

ASSET PURCHASE AND SALE AGREEMENT

This ASSET PURCHASE AND SALE AGREEMENT (this "Agreement") is made by and between the CITY OF ROCKPORT, TEXAS, a Texas home-rule municipal corporation (the "Seller"), whose address is 2751 State Hwy 35N Bypass, Rockport, Texas 78382, and the CITY OF CORPUS CHRISTI, TEXAS, a Texas home-rule municipal corporation (the "Buyer"), whose address is 1201 Leopard Street, Corpus Christi, Texas 78401. This Agreement will be effective on the date of the last of the signature by Seller and Buyer below ("Effective Date").

WHEREAS, Seller operates a natural gas distribution system in the City of Rockport, the Town of Fulton and Aransas County providing services for 5,445 active and inactive customers through three City Gates in approximately 189.011 miles of pipelines and related assets (the "Distribution System") and desires to sell certain assets of the Distribution System;

WHEREAS, Buyer operates a natural gas utility system in the City of Corpus Christi and adjacent areas and desires to acquire additional distribution assets in order to expand its existing operations, realize additional economies of scale and assist in minimizing the costs of distribution of natural gas to its customers; and

WHEREAS, this Agreement provides for the purchase and sale of the pipelines, meters, gates and other assets of the Distribution System and the provision of various services on an interim basis in order for Buyer to integrate the Distribution System into Buyer's existing gas utility and have the customers of the Distribution System enter into new service agreements with Buyer;

NOW, THEREFORE, in consideration of the foregoing premises and the agreements set forth below and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Agreement to Purchase of Assets. Subject to the terms and conditions set forth in this Agreement and for the consideration identified in Section 2 below, Seller agrees to sell to Buyer and Buyer agrees to purchase from Seller the assets comprising the Distribution System (the "Purchased Assets") more particularly described on Exhibit A attached. The parties agree that the sale and purchase specifically shall not include those assets identified on Exhibit B attached (the "Excluded Assets").

2. Purchase Price. Buyer agrees to pay to Seller as the consideration for the acquisition of the Purchased Assets the amount of \$5,500,000.00. Such amount includes the estimated amount of \$1,965,000.00 required for the defeasance of that portion of Seller's outstanding combination tax and revenue certificates of obligation secured by the revenues of Seller's Distribution System (the "Defeasance Amount") and the estimated amount of \$2,140,000.00 required for the payment in full of that portion of Seller's Taxable Direct Pay Qualified Energy Conservation Bonds outstanding allocable to the Distribution System (the "Bond Amount"). Prior to the Closing Date, Seller shall determine the final figures for the Defeasance Amount and the Bond Amount and provide such final figures to Buyer together with wiring instructions for the payment of such funds to the appropriate parties. All of such wiring instructions shall be confirmed telephonically prior to the Closing Date. On the Closing Date, Buyer shall pay the following amounts by wire transfer:

The Defeasance Amount to the party specified as the agent for the defeasance;
The Bond Amount to the paying agent for such bonds; and
The remainder of the Purchase Price to Seller.

BUYER ACKNOWLEDGES AND AGREES THAT BUYER'S OBLIGATIONS UNDER THIS AGREEMENT ARE NOT CONTINGENT UPON BUYER'S OBTAINING A LOAN FROM ANY LENDER. ACCORDINGLY, BUYER SHALL BE OBLIGATED TO PERFORM ITS OBLIGATIONS UNDER THIS AGREEMENT WHETHER OR NOT BUYER CAN OBTAIN A LOAN TO FINANCE THE PURCHASE OF THE DISTRIBUTION SYSTEM.

3. Feasibility Period. Buyer has completed its feasibility investigations of the Distribution System prior to the approval of this Agreement.

4. Closing. The closing of the purchase and sale provided in this Agreement shall occur within thirty (30) days of the date of this Agreement on a date set by the parties (the "Closing Date"). At the Closing Date, Seller shall execute and deliver to Buyer a Bill of Sale in the form attached as Exhibit C conveying the Purchased Assets described on Exhibit A, and Buyer shall transfer the Purchase Price to Seller or for the account of Seller as provided above. The closing may occur by electronic transmission of documents and the wire transfer of funds. At the closing, the Purchased Assets shall be conveyed by Seller to Buyer free and clear of any liabilities, indebtedness, liens, mortgages, pledges, security interests, encumbrances, adverse claims, or charges of any kind, and Buyer shall purchase from Seller all of Seller's right, title and interest in, to and under all of the Purchased Assets. Seller shall take all reasonably requisite steps to put Buyer in actual possession and operating control of the Purchased Assets as of the Closing Date.

5. Prorations. All revenues and expenses of the Distribution System shall accrue to Seller up to and including the Closing Date. Seller shall be entitled to all revenues from operations accrued through the Closing Date and shall be responsible for the payment of all expenses. Commencing on the day after the Closing Date, Buyer shall be entitled to all revenues and be responsible for all expenses accruing the Distribution System. The parties each are governmental entities, and no taxes or assessments shall apply to the purchase and sale of the Distribution System.

6. Closing Costs and Expenses. Each party shall be responsible for the payment of its legal fees and expenses in connection with the purchase and sale of the Distribution System together with the costs of all engineers, appraisers, financial advisors and other consultants obtained by such party in connection with this transaction. The parties agree that no brokers or other consultants have been utilized to procure this purchase and sale other than RBC Capital Markets, LLC retained by Seller, and no other brokerage fees or commissions shall be due to any party other than RBC Capital Markets, LLC.

7. Account Management Services After Closing. For a period of up to two years after the Closing Date, Seller agrees to continue managing the customer accounts and payments associated with the Distribution System on behalf of Buyer while Buyer completes the process of transitioning such customers to become customers on Buyer's gas utility system. Seller agrees to continue billing and collecting on the same basis that Seller has done previously. Revenues collected shall be prorated as of the Closing Date as provided above with the amounts accruing through the Closing Date being retained by Seller, and the amounts accruing after the Closing Date being remitted to Buyer. All amounts owing to Buyer shall be remitted to Buyer at least once each month, and Seller may deduct from such remittances a service and handling fee equal to four percent (4%) of the amounts remitted. Promptly after the Closing Date, Seller shall provide Buyer with the account information, including current contact information, for each customer in a mutually-acceptable electronic format so that Buyer can begin the process of setting up new accounts for such customers. Buyer shall notify Seller periodically as to which accounts no longer need to be handled by Seller until such time as all accounts have been re-established with Buyer.

In the event that Buyer receives any payment for the accounts receivable accruing as of or prior to the Closing Date, Buyer agrees to remit such payments to Seller at least one time each month on the same basis that remittances were handled by Seller. If Buyer receives any payment that is allocable to both Seller and Buyer, Buyer will deposit the entire payment in Buyer's account and remit to Seller its portion as provided above. Each party will provide the other party a detailed accounting of payments collected and distributed as provided above, and the other party may audit, examine, and make copies of or extracts from all financial and related records (in whatever form they may be kept, whether written, electronic, or other) relating to or pertaining to payments collected by Seller on behalf of Buyer and payments collected by Buyer for the benefit of Seller. As noted on Exhibit B, no accounts receivable of Seller are included with this sale, and such accounts receivable are part of the Excluded Assets.

8. Franchise Agreements. Seller agrees to grant to Buyer a franchise agreement for operations within the corporate limits of Seller with a franchise fee equal to ten percent (10%) of the amount of the monthly meter/service charges (exclusive of commodity/usage charges, purchased gas adjustment charges based on the costs charged for natural gas, late fees, connection fees, line installation fees and other revenues) collected by Buyer within such corporate limits. The franchise agreement shall be approved by Seller and Buyer at or prior to the Closing Date. As part of the Purchased Assets, Seller assigns to Buyer all of Seller's right, title and interest in the franchise agreement covering the Town of Fulton. Seller agrees to execute such additional documents as may be required in connection with such assignment. Seller agrees that no other franchise agreements are necessary for the continued operation of the Distribution System.

9. Lease of Yard. For a period of three (3) years after the Closing Date, Seller agrees to lease to Buyer and Buyer agrees to lease from Seller, Seller's yard and office location at 402 E. Laurel Street and the Gas Warehouse and access to the common areas at 2751 State Hwy 35N Bypass in Rockport, Texas for an annual rent of \$10.00 paid in advance pursuant to a Lease Agreement to be prepared and executed on or prior to the Closing Date.

10. Employee Matters. No employees are being transferred or assigned in connection with this Agreement. Seller shall retain responsibility for all of its existing employees working in connection with the Distribution System after the Closing Date. Buyer separately may hire any such employees under separate arrangements between the individual and Buyer.

11. "AS IS" Transaction. Buyer agrees and acknowledges that Buyer is purchasing the Purchased Assets in an "As-Is, Where Is" condition "WITH ALL FAULTS" and specifically and expressly without any warranties, representations or guarantees, either expressed or implied, of any kind, nature, or type whatsoever, from or on behalf of Seller, except as specifically provided in this Agreement.

(a) Buyer acknowledges and agrees that Seller has made no warranties or representations, expressed or implied, or arising by operation of law, including, but in no way limited to, the value, physical condition, square footage, environmental condition, zoning, good repair, operability, suitability, merchantability, profitability, marketability, past or present compliance with any rules, regulations, covenants or restrictions, development potential or fitness for a particular use or purpose of the Distribution System or the Purchased Assets, except as specifically provided in this Agreement.

(b) Buyer acknowledges that it is Buyer's responsibility to make such legal, factual and other inquiries and investigations, as Buyer deems necessary with respect to the Purchased

Assets. Buyer acknowledges that it has executed this Agreement based solely on its own independent due diligence investigations and findings and not in reliance on any information provided by Seller or its affiliates, agents, officers, employees or representatives, except as specifically provided in this Agreement. Buyer acknowledges that Buyer has not relied, and is not relying upon information, document, sales brochures or other literature, maps or sketches, projection, pro forma, representation, guarantee or warranty (whether expressed or implied, oral or written, material or immaterial) that may have been given or made by or on behalf of Seller.

(c) Without in any way limiting the generality of the preceding subparagraphs, Buyer specifically acknowledges and agrees that Buyer hereby waives, releases, and discharges any claim it has, might have had or may have against Seller with respect to the condition of the Purchased Assets, either patent or latent.

12. Distribution System Inspection.

(a) Buyer is solely responsible to perform all inspections (physical, legal, economic, environmental, or otherwise) on the Distribution System and to be satisfied as to its condition prior to the Closing Date; to review all Distribution System information and due diligence materials; to independently verify any information it deems important including information available in public records; and to inquire of public officials as to the applicability of and compliance with land use and environmental laws, utility codes, and any other local, state or federal laws and regulations.

(b) Buyer is responsible for the costs of all inspections, surveys, engineering reports, environmental studies, including, but not limited to, lead-based paint tests, or for any other work performed at Buyer's request, and Buyer shall pay for any damage which occurs to the Distribution System as a result of such activities. Buyer shall not permit any claims or liens of any kind against the Distribution System for inspections, surveys, engineering reports, or for any other work performed on the Distribution System at Buyer's request. Subject to the limitations under applicable law for governmental entities, Buyer agrees to indemnify, protect, and hold Seller harmless against any liability, damage, cost, or expense uncured, directly, or indirectly, by Seller, as a result of Buyer's inspection, examination, or survey of the Distribution System, either prior to, on or after the date hereof. This indemnity includes Seller's right to recover all costs and expenses incurred by Seller to enforce this section, including Seller's reasonable attorney's fees. Buyer agrees to repair any damage caused by such inspections and to restore the Distribution System to its condition prior to the inspection. This provision shall survive the Closing and any termination of this Agreement.

13. No Assumption of Liabilities. This transaction solely pertains to the purchase and sale of the Purchased Assets. Except as specifically provided herein, Buyer does not assume nor shall Buyer become liable for any accounts payable or other debts, obligations or liabilities of Seller, whether direct or indirect, now existing or hereafter occurred, accrued, contingent or otherwise, including but not limited to, all accounts payable, obligations owing to suppliers or other vendors, penalties incurred and any other liabilities, except the specific obligations of Seller which Buyer expressly agrees to assume pursuant to the written terms of this Agreement.

14. Seller's Representations and Warranties. Seller represents and warrants to Buyer as follows as of the date of this Agreement and as of the Closing Date:

(a) Organization of Seller, Power and Authority. Seller is a Texas home-rule municipal

corporation duly organized and existing under the laws of the State of Texas and has full power and authority to operate the Distribution System and own and operate the Purchased Assets. Seller has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated this Agreement.

(b) Authorization of Seller. The execution and delivery of this Agreement and the performance by Seller of its obligations hereunder have been duly authorized by all necessary actions in compliance with the Texas Open Meetings Act, and no other act is necessary to authorize the execution, delivery, or performance of this Agreement by Seller. This Agreement has, at the time of such execution and delivery, been duly executed by Seller and constitutes the legal, valid and binding obligations enforceable against Seller in accordance with its terms.

(c) No Violation. To the knowledge of Seller, neither the execution and delivery of this Agreement, nor the performance by Seller of its obligations hereunder nor the consummation of this transaction will (a) violate, conflict with, result in any breach of, constitute a default under, or result in the termination or acceleration of any contract, license, obligation or instrument to which any Seller is a party by which any of the Purchased Assets is bound or affected; (b) result in the creation or imposition of any liens of any kind upon any of the Purchased Assets; or (c) violate any law, judgment, decree, order, regulation or rule of any court or governmental authority to which Seller is bound.

(d) Financial Information. Seller has disclosed to Buyer all material information relating to the financial condition of the Distribution System, including disclosure of all debts, liabilities or obligations of Seller in connection therewith, true, correct and complete copies of the financial statements with respect to the Distribution System. In all material respects, the financial information is based on the books and records of Seller, which are complete and correct, accurately reflect all transactions of the Distribution System and have been made available to Buyer for examination. In all material respects, the financial information provided fairly presents the financial condition of the Distribution System as of the stated dates thereof.

(e) Absence of Changes. Since the respective dates of the financial information provided, (a) there has been no material adverse change in the assets, liabilities, condition (financial or otherwise), or operating results of the Distribution System; and (b) Seller has continued to operate the Distribution System in the ordinary course of business consistent with past custom and practice, and has incurred no material liabilities, other than in the ordinary course of business consistent with past custom and practice, which could have a material and adverse impact upon Buyer or the Purchased Assets.

(f) Litigation. There is no action, suit, investigation, claim or proceeding pending or, to the knowledge of Seller, threatened against or affecting Seller, the Distribution System or any Purchased Assets or rights of Seller related thereto, including, without limitation, any court or arbitration proceedings and governmental investigations.

(g) Contracts. Seller is not in default, and no event has occurred which with the giving of notice or passage of time or both would constitute a default, under any contract to which Seller is a party with respect to the Distribution System or the Purchased Assets.

15. Buyer's Representations and Warranties. Buyer represents and warrants to Seller as follows as of the date of this Agreement and as of the Closing Date:

(a) Organization of Buyer, Power and Authority. Buyer is a Texas home-rule municipal

corporation duly organized and existing under the laws of the State of Texas and has full power and authority to acquire the Distribution System and own and operate the Purchased Assets. Buyer has full power and authority to execute and deliver this Agreement and to consummate the transactions contemplated this Agreement.

(b) Authorization of Buyer. The execution and delivery of this Agreement and the performance by Buyer of its obligations hereunder have been duly authorized by all necessary actions in compliance with the Texas Open Meetings Act, and no other act is necessary to authorize the execution, delivery, or performance of this Agreement by Buyer. This Agreement has, at the time of such execution and delivery, been duly executed by Buyer and constitutes the legal, valid and binding obligations enforceable against Buyer in accordance with its terms.

(c) No Violation. To the knowledge of Buyer, neither the execution and delivery of this Agreement, nor the performance by Buyer of its obligations hereunder nor the consummation of this transaction will (a) violate, conflict with, result in any breach of, constitute a default under, or result in the termination or acceleration of any contract, license, obligation or instrument to which any Buyer is a party; or (b) violate any law, judgment, decree, order, regulation or rule of any court or governmental authority to which Buyer is bound.

(d) Litigation. There is no action, suit, investigation, claim or proceeding pending or, to the knowledge of Buyer, threatened against or affecting Buyer or any rights of Buyer under this Agreement, including, without limitation, any court or arbitration proceedings and governmental investigations.

16. Environmental Laws. To the best knowledge and belief of Seller, Seller is and has been in compliance with all Environmental Laws with respect to Hazardous Materials (as defined below) in connection with its operation of the Distribution System. Seller has not received any written notice, report, or information regarding any actual or alleged violation of Environmental Laws. Seller has not received from any governmental authority, with respect to the Distribution System or the Purchased Assets, any written request for information, notice of violation, or other notice of non-compliance pursuant to any applicable Environmental Law. There are no claims, liabilities, investigations, litigation, administrative proceedings, whether pending or, to Seller's knowledge, threatened or judgments or orders under any Environmental Laws relating to the environment or health and human safety with respect to Hazardous Materials or otherwise relating to any Hazardous Materials asserted or threatened against Seller related to the Distribution System.

"Environmental Laws" means all Laws, now or hereafter in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, (a) relating to pollution (or the cleanup thereof) or the protection of natural resources, endangered or threatened species, human health or safety, or the environment; or (b) concerning the presence of, exposure to, or the management, manufacture, use, containment, storage, recycling, reclamation, reuse, treatment, generation, discharge, release transportation, processing, production, disposal or remediation of any Hazardous Materials, including CERCLA; the Resource Conservation and Recovery Act, 42 U.S.C. §§ 6901 et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §§ 6901 et seq.; the Clean Water Act, 33 U.S.C. §§ 1251 et seq.; the Toxic Substances Control Act, 15 U.S.C. §§ 2601 et seq.; the Clean Air Act, 42 U.S.C. §§ 7401 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.; the Atomic Energy Act, 42 U.S.C. §§ 2011 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act, 7 U.S.C. §§ 136 et seq.; and the Federal Food, Drug and Cosmetic Act, 21 U.S.C. §§ 301 et seq.; and the Occupational Safety and Health Act of 1970, as amended, 29 U.S.C. §§ 651 et seq.; and any U.S. Virgin Island or local Laws addressing substantially the same

subject matter as any of the foregoing.

"Hazardous Materials" means any material, substance, chemical, waste, product, derivative, compound, mixture, solid, liquid, mineral or gas, in each case, whether naturally occurring or manmade, that is hazardous, acutely hazardous, toxic, a pollutant, a contaminant, or words of similar import or regulatory effect under Environmental Laws; and (a) petroleum and petroleum products (including crude oil or any fraction thereof), radioactive materials, asbestos-containing materials, urea formaldehyde foam insulation, transformers or other equipment that contain polychlorinated biphenyls, per- and polyfluoroalkyl substances and radon gas, (b) any other chemicals, materials or substances defined as or included in the definition of "hazardous substances", "hazardous wastes", "hazardous materials", "extremely hazardous wastes", "restricted hazardous wastes", "toxic substances", "toxic pollutants", "contaminants" or "pollutants", " or any other formulation intended to define, list or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity or "EP toxicity" or words of similar import, under any applicable Environmental Law, and (c) any other chemical, material or substance which is regulated by any Environmental Law.

17. Conditions to Obligations of All Parties. The obligations of each Party to consummate the transactions contemplated by this Agreement shall be subject to the fulfillment, at or prior to the Closing Date, of the condition that no governmental authority shall have enacted, issued, promulgated, enforced or entered any order, writ, judgment, injunction, decree, stipulation, determination or award which is in effect and has the effect of making the transactions contemplated by this Agreement illegal, otherwise restraining or prohibiting consummation of such transactions or causing any of the transactions contemplated hereunder to be rescinded following completion thereof.

18. Seller Default. If Seller defaults in the performance of any of its obligations pursuant to this Agreement, Buyer may terminate this Agreement or seek specific performance of this Agreement. In no event shall Seller be liable for any damages including special, incidental, or consequential damages.

19. Buyer Default. In the event the purchase and sale contemplated in this Agreement is not consummated as a result of Buyer's default, Seller shall have all rights as allowed by law to file for damages, specific performance or cancellation of this transaction.

20. Prevailing Party. In the event of any litigation or other proceedings concerning the enforcement of this Agreement, the prevailing party shall be entitled to recover its reasonable attorneys' fees and costs.

21. Casualty Loss. Risk of loss due to fire, all other casualty, condemnation, or exercise of the right of eminent domain shall remain with Seller until the Closing Date; thereafter all risk of loss shall be borne by Buyer. If any such loss occurs prior to the Closing Date, Buyer shall have the right and option to either (a) terminate this Agreement, and neither Buyer nor Seller shall have any further liability hereunder, or (b) consummate this transaction and be entitled to all insurance and other proceeds relating such loss, with a credit against the Purchase Price equal to the amount of the deductible applied to any such insurance proceeds.

22. Notices. Any notice, request, instruction, correspondence or other document to be given hereunder by any party hereto to another (a "Notice") shall be in writing and delivered personally, overnight delivery, or mailed by registered or certified mail, postage prepaid and return receipt requested, or by email, as follows:

If to Seller: City of Rockport, Texas
Attn: Robbie Sorrell
2751 State Hwy 35 Bypass
Rockport, Texas 78382
Email: rsorrell@rockporttx.gov

With a copies to: RBC Capital Markets, LLC
Attn: Tim Williams, Managing Director
200 Vesey Street, 9th Floor
New York, NY 10281
Email: tim.williams@rbccm.com

If to Buyer: City of Corpus Christi, Texas
Attn: Bill Mahaffey
1201 Leopard Street
Corpus Christi, Texas 78401
Email: BillM@cctexas.com

With a copies to: Trey Youngblood
Assistant City Attorney
City of Corpus Christi
P. O. Box 9277
Corpus Christi, Texas 78469
Email: francisy2@cctexas.com

John D. Bell
Wood, Boykin & Wolter
555 North Carancahua Street, Suite 1510
Corpus Christi, Texas 78401
Email: jdbell@wbwpc.com

Each of the above addresses for notice purposes may be changed by providing appropriate notice hereunder. Notice given by personal delivery or overnight delivery shall be effective upon actual receipt. Notice given by registered or certified mail shall be effective three days after being sent postage prepaid as provided above. Notice given by email shall be effective upon actual receipt if received during the recipient's normal business hours or at the beginning of the recipient's next normal business day after receipt if not received during the recipient's normal business hours. Anything to the contrary contained herein notwithstanding, notices to any party hereto shall not be deemed effective with respect to such party until such notice would, but for this sentence, be effective both as to such party and as to all other persons to whom copies are provided above to be given.

23. Further Assurances. Each of Seller and Buyer shall, from time to time after the Closing Date, upon the request of other party, perform, execute and deliver, or cause to be performed, executed and delivered, all such further acts and instruments as may be required for the better assigning, transferring, granting, conveying, assuring and confirming to Buyer of the Purchased Assets sold to Buyer pursuant to this Agreement. To the extent not completed prior to the Closing Date, Seller shall provide Buyer with all passwords, authorizations and any other assistance required from that Seller to transfer to Buyer control and operation of all equipment and other assets and intellectual property that are Purchased Assets.

24. Governing Law. The provisions of this agreement and the documents delivered pursuant hereto shall be governed by and construed in accordance with the laws of the State of Texas.

25. Dispute Resolution. If the parties should have a dispute arising out of or relating to this Agreement or the parties' respective rights and duties hereunder, then the parties will resolve such dispute in the following manner: (i) any party may at any time deliver to the others a written dispute notice setting forth a brief description of the issue for which such notice initiates the dispute resolution mechanism contemplated by this Section; (ii) during the thirty (30) day period following the delivery of such notice, appropriate representatives of the various parties will meet and seek to resolve the disputed issue through negotiation, (iii) if representatives of the parties are unable to resolve the disputed issue through negotiation, then within fifteen (15) days after the period described in subsection (ii) above, the parties will refer the issue (to the exclusion of a court of law) to final and binding arbitration in Corpus Christi, Texas in accordance with the then existing rules (the "Rules") of the American Arbitration Association ("AAA"), and judgment upon the award rendered by the arbitrators may be entered in any court having jurisdiction thereof. In any arbitration pursuant to this Agreement, (i) discovery shall be allowed and governed by the Rules, unless the parties hereto otherwise establish more streamlined rules of discovery, and (ii) the award or decision shall be rendered by a majority of the members of a Board of Arbitration consisting of three (3) members, one of whom shall be appointed by each of the respective parties and the third of whom shall be the chair of the panel and be appointed by mutual agreement of said two party-appointed arbitrators. In the event of failure of said two arbitrators to agree within thirty (30) days after the commencement of the arbitration proceeding upon the appointment of the third arbitrator, the third arbitrator shall be appointed by the AAA in accordance with the Rules. In the event that either party shall fail to appoint an arbitrator within fifteen (15) days after the commencement of the arbitration proceedings, such arbitrator and the third arbitrator shall be appointed by the AAA in accordance with the Rules. Nothing set forth above shall be interpreted to prevent the parties from agreeing in writing to submit any dispute to a single arbitrator in lieu of a three (3) member Board of Arbitration. Upon the completion of the selection of the Board of Arbitration (or if the parties agree otherwise in writing, a single arbitrator), an award or decision shall be rendered within no more than thirty (30) days. Notwithstanding the foregoing, the request by either party for equitable relief including, without limitation, preliminary or permanent injunctive relief, whether prohibitive or mandatory, shall not be subject to arbitration and may be adjudicated by any court of appropriate jurisdiction; provided, that any party seeking equitable relief may seek such equitable relief in any appropriate court and in any jurisdiction where the party against whom such equitable relief is being sought is subject to personal jurisdiction and where venue is proper.

26. Third Party Beneficiary. Nothing contained herein is intended to confer any benefit or rights to persons not a party to this Agreement.

27. Construction. In this Agreement, unless the context otherwise requires (a) references to "the date hereof" mean as of the date of this Agreement; (b) words expressed in the singular include the plural and vice versa; words expressed in the masculine include the feminine and neuter gender and vice versa; (c) the words "hereto," "herein," "hereof," and "hereunder," and words of similar import, when used in this Agreement, refer to this Agreement as a whole and not to any particular provision of this Agreement; (d) this "Agreement" or any other agreement or document shall be construed as a reference to this Agreement or, as the case may be, such other agreement or document as the same may have been, or may from time to time be, amended, novated, supplemented or varied; (e) "include," "includes," and "including" are deemed to be followed by the words "without limitation" whether or not they are actually followed by such words or words of similar import; and (f) the provisions of this Agreement shall be construed according to their fair meaning and neither for nor against any party hereto irrespective of which party caused

such provisions to be drafted, and no rule of strict construction shall be applied against any party hereto. Each of the parties hereto acknowledges that it has been represented by legal counsel in connection with the preparation, negotiation and execution of this Agreement and the transactions contemplated hereby.

28. Merger Clause. This Agreement and other agreements, instruments or certificates delivered on the Closing Date contain all of the terms and conditions agreed upon by the parties hereto with respect to the subject matter hereof, and no representation or warranty not specifically made, and no covenant or agreement not specifically referred to, herein shall be deemed to exist or to bind any of the parties hereto with respect to the subject matter hereof. This Agreement shall inure to the benefit and be binding upon the parties hereto and any permitted successors and permitted assigns. Nothing in this Agreement, expressed or implied, is intended to confer on any person other than the parties hereto and their respective successors and permitted assigns any right or remedy under or by reason of this Agreement.

29. Amendments. This Agreement may be amended or waived only by written agreement signed by each party to this Agreement.

30. Entire Agreement. This Agreement and the other documents referred to or provided for herein represent the entire agreement among the parties with respect to the purchase and sale of the Distribution System.

31. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument and shall become effective when one or more counterparts have been signed by each of the parties hereto and delivered to the other. Signed counterparts of this Agreement may be delivered by facsimile or by portable document format (.pdf) image and shall be deemed originals for all purposes hereunder.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Asset Purchase and Sale Agreement to be duly executed as of the date of the last signature below.

SELLER:

CITY OF ROCKPORT, TEXAS

By: _____
Vanessa Schrauner
City Manager

Date: _____, 2025.

BUYER:

CITY OF CORPUS CHRISTI, TEXAS

By: _____
Name: _____
Title: _____

Date: _____, 2025.

APPROVED AS TO LEGAL FORM:
_____ day of _____, 2025.
Miles Risley, City Attorney

Assistant City Attorney

EXHIBIT A
PURCHASED ASSETS

All of the assets of the City of Rockport Natural Gas Distribution System serving the City of Rockport, Town of Fulton and Aransas County (the "Distribution System"), more particularly described below:

- (a) All customer information for the approximately 5,445 active customers, including 4,964 residential customers and 481 commercial customers.
- (b) Approximately 191 miles of pipelines comprising the Distribution System and the three (3) City Gates, including the North Gate and West Gate supplying the main integrated distribution system and the Lamar Gate independently serving Lamar.
- (c) The inventory listed on Exhibit A-1.
- (d) All odorization equipment used in supplying odorized natural gas.
- (e) All regulators, pressurization, de-pressurization and similar equipment used in connection with the Distribution System including the CNG Station located at Sonny Watkins Drive, Rockport, Texas.
- (f) All maps, drawings, plans, specifications and other documents, whether maintained in electronic form or paper form, for the Distribution System.
- (g) All maintenance records, schedules, reviews and procedures established or otherwise used in connection with the Distribution System.
- (h) All operating and emergency plans utilized in connection with the Distribution System.
- (i) All inventory of natural gas in the Distribution System as of the end of the Closing Date, together with all odorants and other supplies used in connection with the Distribution System.
- (j) All tools, equipment, instruments, and other devices or personal property assets (other than titled motor vehicles) used in connection with the operation and maintenance of the Distribution System.
- (k) All meters, whether in use or maintained as spares, replacements or for new installations in the Distribution System.
- (l) All intangible and proprietary rights, including, without limitation, all warranties, operating manuals, guides, copyright rights (and all tangible embodiments of all copyrights), used in connection with the equipment and operation of the Distribution System, except that it shall not include use of Seller's name.
- (m) All permits and other rights necessary for or associated with the operation of the Distribution System, to the extent assignable or transferable.
- (n) The Franchise Agreement with the Town of Fulton, all gas purchase agreements, including all rights under that Amended Agreement to Gas Sales Contract dated February 1, 1993, between Crosstex Gulf Coast Marketing Ltd. and Aransas Natural Gas Company, and all other assets reasonably necessary for the operation of the Distribution System and owned by Seller.

EXHIBIT A-1

CITY OF ROCKPORT UTILITIES DEPARTMENT

INVENTORY - **Natural Gas**

SEPTEMBER 2025

QTY.	UNIT	DESCRIPTION	SIZE	NOTES
0	Ea	2 lb Dial Indexes		
5	Ea	Anodes	9 lb	
155	Ea	Anodes	1lb	
14	Ea	Anodes	17#	
0	Ea	Anodless Risers	3/4	Straight
0	Ea	Anodless Risers	3/4	Curved
9	Ea	Anodless Risers	1"	Straight
48	Ea	Anodless Risers	1"	Curved
3	Ea	Anodless Risers	1 1/4"	Curved
2	Ea	Anodless Risers	2"	Curved
3	Ea	Anodless Risers	1-1/14"	Curved
0	Ea	Bolt on Saddle	2x2	Continental
0	Ea	Bolt on Saddle	2x3/4	Continental
0		Combustable Gas Detector	TIF8800	
0	Ea	Completion Fittings	Homemade	For 3" pipe on F B Rd.
0	Ea	Compression Elbow	3/4" Class 1A	
2	Ea	Compression Elbow	1" Class 1A	
0	Ea	Compression Elbow	1 1/4 Class 1A	
10	Ea	Compression Fitting	2" Class 1A	
18	Ea	Compression Straight	3/4" Class 1A	
59	Ea	Compression Straight	1" Class A	
11	Ea	Compression Straight	1 1/4" Class A	
8	Ea	Compression Tees	1" Class 1A	
4	Ea	Compression Tees	3/4" Class 1A	
0	Ea	Compression Tees	1 1/4" Class 1A	
5	Ea	Constab Caps	1 1/4"	
0	Ea	Constab Coupling	2"	
0	Ea	Constab Ells	1"	
0	Ea	Construction Signs		
3	Bottles	Copper/Sulfate		
84	Ea	Dial Covers		Rockwell
32	Ea	Dial Index	5#	275 Meter
3	Ea	Dial Index	5#	750 Meter
0	Ea	Dial Index	2#	750 Meter
0	Ea	Dial Index (Digital) New		

0	Ea	Dial Index (Digital) Used		
1	Ea	Drive in Anodes	1lb	
0	Ea	Duelco Grease		
0	Ea	Finks Caps (Test Station)		
0	Ea	Gas Light Mantles		
0	Box/10	Gas Meter Locks		
6	Can	Grey Paint		
15	Ea	High Capacity EFV	1	
50	cans	Krycon Inverted Marking Paint		
12	Pcs.	Locator Balls		30 to a Box
4	Ea	Lockwing Valves	1 1/2"	
2	Ea	Lockwing Valves	1 1/4"	
47	Ea	Lockwing Valves	1"	
2	Ea	Lockwing Valves	2"	
1	Ea	Lockwing Valves	3/4"	
0	Ea	Mechanical Chart Drives		
2	Ea	Medium Capacity EFV	3/4	
0	Ea	Medium Capacity EFV	1	
1	Ea	Meter	750	Invensus
0	Ea	Meter	1000	Sensus
0	Ea	Meter	1000	Sprague
0	Ea	Meter	5000	
2	Ea	Meter	3000	
11	Ea	Meter	275	
0	Ea	Meter	400	Schumburger
1	Ea	Meter	415	
5	Ea	Meter	1000	American
5	Ea	Meter	250	American
1	Ea	Meter	2300	American
6	Ea	Meter	425	American
11	Ea	Meter	800	American
0	Ea	Needle Valve	1/4"	
50	Ea	Nipple	3/4" x 6"	
0	Ea	Pipe Joint Clamps	3/4"	Skinner
0	Ea	Pipe Joint Clamps	1/2"	Skinner
0	Ea	Pipe Joint Clamps	1 1/4"	Skinner
0	Ea	Pipe Joint Clamps	1 1/2"	Skinner
0	Ea	Pipe Joint Clamps	2"	Skinner
0	Ea	Plastic Tap (black)	2" x 3/4"	Continental
0	Ea	Plastic Tap Tee	1 1/2" x 3/4"	
49	Ea	Plastic Tap Tee	1 1/4" x 1"	

0	Ea	Plastic Tap Tee	1 1/4" x 3/4"	
11	Ea	Plastic Tees (SF)	1 1/2"	
56	Ea	Plug Steel	1"	
3	Rolls	Protective Tape Wrap		
0	Ea	Regulator 1/4" Orifice	3/4 x 3/4	Sensus
22	Ea	Regulator 1/4" Orifice	1x1	Sensus
0	Ea	Regulator 1/4" Orifice	1/2" 243-B	Sensus
0	Ea	Regulator 1/4" Orifice	3/4 x 3/4	American
0	Ea	Regulator 3/4" Orifice	1 1/2"	Fisher 5202
22	Ea	Regulator 1/4" Orifice	1 X 1"	
10	Ea	Regulator 1/4" Brass Orifice	1 X 1"	Yellow Spr
4	Ea	Regulator 3/8" Orifice	2 X 2"	
1	Ea	Regulator 3/4" Orifice	1-1/4 X 1/1/4"	
1	Ea	Regulator 7/8" Orifice	2 X 2"	
0	Ea	Regulator 5#	1"	
0	Ea	Regulator 5#	1 1/4	
0	Ea	Regulator	3/8	
9	Ea	Repair Clamp	4.00 x 8	SS1
6	Ea	Repair Clamp	4.85 x 8	SS1
0	Ea	Repair Clamp	1 1/2"x6"	
0	Ea	Repair Clamp	3"x6"	
22	Ea	Repair Clamp	1"x6"	
1	Ea	Repair Clamp	1"x3"	
12	Ea	Repair Clamp	3/4"x6"	
10	Ea	Repair Clamp	3/4"x3"	
0	Ea	Repair Clamp	1/2"x6"	
0	Ea	Repair Clamp	1/2"x3"	
0	Ea	Repair Clamp	1 1/4x12"	
11	Ea	Repair Clamp	1 1/4"x6"	
0	Ea	Repair Clamp	1 1/4"x3"	
3	Ea	SF Elbows	3	
1	Ea	SF Reducer	3 x 2	
5	Ea	SF Tees	3	
40	Ea	Slip On Caps	1"	Continental
6	Ea	Slip On Caps	3/4 "	Continental
24	Ea	Slip On Caps	1/2	
0	Ea	Slip On Coupling	1 1/4"	Continental
5	Ea	Slip On Coupling	1"	Continental
0	Ea	Slip On Coupling	1/2"	Continental
0	Ea	Slip On Coupling	3/4" x 1"	Continental
3	Ea	Slip on Couplings	3/4"	Continental

7	Ea	Slip On Tee	1/2"	Continental
0	Ea	Slip On Tee	1"	
0	Ea	Slip On Tee	3/4"	
1	Ea	Slip On Tee	1 1/4"	
0	Ea	SP Reducer	2" x 3/4"	
0	Ea	Steel Plugs	1 1/2"	
37	Ea	Steel Plugs	1 1/4"	
13	Ea	Steel Saddle	2"	
0	Ea	Steel Saddle	3"	
6	Ea	Steel Saddle	4"	
0	Ea	Steel Saddle	1 1/4	
0	Ea	Steel Saddle	1" x 1 1/4"	
12	Ea	Steel Saddle	3/4" x 1"	
0	Ea	Steel Saddle	1 1/2	Skinner
0	Ea	Steel Saddle Tap	1/2" x 1/2"	
0	Ea	Steel Saddle Tap	3/4" x 3/4"	
92	Ea	Test Tee	1 x 1/4 x 1	
0	Ea	Test Tee	3/4 x 1/4 x 3/4	
6	Rolls	Tracer Wire		
25	Ea	Transition Fitting	3/4	
18	Ea	Transition Fittings	1 1/4"	
60	Ea	Transition Fittings	1"	
8	Ea	Transition Fittings	2"	
4	Ea	Transition Fittings	3"	
0	Ea	Transition Fittings	2"	No Threads
1	Ea	Transition Flange Fitting	3	
0	Ea	Trident Seals 1" Wrap	1/2"	
27	Ea.	Trident Seals 2" Wrap	2"	
34	Ea.	Trident Seals 4" Wrap	2 1/2"	
6	Ea	Valve Cleaner		
2	Ea	Valve Flush		Val-Tex
0	Can	Valve Grease	#10	Dualco
874	ft.	Yellow Pipe	2"	
0	ft.	Yellow Pipe	1/2	
0	Ea	Yellow Pipe Joints 40'	3"	
0	Ea	Dial Index	2#	275
0	Ea	Steel Saddle	1 X 1"	
0	Ea	Steel Saddle	2 1/2"	
11	Ea	Trident Seal	1"	
7	Ea	Poly Valve	2"	
78	Ea	Plastic Cap	1 1/4	

159	Ea	Anode Clamp		
510	ft.	Pipe	1"	
1787	ft.	Pipe	1 1/4"	

EXHIBIT B

EXCLUDED ASSETS

The following assets are specifically excluded from the purchase and sale transaction:

(a) All cash, bank accounts and accounts receivable associated with the operation of the Distribution System through the Closing Date.

(b) Any insurance claims, warranty claims or other claims arising or accruing prior to the Closing Date except as may be specifically assigned to Buyer.

(c) Any websites, social media assets or similar assets used by Seller in connection with the Distribution System.

(d) All motor vehicles with a certificate of title used on connection with the Distribution System.

EXHIBIT C
FORM OF BILL OF SALE
BILL OF SALE

Date: _____, 2025.

Seller: CITY OF ROCKPORT, TEXAS

Buyer: CITY OF CORPUS CHRISTI, TEXAS

Buyer's Mailing Address: 1201 Leopard Street
 Corpus Christi, Texas 78401

Consideration: \$10.00 and other good and valuable consideration, the receipt of which is acknowledged.

For value received Seller sells and delivers the Purchased Assets more particularly described on Exhibit A attached to Buyer and warrants and agrees to defend title to said Purchased Assets to Buyer and Buyer's successors and assigns, by, through, or under Seller but not otherwise, against all lawful claims.

The Purchased Assets are being sold and conveyed on an AS IS and WITH ALL FAULTS basis. The warranties and representations of Seller expressly are limited pursuant to the terms and conditions of an Asset Purchase and Sale Agreement between Seller and Buyer.

SELLER:

CITY OF ROCKPORT, TEXAS

By: _____
 Name: _____
 Title: _____

STATE OF TEXAS §
 §
COUNTY OF ARANSAS §

This instrument was acknowledged before me on the _____ day of _____, 2025, by _____, the _____ of the City of Rockport, Texas, a Texas home-rule municipal corporation, on behalf of said corporation.

Notary Public, State of Texas