

ORDINANCE NO. 295

AN ORDINANCE: GRANTING THE HANCOCK GAS SERVICE, INC., A CORPORATION UNDER THE LAWS OF THE STATE OF OHIO, THE RIGHTS AND PRIVILEGE TO LAY, MAINTAIN AND OPERATE GAS PIPES IN THE OTTOVILLE INDUSTRIAL PARK (WHICH CONTAINS APPROXIMATELY 150 ACRES) FOR DISTRIBUTING PROPANE GAS TO THE CONSUMERS THEREOF WITHIN THE OTTOVILLE INDUSTRIAL PARK, FOR AND DURING THE PERIOD OF TIME SPECIFIED HEREIN.

BE IT ORDAINED BY THE COUNCIL OF THE VILLAGE OF OTTOVILLE, OHIO:

SECTION 1.

Subject to the terms, provisions and conditions of this ordinance, there is hereby granted to the Hancock Gas Service, Inc. ("Company") and its successors and assigns, through and along the streets, rights-of-way, and public places in the Ottoville Industrial Park (consisting of land heretofore or currently owned by Richard J. Winkleman in Section 19 Monterey Township, Putnam County, Ohio), the exclusive right and privilege of twenty-five (25) years from the effective date of this ordinance of laying, constructing, maintaining, using, operating, interchanging and removing one or more lines of gas mains and branch pipes, with the necessary feeders, drips, service pipes and other devices necessary in the conducting, supplying and delivering propane gas to the consumers thereof within the Ottoville Industrial Park; provided, that any gas lines and service connections now laid or which hereafter may be laid by said Company, may be used for the transportation and distribution of either propane, natural or equivalent gas. This Section is not intended to preclude propane gas users in the Ottoville Industrial Park from using propane not delivered through the Company's distribution system.

SECTION 2.

In consideration of the agreement by the Company to invest more than \$70,000 to provide gas service to the Ottoville Industrial Park, the Village hereby agrees as follows:

a. The Village shall contribute the sum of \$ _____ to acquire land in the Ottoville Industrial Park, such land to be leased to Company, at no expense to Company, for purposes of installing concrete supports for a 30,000 gallon propane tank, the setting of up of a 30,000 gallon propane tank, the construction, maintaining and operating of vaporizing equipment and related equipment, and such other operations and activities as may be necessary for Company to supply propane gas to the Ottoville Industrial Park.

b. The Village agrees that the rates to be charged by Company for the propane shall be the equivalent of the rate charged at the Kalida City Gate by KNG Energy for natural gas; provided, Company shall not be prohibited from negotiating different rates with a particular tenant of the Ottoville Industrial Park.

c. During the period of the laying of pipes and gas lines and the performance of all construction necessary for the initial delivery of propane gas to consumers in the Ottoville Industrial Park which period shall end on or before May 31, 1999 (hereinafter referred to as "Initial Construction Period"), the Village shall be responsible for all of the surface restoration of all streets, yards and other surface areas to as good condition as the same was before such opening or excavation was made, including without limitation all required fine leveling, paving, reseeding, and repair or replacement of plants. During said Initial Construction Period the Village shall hold the Company harmless for all damages or injury, relating to or resulting from such surface restoration.

d. In the event that natural gas is supplied to the Ottoville Industrial Park through a supplier other than Company during the initial 25 years after this ordinance, then, the Village (or the natural gas supplier) shall purchase and Company shall sell the gas transmission lines located in the Ottoville Industrial Park and owned by Company and used to supply propane gas to the Ottoville Industrial Park, and shall reimburse Company for the cost of removal of the 30,000 gallon propane

tank, vaporizing equipment and related items. The purchase price of such assets shall be determined by a mutually agreed upon third party appraiser familiar with the gas industry.

SECTION 3.

After the end of the Initial Construction Period, whenever the Company shall lay down, extend or relay their gas pipes through any of the streets, rights-of-way or public places of said the Ottoville Industrial Park, all excavations made and work done shall be to the satisfaction of the Village Council or such person as said Council may appoint to supervise the same, and whenever the Company shall open ground in any street, right-of-way or public place in the Ottoville Industrial Park for the purpose of laying, or repairing such mains, branch pipes or service pipes or connections, as soon as the laying or repairing shall have been done, the Company shall restore such street, right-of-way, or public place, excluding surface restoration such as but not limited to paving, stoning and seeding which shall be the responsibility of the Village to repair, to as good condition as the same was before opening, and such work shall in all cases be done with the utmost possible diligence.

SECTION 4.

After the end of the Initial Construction Period, the Company, occupying the streets under this ordinance, shall save the Village harmless from any and all damages or injury which it may at any time incur by reason of any excavation that shall or may be made under this ordinance, or by reason of conducting said propane gas through the streets, rights-of-way, or public places as provided in this ordinance.

SECTION 5.

The Company, its successors and assigns, shall make connections with the main transmission lines for furnishing propane gas to applicants within the Ottoville Industrial Park who may desire to use and who Company desires to sell the same. Unless there is an agreement to the contrary between Company and any such applicant, service lines, regulators, installation and associated costs incurred

from the main transmission lines to applicant buildings shall be completed and maintained at applicant's expense.

SECTION 6.

In the event the Village wishes to have natural gas supplied to the Ottoville Industrial Park, Company shall have a first right to supply said natural gas to the Ottoville Industrial Park if Company can do so at rates substantially similar to those rates which would be charged by third party suppliers of natural gas.

SECTION 7.

This Ordinance shall not become effective until the Company files with the Clerk of Council, its written acceptance of the terms, provisions and conditions of this Ordinance, and shall pay all costs of publication hereof.

SECTION 8.

This Ordinance is hereby declared to be an emergency measure necessary for the health and safety of the community and shall therefore become effective upon passage.

Dated Passed: 12-7-98

Virginia M. Kemmet
Clerk - Treasurer

Judy M. Wannenmacher
Mayor

Ottoville, Ohio

December 7, 1998

I hereby certify that the Ordinance shown herein above is a true and correct copy of Ordinance No. 295 passed by the Village of Ottoville, Ohio, on December 7, 1998.

Virginia M. Kemmet
Clerk/Treasurer

GAS SUPPLY FACILITIES CONTRACT

WHEREAS, the Village of Ottoville, hereinafter "Ottoville", is desirous of insuring that its industrial park has bulk facilities for propane fuel delivery; and

WHEREAS, Hancock Gas Service, Inc., hereinafter "Hancock Gas", is desirous of supplying said fuel,

It is hereby agreed as follows:

1. That the Village of Ottoville, at their own expense, will:
 - A. Acquire land in the industrial park, hereinafter "Tank Parcel", on which concrete tank foundations can be constructed by January 20, 1999.
 - B. Adopt a resolution granting Hancock Gas, the exclusive right and privilege to operate a propane gas system within the Ottoville Industrial Park for a period of 25 years.
 - C. This exclusive propane distribution right shall not apply to natural gas suppliers. In the event the Village of Ottoville wishes to have natural gas supplied to the Ottoville Industrial Park, Hancock Gas shall have a first right to supply said natural gas to the Ottoville Industrial Park if Hancock Gas can do so at rates substantially similar to those rates which would be charged by third party suppliers of natural gas.
2. Hancock Gas, at its own expense, will:
 - A. Furnish and install concrete supports for a 30,000 propane tank on or before May 31, 1999, unless such date is delayed upon

the agreement of Hancock Gas, L.P. Investment Company and the Village of Ottoville.

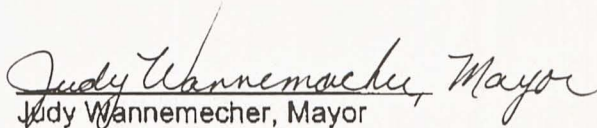
- B. Furnish, deliver and set up a 30,000 propane tank on the concrete supports by May 31, 1999, unless such date is delayed upon the agreement of Hancock Gas, L.P. Investment Company and the Village of Ottoville.
 - C. Furnish and install a complete tank trim package which will include all necessary above ground piping and vaporizing equipment for proper pressure requirements of industrial park tenants.
 - D. Furnish and install main trunk line in industrial park for proper pressure requirements of industrial park tenants.
 - E. Furnish and install a meter to each occupant's building.
 - F. Furnish and install a fence and traffic protection as required by the laws of the State of Ohio.
 - G. Furnish and install access road to the transport unloading area, said road not to exceed 100 feet.
 - H. Obtain a state pressure piping permit.
3. The Village of Ottoville agrees to lease space to Hancock Gas for the tank in the Parcel that it is purchasing for purposes of: installing concrete supports for a 30,000 gallon propane tank; the installation of a 30,000 gallon propane tank; the construction, maintenance and operation of vaporizing and related equipment, and such other operations and activities as may be necessary for Hancock Gas to conduct its activities pursuant to this agreement. In addition, the

Village of Ottoville agrees to grant an easement to Hancock Gas for purposes of constructing, maintaining and using an access road to the tank Parcel. The Village of Ottoville and Hancock Gas agree to enter into such other leases and agreements as may be necessary to carry out the intent of this paragraph.

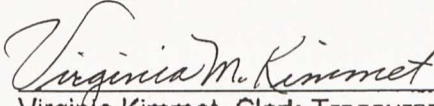
4. The Village of Ottoville agrees to grant to Hancock Gas an easement for the purposes of laying, constructing, operating, inspecting, maintaining, repairing, replacing, substituting, relocating and removing a pipeline for the transportation and distribution of gas products on a route to be mutually agreed upon by the Village of Ottoville and Hancock Gas on, in over and through the Ottoville Industrial Park. The Village of Ottoville and Hancock Gas agree to enter into such other easements and agreements as may be necessary to carry out the intent of this paragraph.
5. In the event that natural gas is supplied to the Ottoville Industrial Park through a supplier other than Hancock Gas, then, the Village of Ottoville (or the natural gas supplier) shall purchase and Hancock Gas shall sell the gas transmission lines located in the Ottoville Industrial Park and owned by Hancock Gas and used to supply propane gas to the Ottoville Industrial Park, and shall reimburse Hancock Gas for the cost of removal of the 30,000 gallon propane tank, vaporizing equipment and related items. The purchase price of such assets shall be determined by a mutually agreed upon third party appraiser familiar with the gas industry.

6. Hancock Gas will charge a rate for the propane gas which is equivalent to the rate charged at the Kalida City Gate by KNG Energy for natural gas. This rate is subject to change with any KNG rate changes. The current rate is \$5.40 per MSCF which equates to propane at a price of \$0.49 per gallon. This does not prohibit the utilization of, and is supercede by, other rates negotiated between Hancock and a particular tenant.
7. Unless there is an agreement to the contrary between Hancock Gas and the tenant, service lines, regulators, installation and associated costs incurred from main line to tenant buildings to be completed and maintained at tenant's expense.
8. That L.P. Investment Company is an intended third party beneficiary of this contract and has a right to assert claims hereunder to the same extent as they would have had had they been a party to this agreement.
9. That time is of the essence.

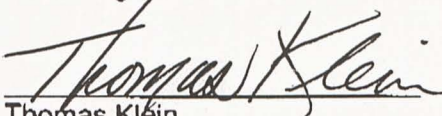
Dated: 12-9-98


Judy Wannemacher, Mayor
The Village of Ottoville

Dated: 12-9-98


Virginia Kimmet, Clerk-Treasurer
The Village of Ottoville

Dated: 12-9-98


Thomas Klein
President of Hancock Gas

CONTRACT TO SUPPLY PROPANE FUEL

WHEREAS, Hancock Gas Service Inc., hereinafter referred to as "Hancock Gas", desires to sell propane fuel to L.P. Investment Company or its designee; and

WHEREAS L.P. Investment Company, or its designee, both of which are hereinafter referred to as "L.P. Investment Company", is desirous of purchasing propane fuel from Hancock Gas;

The parties agree as follows:

1. Gas Supply: That Hancock Gas will supply, and LP Investment Company shall purchase, all of the propane gas needs of L.P. Investment Company in the Ottoville Industrial Park with no interruptions in service or gas availability.
2. Gas Facilities: That Hancock Gas will have installed the necessary gas facilities at it's own expense and will supply all necessary quantities of propane fuel to L.P. Investment Company on or before May 31, 1999. These facilities to be installed by Hancock at it's expense and will include: a 30,000 Gallon Bulk Propane Tank, underground piping to the parcel and plant being built and supplying a metering device to measure gas volumes. L.P. Investment's will install and pay for the underground piping from the east line of the easement to the building. If Hancock gas is unable to construct its propane facilities within the time frame set forth herein, it will in any event supply all the propane needed by LP Investment through such temporary tanks as may be necessary upon 48 hours of receiving a request from LP Investment.
3. Definitions:
 - A. Propane Gas (hereinafter "LP"): A colorless, odorless, easily liquefied, gaseous hydrocarbon, measured herein by the "Gallon". consisting of a mixture of three parts carbon to eight parts hydrogen, chemically known as C₃H₈.

- B. Gallon of LP: A Unit of Measure for propane gas in liquid form, measured at sixty degrees Fahrenheit, consisting of 231 Cubic Inches and capable of producing 91,500 BTUs.
- C. Natural Gas: (hereinafter "**NG**") A mixture of hydrocarbon gases that occurs with petroleum deposits, principally methane, together with varying quantities of ethane, propane, butane, and other gases. It is used principally as a fuel and is normally distributed by pipeline. The cost of MSCF of natural gas at the Kalida City Gate, hereinafter "**CKMSCF**" will be used for determination of future LP gas rates.
1. Therm: A unit of measure for natural gas capable of producing heat equal to 100,000 British thermal units. One hundred Standard Cubic Feet equals one therm.
 2. Standard Cubic Foot (SCF): A volume of gas, consisting of 1,728 cubic inches, measured at 14.73 pounds per square inch at a temperature of Sixty Degrees Fahrenheit.
- D. BTU: (British Thermal Unit) The quantity of heat required to raise the temperature of one pound of water from 60° to 61°F at a constant pressure of one atmosphere.
4. Gas Rates: The following rates will be charged for LP during the following time periods:
- A. That, as to any gas purchased by L.P. Investment Company, or it's designee, on or before September 30, 1999, the rate will be \$0.39 per gallon.
 - B. As to gas purchased by L.P. Investment Company, or it's designee, between October 1, 1999 and September 30, 2000, the rate will be \$0.43 per gallon.
 - C. As to gas purchased on or after October 1, 2000, the rate will be adjusted to be equal to 95% of the equivalent natural gas rate charged for NG at the Kalida City Gate on the first day of each quarter. The following will be used to compute the propane rate as to gas purchased after October 1, 2000:

1. 1 SCF of NG = 1,000 BTU
 2. MSCF of NG = 1,000,000 BTU
 3. 1 Gallon LP = 92,500 BTU
 4. MSCF of NG = 10.81 Gallons of LP
 5. 1 Gallon LP = MSCF of NG/10.81.
 6. Post October 1, 2000 cost of LP = (cost of MSCF/10.81) x .95
 7. Post October 1, 2000 cost of LP = .08788 cost of MSCF
- D. Rate Adjustments Post 10/1/2000: This is the rate that will be charged after October 1, 2000, and will thereafter adjusted on the first day of each quarter to reflect current Natural Gas rates then being charged at the Kalida City Gate. Hancock shall furnish to LP Investment Company proof of said rates on the first day of each quarter.
- E. Natural Gas Availability: This rate shall be maintained until natural gas service becomes available to the L.P. Investment Company site. Should natural gas become available at the site, L.P. Investment Company reserves the right to convert to natural gas.
5. Title and Risk of Loss: Title to and risk of loss of propane gas furnished hereunder shall pass to L.P. Investment Company at such time as the gas passes from the main line into the service lines owned by L.P. Investment Company.
6. Limitations of Liability: Liability of either party hereunder shall be limited to compensatory damages and neither party would be entitled to punitive or exemplary damages. Hancock Gas will not be held liable for an interruption of the gas supply unless LP Investment is without propane for a period exceeding 24 hours.
7. Events Beyond Party's Control: Neither party shall be considered to be in default in the performance of any obligations under this Agreement (other than

the obligation to make payments) unless the failure of performance could have been prevented by due diligence and was not due to causes beyond the reasonable control of the breaching party.

8. Notices: Any notice or other communication required or permitted by this Agreement shall be in writing and shall be delivered personally, by nationally recognized overnight courier or by ordinary first class United States mail, postage prepaid, to the following addresses or other addresses as the parties may designate in writing:

Hancock Gas:	Hancock Gas Service Inc. 1112 Lima Ave Findlay, Ohio 419-422-4373
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LP Investment Company:	L.P. Investment Company Attn.: Kevin Trares 523 Detroit Avenue Monroe, MI 48161
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9. Binding Effect: No representations, warranties or promises pertaining to this Agreement have been made by, or shall be binding upon, either Hancock Gas or LP Investment Company, except as expressly stated herein. This Agreement shall be binding upon and inure to the benefit of the respective heirs, administrators, successors and permitted assigns of the parties hereto.
- 10: Headings: The headings contained herein are for convenience of reference only and are not to be used in interpreting this Agreement.
11. Governing Law: This Agreement shall be construed and enforced pursuant to the laws of the State of Ohio. Any dispute arising hereunder shall be brought in a court of competent jurisdiction located in the State of Ohio.
12. Modifications: No amendments, modifications or variations of the terms and conditions of this Agreement shall be valid unless the same are in writing and signed by all parties.


13. Counterparts: This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute but one document.
14. Assignment: LP Investment may assign this Agreement to an affiliated entity at any time.
15. Negotiated Agreement: This is a negotiated Agreement. This Agreement shall not be construed against either party by reason of this Agreement being prepared by either party's attorney.
16. Costs and Attorney Fees: Notwithstanding anything to the contrary contained herein, in the event of any litigation arising out of this Agreement, the parties hereto agree that the prevailing party shall be reimbursed for all reasonable costs and expenses actually incurred in such litigation, including but not limited to, attorneys and paralegal fees incurred by the other party.

The parties, by affixing their signatures hereto, certify that they are in agreement regarding the above set forth conditions and that they have authority to enter into this contract.

Dated: 12/9/98


Kevin Trares
L.P. Investment Company

Dated: 12/9/98


Thomas Klein
President of Hancock Gas