

ORDINANCE NO. 85-002

AN ORDINANCE AUTHORIZING THE  
TRANSFER AND CONVEYANCE BY THE  
TOWN OF VINCENT, ALABAMA  
OF ITS NATURAL GAS DISTRIBUTION SYSTEM  
TO ALABAMA GAS CORPORATION

WHEREAS, Alabama Gas Corporation (the "Company") on May 24, 1985 made an offer to the Town of Vincent, Alabama (the "Town"), to purchase the entire natural gas distribution system owned by the Town, said System and all other properties that are set out and described in the Agreement between Company and the Town (Agreement), a copy of said Agreement being attached to this ordinance and made a part of the minutes of this meeting, including, but not limited to, the gas service contract dated September 19, 1969, between the Town and Southern Natural Gas Company, being herein called ("the System") at or for a purchase price of Four Hundred Thousand Dollars (\$400,000), payable in the manner and upon the conditions specified in the Agreement; dated 5-24-85, and made a part hereof as if fully recited herein.

NOW, THEREFORE, In consideration of the foregoing, BE IT ORDAINED by the Mayor and the Town-Council of the Town, as follows:

1. The Mayor and Town Council of the Town authorizes the transfer and conveyance by the Town of the System to the Company in accordance with the terms and conditions of the Agreement.
2. The Mayor of the Town be and he hereby is authorized to execute the Agreement for and in the name of the Town.
3. Upon the completion of the conditions set out in the Agreement, which conditions include, but are not limited to, the issuance of certain orders by the Alabama Public Service Commission and the Federal Energy Regulatory Commission, as provided in the Agreement, the Mayor of the Town be and he hereby is authorized and directed to execute and deliver to the Company for and in the name of the Town an appropriate deed and any other appropriate instruments of transfer and do any and all other acts and things as shall be necessary, convenient, or appropriate to cause good legal title in and to the System to be transferred and conveyed to

the Company upon the completion of the conditions set out in the Agreement; and the Town Clerk is hereby authorized to affix the corporate seal of the City and to attest the same on any and all instruments.

ADOPTED AND APPROVED THIS 28<sup>th</sup> day of May, 1985

Walen Chickscalds  
Mayor

AUTHENTICATED:

Mary Lee Reynard  
Town Clerk

# ALABAMA GAS CORPORATION

2101 SIXTH AVENUE NORTH

BIRMINGHAM, ALABAMA 35203

WM. MICHAEL WARREN, JR.  
PRESIDENT  
TELEPHONE (205) 326-8166

May 24, 1985

The Honorable Nolen R. Clinkscales  
Mayor and Chairman of the Gas Board  
The Honorable Members of the Gas Board of  
the Town of Vincent, Alabama, and  
The Honorable Members of the Council of  
the Town of Vincent, Alabama  
Vincent, Alabama

Gentlemen:

Alabama Gas Corporation (the "Company") hereby offers to purchase from the Gas Board of the Town of Vincent, Alabama (the "Board"), the entire natural gas distribution system presently owned by the Board and used to receive gas from the delivery points at which Southern Natural Gas Company (Southern) delivers gas to the Board and to distribute natural gas in and about the town of Vincent, Alabama (the "City"), upon and subject to the following terms and conditions:

1. Property Covered. The entire distribution system presently owned by the Board to distribute gas in and about the Town, together with all of the other properties, real, personal, and mixed, tangible and intangible, forming a part of the said System, including also all lands and interest in lands which are owned and exclusively used in the operation of the System, and all franchises, permits, easements, rights-of-way, crossing agreements, privileges, immunities, and licenses pursuant to which the Board is authorized to engage in the operation of the System; also that certain agreement executed by Southern under date of June 18, 1958, as the same has from time to time been amended (hereinafter, Southern Agreement), providing for the sale of natural gas to the Board, excepting however, that certain building known as the "Gas Board Building", and the lots adjacent thereto, cash on hand and on deposit, gas deposits, accounts receivable, notes receivable, construction advances, accounts payable, notes payable, and existing materials, supplies, vehicles, and/or equipment which may be owned, in whole or jointly, by the Board. The Company will not be liable nor will it assume any of the Board's obligations pursuant to existing extension agreements requiring construction advances or deposits.

2. Consideration for the Sale of the System. As consideration for the sale of the System to it, the Company will pay to the Board the sum of Four Hundred Thousand Dollars (\$400,000).

3. Effective Date of the Transfer of the System. Title to the System will be transferred to the Company upon the date of closing of the sale of the System.

4. Conditions.

(a) The adoption by the Board of a resolution authorizing the transfer and conveyance of the System to the Company as required by §11-50-210, et seq., Code of Alabama, 1975, as amended (hereinafter, Code of Alabama).

(b) The adoption by the Council, as governing body of the Town, of an ordinance consenting to the transfer and conveyance of the System to the Company, as required by §11-50-210, et seq., Code of Alabama.

(c) The issuance by the Alabama Public Service Commission (Commission) of any and all orders required by §11-50-210, et seq., Code of Alabama, and the issuance by the said Commission of a certificate of convenience and necessity to the Company as provided in §37-4-28 of the Code of Alabama; and the approval by the Commission of schedules of rates applicable to the System consisting of those rates being charged by the Board at the effective date of the transfer of the System, including any and all then effective changes in gas cost effected by Southern. The parties hereto agree that the consideration specified in paragraph 2. hereof represents the fair market value of the system as that term is used in §11-50-211(3) of the Code of Alabama.

(d) The granting by the Town to the Company of a 30-year franchise to operate the System in the Town and the police jurisdiction thereof.

(e) The supplying to the Company of proof of payment and satisfaction by the Board of all liens and/or claims against the System, including proof of compliance with the requirements of that certain Mortgage and Indenture of Trust dated April 1, 1958, and recorded in the Office of the Judge of Probate of Shelby County, Alabama, at Book 92, Page 67, respecting the presently outstanding bonds of

the Board, sufficient in the opinion of counsel for Company to provide for the payment of principal of and interest on such presently outstanding bonds upon maturity; and the agreement of the Board that the Company assumes no debts, claims, losses, or liabilities owed by the Board which presently exist and/or which may accrue prior to the effective date of the transfer, and that the Board agrees to indemnify and hold harmless the Company from and against any and all such debts, claims, losses or liabilities of any kind whatsoever.

(f) The issuance by the Federal Energy Regulatory Commission (FERC) or such federal agency or department having jurisdiction over the rates and properties of interstate pipelines now held by FERC, of such order or certificate as, in the opinion of counsel, shall be required by law or regulation for the approval of the assignment by the Board to the Company of the Southern Agreement or as shall be required to enable Southern to sell and deliver gas to the Company at the present delivery point as specified in the said Southern Agreement.

(g) The approval by Southern of an amendment to Exhibit A to its service agreement with the Company dated September 19, 1969, so as to include the delivery point at which Southern is now selling gas to the Board in such Exhibit A to said agreement.

(h) The execution by the proper officials of the Board and of the Town (to such extent as the Town may have an interest) of such other documents, deeds, certificates, and assurances as the Company or its counsel may reasonably require to the end that good and merchantable title to the System will be conveyed to the Company.

5. Risk of Loss. The Board shall bear the risk of any loss to the System which occurs prior to the date of transfer of the properties to be purchased hereunder. If there be, in the Company's sole judgment, a substantial loss to the System as a result of a major calamity before the date of transfer, then the Company shall not have any obligation under this agreement.

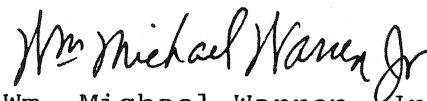
6. Material Change. The Company's obligation under this agreement is subject to there being no material change of condition of the System prior to the date of transfer.

7. This offer will automatically terminate at twelve noon on the 5th day of June, 1985, Central Standard Time, unless theretofore accepted by the Board and the Town (to such extent as the Town may have an interest), or unless the period hereof is extended by the Company in writing.

We appreciate the opportunity to make this offer to the Town of Vincent and look forward to working with you.

Yours very truly,

ALABAMA GAS CORPORATION

A handwritten signature in cursive script that reads "Wm Michael Warren Jr".

Wm. Michael Warren, Jr.  
President