# ORDINANCE NO. 589

AN ORDINANCE GRANTING TO CENTERPOINT ENERGY RESOURCES CORP., ITS SUCCESSORS AND ASSIGNS, THE RIGHT, PRIVILEGE AND FRANCHISE FOR A PERIOD OF FIFTEEN (15) YEARS TO CONSTRUCT, LAY, MAINTAIN, OPERATE, EXTEND, REMOVE, REPLACE AND REPAIR A SYSTEM OF PIPELINES, GAS MAINS, LATERALS AND ATTACHMENTS AND ALL DESIRABLE INSTRUMENTALITIES IN, UNDER, OVER, ACROSS AND ALONG ANY AND ALL PUBLIC STREETS, AVENUES, PARKWAYS, SQUARES, ALLEYS, UTILITY EASEMENTS AND ALL OTHER PUBLIC WAYS IN THE CITY OF HILSHIRE VILLAGE, HARRIS COUNTY, TEXAS FOR THE PURPOSE OF TRANSPORTING, DISTRIBUTING, SUPPLYING AND SELLING GAS (NATURAL AND/OR ARTIFICIAL AND/OR MIXED) FOR HEATING, LIGHTING, POWER, AND FOR ALL OTHER PURPOSES FOR WHICH GAS MAY BE USED TO THE SAID MUNICIPALITY AND ITS INHABITANTS AND OTHERS; PROVIDING CONDITIONS CONTROLLING THE USE OF PUBLIC THOROUGHFARES AND EXTENSIONS THEREIN; ESTABLISHING STANDARDS OF SERVICE; PROVIDING FOR PAYMENT OF THREE (3%) OF THE GROSS RECEIPTS FROM THE SALE OF GAS TO **PROVIDING** MUNICIPALITY: SAID WITHIN **CUSTOMERS** ACCEPTANCE; PROVIDING A SEVERABILITY CLAUSE; REPEALING ALL ORDINANCES IN CONFLICT HEREWITH; AND CONTAINING OTHER PROVISIONS RELATING TO THE SUBJECT.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF HILSHIRE VILLAGE, TEXAS:

#### **ARTICLE I**

# **GRANT OF AUTHORITY**

Sec. 1.01. <u>Use of Public Streets and Ways</u>. The City of Hilshire Village, Harris County, Texas, (herein called the "City") does hereby grant unto CenterPoint Energy Resources Corp., its successors and assigns (herein called "Grantee") the right, privilege, and franchise to construct, lay, maintain, operate, use, extend, remove, replace and repair in, under, over, across, and along any and all of the present and future public streets, avenues, parkways, alleys, thoroughfares, roads, highways, sidewalks, viaducts, bridges, streams, utility easements, and other public ways in the City of Hilshire Village, Texas, and in all tracts, territories, and areas hereafter annexed to or acquired by and placed

within the corporate boundaries of the City, a system of pipes, pipelines, gas mains, laterals, conduits, feeders, regulators, meters, fixtures, connections, and attachments and other desirable instrumentalities and appurtenances necessary or proper, hereinafter referred to as "gas system," for the purpose of transporting, distributing, supplying and selling gas (natural and/or artificial and/or mixed) for heating, lighting, power and for any other purpose for which gas may now or hereafter be used, in and to said City and its inhabitants or any other person or persons within or without the corporate boundaries of said municipality.

#### **ARTICLE II**

#### **CONDITIONS OF STREET OCCUPANCY**

- Sec. 2.01. Street Use and Occupancy. Grantee's use and occupancy of the public rights-of-way within the corporate limits of Grantor shall be subject to City of Hilshire Village Ordinance No. 2000-523, passed, approved, and adopted the 19th day of December, 2000, as it now exists or as it may hereafter be amended. In the event of inconsistency or conflict between the provisions of this Ordinance and said Ordinance No. 2000-523, the terms of said Ordinance No. 2000-523 shall control.
- Sec. 2.02 <u>Gas System Location</u>. From time to time, the City or its representatives, may request identification of the specific location of Grantee's gas system. The Grantee agrees to respond in writing to such request within two (2) business days of the receipt of the request. If Grantee fails to provide the necessary information, and damage is caused to Grantee's gas system as a direct result of withholding said information, the Grantee shall hold the City harmless from all liability, damage, cost or expense resulting from any City action in this regard.

#### ARTICLE III

# **GRANTEE'S OPERATION OF SYSTEM**

- Sec. 3.01. Extension of Service. Grantee shall not be required to run or extend any gas mains or service lines comprising a part of its distribution system a distance exceeding one hundred (100) feet of pipe, not to exceed a diameter of two (2) inches, in order to bring gas service to the property line of each additional customer.
- Sec. 3.02. <u>First-class Services</u>. The service furnished by, and the gas system of, Grantee hereunder to the City and its inhabitants shall be first-class in all respects considering all circumstances and shall be subject to such reasonable rules and regulations as the City may make from time to time. Grantee may require reasonable security from persons and entities ("customers") for which it is providing services for the payment of its bills.

#### **ARTICLE IV**

### **PAYMENT TO CITY**

Sec. 4.01. Amount and Time. From the effective date of this franchise and in consideration of the rights and privileges herein granted, Grantee agrees to pay to the City, during the term of this franchise, a sum of money equal to three percent (3%) of the gross receipts received by the Grantee from sale of gas utility services within the corporate limits of City. For the purposes hereof, "gross receipts from the sale of gas utility services" shall mean and include all revenues collected by the Grantee from the sale of gas utility services to customers within the City pursuant to Grantee's Schedule of Rates effective within the City. Payments shall be made quarterly and shall be calculated on the basis of gross receipts from the sale of gas utility services from the calendar quarter next preceding that for which the payment is made, and shall be payable to the City on or before the sixtieth (60th) day following the last day of the calendar quarter for which such payment applies. Upon receipt of

payments by Grantee, the City Secretary shall deliver to Grantee via U.S. mail receipts for such amounts.

- Sec. 4.02. <u>Right of Inspection of Records</u>. Upon request of the City, Grantee shall present to the City within a reasonable period of time, any and all records, accounts and books for inspection relative to the gross receipts of Grantee applicable to the services provided within the corporate limits of the City.
- Sec. 4.03. Other Payments. The consideration hereinabove set forth shall be paid by the Grantee and received in lieu of any license, charge, fee, street or alley rental or other character of charge for use and occupancy of the streets, alleys and public places within the corporate limits of the City, and in lieu of any pipe tax or inspection fee or tax, but shall not in anywise increase or diminish Grantee's obligation to pay the City ad valorem taxes or anywise interfere with collection thereof.
- Sec. 4.04. Special Charges. Any special taxes, rentals or other charges accruing after the effective date of this franchise, under the terms of any preexisting ordinance or imposed upon Grantee by subsequent action of the City shall, when paid to the City, be applied as a credit to the amount owed to the City under the terms of this franchise agreement.
- Sec. 4.05. <u>Time Period for Dispute</u>. Any payment made by Grantee pursuant to this Ordinance shall be deemed final and correct as to both the City and Grantee unless questioned within five (5) years after the date of such payment.
- Sec. 4.06. <u>Legislative Amendment Concerning Gross Receipts</u>. If the Legislature of the State of Texas amends the ceiling on utility gross receipts payments to municipalities established by Tex. Tax Code §182.025, or any successor statute thereof, then the City may prospectively change the percentage of Grantee's gross receipts payable to the City under Section 4.01 of this franchise to the level established by such amendment; provided, however, that such change in the percentage of

Grantee's gross receipts payable to the City shall not become effective unless and until the City shall have approved and authorized rate schedules acceptable to Grantee which will permit Grantee to fully recover through its rates effective within the corporate limits of the City any increase in amounts payable to the City resulting from such change.

#### ARTICLE V

# COMPLIANCE WITH CITY, STATE, AND FEDERAL LAWS

Sec. 5.01. Compliance with Applicable Laws. Notwithstanding any other provision of this franchise to the contrary, the Grantee shall at all times comply with all laws, rules, and regulations of the City, state and federal governments and any administrative agencies thereof. If any such state or federal law, rule, or regulation shall require or permit the Grantee to perform in conflict with this franchise or prohibit the performance of any service required by provisions of this franchise, then immediately following knowledge thereof, the Grantee shall notify the City in writing of the point of conflict believed to exist between such state or federal law, rule, or regulation and this franchise. If the City Council determines that a material provision of this franchise does in fact conflict with such state or federal law, rule, or regulation, the parties shall enter into good faith negotiations to modify any provision hereof to such reasonable extent as may be necessary to carry out the full intent and purpose of this franchise.

Sec. 5.02. Subject to Police Power of the City. The construction, maintenance, and operation of services provided by Grantee and all property of Grantee subject to the provisions of this franchise shall be subject to all lawful police powers, rules, and regulations of the City, including, but not limited to Ordinance No. 2000-523, adopted the 19th day of December, 2000, as it now exists or as it may hereafter be amended. The City shall have the power at any time to order and require Grantee to remove or abate any part of its gas system or structures that are dangerous to life or property. In the event Grantee, after written notice, fails or refuses to act, the City shall have the power to remove or abate the same at the

expense of Grantee, all without compensation or liability for damages to Grantee. Notwithstanding the foregoing, City acknowledges that it may not and will not remove pipes or mains or perform any "covered task" on the gas system unless it is qualified to do so under U.S. Department of Transportation regulations at 49 CFR, Part 192, Subpart N.

- Sec. 5.03. <u>Modifications by Texas Railroad Commission: Jurisdiction of Texas Railroad</u>

  Commission. It is specifically agreed by the City and Grantee that any modification of the provisions of this franchise resulting from amendment of the rules and regulations of the Texas Railroad Commission or other applicable state or federal governmental agency shall be automatically incorporated into this franchise unless:
- A. Such modification provides for leniency in the provisions included in this franchise and such leniency is not required by law; or
- B. The City Council specifically rejects such incorporation of said modifications within one year of the adoption of such modification and such rejection is not in conflict with any City, state or federal laws, rules, or regulations.

#### **ARTICLE VI**

#### **INDEMNIFICATION**

Sec. 6.01. <u>Indemnity</u>. The Grantee, and each person or entity performing work within a public right-of-way as a contractor on behalf of the Grantee, shall indemnify and hold the City harmless as set forth below. If any person or entity other than the Grantee is required to provide such indemnity, the provisions referring to a Grantee herein below shall be construed to mean such person or entity.

The Grantee shall promptly defend, indemnify, and hold the City harmless from and against all damages, costs, losses, or expenses (i) for the repair, replacement, or restoration of the City's property, equipment, materials, structures, and facilities which are damaged, destroyed, or found to be defective

as a result of the Grantee's acts or omissions; and (ii) from and against any and all claims, demands, suits, causes of action, and judgments for (a) damage to or loss of the property of any person (including, but not limited to, the Grantee, its agents, officers, employees, and subcontractors, and the City, its agents, officers, and employees, and third parties); and/or (b) death, bodily injury, illness, disease, loss of services, or loss of income or wages to any person (including, but not limited to, the officers, agents, and employees of the Grantee, the Grantee's contractors, and the City's officers, agents, and employees, and third parties), arising out of, incident to, concerning, or resulting from, the negligent or willful acts or omissions of the Grantee, its officers, agents, employees, and/or subcontractors, in the performance of activities pursuant to this Ordinance.

This indemnity provision is intended to include liability arising from the City's alleged negligence, but only to the extent such liability arises out of a claim or claims that the City was negligent in authorizing the Grantee to use or occupy the public rights-of-way, in regulating the conduct of the Grantee, or in failing to prevent the Grantee from acting in a negligent or wrongful manner.

For purposes of this indemnification provision, acts or omissions of the officer, agents, employees and contractors of the Grantee shall be considered the acts and omissions of the Grantee.

The indemnity provision set forth above is solely for the benefit of the City and the Grantee and is not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

#### ARTICLE VII

### **OPERATIONAL STANDARDS**

Sec. 7.01. <u>Compliance with Texas Railroad Commission Rules</u>. Grantee shall comply with present and future rules and regulations of the Texas Railroad Commission, all other applicable regulatory

bodies, including but not limited to operational standards, testing requirements, consumer protection standards and all other present and future rules and regulations of the Texas Railroad Commission, and other applicable regulatory bodies, in connection with and relating to the operation of Grantee's utility service.

- Sec. 7.02. <u>Customer Service</u>. Grantee shall provide good quality service in accordance with all regulations and guidelines of the Texas Railroad Commission and any lawful future requirements promulgated by the City and/or the Texas Railroad Commission.
- Sec. 7.03. Quality of Service. Throughout the term of this franchise, Grantee shall maintain the quality of service and meet operational standards in the maintenance and operation of its utility service as are required herein. Should the City find that the Grantee has failed to maintain such quality of service or operational standards, the City may notify Grantee in writing and specifically set forth therein the improvements required to rectify such deficiencies. Failure of Grantee to make such improvements within thirty (30) days of the receipt of such notification by Grantee shall be deemed a violation of a material provision of this franchise ordinance.

#### **ARTICLE VIII**

## MATERIAL BREACH OF FRANCHISE, NOTICE, AND LIQUIDATED DAMAGES

- Sec. 8.01. <u>Material Breach of Franchise</u>. In addition to all rights and powers of the City by virtue of this franchise or otherwise, the City reserves as an additional and as a separate and distinct power the right to take any of the actions described in §8.02 in accordance with the procedures specified therein if any of the following events occur or for any of the following reasons:
  - A. Grantee, by act or omission, violates any term, condition, or provision of this franchise;
  - B. Grantee knowingly or willingly attempts to evade any material provision of this Ordinance;

- C. The occurrence of any event which may reasonably lead to the foreclosure or other similar judicial or non-judicial sale of all or any material part of Grantee's gas system; or
- D. Grantee suspends or discontinues its business, makes an assignment for the benefit of creditors, fails to pay its debts generally as they become due, becomes insolvent (howsoever such insolvency may be evidenced), is adjudicated insolvent, petitions, or applies to any tribunal for, or consents to, the appointment of, or taking possession by, a receiver, custodian, liquidator or trustee or similar official or a similar process is undertaken by any tribunal against all or a material part of the pipeline system; or
- E. Grantee attempts to or does practice any fraud or deceit in its conduct or relations under this franchise with the City, customers or potential customers.

# Sec. 8.02. Notice of Default: Opportunity to Remedy.

- A. Notice of Default. The City Council shall exercise the rights provided in §8.02(B) hereof in accordance with the procedures set forth below:
  - 1. The City shall notify Grantee, in writing, of an alleged failure to comply with a material provision of this Ordinance, which notice shall specify the alleged failure with reasonable particularity. Grantee shall, within thirty (30) days after receipt of such notice or such longer period of time as the City may specify in such notice, either remedy such alleged failure or, in a written response to the City, either present facts and arguments in refutation or excuse of such alleged failure or state that such alleged failure will be remedied and set forth the method and time schedule for accomplishing such remedy.
  - 2. The City shall determine (i) whether a failure to comply with a material provision has occurred; (ii) whether such failure is excusable; and (iii) whether such failure has been remedied or will be remedied by the Grantee. The Grantee shall make available to the City, if requested, any records, documents or other information necessary to make the determination.

- 3. If the City determines that a failure to comply with a material provision has occurred and that such failure is not excusable and has not been or will not be remedied by the Grantee in a manner and in accordance with a schedule reasonably satisfactory to the City, then the City may take any actions provided in §8.02 (B) hereof, provided that if the City acts on its own motion it shall follow the procedural steps set forth in §8.02 (A. 1-3) hereof.
- B. <u>City Council Action in Event of Breach</u>. In the event that grounds exist which give the City reason to believe that the Grantee has failed to comply with a material provision of this Ordinance, as provided in §8.01 hereof, then, in accordance with the procedures provided in §8.02 (A) hereof, the City Council may, at any time during the term of this Ordinance, to the extent lawful: (i) Seek monetary damages from the Grantee as compensation for such material breach; and/or (ii) In the event that Grantee does not cure the breach of the franchise agreement, or the City Council does not elect to seek monetary damages from Grantee or Grantee does not agree to pay such damages, then, as an alterative to taking the action referred to above, the City Council may revoke the franchise granted pursuant to this Ordinance by termination of this Ordinance.
- Sec. 8.03. <u>Liquidated Damages</u>. In addition to any other remedies provided herein, liquidated damages for violations of this franchise are set forth below. Such sums of money shall be considered and treated not as a penalty, but as liquidated damages due the City by Grantee by reason of inconvenience to the public and because of public works supervision and maintenance and other City administrative time and involvement which resulted in the expenditure of public funds due to Grantee's failure to comply with certain provisions in this franchise. If as a result of any acts or omissions by the Grantee pursuant to the franchise and, after notice and opportunity to cure, the Grantee has failed to remedy the act or omission, if it can be remedied, pursuant to Section 8.04 of this franchise the City may charge to and collect from the Grantee the following liquidated damages:

- A. For failure to provide data, documents, reports or information or to participate with the City during a review and evaluation, the damage shall be Two Hundred Dollars (\$200.00) per day.
- B For failure of Grantee to comply with the construction, operational, or customer service standards required by this Ordinance, the damage shall be Two Hundred Dollars (\$200.00) per day.
- C. For failure to comply with all conditions of City permits to disturb streets, fix streets, or other terms or conditions of the City, the damage shall be Two Hundred Dollars (\$200.00) per day.
- D. For failure to comply with any of the provisions of this franchise for which a penalty is not otherwise specifically provided, the damage shall be Two Hundred Dollars (\$200.00) per day.

# Sec. 8.04. Procedure for Imposing Liquidated Damages.

- A. Notice. Whenever the City believes that the Grantee has violated one (1) or more terms, conditions or provisions of this franchise, and liquidated damages will be sought, a written notice shall be given to the Grantee informing it of such alleged violation or liability. The written notice shall describe in reasonable detail the specific violation so as to afford the Grantee an opportunity to remedy the violation, if it can be remedied. The Grantee shall have thirty (30) days subsequent to receipt of the notice in which to remedy the violation, if it can be remedied, before the City may impose liquidated damages unless the violation is of such a nature so as to require more than thirty (30) days and the Grantee proceeds diligently within the thirty (30) days to remedy the violation and maintains its diligence until the violation is remedied.
- B. <u>Dispute of Violation</u>. The Grantee may, within ten (10) days of receipt of notice, notify the City that there is a dispute as to whether a violation or failure has, in fact, occurred. Such notice by the Grantee to the City shall specify with particularity the matters disputed by the Grantee.

The City Council shall hear the Grantee's dispute. Grantee must be given at least ten (10) days notice of the hearing. At the hearing, the Grantee shall be entitled to all the rights of due process consistent

with City procedures, including but not limited to, the right to present evidence and the right to be represented by counsel. After the hearing, Grantee will be provided with a copy of the City Council's action, along with supporting documents.

If after hearing the dispute the claim is upheld by the City Council, the City may impose damages against the Grantee after the Grantee has had a reasonable period of time, not less than (30) days, to remedy the alleged violation, if it can be remedied.

C. Reservation of Rights. The rights granted the City by this section are in addition to all other rights of the City whether reserved by this franchise or authorized by law, and no action, proceeding or exercise of a right with respect to liquidated damages shall affect any other right the City may have.

#### ARTICLE IX

# **REVOCATION OF FRANCHISE**

- Sec. 9.01. General. In addition to all other rights and powers of the City by virtue of this franchise or otherwise, the City reserves as an additional and as a separate and distinct power the right to terminate and cancel this franchise and all rights and privileges of Grantee hereunder in any of the following events or for any of the following reasons:
- A. <u>Violation of Provisions</u>. Grantee shall by act or omission violate any term, condition, or provision of this franchise and shall fail or refuse to effect compliance within thirty (30) days following written demand by City to do so.
- B. <u>Insolvent or Bankrupt</u>. Grantee becomes insolvent or is adjudged bankrupt or all or any part of Grantee's facilities are sold under an instrument to secure a debt and are not redeemed by Grantee within thirty (30) days from the date of such sale; provided, however, this shall not be an event of termination or cancellation in the event of bankruptcy proceeding and the trustee, receiver, or debtor in possession agrees in writing to be bound by the terms of this franchise.

- C. Fraud or Deceit. Grantee attempts to or does practice any fraud or deceit in its conduct or relations under this franchise with the City, customers, or potential customers.
- D. Method of Termination and Cancellation. Any such termination and cancellation of this franchise shall be by ordinance adopted by City Council; provided, however, before any such ordinance is adopted, Grantee must be given at least sixty (60) days advance written notice, which notice shall set forth the causes and reasons for the proposed termination and cancellation, shall advise Grantee that it will be provided an opportunity to be heard by City Council regarding such proposed action before any such action is taken, and shall set forth the time, date, and place of the hearing. In no event shall such hearing be held less than thirty (30) days following delivery of such notice to Grantee. At the hearing, the Grantee shall be entitled to all rights of due process consistent with City procedures, including but not limited to the right to present evidence and the right to be represented by counsel.
- E. Force Majeure. Other than its failure, refusal, or inability to pay its debts and obligations, including, specifically, the payments to the City required by this franchise, Grantee shall not be declared in default or be subject to any sanction under any provision of this franchise in those cases in which performance of such provision is prevented by reasons beyond its control.

#### **ARTICLE X**

# ASSIGNMENT OF FRANCHISE

Sec. 10.01. <u>City Approval of Assignment Required</u>. This franchise shall be a privilege personal to the Grantee and shall neither be assigned or transferred, in whole or in part, or leased, sublet, or mortgaged in any manner nor shall title thereto, legal or equitable, or any right, interest, or property therein pass to or vest in any person without the prior consent of the City Council expressed by resolution or ordinance, and then only under such conditions as may be prescribed therein. No assignment to any person shall be effective until the assignee has filed with the City Secretary an instrument in writing, duly

executed, reciting the fact of such assignment, accepting the terms of this franchise, and agreeing to comply with all of the provisions hereof.

Sec. 10.02. <u>City Approval of Transfer of Control Required</u>. The Grantee shall promptly notify the City of any actual or proposed change in, or transfer of, or disposition or acquisition by any other person of control in the Grantee. As used herein, the word "control" is used to denote more than a fifty percent (50%) change in ownership and/or actual working control in whatever manner exercised. Every change, transfer, or acquisition of control of the Grantee shall make the franchise subject to cancellation unless and until the City Council shall have consented thereto by resolution or ordinance. Such consent shall not be unreasonably withheld. For the purpose of determining whether it shall consent to such change, transfer, disposition, or acquisition of control, the City may inquire into the qualifications of the prospective controlling party; the Grantee shall assist the City in such inquiry.

#### **ARTICLE XI**

## FAILURE OF CITY TO ENFORCE FRANCHISE

Sec. 11.01. No Waiver of Terms. The Grantee shall not be excused from complying with each and all of the terms, conditions, and provisions of this franchise Ordinance even though the City should upon one or more occasions fail to insist upon, to require, or to seek compliance with any such term, condition, or provision.

#### ARTICLE XII

#### NONEXCLUSIVE FRANCHISE

Sec. 12.01. <u>Nonexclusive Franchise</u>. Nothing herein contained shall ever be held or considered as conferring upon Grantee and its successors and assigns any exclusive rights or privileges of any nature whatsoever.

#### ARTICLE XIII

### FRANCHISE TERM

Sec. 13.01. <u>Term</u>. This franchise shall take effect and continue and remain in effect for a term of fifteen (15) years from the effective date of this Ordinance, provided Grantee files a written acceptance of this franchise with the City within thirty (30) days after final passage of this Ordinance.

#### ARTICLE XIV

## FRANCHISE AMENDMENT

Sec. 14.01. <u>Franchise Amendment Process</u>. Notwithstanding the provisions contained in Article XIII hereof, from and after the tenth (10th) year of this franchise, if for any reason the City determines the provisions of this Ordinance obsolete or materially inapplicable due to changes in the gas utility industry or the technology applicable thereto, the City may initiate negotiation of amendment of this franchise. Grantee shall not be required, however, to accept any amendatory provision which results in economic waste to Grantee or in reduction in the term hereof.

#### **ARTICLE XV**

#### **SEVERABILITY**

Sec. 15.01. Severability. If any provision, section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be unconstitutional, void, or invalid (or for any reason unenforceable), the validity of the remaining portions of this Ordinance shall not be affected thereby, it being the intent of the City in adopting this Ordinance that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality or invalidity of any other portion, provisions or regulation, and to this end, all provisions of this Ordinance are declared to be severable.

#### **ARTICLE XVI**

## **ACCEPTANCE**

Sec. 16.01 Acceptance of Franchise Within thirty (30) days from the effective date of this franchise, Grantee shall file with the City Secretary a written statement in the following form signed in its name and behalf:

"To the Honorable Mayor and City Council of the City of Hilshire Village, Texas:

For itself, its successors, and assigns, CENTERPOINT ENERGY RESOURCES CORP., a corporation duly authorized to do business in the State of Texas, hereby accepts the attached franchise and agrees to be bound by all of its terms, conditions, and provisions.

CENTERPOINT	ENER	RGY	RESOU	RCES	CORP.
CELLIE STATE	7-37-				

By: Junt

Its: Vice Hesplent Uperations,

PASSED, APPROVED, AND ADOPTED this 30<sup>th</sup> day of may, 2006.

Robin Border Mayor

ATTEST:

Claudia Bammel City Secretary