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	Agenda Item No.: <u>1D</u> Date: March 24, 2010

TO: Honorable Mayor and Members of the City Council

- **FROM:** Edward N. Domingue, Director of Engineering Services Alex Brizolis, Deputy City Attorney
- SUBJECT: TELECOMMUNICATION NETWORK LICENSE AND ENCROACHMENT AGREEMENT- NEXTG

RECOMMENDATION:

It is requested that Council adopt Resolution No. 2010-46 authorizing the Mayor and City Clerk to execute a Telecommunication Network License and Encroachment Agreement ("Agreement") with NextG Networks of California, Inc. ("NextG").

FISCAL ANALYSIS:

NextG will compensate the City for access to City-owned street lights as follows:

- 1. Encroachment fees incurred to install its technology; and
- 2. A one-time per node processing fee of three hundred dollars (\$300); and
- 3. A yearly per node rent payment of five hundred dollars (\$500) for access to each City-owned streetlight or comparable facility (10 nodes are anticipated at initial deployment); and
- 4. A five percent (5%) share of yearly revenues within Escondido or an additional yearly per node payment of five hundred dollars (\$500), whichever is greater.

PREVIOUS ACTION:

None.

BACKGROUND:

Wireless providers contract with NextG to install NextG's amplification technology where there is a void in coverage and/or capacity in order to amplify both coverage and capacity in affected areas. NextG's service allows wireless providers to improve their product for end users while eliminating the need to construct additional cellular towers to achieve the same effect.

In order to provide its service, NextG attaches its equipment to existing City infrastructure located in the public rights-of-way. Companies such as NextG have certain rights under California and federal

NextG Agreement March 24, 2010 Page 2

law to be treated in a like manner to other utility companies within the City for access to the public rights-of-way. Moreover, pursuant to the federal Telecommunications Act of 1996, local governments may not prohibit the ability of an entity to provide interstate or intrastate telecommunications service.

Staff believes it is in the best interest of the City to enter into an Agreement with NextG to minimize the visual impact to the public rights-of-way by allowing NextG to attach its technology to existing City-owned infrastructure, such as street lights and comparable facilities. This will result in improved coverage for NextG's clients throughout the City while averting the need to construct additional visually intrusive poles and structures necessary to allow NextG to provide its service.

This Agreement establishes the responsibilities of NextG and the City for NextG to install and operate a fiber network system within the public rights-of-way consisting of up to ten (10) initial infrastructure sites. This Agreement is consistent with, and implements the City's encroachment regulations, which are found at Escondido Municipal Code Chapter 23, Article 1.

Respectfully submitted,

Edward N. Domingue, P.E. Director of Engineering Services

Deputy City Attorney

RESOLUTION NO. 2010-46

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ESCONDIDO, CALIFORNIA, AUTHORIZING THE MAYOR AND CITY CLERK TO EXECUTE ON BEHALF OF THE CITY, A LICENSE AND ENCROACHMENT AGREEMENT WITH NEXTG NETWORKS OF CALIFORNIA, INC. TO ALLOW PLACEMENT OF WIRELESS SERVICE AMPLIFICATION TECHNOLOGY ONTO CITY-OWNED INFRASTRUCTURE IN THE PUBLIC RIGHTS OF WAY

WHEREAS, NextG Networks of California, Inc. ("NextG") is a regulated public utility and telecommunications company in the state of California; and

WHEREAS, NextG owns a telecommunications network in accordance with regulations promulgated by the Federal Communications Commission ("FCC") and the California Public Utilities Commission ("CPUC"); and

WHEREAS, pursuant to California and federal law, local governments may not prohibit the provision of interstate or intrastate telecommunications service and must treat all utility companies in an equal manner in terms of regulating their access to public property; and

WHEREAS, wireless telecommunication providers ("Providers") contract with NextG to install its FCC certified technology in areas where there is a void in wireless coverage and/or capacity to amplify said coverage and capacity, thus eliminating the need to install additional cellular towers; and

WHEREAS, NextG desires to attach its technology, namely, fiber optic cables, antennas and associated equipment, to existing City infrastructure located in the public rights-of-way; and

10,

WHEREAS, NextG will compensate the City for access to City-owned infrastructure in the amount of a one-time processing fee per node, plus a yearly payment for use of each City-owned streetlight pole or comparable facility, plus five (5) percent of yearly gross revenues within Escondido or five hundred (500) dollars per node per year, whichever is greater; and

WHEREAS, City Council deems it is in the best interest of the City to execute a ten (10) year License and Encroachment Agreement ("Agreement") with NextG to amplify wireless coverage and capacity within the City of Escondido.

NOW THEREFORE, the City Council of the City of Escondido, California, as follows:

1. That the above recitations are true.

2. That the Mayor and City Clerk are authorized to execute, on behalf of the City, an Agreement with NextG Networks of California, Inc. A copy of the Agreement is attached as Exhibit "A" and is incorporated by this reference.

Resolution No. 2010-46 Exhibit "A" Page <u>1</u> of <u>24</u>

TELECOMMUNICATION NETWORK LICENSE AND ENCROACHMENT AGREEMENT

This License and Encroachment Agreement ("Agreement) is entered into this ______ day of March, 2010, by and between the **City of Escondido**, a California municipal corporation (the "City) and **NextG Networks of California, Inc.** ("NextG" or " Licensee") (collectively, the "Parties"). The effective date shall be the date this Agreement is signed by both parties, as evidenced by the date indicated hereinabove (the "Effective Date").

RECITALS

WHEREAS, City is responsible for management of the public right of way and performs a wide range of vital tasks necessary to preserve the physical integrity of public streets and ways, to control the orderly flow of vehicles, to promote the safe movement of pedestrians, and to manage a number of gas, water, sewer, electric, cable television, telephone and telecommunications facilities that are located in, under and over the streets and public right of ways; and

WHEREAS, Licensee builds, owns, and leases fiber optic distributed antenna systems to improve wireless coverage and capacity for telecommunications carriers; and

WHEREAS, Licensee balances the needs of communities and consumers with the needs of wireless service providers by using a patented fiber-optic architecture, low-impact, low-emission equipment without the need for tall cellular towers; and

WHEREAS, Licensee's networks are protocol and frequency agnostic, they can carry cellular, PCS, WiFi, or any combination of wireless frequencies and standards; and

WHEREAS, Licensee's networks can serve a variety of wireless service providers thereby promoting collocation with aesthetically pleasing designs; and

WHEREAS, Licensee does not own or manage Federal Communications Commission regulated and licensed frequencies but owns, maintains, operates and controls, in accordance with regulations promulgated by the Federal Communications Commission and the California Public Utilities Commission, a telecommunications Network or Networks (as defined below) serving Licensee's established wireless carrier customers and utilizing microcellular optical repeater equipment (referred to herein as "Licensee's Facilities" or "Nodes") certified by the Federal Communications Commission; and

WHEREAS, for purpose of operating the Network, Licensee wishes to locate, place, attach, install, operate, control, and maintain Licensee's Facilities in the Public Rights-of-Way, on facilities owned by the City, as well as on facilities owned by third parties therein; and

WHEREAS, in addition to normal published right-of-way and/or encroachment-related permitting fees, Licensee is willing to compensate the City for (1) processing fees on a per Node basis, (2) a grant of location and the right to use and physically occupy portions of the Public Rights-of-Way, and (3) access to Municipal Facilities located in the rights-of-way owned by the City; and

WHEREAS, Licensee has submitted a request to enter into an Agreement with the City to encroach upon and occupy portions of the public right of way in certain streets, easements, and upon certain public improvements for the purposes of installing Licensee's facilities; and

WHEREAS, in consideration of Licensee's request, City is willing to approve Licensee's use and occupation of certain public right of way and certain public improvements upon the terms, conditions and other considerations set forth herein.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to the following covenants, terms, and conditions:

Section 1. <u>Definitions</u>. The following definitions shall apply generally to the provisions of this Agreement:

City. "City" means the City of Escondido.

Decorative Streetlight Pole. "Decorative Streetlight Pole" shall mean any streetlight pole that incorporates artistic design elements not typically found in standard steel or aluminum streetlight poles and does not have a mast arm for electrolier support. Decorative Streetlight Poles may not be used for the Network without prior written approval by City. The term Decorative Streetlight Pole includes any historically or architecturally significant or designated light poles owned by the City located on Public Rights-of-Way.

Fee. "Fee" means any assessment, license, charge, fee, imposition, tax, or levy of general application to entities doing business in the City lawfully imposed by any governmental body (excluding utility users' tax, franchise fees, communications tax, or similar tax or fee).

Gross Revenue Fee. "Gross Revenue Fee" shall mean and include any and all income and other consideration collected, received, or in any manner gained or derived by Licensee from or in connection with, the provision of Services, either directly by Licensee or indirectly through a reseller, if any, to customers of such services within the City of Escondido, including any imputed revenue derived from commercial trades and barters equivalent to the full retail value of services provided by Licensee. Gross Revenue shall not include: (a) sales, ad valorem, or other types of "add-on" taxes, levies, or fees calculated by gross receipts or gross revenues which might have to be paid to or collected for federal, state, or local government (exclusive of the Municipal Facilities Annual Fee paid to the City provided herein); (b) retail discounts or other promotions; (c) non-collectable amounts due Licensee or its customers; (d) refunds or rebates; and (e) non-operating revenues such as interest income or gain from the sale of an asset.

Installation Date. "Installation Date" shall mean the date that the first Licensee Facility is installed by Licensee pursuant to this Agreement.

Laws. "Laws" means any and all statutes, constitutions, ordinances, resolutions, regulations, judicial decisions, rules, tariffs, administrative orders, certificates, orders, or other requirements of the City or other governmental agency having joint or several jurisdictions over the parties to this Agreement.

Licensee's Facilities. "Licensee's Facilities" or "Node(s)" means the optical repeaters, DWDM and CWDM multiplexers, antennae, fiber optic cables, wires, and related equipment, whether referred to singly or collectively, to be installed and operated by Licensee hereunder. Only the installation design configurations of Licensee's Facilities that are shown in the drawings and photographs attached hereto as Exhibit A and incorporated herein by reference may be used on City Municipal Facilities. Any Licensee Facility installation or configuration not contained within Exhibit A or as the parties shall agree is not substantially similar thereto must receive written City approval before it may be used on any City Municipal Facility or placed on or in the Public Rights-of-Way.

Municipal Facilities. "Municipal Facilities" means City-owned Streetlight Poles, Decorative Streetlight Poles, lighting fixtures, electroliers, or comparable facility located within the Public Way and may refer to such facilities in the singular or plural, as appropriate to the context in which used.

Network. "Network" or collectively "Networks" means one or more of the neutral-host, protocol-agnostic, fiber-based optical repeater networks operated by Licensee to serve its wireless carrier customers in the City.

Licensee. "Licensee" means NextG Networks of California, Inc., a corporation duly organized and existing under the laws of the State of Delaware, and its lawful successors, assigns, and transferees.

Public Way, Right-of-Way, or Public Rights-of-Way. "Public Way," "Right-of-Way, or "Public Rights-of-Way" means the space in, upon, above, along, across, and over the public streets, roads, lanes, courts, ways, alleys, boulevards, and places, including all public utility easements and public service easements as the same now or may hereafter exist, that are under the jurisdiction of the City. This term shall not include any other property owned by the City or any property owned by any person or entity (e.g. county, state, or federal rights-of-way) other than the City, except as provided by applicable Laws or pursuant to an agreement between the City and any such person or entity.

PUC. "PUC" means the California Public Utilities Commission.

Services. "Services" means the services provided through the Network by Licensee to its wireless carrier customers pursuant to one or more tariffs filed with and regulated by the PUC.

Streetlight Pole. "Streetlight Pole" shall mean any non-Decorative, standard-design concrete, fiberglass, or metal pole that has a mast arm for electrolier support and is used for street lighting purposes.

Section 2. <u>Authorization</u>. Subject to the terms and conditions contained herein, City hereby authorizes Licensee to encroach upon and occupy a portion of the Public Rights-of-Way for the limited purpose of constructing, installing, operating and maintaining Licensee's Facilities to provide service to wireless carriers. Other City owned property that is the subject of this Agreement is "Streetlight Poles" and appurtenances thereto more particularly described in Exhibit A.

Licensee may have the right to draw compatible electricity for the operation of the Licensee's Facilities from the power source associated with the Municipal Facility so long as Licensee's Facilities are installed to all applicable codes and standards, do not interfere in the operation of the host Municipal Facility, do not damage the host Municipal Facility, and/or do not increase City's electrical utility charges. City shall not be responsible to provide any specified voltage or wattage of electricity that is compatible with any Licensee's Facilities. Licensee shall be solely responsible for the payment of all electrical utility charges to the applicable utility company based upon the Licensee's Facilities usage of electricity and applicable tariffs. Licensee's Facilities shall not draw compatible electricity from Municipal Facility until such time as Licensee has secured all required electrical approvals and the electricity charging/payment agreement with the electrical utility company is in place.

In addition to authorization to attach to Municipal Facilities, subject to obtaining the written permission of the owner(s) of the affected property and subject to obtaining applicable encroachment permits described in Section 17 of this Agreement, the City hereby authorizes and permits Licensee, to enter upon the Public Rights-of-Way and to attach, install, operate, maintain, remove, reattach, reinstall, relocate, and replace such number of Licensee's Facilities in or on poles or other third-party structures owned by public utility companies or other property owners located within the Public Way as may be permitted by the public utility company or property owner, as the case may be. At City's request, Licensee shall furnish to the City documentation of such permission from the individual utility or property owner responsible. Exhibit A represents a good-faith description of Licensee's Facilities, and a denial of an application for the attachment of Licensee's Facilities equipment to third-party-owned poles or structures in the Public Way shall not be based upon the size, quantity, shape, color, weight, configuration, or other physical properties of Licensee's Facilities equipment if the Licensee's Facilities equipment proposed for such application substantially conforms to one of the design configurations and Node specifications set forth in Exhibit A. In the event that the parties disagree as to whether the proposed Licensee's Facilities equipment or Node substantially conforms to one of the design configurations and Node specifications set forth in Exhibit A, the parties shall meet in good faith in an effort to resolve this dispute with the City Engineer.

Section 3. <u>**Term.</u>** The commencement date ("Commencement Date") shall be the 1st day of the month following the Effective Date. This agreement shall be effective for a period of ten (10) years, renewable upon mutual written consent of the Parties.</u>

Section 4. <u>Permitting and Location of Nodes</u>. City agrees to permit Licensee to place the Nodes described in Exhibit B, attached hereto. Any additional permits that are required for new Nodes beyond the Nodes contemplated herein and described in Exhibit B shall be processed by the Department of Public Works (or other administrative agency designated by the

City) which shall constitute an addendum to this Agreement. The Parties agree that Exhibit A represents a good-faith representation of the equipment that Licensee plans to attach to Municipal Facilities, that such design configurations and Node specifications may be attached to Municipal Facilities and to third-party facilities. Licensee shall present any deviation to the design configurations and Node specifications described in Exhibit A to the City, which shall review and either approve or deny within thirty (30) days. Any change to the design configurations and Node specifications in Exhibit A may be approved by the City so long as the equipment is substantially similar in size, weight shape, color, configuration or other physical properties. In the event that the Parties disagree as to whether the proposed Licensee's Facilities equipment or Node substantially conforms to one of the design configurations and Node specifications to one of the design configurations and Node specifications in Exhibit A, the parties shall meet in good faith in an effort to resolve this dispute with the City Engineer.

Node antenna and supporting Node equipment at its lowest point, on the Streetlight pole or comparable facility located in the Public Way, must be placed at a minimum height of eight feet (8') above the ground.

For purposes of construction and maintenance permitting, City shall not consider Licensee to be a wireless carrier nor deem its installations wireless telecommunications facilities. Instead, City shall process all ten (10) initial infrastructure sites as a single Right-of-Way permit or other mutually agreeable non-discretionary process, so long as it complies with the terms and conditions of this Agreement. In addition to the City permitting process, Licensee agrees to seek any and all additional local, state and federal approvals that may be required for its deployments.

For Licensee's initial deployment, City shall make available to Licensee approximately ten (10) streetlights poles or comparable facility located within the City's Right-of-Way for the placement of Licensee's Nodes, substantially in the locations described in the Network Plan provided to the City of Escondido and attached hereto as Exhibit B. Notwithstanding, the use of any particular Municipal Facility Right-of-Way structure, comparable facility, or pole shall be subject to the City Engineer's discretion and approval in advance of the placement of the Licensee telecommunications infrastructure.

Section 5. <u>Scope of Agreement</u>. By entering into this Agreement, the Licensee waives any current or future rights reserved under California Government Code Section 50030, California Public Utility Code or the Telecommunications Act of 1996 (the "Act") including but not limited to, those rights set forth in Section 253 (c), to the extent inconsistent with this Agreement. In the event a court finds the Licensee may not waive such rights, then the parties agree to modify this Agreement to conform to the future changes in a manner that will keep the City whole regarding the consideration flowing to the City under this Agreement.

Nothing contained in this Agreement shall be deemed or construed to create the relationship of principal and agent or of partnership or of joint-venture or of any association whatsoever between City and Licensee, it being expressly understood and agreed that neither the computation of fees nor any other provisions contained in this Agreement nor any act or acts of the parties hereto shall be deemed to create any relationship between City and Licensee other than the relationship of City and Licensee.

Licensee hereby acknowledges, agrees and covenants that this Agreement only allows for the occupation of the Right of Way and Municipal Facilities by Licensee's Facilities identified in Exhibit A and does not authorize or bestow any interest in real property including any fee, leasehold interest or easement.

a. <u>Limitations on License.</u> Nothing in this Agreement is intended to create an interest or estate of any kind or extent in the property or premises. Licensee further acknowledges and agrees that this Agreement does not create a landlord-tenant relationship and Licensee is not entitled to avail itself of any rights afforded to tenants under the laws of the State of California.

b. <u>Preference for Municipal Facilities</u>. In any situation where Licensee has a choice of attaching its Equipment to either Municipal Facilities or third-party-owned property in the Public Way, Licensee agrees to provide the City with a first right of refusal to attach to the City Municipal Facilities, provided that (i) such City Municipal Facilities are at least equally suitable functionally for the operation of the Network and (ii) the fee and installation costs associated with such attachment over the length of the term are equal to or less than the fee or cost to Licensee of attaching to the alternative third-party-owned property. The City agrees to let Licensee know within thirty (30) days of proposed node(s) submittal whether or not City wishes to exercise its first right of refusal under this Paragraph.</u>

c. <u>No Warranty</u>. City makes no warranty or representation that the premises are suitable for Licensee's use. Licensee has inspected the premises and accepts the same "AS IS". City is under no obligation to perform any work or provide any materials to prepare the Premises for Licensee.

Section 6. <u>Compensation</u>.

a. <u>Administration Fee</u>. In addition to normal published encroachment-relatedpermitting fees and as additional consideration for the processing of Licensee's permit applications, Licensee shall pay an additional one-time fee ("Processing Fee") for each deployment of Three Hundred Dollars (\$300) per Node prior to the Effective Date of this Agreement and/or prior to the Effective Date of any amendment.

b. Compensation for Use of City Infrastructure. Licensee will compensate City for the use of City infrastructure a fee of Five Hundred Dollars (\$500.00) per year (the "Infrastructure Use Fee") for each streetlight pole or comparable facility owned by the City within the City's Right-of-Way used by Licensee.

c. Gross Revenue Payments. In addition to the Infrastructure Use Fee, Licensee shall compensate City by providing the City a five percent (5%) annual revenue-sharing fee or Five Hundred Dollars (\$500.00) per Node within the City per year, whichever is greater ("Right-of-Way Use Fee"). In the event a court determines that Licensee is not obligated to pay for use of the Public Right-of-Way, the Parties agree that the Infrastructure Use Fee shall be automatically amended to be equal to Five Hundred Dollars (\$500.00) per year for each streetlight pole or

comparable facility plus five percent (5%) of the annual revenue-sharing fee or Five Hundred Dollars (\$500.00) per Node per year, whichever is greater.

d. **Payment Terms and Audit.** The Right-of-Way Use Fee specified in subsection (c), above, shall be computed and paid annually in arrears ("Annual Payment").

Annual fees shall be pro-rated for the calendar year. Licensee shall keep accurate books of account at its principal office in San Jose or such other location of its choosing for the purpose of determining the amounts due to the City hereunder. The City may inspect Licensee's books of account, at Licensee's headquarters in San Jose, California of all relevant books and records, relative to the City at any time during regular business hours on thirty (30) days' prior written notice and may audit the books from time to time at the City's sole expense, but in each case only to the extent necessary to confirm the accuracy of payments due under this Agreement. In the event that the City discovers that Licensee's payments are in error in an amount greater than two percent (2%), all costs, including travel related to the audit shall be borne and reimbursed by Licensee. No acceptance of any payment to the City shall be construed as a release or as an accord and satisfaction of any claim the City may have for further or additional sums payable or for the performance on any other obligation under this Agreement. The City agrees to hold in confidence any non public information it learns from Licensee to the fullest extent permitted by Law.

e. <u>Minimum Annual Fee Adjustment Date</u>. The Infrastructure Use Fee will be adjusted annually on the anniversary of the Commencement Date by the percentage increase in the most recently published Consumer Price Index – All Urban Consumers for the San Diego Metropolitan Statistical Area -- over the rate in effect on the Commencement Date of the prior year. This increase shall not be less than the three percent (3%).

f. <u>Delinquent Payment</u>. Payments not received within five days of the due dates shall accrue interest at a rate of seven percent (7%) per annum from the due date. In addition, a late fee in the amount of ten percent (10%) of the amount due shall be imposed in the event a payment is not received within thirty (30) days of the due date. Notwithstanding the provisions of this subparagraph, failure to make payments when they are due is considered a default of the terms of the Agreement, subject to the terms stated in Section 33, "Termination." Licensee assumes all risk of loss and responsibility for delinquent payments.

g. <u>Payment Location</u>. Licensee agrees to make checks payable to the City of Escondido and delivered to: City of Escondido City Treasurer, City Hall, Second Floor 201 North Broadway, Escondido, CA 92025 The City reserves the right to change the place and time of payment at any time upon 60 days written notice pursuant to Section 32.

Section 7. <u>Assignment or Transfer of Authorization</u>. This Agreement shall not be assigned by Licensee without the express written consent of the City, which consent shall not be unreasonably withheld, conditioned, or delayed. Notwithstanding the foregoing, the transfer of the rights and obligations of Licensee to a parent, subsidiary, or other affiliate of Licensee or to any successor in interest or entity acquiring fifty-one percent (51%) or more of Licensee's stock or assets (collectively "Exempted Transfers") shall not be deemed an assignment for the

purposes of this Agreement and therefore shall not require the consent of the City, provided that Licensee reasonably demonstrates to the City's lawfully empowered designee the following criteria (collectively the "Exempted Transfer Criteria"): (i) such transferee will have a financial strength after the proposed transfer at least equal to that of Licensee immediately prior to the transfer; (ii) any such transferee assumes all of Licensee's obligations hereunder; (iii) the corporate parent of the transferee guarantees the performance obligations of the transferee; and (iv) the experience and technical qualifications of the proposed transferee, either alone or together with Licensee's management team, in the provision of telecommunications or similar services, evidences an ability to operate the Licensee Network. Licensee shall give at least sixty (60) days' prior written notice (the "Exempted Transfer Notice") to the City of any such proposed Exempted Transfer and shall set forth with specificity in such Exempted Transfer Notice the reasons why Licensee believes the Exempted Transfer Criteria have been satisfied. The City shall have a period of sixty (60) days (the "Exempted Transfer Evaluation Period") from the date that Licensee gives the City its Exempted Transfer Notice to object in writing to the adequacy of the evidence contained therein. Notwithstanding the foregoing, the Exempted Transfer Evaluation Period shall not be deemed to have commenced until the City has received from Licensee additional information the City may reasonably require in connection with its evaluation of the Exempted Transfer Criteria as set forth in the Exempted Transfer Notice, so long as the City gives Licensee notice in writing of the additional information the City requires within thirty (30) days after the City's receipt of the original Exempted Transfer Notice. If the City fails to act upon Licensee's Exempted Transfer Notice within the Exempted Transfer Evaluation Period (as the same may be extended in accordance with the foregoing provisions), such failure shall be deemed an affirmation by the City that Licensee has in fact established compliance with the Exempted Transfer Criteria to the City's satisfaction.

Section 8. <u>Responsibility of Licensee/Maintenance</u>. The Licensee, on the Licensee's own behalf and on behalf of any successor or assign, hereby acknowledges and assumes all responsibility, financial or otherwise, for the permitted use of the Public Rights-of-Way property and City Municipal Facilities and the planning, design, installation, construction, maintenance, repair, operation and removal of the Licensee's Facilities, which shall be undertaken without risk or liability on the part of the City. All of Licensee's constructions, installation, removal, repair and maintenance work shall be performed at Licensee's sole cost and expense in accordance with applicable law, using generally accepted construction standards.

Licensee shall ensure that Licensee's Facilities are maintained in a clean and safe condition, in good repair and free of any defects. Licensee shall employ reasonable care at all times in installing and maintaining Licensee's Facilities and will install and maintain in use commonly accepted methods and/or devices to reduce the likelihood of damage, injury or nuisance to the public. The construction, operation, and maintenance of Licensee's Facilities shall be performed by experienced and properly trained, and if required, licensed maintenance and construction personnel.

Section 9. <u>**Relocation/Removal**</u>. Licensee shall, at its sole expense, protect, support, temporarily disconnect, relocate, modify or remove all or any portion of Licensee's Facilities at the time and in the manner required by the City for any governmental purpose. Except in an emergency, the City shall give written notice pursuant to Section 32 describing

where the work is to be performed at least thirty (30) days before the date the work is to be performed. Should the public health, safety or welfare require that the City undertake immediate maintenance, repair or other action, Licensee shall take the measures required under this Section 9 within 72 hours of receiving notice from the City.

If Licensee does not protect, temporarily disconnect, relocate, or remove Licensee's s Facilities within the time period specified above, City may remove the equipment, facilities, and property and charge Licensee for the cost of removal and storage. Alternatively, upon Licensee's request, City may approve the abandonment of Licensee's Facilities in place. Upon approval, Licensee shall execute, acknowledge and deliver any necessary documents to transfer ownership of the Licensee's Facilities to City.

In a true emergency, where there is an imminent danger to the public health, safety or property, the City may take the measures required by Licensee under this Section 9 without prior notice to Licensee; however, the City will make reasonable efforts to provide prior notice.

Section 10. <u>Change in Equipment</u>. If Licensee proposes to install Equipment, which is different in any material way from the specifications or design configurations attached hereto as Exhibit A, then Licensee shall first obtain the approval for the use and installation of the equipment from the City. In addition to any other submittal requirements, at City's request, Licensee shall provide "load" calculations for all Streetlight Poles it intends to install in the Public Rights-of-Way, notwithstanding original installation or by way of equipment type changes. The City may approve or disapprove of the use of the different equipment from the specifications set forth in Exhibit A and such approval shall not be unreasonably withheld.

Section 11. <u>Repair of Facility</u>. Licensee shall repair or refinish in a workmanlike manner, at Licensee's sole cost and expense, any surface or other portion of the Public Rights-of-Way property, City Municipal Facilities, and any and all utility lines, including but not limited to, gas, water and sewer lines, that are disturbed or damaged during the construction, installation, maintenance, or operation of Licensee Facilities. Without limiting any other available remedies, if Licensee fails to repair or refinish such damage, City may, in its sole discretion, but without any obligation to do so, repair or refinish the disturbance or damage and Licensee shall reimburse City all reasonable costs and expenses incurred in the repair or refinishing.

Section 12. <u>Relocation of Facilities</u>. Licensee understands and acknowledges that City may require Licensee to relocate one or more of its Node installations. Licensee shall at City's direction relocate such Node equipment at Licensee's sole cost and expense, whenever City reasonably determines that the relocation is needed for any of the following purposes: (a) if required for the construction, completion, repair, relocation, or maintenance of a City project; (b) because the Node equipment is interfering with or adversely affecting proper operation of City owned street light poles, traffic signals, communications, or other Municipal Facilities; or (c) to protect or preserve the public health or safety. In any such case, City shall use its best efforts to afford Licensee a reasonably equivalent alternate location. If Licensee shall fail to relocate any Node equipment as requested by the City within a reasonable time under the circumstances in accordance with the foregoing provision, City shall be entitled to relocate the Node equipment at Licensee's sole cost and expense, without further notice to Licensee. To the extent the City has actual knowledge thereof, the City will attempt promptly to inform Licensee of the displacement or removal of any streetlight pole or other Municipal Facility on which any Node equipment is located.

Section 13. <u>Removal of Equipment</u>. Licensee shall remove the equipment within sixty (60) days after abandonment of the equipment or termination of this Agreement, at Licensee's sole cost and expense. If Licensee fails to remove the equipment, City is entitled to remove and dispose of the equipment at Licensee's sole cost and expense, upon thirty (30) days written notice to Licensee. Licensee's obligations to reimburse the City for removal and disposal of equipment under this section shall survive the expiration or termination of this Agreement.

Section 14. Licensee to Bear All Costs. The Licensee, or any successor or authorized assign, shall bear all costs incurred in connection with the planning, design, installation, construction, maintenance, repair, operation, modification, disconnection, relocation and removal of the Licensee Facilities. The Licensee shall be responsible and must bear all cost of any movement to, damage to or repair of Licensee's Facilities due to repair, maintenance and/or failure/collapse of any existing utility lines, including but not limited to, gas, water and sewer lines or any other City improvements or works approximate to Licensee's Facilities. Licensee agrees to bear this cost regardless of whether or not such damage may be directly or indirectly attributable to the installation, operation, maintenance, repair or upgrade work on the Licensee's Facilities, unless the damage results from the active negligence or willful misconduct of the City, its officers, agents or employees. These costs include electrical utility charges to the applicable utility company based upon the Licensee Facilities usage of electricity and applicable tariffs.

Section 15. <u>Undergrounding</u>. Licensee has been advised and understands that the utilities in the area of Licensee's planned facilities are subject to future under-grounding requirements. In the event of an under-grounding project, Licensee is willing to participate in such project and shall pay its pro rata share of said costs. Licensee agrees to work cooperatively with the City on a suitable relocation of Licensee's antennas in the event of an undergrounding project, however, antennas must remain above ground, even in an under-ground utility district, consistent with the City's applicable exemption for antennas under Section 30.6(6) of the Escondido Municipal Code. Licensee's rights originate from its position as a certificated carrier by the CPUC pursuant to D. 03-01-061 (Jan 30, 2003) (granting a limited-facilities based approval for NextG's services) and D 07-04-045 (Apr. 12, 2007 (granting full facilities-based approval for NextG's services). Licensee and City agree to cooperate with each other in order to relocate or replace Licensee's facilities in such a way so that Licensee may continue to operate its network for the Term of this Agreement.

Section 16. <u>Future Rules or Orders</u>. The Licensee, or any successor or authorized assign, shall abide by any agreements, rules, regulations, orders, or directives governing the use of the Public Rights-of-Way property or City Municipal Facilities as the City may find necessary and appropriate in executing its responsibilities for public right-of-way management.

Section 17. <u>Licensee to Submit Acceptable Plans</u>. Prior to the Commencement Date and prior to construction and installation of Licensee's Facilities, Licensee shall, at its sole

cost and expense, prepare and submit, together with payment of all related fees, any reasonable plans and specifications required by the City Engineer, which shall include detailed maps showing the planned construction, the size and the location and number, and any other details regarding the placement of appurtenant above-ground equipment to be located in the Public Rights-of-Way and on City Municipal Facilities or existing third-party infrastructure. The City Engineer shall be authorized to review the plans and specifications and to impose such reasonable requirements as are necessary to protect the public health and safety and to minimize any negative impact on aesthetics in the case of the above-ground improvements. The City Engineer shall be authorized to require an alternate location for the Licensee's Facilities on Streetlight Poles or comparable facilities to avoid conflict with public safety as well as other permitted City uses in or future public needs of the Public Rights-of-Way identified in this Agreement. Licensee shall, at its sole cost and expense, submit traffic control plans for approval by the City Engineer. The City reserves the right to inspect the installation and maintenance of Licensee's Facilities at any time. Licensee shall pay all reasonable plan check, inspection and other related fees prior to the issuance of any permit for the installation and construction of Licensee's Facilities. All work within the Public Rights-of-Way and Municipal Facilities or existing third-party infrastructure shall be performed in strict compliance with plans and permits approved by the City Engineer.

Section 18. Licensee to Secure Approval and Permits. Licensee agrees and understands that City requires Licensee to obtain valid encroachment permits for purposes of entering onto the Public Rights-of-Way to install its facilities located thereon. Licensee agrees to comply with all relevant provisions of Section 23 of the Escondido Municipal Code, which governs encroachment permit application and distribution. In addition to obtaining and maintaining the permits, Licensee understands and agrees that Licensee's ability to use the Public Rights-of-Way and Municipal Facilities and any third-party infrastructure for the purposes contemplated by this Agreement is dependent upon Licensee obtaining and maintaining all of the certificates, permits and other approvals which may be required from other federal, state or local authorities, and any easements which are required from any third parties. City shall cooperate with Licensee in its efforts to obtain such approvals and/or easements, as may be required for Licensee's Facilities as approved in the permits. If (i) any application and/or negotiations by Licensee for any required certificate, permit, license, easement, approval, policy of title insurance, or agreement is finally denied, rejected and/or terminated, (ii) any such certificate, permit, license, easement, approval or agreement is canceled, or expires, or lapses or is otherwise withdrawn or terminated, (iii) any Hazardous Materials are discovered or otherwise become located on the Public Rights-of-Way and Municipal Facilities, other than as direct result of Licensee's activities, or (iv) due to technological changes, Licensee determines that it is no longer practical to use the Public Rights-of-Way and Municipal Facilities for Licensee's intended purposes, then Licensee shall have the right to terminate this Agreement, which termination shall be effective no sooner thirty (30) days from delivery of written notice from Licensee to City provided Licensee has removed Licensee's Facilities from the Public Rights-of-Way and Municipal Facilities by that time.

Section 19. <u>As Built Drawings to be Provided</u>. The Licensee shall provide as-built drawings, in any format acceptable to the City Engineer, detailing the location of Licensee's Facilities installed pursuant to this Agreement within (sixty) 60 days after facilities are installed.

Section 20. <u>Liability Insurance</u>. Licensee shall obtain and maintain for the duration of this Agreement and any amendments hereto, adequate insurance against claims for injuries to persons or damage to property which in any way relate to, arise out of or are connected to the use of the Public Rights-of-Way and Municipal Facilities by Licensee or to the construction, operation or repair of Licensee's Facilities by Licensee or Licensee's agents, representatives, employees or contractors. The insurance will be obtained from an insurance carrier admitted and authorized to do business in the State of California. The insurance carrier is required to have a current Best's Key Rating of not less than "A-:V".

a. Licensee shall maintain the types of coverage's and minimum limits indicated below, unless the City Attorney or City Manager approves a lower amount. These minimum amounts of coverage will not constitute any limitations or cap on Licensee's indemnification obligations under this Agreement. The City, its officers, agents and employees make no representation that the limits of the insurance specified to be carried by Licensee pursuant to this Agreement are adequate to protect Licensee. If Licensee believes that any required insurance coverage is inadequate, Licensee will obtain such additional insurance coverage, as Licensee deems adequate, at Licensee's sole expense.

1. <u>Commercial General Liability Insurance</u>. \$3,000,000 combined single-limit per occurrence for bodily injury, personal injury and property damage. If the submitted policies contain aggregate limits, the general aggregate will be twice the required per occurrence limit.

2. <u>Automobile Liability</u>. \$1,000,000 combined single-limit per accident for bodily injury and property damage.

3. <u>Workers Compensation and Employer's Liability</u>. Worker's Compensation limits as required by the California Labor Code and Employer's Liability limits of \$1,000,000 per accident for bodily injury.

b. Licensee will ensure that the policies of insurance required under this Agreement contain, or are endorsed to contain, the following provisions:

1. The City of Escondido will be named as an additional insured on General Liability and Automobile Liability.

2. Licensee will obtain occurrence coverage, excluding Professional Liability, which will be written as claims-made coverage.

3. This insurance will be in force during the life of the Agreement and any extensions of it and will not be canceled without thirty (30) day's prior written notice to City sent by certified mail pursuant to the Notice endorsements to City.

c. Prior to City's execution of this Agreement and annually thereafter, Licensee will furnish certificates of insurance and endorsements to City.

d. Failure to maintain any of these insurance coverage's, shall be deemed a material default for purposes of Section 33.

e. City reserves the right to require at anytime, complete and certified copies of any or all required insurance policies and endorsements.

f. All insurance companies affording coverage to the Licensee shall be required to add the City of Escondido as "additional insured" under the insurance policy(s) required in accordance with this Agreement. Insurance coverage provided to the City as an additional insured shall be primary insurance and other insurance maintained by the City, its officers, agents and employees shall be excess only and not contributing with the insurance provided pursuant to this Agreement.

g. All insurance companies affording coverage to the Licensee shall be insurance organizations authorized by the Insurance Commissioner of the State Department of Insurance to transact business of insurance in the State of California and must carry a rating by Best of not less than "A-".

h. City may require the revision of amounts and coverage at any time during the term of this Agreement by giving Licensee 60 day's prior written notice. City's requirements shall be designed to assure protection from and against the kind and extent of risk existing on the Public Rights-of-Way and Municipal Facilities. Licensee also agrees to obtain any additional insurance required by City for new improvements, in order to meet the requirements of this Agreement.

Section 21. <u>Performance Bond</u>. Prior to construction of Licensee's Facilities, Licensee shall post a bond with the City (in the form of a Letter of Credit issued by a reputable institution) in the amount of Two Thousand Five Hundred Dollars (\$2,5,00) per attachment to Municipal Facilities ("Performance Bond") substantially in a form acceptable to the City Attorney. This Performance Bond shall remain in place for the term of the Agreement.

Section 22. <u>Accident Reports</u>. Licensee shall, within 48 hours after occurrence, report to City any accident causing property damage or any serious injury to persons resulting from any of Licensee's activities under this Agreement. This report shall contain the names and addresses of the parties involved, a statement of the circumstances, the date and hour, the names and addresses of any witnesses and other pertinent information.

Section 23. Indemnification of City.

a. Licensee shall waive all claims against City for any damages to the personal property and equipment of Licensee or City in, upon or about the Public Rights-of-Way and Municipal Facilities and for injuries to any employees of Licensee or their agents in, upon, or about the Public Rights-of-Way and Municipal Facilities from any cause arising at any time, unless the damages and/or injuries arise out of the City's gross negligence or willful misconduct. In addition, Licensee will fully indemnify, hold harmless, and faithfully defend, the City, including

its elected and appointed officials, officers, employees, contractors and agents ("Indemnified Parties"), from any damage or injury to any person, or any property, arising from the use of the Public Rights-of-Way and Municipal Facilities by Licensee or Licensee's officers, employees, contractors, or agents, or from the failure of Licensee to keep Licensee's Facilities and equipment in good condition and repair, as provided for in this Agreement.

b. Licensee's indemnification shall indemnify and hold harmless City and its employees from and against all claims, damages, losses, expenses, including attorneys fees arising out of or resulting from the performance by Licensee of the Agreement whether resolution proceeds to judgment or not. Should a conflict arise, Licensee shall bear the reasonable cost of retaining independent counsel to represent the City, which counsel shall be chosen by the City and Licensee.

c. Licensee acknowledges and agrees that Licensee bears all risks of loss or damage of its Nodes and materials installed in the Public Rights-of-Way and on Municipal Facilities pursuant to this Agreement from any cause, and the City shall not be liable for any cost of repair to damaged Node(s), including, without limitation, damage caused by the City's removal of the Node(s), except to the extent that such loss or damage was caused by the willful misconduct or negligence of the City, including, without limitation, each of its elected officials, department directors, managers, officers, agents, employees, and contractors.

Section 24. <u>Revocation of Authorization</u>. If the Licensee fails to comply with any of the material terms and conditions of this Agreement and/or any applicable law, the City may revoke the authorization granted herein, subject to the terms and conditions stated in Section 33, "Termination".

Section 25. <u>Terms and Conditions Specific to this Agreement</u>. The terms and conditions of this Agreement shall apply solely to the Licensee's Facilities and the Public Rightsof-Way and Municipal Facilities described in Exhibit A, and shall not apply to, nor establish any precedent for, the conditions the City may impose upon Licensee in the event Licensee seeks to provide other telecommunications services or cable services to the public for hire within the City.

Section 26. <u>Reservation of Rights</u>. The rights granted by this Agreement are granted based upon representations by Licensee that its federal and state grants or certificates authorize construction and operation of activities in relation to this Agreement.

Section 27. <u>Governing Law; Jurisdiction</u>. This Agreement shall be governed and construed by and in accordance with the laws of the United States and the State of California without reference to general conflicts of law principles. If suit is brought by a party to this Agreement, the parties agree that trial of such action shall be vested exclusively in the State courts of San Diego County, California or in the United States District Court, Southern District of California. Nothing in this section shall be interpreted to preclude either party's right to seek redress from the Federal Communications Commission or the California Public Utilities Commission.

Section 28. <u>Amendment of Agreement</u>. This Agreement shall not be modified or amended except by a writing signed by authorized representatives of the parties.

Section 29. <u>Entire Agreement</u>. This Agreement contains the entire understanding between the parties with respect to the subject matter herein. There are no representations, agreements, or understandings, whether oral or written, between or among the parties relating to the subject matter of this Agreement, which are not fully expressed herein. Each party has relied on advice from its own attorneys, and the warranties, representations, and covenants of this Agreement itself.

The terms and conditions of this Agreement shall bind and inure to the benefit of City and Licensee and, except as otherwise provided in this Agreement, their respective heirs, distributees, executors, administrators, successors, and assigns.

Section 30. <u>Severability</u>. If any part of any provision of this Agreement or any other agreement, document, or writing given pursuant to or in connection with this Agreement is finally determined to be invalid or unenforceable under applicable law, that part or provision shall be ineffective to the extent of such invalidity only, and the remaining terms and condition shall be interpreted so as to give the greatest effect to them.

Section 31. <u>Taxes</u>. Licensee shall pay, before delinquency, all taxes, assessments, and fees assessed or levied upon Licensee or the Licensee's Facilities, including, any buildings, structures, machines, equipment, appliances, or other improvements or property of any nature whatsoever erected, installed, or maintained by Licensee or levied by reason of the business or other Licensee activities related to this Agreement, including any licenses or permits. Licensee specifically acknowledges that the grant of this license may subject Licensee to certain taxes under California Revenue and Taxation Code Section 107.6 and agrees it is solely responsible for the payment of these taxes.

Licensee shall be responsible for all utilities and any property taxes imposed as a result of the use of the Property by Licensee. Licensee specifically acknowledges that the grant of this license may be subject Licensee to certain taxes under California Revenue and Taxation Code section 107.6 and agrees it is solely responsible for the payment of these taxes.

Section 32. <u>Non-exclusivity</u>. Neither this Agreement nor the permit granted hereunder is exclusive. The City reserves the right to enter into co-location agreements with other parties, including but not limited to telecommunications and information services providers (hereinafter "Carriers") for use of the Public Rights-of-Way or Municipal Facilities.

Section 33. <u>Notices</u>. All notices under this Permit Agreement shall be in writing and, unless otherwise provided in this Agreement, shall be deemed validly given if sent by certified mail, return receipt requested, or via recognized overnight courier service, addressed as follows (or to any other mailing address which the party to be notified may designate to the other party by such notice). All notices properly given as provided for in this section shall be deemed to be given on the date when sent.

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Should City or Licensee have a change of address, the other party shall immediately be notified as provided in this section of such change.

LISENSEE: NextG Networks of California, Inc. 2216 O'Toole Ave. San Jose, CA 95131 Attn: Contracts Administration <u>CITY</u>: CITY OF ESCONDIDO City Hall, Second Floor. 201 N. Broadway, Escondido, CA 92025 Attn: City Manager

Either party may change its address by notice to the other party as provided herein. Communications shall be deemed to have been given and received on the first to occur if (i) actual receipt at the offices of the party to whom the communication is to be sent, as designated above, or (ii) three working days following the deposit in the United States Mail of registered or certified mail, postage prepaid, return receipt requested, addressed to the offices of the party to whom the communication is to be sent, as designated above.

Section 34. <u>Termination</u>. This Agreement may be terminated by either party upon forty five (45) days' prior written notice to the other party upon a default of any material covenant or term hereof by the other party, which default is not cured within forty five (45) days of receipt of written notice of default (or, if such default is not curable within forty five (45) days, if the defaulting party fails to commence such cure within forty five (45) days or fails thereafter diligently to prosecute such cure to completion), provided that the grace period for any monetary default shall be thirty (30) days from receipt of notice. Should Licensee use the Licensee's Facilities for a purpose that requires additional City approvals that have not been obtained, City may terminate this Agreement in the manner authorized by this Section. Except as expressly provided for herein, the rights granted under this Agreement are irrevocable during the term.

Section 35. <u>Other Regulations</u>. All Licensee's use of the Public Rights-of-Way and Municipal Facilities under this Agreement shall be in accordance with the laws of the United States of America, the State of California and in accordance with all applicable rules and regulations and ordinances of the City of Escondido now in force, or hereinafter prescribed or promulgated by resolution or ordinance or by State or Federal law.

Section 36. <u>Related Actions</u>. By the granting of this Agreement, neither City nor the Council of the City is obligating itself to any other governmental agent, board, commission, or agency with regard to any other discretionary action relating to the use of the Public Rights-of-Way and Municipal Facilities. Discretionary action includes, but is not limited to, permits, environmental clearances or any other governmental agency approvals, which may be required for the development and operation of the Licensee's Facilities within the Public Rights-of-Way and Municipal Facilities.

Section 37. <u>Use of the Public Rights-of-Way</u>. Licensee acknowledges that the paramount use of Public Rights-of-Way Property or Municipal Facilities is for the public.

Licensee agrees to coordinate use of the Public Rights-of-Way Property or Municipal Facilities with City so as not to conflict with City's programs and activities.

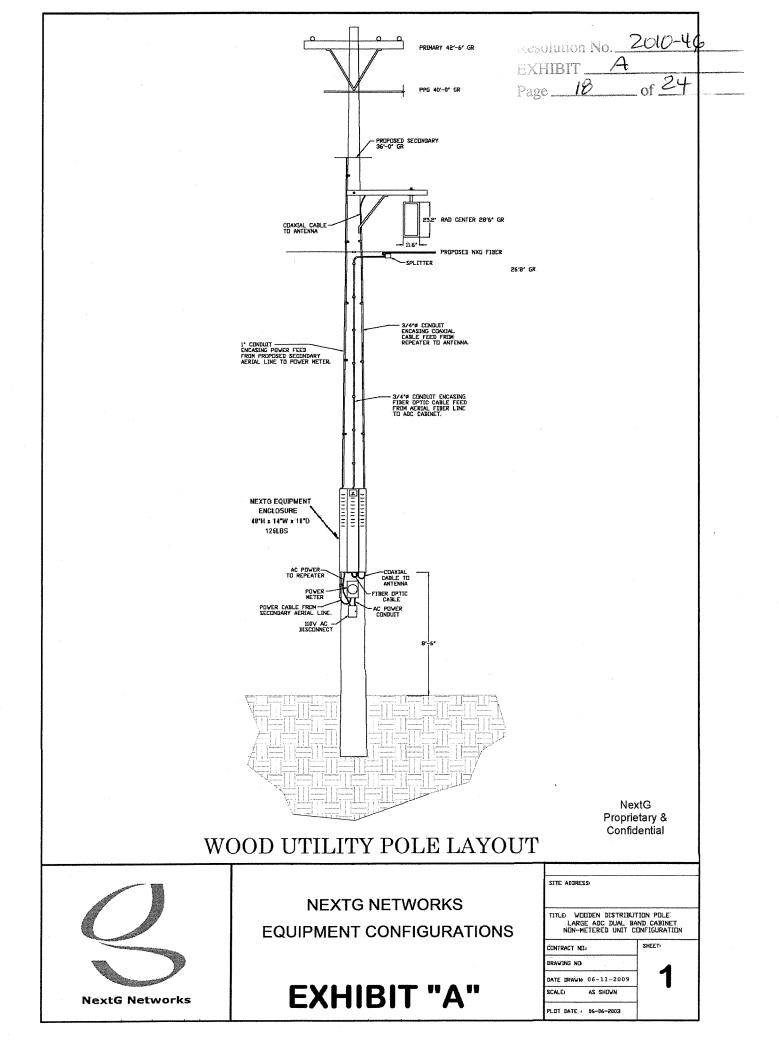
Section 38. <u>Powers to Enter into Agreement</u>. The individuals executing this Agreement represent and warrant that they have the right, power, legal capacity and authority to enter into and to execute this Agreement on behalf of the respective legal entities of the Licensee and the City.

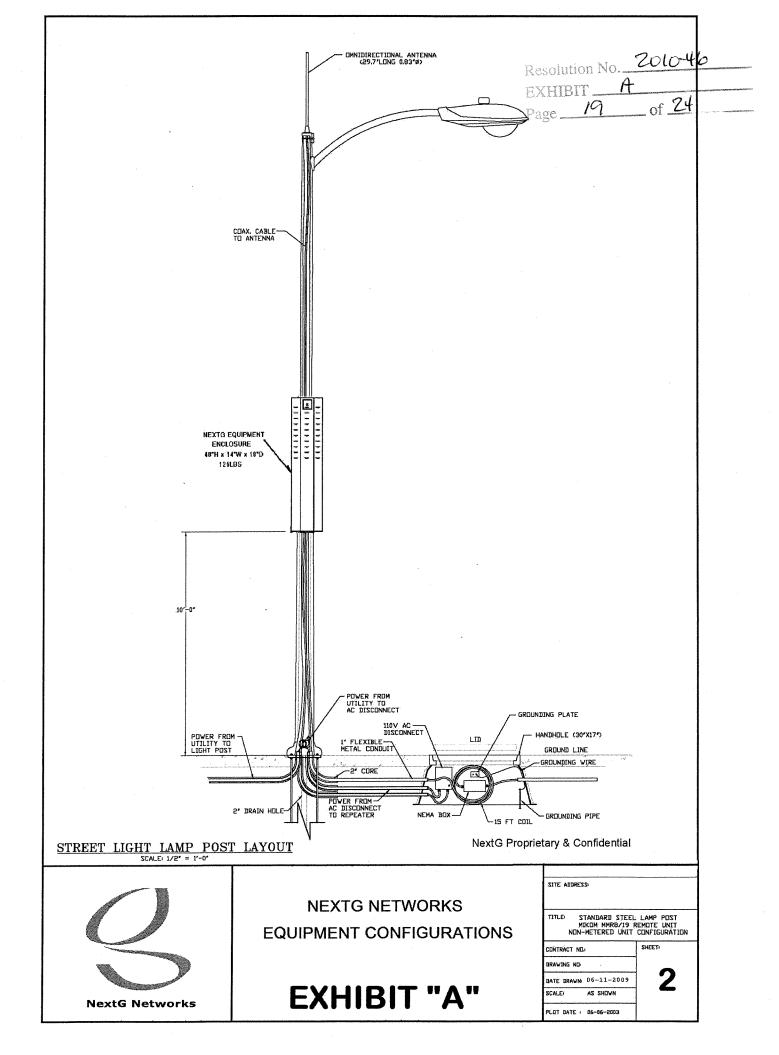
IN WITNESS WHEREOF the parties hereto for themselves, their heirs, executors, administrators, successors, and assigns do hereby agree to the full performance of the covenants herein contained and have caused this Agreement to be executed by setting hereunto their signatures on the day and year respectively written herein below.

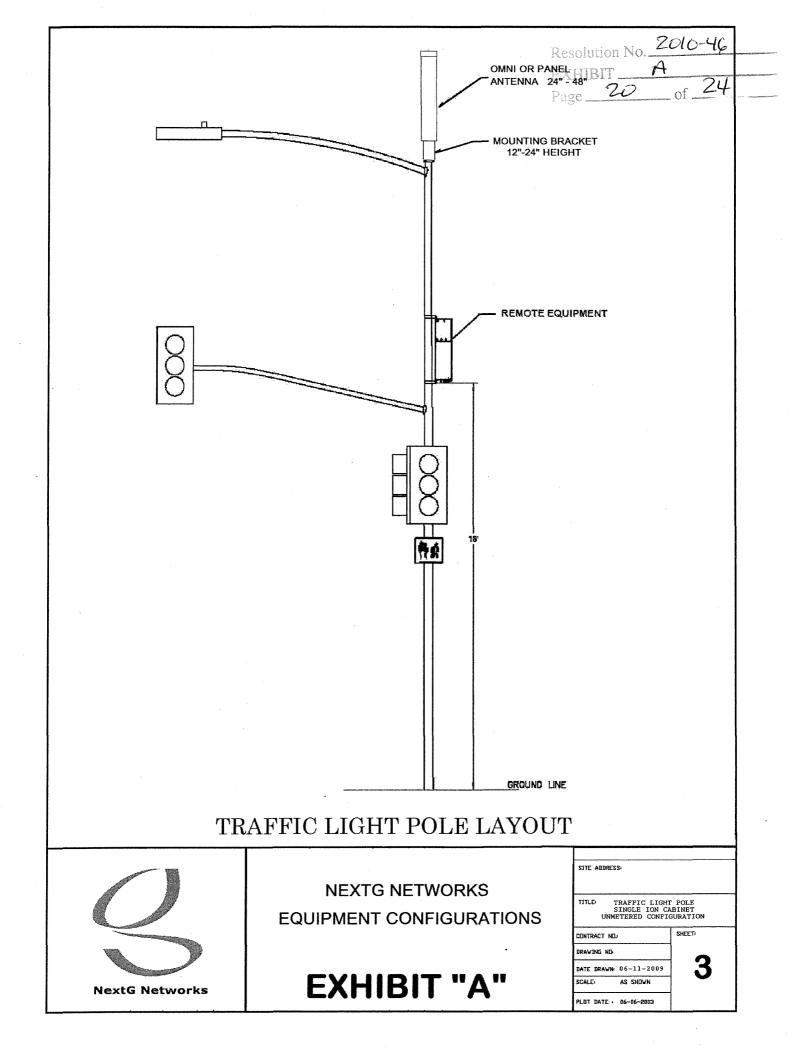
CITY:	THE	THE CITY OF ESCONDIDO	
DATE:	By:	Lori Holt Pfeiler, Mayor	
		Lon non Flener, Mayor	
DATE:	By:	Marsha Whalen, City Clerk	
LICENSEE:	NEX	TG NETWORKS OF CALIFORNIA, INC.	
DATE:	By:	John B Georges, CEO	
Notary Acknowledgement of Licensee	e signatures		
Exhibits:			
Exhibit A: Equipment Exhibit B: Initial Deployment			
APPROVED AS TO FORM:			
, City Attorney			
By:			

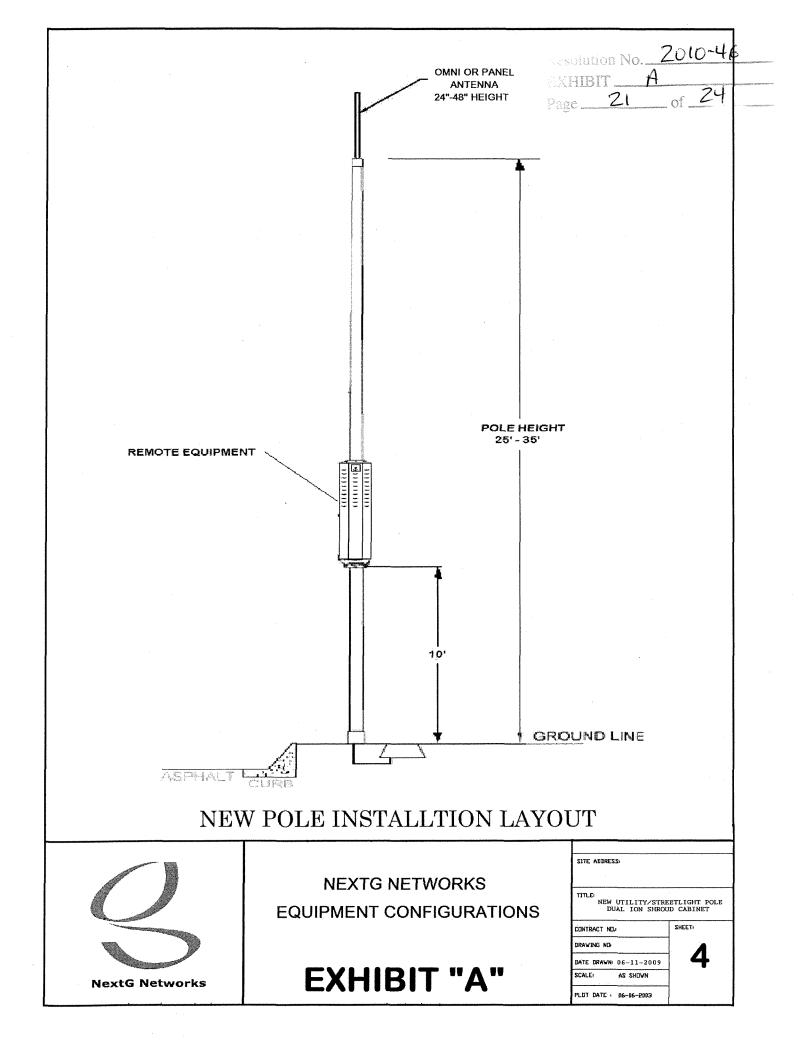
Deputy City Attorney

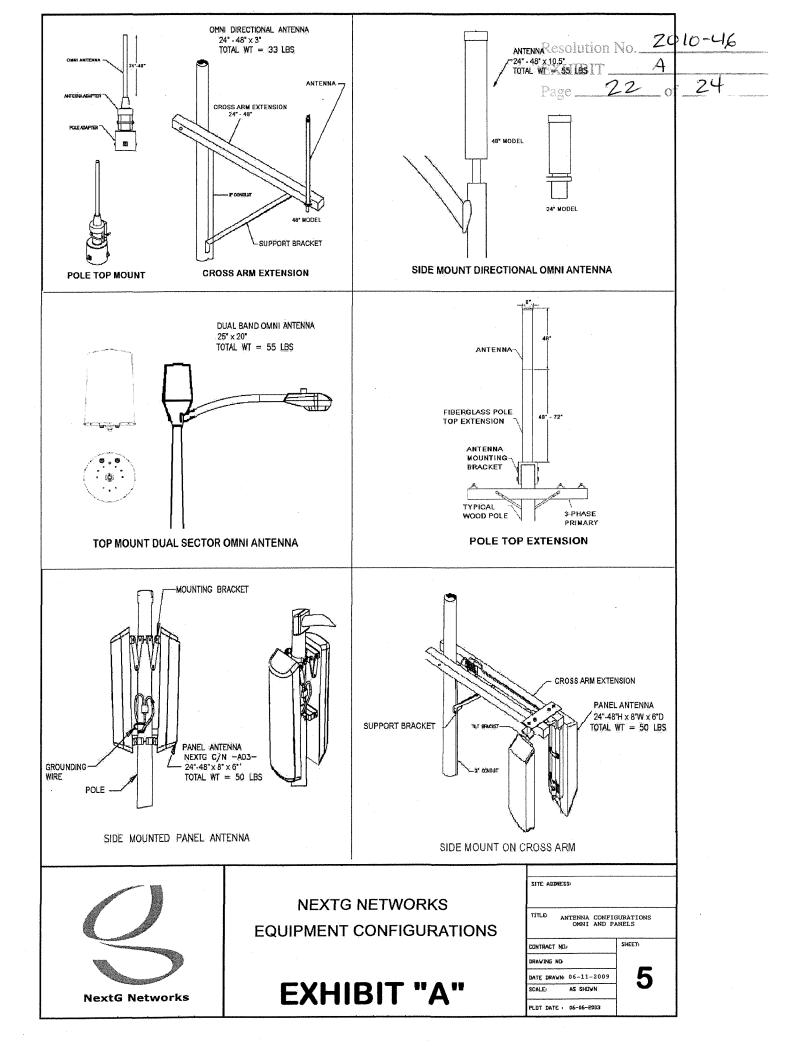
NEXTG AGREEMENT, ESCONDIDO, CA

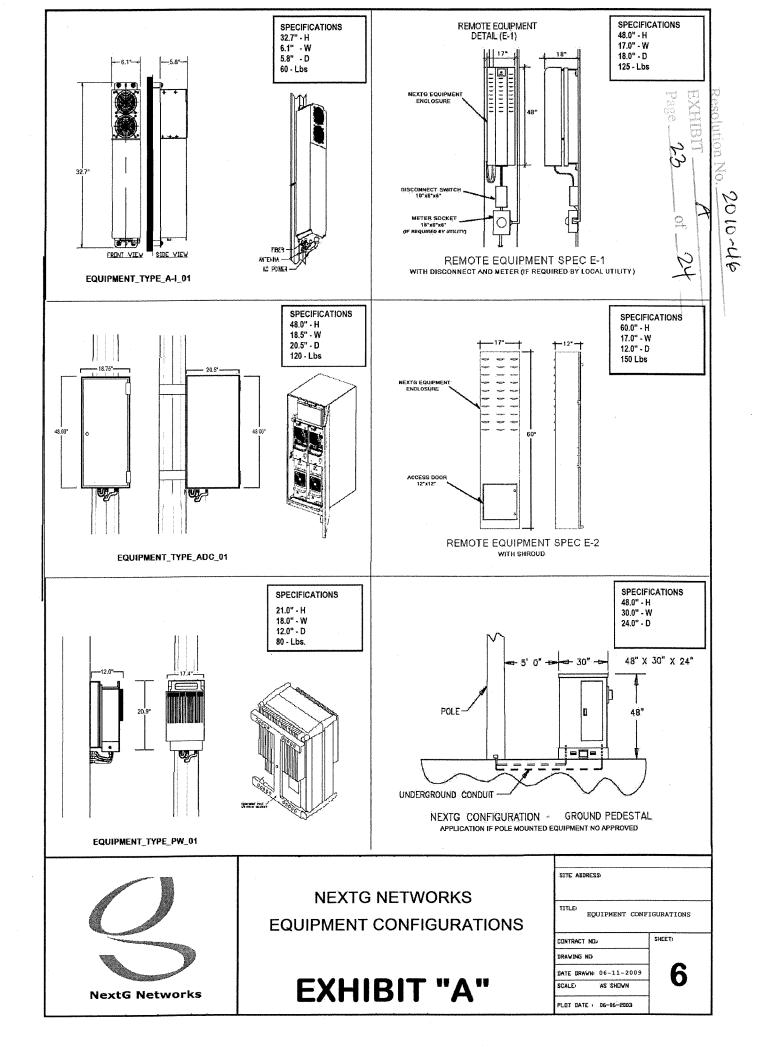












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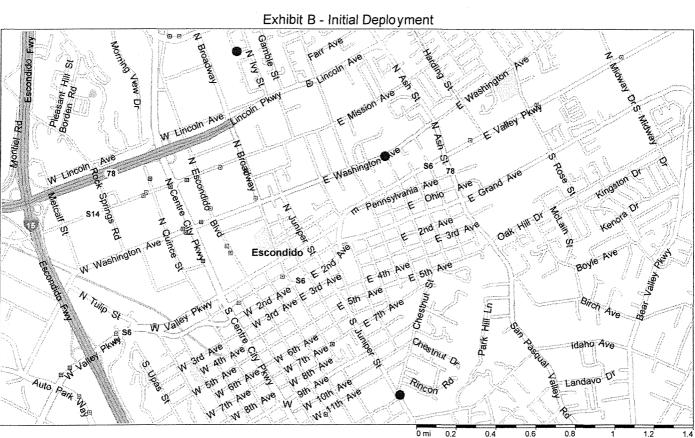


Exhibit B - Initial Deployment

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