

**A Proposed Use of Conduit in the City of Carson**  
**by American Dark Fiber, LLC**  
*-Updated April 16, 2020-*

**Background:** The purpose of this term sheet is to outline the use, benefits to be derived, and considerations made to the City of Carson (“Carson” or “City”) by American Dark Fiber, LLC (“ADF”) for the use of existing conduit infrastructure owned by the City. ADF would expect to execute a lease (or license) from the City to make use of space in the existing conduit to deploy a new fiber optic cable that would be used to support its South Bay Fiber Network (SBFN) initiative.

The infrastructure in which ADF is seeking approval to use generally follows the path along Carson Street as shown in the attached maps. Should the City be amenable in allowing ADF to utilize space in its conduit, ADF would provide certain tangible benefits to the City in the form of revenue and infrastructure services.

Central to ADF’s plan is to create benefit for the SBCCOG’s “SBFN Fiber Project”, the City of Carson, and to expedite the deployment of the fiber facilities to meet both cost and deployment intervals tied to the SBFN. ADF would forego its usual deployment methods (i.e., utilizing existing ILEC conduits, using utility pole attachments, or developing new conduit) in using the duct and would expect to provide the City specific benefit in the event the City allows it to lease space in its existing conduit section(s).

ADF is an FCC and CPUC regulated Competitive Local Exchange Carrier (“CLEC”) that is duly authorized in the State of California to provide telecommunication services utilizing its State issued Certificate of Public Convenience as a telecommunications utility with authority to deploy its fiber optic cables in the public rights of way throughout the State.

The following table outlines ADF’s plans, responsibilities, and considerations it is prepared to make to the City of Carson to create value to the City for the SBFN tied to the deployment of a fiber-optic cable along a conduit path on Carson Street in the City. The expectation is to create mutual benefit to the City, the SBCCOG, and ADF.

***A TERM SHEET SUMMARY FOR  
USE OF CITY INFRASTRUCTURE***

<b>Purpose and Desires of the Parties</b>	To create a timely and cost-effective deployment medium for ADF’s SBFN fiber network as it pertains to its planned routing through the City of Carson. ADF’s deployment in the City would create tangible benefit to Carson by way of revenue and new access to broadband infrastructure.
<b>Specific Request: Non-Exclusive Use of Conduit Tied to the SBFN Project</b>	ADF would anticipate utilizing a stretch of existing City of Carson conduit to deploy a fiber optic cable that would be used to support its network deployment for the South Bay Cities Council of Governments SBFN project in parts of Carson. ADF would minimize conduit space it would occupy by deploying a single cable or inner-duct and cable not to exceed 1” in diameter.
<b>Specific Need and Approximate Footage</b>	ADF anticipates deploying ½” diameter single-mode fiber cable with nylon pull rope or an acceptable space-preserving inner-duct with FO cable. ADF expects to use approximately 1.78 miles of existing City duct.
<b>Annual Revenue Payment to the City</b>	ADF would anticipate paying the city an annual per foot fee at the same rate it would pay the ILEC (i.e., either AT&T or Frontier in the South

<b>by ADF</b>	Bay) if it were to utilize LEC duct as federally mandated by the Telecom Act of 1996. Current annual conduit lease rates are \$0.42/foot* for AT&T and \$0.31/foot for Frontier. *AT&T 2020 Rates Increased by 0.05/ft. from 0.37 in 2019
<b>ADF to Include New Termination Points for the City</b>	As part of its use of City-owned conduit, ADF would agree to extend the network into both City Hall and to the Civic Center such that future use by the City of the SBFN could occur. ADF would anticipate creating a drop at City Hall that would then extend over to the Civic Center that creates a new and redundant path of IP or transport services to benefit the City. ADF would provide the City its separate allocation of 48-strands of fiber between City Hall and the Civic Center for its internal use at no cost.
<b>Permits, Licenses, Insurance</b>	ADF would apply for permits as required by the City for any construction work to be performed. To the extent the City requires ADF to acquire a business license, ADF would comply. ADF is in receipt of the City's insurance requirements and will provide the City a Certificate of Insurance meeting or exceeding the necessary thresholds required. Before commencing any activities in the City, ADF will provide a current COI with the City named as an "additional insured".
<b>ADF to Provide As-Built Drawing and Ongoing USA Monitoring</b>	ADF would provide the appropriate City department as-built drawings that detail its cable placement and conduit segment(s) utilized in electronic form. ADF would file its cable placement with the Southern California Underground Service Alert ("USA") so that its cable is monitored in a manner that meets industry-accepted standards.
<b>System Deployment Timelines and Commencement of Payments</b>	ADF anticipates system availability of the SBFN and, by extension, services available to the city to commence on or before July 2020. ADF would anticipate providing the city an <u>annual payment in advance</u> upon or before its anticipated construction start date. The initial conduit use would entail the segment along Carson Street from Bonita that allows for City Hall and the Community Center to be connected. As subsequent needs in the City are realized by ADF, it would extend its use of City conduit along Carson St. past City Hall to a point at/near the intersection of Figueroa St. ADF would install a bridging conduit that interconnects with existing City conduit to create continuity across Main St. and, at no cost, give the conduit to the City. Where ADF utilizes city conduit it would also extend a minimum of a 48-ct cable for the City.
<b>Anticipated Contract Term</b>	ADF would require a minimum of a five-year lease or license term with ongoing renewal options of five years each. During the option renewal period, ADF would anticipate potential market rate adjustments that could increase its per foot use rate. The formula used would be agreed to by the parties and would apply the higher of either an appropriate inflation escalator or the federally mandated access rates of the local ILEC duct as published through publicly available tariff filings.
<b>The Need for an Interim Term Sheet</b>	Because of other agreements ADF would otherwise have to execute, it is requesting the ability to commence with its Scope of Work utilizing the existing City-owned conduit now using the terms and conditions as outlined by this Term Sheet given the development timing intervals it has regarding the creation of the SBFN. ADF recognizes that any work it performs would be <u>at risk</u> if the parties cannot formalize an agreement.
<b>A Requirement to Complete a Formal Contract</b>	Within 30-days of execution of this Term Sheet, ADF would provide the City a template of a contract to frame the terms as described herein that would form the basis of ADF's initial business relationship with the City.

	ADF anticipates the need for the City to acquire Council approval. ADF has provided a sample template of an agreement it's management had used for a similar application in another local SoCal municipality.
<b>Contract Termination Language</b>	In any Agreement the parties execute, ADF's relationship with the City may be terminated for "Cause". Such conditions would be reflected as activities that result in a "Default" whereby the "Default is not cured in an expected timeframe. Examples of default items that could lead to a Termination for Cause include, but are not be limited to, ADF's bankruptcy or insolvency, failure to maintain its cable or USA monitoring of the cable, failure to perform needed maintenance, shoddy workmanship, not restoring services provided, etc. Should ADF desire to sell the company or its assets or assign this agreement, ADF will be required to gain the consent of the City, which shall not be unreasonably withheld. Items of this nature will be detailed in the final contract executed by the parties.
<b>City Offset of Any Services Provided by ADF</b>	If desired by Carson, ADF would be willing to offset any circuit costs requested by the City by an amount equal to any costs ADF would otherwise spend with the City on conduit use fees.
<b>Additional Fiber installation</b>	ADF will provide the City a separate single-mode fiber cable (minimum 48-ct) and install the cable at no cost to the City.

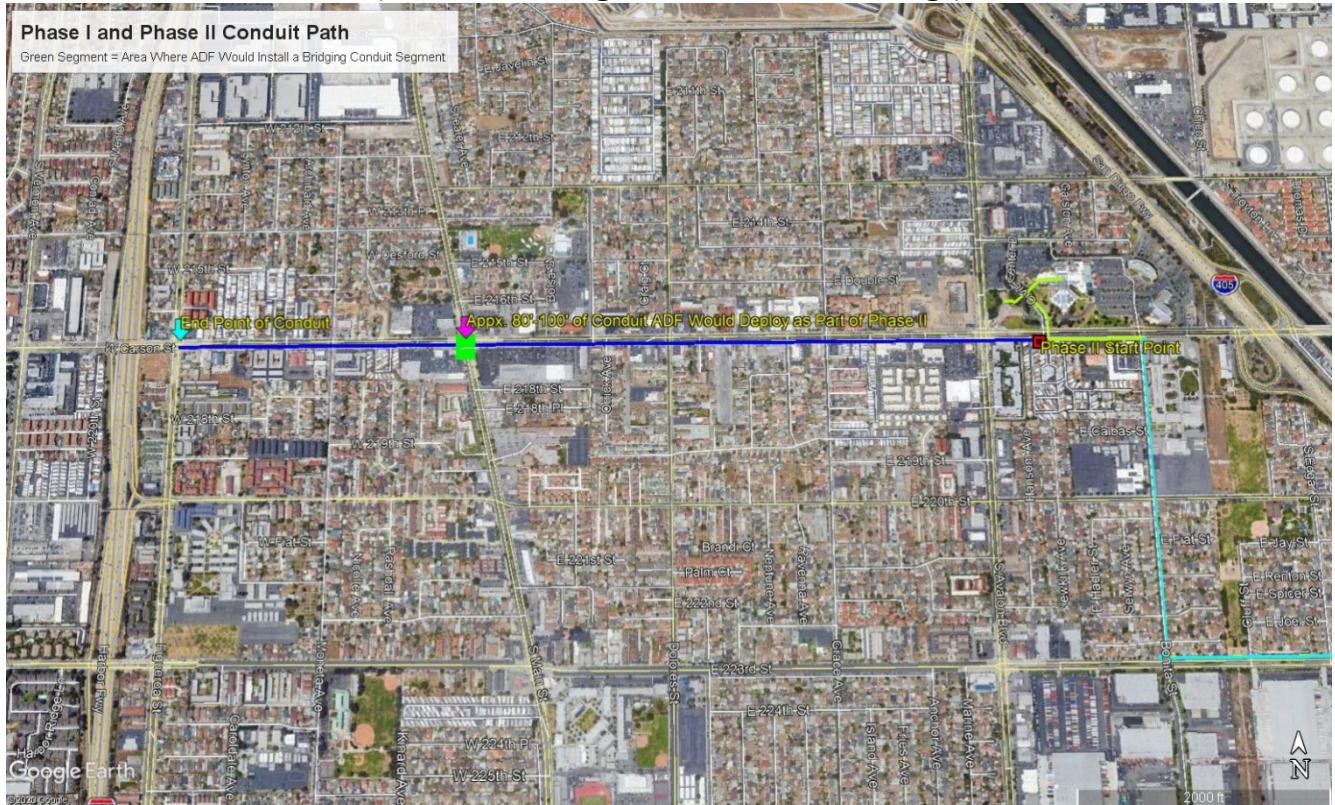
## REFERENCE GRAPHICS

### Initial Phase I of Needed Conduit (Carson St. at Bonita to City Hall & Community Center)





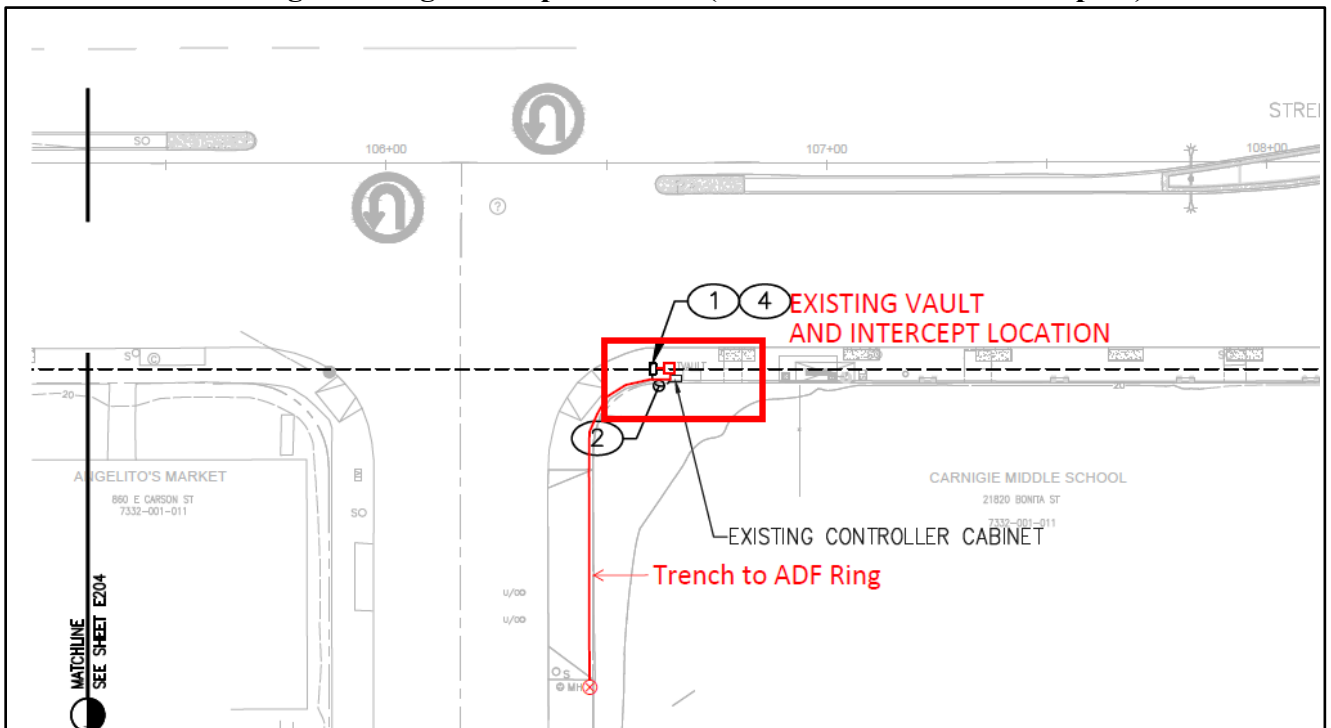
**General Route Map of Future Extension (with Phase I) to Figueroa St.  
(Green Box = Segment ADF Would Bridge)**



## Zoom of Intercept Point

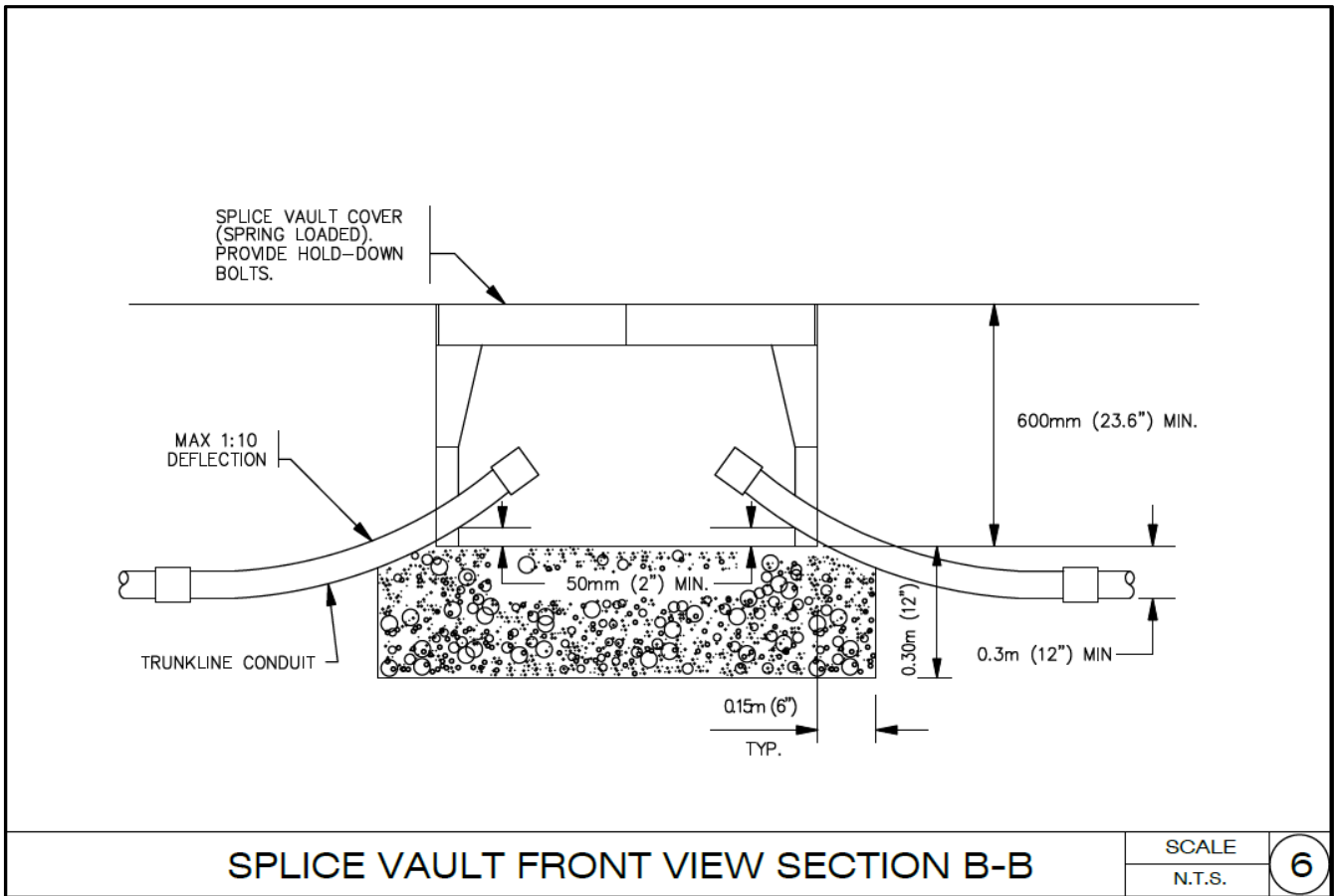


## Drawing Detailing Intercept Location (Red Line from Above Graphic)



## Existing City Approved Vault Access Showing ADF's Anticipated Vault Integration Method





The parties agree to use this transaction template as the binding framework from which to execute a formal agreement.

**City of Carson**

**American Dark Fiber, LLC**

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_