

AN ORDINANCE ADOPTING A FRANCHISE AGREEMENT WHEREBY THE CITY OF PELICAN BAY, TEXAS AND THE G & H WATER COMPANY AGREE THAT THE G & H WATER COMPANY SHALL CONTINUE TO ERRECT AND MAINTAIN ITS ELECTRIC LIGHT, POWER LINES AND WATER TOWERS WITH ALL THE NECESSARY OR DESIRABLE APPURTENANCES (INCLUDING UNDERGROUND CONDUITS, POLES, TOWERS, WIRES AND TRANSMISSION LINES) AND THE CITY GRANTS ITS CONSENT FOR THE USE OF ITS PRESENT AND FUTURE STREETS, ALLEYS, HIGHWAYS AND PUBLIC GROUNDS IN SAID CITY, UNDER REGULATIONS AND RESTRICTIONS AS STATED THEREIN AND THAT THE CITY OF PELICAN BAY SHALL RECEIVE A MONTHLY PAYMENT FOR SAME, ALL AS THEREIN PROVIDED.

BE IT ORDAINED BY THE BOARD OF ALDERMEN OF THE CITY OF PELICAN BAY, TEXAS.

Section 1. That the City of Pelican Bay, Texas herein called "City", hereby grants its consent to the use of its present and future streets, alleys, highways and public grounds by the G & H Water Company, its successors and assigns, herein called "Utility Company", for the purpose of constructing, maintaining and operating in the present and future streets, alleys, highways and public places of the City of Pelican Bay, Texas, and its successors, electric light, power lines and water towers, with all necessary or desirable appurtenances (including underground conduit, poles, towers, wires and transmission lines, and telephone lines for its own use) for the purpose of supplying water to the said City, the inhabitants, thereof and persons and corporations beyond the limits thereof, for water, fire hazards and other purposes; and consent is being granted for the term of twenty-five (25) years from the date this franchise agreement is adopted and approved.

Section 2. Poles and towers shall be so erected as to not unreasonably interfere with traffic over streets and alleys. The surface of any street, alley, highway or public place within the City disturbed by the Utility Company in building, constructing, renewing or maintaining its utility plant and system shall be restored within reasonable time after the completion of the work to as good a condition as before the commencement of the work and maintained to the satisfaction of the City

Council, or of any City official to whom such duties have been or may be delegated, for one year from the date the surface of said street, alley, highway or public place is broken for such construction or maintenance work, after which time responsibility shall become the duty of the City. No such street, alley, highway or public place shall be encumbered for a longer period than shall be necessary to execute the work.

Section 3. Utility Company's property and operations in the City shall be subject to such regulations by the City as may be reasonably necessary for the protection of the general public.

Section 4. Utility Company shall hold the City harmless from all expense or liability for any act or neglect of the Utility Company hereunder.


Section 5. In consideration of the grant of said privilege and franchise by the City and as full payment for the privilege of using and occupying the streets, alleys, highways, easements, parks and other public places with the City, and in lieu of any and all occupation taxes, easements, and franchise taxes, and in lieu of license and inspection fees or charges, street taxes, street or alley rentals and of all other taxes, levies, fees and rentals of whatsoever kind and character which the City may impose or hereafter by authorized or empowered by law to levy or collect, excepting only the usual general or special ad valorem taxes which the City is authorized to levy or impose upon real or personal property, the Utility Company shall pay to the City of Pelican Bay, Texas, monthly and consistently on the last day of each month of each year during the term hereof, beginning May 6, 1986, an amount equivalent to two percent (2%) of the gross revenues received by the Utility Company, its successors and assigns, during the preceding month from the sales of water within the corporate limits of said City, exclusive of sales to federal, state and municipal customers excluding from taxation under the provisions of the regulations of the Treasury Department of the United States, Article 40, Regulation 42 as amended by TD4393, July 21, 1937, irrespective of whether or not said regulations and decisions have been or shall be repealed, amended or changed.

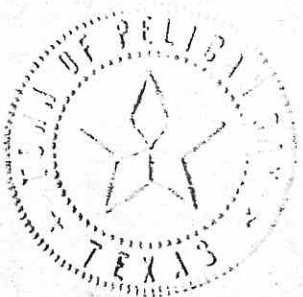
Section 6. Nothing herein contained shall ever be held or construed to confer upon the Utility Company exclusive rights or privileges of any nature whatsoever.


Section 7. This franchise agreement shall be cumulative and in addition to the other permits and franchises granted and agreements owned, held or claimed by the Utility Company provided however, that all agreements or parts of agreements that conflict herewith are hereby repealed.

Section 8. This franchise agreement shall become effective as of this date.

ADOPTED AND APPROVED this the 6th day of May,
A.D., 1986.


James C. Howard, Mayor
City of Pelican Bay, Texas




E. Ann Leither, City Secretary
City of Pelican Bay, Texas