

NATURAL GAS FRANCHISE ORDINANCE

THE VILLAGE OF LAKEWOOD CLUB ORDAINS:

Section 1. Subject to all the terms and conditions mentioned in this Ordinance, consent is hereby given to Michigan Consolidated Gas Company, a corporation organized under the laws of the State of Michigan, and to its successors and assigns (the "Company"), to lay, maintain, operate and use gas pipes, mains, conductors, service pipes and other necessary equipment in the highways, streets, alleys and other public places in the Village of Lakewood Club, Muskegon County, Michigan, and a franchise is hereby granted to Michigan Consolidated Gas Company, its successors and assigns, to transact a local business in said Village of Lakewood Club, for the purposes of conveying gas into and through, and supplying and selling gas in said Village and all other matters incidental thereto.

Section 2. If the provisions and conditions herein contained are accepted by the Company, as in Section 6 hereof provided, then the Company, after it receives such regulatory approval as may be necessary to convey natural gas to the Village of Lakewood Club, and subject to the provisions of Section 3 hereof, shall within a reasonable time thereafter commence the installation of a gas distribution system in that part of the Village as more particularly shown on a map on file with the Village Clerk, and shall proceed to complete the same as soon thereafter as reasonably practicable; provided, however, that the Company shall not be held responsible for delays due to weather or labor conditions, inability to procure necessary materials, or other causes beyond its control; and provided further, subject to the provisions contained herein, that such initial installation and all subsequent main extensions shall be subject to the Main Extension provisions contained in the Company's Rules and Regulations for Gas Service as approved by the Michigan Public Service Commission.

Section 3. The consent given and franchise granted in Section 1 of this Ordinance shall apply to the entire Village of Lakewood Club; provided, however, that the Company's initial main extension shall be limited to the area described in Section 2, and subsequent main extensions, if any, shall be governed by the provisions of the Company's rules and Regulations for Gas Service applicable thereto.

The Company's obligations pursuant to Section 2 shall not arise unless and until a minimum of 75 customers located within the area described in Section 2 sign an Agreement for Gas Main Extension Under Area Expansion Program ("AEP"), a copy of which is on file with the Village Clerk; sign an application for gas service with the Company; and pay the Company for the cost of furnishing and installing a gas service line on such customer's premises.

Prior to commencement of any construction pursuant to Section 2, the village shall supply the Company with evidence, satisfactory to the Company, that the Village has established and funded an escrow account containing \$15,000.00, to be held by a local bank selected by the Village and approved by the Company, which shall be maintained for a period of 4 1/2 years from the date of establishment of the escrow account, subject to the following terms and conditions:

(1) If, during the 18-month period immediately following the date the escrow account is established, and during each of the next three succeeding 12-month periods thereafter, that portion of the total revenues received by the Company during each of said periods from its customers located within the area described in Section 2, which are applicable to the Company's distribution margin and main extension financing, are less than \$37,500.00, the holder of the escrow account will pay the Company the amount of such deficiency from the escrow account up to the total amount held in escrow, within 15 days following the Company's written notice to the Village and the holder of such deficiency.

(2) Within thirty days following any payment to the Company from the escrow account, the Village will deposit such additional funds into the account as necessary to re-establish a total of \$15,000.00 held in said account for payment of future deficiencies, if any, unless the Company, at its sole discretion, and upon prior written notice to the Village and the holder of the account, advises that a lesser sum is satisfactory to the Company.

Section 4. The Company shall not unnecessarily obstruct the passage of any of the highways, streets, alleys, or other public places within said Village and shall within a reasonable time after making an opening or excavation, repair, the same and leave it in as good condition as before the opening or excavation was made. The Company shall use due care in exercising the privileges herein contained and shall be liable to said Village for all damages and costs which may be recovered against said Village arising from the default, carelessness or negligence of the Company or its officers, agents or servants in connection with its construction activities hereunder.

No road, street, alley, or highway shall be opened for the laying of trunk lines or lateral mains except upon application to the Village Council, or other authority having jurisdiction in the premises, stating the nature of the proposed work and the route. Upon receipt of such application, it shall be the duty of the Village Council, or such other authority as may have jurisdiction, to issue a permit to the Company to do the work proposed.

Section 5. The Company is now under the jurisdiction of the Michigan Public Service Commission to the extent provided by statute, and the rates to be charged for gas, and the standards and conditions of service and operation hereunder, shall be the same as now set forth in the Company's Schedule of Rules, Regulations and Rates as

applicable in the City of Muskegon, or that shall hereafter be validly prescribed for the Village of Lakewood Club under the orders, rules, and regulations of the Michigan Public Service Commission or other authority having jurisdiction in the premises.

Section 6. This ordinance shall take effect immediately after the date of publication thereof, which shall be within fifteen (15) days after the date of its adoption, and shall continue in effect for a period of thirty (30) years thereafter, subject to revocation at the will of the Village at any time during said thirty (30) year period and subject to acceptance by the Company; provided, however, that when this Ordinance shall become effective the Village Clerk shall deliver to the Company a certified copy of the Ordinance accompanied by written evidence of publication and recording thereof as required by law and the Company shall, if it accepts the conditions and provisions thereof, within sixty (60) days after the date of the adoption of this Ordinance, file with the Village Clerk its written acceptance of the conditions and provisions hereof. Upon the filing of such acceptance, this ordinance shall have the effect of a contract in accordance with the terms and conditions hereof, between the Village and the Company, and their successors and assigns, respectively.

Ayes: Carl Genson, Patt Johnson, Marjorie Johnson, Cecelia McGahan, Edward Opalek,  
Larry Mumper, Peggy Homan.

Nays: None.

By Order of the Lakewood Club Village Council

DATED: March 27, 1989

Signed on original by clerk  
Mary L. Kilmer, Village Clerk