

TELECOMMUNICATIONS RIGHTS-OF-WAY RESOLUTION

RESOLUTION NO. __011498A__

THE CITY COUNCIL OF THE TOWN OF KANOSH TOWN

DOES ORDAIN AS FOLLOWS:

The following Resolution is added to the Town of Kanosh Municipal Code:

TELECOMMUNICATIONS RIGHTS-OF-WAY RESOLUTION

SECTION 1 -- DECLARATION OF FINDINGS AND INTENT;

SCOPE OF RESOLUTION

1.1 Declaration of Finding and Intent.

1.1.1 Findings Regarding Rights-of-Way. The Town of Kanosh finds that the Rights-of-Way within the Town

(a)are critical to the travel and transport of persons and property in the business and social life of the Town;

(b)are intended for public uses and must be managed and controlled consistent with that intent;

(c)can be partially occupied by the facilities of utilities and other public service entities delivering utility and public services rendered for profit, to the enhancement of the health, welfare, and general economic well-being of the Town and its citizens; and

(d)are a unique and physically limited resource requiring proper management to maximize the efficiency and to minimize the costs to the taxpayers of the foregoing uses and to minimize the inconvenience to and negative effects upon the public from such facilities' construction, placement, relocation, and maintenance in the Rights-of-Way.

1.1.1 Finding Regarding Compensation. The Town finds that the Town should receive fair and reasonable compensation for use of the Rights-of-Way.

1.1.3 Finding regarding Local Concern. The Town finds that while Telecommunications Systems are in part an extension of interstate commerce, their operations also involve Rights-of-Way, municipal franchising, and vital business and community service, which are of local concern.

1.1.4 Finding Regarding Promotion of Telecommunications Services. The Town finds that

it is in the best interests of its taxpayers and citizens to promote the rapid development of Telecommunications Services, on a nondiscrimination basis, responsive to community and public interest, and to assure availability for municipal, educational and community services.

1.1.5 Findings Regarding Franchise Standards. The Town finds that it is in the interests of the public to Franchise and to establish standards for franchising Providers in a manner that:

(a)fairly and reasonably compensates the Town on a competitively neutral and non-discriminatory basis as provided herein;

(b)encourages competition by establishing terms and conditions under which Providers may use the Rights-of-Way to serve the public;

(c)fully protects the public *interests* and the Town from any harm that may flow from such commercial use of Rights-of-Way;

(d)protects the police powers and Rights-of-Way management authority of the Town, in a manner consistent with federal and state law;

(e)otherwise protects the public interests in the development and use of the Town infrastructure;

(f)protects the public's investment in improvements in the Rights-of-Way; and

(g)ensures that no barriers to entry of Telecommunications Providers are created and that such franchising is accomplished in a manner that does not prohibit or have the effect of prohibiting Telecommunication Services, within the meaning of the Telecommunications Act of 1996 ("Act") [P.L. No. 104-104].

1.1.6 Power to Manage Rights-of-Way. The Town adopts this Telecommunications Resolution pursuant to its power to manage the Rights-of-Way, pursuant to common law, the Utah Constitution and statutory authority, and receive fair and reasonable, compensation for the use of Rights-of-Way by Providers as expressly set forth by Section 253 of the Act.

1.2 Scope of Resolution. This Resolution shall provide the basic local scheme for Providers of Telecommunications Services and Systems that require the use of the Rights-of-Way, including Providers of both the System and Service, those Providers of the System only, and those Providers who do not build the System but who only provide Services. This Resolution shall apply to all future Providers and to all Providers in the Town prior to the effective date of this Resolution, whether operating with or without a Franchise as set forth in Section 12.2.

1.3 Excluded Activity.

1.3.1 Cable TV. This Resolution shall not apply to cable television operators otherwise regulated by _____ (the "Cable Television Resolution").

1.3.2 Wireless Services. This Resolution shall not apply to Personal Wireless Service Facilities.

1.3.3 Provisions Applicable to Excluded Providers. Providers excused by other law that prohibits the Town from requiring a Franchise shall not be required to obtain a Franchise, but all of the requirements imposed by this Resolution through the exercise of the Town's police power and not preempted by other law shall be applicable.

SECTION 2 -- DEFINED TERMS

2.1 Definitions. For purposes of this Resolution, the following terms, phrases, words, and their derivatives shall have the meanings set forth in this Section, unless the context clearly indicates that another meaning is intended. Words used in the present tense include the future tense, words in the single number include the plural number, words in the plural number include the singular. The word "shall" and "will" are mandatory, and "may" is permissive. Words not defined shall be given their common and ordinary meaning.

2.1.1 "Application" means the process by which a Provider submits a request and indicates a desire to be granted a Franchise to utilize the Rights-of-Way of all, or a part, of the Town. An Application includes all written documentation, verbal statements and representations, in whatever form or forum, made by a Provider to the Town concerning: the construction of a Telecommunications System over, under, on or through the Rights-of-Way; the Telecommunications Services proposed to be provided in the Town by a Provider; and any other matter pertaining to a proposed System or Service.

2.1.2 "City/Town" means Kanosh, Utah.

2.1.3 "Completion Date" means the date that a Provider begins providing Services to customers in the Town.

2.1.4 "Construction Costs" means all costs of constructing a System, including make ready costs, other than engineering fees, attorneys or accountants fees, or other consulting fees.

2.1.5 "Control" or "Controlling Interest" means actual working control in whatever manner exercised, including, without limitation, working control through ownership, management, debt instruments or negative control, as the case may be, of the System or of a Provider. A rebuttable presumption of the existence of Control or a Controlling Interest shall arise from the beneficial ownership, directly or indirectly, by any Person, or group of Persons acting in concert, of more than twenty-five percent (25%) of any Provider (which Person or group of Persons is hereinafter referred to as "Controlling Person"). "Control" or "Controlling Interest" as used herein may be held simultaneously by more than one Person or group of Persons.

2.1.6 "FCC" means the Federal Communications Commission, or any successor thereto.

2.1.7 "Franchise" means the rights and obligation extended by the Town to a Provider to own, lease, construct, maintain, use or operate a System in the Rights-of-Way within the boundaries of

the Town. Any such authorization, in whatever form granted, shall not mean or include: (i) any other permit or authorization required for the privilege of transacting and carrying on a business within the City required by the ordinances and laws of the City; (ii) any other permit, agreement or authorization required in connection with operations on Rights-of-Way or public property including, without limitation, permits and agreements for placing devices on or in poles, conduits or other structures, whether owned by the Town or a private entity, or for excavating or performing other work in or along the Rights-of-Way.

2.1.8 "Franchise Agreement" means a contract entered into in accordance with the provisions of this Resolution between the Town and a Franchisee that sets forth, subject to this Resolution, the terms and conditions under which a Franchise will be exercised.

2.1.9 "Gross Revenue" includes all revenues of a Provider that may be included as gross revenue within the meaning of Chapter 26, Title 11 Utah Code annotated, 1953, as amended.

2.1.10 "Infrastructure Provider" means a Person providing to another, for the purpose of providing Telecommunication Services to customers, all or part of the necessary System which uses the Rights-Of-Way.

2.1.11 "Open Video Service" means any video programming services provided to any Person through the use of Rights-of-Way, by a Provider that is certified by the FCC to operate an Open Video System pursuant to sections 651, *et seq.*, of the Telecommunications Act (to be codified at 47 U.S.C. Title VI, Part V), regardless of the System used.

2.1.12 "Open Video System" means the system of cables, wires, lines, towers, wave guides, optic fiber, microwave, laser beams, and any associated converters, equipment, or facilities designed and constructed for the purpose of producing, receiving, amplifying or distributing Open Video Services to or from subscribers or locations within the City.

2.1.13 "Operator" means any Person who provides Service over a Telecommunications System and directly or through one or more Persons owns a Controlling Interest in such System, or who otherwise controls or is responsible for the operation of such a System.

2.1.14 "Resolution" or "Telecommunications Resolution" means this Telecommunications Resolution concerning the granting of Franchises in and by the Town for the construction, ownership, operation, use or maintenance of a Telecommunications System.

2.1.15 "Person" includes any individual, corporation, partnership, association, joint stock company, trust, or any other legal entity, but not the Town.

2.1.16 "Personal Wireless Services Facilities" has the same meaning as provided in Section 704 of the Act (47 U.S.C. 332(c)(7)(c)), which includes what is commonly known as cellular and PCS Services that do not install any System or portion of a System in the Rights-of-Way.

2.1.17 "Provider" means an Operator, Infrastructure Provider, Resaler, or System Lessee.

2.1.18 "PSC" means the Public Service Commission, or any successor thereto.

2.1.19 "Resaler" refers to any Person that provides local exchange service over a System for which a separate charge is made, where that Person does not own or lease the underlying System used for the transmission.

2.1.20 "Rights-of-Way" means the surface of and the space above and below any public street, sidewalk, alley, or other public way of any type whatsoever, now or hereafter existing as such within the Town.

2.1.21 "Signal" means any transmission or reception of electronic, electrical, light or laser or radio frequency energy or optical information in either analog or digital format.

2.1.22 "System Lessee" refers to any Person that leases a System or a specific portion of a System to provide Services.

2.1.23 "Telecommunications" means the transmission, between or among points specified by the user, of information of the user's choosing (*e.g.*, data, video, and voice), without change in the form or content of the information sent and received.

2.1.24 "Telecommunications System" or "System" means all conduits, manholes, poles, antennas, transceivers, amplifiers and all other electronic devices, equipment, Wire and appurtenances owned, leased, or used by a Provider, located in the Rights-of-Way and utilized in the provision of Services, including fully digital or analog, voice, data and video imaging and other enhanced Telecommunications Services. Telecommunications System or Systems also includes an Open Video System.

2.1.25 "Telecommunications Service(s)" or "Services" means any telecommunications services provided by a Provider within the Town that the Provider is authorized to provide under federal, state and local law, and any equipment and/or facilities required for and integrated with the Services provided within the Town, except that these terms do not include "cable service" as defined in the Cable Communications Policy Act of 1984, as amended by the Cable Television Consumer Protection and Competition Act of 1992 (47 U.S.C. ' 521, *et seq.*), and the Telecommunications Act of 1996. Telecommunications System or Systems also includes an Open Video System.

2.1.26 "Wire" means fiber optic Telecommunications cable, wire, coaxial cable, or other transmission medium that may be used in lieu thereof for similar purposes.

SECTION 3 -- FRANCHISE REQUIRED

3.1 **Non-Exclusive Franchise.** The City is empowered and authorized to issue non-exclusive Franchises governing the installation, construction, and maintenance of Systems in the Town's Rights-of-Way, in accordance with the provisions of this Resolution. The Franchise is granted through a Franchise Agreement entered into between the Town and Provider.

3.2 Every Provider Must Obtain. Except to the extent preempted by federal or state law, as ultimately interpreted by a court of competent jurisdiction, including any appeals, every Provider must obtain a Franchise prior to constructing a Telecommunications System or providing Telecommunications Services using the Rights-of-Way, and every Provider must obtain a Franchise before constructing an Open Video System or providing Open Video Services via an Open Video System. Any Open Video System or Service shall be subject to the customer service and consumer protection provisions applicable to the Cable TV companies to the extent the Town is not preempted or permitted as ultimately interpreted by a court of competent jurisdiction, including any appeals. The fact that particular Telecommunications Systems may be used for multiple purposes does not obviate the need to obtain a Franchise for other purposes. By way of illustration and not limitation, a cable operator of a cable system must obtain a cable franchise, and, should it intend to provide Telecommunications Services over the same System, must also obtain a Telecommunications Franchise.

3.3 Nature of Grant. A Franchise shall not convey title, equitable or legal, in the Rights-of-Way. A Franchise is only the right to occupy Rights-of-Way on a non-exclusive basis for the limited purposes and for the limited period stated in the Franchise; the right may not be subdivided, assigned, or subleased. A Franchise does not excuse a Provider from obtaining appropriate access or pole attachment agreements before collocating its System on the property of others, including the Town's property. This section shall not be construed to prohibit a Provider from leasing conduit to another Provider, so long as the Lessee has obtained a Franchise.

3.4 Current Providers. Except to the extent exempted by federal or state law, any Provider acting without a Franchise on the effective date of this Resolution shall request issuance of a Franchise from the Town within 90 days of the effective date of this Resolution. If such request is made, the Provider may continue providing service during the course of negotiations. If a timely request is not made, or if negotiations cease and a Franchise is not granted, the Provider shall comply with the provisions of Section 9.4.

3.5 Nature of Franchise. The Franchise granted by the Town under the provisions of this Resolution shall be a nonexclusive Franchise providing the right and consent to install, repair, maintain, remove and replace its System on, over and under the Rights-of-Way in order to provide Services.

3.6 Regulatory Approval Needed. Before offering or providing any Services pursuant to the Franchise, a Provider shall obtain any and all regulatory approvals, permits, authorizations or licenses for the offering or provision of such Services from the appropriate federal, state and local authorities, if required, and shall submit to the Town upon the written request of the Town evidence of all such approvals, permits, authorizations or licenses.

3.7 Term. No Franchise issued pursuant to this Resolution shall have a term of less than five (5) years or greater than fifteen (15) years. Each Franchise shall be granted in a nondiscriminatory manner.

SECTION 4 -- COMPENSATION AND OTHER PAYMENTS

4.1 Compensation. As fair and reasonable compensation for any Franchise granted pursuant to this Resolution, a Provider shall have the following obligations:

4.1.1 Application Fee. In order to offset the cost to the Town to review an Application for a Franchise and in addition to all other fees, permits or charges, a Provider shall pay to the Town, at the time of Application, \$500 as a non-refundable Application fee. .

4.1.2 Franchise Fees. The Franchise fee, if any, shall be set forth in the Franchise Agreement. The obligation to pay a Franchise fee shall commence on the Completion Date. The Franchise fee is offset by any business license fee or business license tax enacted by the Town.

4.1.3 Excavation Permits. The Provider shall also pay fees required for an excavation permit as provided in _ [cross reference to Excavation Permit Resolution].

4.2 Timing. Unless otherwise agreed to in the Franchise Agreement, all Franchise Fees shall be paid on a monthly basis within forty-five (45) days of the close of each calendar month.

4.3 Fee Statement and Certification. Unless a Franchise Agreement provides otherwise, each fee payment shall be accompanied by a statement showing the manner in which the fee was calculated and shall be certified as to its accuracy.

4.4 Future Costs. A Provider shall pay to the Town or to third parties, at the direction of the Town, an amount equal to the reasonable costs and reasonable expenses that the Town incurs for the services of third parties (including but not limited to attorneys and other consultants) in connection with any renewal or Provider-initiated renegotiation, or amendment of this Resolution or a Franchise, provided, however, that the parties shall agree upon a reasonable financial cap at the outset of negotiations. In the event the parties are unable to agree, either party may submit the issue to binding arbitration in accordance with the rules and procedures of the American Arbitration Association. *[Optional Language: Any costs associated with any work to be done by the Power and Public Works Department to provide space on City owned poles shall be borne by the Provider.]*

4.5 Taxes and Assessments. To the extent taxes or other assessments are imposed by taxing authorities, other than the Town on the use of the Town property as a result of a Provider's use or occupation of the Rights-of-Way, the Provider shall be responsible for payment of its pro rata share of such taxes, payable annually unless otherwise required by the taxing authority. Such payments shall be in addition to any other fees payable pursuant to this Resolution.

4.6 Interest on Late Payments. In the event that any payment is not actually received by the Town on or before the applicable date fixed in the Franchise, interest thereon shall accrue from such date until received at the rate charged for delinquent state taxes.

4.7 No Accord and Satisfaction. No acceptance by the Town of any fee shall be construed as an accord that the amount paid is in fact the correct amount, nor shall such acceptance of such fee payment be construed as a release of any claim the Town may have for additional sums

payable.

4.8 Not in Lieu of Other Taxes or Fees. The fee payment is not a payment in lieu of any tax, fee or other assessment except as specifically provided in this Resolution, or as required by applicable law. By way of example, and not limitation, excavation permit fees and fees to obtain space on the Town owned poles are not waived and remain applicable.

4.9 Continuing Obligation and Holdover. In the event a Provider continues to operate all or any part of the System after the Term of the Franchise, such operator shall continue to comply with all applicable provisions of this Resolution and the Franchise, including, without limitation, all compensation and other payment provisions throughout the period of such continued operation, provided that any such continued operation shall in no way be construed as a renewal or other extension of the Franchise, nor as a limitation on the remedies, if any, available to the City as a result of such continued operation after the term, including, but not limited to, damages and restitution.

4.10 Costs of Publication. A Provider shall assume any publication costs associated with its Franchise that may be required by law.

SECTION 5 – FRANCHISE APPLICATIONS

5.1 Franchise Application. To obtain a Franchise to construct, own, maintain or provide Services through any System within the Town, to obtain a renewal of a Franchise granted pursuant to this Resolution, or to obtain the Town approval of a transfer of a Franchise, as provided in Subsection 7.1.2, granted pursuant to this Resolution, an Application must be filed with Town on the form attached to this Resolution as Exhibit A, which is hereby incorporated by reference. The Application form may be changed by the Mayor so long as such changes request information that is consistent with this Resolution. Such Application form, as amended, is incorporated by reference.

5.2 Application Criteria. In making a determination as to an Application filed pursuant to this Resolution, the Town may, but shall not be limited to, request the following from the Provider:

(a) A copy of the order from the PSC granting a Certificate of Convenience and Necessity.

(b) Certification of the Provider's financial ability to compensate the Town for Provider's intrusion, maintenance and use of the Rights-of-Way during the Franchise term proposed by the Provider;

(c) Provider's agreement to comply with the requirements of Section 6 of this Resolution.

(d) *[Optional Language for power cities: Prior to making any attachments to poles, the willingness to enter into a pole attachment agreement with the City.]*

5.3 **Franchise Determination.** The City, in its discretion, shall determine the award of any Franchise on the basis of these and other considerations relevant to the use of the Rights-of-Way, without competitive bidding.

SECTION 6 -- CONSTRUCTION AND TECHNICAL REQUIREMENTS

6.1 **General Requirement.** No Provider shall receive a Franchise unless it agrees to comply with each of the terms set forth in this Section governing construction and technical requirements for its System, in addition to any other reasonable requirements or procedures specified by the Town or the Franchise, including requirements regarding locating and sharing in the cost of locating portions of the System with other Systems or with Town utilities. A Provider shall obtain an excavation permit, pursuant to the excavation ordinance, before commencing any work in the Rights-of-Way.

6.2 **Quality.** All work involved in the construction, maintenance, repair, upgrade and removal of the System shall be performed in a safe, thorough and reliable manner using materials of good and durable quality. If, at any time, it is determined by the FCC or any other agency granted authority by federal law or the FCC to make such determination, that any part of the System, including, without limitation, any means used to distribute Signals over or within the System, is harmful to the public health, safety or welfare, or quality of service or reliability, then a Provider shall, at its own cost and expense, promptly correct all such conditions.

6.3 **Licenses and Permits.** A Provider shall have the sole responsibility for diligently obtaining, at its own cost and expense, all permits, licenses or other forms of approval or authorization necessary to construct, maintain, upgrade or repair the System, including but not limited to any necessary approvals from Persons and/or the Town to use private property, easements, poles and conduits. A Provider shall obtain any required permit, license, approval or authorization, including but not limited to excavation permits, pole attachment agreements, etc., prior to the commencement of the activity for which the permit, license, approval or authorization is required.

6.4 Relocation of the System.

6.4.1 **New Grades or Lines.** If the grades or lines of any Rights-of-Way are changed at any time in a manner affecting the System, then a Provider shall comply with the requirements of the excavation resolution.

6.4.2 **The City Authority to Move System in case of an Emergency.** The Town may, at any time, in case of fire, disaster or other emergency, as determined by the Town in its reasonable discretion, cut or move any parts of the System and appurtenances on, over or under the Rights-of-Way of the Town, in which event the City shall not be liable therefor to a Provider. The Town shall notify a Provider in writing prior to, if practicable, but in any event as soon as possible and in no case later than the next business day following any action taken under this Section. Notice shall be given as provided in Section 11.4.

6.4.3 A Provider Required to Temporarily Move System for Third Party. A Provider shall, upon prior reasonable written notice by the Town or any Person holding a permit to move any structure, and within the time that is reasonable under the circumstances, temporarily move any part of its System to permit the moving of said structure. A Provider may impose a reasonable charge on any Person other than the Town for any such movement of its Systems.

6.4.4 Rights-of-Way Change - Obligation to Move System. When the Town is changing a Rights-of-Way and makes a written request, a Provider is required to move or remove its System from the Rights-of-Way, without cost to the Town, to the extent provided in the excavation ordinance. This obligation does not apply to Systems originally located on private property pursuant to a private easement, which property was later incorporated into the Rights-of-Way, if that private easement grants a superior vested right. This obligation exists whether or not the Provider has obtained an excavation permit.

6.5 Protect Structures. In connection with the construction, maintenance, repair, upgrade or removal of the System, a Provider shall, at its own cost and expense, protect any and all existing structures belonging to the Town [*Optional Language: and all designated landmarks, as well as all other structures within any designated landmark district.*] A Provider shall obtain the prior written consent of the Town to alter any water main, power facility, sewerage or drainage system, or any other municipal structure on, over or under the Rights-of-Way of the Town required because of the presence of the System. Any such alteration shall be made by the Town or its designee on a reimbursable basis. A Provider agrees that it shall be liable for the costs incurred by the Town to replace or repair and restore to its prior condition in a manner as may be reasonably specified by the Town, any municipal structure or any other Rights-of-Way of the Town involved in the construction, maintenance, repair, upgrade or removal of the System that may become disturbed or damaged as a result of any work thereon by or on behalf of a Provider pursuant to the Franchise.

6.6 No Obstruction. In connection with the construction, maintenance, upgrade, repair or removal of the System, a Provider shall not unreasonably obstruct the Rights-of-Way of fixed guide way systems, railways, passenger travel, or other traffic to, from or within the Town without the prior consent of the appropriate authorities.

6.7 Safety Precautions. A Provider shall, at its own cost and expense, undertake all necessary and appropriate efforts to prevent accidents at its work sites, including the placing and maintenance of proper guards, fences, barricades, security personnel and suitable and sufficient lighting, and such other requirements prescribed by OSHA and Utah OSHA. A Provider shall comply with all applicable federal, state and local requirements including but not limited to the National Electric Safety Code.

6.8 Repair. After written reasonable notice to the Provider, unless, in the sole determination of the Town, an eminent danger exists, any Rights-of-Way within the Town which are disturbed or damaged during the construction, maintenance or reconstruction by a Provider of its System may be repaired by the Town at the Provider's expense, to a condition as good as that prevailing before such work was commenced. Upon doing so, the Town shall submit to such a Provider an

itemized statement of the cost for repairing and restoring the Rights-of-Ways intruded upon. The Provider shall, within thirty (30) days after receipt of the statement, pay to the Town the entire amount thereof.

6.9 System Maintenance. A Provider shall:

(a) Install and maintain all parts of its System in a non-dangerous condition throughout the entire period of its Franchise.

(b) Install and maintain its System in accordance with standard prudent engineering practices and shall conform, when applicable, with the National Electrical Safety Code and all applicable other federal, state and local laws or regulations.

(c) At all reasonable times, permit examination by any duly authorized representative of the Town of the System and its effect on the Rights-of-Way.

6.10 Trimming of Trees. A Provider shall have the authority to trim trees, in accordance with all applicable utility restrictions, ordinance, resolution and easement restrictions, upon and hanging over Rights-of-Way so as to prevent the branches of such trees from coming in contact with its System.

SECTION 7 -- FRANCHISE AND LICENSE NON-TRANSFERRABLE

7.1 Notification of Sale.

7.1.1 [] Notification and Election. When a Provider is the subject of a sale, transfer, lease, assignment, sublease or disposed of, in whole or in part, either by forced or involuntary sale, or by ordinary sale, consolidation or otherwise, such that it or its successor entity is obligated to inform or seek the approval of the PSC, the Provider or its successor entity shall promptly notify the Town of the nature of the transaction[]. The notification shall include either:

(a) the successor [] entity's certification that the successor entity unequivocally agrees to all of the terms of the original Provider's Franchise Agreement, or

(b) the successor entity's Application in compliance with Section 5 of this Resolution.

7.1.2 Transfer of Franchise. Upon receipt of a [] notification and certification in accordance with Subsection 7.1.1(a), the Town designee, as provided in Subsection 9.1.1, [] shall send notice [] affirming the transfer of the Franchise to the successor entity. [] If the City has [] good cause to believe that the successor entity may not comply with this Resolution or the Franchise Agreement, it may require an Application for the transfer. The Application shall comply with Section 5.

7.1.3 If PSC Approval No Longer Required. If the PSC no longer exists, or if its regulations or state law no longer require approval of transactions described in Section 7.1, and the Town has good cause to believe that the successor entity may not comply with this Resolution or the

Franchise Agreement, it may require an Application. The Application shall comply with Section 5.

7.2 Events of Sale. [] The following events shall be deemed to be a sale, assignment or other transfer of the Franchise requiring compliance with Section 7.1: (i) the sale, assignment or other transfer of all or a majority of a Provider's assets to another Person; (ii) the sale, assignment or other transfer of capital stock or partnership, membership or other equity interests in a Provider by one or more of its existing shareholders, partners, members or other equity owners so as to create a new Controlling Interest in a Provider; (iii) the issuance of additional capital stock or partnership, membership or other equity interest by a Provider so as to create a new Controlling Interest in such a Provider; or (iv) the entry by a Provider into an agreement with respect to the management or operation of such Provider or its System.

SECTION 8 -- OVERSIGHT AND REGULATION

8.1 Insurance, Indemnity, and Security. Prior to the execution of a Franchise, a Provider will deposit with the Town an irrevocable, unconditional letter of credit or surety bond as required by the terms of the Franchise, and shall obtain and provide proof of the insurance coverage required by the Franchise. A Provider shall also indemnify the Town as set forth in the Franchise.

8.2 Oversight. The Town shall have the right to oversee, regulate and inspect periodically the construction, maintenance, and upgrade of the System, and any part thereof, in accordance with the provisions of the Franchise and applicable law. A Provider shall establish and maintain managerial and operational records, standards, procedures and controls to enable a Provider to prove, in reasonable detail, to the satisfaction of the Town at all times throughout the Term, that a Provider is in compliance with the Franchise. A Provider shall retain such records for not less than the applicable statute of limitations.

8.3 Maintain Records. A Provider shall at all times maintain:

(a) On file with the Town, a full and complete set of plans, records and "as-built" hard copy maps and, to the extent the maps are placed in an electronic format, they shall be made in electronic format compatible with the Town's existing GIS system, of all existing and proposed installations and the types of equipment and Systems installed or constructed in the Rights-of-Way, properly identified and described as to the types of equipment and facility by appropriate symbols and marks which shall include annotations of all Rights-of-Ways where work will be undertaken. As used herein, "as-built" maps includes "file construction prints." Maps shall be drawn to scale. "As-built" maps, including the compatible electronic format, as provided above, shall be submitted within 30 days of completion of work or within 30 days after completion of modification and repairs. "As-built" maps are not required of the Provider who is the incumbent local exchange carrier for the existing System to the extent they do not exist.

(b) Throughout the term of the Franchise, a Provider shall maintain complete and accurate books of account and records of the business, ownership, and operations of a Provider with respect to the System in a manner that allows the Town at all times to determine whether a Provider is in compliance with the Franchise. Should the Town reasonably determine that the

records are not being maintained in such a manner, a Provider shall alter the manner in which the books and/or records are maintained so that a Provider comes into compliance with this Section. All financial books and records which are maintained in accordance with the regulations of the FCC and any governmental entity that regulates utilities in the State of Utah, and generally accepted accounting principles shall be deemed to be acceptable under this Section.

8.4 Confidentiality. If the information required to be submitted is proprietary in nature or must be kept confidential by federal, state or local law, upon proper request by a Provider, such information shall be classified as a Protected Record within the meaning of the Utah Government Records Access and Management Act ("GRAMA"), making it available only to those who must have access to perform their duties on behalf of the Town, provided that a Provider notifies the Town of, and clearly labels the information which a Provider deems to be confidential, proprietary information. Such notification and labeling shall be the sole responsibility of the Provider.

8.5 Provider's Expense. All reports and records required under this Resolution shall be furnished at the sole expense of a Provider, except as otherwise provided in this Resolution or a Franchise.

8.6 Right of Inspection. For the purpose of verifying the correct amount of the franchise fee, the books and records of the Provider pertaining thereto shall be open to inspection or audit by duly authorized representatives of the Town at all reasonable times, upon giving reasonable notice of the intention to inspect or audit the books and records, provided that the Town shall not audit the books and records of the Provider more often than annually. The Provider agrees to reimburse the Town the reasonable costs of an audit if the audit discloses that the Provider has paid ninety-five percent (95%) or less of the compensation due the Town for the period of such audit. In the event the accounting rendered to the Town by the Provider herein is found to be incorrect, then payment shall be made on the corrected amount within thirty (30) calendar days of written notice, it being agreed that the Town may accept any amount offered by the Provider, but the acceptance thereof by the Town shall not be deemed a settlement of such item if the amount is in dispute or is later found to be incorrect.

SECTION 9 -- RIGHTS OF TOWN

9.1 Enforcement and Remedies.

9.1.1 Enforcement - Town Designee. The Town is responsible for enforcing and administering this Resolution, and the Town or its designee, as appointed by the Mayor, is authorized to give any notice required by law or under any Franchise Agreement.

9.1.2 Enforcement Provision. Any Franchise granted pursuant to this Resolution shall contain appropriate provisions for enforcement, compensation, and protection of the public, consistent with the other provisions of this Resolution, including, but not limited to, defining events of default, procedures for accessing the Bond/Security Fund, and rights of termination or revocation.

9.2 Force Majeure. In the event a Provider's performance of any of the terms, conditions or

obligations required by this Resolution or a Franchise is prevented by a cause or event not within a Provider's control, such inability to perform shall be deemed excused and no penalties or sanctions shall be imposed as a result thereof. For the purpose of this section, causes or events not within the control of a Provider shall include, without limitation, acts of God, strikes, sabotage, riots or civil disturbances, failure or loss of utilities, explosions, acts of public enemies, and natural disasters such as floods, earthquakes, landslides, and fires.

9.3 Extended Operation and Continuity of Services.

9.3.1 Continuation After Expiration. Upon either expiration or revocation of a Franchise granted pursuant to this Resolution, the Town shall have discretion to permit a Provider to continue to operate its System or provide Services for an extended period of time not to exceed six (6) months from the date of such expiration or revocation. A Provider shall continue to operate its System under the terms and conditions of this Resolution and the Franchise granted pursuant to this Resolution..

9.3.2 Continuation by Incumbent Local Exchange Carrier. If the Provider is the incumbent local exchange carrier, it shall be permitted to continue to operate its System and provide Services without regard to revocation or expiration, but shall be obligated to negotiate a renewal in good faith.

9.4 Removal or Abandonment of Franchise Property.

9.4.1 Abandoned System. In the event that (1) the use of any portion of the System is discontinued for a continuous period of twelve (12) months, and thirty (30) days after no response to written notice from the Town to the last known address of Provider; (2) any System has been installed in the Rights-of-Way without complying with the requirements of this Resolution or Franchise; or (3) the provisions of Section 3.5 are applicable and no Franchise is granted, a Provider, except the Provider who is an incumbent local exchange carrier, shall be deemed to have abandoned such System.

9.4.2 Removal of Abandoned System. The Town, upon such terms as it may impose, may give a Provider written permission to abandon, without removing, any System, or portion thereof, directly constructed, operated or maintained under a Franchise. Unless such permission is granted or unless otherwise provided in this Resolution, a Provider shall remove within a reasonable time the abandoned System and shall restore, using prudent construction standards, any affected Rights-of-Way to their former state at the time such System was installed, so as not to impair their usefulness. In removing its plant, structures and equipment, a Provider shall refill, at its own expense, any excavation necessarily made by it and shall leave all Rights-of-Way in as good condition as that prevailing prior to such removal without materially interfering with any electrical or telephone cable or other utility wires, poles or attachments. The Town shall have the right to inspect and approve the condition of the Rights-of-Way cables, wires, attachments and poles prior to and after removal. The liability, indemnity and insurance provisions of this Resolution and any security fund provided in a Franchise shall continue in full force and effect during the period of removal and until full compliance by a Provider with the terms and conditions of this Section.

9.4.3 Transfer of Abandoned System to City. Upon abandonment of any System in place, a Provider, if required by the Town, shall submit to the Town a written instrument, satisfactory in form to the Town, transferring to the Town the ownership of the abandoned System.

9.4.4 Removal of Above-Ground System. At the expiration of the term for which a Franchise is granted, or upon its revocation or earlier expiration, as provided for by this Resolution, in any such case without renewal, extension or transfer, the Town shall have the right to require a Provider to remove, at its expense, all above-ground portions of a System from the Rights-of-Way within a reasonable period of time, which shall not be less than one hundred eighty (180) days. If the Provider is the incumbent local exchange carrier, it shall not be required to remove its System, but shall negotiate a renewal in good faith.

9.4.5 Leaving Underground System. Notwithstanding anything to the contrary set forth in this Resolution, a Provider may abandon any underground System in place so long as it does not materially interfere with the use of the Rights-of-Way or with the use thereof by any public utility, cable operator or other Person.

SECTION 10 B OBLIGATION TO NOTIFY

10.1 Publicizing Work. Before entering onto any private property, a Provider shall make a good faith attempt to contact the property owners in advance, and describe the work to be performed.

SECTION 11 – GENERAL PROVISIONS

11.1 Conflicts. In the event of a conflict between any provision of this Resolution and a Franchise entered pursuant to it, the provisions of this Resolution in effect at the time the Franchise is entered into shall control.

11.2 Severability. If any provision of this Resolution is held by any federal, state or local court of competent jurisdiction, to be invalid as conflicting with any federal or state statute, or is ordered by a court to be modified in any way in order to conform to the requirements of any such law and all appellate remedies with regard to the validity of the Resolution provisions in question are exhausted, such provision shall be considered a separate, distinct, and independent part of this Resolution, and such holding shall not affect the validity and enforceability of all other provisions hereof. In the event that such law is subsequently repealed, rescinded, amended or otherwise changed, so that the provision which had been held invalid or modified is no longer in conflict with such law the provision in question shall return to full force and effect and shall again be binding on the Town and the Provider, provided that the Town shall give the Provider thirty (30) days, or a longer period of time as may be reasonably required for a Provider to comply with such a rejuvenated provision, written notice of the change before requiring compliance with such provision.

11.3 New Developments. It shall be the policy of the Town to liberally amend this Resolution, upon Application of a Provider, when necessary to enable the Provider to take advantage of any

developments in the field of Telecommunications which will afford the Provider an opportunity to more effectively, efficiently, or economically serve itself or the public.

11.4 Notices. All notices from a Provider to the Town required under this Resolution or pursuant to a Franchise granted pursuant to this Resolution shall be directed to the officer as designated by the Mayor. A Provider shall provide in any Application for a Franchise the identity, address and phone number to receive notices from the Town. A Provider shall immediately notify the Town of any change in its name, address, or telephone number.

11.5 Exercise of Police Power. To the full extent permitted by applicable law either now or in the future, the Town reserves the right to adopt or issue such rules, regulations, orders, or other directives that it finds necessary or appropriate in the lawful exercise of its police powers.

SECTION 12 -- FEDERAL, STATE AND CITY JURISDICTION

12.1 Construction. This Resolution shall be construed in a manner consistent with all applicable federal and state statutes.

12.2 Resolution Applicability. This Resolution shall apply to all Franchises granted or renewed after the effective date of this Resolution. This Resolution shall further apply, to the extent permitted by applicable federal or state law to all existing Franchises granted prior to the effective date of this Resolution and to a Provider providing Services, without a Franchise, prior to the effective date of this Resolution.

12.3 Other Applicable Ordinances or Resolutions. A Provider's rights are subject to the police powers of the Town to adopt and enforce resolutions necessary to the health, safety and welfare of the public. A Provider shall comply with all applicable general laws, resolution, and ordinances enacted by the Town pursuant to its police powers. In particular, all Providers shall comply with the Town zoning and other land use requirements.

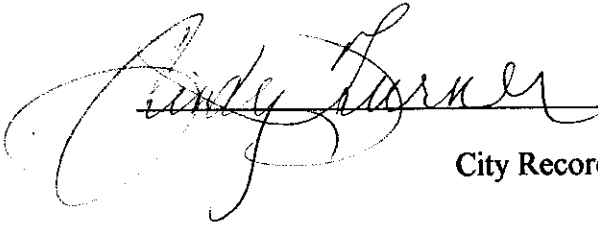
12.4 Town Failure to Enforce. A Provider shall not be relieved of its obligation to comply with any of the provisions of this Resolution or any Franchise granted pursuant to this Resolution by reason of any failure of the Town to enforce prompt compliance.

12.5 Construed According to Utah Law. This Resolution and any Franchise granted pursuant to this Resolution shall be construed and enforced in accordance with the substantive laws of the State of Utah.

PASSED, APPROVED, AND ADOPTED this _____ day of _____, 199__

[Chairperson or Mayor]

ATTEST:

A handwritten signature in cursive script, reading "Andy Turner", is written over a horizontal line. The signature is fluid and stylized, with the first name "Andy" and last name "Turner" clearly legible.

City Recorder