

**Memorandum of Understanding
Between Frontier West Virginia Inc. and the Executive Office, State of
West Virginia**

PURPOSE:

This Memorandum of Understanding (“MOU”) is entered into by and between Frontier West Virginia Inc. (“FTR”) and the Executive Office, State of West Virginia (“EOWV”) to set forth the terms and conditions under which FTR will serve as a sub-recipient of the Broadband Technology Opportunity Program (“BTOP”) Grant NT 10BIX557031 (“the Grant”) from the National Telecommunications and Information Administration (“NTIA”).

DURATION:

This MOU shall commence on 1 October 2010 and shall continue until the close and final accounting/audit of the Grant.

BACKGROUND:

1. The EOWV received the Grant from NTIA for the purposes of (a) establishing a middle-mile broadband network to over 1,000 points of interest throughout West Virginia; (b) establishing high-capacity telecommunications links between the Greenbank National Radio Astronomy Observatory (“NRAO”) and West Virginia University (“WVU”); and (c) establishing a statewide public safety wireless network.
2. FTR (formerly named “Verizon West Virginia Inc.”) was co-awarded the 2007 State Telecommunications Contract, MPLS07 (“MPLS Contract”) after lawful competitive bidding and procurement. FTR provides network facilities and other services to the State of West Virginia as specified in the MPLS Contract.
3. FTR will provide network facilities and other services for EOWV to implement a portion of the Grant pursuant to the MPLS Contract.
4. Pursuant to the terms of the MPLS Contract, FTR will own the facilities constructed by FTR for EOWV under the Grant.
5. Because FTR will own the facilities constructed with funds from the Grant, EOWV and NTIA have asked that FTR be a sub-recipient of the Grant and FTR has agreed to become a sub-recipient.
6. Becoming a sub-recipient will impose additional requirements and costs on FTR, including reporting, accounting and auditing obligations and costs.
7. In order to properly define the relationship between EOWV as recipient of the Grant and FTR as sub-recipient, and to properly define FTR’s obligations to EOWV, EOWV and FTR have entered into this MOU.

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OPEN ACCESS REQUIREMENTS:

1. EOWV and FTR agree that only circuits and facilities constructed with funds from the Grant (“Grant Facilities”) shall be subject to the lawfully promulgated open access requirements laid out in the Notice of Funds Availability (“NOFA”)¹ for BTOP grants, and subsequent publications by NTIA related to BTOP grants (“BTOP Open Access Requirements”).
2. EOWV agrees the BTOP Open Access Requirements will not apply to FTR’s pre-existing network facilities, or new facilities constructed by FTR with non-Grant funds.
3. EOWV also agrees that the BTOP Open Access Requirements for the Grant Facilities are subject to technical feasibility, capacity and other limitations as may be set forth in NTIA requirements.
4. FTR agrees that, to the extent required by applicable law, rules and regulations, third parties may request access to and interconnection with the Grant Facilities pursuant to a *bona fide* request for interconnection made in accordance with applicable law, rules and regulations or under existing interconnection or commercial agreements.
5. FTR agrees that, to the extent required by applicable law or lawfully promulgated NTIA requirements, it is subject to an obligation to negotiate in good faith with third parties making a *bona fide* request for interconnection with the Grant Facilities, where technically feasible without exceeding current or reasonably anticipated capacity limitations. FTR and EOWV agree that disputes concerning such negotiations will be handled pursuant to procedures laid out in the NOFA for BTOP grants and subsequent publications, as may be lawfully promulgated by NTIA related to BTOP grants.
6. Nothing in this MOU shall be construed to impose any obligation on FTR with respect to the non-Grant Facilities, or upon FTR beyond any and all obligations that may be imposed upon a “sub-recipient” or a “contractor” under lawfully promulgated requirements of the NTIA.

REPORTING REQUIREMENTS:

1. As recipient of the Grant, EOWV will be responsible for filing all required reports with NTIA, National Oceanic and Atmospheric Administration (“NOAA”) and other federal agencies, and making all required certifications.
2. As sub-recipient of the Grant, FTR will be responsible for reasonably providing information to EOWV relating to Grant Facilities that is necessary to allow EOWV to comply with all report filing deadlines related to the Grant.
3. The schedule and forms for reporting by FTR to EOWV will be reasonable and established in writing by subsequent agreement between EOWV and FTR.

¹ *Notice of Funds Availability*, US Dept. of Agriculture and US Dept. of Commerce, 74 Fed. Reg. 33104 (July 9, 2009). The NOFA establishes basic regulations for the BTOP program.

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ACCOUNTING REQUIREMENTS:

1. For all Grant Facilities, EOWV and FTR agree to comply with generally accepted accounting principles (“GAAP”) and all accounting requirements contained in the NOFA.
2. FTR will invoice EOWV for eligible costs under the Grant, as defined in the NOFA. FTR may separately invoice EOWV for other costs that are not eligible under the Grant pursuant to the MPLS. EOWV agrees that any additional overhead costs incurred by FTR as a result of being a sub-recipient of the Grant shall either be allowed as eligible costs under the Grant or under the MPLS Contract.
3. FTR’s cost estimates and invoices to EOWV will detail the specific work being done and the Grant Facilities for which reimbursement is requested, and may include an allocated share of additional overhead costs incurred by FTR as a result of being a sub-recipient of the Grant.

AUDITING REQUIREMENTS:

1. For all Grant Facilities, EOWV and FTR will comply with all audit requirements set forth in the NOFA.
2. EOWV agrees that FTR’s public accounting firm auditor can conduct all of the audits required under the NOFA.
3. EOWV agrees that the requirement under Section of X.H. of the NOFA to submit an “organization wide” financial and compliance audit report applies only to FTR, and not to the parent of FTR, or other subsidiaries or affiliates of FTR.

OTHER OBLIGATIONS AND REQUIREMENTS RELATING TO AWARD CONDITIONS, FACILITIES AND ADDITIONAL COSTS OF COMPLIANCE:

1. FTR agrees to comply with all rules and regulations that are applicable to a BTOP “sub-recipient” or “contractor” under lawfully promulgated requirements of the NTIA.
2. EOWV and FTR agree to comply with required special award conditions associated with the Grant.
3. To the extent applicable and required by rule or regulation, EOWV and FTR agree to comply with conditions prescribed under environmental rules and regulations as noted in the environmental assessment associated with the Grant.
4. To the extent applicable and required by rule or regulation, FTR agrees that it will not sell or lease any Grant Facilities without prior NTIA approval. EOWV agrees that a transfer of corporate control of FTR through an acquisition or merger will not trigger this requirement as long as FTR remains the owner of the Grant Facilities. The requirements of this Paragraph expressly do not apply to FTR’s pre-existing facilities or new facilities constructed with non-Grant funds.

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MISCELLANEOUS:

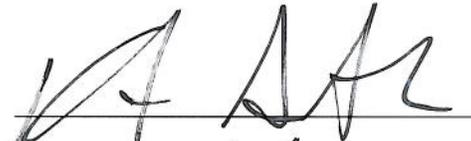
1. Except as may be required by federal law and regulations applicable to the Grant, the laws of West Virginia shall govern this MOU.
2. The invalidity of any provision of this MOU shall not affect the validity of the remainder thereof.
3. This MOU represents the entirety of the agreement of the parties with respect to the subject matter hereof and may not be amended except by written instrument signed by the affected parties.
4. The parties hereto agree that they will not discriminate against any person affected by this MOU on the basis of race, age, creed, color, sex, national origin, or handicap.

DEFINITIONS:

As used in this Memorandum of Understanding, the following acronyms have the specified meanings:

- BTOP = Broadband Technology Opportunity Program
- MOU = Memorandum of Understanding
- MPLS = Multiprotocol Label Switching
- NTIA = National Telecommunications and Information Administration
- NOAA = National Oceanic and Atmospheric Administration
- NOFA = Notice of Funds Availability

IN WITNESS THEREOF, the parties hereto have executed this agreement on the day and year first written above.



(Date) 10/19/2010



(Date) 19 Oct 10