

**CITY OF LIBERTY LAKE
SPOKANE COUNTY, WASHINGTON
ORDINANCE NO. 201**

**AN ORDINANCE OF THE CITY OF LIBERTY LAKE, WASHINGTON GRANTING
THE RIGHT OF FRANCHISE TO FATBEAM, LLC FOR THE OPERATION OF A
TELECOMMUNICATIONS SYSTEM IN THE CITY OF LIBERTY LAKE.**

WHEREAS, Fatbeam, LLC and its affiliates, is a corporation organized under the laws of the State of Washington engaged in the business of providing telecommunication services consistent with applicable laws and regulations; and

WHEREAS, Fatbeam, LLC, has respectfully requested that the City of Liberty Lake, Washington (hereinafter referred to as "City") enter into a franchise agreement to locate, construct, own, maintain, repair, replace, extend, operate, and use such Facilities, and all necessary appurtenances thereto for the use of its telecommunications network as defined herein; and

WHEREAS, the City has determined it is in the best interest of the persons and businesses in the City to grant this franchise agreement to Fatbeam, LLC,

NOW, THEREFORE, for and in consideration of the mutual benefits and the terms and conditions of the below franchise agreement, THE CITY COUNCIL OF THE CITY OF LIBERTY LAKE, WASHINGTON DO ORDAIN, AS FOLLOWS:

Section 1. Definitions. For the purposes of this Franchise, and all exhibits attached hereto (if any), the following terms, phrases, words and their derivations shall have the meaning given herein. When not inconsistent with the context, words used in the present tense include the future, words in the plural include the singular, and words in the singular include the plural. Words not defined shall be given their common and ordinary meaning.

1.1 "City" means the City of Liberty Lake, a code city of the State of Washington, and its successors and assigns.

1.2 "Days" means calendar days.

1.3 "Facilities" means those facilities normally and regularly used in providing telecommunication services, including any and all wires, lines, conduits, cables, vaults, duct runs, and all necessary or convenient facilities and appurtenances thereto, whether the same is located over, above or underground.

1.4 "Franchise" means this Ordinance, which sets forth the terms and conditions of the Franchise.

1.5 "Franchise Area" means the Public Right of Way.

1.6 "Parties" means the City and Fatbeam, LLC collectively.

1.7 "Party" means the City or Fatbeam, LLC individually.

1.8 "Public Right of Way" means any, every and all of the roads, streets, avenues, alleys and highways of the City as now laid out, platted, dedicated or improved; and any, every and all roads, streets, avenues, alleys and highways that may hereafter be laid out, platted, dedicated or improved within the present limits of the City and as such limits may be hereafter extended.

1.9 "Public Works Director" means the City Engineer or his/her designee.

1.10 "State" means the State of Washington.

Section 2. Facilities Within and Outside Franchise Area.

2.1 Subject to the terms and conditions of this Franchise, the City grants to Fatbeam, LLC the non-exclusive privilege to use the Public Right of Way to provide telecommunication services, and for no other purpose. Fatbeam, LLC accepts all areas in existing condition(s) and the City makes no express or implied assurances of suitability of any area for Fatbeam, LLC's needs or purposes, whether now or hereafter.

2.2 The City hereby grants to Fatbeam, LLC the privilege to set, erect, lay, construct, extend, support, attach, connect and stretch wire cable between, maintain, repair, replace, enlarge, operate and use Facilities in, upon, over, under, along, across and through the Franchise Area for purposes of maintaining and operating a telecommunication network.

2.3 This Franchise shall not convey any right to Fatbeam, LLC to provide such services as designated in Section 2.2 on or to otherwise use City-owned or leased properties outside the Franchise Area. Existing Facilities installed or maintained by Fatbeam, LLC prior to the enactment of this Ordinance on public grounds and places within the City's Franchise Area in accordance with prior franchise agreements (but which such Facilities are not within the Franchise Area as defined by this Franchise) may be maintained, repaired, replaced, operated, and used in like kind by Fatbeam, LLC at the location where such Facilities exist as of the effective date of this Franchise for the term of this Franchise; provided, however, that 1) no such Facilities may be enlarged, improved, or expanded without the prior review and approval of the City pursuant to applicable ordinances, codes, resolutions, standards, and procedures, 2) the City provides no express or implied assurances of suitability for all existing Facilities outside of the City's Franchise Area, and 3) Fatbeam, LLC is otherwise bound by all other Franchise obligations.

Section 3. Compliance with Laws

In carrying out any authorized activities under the Franchise granted herein, Fatbeam, LLC shall meet accepted industry standards and regulatory requirements of state and federal agencies and comply with all applicable laws of any governmental entity with jurisdiction over the Facilities and their operation. This shall include all applicable laws, rules and regulations existing at the Effective Date of this Franchise or that may be subsequently enacted by any

governmental entity with jurisdiction over Fatbeam, LLC and/or the Facilities. These requirements also include applicable requirements of the City's Municipal Code.

Section 4. Noninterference of Facilities.

4.1 Fatbeam, LLC's Facilities shall be located, constructed, installed, maintained and repaired within the Franchise Area in accordance with applicable safety standards, and so as not to unreasonably interfere with the free and safe passage of pedestrian and/or vehicle traffic therein or with the reasonable ingress or egress to properties abutting thereto and in accordance with the laws of the State of Washington. Fatbeam, LLC shall exercise its rights within the Franchise Area in accordance with applicable City codes and ordinances governing use and occupancy of the Franchise Area, including but not limited to those contained in Section 3; provided, however, in the event of any conflict or inconsistency of such codes and ordinances with the terms and conditions of this Franchise, the codes and ordinances, as now or hereafter amended, shall govern and control; provided, further, nothing herein shall be deemed to waive, prejudice or otherwise limit any right of appeal afforded Fatbeam, LLC by such City codes and ordinances.

4.2 In the event that the City reasonably determines, after providing, consistent with applicable City Code(s), written notice to Fatbeam, LLC and a reasonable opportunity for Fatbeam, LLC to respond to its concerns, that any one or more of its' Facilities within the Franchise Area interferes with the free and safe passage of pedestrian and/or vehicular traffic therein or with the reasonable ingress or egress to properties abutting thereto, then Fatbeam, LLC shall promptly take such action as is reasonably necessary to eliminate such interference. In so doing, the City shall, within reason, fully cooperate with Fatbeam, LLC. In the event such interference requires relocation of Fatbeam, LLC's Facilities within the Franchise Area, such relocation shall be accomplished in accordance with Section 10 below. Any such interference, resulting from new development, with ingress or egress to properties abutting the Franchise Area in proximity to Fatbeam, LLC's Facilities existing within the Franchise Area prior to the development shall be subject to Section 10.5.

4.3 All location, construction, installation, repair, replacement, relocation, or operation of Facilities and appurtenances performed by Fatbeam, LLC in the Franchise Area shall be done in such a manner as to not interfere with existing facilities of other utilities, public or private, including drains, drainage ditches and structures, irrigation ditches and structures located therein, nor with the grading or improvement of the Franchise Area.

4.4 During the term of this Franchise and with respect to poles, if any, which are Facilities and which are wholly owned by Fatbeam, LLC and which are within the Franchise Area, the City may, subject to Fatbeam, LLC's prior written consent, which consent shall not be unreasonably withheld, install and maintain City-owned overhead wires upon such poles for traffic signal communications and to provide for communications to various City buildings such as City Hall, Public Safety Building, Public Works operation building(s), and other public buildings as they presently exist or may exist in the future. The foregoing rights of the City to install and maintain such wires are further subject to the following:

4.4.1 Such installation and maintenance shall be done by the City at its sole risk and expense in accordance with all applicable laws (including, but not limited to, RCW 70.54.090), and subject to such reasonable requirements as Fatbeam, LLC may specify from time to time (including without limitation, requirements accommodating Fatbeam, LLC's Facilities or the facilities of other parties having the right to use Fatbeam, LLC's Facilities); and

4.4.2 Fatbeam, LLC shall have no obligation under Section 12 (or arising under the purview of Section 12) in connection with any City-owned wires so installed or maintained except for the negligence of Fatbeam, LLC employees, agents, servants, or representatives.

4.4.3 Fatbeam, LLC shall not charge the City a fee for the use of such poles as a means of deriving revenue therefrom; provided however, nothing herein shall require Fatbeam, LLC to bear any cost or expense in connection with such installation and maintenance by the City including Fatbeam, LLC's administrative review of and consent to City's request to make use of such poles or any relocation required of City-owned wires under Section 10 hereof.

4.4.4 All installation of City-owned wires shall be done by a qualified contractor with approval by the State electrical inspector and in accordance with all applicable regulations including but not limited to the National Electric Safety Code.

4.4.5 If any work by City contractors or the City involving the installation and maintenance of City-owned wires shall cause Fatbeam, LLC to replace a utility pole, the City shall reimburse Fatbeam, LLC for the cost of such pole.

Section 5. Dangerous Conditions, Authority for the City to Abate

5.1 In the event that Fatbeam, LLC's Facilities or operations cause or contribute to a condition that appears to endanger any person or substantially impair the lateral support of any portion of the Franchise Area, or other public or private property or create other risk of loss or liability to the City, the City may direct Fatbeam, LLC, at no charge or expense to the City, to promptly take such action as may be reasonably necessary to resolve such condition or to eliminate such endangerment. Such directive may include compliance within a prescribed period of time.

5.2 In the event Fatbeam, LLC fails to promptly take action as directed by the City pursuant to Section 5.1, or fails to fully comply with such direction, or if emergency conditions exist which require immediate action to prevent imminent injury or damages to persons or property, the City may take action(s) as it reasonably believes are necessary to protect persons or property and in such event Fatbeam, LLC shall be responsible to reimburse the City for its costs incurred in so doing.

Section 6. Permit Required

6.1 Whenever Fatbeam, LLC works in the Franchise Area for purposes of installation, construction, repair, maintenance, excavation, or relocation of its Facilities, it shall apply to the City for a permit to do so in accordance with all ordinances and regulations of the City. In no case shall any such work commence within the Franchise Area without a permit, except as otherwise provided in this Franchise. Fatbeam, LLC also acknowledges that such work required in arterial streets, especially during peak hours of operation, or during special civic events

requires substantial coordination with the City prior to issuance of a permit. Fatbeam, LLC agrees to coordinate such activity prior to commencing such work as necessary to minimize impacts to the public as required by the City.

6.2 Fatbeam, LLC shall at all times post and maintain proper barricades and comply with all applicable safety regulations during any period of construction or maintenance activities within the right-of-way as required by City or state regulations, including RCW 39.04.180, for the construction of trench safety systems. Additionally, such work identified in this Section shall be performed with reasonable dispatch, in a workmanlike manner, and with as little interference or inconvenience to the rights of the public as may be reasonable.

6.3 In the event of any emergency where any Facilities located in the Franchise Area are broken or damaged, or if Fatbeam, LLC's work area within the Franchise Area is in such a condition as to endanger any person or property, Fatbeam, LLC shall immediately take any and all necessary emergency measures to repair or remove its Facilities or otherwise make its work area safe without first applying for and obtaining a permit as required by Section 6.1. This provision shall not relieve Fatbeam, LLC from later obtaining any necessary permit for the emergency work. Fatbeam, LLC shall apply for the required permit the next business day following the emergency work or, in the case of an extended state of emergency, as soon thereafter as practical and comply with any mitigation requirements or other conditions in the after-the-fact permit. The City shall not be responsible for any costs associated with such emergency action.

Section 7. Restoration

7.1 Fatbeam, LLC shall, after any installation, construction, excavation, relocation, maintenance, or repair of Facilities within the Franchise Area, promptly restore the Franchise Area to at least the same condition as existed immediately prior to any such installation, construction, excavation, relocation, maintenance or repair in accordance with City standards, as now or hereafter amended, and at its sole cost and expense. All survey monuments which are to be disturbed or displaced by such work shall be referenced and restored per WAC 332-120, as the same now exists or may hereafter be amended, and all pertinent federal, state and City standards and specifications. The Public Works Director shall have final approval of the condition of the Franchise Area after restoration.

The City reserves the right to not allow open trenching for five (5) years following a street overlay or improvement project. Fatbeam, LLC shall be given written notice at least ninety (90) days prior to the commencement of the project. Required trenching due to an emergency, or in the case that no commercially viable alternative route exists, will not be subject to the five (5) year street trenching moratorium, however the respective pavement restoration in such instances shall include a trench patch meeting with the City, as well as City approval of asphalt overlay of the street itself. For trenches which cross the street pavement or portions thereof, the limits of the overlay shall extend one hundred (100) linear feet along said street as measured in both directions from the centerline of the trench patch. Further, prior to installing the overlay the existing pavement within the area to be overlaid shall first be ground down to the thickness of the anticipated overlay, including along any curbs if such curbs are present, such that the final driving surface with respect to ride and appearance shall be almost indistinguishable as

reasonably determined by the City from the before condition. For trenches which parallel the roadway the overlay shall encompass the full roadway width and like crossings. The existing roadway pavement shall first be ground down to the thickness of the anticipated overlay including along any curbs, if such curbs area present, such that the final roadway driving surface with respect to ride and appearance shall be almost indistinguishable as reasonably determined by the City from the before condition. The limits of the full roadway width overlay shall extend one hundred (100) linear feet beyond the end or ends of the trench cut. Where the paralleling trench cut is limited to one side or the other of the road center line then subject to the approval of the City the grinding and asphalt overlay restoration work can be limited to the affected half street portion.

7.2 If it is determined by the City that Fatbeam, LLC has failed to restore the Franchise Area in accordance with Section 7, the City shall provide Fatbeam, LLC with written notice including a description of actions the City reasonably believes necessary to restore the Franchise Area. If the Franchise Area is not restored in accordance with the City's notice within thirty (30) days of that notice, the City, or its authorized agent, or contractor, may restore the Franchise Area. Fatbeam, LLC shall be responsible for all costs and expenses incurred by the City in restoring the Franchise Area in accordance with this Section. The remedy granted to the City under this Section shall be in addition to those otherwise provided by this Franchise.

7.3 All work by Fatbeam, LLC pursuant to this Section 7 shall be performed in accordance with the permit issued by the City, together with the laws of the State of Washington, City Municipal Code and applicable regulations and standards of the City as the same now exists or as may be hereafter amended or superseded.

Section 8. Bonding Requirement

8.1 Before undertaking any of the work authorized by this Franchise, Fatbeam, LLC shall furnish an ongoing performance bond executed by Fatbeam, LLC and a corporate surety authorized to do surety business in the State of Washington, in a sum to be set and approved by the Public Works Director as reasonably sufficient to ensure performance of Fatbeam, LLC's obligations under this Franchise. The bond shall be conditioned so that Fatbeam, LLC shall observe all the covenants, terms and conditions and faithfully perform all of the obligations of this Franchise, and to restore or replace any defective work or materials discovered in the restoration of the Franchise Area within a period of two (2) years from the final City inspection date of any such restoration. Fatbeam, LLC may meet the obligations of this section with one (1) or more bonds issued by a surety with an A VII Best's rating or better. In the event that a bond furnished pursuant to this Section is canceled by the surety, after proper notice and pursuant to the terms of said bond, Fatbeam, LLC shall, prior to the expiration of said bond, procure a replacement bond which complies with the terms of this Section.

8.2 With respect to undertaking any of the work authorized by this Franchise, in the event Fatbeam, LLC fails to perform its obligations under this Franchise and further fails to cure any deficiency within a reasonable period of time after receipt of written notice of such deficiency by the City, then the City may use any bond(s) furnished by Fatbeam, LLC pursuant to Section 8.1 to cure such deficiency. Neither the amount of such bond(s) nor the City's use

thereof shall limit the City's full recovery from Fatbeam, LLC of costs incurred by the City to cure such deficiency.

8.3 In the event the City makes use of such bond(s) furnished by Fatbeam, LLC pursuant to Section 8.2, the City shall promptly provide written notice of same to Fatbeam, LLC. Within thirty (30) days of receipt of such notice, Fatbeam, LLC shall replenish or replace such bond(s) as provided in Section 8.1.

8.4 The rights reserved to the City by this Section 8 are in addition to other rights of the City whether reserved by this Franchise or authorized by law, and no action, proceeding, or exercise of right under this Section 8 shall constitute an election or waiver of any rights or other remedies the City may have.

Section 9. -- Underground Installation of Facilities

9.1 This Section 9 shall govern all matters related to underground installation of Fatbeam, LLC's Facilities within the Franchise Area subject to the required permit(s) set forth in Section 6 and restoration of the Franchise Area set forth in Section 7.

9.2 Fatbeam, LLC acknowledges that the City desires to promote a policy of underground installation of Facilities within the Franchise Area.

9.3 New extensions of Facilities constructed by Fatbeam, LLC within the Franchise Area during the term of this Franchise shall be located underground unless existing above-ground installations are in place and City consents to placement above ground.

9.4 If, during the term of this Franchise, the City shall direct Fatbeam, LLC to replace (convert) its overhead Facilities then existing within the Franchise Area or portion thereof with underground Facilities, Fatbeam, LLC will cooperate and participate with the City and underground its Facilities within the Franchise Area including paying all costs thereof.

9.4.1 Public Works Improvements. If the City undertakes any Public Works improvement which would otherwise require relocation of Fatbeam, LLC's above-ground Facilities in accordance with subsection 10.1 below, or if subsection 10.5 below applies, the City may, by written notice to Fatbeam, LLC, direct that Fatbeam, LLC convert any such Facilities to underground Facilities. All costs for such conversion shall be paid by Fatbeam, LLC.

9.4.2 Location of Equipment. All equipment to be installed within the Franchise Area shall be installed underground; provided, however, that such equipment or Facilities may be installed above ground if so authorized by the City, such as splice boxes, which authorization shall not be unreasonably withheld or delayed, consistent with the provision of the City's Municipal Code and applicable development standards.

9.4.3 If any third party requests the underground installation or relocation of Fatbeam, LLC's above-ground Facilities to accommodate work of such third party within the Franchise Area or on other public grounds then Fatbeam, LLC shall have the right as a condition of any

such underground installation or relocation to require payment to Fatbeam, LLC, at a time and upon terms acceptable to Fatbeam, LLC, for any and all costs and expenses incurred by Fatbeam, LLC for the underground installation or relocation of its above-ground Facilities, as provided for by applicable law or regulation. Where the underground installation or relocation of Fatbeam, LLC's above-ground Facilities is due in part to development or improvement of a third party's property, which also results in construction of a Public Works improvement project for the City pursuant to 9.4 above, Fatbeam, LLC's costs and expenses of underground installation or relocation shall be proportionally allocated between the third party and City, provided the City shall not be responsible for any costs or expenses for its proportionate share as set forth herein.

Section 10 Relocation of Facilities.

10.1 Whenever the City undertakes (or causes to be undertaken at City expense) the construction of any Public Works improvement within the Franchise Area, or the Public Works Director reasonably determines that Fatbeam, LLC's Facilities interfere with the free and safe passage of pedestrian and/or vehicular traffic pursuant to Section 4 above, and such Public Works improvement or interference necessitates the relocation of Fatbeam, LLC's Facilities then existing within the Franchise Area, the City shall:

10.1.1 provide Fatbeam, LLC, within a reasonable time prior to the City's commencement of activities requiring such Public Works improvement, written notice requesting such relocation, not less than ninety (90); and

10.1.2 provide Fatbeam, LLC with copies of relevant portions of the City's plans and specifications for such Public Works improvement.

After receipt of such notice and such plans and specifications, Fatbeam, LLC shall relocate such Facilities within the Franchise Area at no charge to the City. If, during the construction of any such Public Works improvement, an emergency posing a threat to public safety or welfare, or a substantial risk of severe economic consequences to the City, arises requiring the relocation of Fatbeam, LLC's Facilities within the Franchise Area, the City shall give Fatbeam, LLC notice of the emergency as soon as reasonably practicable. Upon receipt of such notice from the City, Fatbeam, LLC shall endeavor to respond as soon as reasonably practicable to relocate the affected Facilities at no charge to the City.

In the event federal, state or other funds are available in whole or in part for utility relocating purposes, upon Fatbeam, LLC's request in writing, the City agrees to use reasonable efforts to apply for such funds, provided such funds do not interfere with the City's right to obtain the same or similar funds, or otherwise create any expense or detriment to the City. The City may recover all costs, including internal costs, associated with obtaining such funds.

10.2 The City shall act in good faith and shall use its best efforts to provide sufficient space within the Franchise Area for the safe and efficient installation, operation, repair and maintenance of the relocated and/or underground converted Facilities. Fatbeam, LLC shall act in good faith and shall use its best efforts to install relocated and/or underground converted Facilities in such space within the Franchise Area, consistent with prudent utility practice. If the City and Fatbeam, LLC agree that there is not sufficient space for the relocated and/or

underground converted Facilities in the existing Franchise Area, then, unless otherwise mutually agreed by the City and Fatbeam, LLC, the City shall as is reasonably practicable provide sufficient space for the relocated and/or underground converted Facilities by obtaining additional right-of-way or other equivalent rights mutually agreeable to the City and Fatbeam, LLC, which shall be Franchise Area, title of which shall be in the City's name.

10.3 Fatbeam, LLC may install relocated and/or underground converted Facilities on property outside of the Franchise Area, the rights for which shall be obtained by Fatbeam, LLC at no expense to the City. Notwithstanding the use of best efforts by the City and Fatbeam, LLC as outlined above, if the City and Fatbeam, LLC do not agree whether there is or will be sufficient space within the Franchise Area for the relocated and/or underground converted Facilities, or if the City and Fatbeam, LLC disagree whether underground converted Facilities within such space within the Franchise Area would be inconsistent with prudent utility practice, the City and Fatbeam, LLC shall each act in good faith and use their respective best efforts to mutually agree on the location of such relocated and/or underground converted Facilities outside of the Franchise Area. Absent such mutual agreement, nothing in this Section 10 shall limit the rights of the City or Fatbeam, LLC with respect to acquisition or use of property rights outside of the Franchise Area.

10.4 Fatbeam, LLC shall have the right as a condition of any relocation described in this Section 10.4 to require such person or entity other than the City to make payment to Fatbeam, LLC, at a time and upon terms acceptable to Fatbeam, LLC, for any and all costs and expenses incurred by Fatbeam, LLC in the relocation of Fatbeam, LLC's Facilities, but without expense or liability to the City, whenever:

10.4.1 any person or entity, other than the City, requires the relocation of Fatbeam, LLC's Facilities to accommodate the work of such person or entity within the Franchise Area, including but not limited to, activities relating to development, roadway frontage improvements or mitigation of impacts; or

10.4.2 the City requires any person or entity to undertake work (other than work undertaken at the City's cost and expense) within the Franchise Area and such work requires the relocation of Fatbeam, LLC's Facilities within the Franchise Area.

10.4.3 Where the relocation of Fatbeam, LLC's Facilities is due in part to a person or entity other than the City, but also results in construction of a Public Works improvement, Fatbeam, LLC's costs and expenses of relocation shall be proportionally allocated between such person or entity and City, provided the City shall not be responsible for any costs or expenses for its proportionate share.

Unless agreed to specifically in writing between the City and Fatbeam, LLC, work funded by the creation of a local improvement district (LID) shall be considered the work of the City and Fatbeam, LLC shall not be entitled to recover costs and expenses incurred by Fatbeam, LLC in the relocation of Fatbeam, LLC's Facilities as necessary to facilitate construction of improvements funded through an LID.

10.5 Any condition or requirement imposed by the City upon any other person or entity (including, without limitation, any condition or requirement imposed pursuant to any contract or in conjunction with approvals or permits obtained pursuant to any zoning, land use, construction or other development regulation) which requires the relocation of Fatbeam, LLC's Facilities within the Franchise Area shall be a condition or requirement causing relocation of Fatbeam, LLC's Facilities to occur subject to the provisions of Section 10.4 above; provided, however:

10.5.1 in the event the City reasonably determines and notifies Fatbeam, LLC that the primary purpose of imposing such condition or requirement upon such person or entity is to cause the construction of a Public Works improvement within a segment of the Franchise Area on the City's behalf, and

10.5.2 such Public Works improvement is otherwise reflected in the City's adopted Six-Year Transportation Improvement Program or Capital Facilities Program;

then only those costs and expenses incurred by Fatbeam, LLC in connecting such relocated Facilities with Fatbeam, LLC's other Facilities shall be paid to Fatbeam, LLC by such person or entity, and Fatbeam, LLC shall otherwise relocate its Facilities within such segment of the Franchise Area in accordance with Sections 10.1-10.3.

10.6 As to any relocation of Fatbeam, LLC's Facilities whereby any part of the cost and expense thereof is to be borne by Fatbeam, LLC in accordance with Sections 10.1-10.3, Fatbeam, LLC may, after receipt of written notice requesting such relocation, submit in writing to the City alternatives to relocation of its Facilities. Upon the City's receipt from Fatbeam, LLC of such written alternatives, the City shall evaluate such alternatives and shall advise Fatbeam, LLC in writing if one or more of such alternatives are suitable to accommodate the work which would otherwise necessitate relocation of Fatbeam, LLC's Facilities. In evaluating such alternatives, the City shall give each alternative proposed by Fatbeam, LLC full and fair consideration with due regard to all facts and circumstances which bear upon the practicality of relocation and alternatives to relocation. No alternatives proposed by Fatbeam, LLC shall be evaluated by the City in an arbitrary or capricious manner. In the event the City determines that such alternatives are not appropriate, Fatbeam, LLC shall relocate its Facilities as otherwise provided in Sections 10.1-10.3.

10.7 Nothing in this Section 10 shall require Fatbeam, LLC to bear any cost or expense in connection with the location or relocation of any Facilities existing under benefit of easement or other prior rights not derived from this Franchise.

Section 11. Records of Installation and Planning

11.1 Upon the City's reasonable written request, Fatbeam, LLC shall provide to the City copies of available plans for improvements, relocations and conversions to its Facilities within the Franchise Area; provided, however, any such plans so submitted shall be for informational purposes only and shall not obligate Fatbeam, LLC to undertake any specific improvements within the Franchise Area, nor shall such plan be construed as a proposal to undertake any specific improvements within the Franchise Area.

11.2 Upon the City's reasonable written request, Fatbeam, LLC shall provide to the City copies of available drawings in use by Fatbeam, LLC showing the approximate location of Fatbeam, LLC's Facilities at specified locations within the Franchise Area. Fatbeam, LLC shall further provide, upon the City's reasonable request in connection with the City's design of new streets, intersections and/or other municipally funded public works projects and major renovations of existing streets and intersections, field marking of Fatbeam, LLC's underground Facilities within the Franchise Area, if such Facilities can be so field marked with reasonable accuracy using devices designed and accepted as the industry standard, to respond to the presence of Fatbeam, LLC's underground Facilities. Notwithstanding the foregoing, however, Fatbeam, LLC does not warrant the accuracy or sufficiency of any such drawings or field markings or other information provided by Fatbeam, LLC, and Fatbeam, LLC shall not be liable to the City or others for any errors or defects in the same.

11.3 In addition, whenever in the City's reasonable and prudent judgment that it is beneficial to both parties in connection with the design of new streets, intersections and/or municipally funded public works projects and major renovations of existing streets and intersections, Fatbeam, LLC shall verify the actual location of its underground Facilities within the Franchise Area by excavating, including pot holing. The cost of such work shall be at Fatbeam, LLC's expense.

11.4 Notwithstanding the foregoing, nothing in this Section 11 is intended (nor shall be construed) to relieve either Party of their respective obligations arising under applicable law with respect to determining the location of utility facilities.

Section 12. Indemnification

12.1 Fatbeam, LLC shall indemnify, defend, and hold the City, its officers, elected officials, agents, representatives, engineers, consultants, employees, and volunteers ("Indemnitees") harmless from and against any and all claims demands, liability, loss, cost, damage, or expense of any nature whatsoever including all costs and attorneys' fees, made against the Indemnitees on account of injury or damage to the person or property of another, to the extent such injury or damage is caused by the negligence of Fatbeam, LLC, its agents, servants or employees in exercising the rights granted to Fatbeam, LLC in this Franchise.

Fatbeam, LLC's indemnification obligations pursuant to this Section shall include assuming liability for actions brought by Fatbeam, LLC's own employees and the employees of Fatbeam, LLC's agents, representatives, contractors, and subcontractors even though Fatbeam, LLC might be immune under Title 51 RCW from direct suit brought by such employees. It is expressly agreed and understood that this assumption of liability for actions brought by the aforementioned employees is limited solely to claims against the City arising by virtue of Fatbeam, LLC's exercise of the rights set forth in this Franchise. The obligations of Fatbeam, LLC under this Section have been mutually negotiated by the Parties hereto, and Fatbeam, LLC acknowledges that the City would not enter into this Franchise without Fatbeam, LLC's waiver thereof. To the extent required to provide this indemnification and this indemnification only, Fatbeam, LLC waives its immunity under Title 51 RCW as provided in RCW 4.24.115.

12.2 In the event any matter is presented to or filed with the City, the City shall promptly notify Fatbeam, LLC thereof, and Fatbeam, LLC shall have the right, at its election and at its sole cost and expense, to settle and compromise such matter provided Fatbeam, LLC supplies the City with written acceptance of its indemnification obligations as contained in this Section. In the event any suit or action is commenced against the City based upon any such matter, the City shall likewise promptly notify Fatbeam, LLC thereof, and Fatbeam, LLC shall have the right, at its election and its sole cost and expense, to settle and compromise such suit or action, or defend the same at its sole cost and expense, by attorneys of its own election provided Fatbeam, LLC has agreed in writing to the full indemnification and defense of the City and its officers, elected officials, agents, representatives, engineers, consultants, employees and volunteers. In the event of a less than full written agreement to indemnify and defend, the City may select attorneys and bill the costs of the same to Fatbeam, LLC and Fatbeam, LLC shall pay the same.

Section 13. Insurance

13.1 Fatbeam, LLC shall procure and maintain for the duration of the Franchise, insurance, against all claims for injuries to persons or damages to property which may arise from or in connection with the exercise of the Franchise granted hereunder to Fatbeam, LLC, its officers, directors, agents, representatives, servants, volunteers, or employees. Fatbeam, LLC shall provide certificate(s) of insurance and all applicable policy endorsements naming the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers as additional insureds, and to the City for its inspection and approval prior to the commencement of any work or installation of any Facilities pursuant to this Franchise. Such certificate(s) of insurance shall evidence the following minimum coverages:

(i) Commercial general liability insurance or excess or umbrella liability insurance, including coverage for premises operations, explosions and collapse hazard, underground hazard and products completed hazard, written on an occurrence basis, with limits not less than:

- A. \$2,000,000 for bodily injury or death to each person; and
- B. \$2,000,000 for property damage resulting from any one accident.

(ii) Automobile liability for owned, non-owned and hired vehicles with a limit of \$2,000,000 for each person and \$2,000,000 for each accident.

(iii) Worker's compensation within statutory limits and employer's liability insurance with limits of not less than \$2,000,000.

13.2 Fatbeam, LLC shall maintain the liability insurance policies required by this Section 13 throughout the term of this Franchise. Any deductibles or self-insured retentions must be declared to and approved by the City. Payment of deductibles and self-insured retentions shall be the sole responsibility of Fatbeam, LLC. Such coverage shall continue to apply after termination, cancellation, or expiration of the Franchise as to all claims accruing during any hold-over period for a minimum of three (3) years, or longer if the Facilities remain in the ground.

13.3 Fatbeam, LLC's insurance shall be primary insurance with respect to the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers. Any insurance maintained by the City, its officers, elected officials, agents, employees, representatives, consultants and volunteers shall be in excess of Fatbeam, LLC's insurance and shall not contribute with it.

13.4 The cancellation clause of any certificate(s) of insurance (ACORD Form 25 or equivalent) provided to the City pursuant to Section 13.1 shall include the following provision:

"Should any of the policies described by this certificate be canceled before the expiration date thereof, the issuing company will endeavor to provide at least thirty (30) days written notice thereof to the certificate holder."

13.5 In the event any of the insurance required by this Section 13 is canceled or otherwise not renewed during the term of this Franchise, Fatbeam, LLC shall promptly acquire replacement insurance to restore and maintain the amount of coverage required by this Section 13 and shall promptly provide to the City certificate(s) of insurance and all applicable policy endorsements as provided in this Section 13 as may be applicable.

13.6 On or before sixty (60) days of the anniversary Effective Date of the Franchise, Fatbeam, LLC shall file with the City Clerk proof of continued insurance coverage, at least in the amounts required in this Section, through a Certificate of Insurance, indicating the coverage required herein.

Section 14. Administrative fees and Reimbursement of Costs.

14.1 As specifically provided by RCW 35.21.860, the City may not impose a franchise fee or any other fee or charge of whatever nature or description upon Fatbeam, LLC. However, as provided in RCW 35.21.860, the City may recover from Fatbeam, LLC actual administrative expenses incurred by the City that are directly related to: (i) receiving and approving a permit, license or this Franchise, (ii) inspecting plans and construction, or (iii) preparing a detailed statement pursuant to Chapter 43.21C RCW. Fatbeam, LLC agrees to pay the City \$2,500.00 as an administrative fee to cover the cost to the City of preparing this Franchise.

14.2 If, at some time, the restrictions of RCW 35.21.860, or related statute, should be removed, Fatbeam, LLC and the City shall negotiate a fair and reasonable franchise fee. Nothing in this Section shall preclude the City from collecting from Fatbeam, LLC fees lawfully imposed by the City (related to this Franchise or otherwise) including fees for permits and inspections.

Section 15. Moving Buildings within the Franchise Area.

If any person or entity obtains permission from the City to use the Franchise Area for the moving or removal of any building or other object, the City shall, prior to granting such permission, require such person or entity to make any necessary arrangements with Fatbeam, LLC for the temporary adjustment of Fatbeam, LLC's wires and/or cable to accommodate the moving or removal of said building or other object. Such necessary arrangements with Fatbeam, LLC shall be made, to Fatbeam, LLC's satisfaction, not less than thirty (30) days prior to the moving or removal of said building or other object. In such event Fatbeam, LLC shall at the

expense of the person or entity desiring to move or remove such building or other object, adjust any of its wires and/or cables which may obstruct the moving or removal of such building or other object, provided that:

(i) The moving or removal of such building or other object which necessitates the adjustment of wires and/or cable shall be done at a reasonable time and in a reasonable manner so as not to unreasonably interfere with Fatbeam, LLC's business;

(ii) Where more than one route is available for the moving or removal of such building or other object, such building or other object shall be moved or removed along the route approved by the City; and

(iii) The person or entity obtaining such permission from the City to move or remove such building or other object shall be required to indemnify and save Fatbeam, LLC harmless from any and all claims and demands made against it on account of injury or damage to the person or property of another arising out of or in conjunction with the moving or removal of such building or other object, to the extent such injury or damage is caused by the negligence of the person or entity moving or removing such building or other object or the negligence of the agents, servants or employees of the person or entity moving or removing such building or other object.

Section 16. Forfeiture, Revocation and Remedies

If Fatbeam, LLC shall fail to comply with any of the provisions of this Franchise, unless otherwise provided for herein, the City may serve upon Fatbeam, LLC a written notice to so comply within thirty (30) days from the date such notice is received by Fatbeam, LLC. If Fatbeam, LLC is not in compliance with this Franchise after expiration of said thirty (30) day period, the City may act to remedy the violation and may charge the costs and expenses of such action to Fatbeam, LLC, provided, however, if any failure to comply with this Franchise by Fatbeam, LLC cannot be corrected with due diligence within said thirty (30) day period (Fatbeam, LLC's obligation to comply and to proceed with due diligence being subject to unavoidable delays and events beyond its control), then the time within which Fatbeam, LLC may so comply shall be extended for such time as may be reasonably necessary and so long as Fatbeam, LLC commences promptly and diligently to effect such compliance.

The City may act without the thirty (30) day notice in case of an emergency. In the event Fatbeam, LLC fails to substantially cure defaults on more than two (2) occasions, the City may in addition, by motion of City Council, declare an immediate forfeiture of this Franchise. No forbearance by the City shall constitute a waiver of the City's right to enforce any provision of this Franchise.

Section 17 Non-Waiver.

Failure of the City to declare any breach or default of this Franchise immediately upon the occurrence thereof, or delay in taking any action in connection therewith, shall not waive such breach or default, but the City shall have the right to declare any such breach or default at any time. Failure of the City to declare one breach or default does not act as a waiver of the City's right to declare another breach or default. In addition, the pursuit of any right or remedy

by the City shall not prevent the City from thereafter declaring a forfeiture or revocation for breach of the conditions therein.

Section 18 No Waiver, Expansion, Change of Boundary

18.1 The City, in granting this Franchise, does not waive any rights which it may now have or may hereafter acquire with respect to the Franchise Area of the City under this Franchise, and this Franchise shall not be construed to deprive the City of any such powers, rights, privileges which it now has or may hereafter acquire to regulate the use of and to control the Franchise Area covered by this Franchise. Fatbeam, LLC shall be bound by all ordinances, resolutions, codes, rules, regulations or policies now or hereafter adopted regarding the City's Franchise Area.

18.2 Facilities in the City's Franchise Area that are incidental to the Franchise Area, or that have been, or are at any future time acquired, newly constructed, leased or utilized in any manner by Fatbeam, LLC shall be subject to all provisions of this Franchise.

18.3 Any subsequent additions or modifications of the boundaries of the City, whether by annexation, consolidation, or otherwise, shall be subject to the provisions of this Franchise as to all such areas.

Section 19 Abandonment of Facilities.

Except as otherwise provided in this Section, in the event Fatbeam, LLC abandons and permanently ceases use of any of its Facilities within the Franchise Area, Fatbeam, LLC shall, within a reasonable period of time after such permanent cessation of use, remove such Facilities from the Franchise Area.

The City may allow, in its sole discretion, applicable conduit and wires to remain underground after Fatbeam, LLC has abandoned or permanently ceased to use such conduit and wire within the Franchise Area, provided said conduit and wires shall become the sole property of the City.

Section 20. Nonexclusive Franchise.

20.1 This Franchise is not, and shall not be deemed to be, an exclusive Franchise. This Franchise shall not in any manner prohibit the City from granting other and further franchises in, over, upon, under, across, and along the Franchise Area that do not interfere with Fatbeam, LLC's rights under this Franchise. This Franchise shall not prohibit or prevent the City from using the Franchise Area or affect the jurisdiction of the City over the same or any part thereof.

20.2 By granting this Franchise, the City is not assuming any risks or liabilities therefrom, which shall be solely and separately borne by Fatbeam, LLC. Fatbeam, LLC shall, at its sole cost and expense, take all necessary and prudent steps to protect, support, and keep safe from harm its Facilities, or any part thereof, when necessary to protect the public health and safety.

20.3 This Franchise is only intended to convey a limited right and interest. It is not a warranty of title or interest in the Franchise Area or any other City-owned property. None of the rights granted herein shall affect the City's jurisdiction over its property, including but not limited to the Franchise Area.

Section 21. Shared Use of Excavations

21.1 Fatbeam, LLC and the City shall exercise best efforts to coordinate construction work either may undertake within the Franchise Area so as to promote the orderly and expeditious performance and completion of such work as a whole. Such efforts shall include, at a minimum, reasonable and diligent efforts to keep the other Party and other utilities within the Franchise Areas informed of its intent to undertake such construction work. Fatbeam, LLC and the City shall further exercise best efforts to minimize any delay or hindrance to any construction work undertaken by themselves or other utilities within the Franchise Area.

If at any time either Fatbeam, LLC, the City, or another franchisee, shall cause excavations to be made within the Franchise Area, the party causing such excavation to be made shall afford the other upon receipt of a written request to do so, an opportunity to use such excavation, provided that:

- (a) Such joint use shall not unreasonably delay the work of the party causing the excavation to be made;
- (b) Such joint use shall be arranged and accomplished on terms and conditions satisfactory to both parties. The parties shall each cooperate with other utilities in the Franchise Area to minimize hindrance or delay in construction.

The party causing the excavation to be made shall give the other parties a written notice at least ninety (90) days prior to the commencement of the project except in cases due to an emergency; provided, however, that Fatbeam, LLC shall be deemed to have met its obligation under this Section when it applies for a permit as required within Section 6 Permitting Required. The City reserves the right to require Fatbeam, LLC to joint trench with other facilities if both parties are anticipating trenching within the same Franchise Area and provided that the terms of (a) and (b) above are met.

Section 22. Franchise Term.

The initial term of the franchise shall be ten (10) years commencing on the Effective Date of the Franchise. At the expiration of the initial term, this Franchise shall be automatically extended, subject to approval of the Liberty Lake City Council, for an additional term of ten (10) years unless either party gives the other written notice of intent to terminate, which notice shall be given at least six (6) months before the expiration date.

Section 23. Assignment.

Fatbeam, LLC shall not have the right to assign its rights, benefits and privileges in and under this Franchise without the prior written consent of the City, which consent shall not be unreasonably withheld. Any assignee shall, within thirty (30) days of the date of any assignment, file written notice of the assignment with the City together with its written acceptance of all terms and conditions of this Franchise. Notwithstanding the foregoing, Fatbeam, LLC shall have the right, without such notice or such written acceptance, to transfer its rights, benefits and privileges to a parent company, subsidiary, or affiliate of Fatbeam, LLC, or mortgage its rights, benefits and privileges in and under this Franchise for the benefit of bondholders, provided such transfer or mortgage is not intended to avoid performance under this Franchise.

Section 24. Alteration of Franchise.

24.1 The City and Fatbeam, LLC hereby reserve the right to alter, amend or modify the terms and conditions of this Franchise in accordance with the provisions of this Section.

24.2 At any time during the term of this Franchise, the City or Fatbeam, LLC may request, by written notice, that the other Party promptly participate in negotiations to alter, amend or modify the terms and conditions of this Franchise.

24.3 Within a reasonable time after receipt of the notice required by Section 24.2, the City and Fatbeam, LLC shall, at a mutually agreed-upon time and place, commence negotiations to alter, amend or modify the terms and conditions of this Franchise. The City and Fatbeam, LLC shall conduct such negotiations in good faith and with due regard to all pertinent facts and circumstances; provided, however, that neither the City nor Fatbeam, LLC shall be obligated to agree to any proposed alteration, amendment or modification. Further, no rights or privileges granted by this Franchise shall be prejudiced, impaired or otherwise affected by the failure of the City or Fatbeam, LLC to agree to any proposed alteration, amendment or modification.

24.4 Neither the City nor Fatbeam, LLC shall be obligated to continue negotiations after the expiration of ninety (90) days from the date they commence such negotiations; provided, however, the City and Fatbeam, LLC may agree to continue such negotiations for an additional period of time.

24.5 Any alteration, amendment or modification to which the City and Fatbeam, LLC agree shall be submitted to the legislative authority of the City as a proposed ordinance. The ordinance so proposed shall expressly provide that, unless Fatbeam, LLC properly files a written notice of acceptance within sixty (60) days of its effective date, the ordinance shall not be effective and this Franchise shall not be altered, amended or modified. To the extent permitted by law, the party proposing the alteration, amendment or modification shall bear all actual administrative costs directly related to approval thereof.

Section 25. Franchise Dispute Resolution.

Except in cases of forfeiture under Section 16, disputes regarding the interpretation or execution of the terms of this Franchise shall be resolved by direct discussion between a

decision-making representative of Fatbeam, LLC and the City's Public Works Director. Such discussion shall take place as soon as reasonably possible once the Parties are aware of the dispute.

In the event that direct discussions do not result in resolution of the dispute, the Parties shall in good faith attempt resolution of the matter through mediation. The Parties shall select a mediator as soon as reasonably possible after the failure of direct discussions. Should the Parties not agree on mediator selection, either of them may request that one be appointed by the Seattle office of the American Arbitration Association. Once a mediator is appointed, the Parties shall abide by the rules and instructions of the mediator. A mediation session shall be held as soon as reasonably possible after appointment of the mediator, and decision makers with authority to resolve the dispute shall personally attend the mediation session.

Participation in direct discussions and mediation shall be conditions precedent to the commencement of any other form of dispute resolution. The Parties shall share the cost of mediation fees and expenses equally. If a dispute continues to exist, venue for any legal action arising out of the existence of this Franchise shall be in the state or federal court located in Spokane County, Washington.

Section 26 Attorneys Fees and Costs.

Each Party shall pay for its own attorneys' fees and costs incurred in any action arising out of the existence of this Franchise.

Section 27 Prior Franchises Superseded.

Upon Fatbeam's acceptance of this Franchise, all rights and obligations of the City and Fatbeam under any prior Franchise granted by the City shall terminate, and the Parties' rights and obligations shall be governed by the terms and conditions provided in this Franchise as of the Effective Date. Termination of any prior Franchise shall not, however, relieve the Parties from any obligations which accrued under said Franchise prior to Fatbeam's acceptance, including but not limited to, any outstanding indemnity or administrative fee payment obligations.

Fatbeam, LLC Fatbeam, LLC Fatbeam, LLC

Section 28 Headings.

The headings or titles in this Franchise are for the purpose of reference only and shall not in any way affect the interpretation or construction of this Franchise.

Section 29 Acceptance of Franchise by Fatbeam, LLC.

Fatbeam, LLC has provided its unconditional written acceptance of all the terms and conditions of the Franchise.

unconstitutionality shall not affect the validity, enforceability, or the constitutionality of any other section, sentence, clause or phrase of this Franchise.

Section 31 Notice.

For purposes of this Franchise, the contact information and addresses for the City and Fatbeam, LLC shall be as follows:

If to the City: City Administrator
22710 E. Country Vista Drive
Liberty Lake, WA 99019

With Copy to: Sean P. Boutz, City Attorney
Evans, Craven & Lackie, P.S.
818 W. Riverside, Suite 250
Spokane, WA 99201

If to Fatbeam, LLC: Attn: Mark Lathrop, Vice President of Finance &
Operations
Fatbeam, LLC
971 S. Clearwater Loop, Suite 4000
Post Falls, ID 83854

From time to time the City and Fatbeam, LLC may designate another person and/or address for all purposes of this Franchise by a notice given to the other Party in accordance with the provisions hereof.

Section 32. Effective Date.

This Ordinance shall be effective on September 18, 2012, after having been published as required by law, having been passed at a regular meeting of the City Council, with approval of the Mayor of the City, and acceptance by Fatbeam, LLC.

ADOPTED by the City Council this 4th day of September, 2012.

CITY OF LIBERTY LAKE



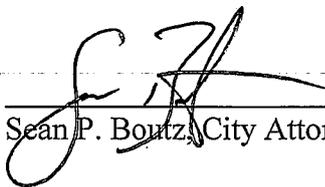
Mayor Steve Peterson

ATTEST:



Ann Swenson, City Clerk

APPROVED AS TO FORM:



Sean P. Boutz, City Attorney

CERTIFICATION

I, the undersigned City Clerk of the City of Liberty Lake, of Spokane County, Washington, HEREBY CERTIFY that the foregoing Ordinance is a full, true, and correct copy of Ordinance No. 201 duly adopted at a regular meeting of the City Council of said City, duly and regularly held at the regular meeting place thereof on September 4, 2012 of which meeting all members of said City Council had due notice and at which a majority thereof were present; and that at said meeting said Ordinance was adopted by the following vote: unanimous (6-0).

AYES, and in favor thereof: Mayor Pro Tem Langford, Council Members Kaminskas, Dunne, Brickner, Olander, and Kopelson.

NAYS: None.

ABSENT: Councilman Beckett.

ABSTAINED: None.

CITY OF LIBERTY LAKE


CITY CLERK