



City of Grand Island

Tuesday, March 26, 2013

Council Session

Item G7

**#2013-77 - Approving the Southwest Power Pool Appendix "B"
Credit and Security Agreement**

Staff Contact: Tim Luchsinger, Stacy Nonhof

Council Agenda Memo

From: Timothy Luchsinger, Utilities Director
Stacy Nonhof, Assistant City Attorney

Meeting: March 26, 2013

Subject: License Agreement with Nebraska Link, LLC, for Power Pole Attachments

Item #'s: G-7

Presenter(s): Tim Luchsinger, Utilities Director

Background

Nebraska Link, LLC, is a new telecommunications company that wishes to attach fiber optic cables to City owned utility poles. They are owned by seven private telephone companies in rural Nebraska.

The Company is attempting to negotiate contracts with schools, government offices, and commercial entities across the City.

Discussion

A License Agreement is the form used in the past to allow cables owned by others to be placed on City utility poles. Charter, Unite Private Networks (UPN), and Qwest are currently attached to utility poles in the City.

The National Electric Safety Code (Code) prescribes the methods and clearances required for installation of multiple wire strand utility company facilities and equipment on power poles. The proposed agreement includes requirements to meet the Code specifications for clearances between utility facilities, which will require some work by the Utilities Department and the other utilities currently using the poles.

Of the poles to which Nebraska Link wishes to attach, approximately 120 poles will require work to be done by the Utilities Department, UPN, and Charter Communications. The proposed contract requires Nebraska Link to pay for any “make ready” work that is required to provide the needed space on the pole to allow them to attach in accordance with the Code. The proposed contract is essentially the same as the current Contracts with Charter Communications, Qwest, and Unite Private Networks. Nebraska Link will also

pay the same \$4.00 per pole annual fee that is received from Qwest, Charter, and Unite Private Networks.

Alternatives

It appears that the Council has the following alternatives concerning the issue at hand. The Council may:

1. Move to approve
2. Refer the issue to a Committee
3. Postpone the issue to future date
4. Take no action on the issue

Recommendation

City Administration recommends that the Council approve the License Agreement with Nebraska Link, LLC, and direct the Mayor to sign on behalf of the City.

Sample Motion

Move to approve the License Agreement between the City of Grand Island and Nebraska Link, LLC, and authorize the Mayor to sign the agreement.

Appendix “B” Credit and Security Agreement

This Credit and Security Agreement is effective as of the ____ day of _____, 2____, by and between _____ (“Company”) and Southwest Power Pool, Inc. (“SPP”).

Recitals

WHEREAS, SPP offers certain services, including certain transmission services, market services and other services as set out in the Open Access Transmission Tariff of SPP, as may be amended and supplemented from time to time and together with all replacements and substitutes thereto (collectively, the “Tariff”);

WHEREAS, SPP maintains a Credit Policy (which is Attachment **X** to the Tariff, as the same may be amended from time to time) in order to determine, on a case by case basis, the level of unsecured credit available to each customer who takes services under the Tariff and the form and amount of financial assurance to be required by each customer, if any;

WHEREAS, in the event Company provides financial assurance to SPP in the form of cash collateral or a letter of credit, SPP requires Company, in accordance with the terms of its Credit Policy as filed and accepted by FERC, to execute this Credit and Security Agreement in order to assure the strength of SPP’s security interest in such cash collateral or letter of credit;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by each of the parties hereto, Company and SPP hereby agree as follows:

(1) The “Liabilities” as used in this Credit and Security Agreement means all of the financial obligations of the Company under the Tariff and/or any and all agreements entered into, under, pursuant to, or in connection with the Tariff (including, without limitation, the SPP Credit Policy) and any and all other agreements to which SPP and the Company are parties (collectively, the “Agreements”).

(2) As security for the payment and performance of the Liabilities, SPP shall have, and the Company hereby grants to SPP, a continuing security interest in the following collateral (as indicated below) (the "Collateral"): all of the Company's right, title, and interest in any and all cash, cash collateral, cash deposits and deposit accounts of the Company held or controlled by SPP, including accounts designated "for the benefit of" Company, that either (i) are or contain proceeds from any draw upon any Letters of Credit naming SPP as beneficiary to the extent that SPP determines in its sole discretion to treat such payments as cash collateral, and without prejudice to SPP's right to treat draws as payments to SPP of any and all amounts due to SPP from the Company, or (ii) are or contain cash submitted by the Company as collateral or security, however created or evidenced, whether now existing or hereafter owned, acquired, created, used or arising, including all products and proceeds of the foregoing, any and all renewals, extensions, replacements, modifications, additions, and substitutions of the foregoing and all rights, remedies, claims and demands under or in connection with each of the foregoing.

(3) All Collateral held or controlled by SPP after the date of this Credit and Security Agreement shall be free of any lien, security interest or encumbrance, except for liens, security interests or encumbrances in favor of SPP, and the Company agrees not to grant any security interest or permit any lien or encumbrance to arise in any of the Collateral except for security interests, liens and encumbrances in favor of SPP without the prior written consent of SPP.

(4) The Company agrees to do such reasonable acts and things and deliver or cause to be delivered such other documents as SPP may reasonably deem necessary to establish and maintain a valid perfected security interest in the Collateral (free of all other liens and claims except those of SPP) to secure the payment and performance of the Liabilities and to defend title to the Collateral against any person claiming any interest therein adverse to SPP. The Company authorizes SPP to file a financing statement or statements on its behalf in those public offices deemed advisable or necessary by SPP to protect the security interest of the Company herein granted. If permitted by law, the Company agrees that a carbon, photographic or other reproduction of this Credit and Security Agreement or of a financing statement may be filed as a financing statement.

(5) Subject to the Tariff, upon the occurrence of any Default and at any time thereafter, SPP shall have all rights and remedies available at law or in equity including, without limitation, the rights and remedies of a secured party under the Arkansas Uniform Commercial Code, as in effect from time to time, including, without limitation, the right to retain and/or take possession of the Collateral. SPP may in its discretion transfer any property constituting Collateral into its own name or that of its nominee and receive the income thereon and hold the same as security for the Liabilities or apply it on amounts due on Liabilities.

(6) Until such time as SPP exercises its remedies upon a Default, all income, earnings and profits with respect to the Collateral shall be reported for state and federal income tax purposes as attributable to the Company and not SPP. Company hereby instructs SPP (and any other person authorized to report taxable income distributions) to issue, or cause to be issued, IRS Form 1099 indicating the Company as the recipient of such income, earnings and profits.

(7) Whenever possible each provision of this Credit and Security Agreement shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Credit and Security Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition without invalidating the remainder of such provision or the remaining provisions of this Credit and Security Agreement. The Company recognizes that SPP has relied on this Credit and Security Agreement in extending credit to the Company and agrees that such reliance by SPP shall be sufficient consideration for this Credit and Security Agreement.

(8) The Company maintains any and all rights under Section 206 of the Federal Power Act it may have with regard to this Credit and Security Agreement or its implementation.

This Credit and Security Agreement shall be construed and enforced in accordance with, and governed by, the laws of the State of Arkansas (without giving effect to the principles of conflicts of laws thereof).

Company Name

Authorized Signature

Print Name

Title

Date

SOUTHWEST POWER POOL, INC.

By:

Authorized Signature

Print Name

Title

Date

RESOLUTION 2013-77

WHEREAS, Nebraska Link, LLC, is a telecommunications company that wishes to attach fiber optic cables to City owned utility poles; and

WHEREAS, a License Agreement is needed to allow the cable to be placed on City utility poles; and

WHEREAS, the National Electric Safety Code prescribes methods and clearances required for installation of multiple wire strand utility company facilities and equipment on power poles; and

WHEREAS, the proposed License Agreement requires Nebraska Link, to pay for any “make ready” work that is required to provide the needed space on the pole to allow them to attach in accordance with the Code; and

WHEREAS, Nebraska Link, LLC, will pay the same \$4.00 per pole annual fee that is received from other companies that utilize this service.

NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND COUNCIL OF THE CITY OF GRAND ISLAND, NEBRASKA, that the Mayor is hereby authorized to, on behalf of the City, execute the License Agreement between the City of Grand Island and Nebraska Link, LLC.

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Adopted by the City Council of the City of Grand Island, Nebraska, March 26, 2013

Jay Vavricek, Mayor

Attest:

RaNae Edwards, City Clerk

Approved as to Form	☐ _____
March 22, 2013	☐ City Attorney