

ORDINANCE NO. 2025-14

AN ORDINANCE OF THE CITY OF LEAGUE CITY, TEXAS, AMENDING ORDINANCE NO. 2023-24 TO EXPAND THE NON-EXCLUSIVE FRANCHISE AND RIGHT GRANTED TO UNIVERSAL NATURAL GAS, LLC (d/b/a UNIVERSAL NATURAL GAS, INC.) TO INCLUDE THE LEGACY DEVELOPMENT IN LEAGUE CITY, TEXAS; PROVIDING FOR PUBLICATION IN COMPLIANCE WITH THE LEAGUE CITY CHARTER; AFFIRMING THE CITY'S AUTHORITY TO GRANT SUCH EXPANSION; AND PRESCRIBING AN EFFECTIVE DATE

WHEREAS, the City of League City, Texas ("City") previously granted a non-exclusive franchise and right to Universal Natural Gas, LLC (d/b/a Universal Natural Gas, Inc.) ("Grantee") to install, operate, and maintain a distribution system within, along, across, over and under the public ways of the City for the transportation, distribution and/or sale of gas to customers and the public generally in the City pursuant to Ordinance No. 2023-24 ("Franchise Agreement"); and

WHEREAS, the City desires to amend the Franchise Agreement to expand the geographic area covered by the franchise to include the Legacy Development in League City, Texas, the legal description of which is attached hereto as Exhibit A and incorporated herein by reference; and

WHEREAS, Article IX, Section 3 of the League City Charter requires that every ordinance granting, renewing, extending, or amending a public utility franchise be read at three (3) meetings of the City Council and not be finally acted upon until thirty (30) days after the first (1st) reading thereof, with the full text thereof to be published one (1) time in the official newspaper of the City within five (5) days following each of the three (3) readings, at the expense of the prospective franchise holder; and

WHEREAS, the City Council has determined that it is in the best interest of the City and its residents to expand the franchise area to include the Legacy Development, and that the City has the full authority and power to grant such expansion under applicable law and the City Charter.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LEAGUE CITY, TEXAS:

SECTION 1. Incorporation of Recitals. The recitals set forth above are incorporated herein and made a part of this Ordinance for all purposes and are adopted as a part of the judgment and findings of the City Council.

SECTION 2. Amendment to Franchise Agreement. Ordinance No. 2023-24 is hereby amended to expand the geographic area covered by the franchise granted to Grantee to include the Legacy Development in League City, Texas, as described in Exhibit A attached hereto and incorporated herein by reference. The Grantee shall have the exclusive right to provide natural gas services within the Legacy Development, subject to the terms and conditions set forth in Ordinance No. 2023-24 and this amending Ordinance.

As an express condition of this franchise amendment, the Grantee shall complete installation and place into service a permanent underground natural gas distribution system serving the Samara Development no later than August 31, 2025. Temporary CNG trailer units, mobile tanks, or any above-ground substitute facilities currently in use must be fully removed and decommissioned on or before the same date.

In the event the Grantee fails to meet this deadline, the Grantee shall be subject to a penalty of \$1,000 per day for each calendar day that permanent underground service is not in place and any CNG trailer unit or related temporary equipment remains on site. This penalty shall be cumulative and enforceable by the City by written demand for payment submitted to Grantee. This provision does not waive any other remedy available to the City under the law or the Franchise Agreement.

Notwithstanding the foregoing, the penalty shall not apply in the event of a force majeure delay. For purposes of this section, "force majeure" means any event or condition beyond the reasonable control of the Grantee that prevents timely performance, and is limited to acts of God (such as floods, hurricanes, or earthquakes), war, terrorism, labor strikes, or governmental delays or restrictions, provided that (1) the Grantee is not at fault in causing the delay, and (2) the Grantee is exercising diligent, good faith efforts to resume and complete performance. Any claim of force majeure must be promptly communicated to the City in writing, and the City will evaluate the surrounding facts and circumstances before assessing any penalty.

This amendment and the rights conferred herein shall not become effective unless and until the Grantee executes the written acceptance of this Ordinance, including the obligations, penalties, and conditions stated herein, without modification.

SECTION 3. Continuation of Existing Terms. Except as expressly modified by this Ordinance, all other terms, conditions, rights, and obligations set forth in Ordinance No. 2023-24 and the associated Franchise Agreement shall remain in full force and effect and are hereby ratified and affirmed.

SECTION 4. City Authority. The City Council hereby affirms and declares that it has the full power and authority under the Constitution and laws of the State of Texas, including but not limited to the City's home-rule authority, to grant this franchise expansion to the Grantee. This expansion is granted pursuant to the City's police powers and regulatory authority over its public rights-of-way and in furtherance of the public health, safety, and welfare of its citizens.

SECTION 5. Publication Requirements. In accordance with Article IX, Section 3 of the League City Charter, this Ordinance shall be read at three (3) separate meetings of the City Council, and shall not be finally acted upon until thirty (30) days after the first (1st) reading thereof. The City Secretary shall publish the full text of this Ordinance one (1) time in the official newspaper of the City within five (5) days following each of the three (3) readings. The expense of such publication shall be borne by the Grantee.

SECTION 6. Compliance with Applicable Laws. The Grantee shall comply with all applicable federal, state, and local laws, regulations, and ordinances in the exercise of its rights and obligations under this franchise expansion, including but not limited to any additional

requirements imposed by the City's Code of Ordinances or other regulatory measures adopted by the City Council.

SECTION 7. Severability. If any section, subsection, sentence, clause, phrase, or word of this Ordinance is for any reason held to be unconstitutional, invalid, or ineffective by any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, sentence, clause, phrase, and word thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases, or words be declared unconstitutional, invalid, or ineffective.

SECTION 8. Effective Date. This Ordinance shall take effect immediately upon its passage and approval, subject to the publication requirements set forth in Section 5 of this Ordinance and any applicable provisions of state law or the City Charter.

PASSED, APPROVED, AND ADOPTED on **first reading** this ____ day of _____, 2025.

PASSED, APPROVED, AND ADOPTED on **second reading** this ____ day of _____, 2025.

PASSED AND APPROVED, AND ADOPTED on **third and final reading** this ____ day of _____, 2025.

NICK LONG,
Mayor

ATTEST:

DIANA STAPP,
City Secretary

APPROVED AS TO FORM:

MICHELLE L. VILLARREAL,
City Attorney

The above and foregoing Franchise Ordinance, including all terms, obligations, and conditions contained herein—specifically including the requirement to complete permanent underground natural gas infrastructure serving the Legacy Development by August 31, 2025, and the \$1,000 per day penalty for failure to do so—was accepted by Grantee this _____ day of _____, 2025. By executing below, Grantee acknowledges and agrees to be bound by the terms of this Ordinance and the obligations therein.

UNIVERSAL NATURAL GAS, LLC

By: _____

Name: _____

Title: _____

STATE OF TEXAS §

COUNTY OF MONTGOMERY §

This instrument was acknowledged before me on the ____ day of _____, 2023, by _____, _____ of UNIVERSAL NATURAL GAS, LLC, and who represents he has been given authority to sign this Agreement by and on behalf of said entity.

Notary Public, State of _____

Exhibit A