

ORDINANCE NO. _____

AN ORDINANCE GRANTING TO UNIVERSAL NATURAL GAS, LLC (d/b/a UNIVERSAL NATURAL GAS, INC.) AND ITS SUCCESSORS AND ASSIGNS, FOR A PERIOD OF TEN (10) YEARS FROM THE EFFECTIVE DATE OF THIS ORDINANCE, A NON-EXCLUSIVE FRANCHISE AND RIGHT TO ENTER THE PUBLIC WAYS TO INSTALL, OPERATE AND MAINTAIN A DISTRIBUTION SYSTEM WITHIN, ALONG, ACROSS, OVER AND UNDER THE PUBLIC WAYS OF THE CITY OF BASTROP, TEXAS FOR THE TRANSPORTATION, DISTRIBUTION AND/OR SALE OF GAS TO CUSTOMERS AND THE PUBLIC GENERALLY IN THE CITY; DEFINING THE WORDS AND PHRASES THEREIN; PROVIDING FOR ASSIGNMENT, SALE OR LEASE OF THE FRANCHISE; PROVIDING FOR USE AND REPAIR OF THE PUBLIC WAYS; PROVIDING FOR REGULATION OF SERVICE; ESTABLISHING RIGHTS AND DUTIES IN THE MOVEMENT AND ALTERATION OF PIPELINES; PROVIDING FOR INDEMNIFICATION OF THE CITY OF BASTROP; PROVIDING FOR INSPECTION OF GRANTEE'S RECORDS; REQUIRING GRANTEE TO PAY A FRANCHISE FEE; PROVIDING FOR CONDITIONS OF THE FRANCHISE; PROVIDING FOR SEVERABILITY; REPEALING ALL OTHER ORDINANCES DIRECTLY IN CONFLICT HERewith; PROVIDING FOR SEVERABILITY; PROVIDING FOR PUBLICATION; PROVIDING FOR ACCEPTANCE OF THIS FRANCHISE BY GRANTEE AND AN EFFECTIVE DATE.

WHEREAS, the City of Bastrop, Texas, (the "City"), is a home rule city operating pursuant to the laws of its Charter and of the State and Texas; and

WHEREAS, Chapter 121 of the Texas Utilities Code authorizes municipalities to adopt ordinances that establish conditions for mapping, inventorying, locating, or relocating pipelines over, under, along, or across a public street or alley or private residential area in the boundaries of the municipality; and

WHEREAS, Section 11.01 of the Bastrop City Charter provides, the City Council shall have the power to grant, amend, renew or extend by ordinance all franchises of all public utilities of every character, operating within the City; and

WHEREAS, the City strives to promote orderly and safe development within the territorial limits of the City; and

WHEREAS, the City Council finds that this franchise agreement with Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.), (hereinafter referred to as the "Grantee") is in the best interest of the health, safety, and welfare of the citizens of the City; and

WHEREAS, the City finds that this ordinance was passed and approved at a meeting of the City Council of the City of Bastrop held in strict compliance with the Texas Open Meetings Act at which a quorum of the City Council Members was present and voting; and

WHEREAS, the City Council has determined that all prerequisites to the adoption of this Ordinance have been met.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS:

SECTION 1. DEFINITIONS

As used in this Ordinance, the following words and phrases shall have the following meanings:

- A. "Affiliate" means any person or entity that directly or indirectly owns or controls, that is directly or indirectly owned or controlled by, or that is under common ownership or control with Grantee.
- B. "City" means the City of Bastrop, in Bastrop County, Texas, a municipal corporation, hereinafter also referred to as "Grantor".
- C. "City Secretary" means the City Secretary of the City or other such officer of the City designated to serve as the filing officer for official documents and records of the City.
- D. "City Council" means the City Council of the City as the governing body of the City.
- E. "City Engineer" means the City Engineer of the City, the Public Works Director of the City, or such other officer of the City designated to approve engineering plans and designs for construction within Public Ways.
- F. "City Manager" means the City Manager of the City, the City Administrator of the City, or such other chief administrative officer of the City designated to hear appeals from the decisions of other City officers.
- G. "Customer" means any individual person, corporation, company, partnership, firm, unincorporated association, trust, municipality, or public or private entity located within the municipal corporate limits of the City and serviced by the Grantee through any use of the Public Ways.
- H. "Franchise Fee" or "Franchise Fees" shall mean the sum of fees to be paid to the City by Grantee under Section 11 of this Ordinance.
- I. "Gas Sales" means the sale of natural gas to Grantee's Customers located within the corporate limits of the City by use of the System.
- J. "Gas Transportation" means the transportation of Transport Gas for redelivery to Customers with re-delivery points located within the corporate limits of the City.
- K. "Grantee" shall mean UNIVERSAL NATRUAL GAS, LLC, a Texas limited liability company, and its successors and assigns.
- L. "Gross Receipts from Gas Sales" shall constitute and include Grantee's total receipts from Gas Sales to Grantee's Customers within the corporate limits of the City. Grantee's Gross

Receipts from Gas Sales subject to the Franchise Fee shall specifically exclude, without limitation:

- [1] receipts from gas sales or services to Customers located at delivery points outside the corporate limits of the City;
- [2] sales of gas billed but not collected or received by the Grantee;
- [3] the revenue of any Affiliate of Grantee, to the extent that such revenue is also included in Gross Receipts from Gas Sales of the Grantee;
- [4] sales taxes, gross receipts taxes, other applicable taxes under state or local law, and Franchise Fees collected by Grantee;
- [5] any interest income earned by the Grantee; and
- [6] all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's Public Ways.

M. "Gross Receipts from Gas Transportation" shall constitute and include Grantee's total receipts from its transportation of Transport Gas, consisting of receipts from cost of service. Grantee's Gross Receipts from Gas Transportation subject to the Franchise Fee shall specifically exclude, without limitation:

- [1] receipts from gas transportation services to Customers located at delivery points outside the corporate limits of the City;
- [2] fees for gas transportation services billed but not collected or received by the Grantee;
- [3] the revenue of any Person including, without limitation, an Affiliate of Grantee, to the extent that such revenue is also included in Gross Sales Revenues of the Grantee;
- [4] sales taxes, gross receipts taxes, other applicable taxes under state or local law, and Franchise Fees collected by Grantee;
- [5] any interest income earned by the Grantee; and
- [6] all monies received from the lease or sale of real or personal property, provided, however, that this exclusion does not apply to the lease of facilities within the City's Public Ways.

N. "Permit" means the authorization to Grantee:

- [1] for the opening of the streets, avenues, alleys, other public places or Public Ways shown on maps or plans submitted by Grantee to the City Engineer, showing the streets, avenues, alleys, and other public places and the locations thereon wherein Grantee proposes to construct new mains and pipes,

- [2] for the new construction or laying of the new mains and pipes by Grantee as shown on plans, and
- [3] to perform all work on existing Grantee facilities or the System within the Public Ways or other City rights-of-way.
- O. “Person” means an individual, corporation, general or limited partnership, limited liability company, trust, association, or other business or legal entity.
- P. “Public Ways” means the present and future streets, avenues, boulevards, parkways, lanes, alleys, bridges, sidewalks, easements, highways, and public places within the municipal corporate limits of the City, whether dedicated or not.
- Q. “System” means Grantee’s system of mains, pipelines, conduits, valves, feeders, regulator stations, laterals, service lines, measuring devices, and all other necessary plants, attachments, land, structures, facilities and appurtenances for the purpose of selling, storing, supplying, conveying, transmitting, distributing, and/or transporting natural gas and any gas, including the equivalent substitutes, for all other lawful purposes in, through, upon, under, and along the present and future streets, avenues, alleys, bridges, sidewalks, easements, highways, and any other public place within the municipal corporate limits of the City.
- R. “Transport Gas” means gas owned or controlled by a user or its designee (i.e., gas that is purchased or otherwise acquired by a user from someone other than Grantee) and delivered by such user or its designee to Grantee at a point on Grantee’s System, such point of delivery to be defined by Grantee, and carried, delivered or transported through Grantee’s System at a point of redelivery within the municipal corporate limits of the City by Grantee to the user for a fee.

SECTION 2. GRANT OF FRANCHISE

- A. Subject to the terms and conditions of this Franchise Ordinance, the Grantor hereby grants to Grantee, its successors and assigns and Affiliates, for the term of ten (10) years from the effective date of this Ordinance, the right to enter upon the Public Ways to install, operate and maintain a System along, across, over and under the Public Ways for the privilege of transporting, distributing and/or selling gas to Customers and the public generally within the municipal corporate limits of the City, and including any territory that the City may hereafter annex, acquire, purchase; and to distribute, sell, store, supply, transport, carry and/or convey natural gas and any gas through Grantee’s System in the City to other cities, towns, communities and areas outside the City and to inhabitants thereof, for the full term of this Franchise Ordinance.
- B. The Franchise granted by this Ordinance shall in no way affect or impair the present or future rights, obligations, or remedies of the City or Grantee under the Texas Gas Utility Regulatory Act, as amended. This is a non-exclusive franchise.

SECTION 3. FRANCHISE ASSIGNMENT, SALE OR LEASE

This Franchise Agreement may not be transferred or assigned to any non-Affiliate of Grantee, in whole or in part, without the written consent of the City, which may be administratively approved by the City Manager. Any such consent shall not be unreasonably withheld. As such, Grantee shall notify Grantor of: the name of the buyer, transferee or assignee; the type of service(s) intended to be provided through the facilities of such buyer, transferee or assignee; and the name, mailing address, and telephone number of a contact person associated with such buyer, transferee or assignee. Notice shall be sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to:

City of Bastrop
Attn: Sylvia Carrillo, City Manager
P.O. Box 427
1311 Chestnut Street
Bastrop, Texas 78602

With a copy to:

Bojorquez Law Firm
Attn: Alan Bojorquez
11675 Jollyville Road, Suite 300
Austin, Texas 78759

SECTION 4. USE AND REPAIR OF THE PUBLIC WAYS

- A. Grantee's System shall be erected, placed, extended, repaired, laid or otherwise installed, operated and maintained in such a manner as will, consistent with reasonable necessity, cause the least interference with other existing public uses of the Public Ways, including but not limited to existing sewer, water, pipes, electricity, telephone wires, public or private drains, and any other facilities within the City and also including those utilities granted by franchise or permit by the City.
- B. Except in the case of an emergency, within the City's full purpose jurisdiction, when Grantee desires to lay any new mains or replace any existing mains hereunder, and before commencing its new construction work or replacement of mains, it shall submit to the City Engineer, or other proper authority, a map or plan showing the streets, avenues, alleys, and other public places and the locations thereon wherein it proposes to construct such new or replacement mains and pipes. The City Engineer, or other proper authority, shall by written notice, either issue or deny the Permit to Grantee. Approval by the City Engineer, or other proper authority, shall constitute the Permit to Grantee for the opening of the streets, avenues, alleys and other public places shown on the map or plan, and for the new construction or laying of the new mains and pipes by Grantee or the replacement of existing mains and pipes as shown on the plan.

In the event that the Permit is denied, the City Engineer, or other proper authority, shall advise Grantee of the reasons for the denial and all necessary steps to secure approval of the Permit. Grantee shall have the right to immediately appeal the non-issuance of the Permit to the City Manager, and if not approved within ten (10) calendar days by the City

Manager, Grantee may appeal to the City Council and be heard at a public meeting held in compliance with applicable law. If the City Council fails to act on the appeal within ten (10) calendar days, the appeal will be deemed to be denied unless agreed otherwise in writing by Grantee and the City. Appeal of any decision made by the City Council shall be made to the District Court of Bastrop County, Texas, and an appeal from any decision of the District Court shall be as in all other civil actions.

This Subsection 4 (B) shall also apply to all other facilities and equipment of Grantee to be constructed or installed on public property within the City's full purpose jurisdiction.

- C. After any excavation or disturbance, Grantee shall, with due diligence and dispatch, place the Public Way in a condition in compliance with the Grantor's reasonable standards and specifications.

SECTION 5. REGULATION OF SERVICE

The System of Grantee shall at all times be installed, operated and maintained in accordance with accepted good practice, and in accordance with all State, Federal and City regulations, and in such condition as will enable the Grantee to furnish adequate and continuous service as required by the orders, rules and regulations of the Railroad Commission of Texas or other regulatory authority having jurisdiction. The requirements set forth in this Section shall not relieve Grantee of any other obligations set forth herein.

SECTION 6. DEPTH OF PIPELINES

After the effective date of this franchise, Grantee's main or lateral lines installed or replaced in Public Ways shall be installed or replaced at depths which comply with all applicable state and federal rules, regulations and company policies establishing minimum safety standards for the design, construction, maintenance and operation of pipelines. Depth shall be measured from the lower of existing grade or proposed future grade as set forth on plans or other specifications existing at the time such lines are installed or replaced.

SECTION 7. DUTY TO MOVE OR ALTER LINES

- A. Grantor reserves the right to lay or permit to be laid cables, electric conduits, water, sewer, gas or other pipelines and to do or permit to be done any underground work deemed necessary and proper by the Grantor, along, across, over or under the Public Ways. In permitting such work to be done, the Grantor shall be liable to the Grantee for any damage to Grantee's pipelines and facilities caused by Grantor or its agents' or contractors' gross negligence.
- B. When Grantee is required by Grantor to remove or relocate its mains, laterals, and other facilities to accommodate construction of streets and alleys by the Grantor, and Grantee is eligible under federal, state, county, local or other programs for reimbursement of costs and expenses incurred by Grantee as a result of such removal or relocation, and such reimbursement is required to be handled through Grantor, then Grantee's costs and expenses shall be included in any application by Grantor for reimbursement, if Grantee provides the Grantor its appropriate cost and expense documentation prior to the filing of

the application. Grantor shall provide reasonable notice to Grantee of the deadline for Grantee to submit documentation of the costs and expenses of such relocation to Grantor.

- C. When Grantee is required to remove or relocate its mains, laterals or other facilities to accommodate construction of streets or alleys by the Grantor without reimbursement, Grantee shall have the right to seek a surcharge to recover relocation costs pursuant to Section 104.112 of the Texas Utilities Code or any other applicable law or regulations.
- D. If Grantor shall require the Grantee to adapt or conform its System or in any way to alter, relocate or change its property to enable any other person, firm, corporation or entity (whether public or private), other than the Grantor, to use the Public Ways, the Grantee shall be reimbursed by the person, firm corporation or entity desiring or occasioning such change for any and all loss, cost or expense occasioned thereby.

SECTION 8. INDEMNIFICATION

Grantee and its successors and assigns shall indemnify, save, defend, protect and hold City and its agents, successors, assigns, legal representatives, employees, contractors, elected and non-elected officials and officers harmless from and against any and all claims, damages, losses, liabilities, demands, costs, causes of action, settlements, awards, penalties, fees assessments, fines, charges, demands, liens, punitive damages, attorney fees and judgments of every kind or character, known or unknown, fixed or contingent (collectively "Claims") arising out of the negligent acts, omissions, error, or willful misconduct of the Grantee, its servants, agents, employees, contractors, subcontractors, licensees, or any other person or entity in connection with the Grantee and the operation of this franchise, including without limitation any claims arising from tort, personal injury, death, property damage or nuisance, provided however, that in the event of such claim or claims being prosecuted against the City, Grantee shall have the right to defend against the same, and to settle or discharge same in such manner as it may see fit, and the City shall give prompt written notice to Grantee of the presentation or prosecution of such claims.

Notwithstanding anything herein to the contrary, under no circumstances whether under breach of contract, tort (including negligence), strict liability, or any other theory of liability, shall either Party be liable to the other for any consequential, special, indirect, incidental, exemplary, enhanced, treble (or statutory equivalent), or punitive damages, including without limitation, loss of profits, loss of business opportunity or loss of prospective revenue, arising out of this agreement or any work or services performed or to be performed hereunder.

SECTION 9. GRANTEE'S RATES, RULES AND REGULATIONS

The Grantee shall have the right to make and enforce such reasonable rules and regulations as it may deem necessary for the extension of its facilities, the sale of its gas and the conduct of its business, provided that such rules and regulations shall neither be in conflict with the laws of the State of Texas, with the orders, rules or regulations of the Railroad Commission of Texas or other regulatory authority having jurisdiction, nor with the ordinances, and regulations of the Grantor insofar as they are consistent with the jurisdiction of the Railroad Commission of Texas or such other regulatory authority. Grantee shall supply natural gas and provide regulated services at the rates and under the terms and conditions specified by such rules, any tariffs filed with the Railroad Commission of Texas, and as provided herein such rates are attached hereto as Exhibit A.

SECTION 10. INSPECTION OF RECORDS

Grantee shall permit Grantor or its agents to inspect, examine and audit, during regular business hours, the books, papers and records kept by Grantee in the ordinary course of business and pertaining to the natural gas business carried on by it in the City, such as plats, maps and atlases identifying Grantee's pipelines in the City, and the books and records necessary to verify the franchise fee payment provided for in Section 11 hereof. Notwithstanding the obligation herein, Grantee shall have the right to the reasonable protection of proprietary information and to provide redacted documents or require Grantor or its agents to enter into such agreements pertaining to confidentiality as may reasonably protect the proprietary information of Grantee, but which do not unreasonably frustrate the purposes of this Section.

SECTION 11. CONSIDERATION FOR FRANCHISE: FRANCHISE FEE

A. As full consideration for the rights and privileges conferred by this Ordinance, Grantee agrees to pay Grantor as follows:

- [1] Grantee shall collect the Franchise Fee from its Customers and shall pay Grantor a Franchise Fee the sum of which is equal to Five Percent (5%) of the Gross Receipts received by Grantee, per billing period, from the transportation and sale of natural gas for consumption within the municipal corporate limits of the City. The Franchise Fee shall include only Gross Receipts from Gas Sales to Customers located in the City; Gross Receipts from Gas Transportation to Transport Gas Customers with re-delivery points located in the City. All sums due from Grantee shall be in lieu of all other franchise fees, licenses, or occupational taxes, which may be levied or attempted to be levied on Grantee by the City.
- [2] Grantee shall pay such Franchise Fee collected from its Customers to the Grantor under the terms of this Ordinance, based upon meters read on or after the effective date of this Ordinance. During the term of this Ordinance, Grantee shall collect from its Customers and pay the City on January 31st (for the last six months of the prior calendar year) and July 31st (for the first six months of the calendar year). Grantee shall include with the Franchise Fee payment a statement showing its collections of Gross Receipts from Gas Sales and Gross Receipts from Gas Transportation in the City, including the calculation of the Franchise Fee for the subject time period. Collection and payment of Franchise Fee shall be final as to both parties unless questioned by written notice provided by one party to the other within one year after payment thereof has been made.
- [3] Any payments that are received after 5:00 P.M. of the due date constitute late payments. Late payments shall accrue interest from such due date until payment is received by the Grantor. Interest shall be calculated in accordance with the interest rate for customer deposits established in accordance with Texas Utilities Code Section 183.003 for the time period involved.
- [4] The Franchise Fee shall be in lieu of and accepted as payment of all of Grantee's obligations to pay all other franchise fees, licenses, easement or occupation taxes, levies, exactions, rentals, street-cut fees, inspection fees, right of way inspection fees, permit fees, franchise fees, easement taxes, or charges of any kind whatsoever

which may be levied or attempted to be levied in general by the City for the use of City's Public Ways and other rights-of-way, with the exception of sales taxes, ad valorem taxes, special assessments, and any applicable permit fees which are made without reference to or dependence upon Grantee's franchise or occupancy of the streets and public right of way, e.g., special assessment paving liens.

- B. The rights, privileges, and franchises granted by this Ordinance are not to be considered exclusive, and City hereby expressly reserves the right to grant, at any time as it may see fit, like privileges, rights, and franchises to any other person or corporation for the purpose of furnishing gas in the City.
- C. Unless expressly set forth herein, or otherwise provided by law, by accepting this Ordinance, Grantee does not agree to be responsible for the payment of franchise fees other than as expressly set forth herein, or for the payment of franchise fees owed to the City by any other entity, corporation or firm.

SECTION 12. CONDITIONS OF FRANCHISE

This contract, franchise, grant and privilege is granted and accepted under and subject to all applicable laws and under and subject to all of the orders, rules, regulations, and ordinances of Grantor now or hereafter adopted by governmental bodies now or hereafter having jurisdiction.

To the extent that all or any other existing ordinance shall conflict with any provision of this Ordinance, this Ordinance shall prevail upon passage, adopting and acceptance of this Ordinance.

In addition to all other rights, powers and remedies retained by the Grantee and Grantor under this Franchise Agreement or otherwise, in the event a dispute arises regarding the obligations under this Franchise Agreement, the Grantor shall give written notice specifying the nature of the dispute to the Grantee. The Grantee shall have 30 days from receipt of such notice to remedy the dispute. If the cure cannot reasonably be completed within such 30-day period, commercially reasonable best efforts to complete such cure shall be used. In the event a remedy does not occur, the Grantor may pursue additional judicial and/or legal remedies, including but not limited to injunctions to prevent breaches of this Franchise Agreement and to enforce specifically the terms and provisions of this Franchise Agreement. Actions taken by Grantee in order to comply with then-current laws and regulations shall not be considered grounds for a dispute hereunder. Nothing herein shall be construed to limit Grantee's or Grantor's right to seek judicial determination of a breach of this Franchise Agreement.

SECTION 13. INVALIDITY OF ORDINANCE

If any clause, sentence, or section of this Ordinance shall be held to be invalid, it shall not affect the remaining portions of this Ordinance, which shall remain valid and effective as if such invalid provision did not exist, although the parties shall be entitled to a judicial interpretation or construction of this Ordinance to address the validation of such provision by minimal amendment thereof. Further, should any governmental body now or hereafter having jurisdiction determine that Grantee shall not be permitted to collect in whole or in part the compensation due Grantor by others for Transport Gas as set forth in Paragraph (2) of Subsection A of Section 11 of this Ordinance, Grantee shall thereafter have no obligation to make such payment to Grantor and

Paragraph (2) of Subsection A of Section 11 shall be of no force and effect with regard to the sale of Transport Gas and this Agreement shall be considered null and void.

SECTION 14. NOTICE OF ORDINANCE

A caption of this Ordinance shall be published once, within fifteen (15) days following the first reading, in a newspaper of general circulation in the City, and the expense of such publication shall be borne by the prospective franchise holder.

SECTION 15. ACCEPTANCE BY GRANTEE

Grantee shall have thirty days from the execution of this Ordinance within which to file in the office of the City Secretary its consent to and written acceptance of the provisions and conditions of this Franchise Ordinance.

SECTION 16. REPEALER

Each and every other ordinance or part thereof which is directly in conflict with any provision herein as to the grant of a franchise for natural gas services and the regulation thereof is hereby repealed.

SECTION 17. SEVERABILITY

That it is hereby declared that the sections, articles, subsections, paragraphs, sentences, clauses, and phrases of this ordinance are severable and if any phrase, clause, sentence, paragraph, subsection, article, or section of this ordinance shall be declared void, ineffective, or unconstitutional by a valid judgment or final decree of a court of competent jurisdiction, such voidness, ineffectiveness, or unconstitutionality shall not affect any of the remaining phrases, clauses, sentences, paragraphs, subsections, articles, or sections of this ordinance since the same would have been enacted by the City Council without the incorporation herein of any such void, ineffective, or unconstitutional phrase, clause, sentence, paragraph, subsection, article, or section.

SECTION 18. NO WAIVER OF POWER.

In granting this Franchise, the City does not waive its regulatory powers, nor any rights under the Constitution and laws, present and future, of the State of Texas, nor any of its rights under future ordinances which are not in conflict herewith. The enumeration of special duties required of the Grantee shall not be construed as a limitation of the powers and duties conferred upon the City by the Constitution or laws of the State of Texas, or any present or future ordinances; and the Grantee shall perform all duties required by of it, by any valid ordinances not in conflict herewith adopted by the City, and by the laws of the State of Texas.

SECTION 19. CITY RESERVES POWER

The City retains exclusive control over its streets, including (without enumerating all of its powers and without limiting its other powers) the power to lay out, establish, open, alter, widen, lower, elevate, extend, grade, abandon, discontinue, abolish, close, sell, pave, supervise, maintain and improve all of its streets and to construct, maintain and repair sewer pipes, water mains, drainage systems and other public works within its streets. In the exercise of such powers, the City may,

whenever it deems it to be necessary, require the Grantee to alter, lower, elevate, relocate, or remove its pipelines in any such street, as and when required by the City. Such alterations to the Grantee's systems shall be made at Grantee's expense, subject to the Grantee's right to recover such costs from the ratepayers within the City pursuant to Section 104.112 of the Texas Utilities Code.

SECTION 20. VENUE

This franchise agreement is performable in Bastrop County, Texas and in the event of a dispute between such parties hereto, by agreement of such parties, venue shall be established in Bastrop County, Texas.

SECTION 21. ANNEXATIONS

Grantor shall promptly notify Grantee in writing of areas newly annexed into or de-annexed from the corporate limits of Grantor, and Grantee shall update its records for the purpose of payment of franchise fees as soon as reasonably practicable after receiving such notice. Upon receipt of notice of annexation from the City, Grantee shall have one hundred and twenty (120) days to begin collecting and paying the Franchise Fee for any revenues received from Grantee's customers residing in the newly annexed territories.

SECTION 22. RENEWAL OF FRANCHISE; NOTICE

Upon expiration of the initial ten (10) year term of this franchise and in the event Grantee desires to renew this Ordinance, Grantee shall notify the Grantor within twelve (12) months prior to the expiration of the initial term. Either party may provide written notice of termination, without cause to the other party, prior to the expiration of the initial term or a renewal term. Notice of termination shall be provided at least 60 days prior to the termination date.

Notices to the City shall be provided as set forth in Section 3. Notices to Grantee shall be sent by registered or certified mail, return receipt requested, postage prepaid, and addressed to:

Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.)
Attn: General Counsel
9950 Woodloch Forest Drive, 22nd Floor
The Woodlands, TX 77380

Any party may change the address to which notices and other communications hereunder are to be delivered by giving notice to the other party in the manner described herein.

SECTION 23. PROOF OF LIABILITY TO PERFORM UNDER THIS FRANCHISE

At the City's request, the Grantee will provide a copy of its Annual Report to the City Manager each year as proof of its financial ability to perform the duties required by this franchise.

SECTION 24. INSURANCE

During the term hereof, the Grantee shall maintain one or more policies of general liability insurance having policy limits of not less than \$5,000,000.00 per occurrence. Prior to the

commencement of work, the Grantee will provide a certificate of insurance evidencing such coverage including listing the Grantor as an additional insured.

SECTION 25. EFFECTIVE DATE

This ordinance shall take effect upon the date of final passage noted below, or when all applicable publication requirements, if any, are satisfied in accordance with the City's Charter, Code of Ordinances, and the laws of the State of Texas.

DULY PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF BASTROP, TEXAS, THIS _____ DAY OF JULY, 2023.

Lyle Nelson, Mayor

ATTEST:

Ann Franklin, City Secretary

APPROVED AS TO FORM:

Alan Bojorquez, City Attorney

The above and forgoing Franchise Ordinance and the grants, franchise, powers, rights and privileges thereto were accepted by Grantee this 29 day of June, 2023.

UNIVERSAL NATURAL GAS, LLC

By: [Signature]

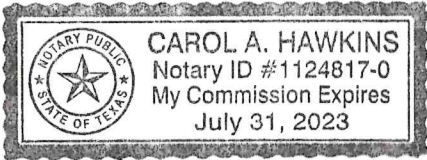
Name: Richard Bard

Title: SVP Engineering

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the 29 day of June, 2023, by Richard Bard, SVP, Engineering of UNIVERSAL NATURAL GAS, LLC, and who represents he has been given authority to sign this Agreement by and on behalf of said entity.



[Signature]
Notary Public, State of Texas