AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MILWAUKIE, OREGON, GRANTING TO LEVEL3 COMMUNICATIONS LIMITED LIABILITY COMPANY ON BEHALF OF ITSELF AND ITS OPERATING AFFILIATES ("LEVEL3"), A NON-EXCLUSIVE FRANCHISE TO OPERATE AND MAINTAIN A TELECOMMUNICATIONS SYSTEM ("THE SYSTEM") IN THE CITY OF MILWAUKIE, OREGON ("THE CITY").

The City hereby ordains that it is in the public interest to grant Level 3 Communications LLC a Franchise to operate the System pursuant to the terms and conditions contained herein.

Section 1. Rights Granted

A. The City of Milwaukie ("City") grants to Level 3 Communications, LLC ("Level 3") and its successors a nonexclusive franchise to operate as a competitive telecommunications provider as defined by ORS 759.005 within the City as it now exists or may be extended in the future. The franchise includes the privilege to install, maintain and operate poles, wires, fixtures, equipment, underground circuits necessary to supply telecommunications services, upon, over, along, under, and across the streets, alleys, roads and other public ways, parks and places. Nothing in this agreement limits the City from granting others the right to carry on activities similar to or different from the ones described in this agreement.

B. All facilities in possession of Level 3 currently located within rights of way are covered by this agreement and are deemed lawfully placed in their current locations. The City may require relocation as further specified in Section 7 of this agreement.

Section 2. Term

A. The term of this agreement is ten (10) years commencing on the date of acceptance by Level 3, but no sooner than thirty (30) days after the passage of this Ordinance. The agreement shall remain in effect for ten (10) years unless sooner terminated as provided in this agreement.
B. Level 3 shall be entitled to automatic renewal of its franchise for two (2) additional five (5) year terms, up to ten (10) years, unless either party gives notice prior to sixty (60) days from the expiration of the term of the party’s intent to terminate. As a condition of each automatic renewal, the City may, upon written notice provided to the City at least sixty (60) days prior to the renewal, require Level 3 to:
   a. Pay additional compensation, or pay compensation calculated in a different manner, for the rights granted by the franchise. Any additional or new compensation requirement shall be consistent with the requirements imposed on other similarly situated grantees at the time of renewal.
   b. Comply with any amendments to the City’s utility franchisee fee and public utility codes that the City has adopted since the franchise was granted.
   c. Agree to amendments to the franchise based on changes to state or federal law; and
   d. Execute a modification agreement setting forth all such amended terms of the franchise.

C. Within thirty (30) days after the passage of this Ordinance by the City, Level 3 shall file an unqualified written acceptance thereof with the City Recorder; otherwise the Ordinance and the rights granted herein shall be null and void.

Section 3. Construction Work

A. Before Level 3 conducts work involving excavation, new construction including placement of new wires or major relocation work in public rights of way, property or places, Level 3 shall apply for a permit from the City, which permit shall not be unreasonably withheld, conditioned, or delayed and shall comply with any special conditions relating to scheduling, coordination and public safety as determined by the City Engineer. Special conditions would include work being done in the right of way by the City or other third parties and may include a requirement that the facility be placed underground. Work could include open cuts, boring, excavations, and digging new pole holes in streets or sidewalks in the right of way. In emergencies, Level 3 may conduct emergency work at any time and must provide the City Engineer with written or oral notice of emergency work as soon as reasonably possible, no later than five (5) business days after the emergency work has commenced.

B. The Level 3 shall file preliminary maps or drawings of its proposed construction work within the City with the City Engineer showing the location of the construction, extension or relocation of its facilities and services in public rights
of way, property or place of the City. In emergencies, Level 3 will provide the City Engineer a map of any excavations, repavings, and new facilities conducted on an emergency basis within 30 days of completion of the work. No facility may be placed other than in a location approved by the City, except in the event of an emergency.

C. **Reasonable care.** All work by Level 3 within the right of way shall be conducted with reasonable care and with the goal of eliminating or minimizing the risk to those using City right of way and to eliminate or minimize the risk of damage to public or private property. All work shall be performed in accordance with all applicable laws and regulations. Any work within the right of way may be inspected by the City and its officers to determine whether it has been placed in its approved location. If emergency work has been done and is determined to be in a place not approved by the City, the City will notify Level 3 and Level 3 shall have 60 days following notification by the City to correct the work. If Level 3 fails to correct the work in a timely manner to City standards, the City may cause the work to be corrected and Level 3 shall be liable to the City for all actual costs incurred.

### Section 4. Supplying Maps

Level 3 shall maintain maps and data pertaining to its facilities located in Milwaukie, Oregon. With 5 business day prior notice and without charge, Level 3 shall furnish current maps to the City in pdf format, showing the location of Level 3’s facilities, including fiber cable and electrical systems, used in operating Level 3’s transmission and distribution facilities within the City’s Urban Growth Boundary area served by Level 3. The City will not sell or transmit Level 3 maps or data to third parties unless permitted by Level 3 or as required by law. The City will make available to Level 3 any City-prepared maps or data.

### Section 5. Excavation

Subject to Sections 3 and 6 of this agreement, Level 3 may make all necessary excavations within any right of way for the purpose of installing, repairing or maintaining any facility. Assuming sufficient right of way, all poles shall be placed between the sidewalk and the edge of the right of way unless another location is approved by the City Engineer. Level 3 shall take all reasonable precautions to minimize interruption to traffic flow, damage to property or creation of a hazardous condition.

### Section 6. Restoration after Excavation

Except as otherwise provided in this section, Level 3 shall restore the surface of any right of way disturbed by any excavation by Level 3 to the same condition it was in prior to its excavation. In the event that Level 3’s work is coordinated with other construction work in the right of way, the City Engineer may excuse
Section 7

Relocation

A. Permanent Relocation - General. In accordance with ORS 221.420, City may by written order require Level 3 to move any facility in the right of way. If the relocation is the result of a public project, Level 3 shall be responsible for the costs of relocation; however, when the City requires more than one permanent relocation in the period of two calendar years, and both the initial and subsequent relocations are for public projects and not at the request of or to accommodate a private party, the initial relocation shall be at the expense of Level 3 and subsequent relocations occurring less than two years after the initial relocation shall be at the expense of the City. If the relocation is required to accommodate a private party development or project, Level 3 shall have the right to seek reimbursement from the private party. The City shall not be responsible for the costs of relocation of any of Level 3’s facilities except as otherwise provided in this Section.

B. Permanent Relocation - Under grounding. As permitted by applicable law, administrative rule, or regulation, the City may require Level 3 to remove any overhead facilities and replace those facilities within underground facilities at the same or different locations subject to Level 3’s engineering and safety standards. The expense of such a conversion shall be paid by Level 3, and Level 3 may recover its costs of from its customers in accordance with state law, administrative rule, or regulation. Nothing in this paragraph prevents the City and Level 3 from agreeing to a different form of cost recovery consistent with applicable statutes, administrative rules, or regulations on a case-by-case basis, including but not limited to the creation of an underground assessment district pursuant to ORS 758.210 et seq.

C. Temporary Relocation at Request of Third Parties. Whenever it is necessary to temporarily relocate or rearrange any facility of Level 3 to permit the passage of any building, machinery or other object, Level 3 shall perform the work on 60 days’ written notice from the persons desiring to move the building, machinery or other object. The notice shall: (1) bear the approval of the City Engineer; (2) detail the route of movement of the building, machinery, or other object; (3) provide that the person requesting the temporary relocation, if other than the City, shall be responsible for Level 3’s reasonable costs; (4) provide that the requestor,
if other than the City, shall indemnify and hold harmless the City and Level 3 from any and all damages or claims resulting from either the moving of the building, machinery or other object or from the temporary relocation of Level 3 facilities; and (5) if other than the City, be accompanied by a cash deposit or other security acceptable to Level 3 for the reasonable costs of relocation. Level 3, in its sole discretion, may waive the security. The cash deposit or other security shall be in an amount reasonably calculated by Level 3 to cover Level 3's reasonable costs of temporary relocation and restoration.

D. Temporary Relocation at Request of City. In accordance with ORS 221.420, the City may require Level 3 to remove and relocate its facilities in any public rights of way, property or place in the City by giving notice to Level 3. Prior to such relocation, the City agrees to attempt to provide a suitable location which includes a minimum or maximum square footage set by Level 3 and the required easements from private property owners for such relocated facilities sufficient to maintain service. The cost of removal or relocation of its facilities for public projects shall be paid by Level 3. In the event that any relocation is requested by or is to accommodate a private party, Level 3 shall seek reimbursement from the private party and not from the City. The City and Level 3 agree to cooperate to minimize the economic impact of such temporary relocation on each party.

E. Notice. The notice required by Section 7 (A), (B), (C) and (D) shall be in writing and shall be provided at least 60 days before the date that Level 3 is required to move its facilities. The City will endeavor to provide as much notice as possible. The notice shall specify the date by which the existing facilities must be removed. Nothing in this provision shall prevent the City and Level 3 from agreeing, either before or after notice is provided, to a schedule for relocation. In the event that Level 3 fails to comply with a notice to relocate and the City and Level 3 have not reached agreement on a schedule for relocation, the City may remove or relocate Level 3's facilities that were the subject of the relocation notice at Level 3's expense.

F. Location for Relocated Facilities. The City shall attempt to provide Level 3 with a suitable location in existing right of way sufficient to maintain service for all facilities required to be relocated pursuant to Section 7 (A), (B), and (D).

Section 8. City Public Works and Improvements

Nothing in this agreement shall be construed in any way to prevent the City from excavating, grading, paving, planking, repairing, widening, altering, or doing any work that may be needed or convenient in the City right of way. The City shall coordinate any such work with Level 3 to avoid, to the extent reasonably foreseeable, any obstruction, injury or restrictions on the use of any of Level 3's facilities.
Section 9. Payment by Level 3 for Use of Right of Way

A. In consideration for its use of right of way and for the City's administration of the right of way, Level 3 agrees to pay the City seven percent (7%) of the gross revenue generated within the City by Level 3 from customers within the City. Gross revenue is defined in ORS 221.515 and 403.105, less net uncollectables for services rendered to subscribers within the City limits.

B. Level 3 shall pay the franchise fee quarterly on or before 45 days after the preceding quarter, with quarters ending March, June, September, and December. Payments shall be accompanied by a statement of how the total due amount was calculated. Interest on late payments shall accrue from the due date at a rate of nine percent (9%) and shall be computed based on the actual number of days elapsed from the due date until payment. Interest shall accrue without regard to whether the City has provided notice of delinquency. However, should payment be insufficient due to an error in computation, interest payments shall not begin to accrue until after the discovery of the error by Level 3 or receipt by Level 3 of notice of the error.

C. The City may audit Level 3 no more than once per calendar year while this agreement is in effect to determine the accuracy of the reporting of gross revenues. Level 3 shall make all records available to the City and any auditor retained by the City within 30 days of written request. Any difference of payment due the City following audit shall be payable within sixty (60) days after written notice to the Grantee, and shall bear interest at the lesser of the maximum rate allowed by law or the rate of nine percent per (9%) annum. In the event the audit discloses that Grantee has underpaid by more than three percent (3%) of its annual payment obligation, Grantee shall pay the City's expenses of performing the audit.

D. Should ORS 221.515 be amended to allow the City to impose a privilege tax greater than currently allowed by this agreement, the City reserves the right to increase the fee pursuant to Section 9(A) of this agreement to the maximum allowed by statute. The City agrees to notify Level 3 of the increased privilege tax in writing, 60 days prior to the date the tax goes into effect.

E. In consideration of Level 3's agreement to pay the franchise fee and the City's Public Utilities Privilege Tax, if implemented, the City shall not impose other fees or taxes on the Level 3 during the term of this Ordinance. This provision does not exempt the property of Level 3 from lawful ad valorem taxes, local improvement district assessments, or conditions, exactions, fees and charges that are generally applicable to businesses within the City as required by City ordinance.

F. The obligation to pay the franchise fee imposed by Section 9 (A) shall survive expiration of this agreement as long as Level 3 continues to exercise the rights granted in Section 1. In the event this agreement is terminated before expiration,
Level 3 shall pay the City the franchise fee through the date of termination within 90 days of the termination date.

G. Level 3 shall be responsible for all costs associated with its work and facilities in the right of way, except as otherwise specifically provided in this agreement.

Section 10. Performance Bond

Level 3 shall provide the City with a performance bond of $25,000 as security for the full and complete performance of this franchise, including costs, expenses, damages or loss the City pays or incurs because of any failure attributable to Level 3 to comply with any codes, ordinances, rules, regulations, administrative rules or permits of the City.

Section 11. Vacation of Right of Way

Whenever the City initiates any proceeding to vacate any City right of way within which Level 3 has a facility, the City will notify Level 3. The City will maintain a public utility easement for Level 3's facility, if requested by Level 3.

Section 12. Termination

A. By City for Nonpayment. City may terminate this agreement and Level 3's franchise if Level 3 fails to pay the franchise fee. The City shall provide 60 days' notice of termination prior to any termination for non-payment. The agreement shall not be terminated if Level 3 pays the full undisputed amount, including interest, within 60 days of the notice. Any disputed amounts owing, including interest, shall be paid within 60 days after final resolution of the dispute between the parties.

B. By City for Cause. If Level 3 fails to comply with the terms of this agreement, the City may terminate this agreement by providing Level 3 60 days' notice of termination. The agreement shall not be terminated if Level 3 substantially complies within 60 days of the notice.

Section 13. Sale of Franchise

Level 3 shall not sell or assign this franchise without the prior written consent of the City. Level 3 shall notify the City not later than 60 days prior to any intended transfer and the City will not unreasonably withhold any consent required. Level 3 shall not be required to receive the consent of the City in the event of a transfer or assignment to an affiliate entity under common corporate control or to the surviving entity in the event of a merger or acquisition of Level 3.
Section 14. Removal of Facilities

Within one year of Level 3’s permanent cessation of use of City’s public right of way, or any portion thereof, Level 3 shall remove the affected facilities or make other arrangements reasonably acceptable to the City. Level 3 may abandon in place its facilities with written approval of the City Engineer.

Section 15. Hold Harmless

The City shall not be liable for any property damage or loss or injury to or death of any person that occurs in the construction, operation or maintenance by Level 3 of its facilities. Level 3 shall indemnify, defend and hold harmless the City, its elected officials, employees, agents, and contractors, from and against claims, demands, liens and all liability or damage of whatsoever kind on account of Level 3’s performance of this franchise. The City shall: (a) give prompt written notice to Level 3 of any claim, demand or lien with respect to which the City seeks indemnification hereunder; and (b) permit Level 3 to assume the defense of such claim, demand, or lien. Level 3 shall not be subject to liability for any settlement made without its consent. Notwithstanding the other provisions contained herein, Level 3 shall in no event be required to indemnify the City for any claims, demands, or liens arising from the negligence or wrongful actions or inactions of the City, its officials, boards, commissions, agents, contractors, and/or employees.

Section 16. Insurance

Level 3 shall, as a condition of the franchise grant, secure and maintain the following general and automobile liability insurance policies insuring Level 3 and listing the City, and its elected and appointed officers, officials, agents and employees as additional insureds:

1. Comprehensive general liability insurance with limits not less than:
   a. Three million dollars for bodily injury or death to each person per occurrence and in the aggregate;
   b. Three million dollars for property damage resulting from any one accident per occurrence and in the aggregate; and,
   c. Three million dollars for all other types of liability per occurrence and in the aggregate.

2. Automobile liability for owned, non-owned and hired vehicles with a limit of one million dollars for each person and one million dollars for each accident.

3. Worker's compensation within statutory limits and employer's liability insurance with limits of not less than one million dollars.
4. Comprehensive form premises-operations, explosions and collapse hazard, underground hazard and products completed hazard with limits of not less than three million dollars.

5. The liability insurance policies required by this section shall be maintained by Level 3 throughout the term of the telecommunications franchise, and such other period of time during which the grantee is operating without a franchise hereunder, or is engaged in the removal of its telecommunications facilities.

Section 17. Limitation on Privileges

All rights and authority granted to Level 3 by the City are conditioned on the understanding and agreement that the privileges in the right of way are not to operate in any way so as to be an enhancement of Level 3's properties or values or to be an asset or item of ownership in any appraisal thereof.

Section 18. Effect of Invalidity of a Portion of this Agreement

If any section, subsection, sentence, clause, phrase, or other portion of this franchise is, for any reason, held to be invalid or unconstitutional by a court of competent jurisdiction, all portions of the agreement that are not held to be invalid or unconstitutional shall remain in effect until the agreement is terminated or expired. After any declaration of invalidity or unconstitutionality of a portion of this agreement, either party may demand that the other party meet to discuss amending the agreement to adjust the relationship of the parties to conform to their original intent in entering into this agreement. If the parties are unable to agree on a revised franchise agreement within 90 days after a portion of the agreement is found to be invalid or unconstitutional, either party may terminate the agreement on 180 days' notice to the other party.

Section 19. Reservation of Rights

Neither the City nor Level 3 shall be excused from complying with any of the terms and conditions contained herein by any failure of the other, or any of its officers, employees, or agents, upon any one or more occasions to insist upon or to seek compliance with any such terms and conditions. Each party expressly reserves any and all rights, remedies, and arguments it may have at law or equity, without limitation, and to argue, assert, and/or take any position as to the legality or appropriateness of any provision in this Franchise that is inconsistent with State or Federal law, as may be amended.

Section 20. Definitions

A. "Facility" includes any poles, conduit, circuits, fiber lines, and other property necessary or convenient to the provision of telecommunications services by Level 3 within the City.
B. "Right of way" means any right of way or public utility easement within the City and under City ownership, control or administration.

C. "Install" means to erect, construct, build, replace or place.

D. "Public project" means any project resulting from the City's need to provide public facilities, is a City project, or is otherwise requested by City and is made for the purpose of improving a street to City standards or other improvement for the benefit of the public.

Read the first time on 2/2/16, and moved to second reading by 5:0 vote of the City Council.

Read the second time and adopted by the City Council on 2/2/16.

Signed by the Mayor on 2/2/16.

Mark Gamba, Mayor

ATTEST:                  APPROVED AS TO FORM:
Pat DuVal, City Recorder  Jordan Ramis PC

City Attorney
ACCEPTANCE AND GUARANTEE

City Manager
City of Milwaukie, City Hall
10722 SE Main Street
Milwaukie, OR 97222

This is to advise the City of Milwaukie, Oregon (the "City") that Level 3 Communications, LLC ("Level 3") hereby accepts the terms and provisions of Ordinance No. 2113, passed by the City Council on February 2, 2016 granting a franchise. Level 3 agrees to abide by all provisions, terms and conditions of the agreement subject to applicable federal, state and local law.

Authorized Signature: Level 3 Communications, LLC

BY: [Signature]
TITLE: SE Manager
DATE: Feb 18 2014
RIDER

To be attached to and form part of Bond No. 41049760 in the amount of $25,000.00

Issued to: tw telecom of oregon llc (Principal)

In favor of: City of Milwaukie (Obligee)

It is agreed that:

(1) The underwriter gives it consent to change the above mentioned bond as follows:

Old Principal Name was tw telecom of oregon llc

New Principal Name is Level 3 Communications, LLC

Provided, however, that the liability of the underwriter under the attached bond as changed by this rider shall not be cumulative.

(2) This rider is effective at 12:01 a.m. on March 1, 2016

Signed, sealed and dated March 1, 2016

PLATTE RIVER INSURANCE COMPANY

(Witness)

Stacy Killebrew
(Signature of Attorney-in-Fact) (Seal)
(Print Name of Attorney-in-Fact and Title)
PLATTE RIVER INSURANCE COMPANY
POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, That the PLATTE RIVER INSURANCE COMPANY, a corporation of the State of Nebraska, having its principal offices in the City of Middleton, Wisconsin, does make, constitute and appoint


its true and lawful Attorney(s)-in-fact, to make, execute, seal and deliver for and on its behalf, as surety, and as its act and deed, any and all bonds, undertakings and contracts of suretyship, provided that no bond or undertaking or contract of suretyship executed under this authority shall exceed in amount the sum of


ALL WRITTEN INSTRUMENTS IN AN AMOUNT NOT TO EXCEED: $20,000,000.00.

This Power of Attorney is granted and is signed and sealed by facsimile under and by the authority of the following Resolution adopted by the Board of Directors of PLATTE RIVER INSURANCE COMPANY at a meeting duly called and held on the 8th day of January, 2002.

"RESOLVED, that the President, and Vice-President, the Secretary or Treasurer, acting individually or otherwise, be and they hereby are granted the power and authorization to appoint by a Power of Attorney for the purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, one or more vice-presidents, assistant secretaries and attorney(s)-in-fact, each appointee to have the powers and duties usual to such officers to the business of the company; the signature of such officers and the seal of the Corporation may be affixed to such power of attorney or to any certificate relating thereto by facsimile, and any such power of attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Corporation in the future with respect to any bond or undertaking or other writing obligatory in the nature thereof to which it is attached. Any such appointment may be revoked, for cause, or without cause, by any of said officers, at any time."

In connection with obligations in favor of the Florida Department of Transportation only, it is agreed that the power and authority hereby given to the Attorney-in-Fact includes any and all consents for the release of retained percentages and/or final estimates on engineering and construction contracts required by the State of Florida Department of Transportation. It is fully understood that consenting to the State of Florida Department of Transportation making payment of the final estimate to the Contractor and/or its assignee, shall not relieve this surety company of any of its obligations under its bond.

In connection with obligations in favor of the Kentucky Department of Highways only, it is agreed that the power and authority hereby given to the Attorney-in-Fact cannot be modified or revoked unless prior written personal notice of such intent has been given to the Commissioner—Department of Highways of the Commonwealth of Kentucky at least thirty (30) days prior to the notification or revocation.

IN WITNESS WHEREOF, the PLATTE RIVER INSURANCE COMPANY has caused these presents to be signed by its officer undersigned and its corporate seal to be hereto affixed duly attested, this 27th day of July, 2015.

Attest:

Gary W. Stumber
President
Surety & Fidelity Operations

STATE OF WISCONSIN
COUNTY OF DANE

On the 27th day of July, 2015 before me personally came Stephen J. Sills, to me known, who being by me duly sworn, did depose and say; that he resides in the County of New York, State of New York; that he is President of PLATTE RIVER INSURANCE COMPANY, the corporation described herein and which executed the above instrument; that he knows the seal of the said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he signed his name thereto by like order.

David J. Regale
Notary Public, Dane Co., WI
My Commission Is Permanent

STATE OF WISCONSIN
COUNTY OF DANE

I, the undersigned, duly elected to the office stated below, now the incumbent in PLATTE RIVER INSURANCE COMPANY, a Nebraska Corporation, authorized to make this certificate, DO HEREBY CERTIFY that the foregoing attached Power of Attorney remains in full force and has not been revoked; and furthermore, that the Resolution of the Board of Directors, set forth in the Power of Attorney is now in force.

Signed and sealed at the City of Middleton, State of Wisconsin this 15th day of March, 2014.

Antonio Celli
Secretary

THIS DOCUMENT IS NOT VALID UNLESS PRINTED ON GREEN SHADDED BACKGROUND WITH A RED SERIAL NUMBER IN THE UPPER RIGHT HAND CORNER. IF YOU HAVE ANY QUESTIONS CONCERNING THE AUTHENTICITY OF THIS DOCUMENT CALL, 800-475-4450.