.

11 MR. KERBEY: -- regardless of
12 what the nature of the data is, it's
13 a data service.

14 MAYOR KINNALLY: And we get the
15 5 percent?

16 MR. KERBEY: You get 5 percent
17 on video portion of it, yes. There
18 is no franchise fee against a data
19 service.

20 MAYOR KINNALLY: Okay.

21 TRUSTEE SWIDERSKI: But it
22 wouldn't be the same sort of
23 proration where you're treating it
24 as a POTS and then deducting that,
25 entirely?

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1 Proceedings

2 MR. KERBEY: If you were to --
3 what I think your question is saying
4 is if you were to buy an IP
5 telephone service, a data service
6 and a video service --

7 TRUSTEE SWIDERSKI: Uh-huh.

8 MR. KERBEY: -- how would the
9 bundling apply?

10 TRUSTEE SWIDERSKI: Uh-huh.

11 MR. KERBEY: I haven't heard
12 that they have offered or considered
13 that bundle at this point. So, I
14 don't know for sure, but anything

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15 that is a data service can be
16 subject to the discount, and the way
17 the discounts are figured as between
18 data services and video services in
19 a triple combination is by the ratio
20 of those stand-alone prices, alone.

21 TRUSTEE SWIDERSKI: Okay.

22 Okay.

23 MAYOR KINNALLY: Bob and John,
24 is there an opener provision in the
25 Agreement that would anticipate what

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1 Proceedings

2 we're talking about?

3 In other words, we're not
4 really sure how the - how the
5 percentage is going to apply, that
6 the parties will get together and
7 renegotiate that point if and when
8 there were advances in technology
9 and availability of them to carry
10 such a - such a service.

11 MR. FIGLIOZZI: Okay. To
12 answer, more specifically, your -
13 your question, Mr. Swiderski, the,
14 um, the reference in the Agreement
15 is tariff telecommunication service.

16 If the phone service they
17 provide, if it were to become, say,
18 you know, a straight IP service,
19 that, probably, would not be a

20 tariff service, and if it's not a
21 tariff service, then the restriction
22 in the agreement would no longer
23 apply for the bundling purpose.

24 TRUSTEE SWIDERSKI: Okay.

25 MR. FIGLIOZZI: Okay?

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1 Proceedings

2 MAYOR KINNALLY: Good.

3 MR. FIGLIOZZI: I think - I
4 think that -- Does that answer your
5 question?

6 MAYOR KINNALLY: That covers
7 that.

8 TRUSTEE SWIDERSKI: I wasn't
9 sure whether there's a definition
10 that applies to IP, that they're,
11 simply, applying tariff to IP even
12 though it's IP. Tariff means
13 tariff, period; right?

14 MR. FIGLIOZZI: Tariff means
15 it's regulated.

16 TRUSTEE SWIDERSKI: Box.

17 MR. FIGLIOZZI: And the reason
18 why it's left out is because a
19 tariff service means they have no
20 control over the pricing. The
21 pricing is something set by
22 regulation.

23 TRUSTEE SWIDERSKI: Okay.

24 MAYOR KINNALLY: Thank you.

25

TRUSTEE SWIDERSKI: Thank you.

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Proceedings

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TRUSTEE QUINLAN: May I just

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ask --

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MAYOR KINNALLY: Yeah.

5

TRUSTEE QUINLAN: -- a quick

6

question to Verizon, and that's to

7

Verizon, and this is another thing

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that Mr. Perlstein brought up not

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tonight but in a letter. That was

10

the force-majeure language which

11

includes a situation involving a

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lockout or other vendor-management

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issues.

14

So, why don't you come up here

15

for a second so I don't --

16

MR. KERBEY: Sure.

17

TRUSTEE QUINLAN: what he's

18

suggesting, and which I happen to

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agree with, that this, obviously,

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would be under the controls of

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Verizon as a company between its

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employees and management, and he

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indicates that he would recommend

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eliminating a period to that force

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majeure as to for six months.

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Proceedings

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What's your opinion about

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adding that into the Franchise

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4 Agreement?

5 MR. KERBEY: A couple of items
6 that we would - we would choose to
7 respond on:

8 with respect, specifically, to
9 force majeure, as that is applied in
10 this situation, we do not believe
11 that is -- the lockout provision
12 applies to a situation that is
13 within the control of Verizon.

14 Verizon, as opposed to the
15 incumbent provider, is a union shop
16 and we operate under collective
17 bargaining agreements. Within the
18 course of collective bargaining
19 agreements, there are progressive
20 actions that have to be taken during
21 the course of contests or disputes
22 between the parties.

23 Similar to the fact that there
24 are requirements or potential
25 requirements for the union to have

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1 Proceedings

2 to deal with a strike situation, to
3 preserve future rights, Verizon may,
4 also, be in a situation where it has
5 to call a lockout to be able to
6 maintain its future rights within
7 the context of the progressive
8 agreements.

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9 But I would like to take a step
10 back a little bit if I could and
11 talk about what force majeure in
12 this situation really means because
13 I think it has been - been
14 overrepresented, if you will, in a
15 context of this Agreement.

16 A couple of points:
17 where force majeure applies
18 here is in the situation of not
19 being excused from performance but
20 addressing delays. And what Verizon
21 is really interested in is not
22 being, additionally, penalized in
23 those situations.

24 Please understand that, by the
25 Regulations, any time there is a

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1 Proceedings
2 cessation of service for more than
3 four hours, we have to refund,
4 credit, any - any - any subscriber
5 fees that are collected.
6 So, while, yes, the subscribers
7 may suffer a lack of service, we
8 have to refund those fees.
9 But, more importantly, I think
10 is to take a look at the new world
11 we're looking at here which is one
12 in which we're in a competitive
13 environment. What is the worst

14 nightmare of a service provider in a
15 competitive environment? To be
16 down.

17 We are not looking for
18 situations to excuse us to be out of
19 providing our service. That's
20 deadly to a service provider.

21 Where there's competition,
22 you're down for any length of time,
23 it's a simple matter of the client
24 or the customer calling up and
25 changing its service.

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1 Proceedings

2 That was not the condition that
3 existed under a sole provider. A
4 sole provider goes out of service,
5 people have nowhere else to go.
6 They've got to live with it.

7 Our view is that there needs to
8 be regulatory incentives for
9 limiting those situations.

10 In a competitive environment,
11 we have the most compelling
12 incentive not to let that happen in
13 the first place.

14 So, what Verizon has attempted
15 to do is draw a force-majeure
16 provision that is very specific in
17 terms of the conditions that we are
18 concerned about, call them out in

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19 advance. we don't leave them to
20 something as general as things that
21 are, reasonably, beyond our control,
22 which, you know, if we're the party
23 who's deciding what reasonable is,
24 that could be a wide range of
25 things. Rather, what we have chosen

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1 Proceedings
2 to do is to try and define
3 situations where we understand there
4 may be exposures and deal with them,
5 up-front, but the clear incentive
6 for us in any situation in which
7 there is a performance delay is to
8 get that taken care of as quickly as
9 possible because we lose customers
10 when that happens.

11 TRUSTEE QUINLAN: Okay.

12 MAYOR KINNALLY: Now, we'll
13 open it up to public comment.

14 Again, anyone wishing to
15 comment, please come forward, give
16 your name and address for the
17 record.

18 First of all, be -- wait to be
19 recognized by the Chair, if you
20 would. This is not the Race to the
21 swiftest. And give your name and
22 address for the record.

23 And a gentleman here in the

24 front, I think, was moving his hand
25 up. So, I'm gonna recognize him,

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1 Proceedings

2 first.

3 Are you coming up? Yes?

4 MR. ROSNER: I was gonna let
5 him go, first.

6 MAYOR KINNALLY: No. That's
7 all right.

8 MR. ROSNER: Mark Rosner,
9 24 Branford Road, Hastings.

10 This is my seventh year in
11 Hastings and I'm - and I'm, also, a
12 customer of both companies
13 represented here.

14 As a matter of fact, after Con
15 Ed, it's my biggest expense every
16 month.

17 Verizon has been very
18 responsive over the years to many
19 calls I've made because of problems
20 with the copper lines, and so, when
21 I found out, recently, that there
22 was fiber to the pole, I called them
23 up and asked them if they would be
24 willing to switch my phone service
25 over to the fiber since it was

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1 Proceedings

2 ready, and they said yes and then
3 they tried to do it and they said
4 no. They said we reserve that for
5 our Internet customers and they
6 wanted to send me -- sell me bundled
7 services, and I said, well, why
8 don't we fix the services I'm paying
9 for then, in 60 days, I'll - I'll
10 switch over and, um, and try the
11 other, you know, other - other
12 services to be compete Cablevision's
13 Internet, and they said no. They
14 said it has to be escalated by
15 repair, but a repairer comes out,
16 it's a sunny day, the water is gone,
17 the squirrels chased away, and they
18 reduce it back to Tier 1 as if it
19 was repaired. Um, and I said you
20 would be willing to send somebody
21 out every day to fix it rather than
22 switch me over to the new
23 technology? And they said yes.

24 And here's the point - and -
25 and here's the point: Any contract

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1 Proceedings
2 you enter with these utilities, all
3 these services should be,
4 independently, competitive with each
5 other. You don't want two vertical
6 monopolies that are each extorting

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7 individuals of the town.

8 And, maybe, it's - maybe, I'm
9 not reading the contract right or
10 it's not at the right stage, but I
11 don't see much reference to pricing
12 structure or independent services.

13 So, that is very important.

14 The money is very big. If you
15 figure you save \$20.00 per home per
16 month, 2,000 homes, over the life of
17 a contract, it works out to be
18 millions of dollars, which is why
19 this room has as many people from
20 the companies as it - as it does
21 people in the town.

22 So, I say bring it on, bring on
23 both these companies, give them the
24 right to do business and all these
25 services but make sure that they're

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1 Proceedings

2 playing fair and that they're
3 competing in all of these services.

4 I'm glad to see that the
5 schools are represented in here and
6 that we're looking out for them.

7 There are other schools and
8 nonprofits in the community, and I'm
9 not suggesting that services be
10 given away to them, but - but I hope
11 they're given the opportunity for

KL091906.txt

12 affordable services, and there are
13 businesses and small businesses, as
14 well, at stake.

15 I didn't quite catch the
16 business about the distinction
17 between geographic boundaries of the
18 town and the school, because the
19 school district may not have the
20 exact same boundaries, but the
21 school's across the street in the
22 middle of town. They're not gonna
23 be watching cable TV in the cemetery
24 across 9A. I mean it would seem to
25 me that you should be able to work

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1 Proceedings
2 out provisions that count the school
3 buildings and - and work out the
4 slight discrepancies.

5 MAYOR KINNALLY: The school
6 buildings would be served.

7 MR. ROSNER: Yes.

8 MAYOR KINNALLY: The members of
9 the school district who don't live
10 within the confines of Hastings
11 would not be served.

12 MR. ROSNER: Right. They
13 shouldn't - they shouldn't fall
14 under the school services, itself,
15 but their geographic --

16 MAYOR KINNALLY: Right.

17 MR. ROSNER: -- boundary.

18 And just one last thing. It's
19 something I've -- and then you take
20 cablevision -- by the way, it's no
21 innocent, either. When you look at
22 their pricing structure, well, when
23 my wife was pregnant and we had, you
24 know, the Triple Platinum
25 Fiber-Optic Package and everything,

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1 Proceedings

2 when - when we tried to bring it
3 back down to just basic analog
4 channel, news, Disney Channel, there
5 wasn't much of a spread in the
6 product. You know, it dropped a
7 bit, but, basically, they make it
8 very difficult for the consumer not
9 to go for the whole package.

10 So, one last thing is - is
11 there's little reference to
12 corporate policies and we have
13 shareholders and so forth. There's
14 a new movement on the corporations,
15 right now, to kind of stone-wall
16 individuals in small businesses and
17 say we have our corporate policies,
18 international policy. They make it
19 sound like it's Federal Law, Geneva
20 Convention or something. Just be
21 careful about how they're packaging

22 it, phrasing it and don't buy it too
23 quickly. If they -- They have the
24 power to turn around to the people
25 that make the policies and say we

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1

Proceedings

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want to do business in this town,
3 let's be flexible.

4

Thank you for hearing me.

5

MAYOR KINNALLY: Thank you.

6

Mr. Metzker.

7

MR. METZKER: Jim Metzker,

8

427 Warburton Avenue.

9

10

I'm glad I went to architecture
school and not law school because
11 it's a very difficult problem you
12 have before you.

11

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I would say that the thing that
concerns me most is a contract that
says there's no room for negotiation
here, this contract is what it is,
you can make all the decisions you
want and interpret things but we're
sorry, we're not gonna put that back
into the contract and sign on the
dotted line.

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In thirty years that I've been
practicing, I've never had a
contract with a client that didn't
require some negotiation. We made

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decisions, we looked at certain provisions, we made agreements, and then we put that down, we redlined it, we all initialed it, and it was good to go. And I feel a little bit leery of a company that doesn't want to do that.

That being said, I'm a great believer in competition. I think, looking at the big picture, when -- I'm old enough to remember when AT&T was one company, and I remember when they split up, my parents and my grandparents were very nervous what was gonna happen to the phone service, and there was some time for the shakeout, but, ultimately, the level of services that have been provided by the competition have been incredible.

What I think we need to be careful of, and I only had a very quick chance to glance at the contract, is, as an example with HOH

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TV, if we're broadcasting out of a new community center, are we only broadcasting to one company or to both companies? And if and when

6 interactive TV becomes a reality,
7 and that may happen sooner than any
8 of us think, if you don't subscribe
9 to one service, do you not get to do
10 interactive, say, with school
11 program because you don't belong to
12 the right service?

13 we have to make sure that the
14 entire village is covered with the
15 same level of service regardless of
16 who we choose as our cable provider,
17 and I don't think that the contract
18 that I saw mentions that or talks
19 about it.

20 Lastly, I'd like to say I've
21 been very happy with verizon cable
22 and telephone service I've received,
23 and reality is I've been, fairly,
24 happy with Cablevision, and I've
25 been a Cablevision subscriber since

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1 Proceedings
2 the late '70s when I lived in New
3 York City, but the reality is cost
4 we pay for the level of service I
5 think is outrageous and I think
6 that's because there's a monopoly.
7 The thought of paying 80 or \$90.00 a
8 month to watch TV I think is crazy.
9 I'd like to see that come down.

10 My fear is that we're gonna
Page 87

11 have two companies asking us to pay
12 80 or \$90.00 a month, we're not
13 really gonna see a reduction in
14 fees.

15 Just some general ideas, and I
16 wish you luck in your decision.
17 It's - it's not an easy decision to
18 make.

19 Thank you.

20 MAYOR KINNALLY: Thank you.

21 Just a point of clarification.
22 There has been quite a bit of
23 negotiation to date. There will
24 continue to be negotiations not only
25 with Verizon but with Cablevision.

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1 Proceedings
2 We had a meeting the other night
3 which Cablevision attended and
4 certain items were discussed,
5 informally, but positions were
6 taken. I wouldn't say anybody dug
7 their heels in, but the purpose,
8 tonight, is not to negotiate but,
9 certainly, a number of the points
10 that have been discussed here,
11 tonight, will continue to be
12 negotiated. We - we marked things
13 up a bit.

14 All right. Anyone else?

15 Yes.

KL091906.txt

16 MS. TRAVIS: Me?

17 MAYOR KINNALLY: Yes. Sorry.

18 MS. TRAVIS: Hi. Cindy Travis,
19 427 Warburton, I'm a resident of
20 Hastings.

21 I, also, agree, wholeheartedly,
22 having competition between the two
23 companies.

24 Cablevision and Verizon have
25 been providing me service for years.

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1 Proceedings

2 what I would like to see and,
3 maybe, this can be directed to the
4 Committee to ask is: I'd, actually,
5 like to see what the price
6 differences are gonna be, because,
7 like Jim said, that if we're really
8 just gonna get the same prices, then
9 is this really competition, if
10 they're just coming in, or is there
11 really gonna be some benefit,
12 cost-wise? Cause, you know, I don't
13 really care which channel I get HBO
14 on, it's all quality input. If it's
15 really gonna make a difference in
16 price?

17 So, it would be nice if you
18 could ask both of the companies to
19 say, you know, what's the bigger
20 picture in terms of the consumers?

21 And, also, I'd like to know
22 more about where they said that
23 there are buried lines. If they go
24 into the actual streets, will they
25 be repairing those areas back to the

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1 Proceedings
2 level that they were at, currently,
3 so that we're not left with potholes
4 everywhere or strips of street that
5 are gonna need to be maintained by
6 the village, later? And I'd like
7 that addressed, too.

8 Thanks.

9 MAYOR KINNALLY: Thank you.

10 All right.

11 Yes, ma'am.

12 MS. TIMICH: Helen Timich,
13 218 Farragut, and, I guess -- This
14 is my first town meeting, so.

15 I, actually, met The Mayor in
16 the grocery store and asked him when
17 this meeting was going to take place
18 because I, actually, called Verizon
19 trying to get TV service and they
20 said, well, it's up to each town to
21 approve it.

22 Right now, as it stands,
23 basically, there's a monopoly. You
24 have Cablevision, you have your good
25 old rabbit ears or you have Direct

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1 Proceedings
2 TV satellite. Personally, I had
3 Direct TV satellite for five years.
4 I happened to move across the
5 street, I don't have a southern
6 exposure anymore and I'm stuck, I
7 have to have Cablevision right now.

8 I may be prejudice, I don't
9 want Cablevision. I deal with them
10 with my mother right now. I was
11 very fed up with dealing with them
12 and you don't have a choice. This
13 way, if Verizon comes in, as a
14 consumer, you make your own
15 decision. You can go with one or
16 the other. Right now, there is no
17 choice, and I would -- You know,
18 political motivations decide how
19 much you're making and all of that,
20 that's your problem, but, as a
21 consumer, I want a choice.

22 I mean you have a choice in
23 whether you go shopping in, you
24 know, Macy's, or, you know, way back
25 when, Gimbels or whatever, but, you

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1 Proceedings
2 know, as a consumer, you want a
3 choice, and I would just urge the

4 village to give the people of the
5 village a choice in what they watch
6 or where they get the services from.

7 Thank you.

8 MAYOR KINNALLY: Thank you.

9 Andy.

10 MR. HAYDEN: Good evening.

11 welcome, Members of the Board, as
12 Honorable Mayor, the Village
13 Manager, Andy Hayden, 246 Farragut
14 Avenue.

15 Rabbit ears? That would cause
16 -- That would solve the problem. My
17 son, I can't even get him to watch a
18 black-and-white television should I
19 bring him back to rabbit ears.

20 I'm here, tonight. I know
21 there's many issues here, tonight,
22 and I'm just a piece of this puzzle
23 and I'm gonna stay focussed on that
24 piece of that puzzle.

25 When I heard that Verizon was

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1 Proceedings
2 looking for a Franchise here, I'm
3 taking this opportunity, tonight, to
4 kind of hope they would take up some
5 - clear up some loose ends.

6 And now living on 246 Farragut
7 Avenue, I'm sure most of you have
8 passed my house at some point or

9 another, if not, daily, you'll
10 notice over the last several years
11 or since I purchased Old Doc
12 Sisilini's home, my curb has
13 disappeared.

14 Now, Verizon, Ms. Goldstein, I
15 do believe you said they have
16 superior customer service?

17 MS. GOLDSTEIN: Uh-huh.

18 MR. HAYDEN: With all due
19 respect, I beg to differ just a
20 little bit with Verizon.

21 I have been in contact with
22 Verizon over a problem which I'm
23 about to explain, and if you could
24 bring this back to your higher-ups,
25 I'd appreciate it.

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1 Proceedings

2 For the last several years --
3 When I moved into 246 Farragut
4 Avenue, it was made understood to me
5 that there was a problem that
6 Verizon trucks parked on the curb.
7 Doc had been dealing with it for
8 years. He reseeded. He did
9 everything possible.

10 Since - since Doc moved, I
11 dealt with the same thing. I went
12 into it knowing that.

13 There are several problems

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14 there, but the first and foremost
15 being the curb. It's -- I've tried
16 everything over the years. I've
17 gotten contacts, as well as far as
18 people in this room have -- know it.
19 They've gotten called as far as
20 California about my house because
21 I've tried everything to have them
22 fix it or, at least, stop the trucks
23 from going there. It didn't work.
24 It was --

25 And now the problem I have is

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1 Proceedings

2 because it didn't work, I've been
3 forced to put rocks out there so
4 that - which I don't think is very
5 sightly - to stop them from
6 continuing to drive over what is no
7 longer a curb.

8 They come out -- Since now my
9 son is of school age and soon to be
10 my daughter, a school bus stops
11 right out in front of my house. I
12 feel it's a disregard, if not a
13 blatant disregard on the part of
14 Verizon to, at least, not follow up
15 on these measures or these instances
16 of where they're doing damage to our
17 village.

18 Now, I speak here, tonight. I

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19 work for this village, but I speak
20 here, tonight, from personal
21 experience with the exception of
22 this. I am not the only person in
23 this village who suffers this.

24 In fact, on your block, Mayor,
25 you have somebody down the street

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1 Proceedings

2 who has completely-broken sidewalks,
3 an elderly woman, came to my
4 attention one day, also, due to
5 Verizon trucks parking on her
6 sidewalks.

7 If Verizon cannot, at least,
8 address these measures, I find it
9 hard to believe that while they want
10 this Franchise, they're gonna offer
11 superior customer service. It's
12 easy to say that when you want
13 somebody. It's another story when
14 you have it and you have this
15 10-year contract.

16 So, what I'm asking the Board,
17 tonight, to do, and, again, I'm
18 trying to say as brief as possible,
19 is that if this does go through and
20 if you do award Verizon this
21 contract, make them address this
22 issue, this issue of not just my
23 isolated problem but throughout the

24 village. Make them responsible for
25 damage they do to this village.

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1 Proceedings

2 I do not see the same from
3 cablevision. My experiences with
4 them, personal levels, have been
5 positive, but, then again, I've
6 never had this type of problem with
7 them. They don't park in front of
8 my house.

9 I, also, have and two other
10 issues is security. Having children
11 living right there, they don't lock
12 their boxes. And I checked it,
13 tonight, before I came here just so
14 I knew what I was talking about.
15 It's held together by a couple of
16 pieces of wire.

17 And that leads me to another
18 problem, again, blatant, there's
19 wire all over the place. I have
20 children, I have three children and
21 I want these problems addressed. I
22 think it's only fair and I think
23 that it should be mentioned in any
24 agreement again that comes forward
25 to this village that they not only

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1 Proceedings

2 promise to do it, beforehand,
Page 96

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3 possibly, but, also, a maintenance
4 problem, you know, maintenance issue
5 so that if they do manage to fix
6 this curb, that it stays fixed.

7 It, apparently -- By the way,
8 I've tried, again, to fix this,
9 myself. This is thousands of
10 dollars. It's thousands. Of which
11 is not -- I found out -- I wanted to
12 sue them -- it's not even my
13 property. It's the property --
14 apparently, it's very ambiguous.
15 It's the County road, it's the
16 village but it's not quite the
17 village, and I've been told by
18 Verizon workers when I've had
19 several conversations with them, ah,
20 I heard it's mentioned in the
21 right-of-way. Well, it's not the
22 right-of-way to damage property in
23 this village, and I, surely, think
24 it should not be tolerated.

25 So, that's what I came here to

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1 Proceedings
2 say, this evening. I hope you take
3 it into consideration in the future
4 and I appreciate your time and
5 efforts.

6 MAYOR KINNALLY: Thank you.

7 Anyone else?

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8 Yes, sir.

9 MR. SCHULTZ: Hello. My name
10 is Eric Schultz. I'm, also, the
11 first time coming to one of these
12 meetings with all these big chairs
13 in the front of the room and I thank
14 you for allowing me to speak for a
15 minute.

16 MAYOR KINNALLY: Your address,
17 please, for the record?

18 MR. SCHULTZ: My address is
19 160 Mountain Hook Boulevard.

20 MAYOR KINNALLY: Thank you.

21 MR. SCHULTZ: I moved here
22 about a year ago and I'm, very
23 happily, a father of two twins about
24 this size (indicating) and I want
25 them to grow up in this school

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1 Proceedings
2 district and have a blast.

3 That being said, my questions
4 are more about considerations during
5 negotiations. I know that and I,
6 greatly, appreciate that the Members
7 of the Board and a lot of other
8 members have been negotiating along
9 the contract and trying to get to an
10 equitable point.

11 During the negotiations, was
12 there anything about considerations

13 for burying the lines for a lot of
14 the poles we see all over the
15 streets and, if so, what happened
16 with that type of discussion?

17 The other thing is is that I
18 believe this is a great opportunity
19 for us, as a village, or you -- and
20 you, as representatives of the
21 village, to look at, possibly,
22 getting public wi-Fi systems. I
23 know that is an unrelated thing, but
24 it just happened to be that we have
25 companies that have these types of

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1 Proceedings
2 expertise, and I don't know if
3 that's, currently, within the
4 purview or consideration of this
5 topic. And I was wondering if the
6 Members of the Board could tell me
7 if either one of those two things
8 were considered along the way and if
9 they should be?

10 MAYOR KINNALLY: I'll defer to
11 Mr. Perlstein.

12 Can you come up, Bob?

13 MR. SCHULTZ: Thank you.

14 MR. PERLSTEIN: I would like,
15 Mr. Mayor, if Raf could address the
16 question of the burying of the lines
17 versus the boxes.

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18 MAYOR KINNALLY: Okay.
19 MR. PERLSTEIN: That's his
20 department.
21 MR. ZARATZIAN: Of the Y comb?
22 MAYOR KINNALLY: Raf, thank
23 you.
24 MR. ZARATZIAN: Yes. As far as
25 Wi-Fi goes --

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1 Proceedings
2 MAYOR KINNALLY: Name and
3 address, please? Your position?
4 MR. ZARATZIAN: Name and
5 address?
6 MAYOR KINNALLY: For the
7 record.
8 MR. ZARATZIAN: Rafael
9 Zaratzian, 7 Maple Avenue because
10 I'm here more than I'm home.
11 MAYOR KINNALLY: A subject for
12 another public hearing.
13 MR. ZARATZIAN: As far as Wi-Fi
14 goes, the village, itself, has Wi-Fi
15 hot spots. One of them, this
16 building, the library --
17 THE VIDEO OPERATOR: What is
18 it?
19 MR. ZARATZIAN: What is it?
20 Wi-Fi hot spot is a spot where you
21 can bring a laptop or a PDA that
22 gets Internet service.

KL091906.txt

23 TRUSTEE QUINLAN: Got you.

24 MR. ZARATZIAN: Now, that said,
25 Verizon is working on a Wi-Fi system

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1 Proceedings

2 that would be Tristate Area so that
3 you could, basically, have Internet
4 service everywhere you go.

5 And, just recently, on TV, I
6 see that Cablevision - Cablevision
7 is beginning to advertise a Tristate
8 or a Cablevision Area Wi-Fi of
9 Westchester County and its coverage.

10 So, that's coming, but I'm not
11 sure that that's part of the --
12 anything we can apply with this
13 Agreement on either case because
14 this is for video services and I
15 don't think the FCC has given us
16 that authority.

17 MAYOR KINNALLY: Thank you.

18 TRUSTEE QUINLAN: Lee, I just
19 have a question.

20 Before you sit down, Raf, do
21 you have any idea -- Cindy and a
22 couple of other people mentioned the
23 cable, the burying the cable and
24 things like that in the street,
25 tear-ups --

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MR. ZARATZIAN: well --

TRUSTEE QUINLAN: -- or where
the buildout might be?

MR. ZARATZIAN: -- I - I - I -
I don't know, exactly, what
verizon's infrastructure issues are,
but I can tell you that our Downtown
has no poles.

So, I would think that our
Downtown Area would be one of the
areas where they would have to bury
some kind of fiber or get it into
the manholes of Main Street and
Warburton to bring those fibers into
the Village.

I don't know what - what other
areas that there would be, but those
are the areas that I could see.

TRUSTEE QUINLAN: Thank you.

MAYOR KINNALLY: Thank you.

John.

MR. FIGLIOZZI: Bob asked me to
address the underground issue. It
-- That's a right-of-way issue which

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you have control over as a Board.
If you require all users of the
right-of-way to go underground, then
all users of the underground, by

6 local law, then all users of the
7 under -- then all users would have
8 to go underground.

9 The fact that you granted a
10 cable franchise at this particular
11 point in time means that there is no
12 -- The company's responsibilities,
13 Verizon's responsibilities as far as
14 the compliance with right-of-way
15 laws that you pass, your regulation
16 of the right-of-way doesn't change
17 by virtue of the fact that they're
18 signing an agreement. You're still
19 gonna require to do those things,
20 just as Cablevision is required to
21 do those things.

22 MAYOR KINNALLY: And the - the
23 poles versus the underground would
24 cover not only cable, telephone and
25 power lines?

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1 Proceedings

2 MR. FIGLIOZZI: Yeah. You'd
3 have to treat everybody, equitably.
4 You couldn't single out one of them
5 and tell them to go underground.

6 MAYOR KINNALLY: Thank you.
7 Any other public comments?
8 Peter.

9 MR. WOLF: Peter Wolf,
10 One Scenic Drive.

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11 I'm sorry, I was not here,
12 earlier, so I didn't hear all the
13 rest of the comments, but it appears
14 to me that you have a Hobson's
15 choice in front of you.

16 I subscribe to Cablevision
17 Optimum Online or I tried to about
18 16 months ago. It took me about
19 four months to get any kind of
20 service. I was first told that I
21 didn't exist because they didn't
22 have the address in the records.
23 And it took me about three or four
24 months to, actually, have somebody,
25 physically, come.

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1 Proceedings

2 when they came, they left in
3 frustration because nothing seemed
4 to work. I then had to go down to
5 the Cablevision office in Yonkers.
6 I was told that these were some type
7 of subcontractors and they're
8 allowed to do this or that.

9 I have, subsequently, figured
10 out why they call it a Triple Play.
11 I believe the Yankees last had a
12 triple play in 1968, some 38 years
13 ago, and I think it would take them
14 about that long to get all three
15 things working at the same time, and

16 I find it just, totally,
17 unacceptable that, when I try to
18 get, on-line, to get some type of
19 service, I don't get it.

20 When I talk to Optimum people
21 in the street, they tell me, well,
22 you can't get it that way, you have
23 to call. well, when you call, you
24 don't get them. I think we were on
25 the phone for 38 minutes, yesterday,

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1 Proceedings
2 before we, actually, got a live
3 voice. And what they want you to do
4 is take a half day off so that they
5 can come and see what's wrong, but,
6 for a year, I have not had all three
7 things working, and, most recently,
8 I think the phone has been off, at
9 least, 80 or 90 percent of the time.

10 The reason that I say it's a
11 Hobson's choice is because I had
12 this experience and I tried to put
13 Verizon DSL into the office, and I
14 even had Verizon -- A Verizon guy
15 put a data line in so that would be,
16 strictly, for DSL and I even had him
17 install the jack, and I would be
18 polite if I said that their service
19 has been erratic.

20 So, in some total certainty,

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21 the competition would be better but
22 this is why I've called it a
23 Hobson's choice.

24 MAYOR KINNALLY: Thank you,
25 Peter.

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1 Proceedings

2 Anyone else for public
3 comments?

4 Anything else from the Board?

5 No.

6 Diggitt.

7 TRUSTEE MCLAUGHLIN: I would
8 just like to address Mr. Rosner's
9 point about getting fiberoptic for
10 your home for your copper phone
11 lines. I have the complete FiOS
12 package and, when I lost power for
13 five and a half days, a couple weeks
14 ago, that, of course, meant my phone
15 line. And if I still had a
16 hard-wired phone line, it wouldn't
17 have gone.

18 You know, that - that does not
19 relate to this particular Agreement,
20 tonight, but, in terms of phone
21 service, that is something to bear
22 in mind.

23 MR. ROSNER: They'll - they'll
24 do a battery backup for the phones.

25 TRUSTEE MCLAUGHLIN: Yeah, but

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that's only good for eight hours.

MAYOR KINNALLY: We were out longer than that, speaking of utilities.

Anything else?

If not, then I would ask cablevision if they want to make a brief closing -- some brief closing comments.

MR. ABBOTT: Mr. Mayor, I thank you for the opportunity, but I feel I got to say my part in the opening comments. So, I'll just say thank you for giving all of us the opportunity to participate, tonight, and we, certainly, look forward to continuing to work with you as the process moves forward.

MAYOR KINNALLY: Thank you.

And I will invite Verizon to make equally-brief comments.

We weren't unprecedented in this.

MR. KERBEY: And I will be

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terse, succinct and to the point:
Thank you.

MAYOR KINNALLY: All right.
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5 Where do we go from here?

6 Bob, that puts you on the hot
7 seat. We will -- I assume we will
8 continue discussions with Verizon,
9 and then do you have a timetable?

10 MR. PERLSTEIN: Well, we'd like
11 to do this as soon as possible.
12 Yes, I mean I have a lot of notes
13 from tonight's meeting, things I
14 wanted to address with Mac,
15 particularly, and some things I
16 would like to address with
17 Cablevision.

18 We need to, I think, confer
19 with some of the other villages.
20 There will, probably, be a
21 Consortium meeting.

22 Mac did call, the other day,
23 and say that Hastings would have the
24 benefit of any favorable changes
25 negotiated in the Greenburgh

1 Proceedings
2 Agreement, but we have some concerns
3 above and beyond what the items for
4 which Greenburgh has asked.

5 So, I hope to start to pursue
6 all this, tomorrow, actually, but we
7 don't know how long this process is
8 gonna take.

9 MAYOR KINNALLY: Okay. End of
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10 the year reasonable?

11 MR. PERLSTEIN: Well, I think
12 we would all like to conclude this
13 before Thanksgiving, if possible,
14 but - but Verizon needs to generate
15 - clearly, Verizon needs to generate
16 a new Draft Agreement because what's
17 before us, I think everybody agrees,
18 is not the Agreement which is going
19 to, finally, be put into place.

20 MAYOR KINNALLY: Great.

21 MR. PERLSTEIN: Thank you.

22 MAYOR KINNALLY: Thank you.
23 Diggitt.

24 TRUSTEE MCLAUGHLIN: A
25 question, Bob.

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1 Proceedings

2 I think you're the person I
3 should ask this question of. I
4 realize that, as a Board, we really
5 don't have a responsibility to the
6 parents and the school district
7 outside the Village, but do you
8 negotiate or does Verizon negotiate
9 with Greenburgh on in terms of
10 delivering Hastings school service
11 to those high schools?

12 MR. PERLSTEIN: Verizon
13 negotiates with us --

14 TRUSTEE MCLAUGHLIN: I see.
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15 MR. PERLSTEIN: -- for the
16 school -- services to our schools.

17 TRUSTEE MCLAUGHLIN: Right.

18 MR. PERLSTEIN: I think the
19 issue is with the members of the
20 school district who do not live in
21 the Village of Hastings.

22 TRUSTEE MCLAUGHLIN: Exactly,
23 yes.

24 MR. PERLSTEIN: And that's a
25 key issue. And Hastings has

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1 Proceedings
2 requested, all along, that Verizon
3 commit to provide those families
4 with educational channel and I think
5 that's what we've been talking
6 about, tonight, is how we require
7 that in - in the Franchise Agreement
8 that we're negotiating.

9 MAYOR KINNALLY: And I take it
10 that part of that is -- Yes, if
11 Verizon screws up, but part of that
12 is your coordination with the Town
13 of Greenburgh to see where they are
14 with their negotiations.

15 MR. PERLSTEIN: Raf and I are
16 in the process of that.

17 MAYOR KINNALLY: Yeah.

18 MR. FIGLIOZZI: Verizon's on
19 record saying that, as far as the

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20 routing of programming is concerned,
21 as long as it's made clear to them
22 where the programming needs to go,
23 they will - they will undertake to
24 do that, to deliver programming
25 where it's supposed to go. They

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claim that their system is flexible
3 enough to allow for that.

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So, it may be that this is not,
necessarily, a franchise issue but
more an issue of traffic and some
kind of discussion has to be had
with Greenburgh as to how to get
that programming delivered within -
within the confines of their - of
their town.

And I've, also, been involved
with Greenburgh and Greenburgh's
been open to this with all the
villages. So, it seems to be more
of an internal intergovernmental
kind of arrangement rather than
anything that Verizon needs to do.
As long as it's, clearly, stated in
the Agreement that Verizon's system
is capable of doing these things,
then it shouldn't be a problem.

MAYOR KINNALLY: Great.

All right. I think this --
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25 Anybody else have anything?

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2 I think this has been a very
3 -- Jim?

4 I thought that was a rhetorical
5 question. Okay.

6 MR. METZKER: Jim Metzker. I
7 have one last question, and it's,
8 maybe, a little premature, but we're
9 talking about fiber-optic service
10 and my question is: what needs to
11 change in our homes to accept this
12 service? Is there a new cable box
13 that comes in? Are existing TVs
14 capable of receiving this service
15 without a cable box? Are they gonna
16 be broadcasting in HD TV and which
17 high def are they going to be using?
18 There's a huge state of flux out
19 there in the technology that's
20 available and this is another piece
21 of that puzzle and it hasn't been
22 addressed, tonight, and it may not
23 be germane to this discussion, but
24 I'd, certainly, be interested to
25 know what signal is coming in and

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2 what sort of TV do I need to watch

3 it on?

4 MAYOR KINNALLY: Mac, do you
5 want to address that?

6 MR. KERBEY: I'll take an
7 initial crack at it.

8 With respect to what needs to
9 be done in the house, to the extent
10 you already have the three services
11 in the house - telephone, data and
12 cable TV - there's no additional
13 wiring that needs to be done.

14 With respect to the boxes,
15 those are proprietary to the
16 companies and they are set up to be
17 able to decode the signal as it
18 comes from the company. So, yes, a
19 new box would have to go in.

20 MAYOR KINNALLY: Per TV or per
21 house?

22 MR. KERBEY: It would be per
23 TV. Its got to have -- Depending
24 upon what kind of service you take.
25 If you have a cable-ready TV and

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1 Proceedings
2 you're only taking basic service,
3 you don't need a decoder box. If
4 you want anything that is digital
5 above the basic level of service,
6 you have to have a box that can
7 decode it. It depends on the age of

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8 your TV. It depends on the service
9 that you're buying.
10 MAYOR KINNALLY: Is there a per
11 month charge for the box?
12 MR. KERBEY: Yes, and there are
13 three levels there. There is a
14 basic cable box, there is the next
15 level up allows you to decode
16 high-definition signals and the
17 third-level box is a DVR that, also,
18 has high-definition capability in
19 it.
20 The pricings, I think, are all
21 posted on the website at this point,
22 but, again, particularly, with
23 respect to the wiring, if you have
24 all of these services already wired,
25 there's nothing additional that you

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2 need to do. If you're bringing on a
3 new service, then there will need to
4 be wiring installed and, as has been
5 the case for quite some time, that's
6 a matter of being able to do it,
7 yourself, hire someone, a third
8 party to do it, or Verizon can be
9 retained to do that, also.
10 MAYOR KINNALLY: Great. Thank
11 you.
12 MR. KERBEY: Sure.

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13 MAYOR KINNALLY: All right.
14 And I thank everyone.
15 Before we close this hearing,
16 we, the Board, would like to have an
17 executive session, this evening, to
18 consider litigation items unrelated
19 to either Verizon or Cablevision, at
20 least, so far.
21 So, could I have a motion for
22 an executive session on --
23 TRUSTEE MCLAUGHLIN: And
24 personnel items.
25 MAYOR KINNALLY: -- and

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2 personnel items? Is there --
3 MR. KERBEY: Mr. Mayor, could I
4 get a point of clarification? Are
5 you closing this hearing or
6 continuing it to another hearing?
7 MAYOR KINNALLY: Let me deal
8 with this and then I'll deal with
9 that.
10 MR. KERBEY: Okay. Very good.
11 MAYOR KINNALLY: Because if I
12 close this, I can't act.
13 MR. KERBEY: Understand.
14 MAYOR KINNALLY: All right.
15 So, could I have a motion for
16 executive session to deal with
17 personnel or the litigation items,

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18 immediately, following this meeting?
19 TRUSTEE APEL: So moved.
20 MAYOR KINNALLY: Do I have a
21 second?
22 TRUSTEE SWIDERSKI: Second.
23 MAYOR KINNALLY: All those in
24 favor?
25 (Response of aye given.)

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2 MAYOR KINNALLY: Opposed?
3 Now, I would like to have a
4 motion to continue this hearing, not
5 to close it because the record will
6 remain open. I don't know what the
7 outside date is, but, certainly, I
8 will say 'til October the 31st, any
9 comments that our people would like
10 to submit in writing will be
11 accepted and be made part of the
12 record.
13 So, I would like to have a
14 motion to adjourn for the evening
15 but to continue this meeting for a
16 date to be determined in the future.
17 TRUSTEE MCLAUGHLIN: So moved.
18 MAYOR KINNALLY: Second?
19 Do I have a second?
20 TRUSTEE SWIDERSKI: Second.
21 MAYOR KINNALLY: All those in
22 favor?

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23 (Response of aye given.)
24 MAYOR KINNALLY: Opposed?
25 Thank you, everyone. Good

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2 evening.
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THE FOREGOING IS CERTIFIED to be a
true and correct transcription of the
original stenographic minutes to the best
of my ability.

Kathryn Lebeau

□