

**CITY OF SANCTUARY
P.O. BOX 125
AZLE, TEXAS 76098
PHONE/FAX (817) 677-3008**

ORDINANCE NO. 50

**AN ORDINANCE GRANTING TO TRI-COUNTY ELECTRIC COOPERATIVE
INC., ITS SUCCESSORS AND ASSIGNS, AN ELECTRIC LIGHT, HEAT AND
POWER FRANCHISE**

**BE ORDAINED BY THE CITY COUNCIL OF THE CITY OF SANCTUARY,
TEXAS:**

I.

That there is hereby granted to Tri-County Electric Cooperative, Inc., its successors and assigns (herein called the "Grantee"), the right, privilege and franchise until January 1, 2050, to construct, maintain and operate in the present and future streets, alleys and ways of the City of Sanctuary, Texas, and its successors, electric light and power lines, with all necessary or desirable appurtenances (including overhead and underground conduits, wires, transmission lines and other structures and telecommunications wires for its own use), for the purpose of supplying electricity to the said City, the inhabitants thereof, and persons and corporations beyond the limits thereof, for light, heat, power and other similar purposes. The right, privilege and franchise granted hereby is subject to all ordinances, rules and regulations of the City of Sanctuary.

II.

Structures and other appurtenances shall be reasonably erected and maintained as not to interfere with traffic over streets and alleys. The location of all conduits and other structures shall be fixed under the supervision of the Board of Aldermen of the City of Sanctuary, or the successors to the duties of that Board, but not so as to interfere unreasonably with the proper operation of said lines.

III.

Grantee agrees to relocate its standard residential and commercial distribution facilities situated in the streets, alleys and ways of the City pursuant to this franchise ordinance, or any prior or successor franchise ordinance, as required by the City for widening of streets, alleys and ways; such relocation shall be at Grantee's cost and expense unless otherwise agreed between the City and Grantee, or reimbursement is otherwise provided by law or regulation, or unless otherwise provided by law or regulation including, without limitation, any rule or regulation of the Public Utility Commission of Texas. In the case of disturbance of any street, alley or other way of the City of Sanctuary by Grantee in exercising the rights granted hereunder, Grantee shall, at its own cost and expense and in a

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manner approved by the City, replace and restore each street, alley or other way in as good a condition as before the work involving such disturbance was done.

IV.

The service furnished hereunder to said 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 Grantee may make from time to time. This Grantee may require reasonable security for the payment of its bills.

V.

Grantee shall hold the City of Sanctuary, its officers, employees and agents harmless from, and indemnify the City of Sanctuary, its officers, employees and agents against, any and all claims, actions, causes of action, lawsuits, judgments, liability, costs, expenses, or fees (including attorney's fees) for damage to property or injury to or death of any person resulting from or based upon, in whole or in part, any act or omission of Grantee under the franchise granted hereby. The provisions of this paragraph shall survive the termination of this franchise.

Grantee shall carry throughout the term of this franchise personal injury and property damage liability insurance. The amounts of such insurance to be carried shall be: \$300,000 for property damage to any one person; \$500,000 for property damage in any one accident; \$500,000 for personal injury and death to any one person and death to any one person; and \$1,000,000 for personal injury and death in any one accident. Additionally, all such insurance shall be underwritten by contractual coverage sufficient to include the obligations contained in this franchise, including the indemnity obligations contained herein. All such insurance shall: (i) be issued by a carrier which is rated "A-1" or better by A.M. Best's Key Rating Guide and licensed to do business in the State of Texas, and (ii) name the City of Sanctuary as an additional insured and contain a waiver of subrogation endorsement in favor of the City of Sanctuary. Certified copies of all of such policies shall be delivered to the City of Sanctuary upon the execution of this Agreement; provided, however, that the City of Sanctuary, in its sole discretion and in lieu of certified copies of such policies, may permit the delivery of certificates of insurance together with the declaration page of such policies, along with the endorsement naming the City of Sanctuary as an additional insured. Each such policy shall provide that, at least 30 days prior to the cancellation, non-renewal or modification of the same, the City of Sanctuary shall receive written notice of such cancellation, non-renewal or modification.

VI.

Beginning with the year 2004 and for each year thereafter for the life of this franchise, Tri-County Electric Cooperative, Inc., its successors and assigns, shall pay to the City of

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Sanctuary, on or before the 30th day after the close of each calendar quarter, a sum equal to three per cent (3%) of its gross revenue received from the sale of electric power and energy by said Company within the corporate limits of said City during such calendar quarter. Such sum shall be in full payment of the privilege of using and occupying the streets, highways, easements, alleys, and ways in the City of Sanctuary whether as rental, supervision and inspection charges, or otherwise, for the quarter for which payment is made. This payment shall be in lieu of any other tax or increased rate of tax except ad valorem taxes and charges permitted by the Texas Public Utility Regulatory Act, article 1446c, as amended or revised.

VII.

The right, privilege and franchise granted under this Ordinance may not be assigned, transferred, sold or disposed of, in whole or in part, by voluntary sale or transfer, merger, consolidation or otherwise or by force or involuntary sale, except upon written notice to and prior approval of the City of Sanctuary Board expressed by resolution. As a condition to such approval by the City, the assignee or other successor to Grantee shall file with the City its unconditional acceptance of the terms of this Ordinance and promise to comply with and abide by all of its provisions, terms, and conditions. Such acceptance and promise shall be in writing duly executed and sworn to by and on behalf of the assignee or successor to Grantee before a notary public or other officer authorized by law to administer oaths.

VIII.

The Grantee shall file its written acceptance of this franchise within sixty (60) days after its passage and approval.

IX.

This franchise is not exclusive, and nothing herein contained shall be construed so as to prevent the City from granting other like or similar rights and privileges to any other person, firm, or corporation.

X.

This ordinance replaces Ordinance 2 in its entirety.

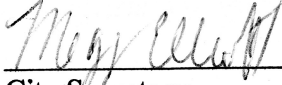
**PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF
SANCTUARY, TEXAS, THIS THE SECOND DAY OF OCTOBER, 2003.**

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Mayor



ATTEST:



City Secretary

APPROVED AS TO FORM:

City Attorney