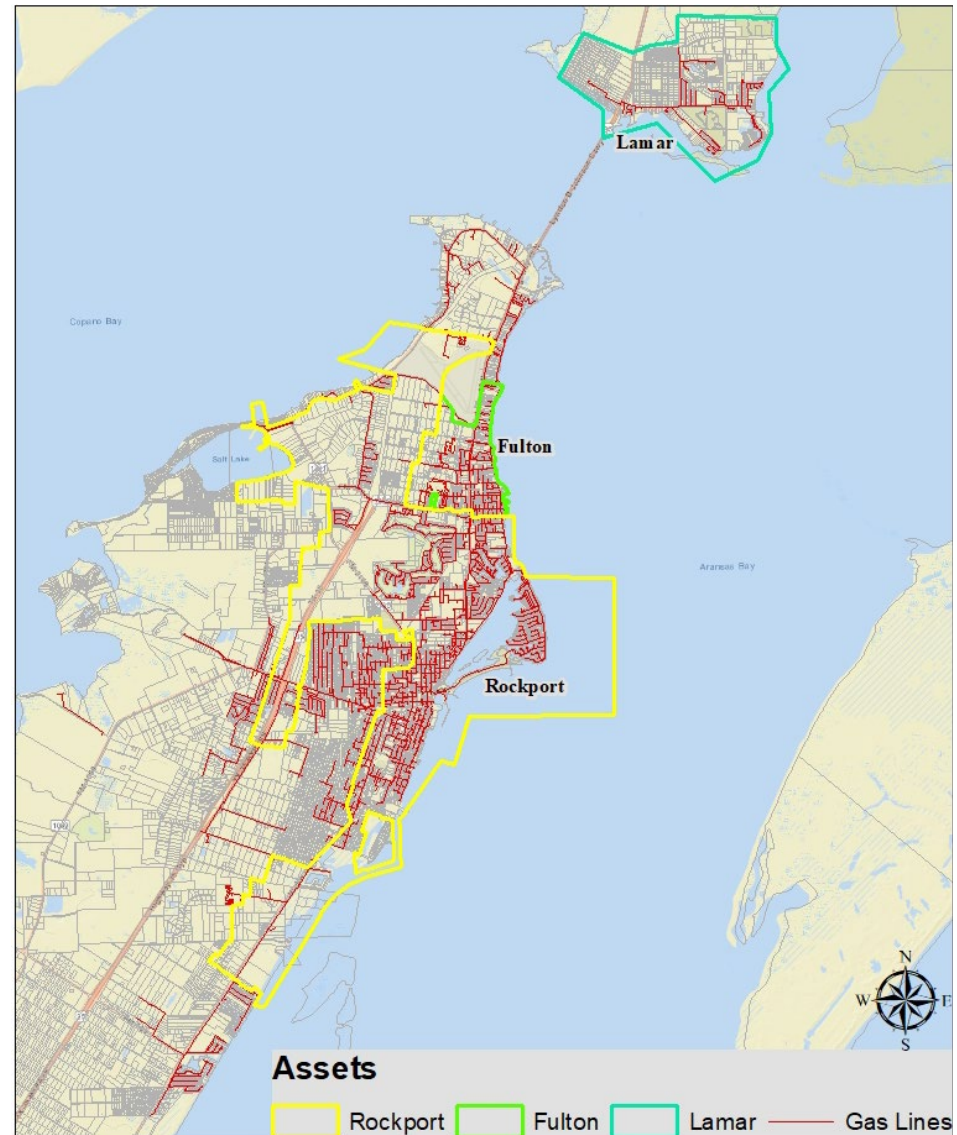


## Resolution - Acquisition of Rockport Gas System Assets-7/29/25

- On May 6, 2023 during a special election the voters in Rockport granted their City Council the authority to sell the assets of the Natural Gas Distribution System.
- In 2024 RBC Capital Markets, LLC was hired by the City of Rockport to manage the Sale of the of the Natural Gas Franchise and Distribution system.
- CCGAS was contacted in November 2024 by RBC as a potential bidder and given access to confidential system information
- On March 28, 2024, CCGAS submitted a non-binding indication of interest (proposal).
- In late April that CCGAS was notified that they were the preferred bidder for the acquisition of the gas distribution system assets.

# Rockport Gas System Asset Purchase Overview

- 4,700 Active Customers – 120,000 MCF Annual Consumption
- 189 Miles of Pipeline (90% 2" or less, 10% 3" to 4")
  - 61% Poly
  - 39% Steel
- 1 CNG Station (Similar in size to the CCGAS CNG Station)
- Service Areas
  - Rockport
  - Fulton
  - Lamar
  - Aransas County OCL Customers



- CCGAS non-binding offer for the purchase of the Rockport gas distribution system assets.
  - Purchase Price- \$5,500,000
  - Ongoing Fee revenue for the Franchise and use of City Right of ways
    - Franchise Fee- 10% of gross customer meter fee revenue
      - Estimated Annual Franchise fee revenue
        - Rockport ~ \$102,000
        - Fulton~ \$17,000

*A Franchise Fee is important to ensure that the City of Rockport and towns of Fulton and Lamar cooperate with and benefit from allowing CCGAS to utilize their Right-of-Ways while repairing, replacing, and expanding the gas distribution system.*

## Asset Purchase and Sale Agreement

- Purchase Price- \$5,500,000
- Acquisition of additional assets to supplement City's existing utility business
- "As-is" transaction with no existing liabilities of the seller being assumed.
- Seller to continue account management services for a period of up to two years with remittance to buyer
- Provides for the lease of an office and yard for a period of 3 years at \$10.00 per year
- Approval of franchise agreement prior to closing
- Closing within 30 days of execution of the agreement

# Benefits to current CCGAS Customers

- Use revenue from new business ventures to support CCGAS business and customers
  - Estimated Potential Revenue~ \$3,200,000
- Reduce Future Rate increases for Corpus Christi gas customers by capitalizing on new opportunities like regional expansion
  - Offset expenditures that correspond with current CCGAS customer rates using economies of scale
  - Increase profit margins by leveraging an effective workforce to operate smaller gas systems more efficiently
  - Use Net Revenues to increase funding for
    - Capital Improvement Projects (replacements and expansion)
    - Gas Customer Assistance Programs like Plumbers to People and Heat Help
    - Gas Employee Market Rate increases
    - Increase in General fund transfer