



To: Mayor and Members of the Ames City Council

From: Steven L. Schainker, City Manager

Date: October 9, 2015

Subject: Snow and Ice Removal Policy

At your October 13, 2015 Council meeting, the Public Works Department staff will be reviewing with you the Snow and Ice Removal Policy for the City of Ames. What is significant about this presentation is that Justin Clausen, our Public Works Operations Manager, has created a single document which reflects for the first time our current policies and procedures related to snow and ice removal within the City.

Since, unfortunately, the snow season will be upon us very soon, we thought it would be a good time to review our policies with the City Council and the public. **No action will be required of the City Council. It is hoped that this information will help the Council in answering any questions you might receive this winter requiring our snow and ice removal policy.**



Snow and Ice Control Policy



2015



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October 13, 2015

Honorable Mayor and Council Members
City of Ames
Ames, Iowa 50010

Ladies and Gentlemen:

The Public Works Department has developed policies and standards for snow and ice control within the City of Ames for the winter of 2015/16. This policy has been developed based off past practices, current procedures, future trends and is in line with the City's goal of providing exceptional service at the best price.

Our citizens depend on all weather use of the transportation system within the City of Ames to perform their daily activities. The City of Ames stands ready to provide excellent customer service during the upcoming winter weather.

The following policy contains guidelines and information pertinent to expectations for snow and ice control within the City of Ames. Please do not hesitate to contact us for more detailed information regarding our snow and ice control policy

Sincerely,

John C. Joiner, P.E.
Director

JJ/jc

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PURPOSE

The purpose of the City of Ames Snow and Ice Policy is to provide direction and standards on maintaining the City's transportation network during snow and ice events. The intent is to provide safe and efficient movement of the traveling public and emergency response vehicles.

Every snow and ice event is unique; however the response of the City of Ames will be consistent with the policies and procedures outlined in this document. Field conditions will always warrant changes as the event progresses, but the goal of providing excellent customer service through efficient snow and ice control at the best price while maintaining the safety of the traveling public will always take precedence.

The City of Ames has a population of 63,266 (2014 Ames Chamber of Commerce data) and covers an area of over 24 square miles. With recent annexation, the City now reaches over 7 miles from north to south and 7 miles from east to west. Within this area there are over 277 centerline miles of street being maintained during the winter months.

Climate data available for the City of Ames indicate that the historical average annual snowfall is approximately 31 inches. Detailed record keeping by the City over the past 25+ years indicates that the average over this period is in excess of 36 inches of snow with an average of 19 winter weather events annually. In recent years, the 5 year and 10 year averages have been over 40 inches of snow. Running averages for annual snowfall and number of events indicate that the average amount of snowfall per year is increasing while the number of events per year is decreasing. This signals an increase in intensity of snowfall per event. What this all means is that the year to year snowfall amount is extremely variable and difficult to estimate, however this policy helps ensure that the City can efficiently respond to any winter weather event.

FORECASTING

The City of Ames does not employ the services of a private weather forecasting service. Public Works staff will monitor commercially available web based forecasts (i.e. Weather Underground, Weather.com), government forecast information (National Weather Service, Iowa State University Meteogram Generator), Iowa DOT Road Conditions, and local television news forecasts (KCCI, WHO, WOI). The Public Works Operations Manager will attempt to keep other City departments informed of the potential winter weather event beginning around 48 hours in advance of the event. Past experience has shown forecasting farther out than 48 hours is extremely variable. Information is typically emailed out with timing of the storm and anticipated response from City Crews.

The City will use all of this information to formulate a response to impending winter weather. The timing, duration, and temperatures involved in a winter weather event will dictate the scope of the response from the City of Ames.

SNOW PLOWING

Snow plowing is the primary means for mechanical removal of snow from City streets. The timing of initiation of plowing activities will begin based off a number of factors including weather forecast, traffic volumes, timing and intensity of snow, and many more. The overall goal of beginning to plow will be to

attempt to stay ahead of the accumulation and to maintain the safe and efficient movement of emergency vehicles and the traveling public.

It is important to remember that plowing while a winter weather event is ongoing will not necessarily leave the street in a finished state. It is common for snow fall rates to be high enough to give the appearance that a street has not been plowed even though the plow may have made a pass very recently. Only after the winter weather event has ended can final cleanup commence and the streets begin to be returned to normal conditions. There may be several passes of plow equipment required to fully plow a street curb to curb.

Snow plow equipment will need to maintain certain speeds while plowing in order promote efficient movement of snow and to ensure that snow does not adhere to the plow blade.

If weather forecasts indicate that the snow and/or ice accumulations will dissipate in a time period deemed reasonable by the Public Works Operations Manager or his/her designee, the on duty supervisors will have discretion regarding the level of plowing and ice control applications.

ICE CONTROL

Ice control procedures are used to break and/or prevent the bond of ice to the pavement. The on duty supervisor will have the discretion to modify the rates and types of ice control materials based upon weather and street conditions.

Anti icing is defined as the application of ice control materials prior to a winter weather event. The intent is to delay or prevent the bond of ice and/or melted snow to a pavement surface.

The City of Ames may utilize anti icing procedures when weather forecast and pavement temperatures indicate that their use will help prevent the bond of ice to the pavement. The anti icing materials and/or chemicals will be applied on arterial streets and trouble areas only. The anti icing materials may be applied well in advance of an impending winter weather event.

Sodium Chloride (NaCl) road salt will be procured on an annual basis. An estimated annual amount will be procured and delivery will occur in advance and during the winter season. Salt storage will be stored inside of the salt dome located adjacent to the Edison Street maintenance facility.

When pavement temperatures are low and the pavement is initially dry, the use of salts should be delayed as long as possible to avoid the formation of ice refreezing on the roadway surface.

Liquid Calcium Chloride (CaCl) will be purchased on an as needed basis and will be stored on site. The use of calcium chloride will be limited to extreme low temperature applications.

Road salt will be used in conjunction with a pre-wet system prior to spreading when conditions warrant. The pre-wetting allows the melting process to be expedited and to be effective at a lower temperature which leads to less salt demand. Using less salt aids in the ability to help control costs and lessen the impact of deicing chemicals on the environment.

The use of abrasives (sand or limestone chips) will be limited due to their environmental impact, costs, and limited effectiveness. They may be utilized to aid in traction where applicable. Their use will be at

the discretion of the on duty supervisor at the time of need. Gravel roads and alleys will not receive deicing chemical treatments.

CLEAN UP

Once the defined levels of service have been achieved and the snowfall has finished, clean up activities will commence. These activities include hauling of snow, benching of snow windrows, clearing of slush from roadway pavement, removal of snow from sight triangles at intersections, removal of piled snow from cul-de-sacs, etc... Clean up activities will typically take place during normal business hours. The ultimate goal is to return the pavement to a dry condition as quickly as possible and is time dependent on the limitations of the weather, availability of resources, and traffic volumes.

HAULING

Room for storage of snow in business areas is limited. Therefore, the City will haul snow that is accumulated in the right of way from the Main Street business district, Campustown area, and Somerset business district. This hauling may occur during overnight hours to maximize the efficiency of the snow removal operations. Snow may be hauled from other locations within the right of way as deemed necessary to maintain safety for pedestrians and vehicles. These other locations will be at the discretion of the supervisor on duty. If additional trucks are needed to haul snow in an efficient manner, they will be contracted as necessary. Snow will be dumped at City of Ames West Yard. This location is the primary storage location for snow.

SNOW ORDINANCE

The purpose of the Snow Ordinance is to allow for safe and efficient snow removal operations on designated snow routes throughout the City. These snow routes are typically traversed by CyRide buses or are collector streets feeding into the City's arterial streets. If forecasts indicate that two inches of snow or more is probable the City of Ames may begin proactive notification that the Snow Ordinance will go into effect. The notification will include local television, radio, and print media, as well as official City social media sites such as Facebook and Twitter. It will be the City's goal to time the commencement of the Snow Ordinance to minimize the inconvenience on the public; however the timing of the beginning of the ordinance will be dictated by the winter weather event.



The Public Works Department on duty supervisor will coordinate with the Police Department on duty supervisor to begin the ticketing and towing along designated snow routes. The snow routes are clearly marked with signs, and are available in a map format on the City's website at (www.cityofames.org/snow). The Public Works Department will strive to wait until it appears that the snow is ending before doing the final clean up along designated snow routes. The Police Department will work to clear the snow routes of parked vehicles through ticketing and towing ahead of the Public Works Department. Regardless of the timing of the commencement of the Snow Ordinance, ticketing and towing will not begin until at least two inches of snow has accumulated. However vehicles may be

towed immediately prior to being ticketed to maintain efficient snow removal operations. Snow routes have been identified by City Council and are listed in Section 22.9 of the Municipal Code.

PRIORITIES

The City Council has established the following priorities for **snow plowing** during winter weather events:

Priority	Classification	Actual Depth of Snow When Service Levels Apply	Depth of Snow/Timing When Plowing Commences
1	Arterial Streets (Appendix A), Snow Routes (Appendix B), Priority Routes (Appendix C)	2"	Plowing starts when snow depth/forecast will allow for efficient plow operations and will be continuous until final clean up.
2	Main Street, Campustown, Somerset Business Districts	2"	Plowing starts when snow depth/forecast will allow for efficient plow operations. Clean up will likely occur overnight.
3	Residential Streets, Circles and Cul-de-sacs (Non Snow Routes)	3"	Plowing in residential areas typically only occurs when 3" or more of snow accumulates. Plowing typically starts when snowfall ends unless forecasts show a prolonged event.
4	Parking Lots, Sidewalks, Trails, and Shared Use Paths	1"	Plowing will typically start after snowfall ends and after street priorities are finished.
5	Alleys	4"	Plowing in alleys will typically only occur when 4" or more of snow accumulates. Plowing typically starts when snowfall ends unless the forecast shows a prolonged event.

During an average storm, the goal is that snow plowing operations will be completed in 16 hours. Actual performance will vary greatly, depending upon factors such as actual snowfall amount vs. forecast amount, air and pavement temperatures, previous accumulations, etc... It is important to note that many of these factors are outside of the control of the City. The on duty supervisor will have the discretion to make decisions in line with the goals and expectations of the snow policy.

Priorities for **ice control** areas during winter weather events will be as follows:

Priority	Classification	When Service Levels Apply	Timing When Ice Control Commences
1	Controlled Intersections, Hills, Curves	Any Ice	Ice control will provided to aid in public safety and aid in vehicular traction as soon as possible. Ice control may not be widely used during plowing operations to avoid plowing off the deicing material.
2	High Priority Areas (i.e. Schools, Medical Facilities, Turn Lanes, etc...)	Any Ice	Ice control will provided to aid in public safety and aid in vehicular traction as soon as possible. Ice control may not be widely used during plowing operations to avoid plowing off the deicing material.
3	Other Intersections, Street sections not on hills or curves	When Conditions Warrant	Ice control in uncontrolled intersections and other areas will be on as needed basis as field conditions warrant.

During a city-wide ice storm, all streets may be treated with ice control materials. The use of these materials will be balanced between public safety and environmental concerns. It is important to remember that while ice control materials are a valuable and necessary tool, their use is not always the best method to control ice formation. Under certain conditions which are common in the winter using ice control materials can actually lead to additional ice formation because the pavement surface is too cold. More salt is not always the solution. The on duty supervisor will have the discretion to make decisions in line with the goals and expectations of the snow policy.

New concrete streets will not receive ice control treatments for the first year in order to extend the life of the new pavement unless safety concerns exist. These streets will be treated with sand as necessary for traction.

MORE SALT
...not always the cure for slippery roads!

30° Normal winter conditions

20° **CAUTION** Salt takes longer to work and ROADS REFREEZE FASTER

10° **EXTREME CAUTION** ROADS REFREEZE EVEN FASTER Ice melts very slow

0° When salt is used at these lower temperatures, it may cause wet pavement to refreeze

IOWADOT ICE & SNOW TAKE IT SLOW

LEVELS OF SERVICE

The levels of service goals indicated in the following pages are the guidelines for the various street classifications within the City of Ames. The goals have been developed based on various criteria including road safety, budgetary considerations, labor and equipment limitations, and environmental factors. The goals have been defined to create a common understanding of expectations for the general public and employees responsible for performing snow and ice control duties within the City of Ames.

While the City of Ames will strive to meet these goals, it is important to understand that the time it may take to achieve them will be dependent upon weather conditions and other factors that may be outside the control of the City.

A pavement that is ***generally bare of snow and ice*** is defined as a travel lane surface that is free from drifts, snow ridges, and as much snow and ice pack as practical. It should not be confused with a ***dry pavement*** or a ***bare pavement*** which is essentially free of **all** snow, ice, and free moisture.

Under the definition of ***generally bare of snow and ice***, motorists can expect some inconvenience and will be expected to modify their driving practices to suit the road conditions. This is supported by The *Iowa Motor Vehicle Code* section 321.285 (1) which states: *“Any person driving a motor vehicle on a highway shall drive the same at a careful and prudent speed not greater than nor less than is reasonable and proper, having due regard to the traffic, surface, and width of the highway and of any other conditions then existing...”*

Examples of Levels of Service expectations are as follows:

- **Arterial Streets (Pg 11 and Appendix A)**
- **Snow Routes (Pg 12 and Appendix B)**
- **Priority Routes (Pg 13 and Appendix C)**
- **Residential Streets, Circles, and Cul-de-sacs (Pg 14)**
- **Trails and Shared Use Paths (Pg 15)**
- **Sidewalks (Pg 15)**

ARTERIAL STREETS

Arterial Streets are snow routes that are the primary streets which convey vehicular traffic throughout the City. These streets are identified by their Federal Functional Classification and typically serve to distribute traffic to other geographic areas and provide connectivity throughout the City. These routes will be generally bare of snow and ice at the end of plowing operations. A map of Arterial Streets can be found in Appendix A.



(Generally Bare of Snow and Ice)

SNOW ROUTES

Snow routes have been identified by City Council as priority locations to provide safe and efficient movement of traffic during snow and ice events. Snow routes include other high priority corridors throughout the City that may not be identified as an Arterial Street. These routes will have some bare pavement, primarily in the wheel paths at the end of plowing operations. Snow routes will be identified with signs indicating their location. A map of Snow Routes can be found in Appendix B.



(Some Bare Pavement – Focus on Wheel Paths)

PRIORITY ROUTES

Priority Routes have been identified as those routes that provide additional connectivity throughout the community. These routes typically serve as collector streets or provide access to residential areas and business districts. These routes are not designated as snow routes and as such are not subject to the parking regulations of snow routes. These routes typically see lower traffic volumes than snow routes. These routes will have a mix of bare pavement and residual snow following plowing operations. A map of Priority Routes can be found in Appendix C.



(A Mix of Bare Pavement and Residual Snow)

RESIDENTIAL STREETS, CIRCLES, AND CUL-DE-SACS

Residential streets, circles, and cul-de-sacs will have residual snow left on the street after plowing. This residual snow aids in traction and helps reduce the overall salt demand citywide. These streets are commonly cleared by contractors while the City's snow and ice control staff focuses on other priorities.



(Streets will have residual snow)

TRAILS AND SHARED USE PATHS

The City of Ames has an active trail and shared use path system. The City recognizes that our citizens place a high value on the use of trails and shared use paths for pedestrian and bicycle traffic during the winter.

The trail and shared use path system within the City of Ames falls under the jurisdiction of several different entities including the City of Ames, Iowa State University, the Ames Community Schools, and private property owners (see Appendix D and E). The City strives to provide consistent levels of service regardless of the jurisdiction responsible for snow and ice control.

In areas where four foot existing sidewalks have been widened to an eight foot shared use path, City Code Section 22.2 requires only four feet of the shared use path to be cleared by the abutting property owner. The Code does not require any additional width beyond four feet to be cleared by either the abutting property owner or by the City. These areas include portions of Lincoln Way, Ontario Street, and 24th Street. At times Public Works crews will assist in removing the large windrows of snow that may accumulate from street plowing in those areas. This assistance is typically a lower priority in overall snow and ice control operations and takes place once normal levels of snow and ice control are completed.

The City of Ames Parks and Recreation Maintenance staff is primarily responsible for snow and ice control on trails and shared use paths once accumulations reach one inch. During large snow events or during long duration snow and ice events Parks and Recreation staff is utilized to supplement Public Works crews to ensure that the goals of safe and efficient movement of emergency vehicles and the traveling public are maintained during the storm and initial response. Once the initial storm response is complete and clean up operations have begun, the Parks and Recreation staff is prioritized to provide snow and ice control on trails and shared use paths as shown in Appendix D and E. The Parks and Recreation on duty supervisor will coordinate the timing of response in coordination with the Public Works on duty supervisor.

SIDEWALKS

The City of Ames values the many pedestrians who rely on sidewalks as their means of transportation during winter months. As such the City has a duty to ensure that public sidewalks are cleaned from snow and ice following winter weather events. Snow and ice control on sidewalks is the responsibility of the abutting property owner as defined in City Code section 22.2. No property owner shall, for a period of ten (10) daylight hours after cessation of the snow and ice event allow accumulations of snow and/or ice to remain upon the adjoining and abutting sidewalks. Owners of lots that have pedestrian crossing ramps are also required to remove snow and ice from pedestrian crossing ramps.

The Public Works Grounds Supervisor, or his/her designee, will monitor the City Snow Walk email (snowwalks@city.ames.ia.us) following a winter weather event.

If a complaint is received that snow and ice have not been removed from sidewalks within the 10 daylight hour timeframe, the City shall proceed to investigate the complaint at the City's earliest opportunity following other snow and ice control priorities. Complaints that are received after regular

business hours and/or on a weekend will be processed on the next business day. The Public Works Grounds Supervisor, or his/her designee, will be responsible for taking snow walk complaints and responsible for investigating and determining the appropriate action. The City will go to the physical address of the complaint and ascertain if the sidewalk has been cleared to the full width for full length of the property. If the sidewalk has not been cleared, the property owner or tenant will be notified in one of two ways: 1.) A physical paper notice visible on the property 2.) The property will be notified via email if the property owner has a registered email address with the City (see Appendix F). In either case the notice will indicate that the property owner or tenant will have 24 hours from the time of posting to clear the sidewalk. After 24 hours, the property will be re-inspected for compliance. If the snow and ice have been removed, the posting is removed or the email notice simply expires. If the snow and ice remain, the snow removal will be contracted out to a third party to remove the snow and ice. The property owner will be responsible for the actual costs of removal by the third party as well as a \$50 administrative fee. **It is important to note that sidewalk inspections are completed upon complaint only with the exception of the priority sidewalk area.**

PRIORITY SIDEWALK AREA

City staff was directed by Council in 2010 to initiate a proactive enforcement effort in a priority area around Campustown. The priority area is Ash Avenue from Chamberlain Street to Storm Street, Knapp Street from Ash Avenue to South Sheldon Avenue, and Hayward Avenue from Chamberlain Street to Storm Street (see Appendix G).

Properties in the priority area will be inspected by City staff only after other snow priorities and immediate work priorities noted in this policy are completed. **Note that this area does not necessarily need a complaint to be inspected.** City staff will follow procedures noted in **SIDEWALKS** for posting and removal of snow from sidewalks in the priority area.

Depending on the severity of the storm, there may be several days of delay between when the snow has stopped falling and when the visual inspection in the priority area begins.

EMERGENCIES

As a winter weather event unfolds, emergency scenarios not covered by this policy may arise. At that time, consideration will be given to life and public safety when making decisions regarding snow and ice control. Those decisions will be made by the supervisor on duty. These decisions may vary from the written policy depending upon actual weather and road conditions, projected winter weather forecast, and the nature of the emergency.

REQUESTS FOR SERVICE

As a winter weather event unfolds, there may be areas that require additional coverage or attention due to unpredictable weather and roadway conditions.

The Public Works Operations Manager, or his/her designee, will monitor the City Snow Street email (snowstreets@city.ames.ia.us) and the City's Facebook and Twitter Accounts during a winter weather event for requests for service.

Messages may be left on the snow desk phone number at 515.239.5443 with the address and location of any specific concern. This phone number may not be attended at all time as City Staff will be in the midst of snow and ice control operations.

Each request will be evaluated and an appropriate response will be determined by the Public Works Operations Manager, or his/her designee. The timing of any response will be weighed against the overall winter weather activities throughout town. The goal of the snow and ice control policy is to allow for safe and efficient movement of emergency vehicles and the traveling public. That goal will take precedence over service requests.

CONTRACTORS

The City will utilize contractors to supplement its work force as necessary during snow and ice events. The contractors are typically area farmers utilizing primarily farm tractors. The City will provide snow plows to the contractors to use within the City of Ames only. The plows will be mounted by the individual contractor. The contractor will be required to carry the appropriate insurance prior to working within the City.

Contractors will be called in to plow residential streets once accumulation of snow reaches 3". Contractors will provide plowing in residential areas while City crews continue to provide coverage on arterial and collector streets. City crews will provide ice control as necessary in trouble spots following plowing operations.

The City of Ames may also use contractors to assist in hauling snow, cleaning parking lots, or in case of emergencies and significant snowfall amounts.

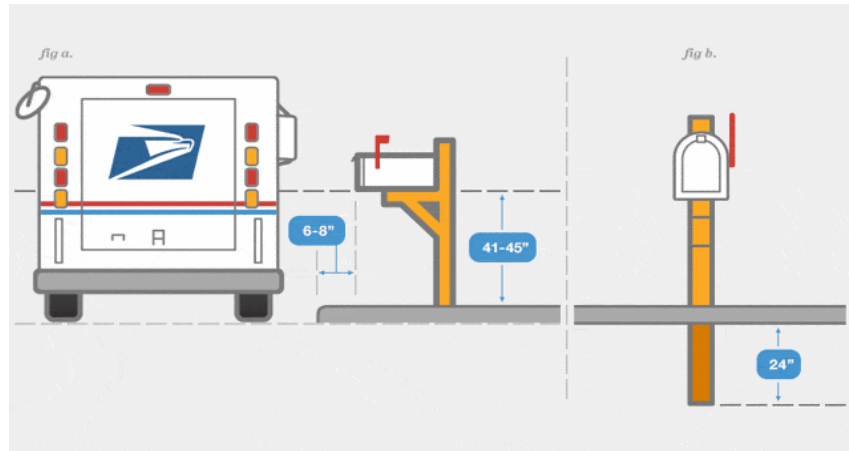
PRIVATE PROPERTY/DRIVEWAYS/MAILBOXES

City of Ames snow and ice control operators will not remove snow from private property. Snow removal on private property is the responsibility of the property owner. At no time should snow from private property be deposited on or pushed into or across public streets.

The City of Ames will repair any turf that is damaged from plowing operations only. Damage due to deicing chemical will not be repaired by the City. The City will not repair damage to any landscaping (hardscaping, plants, irrigations systems, or accessories such as lighting) that is within the right of way.

During snow and ice control procedures by the City it is common for plowed snow to be pushed and/or thrown back onto sidewalks, driveways, and aprons especially around corners. This unfortunate event results from the need to maintain certain speeds and plow angles to provide efficient and safe snow and ice control. While the City strives to minimize the effects of this thrown snow, it is inherent to snow and ice control activities. Removal of this additional accumulation of material on sidewalks, driveways, or aprons is the responsibility of the abutting property owner.

Property owners are also responsible for clearing of snow around their mailboxes to ensure proper delivery of mail. Mailbox installation within the City of Ames should comply with United States Postal Service (USPS) guidelines. Proper installation of mailboxes is the responsibility of property owner. Mailboxes should be placed 8" behind the face of curb and should be constructed to be able to withstand snow and ice control efforts by the City. City staff may perform pre-season route inspection and identify hazards, including mailboxes that do not comply with regulations. If a mailbox is found to not comply with the minimum clearances or if improvements to the structural integrity of the mailbox need to be made, the property owner or resident will be notified by City staff. It will be the responsibility of the property owner or resident to properly relocate or improve the structural integrity of the mailbox prior to winter snow and ice control operations. The City will document the mailbox locations that have been notified for improvements. The City will not be responsible for damage to mailboxes which have not been relocated or repaired after the notification has occurred. The City of Ames will not be responsible for repair of mailboxes due to drifting or the weight of snow. The City of Ames will repair damage to mailboxes as a result of direct contact of City equipment and the mailbox only. Any necessary replacement or repair of a mailbox will be made with similar materials and construction in relation to the original mailbox.



Courtesy of https://www.usps.com/assets/images/manage/usps_mailbox_guide_635x358.gif

FIRE HYDRANTS

During snow and ice control operations, fire hydrants tend to get buried under snow. Residents are asked to review the location of fire hydrants near their properties. If the hydrant is covered cleaning an area three feet wide around the hydrant will ensure that the Ames Fire Department can locate the hydrant quickly during an emergency. If you need assistance clearing snow around the hydrant, please call the Ames Fire Department, Station No. 1 at 515.239.5108.

DISCLAIMER

Levels of service may be affected by any one or more of the following events which could delay or alter snow and ice control by the City:

1. Equipment breakdown
2. Vehicles disabled in deep snow
3. Weather so severe as to cause snow and ice control to be stopped for the safety of all personnel
4. Unforeseen conditions and emergencies
5. Significant medical related emergencies
6. Availability of contractors

REPORTING

At the completion of each storm, a written record of the weather event, City response, including time, materials used, road conditions, and other pertinent information will be recorded.

OTHER CITY FACILITIES AND PARKING LOTS

Responsibility for snow and ice control at City Facilities and City owned and maintained parking lots are shown in the table below.

Location	Responsibility	Phone No.
City Owned and Maintained Parking Lots	See Appendix H and I	
CyRide Bus Stops	CyRide	515-292-1100
City Hall (515 Clark Ave)	City of Ames Fleet Services	515-294-5520
Edison Street Facility (2207 Edison St)	City of Ames Public Works	515-239-5548
Electric Administration and Engineering (502 Carroll Ave)	City of Ames Electric Staff	515-239-5170
Electric Power Plant (200 East 5 th St)	City of Ames Electric Staff	515-239-5170
Electric Distribution (2208 Edison St)	City of Ames Electric Distb Staff	515-239-5500
Fire Station 1 (1300 Burnett Ave), Fire Station 2 (132 Welch Ave), Fire Station 3 (2400 S Duff Ave)	City of Ames Fire Staff	515-239-5108
Ames Municipal Library (515 Douglas Ave)	City of Ames Library Staff	515-239-5630
Ames Municipal Airport (2501 Airport Rd)	City of Ames Traffic Staff	515-239-5535
Ames Municipal Cemetery (310 E 9 th St), Ontario Cemetery (720, N Dakota Ave)	City of Ames Grounds Staff	515-239-5342
Resource Recovery Plant (110 Center St)	Resource Recovery Staff	515-239-5137
Parks and Recreation Facilities	Parks and Rec Staff	515-239-5364
Water & Pollution Control (56797 280 th St)	Water & Pollution Control Staff	515-232-7423
Water Plant (300 East 5 th St)	Water Plant Staff	515-239-5150

INTERAGENCY COOPERATION

Within the City of Ames jurisdictional area there are several streets that are under the maintenance responsibility of other governmental agencies including Iowa State University (ISU), Story County, and the Iowa Department of Transportation (IDOT). The following table indicates major boundary streets and the agency responsible for snow and ice control.

Street Segment	Responsibility	Phone No.
University Boulevard – North of Lincoln Way	ISU	515-294-5100
University Boulevard – South of Lincoln Way	City of Ames	515-239-5548
Stange Road – South of Blankenburg Drive/Veenker Golf Course	ISU	515-294-5100
Stange Road – North of Blankenburg Drive/Veenker Golf Course	City of Ames	515-239-5548
6 th Street – East of University Blvd	City of Ames	515-239-5548
Beach Road – North of Lincoln Way	ISU	515-294-5100
Beach Avenue – South of Lincoln Way	City of Ames	515-239-5548
Morrill Road	ISU	515-294-5100
Welch Avenue – North of Lincoln Way	ISU	515-294-5100
Welch Avenue – South of Lincoln Way	City of Ames	515-239-5548
Pammel Drive	ISU	515-294-5100
Haber Road	ISU	515-294-5100
Scholl Road - North of Kingman Road	ISU	515-294-5100
Scholl Road – South of Kingman Road	City of Ames	515-239-5548
Welch Road – South of Storm Street	ISU	515-294-5100
Center Drive (Iowa State Center)	ISU	515-294-5100
Christensen Drive (Vet Med)	ISU	515-294-5100
South Riverside Drive – South of S 16 th Street (Vet Med)	ISU	515-294-5100
Stage Coach Road – South of End of Paved Road	City of Ames	515-239-5548
Dartmoor Road – East of 245 th Street	City of Ames	515-239-5548
Ontario St – East of R38 (500 th Avenue)	City of Ames	515-239-5548
Lincoln Way – East of R38 (500 th Avenue)	City of Ames	515-239-5548
State Avenue – North of Oakwood Road	City of Ames	515-239-5548
State Avenue – South of Oakwood Road	Story County	515-382-7355
East Lincoln Way – East of Country Landscapes	Story County	515-382-7355
East 13 th Street – East of 570 th Avenue	Story County	515-382-7355
Dayton Avenue – North of Eagle’s Loft Daycare	Story County	515-382-7355
North Dakota Avenue – North of 215 th Street	Story County	515-382-7355
East and West Riverside Road	Story County	515-382-7355
Grant Avenue – North of 190 th Street	Story County	515-382-7355
George Washington Carver Avenue – North of Weston Drive	Story County	515-382-7355
South Dakota Avenue – South of 240 th Avenue	Story County	515-382-7355
Grand Avenue/Highway 69 – North of Dawes Drive	Iowa DOT	800-436-8353
South Duff Avenue/Highway 69 – South of Ken Maril Road	Iowa DOT	800-436-8353
US Highway 30 and on/off ramps	Iowa DOT	800-436-8353
Interstate 35 and on/off ramps	Iowa DOT	800-436-8353

EQUIPMENT

The City will utilize many different types of equipment during snow and ice control operations. The equipment will be chosen to best fit the requirements of the operations at that time.

The City will utilize primarily reversible plows, “V” Plows, underbody plows, and wing plows during plowing operations on City Streets. The City will also utilize a leased motor grader to provide additional snow removal capabilities during snow and ice control events. The City will utilize loaders with boxes or plows in areas that require smaller equipment to plow snow.

For physical removal of snow the City may utilize snow blowers mounted on end loaders that will blow the snow off to the side or directly into the box of dump truck. Snow removal may also be loaded out by traditional methods of bucketing into a dump truck.

The City will utilize spreaders mounted to its fleet of dump trucks. These spreaders will be used for ice control during snow and ice events. Dump truck mounted spreader units will be equipped with a pre-wet system to allow for more efficient use of deicing materials.

EQUIPMENT MAINTENANCE

Fleet Services will coordinate with Public Works in advance of a snow and ice event for additional mechanic hours or potential overnight services. Minor routine maintenance can be performed by snow and ice control crews during events. In the case major equipment failures occur and mechanics are necessary, the Fleet Support Manager or Lead Fleet Technician are available 24 hours per day for consultation or if necessary come to the maintenance facility and provide support.

LABOR

The City of Ames Public Works Operations Division will handle the primary responsibility for snow and ice control within the City of Ames. As weather forecast and timing dictate the Operations Division will request assistance from other City departments to provide personnel in covering major snow and ice control events.

EMERGENCY CLOSURE OF INTERSTATE 35

Iowa State Patrol in conjunction with the Iowa DOT will communicate the closure of Interstate 35 with the City of Ames Police Dispatch. Police Dispatch will in turn notify the Public Works on duty supervisor of the impending closure.

Public works will place a changeable message board east of the South Dayton Avenue exit off of Highway 30 (Exit 150). This message board will display the message “SERVICES THIS EXIT”. Public works will work to keep South Dayton Avenue, SE 16th Street, University Avenue, South Duff Avenue, Lincoln Way, and Clark Street open during the closure of Interstate 35 to allow safe movement to hotels and parking for travelers that are exiting the interstate.

CONTACT INFORMATION

City of Ames Public Works – 515.239.5160

Public Works Operations Manager, Justin Clausen – 515.239.5279

Public Street Supervisor, Dave Cole – 515.239.5548

Public Works Grounds Supervisor, Matt Pepper – 515.239.5342

Snow Desk (available during winter weather events) – 515.239.5443

City of Ames Parks and Recreation – 515.239.5350

Parks and Facilities Superintendent, Joshua Thompson – 515.239.5364

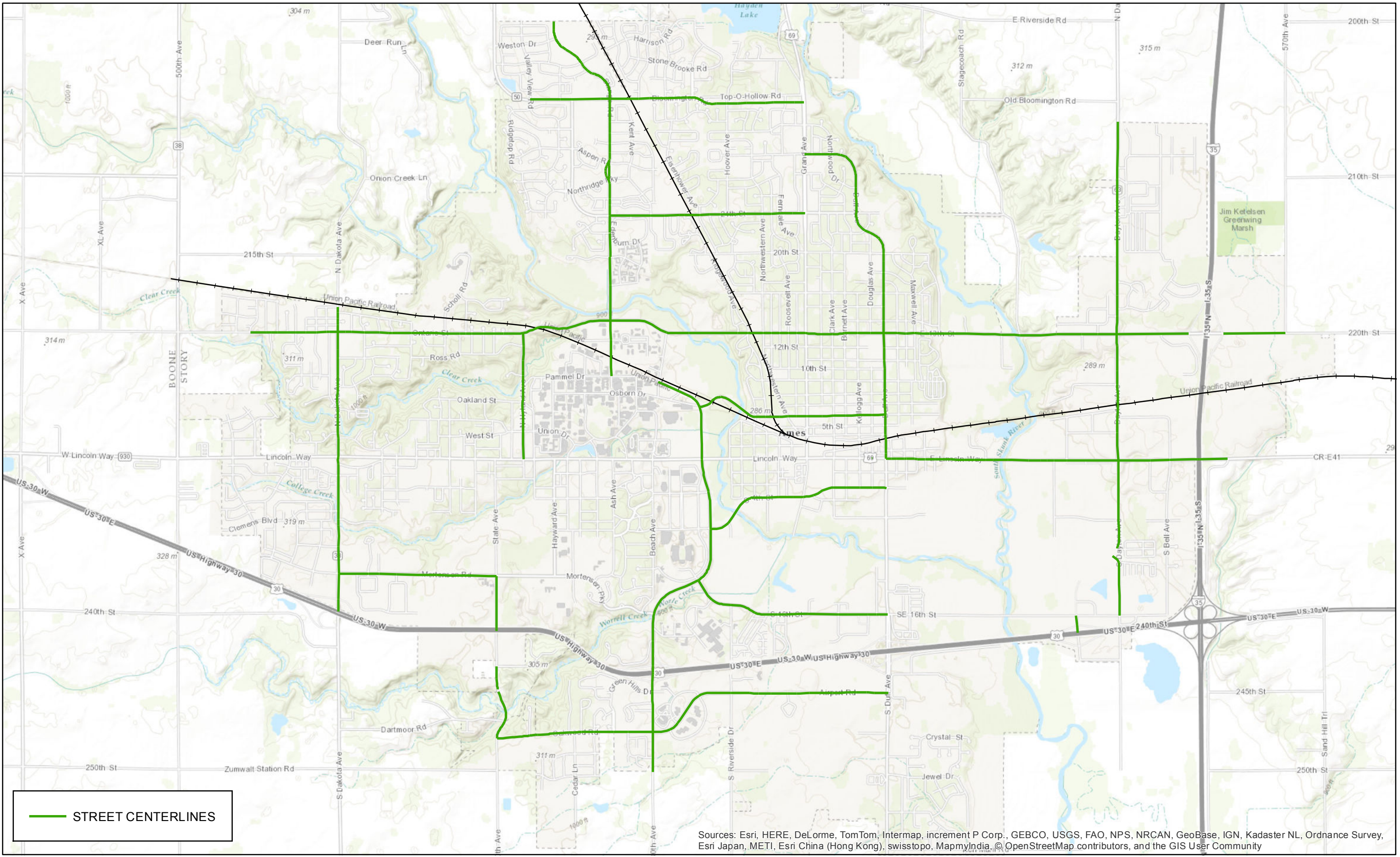
Parks and Facilities Supervisor, Kyle Jacobsen – 515.239.5356

CyRide – 515.292.1100

For street service concerns: snowstreets@city.ames.ia.us

For sidewalk concerns: snowwalks@city.ames.ia.us

APPENDIX A: City of Ames Arterial Roads



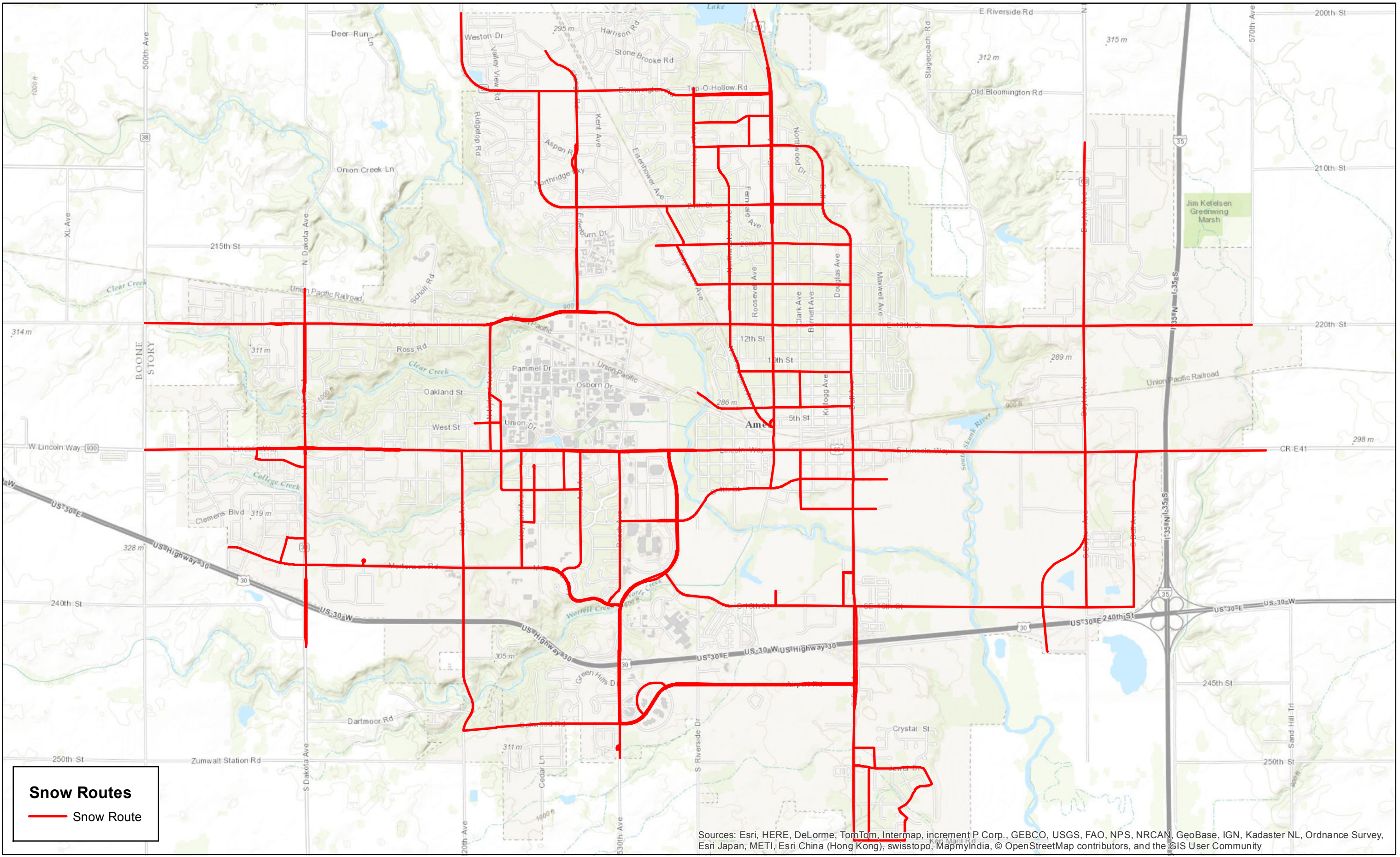
Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community



City of Ames Arterial Roads

Date: 10/5/2015 1 inch = 3,000 feet

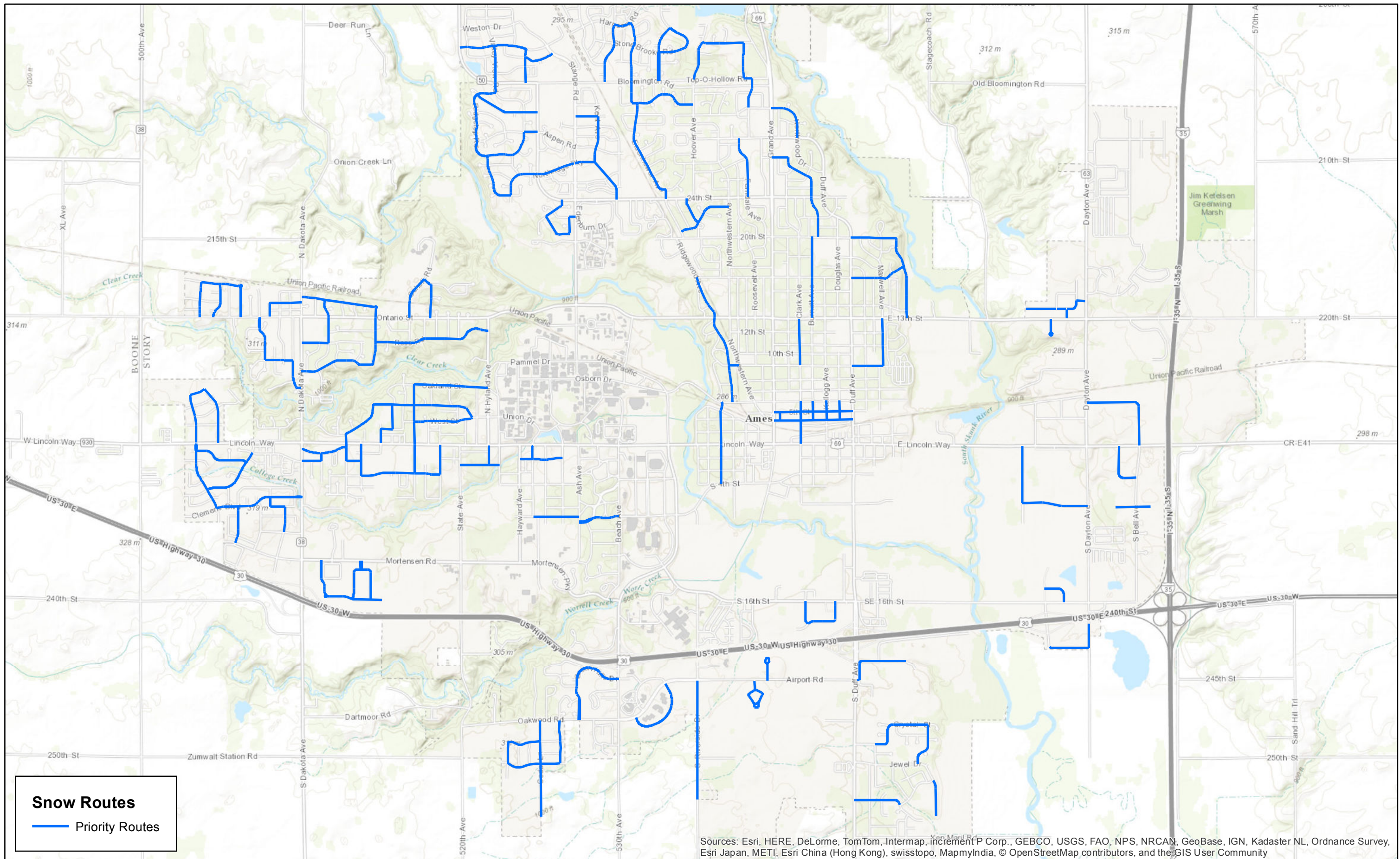




Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Snow Routes
— Snow Route





Snow Routes
— Priority Routes

Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

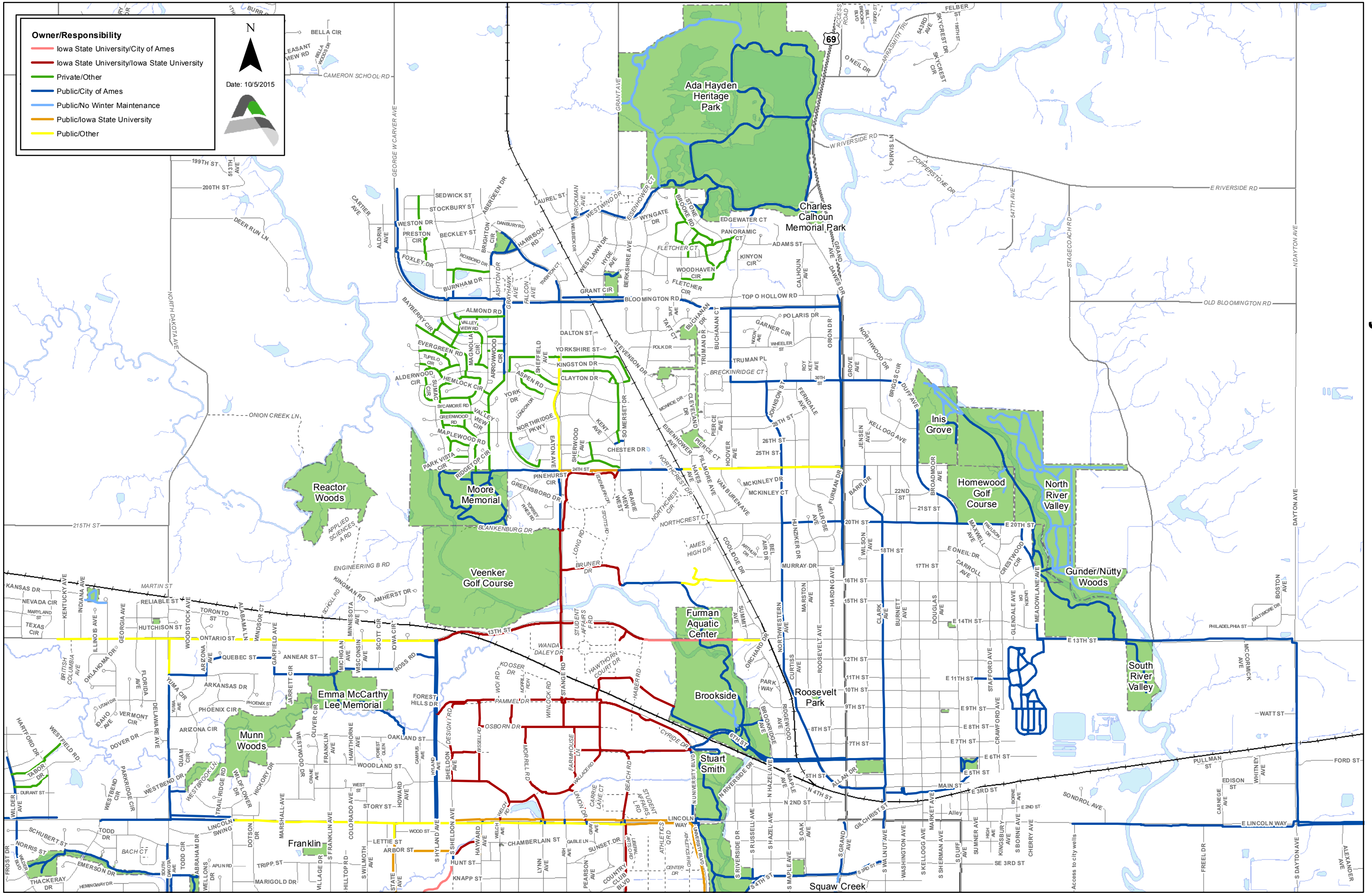


City of Ames Priority Routes

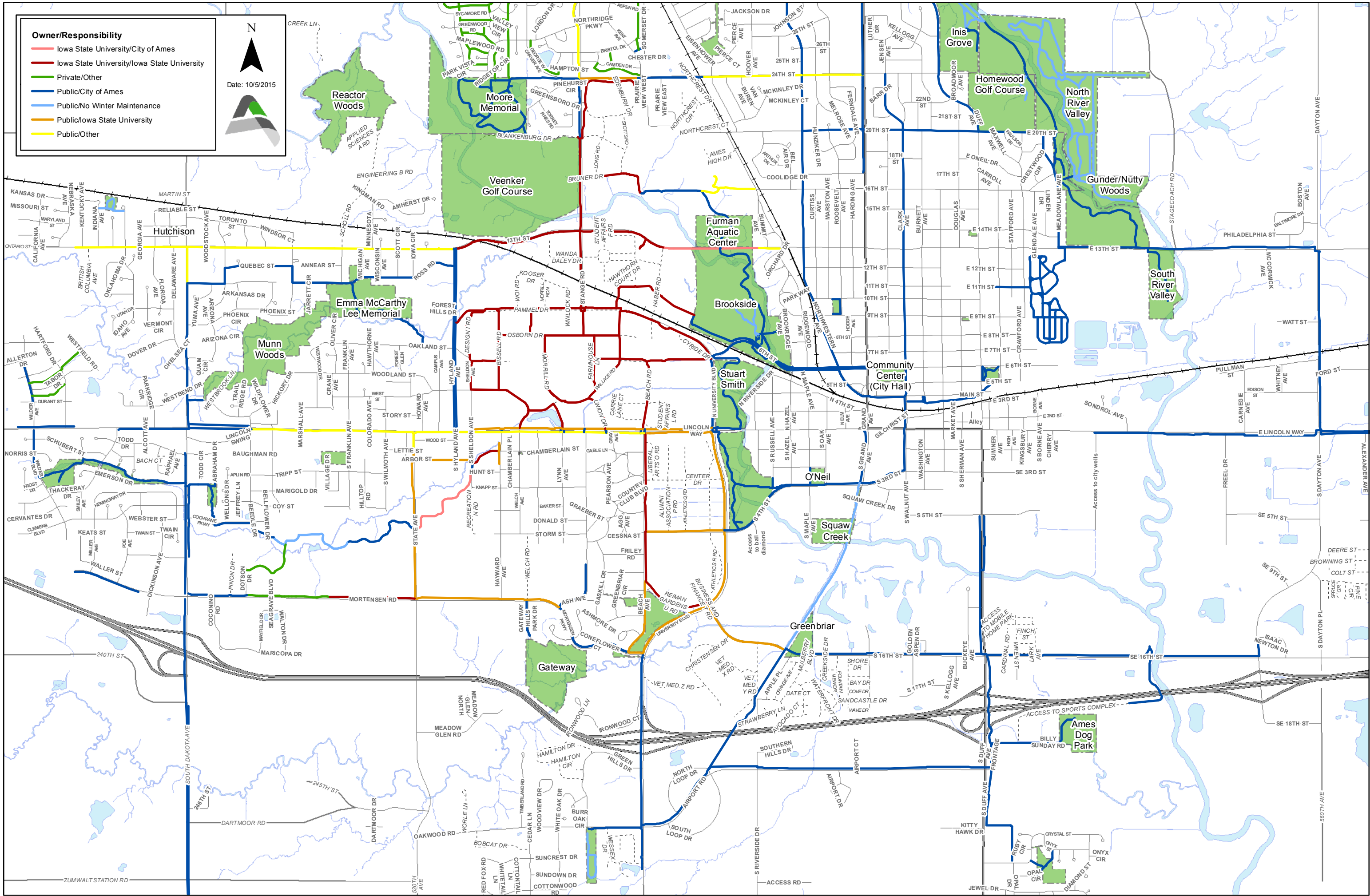
Date: 10/5/2015 1 inch = 3,000 feet



APPENDIX D: City of Ames Trail Snow Removal - North



APPENDIX E: City of Ames Trail Snow Removal - South



Owner/Responsibility

- Iowa State University/City of Ames
- Private/Other
- Public/City of Ames
- Public/No Winter Maintenance
- Public/Iowa State University
- Public/Other

N

Date: 10/5/2015

APPENDIX F: City of Ames Snow Walk Sample Notice

Dear Property Owner/Property Manager:

We have received a complaint regarding a snow/ice covered sidewalk adjacent to your property located at **XXXX ADDRESS** in Ames, Iowa. *The Municipal Code* requires the abutting property owner to keep their sidewalk clear of snow, ice, and/or accumulations within 10 daylight hours following cessation of the accumulation. The purpose of this provision is to help provide for the safety of pedestrians. Realizing that you might not be aware of this fact, we would like to offer you 24 hours to clear the walk.

We would rather have you handle this corrective action in order to avoid a more costly alternative; however, if the sidewalk is not cleared within the next 24 hours, we will initiate a process to have it cleared by an outside contractor at your expense. These charges will include the actual cost for the contract clearing plus a \$50 administrative fee.

If you feel this e-mail was sent in error, you have already cleared the sidewalk, or unusual circumstances justify additional time to correct the situation, please reply to this e-mail address or contact Matt Pepper, Grounds Supervisor, at 515-239-5342.

Thank you for your prompt response to this important issue!

Justin Clausen
Public Works Operations Manager
jclausen@city.ames.ia.us



CITY OF AMES
PUBLIC WORKS DEPARTMENT

NOTICE FOR IMMEDIATE SNOW AND ICE REMOVAL FROM SIDEWALK

ADDRESS: _____

DESCRIPTION: Front walk

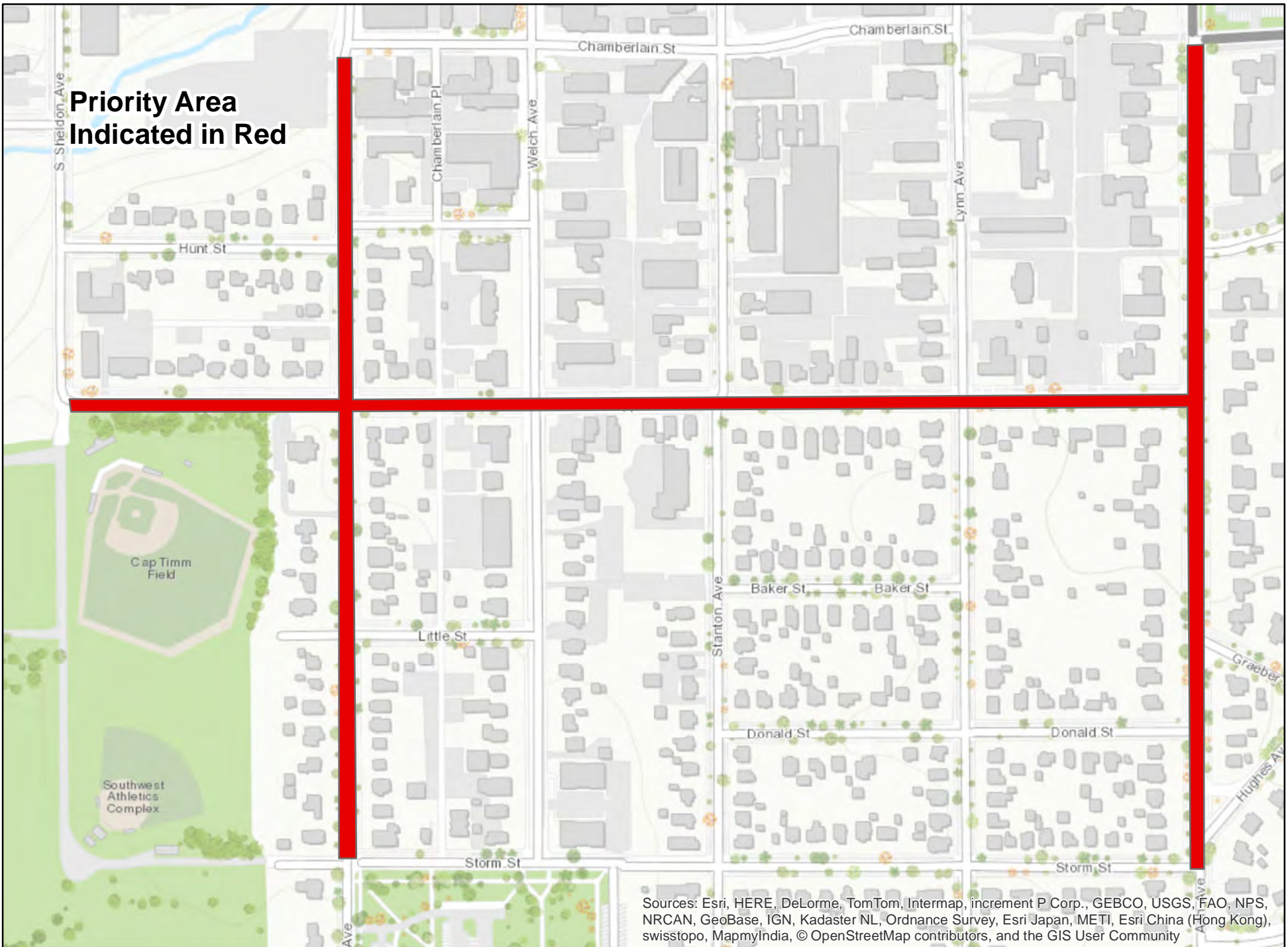
A sidewalk inspection conducted on 12-13, 2013, at 10:25 a.m. revealed that your sidewalk is snow and/or ice covered. You are hereby notified that you must immediately remove all accumulation from your sidewalk. Failure to comply with this notice within 24 hours of the date and time above will result in the City of Ames clearing your sidewalk with appropriate charges being sent to you covering all costs incurred by the City including an additional \$50.00 administrative fee.

Please refer to the back of this notice for further information.

Questions Concerning Snow Removal Notice:

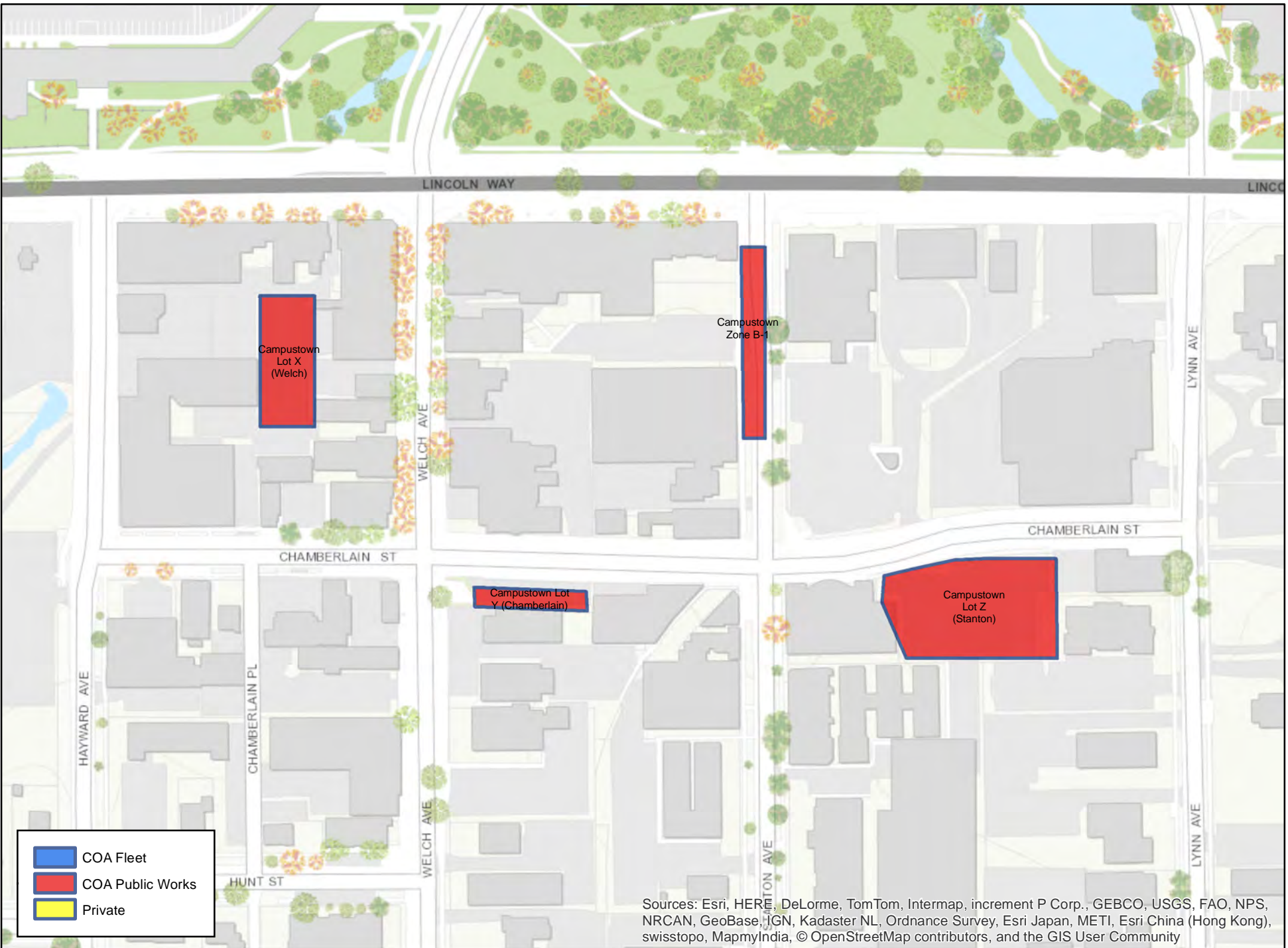
239-5341
or
239-5342

Done



Priority Area
Indicated in Red

Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community



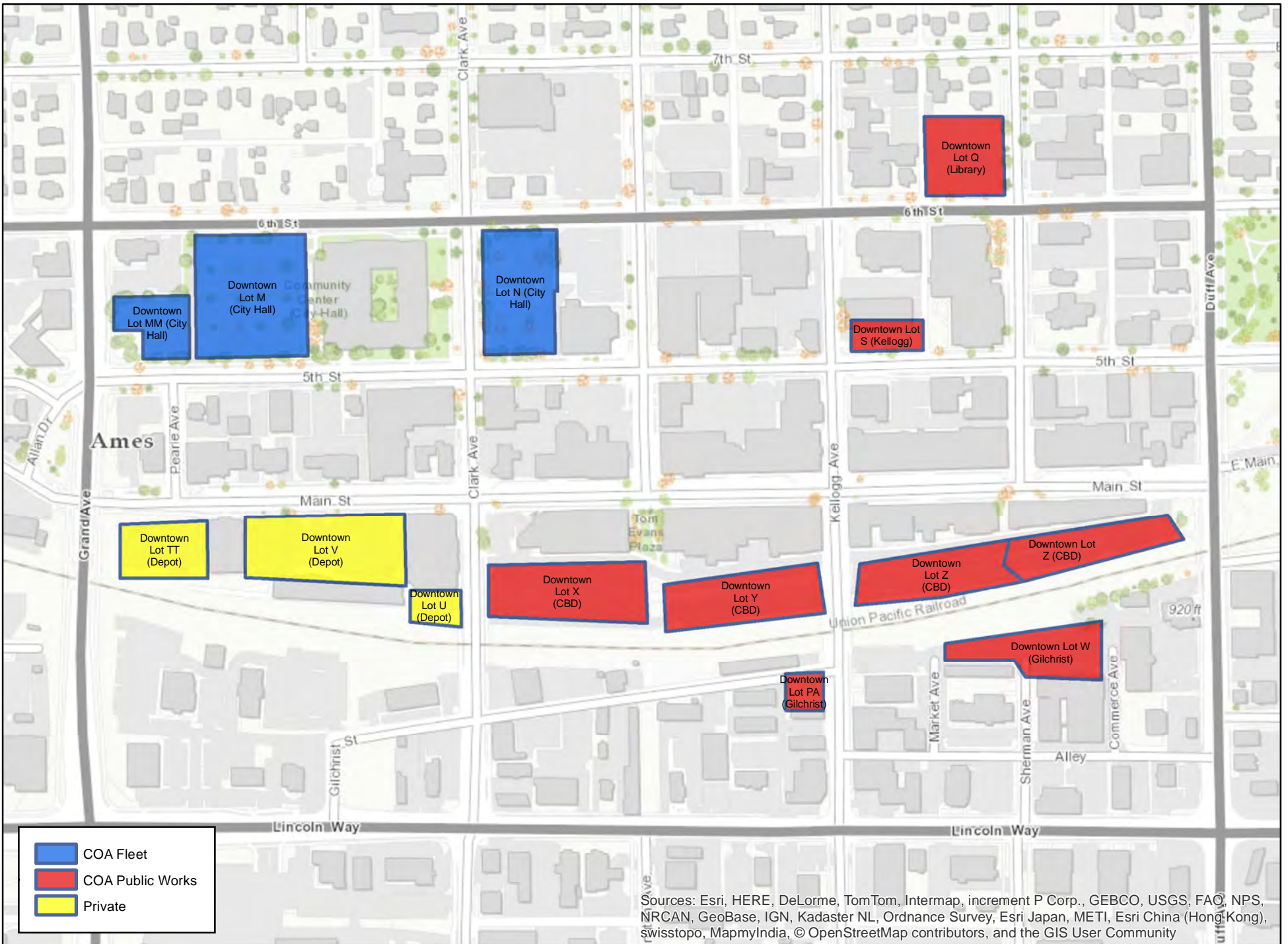
Sources: Esri, HERE, DeLorme, TomTom, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), swisstopo, MapmyIndia, © OpenStreetMap contributors, and the GIS User Community

Campustown Parking Lot Snow Removal Areas

Date: 8/31/2015

1 inch = 167 feet





Downtown Parking Lot Snow Removal Areas

Date: 8/31/2015

1 inch = 300 feet



COUNCIL ACTION FORM

SUBJECT: **ADDITION OF EAST END OF MAIN STREET
TO THE CITY’S STREET BANNER POLICY**

BACKGROUND:

At the November 10, 2014, City Council meeting, the City Council directed City staff to develop a proposal to add the property at the east end of Main Street to the list of allowable sites to place a banner under the City’s Street Banner Policy.

In response to this directive, an amendment to the City’s Street Banner Policy has been drafted for the east end of Main Street (on the Power Plant property, east of Duff Avenue). The proposed amendment incorporates similar standards already required in other locations. The amendment sets the term of use equal to that used for the overhead Main Street banner (30 days from January to June, 14 days from July through December; 14-day extension possible upon request).

City staff understands the intent of this banner location is to advertise events taking place in the Main Street Cultural District (MSCD). **Therefore, as with the bollard banners on Main Street, City staff proposes that banners at this new location only be permitted to advertise events taking place within the MSCD boundaries.** The MSCD staff has reviewed the draft policy and has indicated their support.

The policy includes the following revisions:

CONTENT & DESIGN

The overhead banner on Main Street shall be utilized only to advertise or announce particular civic, political, religious, fraternal or other non-profit activities.

The bollard banners on Main Street and the banner space at the east end of Main Street shall be utilized only to advertise or announce activities occurring within the Main Street Cultural District.

...

NEW SECTION:

Main Street - East End Banner

Requests for display are coordinated with the Main Street Cultural District (phone: 515-233-3472).

NUMBER OF BANNERS: 1

BANNER SIZE: Vertical height – 4 feet (45-46 inches when hemmed)
Horizontal length – 10 feet

BANNER CONSTRUCTION: Banners shall be constructed of heavy-duty canvas or plastic tarpaulin material or netting. Metal grommets shall be embedded near each of the four corners. Wind-relief flaps approximately 6" by 6" in area shall be evenly distributed throughout the banner. A minimum of one wind-relief flap per five square feet of banner area is required.

METHOD OF INSTALLATION: Banners shall be attached to stakes with metal chains, threaded links and snap links. Corner connections must be capable of carrying a 1000 lb. load; all others must carry a 500 lb. load. (Wire may not be used.) Banners shall be secured via metal grommets as described above.

LENGTH OF SEASON: Year round

LENGTH OF USE: 30 days from January through June; 14 days from July through December. Extensions of up to 14 days may be requested through the City Clerk's Office. Requests for extensions may be made within the week prior to an approved display period and anytime during the approved display period.

ALTERNATIVES:

1. Approve the language above adding the space east of Main Street to the City's Street Banner Policy.
2. Modify the draft policy proposed by City staff.
3. Do not approve the addition of the space east of Main Street to the City's Street Banner Policy.

MANAGER'S RECOMMENDED ACTION:

The City Council has requested that City staff prepare language adding the space east of Main Street to the City's Street Banner Policy. The proposed policy revision incorporates some of the elements required of banner installations in other locations where banners are already allowed. The Main Street Cultural District has reviewed the proposal and is in support of it.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby approving the language above adding the space east of Main Street to the City's Street Banner Policy.



City of Ames Street Banner Policy

The City of Ames Street Banner Policy is for regulating all banners to be placed on street light poles described below by area of the City, for the set location over the 300 block of Main Street and on bollards located along Main Street at the intersections of Douglas, Kellogg and Clark Avenues.

REQUESTS FOR DISPLAY

Applications for permits to display banners may be obtained from the City Clerk's Office or the City of Ames website (<http://www.cityofames.org>), and should be submitted to the City Clerk's Office. Reservations will be considered no earlier than one year prior to the first day of the month in which the display is desired (e.g. the earliest a request for June 10 display may be accepted is June 1 of the previous year).

Organizations interested in displaying banners should coordinate the timing of their request with a representative of the primary organization in the vicinity of the desired location. Primary organizations are Iowa State University for poles on University Boulevard and the Ames Chamber of Commerce (on behalf of the Campustown Action Association, the Main Street Cultural District, and the South Ames Business Neighborhood) for all other locations. Permits will be issued by the City Clerk's Office.

In the event that display date requests conflict and cannot be resolved through the primary organization, the City Manager's Designee will attempt to mediate an agreement. If necessary, a final appeal for resolution may be made to the City Council.

LENGTH OF DISPLAY

There is no time limit on pole banner displays.

Organizations may display a banner over Main on Main Street at the intersection of Douglas, Kellogg and Clark for up to thirty (30) days at a time from January through June, and for up to fourteen (14) days at a time from July through December. If no other requests have been received, the City Manager's Designee may grant extensions of up to 14 days in the week prior to the initial installation date and/or during the approved display period.

Organizations may display a banner on the bollards located on Main Street at the intersections of Douglas, Kellogg, and/or Clark for up to fourteen 14 days prior to and including the day and/or days of the special event approved by the City of Ames.

INSURANCE

Applicants and installers shall provide certificates of insurance evidencing general liability coverage in the amount of \$500,000 combined single limit and naming the City of Ames and its employees and assigns as additional insured (with endorsement naming political subdivision).

INSTALLATION & REMOVAL

Permit holders shall be responsible for coordinating installation and removal of banners by insured installers, with the following exception: Banners may be installed on poles and the bollards in the Main Street Cultural District by adult volunteers working on behalf of the District.

Methods of installation shall conform with instructions provided by the City of Ames. Traffic control measures shall be employed as needed. Permit holders shall be responsible for the cost of repairing any damage done to banner hardware, light poles, bollards, landscaping or grass in medians and parking areas.



City of Ames Street Banner Policy

Banners shall be removed on or before the permit expiration date.

MAINTENANCE OF HARDWARE

Routine maintenance of hardware on University Boulevard poles will be managed by Iowa State University. Problems should be reported to Iowa State's Facilities Planning and Management Service Desk at 515-294-5100.

Routine maintenance of bollards located on Main Street will be managed by the City's Public Works Department. Problems should be reported to 515-239-5160.

Routine maintenance of hardware in all other locations will be managed by the City's Electric Services Department. Problems should be reported to 515-239-5500.

MAINTENANCE OF BANNERS

Problems with banners on display will be reported to permit holders. Corrective action shall be made within 24 hours of notification. The City of Ames reserves the right to immediately remove banners and/or revoke permits if any hazard is deemed present. Costs that may be incurred for the removal of banners by City staff shall be charged to permit holders.

PRIORITIZATION

Banner permits will generally be issued on a first come, first served basis. See supplemental information pages for prioritization standards specific to poles on University Boulevard.

CONTENT & DESIGN

The overhead banner on Main Street shall be utilized only to advertise or announce particular civic, political, religious, fraternal or other non-profit activities.

The bollard banners on Main Street [and the banner space at the east end of Main Street](#) shall be utilized only to advertise or announce activities occurring within the Main Street Cultural District.

Pole banners are intended to celebrate and/or promote the Ames/ISU community or specific local events. Sponsorship recognition, if any, must be restricted to the lower 15% of banners designed for poles.

All banners shall be non-offensive.

DISCLAIMER

The City of Ames does not assume responsibility for damage to all types of banners.



City of Ames Street Banner Policy

CAMPUSTOWN POLE BANNERS

Requests for banner displays are coordinated with the Ames Chamber of Commerce representative of the Campustown Action Association (phone: 515-232-2310).

MAXIMUM NUMBER OF BANNERS: 41 (1 banner/pole: 29 on Welch, 12 on Lincoln Way)

MINIMUM NUMBER TO BE USED PER APPLICATION: 21

BANNER SIZE: 5' by 2.5' (60" x 30")

Note: Banner brackets should be double-checked and re-measured (preferably by the manufacturer) before orders are placed. These mounting brackets are moveable and also susceptible to rotation or wrenching by high winds.

BANNER CONSTRUCTION: Banners should have rod pockets or tabs that slide onto the banner arm. There is nothing that secures the banner to the arms or the pole. Applicants may consult with manufacturers about a means of securing banners more tightly to the fixtures.

METHOD OF INSTALLATION: Slide banner rod pockets onto bracket arms.

Traffic control measures must be followed if banners are mounted from the traveled portion of the street. Guidance for traffic control for temporary work zones and short duration mobile operations can be found in the Manual on Uniform Traffic Control Devices (MUTCD) at the Federal Highway Administration's website (http://mutcd.fhwa.dot.gov/kno_2003.htm). Part 6, Temporary Traffic Control, should be reviewed and special attention should be given to Chapter 6G for mobile or short duration operations. Any additional questions about work zones may be directed to the City of Ames Traffic Engineer at 515-239-5275.

LENGTH OF SEASON: Year-round

LENGTH OF USE: Unlimited



City of Ames Street Banner Policy

DOWNTOWN POLES (MAIN ST., FIFTH ST., SIXTH ST., CLARK AVE.)

Requests for display are coordinated with the Main Street Cultural District (phone: 515-233-3472).

TOTAL NUMBER OF BANNERS: 159 (1 banner/pole)

Main Street – 62
Fifth Street – 42
Sixth Street – 54
Clark Avenue – 1

MINIMUM NUMBER TO BE USED PER APPLICATION:

Main Street – 20
Fifth Street – 14
Sixth Street – 18

(Main Street Cultural District banners, artistic banners, and seasonal banners are usually displayed on every third pole in the Central Business District. When requests to use the hardware for other displays are approved, seasonal banners are removed first and artistic banners second.)

BANNER SIZE: 4' high by 22" wide

SEWN BANNER SIZES: approximately 49.25" high and 22" wide with 3.25" rod pockets

Note: Mounting brackets can shift, and should be double-checked and re-measured (preferably by the manufacturer) before orders are placed!

METHOD OF INSTALLATION:

Unscrew set screw, remove ball from rod

Remove seasonal banner; slide new banner onto rod

Replace ball and secure screw tightly from above, using blue "Lock tite" (Note: set screws may wiggle loose and balls may drop onto passersby or vehicles if they are not set from the top with Lock tite.)

Traffic control measures must be followed if banners are mounted from the traveled portion of the street. Guidance for traffic control for temporary work zones and short duration mobile operations can be found in the Manual on Uniform Traffic Control Devices (MUTCD) at the Federal Highway Administration's website (http://mutcd.fhwa.dot.gov/kno_2003.htm). Part 6, Temporary Traffic Control, should be reviewed and special attention should be given to Chapter 6G for mobile or short duration operations. Questions about work zones may be directed to the City of Ames Traffic Engineer at 239-5275.

NOTE: The lower banner arm is 11 feet above the base of all utility poles, but some poles are mounted on top of two-foot brick pedestals.

LENGTH OF SEASON: Year-round

LENGTH OF USE: Unlimited



City of Ames Street Banner Policy

UNIVERSITY BOULEVARD

Iowa State University is the primary user of poles on University Boulevard, and requests for display are coordinated with the Director of University Marketing (515-294-3134).

NUMBER OF BANNERS: 74 (34 poles with double brackets; 6 poles with single brackets)

MINIMUM NUMBER TO BE USED PER APPLICATION: 70
(Two different designs may be used to provide a full compliment of banners.)

BANNER SIZE: 8' x 2.5'

SEWN BANNER SIZES: 8' x 2.5' (96" x 30") laid flat, with 3" rod pockets
Grommets should be installed on one side of the banner so it may be secured to the light pole.

METHOD OF INSTALLATION:

Traffic control measures must be followed. Guidance for traffic control for temporary work zones and short duration mobile operations can be found in the Manual on Uniform Traffic Control Devices (MUTCD) at the Federal Highway Administration's website (http://mutcd.fhwa.dot.gov/kno_2003.htm). Part 6, Temporary Traffic Control, should be reviewed and special attention should be given to Chapter 6G for mobile or short duration operations. Any additional questions about work zones may be directed to the City of Ames Traffic Engineer at 239-5275.

LENGTH OF SEASON: May 1 – October 31

(These light poles are not designed to withstand ice-loading. Waivers for displays during winter months may be granted on a case-by-case basis.)

LENGTH OF USE: Unlimited

PRIORITIZATION:

- 1) Major multi-day events with community-wide involvement (e.g. Iowa Games)
- 2) General community or ISU promotions and events (Ames High Homecoming)
- 3) Other major events and conferences (e.g. Order of the Arrow Conference)

NOTE: Iowa State University purchases the University Boulevard banner hardware and donates it to the City of Ames. Iowa State's Office of Facilities Planning and Management maintains, repairs and installs banner hardware when necessary. It also is responsible for installing and removing banners on this roadway. The Office of University Marketing is responsible for scheduling displays and arranging for the installation/removal of banners.



City of Ames Street Banner Policy

SOUTH DUFF AVENUE

Requests for display are coordinated with the Ames Chamber of Commerce representative for the South Ames Business Neighborhood (515-232-2310).

NUMBER OF BANNERS: 19 (1 banner/pole)

MINIMUM NUMBER TO BE USED PER APPLICATION: 19

BANNER SIZE: 8' high x 2.5' wide (96" x 30")

Note: These brackets are moveable and may be affected by high winds or ice loading. Banner brackets should be double-checked and re-measured (preferably by the manufacturer) before orders are placed.

BANNER CONSTRUCTION: Banners should have rod pockets or tabs that slide onto the banner arm. Manufacturers may suggest a means of securing banners to the hardware.

METHOD OF INSTALLATION: Slide banner rod pockets onto bracket arms.

Traffic control measures must be followed if banners are mounted from the traveled portion of the street. Guidance for traffic control for temporary work zones and short duration mobile operations can be found in the Manual on Uniform Traffic Control Devices (MUTCD) at the Federal Highway Administration's website (http://mutcd.fhwa.dot.gov/kno_2003.htm). Part 6, Temporary Traffic Control, should be reviewed and special attention should be given to Chapter 6G for mobile or short duration operations. Any additional questions about work zones should be directed to the City of Ames Traffic Engineer at 239-5275.

LENGTH OF SEASON: Year round

LENGTH OF USE: Unlimited

Main Street Overhead Banner

NUMBER OF BANNERS: 1

BANNER SIZE: Vertical height – 3 feet (33-34 inches when hemmed)
Horizontal length – 30 feet

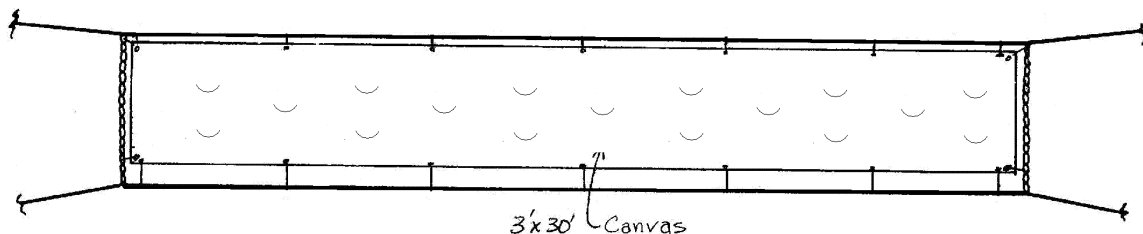
BANNER CONSTRUCTION: Banners shall be constructed of heavy-duty canvas or plastic tarpaulin material or netting. Metal grommets shall be imbedded near each of the four corners and along the top and bottom edges. The upper and lower edges should each have at least six grommets. Wind-relief flaps approximately 6" by 6" in area shall be evenly distributed throughout the banner. A minimum of one wind-relief flap per five square feet of banner area is required.

METHOD OF INSTALLATION: Banners shall be attached to the permanent cables and chains with metal chains, threaded links and snap links. Corner connections must be capable of carrying a 1000 lb. load; all others must carry a 500 lb. load. (Wire may not be used.) Banners shall be secured via metal grommets as described above.

LENGTH OF SEASON: Year round

LENGTH OF USE: 30 days from January through June; 14 days from July through December. Extensions of up to 14 days may be requested through the City Clerk's Office. Requests for extensions may be made within the week prior to an approved display period and anytime during the approved display period.

Sample Banner Configuration





City of Ames Street Banner Policy

Main Street Bollard Banner

Requests for display are coordinated with the Main Street Cultural District (phone: 515-233-3472).

NUMBER OF BANNERS: 8 --2 at Douglas and Main, 2 at Clark and Main, 2 at Burnett and Main, and 2 at Main and Kellogg

BANNER SIZE: Vertical height – no more than 3 feet (36 inches when hemmed)
Horizontal length – 5 feet.

BANNER CONSTRUCTION: Banners shall be constructed of heavy-duty canvas or plastic tarpaulin material or netting. Metal grommets shall be imbedded near each of the four corners.

METHOD OF INSTALLATION: Banners shall be attached to the bollards with bungee cords to the metal grommets on the four corners of the banners as described above.

LENGTH OF SEASON: Year round

LENGTH OF USE: 14 days prior to and including the day and/or days of the special event approved by the City of Ames.



City of Ames Street Banner Policy

PROPOSED NEW SECTION:

Main Street - East End Banner

Requests for display are coordinated with the Main Street Cultural District (phone: 515-233-3472).

NUMBER OF BANNERS: 1

BANNER SIZE: Vertical height – 4 feet (45-46 inches when hemmed)
Horizontal length – 10 feet

BANNER CONSTRUCTION: Banners shall be constructed of heavy-duty canvas or plastic tarpaulin material or netting. Metal grommets shall be embedded near each of the four corners. Wind-relief flaps approximately 6" by 6" in area shall be evenly distributed throughout the banner. A minimum of one wind-relief flap per five square feet of banner area is required.

METHOD OF INSTALLATION: Banners shall be attached to stakes with metal chains, threaded links and snap links. Corner connections must be capable of carrying a 1000 lb. load; all others must carry a 500 lb. load. (Wire may not be used.) Banners shall be secured via metal grommets as described above.

LENGTH OF SEASON: Year round

LENGTH OF USE: 30 days from January through June; 14 days from July through December. Extensions of up to 14 days may be requested through the City Clerk's Office. Requests for extensions may be made within the week prior to an approved display period and anytime during the approved display period.

COUNCIL ACTION FORM

SUBJECT: **CONSULTANT SELECTION FOR CITY BRANDING**

BACKGROUND:

As you will recall, the City Council has established as one of its top goals to “Promote Economic Development” with an objective to “develop a brand communications plan.” **In February 2015, the City Council refined its focus to a more specific campaign that targeted young adults transitioning to families to relocate to Ames.** The geographic market was identified by the City Council as the Ames to Des Moines, Iowa, I-35 corridor. In accordance with new direction, a Request For Proposal (RFP) was developed that required a mechanism to determine success through measurable, observable results. In addition, the RFP required the branding campaign to be based on the community vision, vocabulary, and information gleaned from the 2011 Ames community vision process. The City Council appropriated \$200,000 in FY 2014/15 for this project, which has been carried forward to this fiscal year.

The RFP specified that the consulting firm should have experience in market research (both qualitative and quantitative), strategic planning, organizational visual identity, graphics, branding, interactive marketing, and promotions.

The RFP sought the following specific deliverables to reach the target demographic and geographic market:

- Identify the most effective marketing tactics and implementation tools,
- Outline marketing priorities,
- Prioritizing the tools and tactics to most effectively implement a strategy that fits Ames,
- Report other communication strategies the City should consider,
- Prepare cost estimates, budgets and realistic timeframes for each task, and
- Identify the best practices for marketing and branding.

The RFP was issued to 33 firms with responses received from six. A committee comprised of City staff and local marketing professionals (See Appendix A) reviewed and ranked six returned proposals using a uniform ratings matrix (See Appendix B). Each proposal was evaluated based on a combination of the cost, project understanding, clarity and content of the proposal, experience with similar projects and the creative methods used to accomplish the goals, qualifications of key personnel, the proposed timeline and work plan. The score for each of these criteria was based on a scale of 1 to 5 and then assigned a corresponding weight factor. The maximum possible score, combining all six evaluators, was 3000. The knowledge and experience related scores represented 85% of the overall score, and proposed fees accounted for 15%. The proposal rankings and fees listed below:

Firm	Total Score	Rank	Fee Proposal
ZLR Ignition, Des Moines, IA	2490	1	\$55,000
Red Dot Advertising + Design, West Des Moines, IA	2066	2	\$200,000
ChandlerThinks, Franklin, TN	1961	3	\$198,780
Flying Hippo, Des Moines, IA	1821	4	\$195,000
LPCA Public Strategies, Des Moines, IA	1111	5	\$200,000
Happy Medium, Des Moines, IA	1026	6	\$200,000

The evaluation team invited the top three firms for interviews. All three were asked to provide a brief presentation introducing their team members, their roles and demonstrate their understanding of the scope of services. Interviews were evaluated based on creative methods used to accomplish the goals, a clear understanding and clarity of the project, implementation of another project similar to ours, qualifications and connection of the team and what set the firm apart from the other firms. As with the proposal scoring, each criteria was weighted and given a score based on a scale of 1 to 5. (See appendix C). The interview scores, with a maximum possible of 3000 were as follows:

Firm	Score
ZLR Ignition, Des Moines, IA	2405
Chandlerthinks, Franklin, TN	2170
Red Dot Advertising +Design, West Des Moines, IA	1730

Based on a unanimous decision by the evaluation team following the interviews and responses to follow up questions, the firms were ranked as follows:

Firm	Rank
ZLR Ignition, Des Moines, IA	1
Chandlerthinks, Franklin, TN	2
Red Dot Advertising +Design, West Des Moines, IA	3

Each of the three firms had experience in “place” marketing (the concept of using research to differentiate one destination from another and using those unique aspects to build a brand). These firms had reviewed the Ames Visioning documents and felt the data was thorough and well-done. **However, it was pointed out the Visioning process was completed with a different goal, and new research would be needed to study the demographic being targeted for this project.**

PROPOSALS

Each firm introduced a different plan to accomplish the stated goal, but all of them included initial data collection followed by campaign development.

RED DOT ADVERTISING+DESIGN:

Having worked for cities (Johnson, Ankeny) previously, Red Dot Advertising+Design offered a proposal that focused on creating a positive brand for Ames. The firm provided great examples of graphics and marketing pieces. The evaluation team felt the firm emphasized their strengths in the creative arena, but lacked depth in market research.

Red Dot introduced a four phase plan that included:

Phase 1: Discovery and Roadmap (\$7,500)
Phase 2: Campaign Development (\$58,500)
Phase 3: Campaign Kickoff (\$134,000)
Phase 4: Measuring Success (0)
Total cost: \$200,000

CHANDLERTHINKS:

Chandlerthinks offered a fresh perspective as an outside agency, but had limited knowledge of central Iowa. The presentation was fast-paced and researched based. The Chandlerthinks portfolio included many examples of destination branding and several case studies of cities attempting to distinguish themselves from other communities. While the proposal was data driven – focusing on attitudes and perceptions about Ames and gathering information about the target demographic – the process seemed to follow a standard formula used in all cities. The team felt a more customized approach would be more appropriate for this project. This group did not offer a strategy to measure success.

Chandlerthinks suggested a five-phase plan that included:

Phase 1: Community Brand Dive and Audit (\$24,725)
Phase 2: Ames Target Group Perception and Profile Assessment (\$24,725)
Phase 3: Brand Experience Delivery Plan (\$11,000)
Phase 4: Creative Campaign and Messaging Development (\$11,000)
Phase 5: Implementation and Brand Coaching (\$8,050)
On-going campaign costs (\$119,280)
Total cost: \$198,780

ZLR IGNITION

ZLR Ignition provided only a first phase. When questioned about the lack of additional phases, the presentation team was direct and honest. **Without a clear understanding of the demographic and why they have opted not to live in Ames, ZLR professionals believe it would be premature to suggest a specific campaign strategy.** As CEO Louis Laurent explained, “You have to match the message with the audience, than use the proper tools to deliver the message in the most effective ways.” In his opinion, there were too many variables missing to move into next phases. Also, ZLR questioned the geographic target. Would it be better to look north of Ames rather than try to pull from the Des Moines metro or have we considered a partnership with the ISU Alumni Association to focus on ISU graduates? The development of either of these campaigns would be completely different with diverse

creative material and campaign delivery, and the cost structure would vary considerably. The evaluation team felt this type of critical thinking was helpful and thought-provoking. Being successful in the goal of attracting “young adults transitioning to families” bolsters our skilled, experienced workforce, which is critical to our community’s economic growth. The team felt making sure our goal is appropriately focused and achievable is an important first step.

ZLR Ignition provided a seven-step process to produce the data that would direct the next phases of the campaign.

- Step1 – Ignition Day (\$4,500)
 - Step 2 – Brand Audit (\$4,500)
 - Step 3 – Issue Discovery Research (\$32,000)
 - Step 4 – Brand Construct (\$4,000)
 - Step 5 – Brand Launch Plan (\$10,000)
 - Step 6 – Ongoing Education & Promotion
 - Step 7 - Measurement
- Total cost: \$55,000**

The **Ignition Day** is the strategic discussion that defines the parameters of the project. It includes the development of objectives, identification of the audience, and the foundation for an action plan. The **Brand Audit** is review of the current City of Ames brand, the message, and analysis of how the brand is portrayed internally and externally. For the **Issue Discovery Research** step, ZLR will retain the Vernon Research Group to gather data that will drive brand development over the next several years. Four focus groups, internal and external, will help define challenges and motivators common to the target demographic. The results will be delivered to the City in final report with key findings and recommendations. After completion of the research, the firm will create a **Brand Construct** that includes defining Ames’ brand advantage and creating key message strategies. Finally, ZLR will collaborate with the City of Ames to develop a comprehensive plan to introduce the brand to internal and external audiences. Included in the **Brand Launch** plan phase of the proposal is a campaign strategy, messaging, and a media placement plan. The final step is establishing metrics to measure success in the future.

Once the first phase is complete, ZLR Ignition offered an option none of the other agencies considered. They would hand over the completed research, creative templates, and marketing strategy for the City to take in-house, take to another agency, or continue to work with them through a contract extension. This provides some flexibility the evaluation team thought could be helpful. It allows opportunities to check back with the City Council for guidance, and it could create opportunities to reduce some expense. **The team felt the biggest advantage ZLR provides to the City of Ames identified was the ability to be agile if the data identifies unexpected challenges.**

ZLR Ignition emphasized their experience working with the State of Iowa, the Greater Des Moines Convention and Visitors Bureau, the Downtown Alliance, and Iowa State

University, as evidence of targeted marketing and experience working in the public sector. Their work with Iowa State University's "Choose Your Adventure" has been cited as directly influencing the university's record enrollment, which they believe demonstrates they are a results-based firm.

ALTERNATIVES:

1. Approve the contract with ZLR Ignition for the first phase of brand consulting services for \$55,000. This phase will include the seven-step strategy to gather data, identify the targeted audience, develop key messages and templates, and providing media strategies.

This alternative should be supported only if the City Council agrees that before a marketing plan should be developed, research must indicate whether or not a marketing campaign targeting the I-35 Corridor can be effective in attracting young adults to Ames.

2. Approve a contract with one of the other consulting firms.

This alternative should be pursued if the City Council does not agree with ZLR's approach to first test the validity of attracting young adults from the I-35 Corridor to Ames.

3. Re-solicit proposals for this branding project.

MANAGER'S RECOMMENDED ACTION:

The final three agencies provided interesting, but different strategies for meeting the Council's desire to attract young adults transitioning to families to Ames. After evaluating the plans, meeting the consultant's staff, listening to the presentations, and asking questions; the review committee recommended ZLR Ignition as the top choice. In particular, **the committee appreciated ZLR Ignition's phased approach to researching the City Council's targeted demographic, to identifying trends and challenges, to examining the geographic market (Ames to Des Moines/I-35 Corridor), and to being prepared to refocus the campaign if the research identifies insurmountable barriers to success. Furthermore, the committee believed ZLR is the preferred firm because their staff understands the goal of the project, has experience working on similar projects, asked probing questions in order to clarify the project, and suggested a phased approach that provides flexibility to City staff.**

Therefore, it is the recommendation of the City Manager that the City Council approve Alternative #, 1 thereby approving the contract with ZLR Ignition for the first phase of brand consulting services for \$55,000.

APPENDIX A

Brand RFP Review Committee

City of Ames

Susan Gwasda, Public Relations Officer

Derek Crisler, Cable TV Coordinator

Derek Zarn, Graphics/Print Shop Technician

Outside Agencies

Julie Weeks, Ames Convention and Visitors Bureau

Steve Sullivan, Mary Greeley Medical Center

Alison Doyle, ISU Research Park

Facilitator: Karen Server, City of Ames Purchasing Manager

EVALUATION FORM REQUEST FOR PROPOSAL NO. 2015-259	OFFEROR:
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Integrated Brand Communication Plan

1	Submission of Qualifications	Acceptable		Not Acceptable					
Evaluation Criteria		(-)	Score			(+)	Points	Weight	Weighted
		1	2	3	4	5	Scored	Factor	Total Score
Submission of Proposal									
1	Project understanding, clarity and content of proposal							x	30
2	Proposed timeline and work plan							x	20
3	Previous experience with similar projects and the creativity methods used to accomplish the goals							x	20
4	Key personnel							x	10
5	Responsiveness - completeness							x	5
6	Submitted fee proposal						Purch	x	15
								100	

EVALUATION TEAM MEMBER: _____

Instructions

1. Input your score to each criteria on the qualitative factors (1-5) only. Purchasing will input the score for then submitted fee proposal (6) factor and then tabulate the total.
2. Sign Evaluation Form and return to Karen Server.

The ratings are as follows:

- 1 = Does not meet requirements
- 2 = Marginally acceptable, very weak, minimally meets requirements
- 3 = Meets requirements (meets requirements as outlined in the technical requirements section)
- 4 = Meets requirements (above average)
- 5 = Meets requirements (exceeds expectations)

3. Sourcing Cost:

The lowest proposed cost will receive 5 points. To score the next lowest proposed cost, divide the lowest proposed cost by the second lowest proposed cost. This will give a percentage that will be multiplied by the weighting factor. The third lowest proposal will be scored in the same manner.

4. Each member of the evaluation team prepares an evaluation matrix for each proposal by checking the score that reflects his/her evaluation of the Company's capability regarding each criterion. (1 is the lowest score and 5 is the highest score).

5. The formula to calculate the weighted total score for each criterion is as follows: $\text{points scored} \times \text{weighted factor} \div \text{highest number of points possible} = \text{weighted total score}$. The weighted total scores are then added together to determine the matrix total.

6. Company by Company, the matrix totals are added together and then divided by the number of matrices to determine the Company's overall average score.

EVALUATION FORM REQUEST FOR PROPOSAL NO. 2015-259	OFFEROR:
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Integrated Brand Communication Plan - Interview

1	Interview	Acceptable		Not Acceptable							
Evaluation Criteria		(-)	Score	(+)	Points						
		1	2	3	4	5	Scored	Weight	Factor	Weighted	Total Score
Components of the Interview											
2	Clear understanding, clarity of the project							x	25		
3	Implementation of another project similar to ours							x	10		
4	Creativity methods used to accomplish the goals							x	30		
5	Qualifications & connection of the team							x	10		
6	What set's them apart from other firms							x	25		
									100		

EVALUATION TEAM MEMBER: _____

Instructions

1. Input your score to each criteria on the qualitative factors (1-5) only.
2. Sign Evaluation Form and return to Karen Server.

The ratings are as follows:

- 1 = Does not meet requirements
- 2 = Marginally acceptable, very weak, minimally meets requirements
- 3 = Meets requirements (meets requirements as outlined in the technical requirements section)
- 4 = Meets requirements (above average)
- 5 = Meets requirements (exceeds expectations)

3. Sourcing Cost:

The lowest proposed cost will receive 5 points. To score the next lowest proposed cost, divide the lowest proposed cost by the second lowest proposed cost. This will give a percentage that will be multiplied by the weighting factor. The third lowest proposal will be scored in the same manner.

4. Each member of the evaluation team prepares an evaluation matrix for each proposal by checking the score that reflects his/her evaluation of the Company's capability regarding each criterion. (1 is the lowest score and 5 is the highest score).

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6. Company by Company, the matrix totals are added together and then divided by the number of matrices to determine the Company's overall average score.

COUNCIL ACTION FORM

SUBJECT: **ELECTRIC SERVICES NATURAL GAS
TRANSPORT AGREEMENT**

BACKGROUND:

Ames Municipal Electric System (AMES) is in the process of converting both of their coal fired generators over to use natural gas. Once the units are converted AMES will typically burn 12,000 MMBtu of natural gas daily along with refuse-derived-fuel to generate the electricity.

This contract is for the purchase of 14,000 MMBtu/per day of natural gas Firm Throughput Service for nearly a 10 year contract period (January 1, 2016 to October 31, 2025). It should be noted that this contract is for the purchase of the transportation of the gas to Ames and does not include the natural gas commodity.

The City has already contracted for the delivery of natural gas from a major pipeline which passes through Story City, Iowa to the Power Plant. That contract is with Interstate Power & Light/Alliant. **This second leg of delivery is to arrange transport service from Northern Natural Gas Co. (NNG) which owns/operates the major pipeline in the area.** NNG is the primary provider-of-service in the area so the City is pretty much a captive customer for service, having limited negotiation ability. The City's gas consultant and Electric Services staff have negotiated a final contract with the following key points:

1. Contract amount is for 14,000 dekatherms (Dth) per day. This amount is based on the projected daily requirement needed to burn refuse-derived-fuel plus a 10% margin. The contract includes the ability to reduce this contracted amount by up to 2,000 Dth in the first year. This one-time reduction will allow the City to "right-size" the contract following plant conversion. This is beneficial to the City as staff tunes the new burners and determines a typical daily usage.
2. This is a 10 year agreement. Language has been included to allow the City to make a one-time, large reduction (down to 50 Dth) of service if major changes are made to the operation of the plant because of federal, state or local actions during the contract. Following the 10 years, the City will have the right-of-first-refusal to extend the contract if desired.

3. Most delivery points on NNG are made to a point called Ventura. In working with NNG, an alternative delivery point called Grundy Center has been offered in the contract at nearly a 60% savings to Ventura. As this is a “less liquid” trading point, the number of potential gas suppliers will be reduced. After staff reviews commodity pricing bids (a separate City Council agenda item), the delivery point can be finalized.

Estimated cost of this service per year is between \$952,650 and \$1,111,425 depending on the final amount of service needed (12,000 – 14,000 Dth per day).

Staff has received EUORAB’s endorsement of the Firm Throughput Service Agreement with NNG and directed staff to forward the agreement to the City Council for approval.

The City Council is being asked to approve a multi-year agreement at this time, rather than a one-year contract with renewal options.

The approved FY 2015/16 operating budget currently includes \$6,000,000 for the purchase of natural gas to operate the power plant. There is currently \$7,314,776.96 remaining in the FY 2015/16 operating budget for coal that will be transferred over to the natural gas account which will increase the total amount to \$13,314,776.96. Additional funding if needed is available from the FY 2015/16 operating budget for the purchase of energy which contains \$4,481,479.94.

ALTERNATIVES:

1. Award a 10 year contract to Northern Natural Gas for firm natural gas to the City’s Power Plant in the estimated amount of \$1,111,425 per year.
2. Do not award a contract to Northern Natural Gas at this time.

MANAGER'S RECOMMENDED ACTION:

This agreement will provide a firm delivery route for natural gas which will provide the City the reliability needed to operate the Power Plant and burn refuse derived fuel. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as stated above.



Firm Throughput Service Agreement
Rate Schedule TFX

Date: 09/22/2015

Shipper's Name and Address for Notices :

CITY OF AMES IOWA
502 CARROL AVE
AMES, IA 50010
ATTN: DONALD KOM

Shipper's Name and Address for Invoices :

CITY OF AMES IOWA
502 CARROL AVE
AMES, IA 50010
ATTN: COLLIN DETTMANN

Contract No.: 129565

Term: From 01/01/2016 to 10/31/2025

Rates shall be Northern's maximum rates and charges plus all applicable surcharges in effect from time to time under the applicable Rate Schedule on file with the Commission unless otherwise agreed to by the parties in writing.

This transportation shall be provided pursuant to Subpart G of Part 284 of the Federal Energy Regulatory Commission's regulations.

The contract maximum daily quantities and primary receipt and delivery points are set forth on Appendix A, and if necessary, Appendix B.

If made available by Shipper, Northern agrees to receive and deliver thermally equivalent volumes of natural gas as set forth in this Agreement.

Other Provisions Permitted by Tariff Under the Applicable Rate Schedule and pursuant to Section 58 of the GENERAL TERMS AND CONDITIONS of Northern's FERC Gas Tariff:

TO THE FULLEST EXTENT PERMITTED BY LAW, EACH OF THE PARTIES HERETO WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT. EACH PARTY FURTHER WAIVES ANY RIGHT TO CONSOLIDATE ANY ACTION IN WHICH A JURY TRIAL HAS BEEN WAIVED WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED.

The parties agree that a facsimile or other electronic version of this document, when properly executed and transmitted, shall be considered for all purposes to be an original document, and shall be deemed for all purposes to be signed and constitute a binding agreement. The entire agreement must be faxed or transmitted to Northern. Upon Northern's acceptance and execution, an executed copy will be returned via FAX to the number appearing on the faxed offer or such other number as directed or otherwise electronically transmitted.

This Agreement constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Northern's FERC Gas Tariff will be deemed to be a part of this Agreement nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

Any notice, statement, or bill provided for in this Agreement shall be in writing and shall be considered as having been given if delivered personally, or if mailed by United States mail, postage prepaid, or if sent by express mail, overnight delivery, telex, telecopy or other mutually agreeable means of electronic transmission, to Shipper when sent to the address set forth on this Agreement and to Northern when sent to the following:

All Notices/Accounting Matters:

Northern Natural Gas Company
1111 S. 103rd Street
Omaha, Nebraska 68124-1000
Attn: Customer Services
Fax No.: 402-548-5280

Payments to Designated Depository:

Northern Natural Gas Company
U.S. Bank National Association
Account No. 105700973255
ABA No. 104000029
1700 Farnam Street
Omaha, Nebraska 68102

This Agreement shall incorporate and in all respects shall be subject to the GENERAL TERMS AND CONDITIONS and the applicable Rate Schedule(s) set forth in Northern's FERC Gas Tariff, as may be revised from time to time. Northern may file and seek Commission approval under Section 4 of the Natural Gas Act (NGA) at any time and from time to time to change any rates, charges or other provisions set forth in the applicable Rate Schedule(s) and the GENERAL TERMS AND CONDITIONS in Northern's FERC Gas Tariff, and Northern shall have the right to place such changes in effect in accordance with the NGA, and this Throughput Service Agreement shall be deemed to include such changes and any changes which become effective by operation of law and Commission Order, without prejudice to Shipper's right to protest the same.

NORTHERN NATURAL GAS COMPANY

CITY OF AMES IOWA

By: *Tom Halpin*

Title: Vice President, Marketing

Date: 09/22/2015

By:

Title:

Date:



Northern Natural Gas Company
Amendment to TFX Throughput Service Agreement

Date: 09/22/2015

Shipper Name: CITY OF AMES IOWA

Contract No.: 129565 (Agreement)

Amendment No.: 1

The above-referenced Agreement is amended as follows:

1. For the period 01/01/2016 through 10/31/2025, the rate provisions are amended as follows:
 - a. Shipper shall pay a base reservation rate equal to an annual average rate of \$0.1800/Dth/day allocated between summer and winter such that none of the rate components are above the maximum or below the minimum rates set forth in Northern's FERC Gas Tariff; and a commodity rate equal to the maximum rate provided in Northern's FERC Gas Tariff.
 - b. In addition to the above rates, Shipper shall provide any applicable fuel use and unaccounted for.
 - c. The discounted rates set forth above are applicable to the receipt and delivery points (POI) listed below. Shipper agrees that if any receipt or delivery points not listed below are used either on a primary or alternate basis, the discounted rates set forth above will not be applicable and Northern's maximum rates will apply for the entire contract MDQ during the month that any points not listed below are used.

Primary Points

Receipt	Delivery
60229 NBPL/NNG GRUNDY CENTER	79227 STORY CITY IA #2

Alternate Points

All Market Area receipt points as of the effective date of this Amendment

2. In addition to the above rates, Shipper shall pay all FERC-approved surcharges applicable to the service provided hereunder.
3. In no event shall the rates exceed the maximum rate or be less than the minimum rate authorized under Northern's FERC Gas Tariff, as revised from time to time. In the event the rates agreed to pursuant hereto are or become greater than the maximum or less than the minimum under Northern's FERC Gas Tariff, as revised from time to time, then Shipper agrees that Northern will immediately decrease the rate(s) herein down to the maximum or increase the rate(s) herein up to the minimum. In such event, other rate components may be adjusted upward or downward to achieve the agreed-upon overall rate, provided that the resulting rate component shall not exceed the maximum rate or be below the minimum rate applicable to the rate component.
4. The Other Provisions Permitted by Tariff Under the Applicable Rate Schedule and pursuant to Section 58 of the GENERAL TERMS AND CONDITIONS of Northern's FERC Gas Tariff are amended to include the following:
 - a. During the term of the Agreement, if the Ames City Council, State of Iowa or the United State of America passes a law or regulation which would (1) make it too costly to burn refuse-derived fuel (RDF) or (2) make the burning of RDF a violation of future regulatory or environmental laws or regulations, Shipper will have a one-time option to reduce the contract maximum daily quantity (MDQ) of the Agreement to not less than 50 Dth/day; provided, Shipper provides Northern with at least one year's written notice of the requested MDQ reduction (Reduction Notice). The MDQ reduction will be effective on the first day of the month following one year from receipt of the Reduction Notice. Shipper must provide Northern an

affidavit that supports (1) or (2) above with its Reduction Notice. Upon receipt of the Reduction Notice, this Agreement will be amended to reflect the new contract MDQ.

b. In addition, Shipper shall have a one-time option to reduce the contract MDQ by up to 2,000 Dth/day effective any time after six months of receiving service (July 1, 2016) but before the end of the first year of service (December 31, 2016). To effectuate the reduction Shipper shall provide at least 60 days' advance written notice to Northern, in which the Shipper will provide the effective date of the reduction which must be on the first day of a month at least 60 days following Northern's receipt of the notice. Upon receipt of the notice, this Agreement will be amended to reflect the new contract MDQ.

c. The entitlement is subject to the Right of First Refusal described in Section 52 of the General Terms and Conditions of Northern's FERC Gas Tariff.

5. The parties agree that a facsimile or other electronic version of this document, when properly executed and transmitted, shall be considered for all purposes to be an original document, and shall be deemed for all purposes to be signed and constitute a binding agreement. The entire agreement must be faxed or transmitted to Northern. Upon Northern's acceptance and execution, an executed copy will be returned via FAX to the number appearing on the faxed offer or such other number as directed or otherwise electronically transmitted.

6. This Agreement, as amended, constitutes the entire agreement between the parties with respect to the subject matter of this Agreement and shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No promises, agreements or warranties additional to this Agreement other than as may be contained in Northern's FERC Gas Tariff will be deemed to be a part of this Agreement nor will any alteration, amendment or modification be effective unless confirmed in writing by the parties.

The effective date of this Amendment is 01/01/2016.

Except as amended herein, all provisions of the Agreement are hereby confirmed by the parties to be and remain in full force and effect.

NORTHERN NATURAL GAS COMPANY

CITY OF AMES IOWA

By: *Tom Halpin*

By:

Title: Vice President, Marketing

Title:

Date: 09/22/2015

Date:

Appendix A
Firm Throughput Service Agreement
TFX Rate Schedule

Contract No.: 129565
Request No.: 144988

Shipper: CITY OF AMES IOWA

Term: 01/01/2016 through 10/31/2025

Contract Volumes (Dth):

MARKET	14,000	January through December
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Maximum Daily Quantities (Dth):

<u>VolumeType</u>	<u>From</u>	<u>Volume</u>
MDQ	January through December	14,000

Shipper: CITY OF AMES IOWA

Term: 01/01/2016 through 10/31/2025

RECEIPT AND DELIVERY POINT DESCRIPTIONS AND VOLUMES (DTH)

R/D	POI # / MIDS	Point Description	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
R	60229 / MID 17	NBPL/NNG GRUNDY CENTER	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
		Total Market Area Receipts	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
D	79227 / MID 17	STORY CITY IA #2	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000
		Total Market Area Deliveries	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000	14,000

COUNCIL ACTION FORM

**SUBJECT: ELECTRIC SERVICES NATURAL
GAS SUPPLY CONTRACT**

BACKGROUND:

Ames Municipal Electric System (AMES) is in the process of converting both of their coal fired generators over to use natural gas. Once the units are converted AMES will typically burn 12,000 MMBtu of natural gas daily along with refuse-derived-fuel to generate the electricity.

This contract will be for the purchase of 12,000 MMBtu/per day of natural gas for Electric Services for contract period anywhere from 1, 3, 5 or 10 years, depending on which option is recommended by the City staff based on a financial analysis. It should be noted that this contract is for the purchase of the natural gas commodity and does not include the transportation of the gas to Ames.

The pricing of natural gas can be done under several arrangements. The two types being considered by the City are fixed price and index pricing. The first option, fixed price is self explanatory. The price bid at the time the agreement is signed is the price charged when the natural gas is consumed. This offers certainty in the price, but this price may be higher than current prices. The second option, indexed price is similar to how the City purchases fuel for its vehicles. The “mark up” is known but the base price is indexed to the market the month before it is being consumed. The other aspect under consideration is the term of the agreement. In the bid document: 1, 3, 5 and 10 years pricing are all being considered. This will likely give the city lower prices up front, but future pricing will move up or down with the change in the market conditions.

The goal of the contract is to create efficiency and flexibility in the purchase of a valuable commodity, ensuring that the City is able to use opportunity purchasing and to lock in performance criteria for the vendors. **The difficulty with the fixed price bid specifically is the time period that a bid is valid, which in this case is less than 24 hours. To present these bids to Council for consideration/approval, staff is prepared to offer a very atypical process.**

On October 5, 2015, bid documents were issued to three companies. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage. The bid was also sent to one planroom. The basic contract language for all three companies have been reviewed and approval by Legal.

On October 13, 2015, the day of the City Council meeting, bids are to be received by fax and/or e-mail to the Purchasing Division. Purchasing and Electric Service staff will review the bids, and develop a summary of the bids with the intent of providing a recommendation, first to the EUORAB in the afternoon, and then to the City Council on the evening of October 13th. A copy of the blank bid report that the Council will receive during the City Council meeting is provided below.

It is anticipated that the City Council will be asked to approve a multi-year agreement, rather than a one-year contract with renewal options. Staff has received EUORAB's endorsement to bid for both Fixed and Indexed price gas.


The approved FY 2015/16 operating budget currently includes \$6,000,000 for the purchase of natural gas to operate the power plant. There is currently \$7,314,776.96 remaining in the FY 2015/16 operating budget for coal that will be transferred over to the natural gas account which will increase the total amount to \$13,314,776.96. Additional funding if needed is available from the FY 2015/16 operating budget for the purchase of energy which contains \$4,481,479.94.

ALTERNATIVES:

1. Award either a 1, 3, 5 or 10 year contract to the company that the City staff recommends to the City Council after performing an analysis of the various bid options that are received for supplying natural gas to the City's Power Plant.
2. Reject all bids and purchase natural gas on daily basis or rebid using a different pricing methodology.

MANAGER'S RECOMMENDED ACTION:

This contract will offer the City the ability to have certainty in the supply and price of natural gas needed to operate the Power Plant and burn refuse derived fuel. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, as stated above.

	ITB 2016-045 GAS SUPPLY FOR CITY OF AMES BID SUMMARY												
	BIDDER	ALTERNATE	DESCRIPTION	PRICE									
				1 YEAR		3 YEARS			5 YEARS			10 YEARS	
				Per MMBtu	Overall	Per MMBtu	Annual Cost	Overall	Per MMBtu	Annual Cost	Overall	Per MMBtu	Annual Cost
	Grundy	A. Index Pricing		NA		NA	NA		NA	NA		NA	NA
B. Full Requirements Fixed Price													
	Ventura	A. Index Pricing		NA		NA	NA		NA	NA		NA	NA
B. Full Requirements Fixed Price													
	Grundy	A. Index Pricing		NA		NA	NA		NA	NA		NA	NA
B. Full Requirements Fixed Price													
	Ventura	A. Index Pricing		NA		NA	NA		NA	NA		NA	NA
B. Full Requirements Fixed Price													
	Grundy	A. Index Pricing		NA		NA	NA		NA	NA		NA	NA
B. Full Requirements Fixed Price													
	Ventura	A. Index Pricing		NA		NA	NA		NA	NA		NA	NA
B. Full Requirements Fixed Price													

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: September 1, 2015

The parties to this Base Contract are the following:

PARTY A World Fuel Services, Inc.	PARTY NAME	PARTY B City of Ames, IA
605 N. Highway 169, Suite 1200 Plymouth, MN 55441	ADDRESS	515 Clark Avenue Ames, IA 50010
www.wfscorp.com	BUSINESS WEBSITE	
	CONTRACT NUMBER	
60-603-6481	D-U-N-S® NUMBER	#061320917
<input checked="" type="checkbox"/> US FEDERAL: 76-0291977 <input type="checkbox"/> OTHER:	TAX ID NUMBERS	<input checked="" type="checkbox"/> US FEDERAL: 42-6004218 <input type="checkbox"/> OTHER:
Texas	JURISDICTION OF ORGANIZATION	Delaware
<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____	COMPANY TYPE	<input type="checkbox"/> Corporation <input checked="" type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other:
	GUARANTOR (IF APPLICABLE)	
CONTACT INFORMATION		
Same as Above ATTN: <u>Contract Administration</u> TEL#: <u>763-543-4600</u> FAX#: <u>763-201-5901</u> EMAIL: <u>contracts@usenergyservices.com</u>	COMMERCIAL	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
Same as Above ATTN: <u>Manager, Gas Operations</u> TEL#: <u>763-543-4601</u> FAX#: <u>763-543-4603</u> EMAIL: <u>nominations @usenergyservices.com</u>	SCHEDULING	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
Same as Above ATTN: <u>Contract Administration</u> TEL#: <u>763-543-4600</u> FAX#: <u>763-201-5901</u> EMAIL: <u>contracts@usenergyservices.com</u>	CONTRACT AND LEGAL NOTICES	Purchasing 515 Clark Avenue, Ames, IA 50010 ATTN: Casey Bassett Phone: 515-239-5126 Fax: 515-239-5325
Same as Above ATTN: <u>John Lightbourn</u> TEL#: <u>305-351-4733</u> FAX#: <u>763-201-5901</u> EMAIL: <u>jlightbourn@wfscorp.com</u>	CREDIT	Purchasing 515 Clark Avenue, Ames, IA 50010 ATTN: Casey Bassett Phone: 515-239-5126 Fax: 515-239-5325
Same as Above ATTN: <u>Contract Administration</u> TEL#: <u>763-543-4600</u> FAX#: <u>763-201-5901</u> EMAIL: <u>contracts@usenergyservices.com</u>	TRANSACTION CONFIRMATIONS	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
ACCOUNTING INFORMATION		
Same as Above ATTN: <u>Accounts Receivable</u> TEL#: <u>763-543-4600</u> FAX#: <u>763-201-7818</u> EMAIL: <u>invoices@usenergyservices.com</u>	<input checked="" type="checkbox"/> INVOICES <input checked="" type="checkbox"/> PAYMENTS <input checked="" type="checkbox"/> SETTLEMENTS	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
BANK: <u>Bank of America</u> ABA: <u>026009593</u> ACCT: <u>8666687054</u> OTHER DETAILS: <u>Name on Acct: U.S. Energy Services</u>	WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____	ACH NUMBERS (IF APPLICABLE)	BANK: First National Bank of Ames, Ames, IA

		Kurt Jensen / 515-232-5561
ATTN: _____ ADDRESS: _____	CHECKS (IF APPLICABLE)	ATTN: _____ ADDRESS: _____

Base Contract for Sale and Purchase of Natural Gas
(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input checked="" type="checkbox"/> Oral (default) OR <input type="checkbox"/> Written	Section 10.2 Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default Specified Transactions: _____ _____
Section 2.7 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) OR <input type="checkbox"/> _____ Business Days after receipt	
Section 2.8 Confirming Party <input type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> World Fuel Services, Inc.	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) OR <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	
Section 2.31 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) OR <input type="checkbox"/> _____	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) OR <input type="checkbox"/> Day of Month following Month of delivery	Section 15.5 Choice Of Law <p align="center">New York</p>
Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input checked="" type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) OR <input type="checkbox"/> Netting does not apply	
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: <u>Three (3) pages</u> <input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

World Fuel Services, Inc.	PARTY NAME	
By: _____	SIGNATURE	By: _____

	<i>PRINTED NAME</i>	
U.S. Energy Services, Inc. as agent for World Fuel Services, Inc.	<i>TITLE</i>	

General Terms and Conditions Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

- 2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.
- 2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.
- 2.4. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.
- 2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).
- 2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.
- 2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.
- 2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.12. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.
- 2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.17. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.18. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.19. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.20. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.21. "Guarantor" shall mean any entity that has provided a guaranty of the obligations of a party hereunder.
- 2.22. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.23. "Indebtedness Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation

whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

2.24. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

2.25. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.

2.26. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

2.27. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

2.28. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

2.29. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

2.30. "Specified Transaction(s)" shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.

2.31. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

2.32. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.

2.33. "Transactional Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.

2.34. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.

2.35. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The

amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is

not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and

Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

Bilateral Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Triangular Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MARKET DISRUPTION

If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

SECTION 15. MISCELLANEOUS

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure,

and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: _____, ____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$_____/MMBtu or _____				
Delivery Period: Begin: _____, ____ End: _____, ____				
Performance Obligation and Contract Quantity: (Select One) <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top; padding: 5px;"> Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> Interruptible: Up to _____ MMBtus/day </td> </tr> </table>		Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day		
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):				
Special Conditions: _____ _____				
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____			

**SPECIAL PROVISIONS TO THE NAESB
BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS**

These Special Provisions to the NAESB Base Contract for Sale and Purchase of Natural Gas (these "Special Provisions") are attached to and made a part of that certain Base Contract for Sale and Purchase of Natural Gas between **World Fuel Services, Inc.** and **City of Ames, IA**, dated **October 13, 2015** (the "Base Contract").

The parties hereto agree that (i) references to Sections in these Special Provisions refer to a Section of the General Terms and Conditions of the Base Contract; and (ii) these Special Provisions amend the Base Contract as of the date of the Base Contract. In the event of any conflict or inconsistency between the Special Provisions and the Base Contract, the Special Provisions shall govern. All capitalized terms and section references used in these Special Provisions but not defined herein shall have the respective meanings ascribed to them in the Base Contract.

1. Section 1.2 "Oral Transaction Procedure" is amended by adding the phrase "or other electronic means of communication" immediately after the phrase "EDI transmission" in the second sentence.
2. Section 2.12 "Cover Standard" is amended by deleting the words "(or an alternate fuel if elected by Buyer and replacement Gas is not available)" in the third line of Section 2.12 ("Cover Standard").
3. Section 2.35 "Transporter" is amended by adding the word ", storage," after the word "gathering" on the first line of Section 2.35 and adding the words "or storing" after the word "transporting" on the second line of Section 2.35.
4. Section 10.2 is amended by deleting the word "or" preceding clause (ix) therein and inserting the following immediately after the semicolon at the end of clause (ix):

"or (x) consolidate or amalgamate with, or merge with or into, or transfer all or substantially all of its assets to, another entity and, at the time of such consolidation, amalgamation, merger or transfer, the resulting, surviving or transferee entity fails to assume all of the obligations of such party under the Contract."

5. Section 10.3 is amended by adding the following at the end of the section:

"IN ADDITION TO ALL OTHER AMOUNTS CALCULATED HEREUNDER, BUT WITHOUT DUPLICATION, THE DEFAULTING PARTY SHALL REIMBURSE THE NON-DEFAULTING PARTY FOR REASONABLE OUT-OF-POCKET EXPENSES INCURRED BY THE NON-DEFAULTING PARTY IN TERMINATING AND LIQUIDATING THE TERMINATED TRANSACTIONS AND ANY RELATED HEDGES, SUCH AS TRANSPORTATION AND STORAGE COSTS, BROKERAGE FEES, COMMISSIONS AND OTHER TRANSACTIONAL COSTS (INCLUDING ANY COSTS OR LOSSES INCURRED BY THE NON-DEFAULTING PARTY AS A RESULT OF HAVING ENTERED INTO HEDGING TRANSACTIONS OR HAVING TO ENTER INTO ANY REPLACEMENT HEDGING TRANSACTIONS, AND ANY AND ALL COSTS OF MAINTAINING, TERMINATING AND/OR REESTABLISHING ANY HEDGE OR RELATED TRADING POSITIONS, IN EACH CASE DISCOUNTED TO PRESENT VALUE OR BEARING INTEREST, AS APPROPRIATE, AND IN EACH CASE DETERMINED BY THE NON-DEFAULTING PARTY IN A COMMERCIALY REASONABLE MANNER), AS WELL AS REASONABLE ATTORNEYS' FEES AND EXPENSES AND OTHER ADMINISTRATIVE, TRANSPORTATION, AND BROKERAGE FEES OR COSTS INCURRED BY THE NON-DEFAULTING PARTY DURING THE OCCURRENCE AND CONTINUATION OF AN EVENT OF DEFAULT IN CONNECTION WITH THE ENFORCEMENT OR THE PRESERVATION OF THE NON-DEFAULTING PARTY'S RIGHTS UNDER THIS CONTRACT."

6. Section 10.5 is amended by adding the following sentences:

"Each party further agrees that the other party is not a "utility" as such term is used in 11 U.S.C. Section 366, and each party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such party. The parties agree that this Contract is a "forward contract" as defined in 11 U.S.C. Section 101 and, if either party becomes subject to a bankruptcy proceeding, it is understood and agreed by the parties that the other party is and shall be entitled to exercise its rights as a "forward contract merchant" to liquidate this Contract as a "forward contract" under Section 556 of the U.S. Bankruptcy Code."

7. Section 15 is amended by adding the following to Section 15.5:

"Each party waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any proceedings relating to these special provisions, the Contract, or any transaction thereunder."

8. Section 15 is amended by adding the following after the last sentence of 15.8:

"On the effective date and the date of entering into each transaction hereunder, each party represents and warrants to the other party that: (i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has all regulatory authorizations necessary for it to legally perform its obligations under this Contract and each transaction hereunder; (ii) the execution, delivery and performance of this Contract and each transaction hereunder are within its powers, and do not violate any contracts to which it is a party or any law, rule, regulation, order; (iii) this Contract, each transaction hereunder, and each other document executed and delivered in accordance with this Contract constitutes a legally valid and binding obligation enforceable against it in accordance with the terms of said document, subject to any equitable defenses; (iv) it, or its credit support provider, if applicable, is not bankrupt and there are no proceedings pending or being contemplated by it, its credit support provider, if any, or, to its knowledge, threatened against it which would result in it being or becoming bankrupt and there is not pending or, to its knowledge, threatened against it, or its credit support provider, if any, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Contract and each transaction hereunder; (v) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Contract and each transaction

hereunder; (vi) it is acting for its own account, has made its own independent decision to enter into this Contract and each transaction hereunder and as to whether this Contract and each such transaction is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Contract and each transaction hereunder; (vii) it is an "eligible contract participant" as that term is defined in Section 1a(12) of the Commodity Exchange Act."

9. The following new Section 15.13 is added:

"If requested, a party shall deliver, within sixty (60) days after the end of each fiscal year and within sixty (60) days after the end of each of its first three fiscal quarters of each fiscal year, a copy of its or its credit support provider's audited financial statements (or certified consolidated unaudited financial statements) prepared in accordance with generally accepted accounting principles."

10. The following new Section 15.14 is added:

"To the extent, if any, that a transaction does not qualify as a "first sale" as defined by the Natural Gas Act and §§ 2 and 601 of the Natural Gas Policy Act, each Party irrevocably waives its rights, including its rights under §§ 4-5 of the Natural Gas Act, unilaterally to seek or support a change to any terms and conditions of the Contract, including but not limited to the rate(s), charges, or classifications set forth therein. By this provision, each Party expressly waives its right to seek or support, either directly or indirectly, and by whatever means: (i) an order from the U.S. Federal Energy Regulatory Commission ("FERC") seeking to change any of the terms and conditions of the Contract agreed to by the Parties; and (ii) any refund from the other Party with respect to the Contract. Each Party further agrees that this waiver and covenant shall be binding upon it notwithstanding any regulatory or market changes that may occur after the date of the Contract or any transaction entered into between the Parties. Absent the agreement of both Parties to the proposed change, the standard of review for changes to any terms and conditions of the Contract proposed by (a) a Party, to the extent that the waiver set forth in this Section 15.13 is unenforceable or ineffective as to such Party due to a final determination being made under applicable law that precludes the Party from waiving its rights to seek or support changes from the FERC to the terms and conditions of this Contract, (b) a non-party, or (c) the FERC acting sua sponte, shall solely be the "public interest" application of the "just and reasonable" standard of review set forth in *United Gas Pipe Line Co. v. Mobile Gas Service Corp.*, 350 U.S. 332 (1956) and *Federal Power Commission v. Sierra Pacific Power Co.*, 350 U.S. 348 (1956) (the "Mobile-Sierra Doctrine"), as the Mobile-Sierra Doctrine has been clarified by *Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish* 128 S.Ct. 2733 (2008)."

11. The following new Section 15.15 is added:

"Each party represents to the other party (with such representations deemed to be repeated by each party on each date on which a relevant transaction is entered into) that, with respect to any commodity option transaction, it is: (1) a producer, processor, or commercial user of, or a merchant handling the commodity that is the subject of the option transaction; (2) offering or has been offered or is entering into the transaction solely for purposes related to its business as such; and (3) intends to make or take, as applicable, physical delivery of the commodity if the option is exercised."

12. The following new Section 15.16 is added:

"Each party hereby waives and shall not assert a defense of sovereign immunity or similar defense that may be applicable to it or its assets in any proceeding or matter regarding any claim or dispute arising under or in connection with this Contract."

IN WITNESS WHEREOF, the parties have executed these Special Provisions, which may be executed in multiple counterparts, but which shall constitute one and the same instrument, effective as of the date first written above.

WORLD FUEL SERVICES, INC.

By: _____

Name: _____

Title: U.S. Energy Services, Inc.

as agent for World Fuel Services, Inc.

By: _____

Name: _____

Title: _____

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: October 13, 2015

The parties to this Base Contract are the following:

PARTY A		PARTY B
MACQUARIE ENERGY LLC		City of Ames, Iowa
One Allen Center 500 Dallas Street, Suite 3300 Houston, TX 77002	ADDRESS	515 Clark Avenue Ames, IA 50010
www.macquarie.com/mgl/com/energy	BUSINESS WEBSITE	www._____
	CONTRACT NUMBER	
79-884-6036	D-U-N-S® NUMBER	#061320917
<input checked="" type="checkbox"/> US FEDERAL: 93-1043421 <input type="checkbox"/> OTHER:	TAX ID NUMBERS	<input checked="" type="checkbox"/> US FEDERAL: <input type="checkbox"/> OTHER: 426004218
Delaware	JURISDICTION OF ORGANIZATION	Iowa
<input type="checkbox"/> Corporation <input checked="" type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____	COMPANY TYPE	<input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input checked="" type="checkbox"/> Other: _____
CONTACT INFORMATION		
Macquarie Energy LLC ATTN: Wholesale Marketing TEL#: 713-275-6100 FAX#: 713-275-8979 EMAIL: FICCEMDMCETradMgrs@Macquarie.com	COMMERCIAL	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
Macquarie Energy LLC ATTN: Scheduling TEL#: 713-275-8900 FAX#: 713-275-8980 EMAIL: GasScheduling@Macquarie.com	SCHEDULING	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
Macquarie Energy LLC ATTN: Legal Risk Management TEL#: 713-275-6100 FAX#: 713-275-8978 EMAIL: CFMhoustonlegal@Macquarie.com	CONTRACT AND LEGAL NOTICES	Purchasing 515 Clark Avenue, Ames, IA 50010 ATTN: Casey Bassett Phone: 515-239-5126 Fax: 515-239-5325
Macquarie Energy LLC ATTN: Credit Risk Management TEL#: 713-275-6100 FAX#: 713-275-6115 EMAIL: FICCEMDUSGasCredit@Macquarie.com	CREDIT	Purchasing 515 Clark Avenue, Ames, IA 50010 ATTN: Casey Bassett Phone: 515-239-5126 Fax: 515-239-5325
Macquarie Energy LLC ATTN: Settlements – Deal Support Unit TEL#: 713-255-5873 FAX#: 713-255-5822 EMAIL: modconfirmshouston@macquarie.com	TRANSACTION CONFIRMATIONS	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
ACCOUNTING INFORMATION		
Macquarie Energy LLC ATTN: Wholesale Marketing TEL#: 713-275-6100 FAX#: 713-275-8979 EMAIL: FICCEMDMCETradMgrs@Macquarie.com	INVOICES PAYMENTS SETTLEMENTS	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
Macquarie Energy LLC ATTN: Scheduling TEL#: 713-275-8900 FAX#: 713-275-8980 EMAIL: GasScheduling@Macquarie.com	WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: First National Bank of Ames ABA: _____ ACCT: _____ OTHER DETAILS: Attn: Kurt Jensen
Macquarie Energy LLC ATTN: Legal Risk Management TEL#: 713-275-6100 FAX#: 713-275-8978 EMAIL: CFMhoustonlegal@Macquarie.com	ACH NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
Macquarie Energy LLC ATTN: Credit Risk Management TEL#: 713-275-6100 FAX#: 713-275-6115 EMAIL: FICCEMDUSGasCredit@Macquarie.com	CHECKS (IF APPLICABLE)	ATTN: _____ ADDRESS: _____

Base Contract for Sale and Purchase of Natural Gas

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input checked="" type="checkbox"/> Oral (default) OR <input type="checkbox"/> Written	Section 10.2 Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default <u>Specified Transactions:</u> _____ _____
Section 2.7 Confirm Deadline <input checked="" type="checkbox"/> 2 Business Days after receipt (default) OR <input type="checkbox"/> _____ Business Days after receipt	
Section 2.8 Confirming Party <input type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> <u>Macquarie Energy</u>	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) OR <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	
Section 2.31 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) OR <input type="checkbox"/> _____	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input checked="" type="checkbox"/> Bilateral (default) <input type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) OR <input type="checkbox"/> Day of Month following Month of delivery	Section 15.5 Choice Of Law <p style="text-align: center;">IOWA</p>
Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) OR <input type="checkbox"/> Netting does not apply	
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: One (1) <input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

MACQUARIE ENERGY LLC	<i>PARTY NAME</i>	City of Ames, Iowa
By: _____	<i>SIGNATURE</i>	By: _____
	<i>PRINTED NAME</i>	
	<i>TITLE</i>	

General Terms and Conditions

Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

- 2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.
- 2.4. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.
- 2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).
- 2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.
- 2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.
- 2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.12. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.
- 2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.17. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.18. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.19. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.20. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.21. "Guarantor" shall mean any entity that has provided a guaranty of the obligations of a party hereunder.
- 2.22. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.23. "Indebtedness Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

- 2.24. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.25. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.26. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.27. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.28. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.29. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.30. "Specified Transaction(s)" shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.
- 2.31. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.
- 2.32. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.
- 2.33. "Transactional Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.
- 2.34. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.
- 2.35. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

- 3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is

not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and

Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

Bilateral Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Triangular Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MARKET DISRUPTION

If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

SECTION 15. MISCELLANEOUS

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure,

and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: _____, ____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$_____/MMBtu or _____				
Delivery Period: Begin: _____, ____ End: _____, ____				
Performance Obligation and Contract Quantity: (Select One) <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top; padding: 5px;"> Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> Interruptible: Up to _____ MMBtus/day </td> </tr> </table>		Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day		
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):				
Special Conditions: _____ _____				
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____			

**SPECIAL PROVISIONS to the Base Contract for Sale and Purchase of Natural Gas between
Macquarie Energy LLC and City of Ames, Iowa dated as of October 13, 2015**

The following provisions (the "Special Provisions") to the Base Contract shall supplement and form part of the Base Contract between the parties. The parties do hereby represent and warrant that the General Terms and Conditions of the Base Contract for Sale and Purchase of Natural Gas have not been modified, altered or amended in any respect except as outlined in these Special Provisions. In the event of any conflict or inconsistency between the Special Provisions and the Base Contract, the Special Provisions shall govern. All capitalized terms and section references used in these Special Provisions but not defined herein shall have the respective meanings ascribed to them in the Base Contract.

1. Section 2 is modified by adding the following:

2.36. "Costs" means all costs, expenses and losses which the Non-Defaulting Party may reasonably incur in terminating and liquidating under Section 10 any Terminated Transactions, including, without limitation, attorneys' and brokers fees and the costs, expenses and losses associated with transportation and incurred in maintaining, terminating and/or re-establishing any related hedges, except for such amounts already included in the Net Settlement Amount.

2. Section 10 is amended by adding the following:

10.8 In calculating early termination damages pursuant to Section 10.3.1, the Non-Defaulting Party may take into account its Costs incurred as a result of terminating the transactions.

3. Section 15 is amended by adding the following after the last sentence of 15.8:

15.8. On the effective date and the date of entering into each transaction hereunder, each party represents and warrants to the other party that: (i) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation and has all regulatory authorizations necessary for it to legally perform its obligations under this Base Contract and each transaction hereunder; (ii) the execution, delivery and performance of this Base Contract and each transaction hereunder are within its powers, and do not violate any contracts to which it is a party or any law, rule, regulation, order; (iii) this Base Contract, each transaction hereunder, and each other document executed and delivered in accordance with this Base Contract constitutes a legally valid and binding obligation enforceable against it in accordance with the terms of said document, subject to any equitable defenses; (iv) it, or its credit support provider, if applicable, is not bankrupt and there are no proceedings pending or being contemplated by it, its credit support provider, if any, or, to its knowledge, threatened against it which would result in it being or becoming bankrupt and there is not pending or, to its knowledge, threatened against it, or its credit support provider, if any, any legal proceedings that could materially adversely affect its ability to perform its obligations under this Base Contract and each transaction hereunder; (v) no Event of Default with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Base Contract and each transaction hereunder; (vi) it is acting for its own account, has made its own independent decision to enter into this Base Contract and each transaction hereunder and as to whether this Base Contract and each such transaction is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Base Contract and each transaction hereunder; and (vii) it is an "eligible contract participant" as that term is defined in Section 1a(18) of the Commodity Exchange Act.

4. Section 15 is further amended by adding the following:

15.13. ANY PROCEEDINGS ARISING OUT OF OR RELATING TO THIS BASE CONTRACT OR ANY TRANSACTION HEREUNDER SHALL BE RESOLVED BY A JUDGE TRIAL WITHOUT A JURY AND THE RIGHT TO A JURY TRIAL IS WAIVED, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW.

IN WITNESS WHEREOF, the parties hereto have executed these Special Provisions in duplicate.

MACQUARIE ENERGY LLC

CITY OF AMES, IOWA

By: _____
Name:
Title:

By: _____
Name:
Title:

Base Contract for Sale and Purchase of Natural Gas

This Base Contract is entered into as of the following date: October 13, 2015

The parties to this Base Contract are the following:

PARTY A BP Canada Energy Marketing Corp.	PARTY NAME	PARTY B City of Ames
201 Helios Way Houston, TX 77079	ADDRESS	515 Clark Avenue Ames, IA 50010
<u>www.bp.com</u>	BUSINESS WEBSITE	WWW.
	CONTRACT NUMBER	
24-879-9413	D-U-N-S® NUMBER	061320917
<input checked="" type="checkbox"/> US FEDERAL: 36-3697994 <input type="checkbox"/> OTHER	TAX ID NUMBERS	<input checked="" type="checkbox"/> US FEDERAL: 426004218 <input type="checkbox"/> OTHER:
Delaware	JURISDICTION OF ORGANIZATION	<u>Iowa</u>
<input checked="" type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input type="checkbox"/> Other: _____	COMPANY TYPE	<input type="checkbox"/> Corporation <input type="checkbox"/> LLC <input type="checkbox"/> Limited Partnership <input type="checkbox"/> Partnership <input type="checkbox"/> LLP <input checked="" type="checkbox"/> Other: _____
	GUARANTOR (IF APPLICABLE)	
CONTACT INFORMATION		
ATTN: BP Canada Gas Marketing Phone: 402-505-8800 Fax:	▪ COMMERCIAL	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
ATTN: BP Canada Gas Scheduling Phone: 402-505-8800 Fax: EMAIL: _____	▪ SCHEDULING	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
P.O. Box 3092 Houston, TX 77253-3092 ATTN: Contract Services TEL#: 713-323-2000 FAX#: 713-323-0203	▪ CONTRACT AND LEGAL NOTICES	Purchasing 515 Clark Avenue, Ames, IA 50010 ATTN: Casey Bassett Phone: 515-239-5126 Fax: 515-239-5325
240 - 4 Avenue SW, P.O. Box 200, Calgary, Alberta T2P 2H8 ATTN: Credit Origination Phone: 403-233-1027 Fax: 403-233-5611	▪ CREDIT	Purchasing 515 Clark Avenue, Ames, IA 50010 ATTN: Casey Bassett Phone: 515-239-5126 Fax: 515-239-5325
P.O. Box 3092 Houston, TX 77253-3092 ATTN: Confirmations Department Phone: 713-323-1866 Fax: 281-227-8470	▪ TRANSACTION CONFIRMATIONS	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
ACCOUNTING INFORMATION		
P.O. Box 3092 Houston, TX 77253-3092 ATTN: Gas Accounting Phone: 713-323-2000 Fax: 713-323-5313 EMAIL: _____	▪ INVOICES ▪ PAYMENTS ▪ SETTLEMENTS	Director of Electric Utility / Market Operations Manager 502 Carroll Ave., Ames IA 50010 Phone: 515-239-5196 Fax: 515-239-5380
Bank: J.P. Morgan Chase Bank, Chicago IL, Branch 100 Wire Transit: 021000021 Acct: 1122183	WIRE TRANSFER NUMBERS (IF APPLICABLE)	BANK: First National Bank of Ames, Ames, IA ABA: _____ ACCT: _____ OTHER DETAILS: Kurt Jensen / 515-232-5561
BANK: J.P. Morgan Chase Bank, Chicago IL, Branch 100 ACH Transit: 071000013 Acct: 1122183	ACH NUMBERS (IF APPLICABLE)	BANK: _____ ABA: _____ ACCT: _____ OTHER DETAILS: _____
ATTN: _____ ADDRESS: _____	CHECKS (IF APPLICABLE)	ATTN: _____ ADDRESS: _____

Base Contract for Sale and Purchase of Natural Gas

(Continued)

This Base Contract incorporates by reference for all purposes the General Terms and Conditions for Sale and Purchase of Natural Gas published by the North American Energy Standards Board. The parties hereby agree to the following provisions offered in said General Terms and Conditions. In the event the parties fail to check a box, the specified default provision shall apply. Select the appropriate box(es) from each section:

Section 1.2 Transaction Procedure <input checked="" type="checkbox"/> Oral (default) OR <input type="checkbox"/> Written	Section 10.2 Additional Events of Default <input checked="" type="checkbox"/> No Additional Events of Default (default) <input type="checkbox"/> Indebtedness Cross Default <input type="checkbox"/> Party A: _____ <input type="checkbox"/> Party B: _____ <input type="checkbox"/> Transactional Cross Default <u>Specified Transactions:</u> _____ _____
Section 2.7 Confirm Deadline <input type="checkbox"/> 2 Business Days after receipt (default) OR <input checked="" type="checkbox"/> 5 Business Days after receipt	
Section 2.8 Confirming Party <input type="checkbox"/> Seller (default) OR <input type="checkbox"/> Buyer <input checked="" type="checkbox"/> <u>BP Canada Energy Marketing Corp.</u>	
Section 3.2 Performance Obligation <input checked="" type="checkbox"/> Cover Standard (default) OR <input type="checkbox"/> Spot Price Standard	Section 10.3.1 Early Termination Damages <input checked="" type="checkbox"/> Early Termination Damages Apply (default) OR <input type="checkbox"/> Early Termination Damages Do Not Apply
Note: The following Spot Price Publication applies to both of the immediately preceding.	
Section 2.31 Spot Price Publication <input checked="" type="checkbox"/> Gas Daily Midpoint (default) OR <input type="checkbox"/> _____	Section 10.3.2 Other Agreement Setoffs <input checked="" type="checkbox"/> Other Agreement Setoffs Apply (default) <input type="checkbox"/> Bilateral (default) <input checked="" type="checkbox"/> Triangular OR <input type="checkbox"/> Other Agreement Setoffs Do Not Apply
Section 6 Taxes <input checked="" type="checkbox"/> Buyer Pays At and After Delivery Point (default) OR <input type="checkbox"/> Seller Pays Before and At Delivery Point	
Section 7.2 Payment Date <input checked="" type="checkbox"/> 25 th Day of Month following Month of delivery (default) OR <input type="checkbox"/> Day of Month following Month of delivery	Section 15.5 Choice Of Law _____ <u>New York</u> _____
Section 7.2 Method of Payment <input checked="" type="checkbox"/> Wire transfer (default) <input type="checkbox"/> Automated Clearinghouse Credit (ACH) <input type="checkbox"/> Check	Section 15.10 Confidentiality <input checked="" type="checkbox"/> Confidentiality applies (default) OR <input type="checkbox"/> Confidentiality does not apply
Section 7.7 Netting <input checked="" type="checkbox"/> Netting applies (default) OR <input type="checkbox"/> Netting does not apply	
<input checked="" type="checkbox"/> Special Provisions Number of sheets attached: Three (3)	
<input type="checkbox"/> Addendum(s): _____	

IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

BP CANADA ENERGY MARKETING CORP.	<i>PARTY NAME</i>	CITY OF AMES
By: _____	<i>SIGNATURE</i>	By: _____
Mark R. Tillwick	<i>PRINTED NAME</i>	
Attorney-In-Fact	<i>TITLE</i>	

General Terms and Conditions

Base Contract for Sale and Purchase of Natural Gas

SECTION 1. PURPOSE AND PROCEDURES

1.1. These General Terms and Conditions are intended to facilitate purchase and sale transactions of Gas on a Firm or Interruptible basis. "Buyer" refers to the party receiving Gas and "Seller" refers to the party delivering Gas. The entire agreement between the parties shall be the Contract as defined in Section 2.9.

The parties have selected either the "Oral Transaction Procedure" or the "Written Transaction Procedure" as indicated on the Base Contract.

Oral Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Any Gas purchase and sale transaction may be effectuated in an EDI transmission or telephone conversation with the offer and acceptance constituting the agreement of the parties. The parties shall be legally bound from the time they so agree to transaction terms and may each rely thereon. Any such transaction shall be considered a "writing" and to have been "signed". Notwithstanding the foregoing sentence, the parties agree that Confirming Party shall, and the other party may, confirm a telephonic transaction by sending the other party a Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means within three Business Days of a transaction covered by this Section 1.2 (Oral Transaction Procedure) provided that the failure to send a Transaction Confirmation shall not invalidate the oral agreement of the parties. Confirming Party adopts its confirming letterhead, or the like, as its signature on any Transaction Confirmation as the identification and authentication of Confirming Party. If the Transaction Confirmation contains any provisions other than those relating to the commercial terms of the transaction (i.e., price, quantity, performance obligation, delivery point, period of delivery and/or transportation conditions), which modify or supplement the Base Contract or General Terms and Conditions of this Contract (e.g., arbitration or additional representations and warranties), such provisions shall not be deemed to be accepted pursuant to Section 1.3 but must be expressly agreed to by both parties; provided that the foregoing shall not invalidate any transaction agreed to by the parties.

Written Transaction Procedure:

1.2. The parties will use the following Transaction Confirmation procedure. Should the parties come to an agreement regarding a Gas purchase and sale transaction for a particular Delivery Period, the Confirming Party shall, and the other party may, record that agreement on a Transaction Confirmation and communicate such Transaction Confirmation by facsimile, EDI or mutually agreeable electronic means, to the other party by the close of the Business Day following the date of agreement. The parties acknowledge that their agreement will not be binding until the exchange of nonconflicting Transaction Confirmations or the passage of the Confirm Deadline without objection from the receiving party, as provided in Section 1.3.

1.3. If a sending party's Transaction Confirmation is materially different from the receiving party's understanding of the agreement referred to in Section 1.2, such receiving party shall notify the sending party via facsimile, EDI or mutually agreeable electronic means by the Confirm Deadline, unless such receiving party has previously sent a Transaction Confirmation to the sending party. The failure of the receiving party to so notify the sending party in writing by the Confirm Deadline constitutes the receiving party's agreement to the terms of the transaction described in the sending party's Transaction Confirmation. If there are any material differences between timely sent Transaction Confirmations governing the same transaction, then neither Transaction Confirmation shall be binding until or unless such differences are resolved including the use of any evidence that clearly resolves the differences in the Transaction Confirmations. In the event of a conflict among the terms of (i) a binding Transaction Confirmation pursuant to Section 1.2, (ii) the oral agreement of the parties which may be evidenced by a recorded conversation, where the parties have selected the Oral Transaction Procedure of the Base Contract, (iii) the Base Contract, and (iv) these General Terms and Conditions, the terms of the documents shall govern in the priority listed in this sentence.

1.4. The parties agree that each party may electronically record all telephone conversations with respect to this Contract between their respective employees, without any special or further notice to the other party. Each party shall obtain any necessary consent of its agents and employees to such recording. Where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, the parties agree not to contest the validity or enforceability of telephonic recordings entered into in accordance with the requirements of this Base Contract.

SECTION 2. DEFINITIONS

The terms set forth below shall have the meaning ascribed to them below. Other terms are also defined elsewhere in the Contract and shall have the meanings ascribed to them herein.

2.1. "Additional Event of Default" shall mean Transactional Cross Default or Indebtedness Cross Default, each as and if selected by the parties pursuant to the Base Contract.

2.2. "Affiliate" shall mean, in relation to any person, any entity controlled, directly or indirectly, by the person, any entity that controls, directly or indirectly, the person or any entity directly or indirectly under common control with the person. For this purpose, "control" of any entity or person means ownership of at least 50 percent of the voting power of the entity or person.

- 2.3. "Alternative Damages" shall mean such damages, expressed in dollars or dollars per MMBtu, as the parties shall agree upon in the Transaction Confirmation, in the event either Seller or Buyer fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer.
- 2.4. "Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein and any Special Provisions and addendum(s) as identified on page one.
- 2.5. "British thermal unit" or "Btu" shall mean the International BTU, which is also called the Btu (IT).
- 2.6. "Business Day(s)" shall mean Monday through Friday, excluding Federal Banking Holidays for transactions in the U.S.
- 2.7. "Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Day a Transaction Confirmation is received or, if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.
- 2.8. "Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.
- 2.9. "Contract" shall mean the legally-binding relationship established by (i) the Base Contract, (ii) any and all binding Transaction Confirmations and (iii) where the parties have selected the Oral Transaction Procedure in Section 1.2 of the Base Contract, any and all transactions that the parties have entered into through an EDI transmission or by telephone, but that have not been confirmed in a binding Transaction Confirmation, all of which shall form a single integrated agreement between the parties.
- 2.10. "Contract Price" shall mean the amount expressed in U.S. Dollars per MMBtu to be paid by Buyer to Seller for the purchase of Gas as agreed to by the parties in a transaction.
- 2.11. "Contract Quantity" shall mean the quantity of Gas to be delivered and taken as agreed to by the parties in a transaction.
- 2.12. "Cover Standard", as referred to in Section 3.2, shall mean that if there is an unexcused failure to take or deliver any quantity of Gas pursuant to this Contract, then the performing party shall use commercially reasonable efforts to (i) if Buyer is the performing party, obtain Gas, (or an alternate fuel if elected by Buyer and replacement Gas is not available), or (ii) if Seller is the performing party, sell Gas, in either case, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the nonperforming party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the nonperforming party.
- 2.13. "Credit Support Obligation(s)" shall mean any obligation(s) to provide or establish credit support for, or on behalf of, a party to this Contract such as cash, an irrevocable standby letter of credit, a margin agreement, a prepayment, a security interest in an asset, guaranty, or other good and sufficient security of a continuing nature.
- 2.14. "Day" shall mean a period of 24 consecutive hours, coextensive with a "day" as defined by the Receiving Transporter in a particular transaction.
- 2.15. "Delivery Period" shall be the period during which deliveries are to be made as agreed to by the parties in a transaction.
- 2.16. "Delivery Point(s)" shall mean such point(s) as are agreed to by the parties in a transaction.
- 2.17. "EDI" shall mean an electronic data interchange pursuant to an agreement entered into by the parties, specifically relating to the communication of Transaction Confirmations under this Contract.
- 2.18. "EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm", provided that a party's excuse for nonperformance of its obligations to deliver or receive Gas will be governed by the rules of the relevant futures exchange regulated under the Commodity Exchange Act.
- 2.19. "Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is prevented for reasons of Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.
- 2.20. "Gas" shall mean any mixture of hydrocarbons and noncombustible gases in a gaseous state consisting primarily of methane.
- 2.21. "Guarantor" shall mean any entity that has provided a guaranty of the obligations of a party hereunder.
- 2.22. "Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.
- 2.23. "Indebtedness Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it or its Guarantor, if any, experiences a default, or similar condition or event however therein defined, under one or more agreements or instruments, individually or collectively, relating to indebtedness (such indebtedness to include any obligation whether present or future, contingent or otherwise, as principal or surety or otherwise) for the payment or repayment of borrowed money in an aggregate amount greater than the threshold specified in the Base Contract with respect to such party or its Guarantor, if any, which results in such indebtedness becoming immediately due and payable.

- 2.24. "Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.
- 2.25. "MMBtu" shall mean one million British thermal units, which is equivalent to one dekatherm.
- 2.26. "Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.
- 2.27. "Payment Date" shall mean a date, as indicated on the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.
- 2.28. "Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.
- 2.29. "Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.
- 2.30. "Specified Transaction(s)" shall mean any other transaction or agreement between the parties for the purchase, sale or exchange of physical Gas, and any other transaction or agreement identified as a Specified Transaction under the Base Contract.
- 2.31. "Spot Price" as referred to in Section 3.2 shall mean the price listed in the publication indicated on the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.
- 2.32. "Transaction Confirmation" shall mean a document, similar to the form of Exhibit A, setting forth the terms of a transaction formed pursuant to Section 1 for a particular Delivery Period.
- 2.33. "Transactional Cross Default" shall mean if selected on the Base Contract by the parties with respect to a party, that it shall be in default, however therein defined, under any Specified Transaction.
- 2.34. "Termination Option" shall mean the option of either party to terminate a transaction in the event that the other party fails to perform a Firm obligation to deliver Gas in the case of Seller or to receive Gas in the case of Buyer for a designated number of days during a period as specified on the applicable Transaction Confirmation.
- 2.35. "Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular transaction.

SECTION 3. PERFORMANCE OBLIGATION

- 3.1. Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed to by the parties in a transaction.

The parties have selected either the "Cover Standard" or the "Spot Price Standard" as indicated on the Base Contract.

Cover Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s) excluding any quantity for which no replacement is available; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in the amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s) excluding any quantity for which no sale is available; and (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available for all or any portion of the Contract Quantity of Gas, then in addition to (i) or (ii) above, as applicable, the sole and exclusive remedy of the performing party with respect to the Gas not replaced or sold shall be an amount equal to any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the quantity of such Gas not replaced or sold. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

Spot Price Standard:

3.2. The sole and exclusive remedy of the parties in the event of a breach of a Firm obligation to deliver or receive Gas shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price. Imbalance Charges shall not be recovered under this Section 3.2, but Seller and/or Buyer shall be responsible for Imbalance Charges, if any, as provided in Section 4.3. The amount of such unfavorable difference shall be payable five Business Days after presentation of the performing party's invoice, which shall set forth the basis upon which such amount was calculated.

3.3. Notwithstanding Section 3.2, the parties may agree to Alternative Damages in a Transaction Confirmation executed in writing by both parties.

3.4. In addition to Sections 3.2 and 3.3, the parties may provide for a Termination Option in a Transaction Confirmation executed in writing by both parties. The Transaction Confirmation containing the Termination Option will designate the length of nonperformance triggering the Termination Option and the procedures for exercise thereof, how damages for nonperformance will be compensated, and how liquidation costs will be calculated.

SECTION 4. TRANSPORTATION, NOMINATIONS, AND IMBALANCES

4.1. Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s). Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2. The parties shall coordinate their nomination activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior Notice, sufficient to meet the requirements of all Transporter(s) involved in the transaction, of the quantities of Gas to be delivered and purchased each Day. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3. The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's receipt of quantities of Gas greater than or less than the Scheduled Gas, then Buyer shall pay for such Imbalance Charges or reimburse Seller for such Imbalance Charges paid by Seller. If the Imbalance Charges were incurred as a result of Seller's delivery of quantities of Gas greater than or less than the Scheduled Gas, then Seller shall pay for such Imbalance Charges or reimburse Buyer for such Imbalance Charges paid by Buyer.

SECTION 5. QUALITY AND MEASUREMENT

All Gas delivered by Seller shall meet the pressure, quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of this Contract shall be one MMBtu dry. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6. TAXES

The parties have selected either "Buyer Pays At and After Delivery Point" or "Seller Pays Before and At Delivery Point" as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

SECTION 7. BILLING, PAYMENT, AND AUDIT

7.1. Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2. Buyer shall remit the amount due under Section 7.1 in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 Days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with this Section 7.2.

7.3. In the event payments become due pursuant to Sections 3.2 or 3.3, the performing party may submit an invoice to the nonperforming party for an accelerated payment setting forth the basis upon which the invoiced amount was calculated. Payment from the nonperforming party will be due five Business Days after receipt of invoice.

7.4. If the invoiced party, in good faith, disputes the amount of any such invoice or any part thereof, such invoiced party will pay such amount as it concedes to be correct; provided, however, if the invoiced party disputes the amount due, it must provide supporting documentation acceptable in industry practice to support the amount paid or disputed without undue delay. In the event the parties are unable to resolve such dispute, either party may pursue any remedy available at law or in equity to enforce its rights pursuant to this Section.

7.5. If the invoiced party fails to remit the full amount payable when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

7.6. A party shall have the right, at its own expense, upon reasonable Notice and at reasonable times, to examine and audit and to obtain copies of the relevant portion of the books, records, and telephone recordings of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This right to examine, audit, and to obtain copies shall not be available with respect to proprietary information not directly relevant to transactions under this Contract. All invoices and billings shall be conclusively presumed final and accurate and all associated claims for under- or overpayments shall be deemed waived unless such invoices or billings are objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 Days of Notice and substantiation of such inaccuracy.

7.7. Unless the parties have elected on the Base Contract not to make this Section 7.7 applicable to this Contract, the parties shall net all undisputed amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any Credit Support Obligation or pursuant to Section 7.3 shall be subject to netting under this Section. If the parties have executed a separate netting agreement, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 8. TITLE, WARRANTY, AND INDEMNITY

8.1. Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2. Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims. EXCEPT AS PROVIDED IN THIS SECTION 8.2 AND IN SECTION 15.8, ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY OR OF FITNESS FOR ANY PARTICULAR PURPOSE, ARE DISCLAIMED.

8.3. Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable attorneys' fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury (including death) or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury (including death) or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4. The parties agree that the delivery of and the transfer of title to all Gas under this Contract shall take place within the Customs Territory of the United States (as defined in general note 2 of the Harmonized Tariff Schedule of the United States 19 U.S.C. §1202, General Notes, page 3); provided, however, that in the event Seller took title to the Gas outside the Customs Territory of the United States, Seller represents and warrants that it is the importer of record for all Gas entered and delivered into the United States, and shall be responsible for entry and entry summary filings as well as the payment of duties, taxes and fees, if any, and all applicable record keeping requirements.

8.5. Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5.

SECTION 9. NOTICES

9.1. All Transaction Confirmations, invoices, payment instructions, and other communications made pursuant to the Base Contract ("Notices") shall be made to the addresses specified in writing by the respective parties from time to time.

9.2. All Notices required hereunder shall be in writing and may be sent by facsimile or mutually acceptable electronic means, a nationally recognized overnight courier service, first class mail or hand delivered.

9.3. Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent by facsimile shall be deemed to have been received upon the sending party's receipt of its facsimile machine's confirmation of successful transmission. If the day on which such facsimile is received is

not a Business Day or is after five p.m. on a Business Day, then such facsimile shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party. Notice via first class mail shall be considered delivered five Business Days after mailing.

9.4. The party receiving a commercially acceptable Notice of change in payment instructions or other payment information shall not be obligated to implement such change until ten Business Days after receipt of such Notice.

SECTION 10. FINANCIAL RESPONSIBILITY

10.1. If either party ("X") has reasonable grounds for insecurity regarding the performance of any obligation under this Contract (whether or not then due) by the other party ("Y") (including, without limitation, the occurrence of a material change in the creditworthiness of Y or its Guarantor, if applicable), X may demand Adequate Assurance of Performance. "Adequate Assurance of Performance" shall mean sufficient security in the form, amount, for a term, and from an issuer, all as reasonably acceptable to X, including, but not limited to cash, a standby irrevocable letter of credit, a prepayment, a security interest in an asset or guaranty. Y hereby grants to X a continuing first priority security interest in, lien on, and right of setoff against all Adequate Assurance of Performance in the form of cash transferred by Y to X pursuant to this Section 10.1. Upon the return by X to Y of such Adequate Assurance of Performance, the security interest and lien granted hereunder on that Adequate Assurance of Performance shall be released automatically and, to the extent possible, without any further action by either party.

10.2. In the event (each an "Event of Default") either party (the "Defaulting Party") or its Guarantor shall: (i) make an assignment or any general arrangement for the benefit of creditors; (ii) file a petition or otherwise commence, authorize, or acquiesce in the commencement of a proceeding or case under any bankruptcy or similar law for the protection of creditors or have such petition filed or proceeding commenced against it; (iii) otherwise become bankrupt or insolvent (however evidenced); (iv) be unable to pay its debts as they fall due; (v) have a receiver, provisional liquidator, conservator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets; (vi) fail to perform any obligation to the other party with respect to any Credit Support Obligations relating to the Contract; (vii) fail to give Adequate Assurance of Performance under Section 10.1 within 48 hours but at least one Business Day of a written request by the other party; (viii) not have paid any amount due the other party hereunder on or before the second Business Day following written Notice that such payment is due; or ix) be the affected party with respect to any Additional Event of Default; then the other party (the "Non-Defaulting Party") shall have the right, at its sole election, to immediately withhold and/or suspend deliveries or payments upon Notice and/or to terminate and liquidate the transactions under the Contract, in the manner provided in Section 10.3, in addition to any and all other remedies available hereunder.

10.3. If an Event of Default has occurred and is continuing, the Non-Defaulting Party shall have the right, by Notice to the Defaulting Party, to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given, as an early termination date (the "Early Termination Date") for the liquidation and termination pursuant to Section 10.3.1 of all transactions under the Contract, each a "Terminated Transaction". On the Early Termination Date, all transactions will terminate, other than those transactions, if any, that may not be liquidated and terminated under applicable law ("Excluded Transactions"), which Excluded Transactions must be liquidated and terminated as soon thereafter as is legally permissible, and upon termination shall be a Terminated Transaction and be valued consistent with Section 10.3.1 below. With respect to each Excluded Transaction, its actual termination date shall be the Early Termination Date for purposes of Section 10.3.1.

The parties have selected either "Early Termination Damages Apply" or "Early Termination Damages Do Not Apply" as indicated on the Base Contract.

Early Termination Damages Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, (i) the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract and (ii) the Market Value, as defined below, of each Terminated Transaction. The Non-Defaulting Party shall (x) liquidate and accelerate each Terminated Transaction at its Market Value, so that each amount equal to the difference between such Market Value and the Contract Value, as defined below, of such Terminated Transaction(s) shall be due to the Buyer under the Terminated Transaction(s) if such Market Value exceeds the Contract Value and to the Seller if the opposite is the case; and (y) where appropriate, discount each amount then due under clause (x) above to present value in a commercially reasonable manner as of the Early Termination Date (to take account of the period between the date of liquidation and the date on which such amount would have otherwise been due pursuant to the relevant Terminated Transactions).

For purposes of this Section 10.3.1, "Contract Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the Contract Price, and "Market Value" means the amount of Gas remaining to be delivered or purchased under a transaction multiplied by the market price for a similar transaction at the Delivery Point determined by the Non-Defaulting Party in a commercially reasonable manner. To ascertain the Market Value, the Non-Defaulting Party may consider, among other valuations, any or all of the settlement prices of NYMEX Gas futures contracts, quotations from leading dealers in energy swap contracts or physical gas trading markets, similar sales or purchases and any other bona fide third-party offers, all adjusted for the length of the term and differences in transportation costs. A party shall not be required to enter into a replacement transaction(s) in order to determine the Market Value. Any extension(s) of the term of a transaction to which parties are not bound as of the Early Termination Date (including but not limited to "evergreen provisions") shall not be considered in determining Contract Values and

Market Values. For the avoidance of doubt, any option pursuant to which one party has the right to extend the term of a transaction shall be considered in determining Contract Values and Market Values. The rate of interest used in calculating net present value shall be determined by the Non-Defaulting Party in a commercially reasonable manner.

Early Termination Damages Do Not Apply:

10.3.1. As of the Early Termination Date, the Non-Defaulting Party shall determine, in good faith and in a commercially reasonable manner, the amount owed (whether or not then due) by each party with respect to all Gas delivered and received between the parties under Terminated Transactions and Excluded Transactions on and before the Early Termination Date and all other applicable charges relating to such deliveries and receipts (including without limitation any amounts owed under Section 3.2), for which payment has not yet been made by the party that owes such payment under this Contract.

The parties have selected either "Other Agreement Setoffs Apply" or "Other Agreement Setoffs Do Not Apply" as indicated on the Base Contract.

Other Agreement Setoffs Apply:

Bilateral Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff any Net Settlement Amount against (i) any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; and (ii) any amount(s) (including any excess cash margin or excess cash collateral) owed or held by the party that is entitled to the Net Settlement Amount under any other agreement or arrangement between the parties.

Triangular Setoff Option:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option, and without prior Notice to the Defaulting Party, the Non-Defaulting Party is hereby authorized to setoff (i) any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract; (ii) any Net Settlement Amount against any amount(s) (including any excess cash margin or excess cash collateral) owed by or to a party under any other agreement or arrangement between the parties; (iii) any Net Settlement Amount owed to the Non-Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Non-Defaulting Party or its Affiliates to the Defaulting Party under any other agreement or arrangement; (iv) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party to the Non-Defaulting Party or its Affiliates under any other agreement or arrangement; and/or (v) any Net Settlement Amount owed to the Defaulting Party against any amount(s) (including any excess cash margin or excess cash collateral) owed by the Defaulting Party or its Affiliates to the Non-Defaulting Party under any other agreement or arrangement.

Other Agreement Setoffs Do Not Apply:

10.3.2. The Non-Defaulting Party shall net or aggregate, as appropriate, any and all amounts owing between the parties under Section 10.3.1, so that all such amounts are netted or aggregated to a single liquidated amount payable by one party to the other (the "Net Settlement Amount"). At its sole option and without prior Notice to the Defaulting Party, the Non-Defaulting Party may setoff any Net Settlement Amount against any margin or other collateral held by a party in connection with any Credit Support Obligation relating to the Contract.

10.3.3. If any obligation that is to be included in any netting, aggregation or setoff pursuant to Section 10.3.2 is unascertained, the Non-Defaulting Party may in good faith estimate that obligation and net, aggregate or setoff, as applicable, in respect of the estimate, subject to the Non-Defaulting Party accounting to the Defaulting Party when the obligation is ascertained. Any amount not then due which is included in any netting, aggregation or setoff pursuant to Section 10.3.2 shall be discounted to net present value in a commercially reasonable manner determined by the Non-Defaulting Party.

10.4. As soon as practicable after a liquidation, Notice shall be given by the Non-Defaulting Party to the Defaulting Party of the Net Settlement Amount, and whether the Net Settlement Amount is due to or due from the Non-Defaulting Party. The Notice shall include a written statement explaining in reasonable detail the calculation of the Net Settlement Amount, provided that failure to give such Notice shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party. The Net Settlement Amount as well as any setoffs applied against such amount pursuant to Section 10.3.2, shall be paid by the close of business on the second Business Day following such Notice, which date shall not be earlier than the Early Termination Date. Interest on any unpaid portion of the Net Settlement Amount as adjusted by setoffs, shall accrue from the date due until the date of payment at a rate equal to the lower of (i) the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum; or (ii) the maximum applicable lawful interest rate.

10.5. The parties agree that the transactions hereunder constitute a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchants" within the meaning of the United States Bankruptcy Code.

10.6. The Non-Defaulting Party's remedies under this Section 10 are the sole and exclusive remedies of the Non-Defaulting Party with respect to the occurrence of any Early Termination Date. Each party reserves to itself all other rights, setoffs, counterclaims and other defenses that it is or may be entitled to arising from the Contract.

10.7. With respect to this Section 10, if the parties have executed a separate netting agreement with close-out netting provisions, the terms and conditions therein shall prevail to the extent inconsistent herewith.

SECTION 11. FORCE MAJEURE

11.1. Except with regard to a party's obligation to make payment(s) due under Section 7, Section 10.4, and Imbalance Charges under Section 4, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure. The term "Force Majeure" as employed herein means any cause not reasonably within the control of the party claiming suspension, as further defined in Section 11.2.

11.2. Force Majeure shall include, but not be limited to, the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption and/or curtailment of Firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars, or acts of terror; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, regulation, or policy having the effect of law promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3. Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary Firm transportation unless primary, in-path, Firm transportation is also curtailed; (ii) the party claiming excuse failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship, to include, without limitation, Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price, or a regulatory agency disallowing, in whole or in part, the pass through of costs resulting from this Contract; (iv) the loss of Buyer's market(s) or Buyer's inability to use or resell Gas purchased hereunder, except, in either case, as provided in Section 11.2; or (v) the loss or failure of Seller's gas supply or depletion of reserves, except, in either case, as provided in Section 11.2. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4. Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be within the sole discretion of the party experiencing such disturbance.

11.5. The party whose performance is prevented by Force Majeure must provide Notice to the other party. Initial Notice may be given orally; however, written Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing written Notice of Force Majeure to the other party, the affected party will be relieved of its obligation, from the onset of the Force Majeure event, to make or accept delivery of Gas, as applicable, to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

11.6. Notwithstanding Sections 11.2 and 11.3, the parties may agree to alternative Force Majeure provisions in a Transaction Confirmation executed in writing by both parties.

SECTION 12. TERM

This Contract may be terminated on 30 Day's written Notice, but shall remain in effect until the expiration of the latest Delivery Period of any transaction(s). The rights of either party pursuant to Section 7.6, Section 10, Section 13, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Base Contract or any transaction.

SECTION 13. LIMITATIONS

FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY. A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY. SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

SECTION 14. MARKET DISRUPTION

If a Market Disruption Event has occurred then the parties shall negotiate in good faith to agree on a replacement price for the Floating Price (or on a method for determining a replacement price for the Floating Price) for the affected Day, and if the parties have not so agreed on or before the second Business Day following the affected Day then the replacement price for the Floating Price shall be determined within the next two following Business Days with each party obtaining, in good faith and from non-affiliated market participants in the relevant market, two quotes for prices of Gas for the affected Day of a similar quality and quantity in the geographical location closest in proximity to the Delivery Point and averaging the four quotes. If either party fails to provide two quotes then the average of the other party's two quotes shall determine the replacement price for the Floating Price. "Floating Price" means the price or a factor of the price agreed to in the transaction as being based upon a specified index. "Market Disruption Event" means, with respect to an index specified for a transaction, any of the following events: (a) the failure of the index to announce or publish information necessary for determining the Floating Price; (b) the failure of trading to commence or the permanent discontinuation or material suspension of trading on the exchange or market acting as the index; (c) the temporary or permanent discontinuance or unavailability of the index; (d) the temporary or permanent closing of any exchange acting as the index; or (e) both parties agree that a material change in the formula for or the method of determining the Floating Price has occurred. For the purposes of the calculation of a replacement price for the Floating Price, all numbers shall be rounded to three decimal places. If the fourth decimal number is five or greater, then the third decimal number shall be increased by one and if the fourth decimal number is less than five, then the third decimal number shall remain unchanged.

SECTION 15. MISCELLANEOUS

15.1. This Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of this Contract shall run for the full term of this Contract. No assignment of this Contract, in whole or in part, will be made without the prior written consent of the non-assigning party (and shall not relieve the assigning party from liability hereunder), which consent will not be unreasonably withheld or delayed; provided, either party may (i) transfer, sell, pledge, encumber, or assign this Contract or the accounts, revenues, or proceeds hereof in connection with any financing or other financial arrangements, or (ii) transfer its interest to any parent or Affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any such assignment, transfer and assumption, the transferor shall remain principally liable for and shall not be relieved of or discharged from any obligations hereunder.

15.2. If any provision in this Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of this Contract.

15.3. No waiver of any breach of this Contract shall be held to be a waiver of any other or subsequent breach.

15.4. This Contract sets forth all understandings between the parties respecting each transaction subject hereto, and any prior contracts, understandings and representations, whether oral or written, relating to such transactions are merged into and superseded by this Contract and any effective transaction(s). This Contract may be amended only by a writing executed by both parties.

15.5. The interpretation and performance of this Contract shall be governed by the laws of the jurisdiction as indicated on the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

15.6. This Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any governmental authority having jurisdiction over the parties, their facilities, or Gas supply, this Contract or transaction or any provisions thereof.

15.7. There is no third party beneficiary to this Contract.

15.8. Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes this Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

15.9. The headings and subheadings contained in this Contract are used solely for convenience and do not constitute a part of this Contract between the parties and shall not be used to construe or interpret the provisions of this Contract.

15.10. Unless the parties have elected on the Base Contract not to make this Section 15.10 applicable to this Contract, neither party shall disclose directly or indirectly without the prior written consent of the other party the terms of any transaction to a third party (other than the employees, lenders, royalty owners, counsel, accountants and other agents of the party, or prospective purchasers of all or substantially all of a party's assets or of any rights under this Contract, provided such persons shall have agreed to keep such terms confidential) except (i) in order to comply with any applicable law, order, regulation, or exchange rule, (ii) to the extent necessary for the enforcement of this Contract, (iii) to the extent necessary to implement any transaction, (iv) to the extent necessary to comply with a regulatory agency's reporting requirements including but not limited to gas cost recovery proceedings; or (v) to the extent such information is delivered to such third party for the sole purpose of calculating a published index. Each party shall notify the other party of any proceeding of which it is aware which may result in disclosure of the terms of any transaction (other than as permitted hereunder) and use reasonable efforts to prevent or limit the disclosure. The existence of this Contract is not subject to this confidentiality obligation. Subject to Section 13, the parties shall be entitled to all remedies available at law or in equity to enforce, or seek relief in connection with this confidentiality obligation. The terms of any transaction hereunder shall be kept confidential by the parties hereto for one year from the expiration of the transaction.

In the event that disclosure is required by a governmental body or applicable law, the party subject to such requirement may disclose the material terms of this Contract to the extent so required, but shall promptly notify the other party, prior to disclosure,

and shall cooperate (consistent with the disclosing party's legal obligations) with the other party's efforts to obtain protective orders or similar restraints with respect to such disclosure at the expense of the other party.

15.11. The parties may agree to dispute resolution procedures in Special Provisions attached to the Base Contract or in a Transaction Confirmation executed in writing by both parties

15.12. Any original executed Base Contract, Transaction Confirmation or other related document may be digitally copied, photocopied, or stored on computer tapes and disks (the "Imaged Agreement"). The Imaged Agreement, if introduced as evidence on paper, the Transaction Confirmation, if introduced as evidence in automated facsimile form, the recording, if introduced as evidence in its original form, and all computer records of the foregoing, if introduced as evidence in printed format, in any judicial, arbitration, mediation or administrative proceedings will be admissible as between the parties to the same extent and under the same conditions as other business records originated and maintained in documentary form. Neither Party shall object to the admissibility of the recording, the Transaction Confirmation, or the Imaged Agreement on the basis that such were not originated or maintained in documentary form. However, nothing herein shall be construed as a waiver of any other objection to the admissibility of such evidence.

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of purchase and sale of natural gas. Further, NAESB does not mandate the use of this Contract by any party. **NAESB DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO NAESB'S DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT NAESB KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL NAESB BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.**

TRANSACTION CONFIRMATION
FOR IMMEDIATE DELIVERY

EXHIBIT A

Letterhead/Logo	Date: _____, ____ Transaction Confirmation #: _____			
This Transaction Confirmation is subject to the Base Contract between Seller and Buyer dated _____. The terms of this Transaction Confirmation are binding unless disputed in writing within 2 Business Days of receipt unless otherwise specified in the Base Contract.				
SELLER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____	BUYER: _____ _____ Attn: _____ Phone: _____ Fax: _____ Base Contract No. _____ Transporter: _____ Transporter Contract Number: _____			
Contract Price: \$_____/MMBtu or _____				
Delivery Period: Begin: _____, ____ End: _____, ____				
Performance Obligation and Contract Quantity: (Select One) <table style="width: 100%; border: none;"> <tr> <td style="width: 33%; vertical-align: top; padding: 5px;"> Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller </td> <td style="width: 33%; vertical-align: top; padding: 5px;"> Interruptible: Up to _____ MMBtus/day </td> </tr> </table>		Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day
Firm (Fixed Quantity): _____ MMBtus/day <input type="checkbox"/> EFP	Firm (Variable Quantity): _____ MMBtus/day Minimum _____ MMBtus/day Maximum subject to Section 4.2. at election of <input type="checkbox"/> Buyer or <input type="checkbox"/> Seller	Interruptible: Up to _____ MMBtus/day		
Delivery Point(s): _____ (If a pooling point is used, list a specific geographic and pipeline location):				
Special Conditions: _____ _____				
Seller: _____ By: _____ Title: _____ Date: _____	Buyer: _____ By: _____ Title: _____ Date: _____			

**SPECIAL PROVISIONS ATTACHED TO AND FORMING PART OF
THE BASE CONTRACT FOR SALE AND PURCHASE OF NATURAL GAS**

Dated October 13, 2015

by and between

BP Energy Company ("BP")

And

City of Ames (the "Counterparty")

Section 1. Purpose & Procedures

In Section 1.2 add the phrase "or other electronic means of communication" after "conversation" and before "with" in the second line.

In Section 1.3 delete "mutually agreeable electronic means" in the second line and replace it with "other electronic means of communication".

In Section 1.4 add the following before the "." at the end of the second sentence: "; provided, further that the party responsible for obtaining the consent of its agents and employees to such recordings shall indemnify, defend and hold the other party harmless from any and all losses, liabilities, claims, damages, judgments, costs and expenses, including but not limited to reasonable attorney's fees and costs of court, arising from or out of such party's failure to obtain the consent of its agents and employees to such recordings."

Section 2. Definitions

Definition of "Spot Price" in Section 2.31 shall be amended by deleting the last sentence and replacing with the following:

"If no price or range of prices is published for such Day, then the Spot Price shall be determined in accordance with Section 14 as modified herein."

Add the following at the end of Section 2:

"2.36 "Applicable Law" means any foreign, federal, state, tribal or local law, statute, regulation, code, ordinance, license, permit, compliance requirement, decision, order, writ, injunction, directive, judgment, policy, decree, including any judicial or administrative interpretations thereof, or any agreement, concession or arrangement with any governmental authority, applicable to either party or either party's performance under a transaction, and any amendments or modifications to the foregoing.

Section 3. Performance Obligation

Add the following as Section 3.5:

"3.5 In the event that the Contract Price for a transaction is a Fixed Price (as defined below), and such transaction (a) has a Firm performance obligation, and (b) a Delivery Period of at least one Month, then, notwithstanding anything to the contrary in this Contract, including, without limitation, anything in Sections 3.2 or 11 of this Contract: (i) if, upon the occurrence of an event of Force Majeure, and as a result of the event of Force Majeure (a) Seller is unable to sell and deliver or (b) Buyer is unable to purchase and receive, the Contract Quantity of Fixed Price Gas, either in whole or in part, for such transaction, (ii) then, for the duration of the event of Force Majeure, for each Day that Seller is unable to sell and deliver, or Buyer is unable to purchase and receive, such Fixed Price Gas, as set out in Section 3.5(i) above, the following settlement obligations between the parties shall apply:

- a. if the FOM Price (as defined below) exceeds the Fixed Price, Seller shall pay Buyer the difference between the FOM Price and the Fixed Price for each MMBtu of such Gas not delivered and/or received on that Day, or
- b. if the Fixed Price exceeds the FOM Price, Buyer shall pay Seller the difference between the Fixed Price and the FOM Price for each MMBtu of such Gas not delivered and/or received on that Day.

For the purpose of this Section 3.5:

"Fixed Price" means, a Contract Price for a transaction that is expressed as a flat dollar amount for the Month of delivery, excluding any transactions that have been entered into after the last trading day (as defined by the NYMEX) for the applicable Month. Subject to the foregoing exclusion, "Fixed Price" also includes any transaction containing a Contract Price or a component of a Contract Price that has been converted from a floating price mechanism (i.e., a NYMEX/first of the month index basis component and a fixed price or floating price component, or a NYMEX/first of the month index priced component with a fixed basis component) to a flat dollar amount for the Month of delivery, either upon the mutual agreement of the parties or as a result of a party exercising a pricing "trigger" option in the Contract. For the purpose of clarity, the parties agree that all transactions providing for puts, calls, collars, swaptions, caps, and floors shall constitute transactions for a Fixed Price. "FOM Price" means the price per MMBtu, stated in the same currency as the transaction subject to such event of Force Majeure, for the first of the Month delivery, either as the NYMEX settlement price or as an index price published in the first issue of a publication commonly accepted by the natural gas industry (selected by the Seller in a commercially reasonable manner) for the Month of such event of Force Majeure for the geographic location closest in proximity to the Delivery Point(s) for the relevant Day, adjusted for the basis differential between the Delivery Point(s) and the NYMEX or such published geographic location as determined by the Seller in a commercially reasonable manner."

Add the following as Section 3.6:

"3.6 Each party is entering into this Contract in reliance on the Applicable Laws and Taxes in effect on the date hereof. If at any time after a transaction is entered into:

- (i) new Applicable Law is enacted, existing Applicable Law is amended, new Taxes are imposed, or existing Taxes are changed (a "Regulatory Event"), in a way which individually or collectively has a material adverse economic effect upon a party (such party the "Affected Party") under a particular transaction (each such transaction an "Affected Transaction") and which does not constitute a Force Majeure event, then the Affected Party may notify the other party that it desires in good faith to renegotiate the material terms or conditions of the Affected Transaction(s) in order to address the effects of the Regulatory Event. Such Notice shall state how the Regulatory Event impacts the Affected Transactions and the proposed terms upon which the Affected Party would like to continue to perform the Affected Transaction(s) with respect

to any Gas not yet delivered

- (ii) after giving effect to any applicable provision or remedy specified in the Contract, it becomes unlawful for a party, (such party the “Affected Party”) under the Applicable Law to perform any material provision in relation the Contract or any particular transaction, (each such transaction an “Affected Transaction”) (an “Illegality”), then the Affected Party may terminate such Affected Transaction as provided for below.

If a Regulatory Event occurs and the parties fail to renegotiate the price or other material terms or conditions within thirty (30) Days of the Notice, or if an Illegality occurs and such event continues for at least three Business Days, either party shall have the right by Notice to designate a Day, no earlier than the Day such Notice is given and no later than 20 Days after such Notice is given as the Early Termination Date to terminate and liquidate the Affected Transaction(s).

On the Early Termination Date (i) if there is one Affected Party damages shall be determined in accordance with Section 10 of the Contract, except that references to the Defaulting Party and to the Non-Defaulting Party will be deemed references to the Affected Party and to the Non-affected Party, or (ii) if there is two Affected Parties, each party shall determine damages in accordance with Section 10 of the Contract with the Market Value being the arithmetic average of the amounts so determined. The Market Value for each Terminated Transaction shall be determined by using the mid-market quotations or values without regard to the creditworthiness of party performing the calculations.”

Add the following as Section 3.7.

“**3.7.** Any Gas sold and, or delivered by Seller to Buyer at the Delivery Point(s), and purchases made and, or received from Seller by Buyer at the Delivery Point(s), shall be deemed delivered in the following order: (i) Gas where the Contract Price is a fixed price or has a fixed price component, (ii) Firm (Fixed Quantity) (iii) Firm (Variable Quantity) and (iv) Interruptible.

Section 6. Taxes

Add “6.1.” before “Seller” of “Buyer Pays At and After the Delivery Point:” in Section 6.

Add the following at the end of the first paragraph of Section 6.1.

Seller bears all responsibility to make disbursements to all interest owners, and is responsible for any severance tax reporting and/or payment associated with the gas purchased hereunder. Where law prescribes that Buyer may be required to report and pay severance tax, Seller shall take all steps necessary to enable Seller to report and/or pay the severance tax, including making any necessary filings or showings before taxing authorities administering such severance tax. Pursuant to any approval granted by any taxing authority to absolve Buyer of severance tax reporting and/or payment responsibilities, Seller shall report and/or pay the severance tax for the entire term of this contract, unless written consent of Buyer is first obtained.

Add the following as new Sections 6.2 and 6.3 to “Buyer Pays At and After the Delivery Point:” of Section 6:

“**6.2. Gross Receipts and Consumption, and Compensating Taxes.** The Contract Price includes the reimbursement of severance taxes (whether such tax is paid by the Seller pursuant to the applicable statute, or due to Seller reporting and paying such tax on Buyer’s behalf under Section 6.1 of this Contract) and other similar taxes, which the Seller will pay to the applicable taxing authority. For clarity, the Contract Price does not include any applicable state or local, gross receipts, compensating, utility, transaction privilege, sales or use tax which may be assessed as a result of sales of or use of Gas hereunder, whether measured by quantity or revenues (“Gross Receipts” or “Compensating Tax”). If there is such a Gross Receipts and/or Compensating Tax, either of which being applicable to that quantity of Gas sold to or used by Buyer hereunder, Seller will invoice Buyer and Buyer will pay Seller the amount of the Gross Receipts or Compensating Tax, and Seller will remit same as required by the applicable law.

6.3. Protest and Payment. If a party is required to remit or pay Taxes that are the other party’s responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes, except to the extent either party has filed, or provides prior notice to the other party that it will timely file, a good faith protest, contest, dispute or complaint with the taxing authority or applicable court with jurisdiction, which tolls the requirement to pay such Taxes. Any party is entitled to make such good faith protests, contests, disputes or complaints with the applicable taxing authority or applicable court with jurisdiction or to file for a request for refund for such Taxes already paid in a timely manner as to any Taxes that it is responsible to pay or remit or for which it is responsible to pay or reimburse the other party. In the event either party makes such filings, the other party shall cooperate with such filing party by providing any relevant information within that party’s possession, which will support the filing party’s filing upon request by and as specified by the filing party. Upon the issuance by the taxing authority or court of a final, non-appealable order, which lifts the tolling of an obligation to pay and requires payment of the applicable Taxes, and absent a stay of such order, the responsible party shall either pay directly to the applicable taxing authority, or reimburse the other party for, such Taxes and any other amounts (including interest) required by such order. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.”

Section 7. Billing, Payment and Audit

In Section 7.6, add the following at the end of the next to last sentence before the “.”:

“; provided, however, that the finality of all invoices and billings shall not apply to Taxes or any adjustments made by Transporter(s) under the terms of its applicable tariff, and the responsible party under the Contract shall continue to be responsible for such amounts”

In Section 7.7 delete “or pursuant to Section 7.3” in the fourth line.

Section 8. Title, Warranty, and Indemnity

In Section 8.4 add “to the extent the Delivery Point is located therein” before “;” in the third line.

Section 10. Financial Responsibility

Add the following before the “.” at the end of the last sentence of Section 10.2:

“provided that no suspension of performance shall continue for more than ten (10) Business Days unless an Early Termination Date has been declared and the Defaulting Party has been given Notice thereof in accordance with Section 10.3.”

In the second paragraph of Section 10.3.1 (i) insert “the losses or costs that are, or would be incurred in replacing, or in providing the economic equivalent of the material terms, including the amount” before the word “Gas” in the second line, (ii) delete “multiplied by the market price for a similar transaction” in the third line, (iii) insert “other relevant market data”, after “futures contracts” in the fifth line (iv) insert “(either firm or indicative)” after “trading markets” in the sixth line, (v) insert “or information available to the Non-Defaulting Party from its own internal sources, if that information is used in the regular course of its business for the valuation of similar transactions,” after “third-party offers” in the sixth line and (vi) insert “The Non-Defaulting Party should utilize quotations or relevant market data in preference to its own internal sources, unless it believes in good faith that such quotations or relevant market data are not readily available or would not produce a commercially reasonable result. The Non-Defaulting Party may aggregate any loss or cost incurred in connection with its terminating, liquidating or re-establishing any hedge related to a Terminated Transaction,” at the end thereof.”

Add the following after the last sentence in Section 10.3.2: “Nothing in this Section will be effective to create a charge or other security interest. This Section will be without prejudice and in addition to any right of setoff, offset, combination of accounts, lien, right of retention or withholding or similar right or requirement to which a party is at any time otherwise entitled or subject (whether by operation of law, contract or otherwise). ”

Section 10.4 is hereby amended by (i) replacing “second” in the sixth line with “fifth”, and (ii) adding the following at the end thereof: “Notwithstanding the foregoing, if the Non-Defaulting Party owes the Net Settlement Amount to the Defaulting Party, the obligation of the Non-Defaulting Party to pay to the Defaulting Party the Net Settlement Amount, shall not arise until, and shall be subject to the condition precedent that, (i) all transactions are terminated in accordance with this Contract and (ii) all obligations (contingent or absolute, matured or unmatured) of the Defaulting Party and any Affiliate of the Defaulting Party to make any payment to the Non-Defaulting Party or any Affiliate of the Non-Defaulting Party shall have been fully and finally performed.”

In Section 10.5 add “Each Party further agrees that the other Party is not a “utility” as such term is used in 11 U.S.C. Section 366, and each Party agrees to waive and not to assert the applicability of the provisions of 11 U.S.C. Section 366 in any bankruptcy proceeding involving such Party. In addition, each Party agrees that, for any Gas actually consumed (rather than resold) by such Party, if Gas is not delivered pursuant to this Contract, the local gas distribution utility for such Party is the provider of last resort and can supply such Party’s Gas consumption needs.”

Section 11. Force Majeure

Insert the following at the end of Section 11.2: “In no event shall Seller be under any obligation to source Gas from storage or other markets if an event of Force Majeure occurs. To the extent an event of Force Majeure occurs, Seller or Buyer will allocate the supply or purchase of Firm Gas for affected transactions, as applicable, on a pro rata basis with other similarly situated Firm Gas customers.”

Add the following as Section 11.7:

“11.7 If an event of Force Majeure prevents a party from delivering or purchasing Gas under this Contract and such event continues (i) for more than ninety (90) consecutive Days or (ii) for more than one hundred and eighty (180) cumulative Days during any calendar year, the party not claiming the event of Force Majeure may terminate and liquidate the transactions affected utilizing the same methodology set forth under Section 3.6.

Section 14. Market Disruption

In Section 14, delete (i) “and averaging the four quotes” at the end of the first sentence; and (ii) the second sentence and replace it with the following: “Once the parties obtain the quotes, the following methodology shall be used to determine the replacement price for the Floating Price: (i) if each party obtains two quotes, the arithmetic mean of the quotations, excluding the highest and lowest values, shall be utilized; (ii) if one party obtains two quotes and the other party only obtains one quote, the highest and lowest values shall be excluded and the remaining quotation shall be utilized; (iii) if both parties each obtain one quote, the arithmetic mean of the quotations shall be utilized; or (iv) if only one party is able to obtain a quote, the obtained quotation shall be utilized. For purposes of the foregoing sentence, if more than one quotation is the same as another quotation, and such quotations are the highest and/or lowest values, only one of the quotations shall be excluded.”

Section 15. Miscellaneous

Delete Section 15.3 in its entirety and replace it with the following:

“15.3. No waiver of any breach of this Contract, or delay, failure or refusal to exercise or enforce any rights under this Contract (including any rights to claim excused performance as a result of an event of Force Majeure), shall be held to be a waiver of any other or subsequent breach, or be construed as a waiver of any such right then existing or arising in the future.”

In Section 15.10: (i) in the second line, add “or any financial information provided by a party under the terms of this Contract” after “the terms of any transaction” and (ii) in the third line add “Affiliates,” before “employees”.

Add the following as Section 15.13:

“15.13. To the extent, if any, that a transaction does not qualify as a “first sale” as defined by the Natural Gas Act and §§ 2 and 601 of the Natural Gas Policy Act, each party irrevocably waives any rights, including rights under §§ 4-5 of the Natural Gas Act, unilaterally to seek or support a change to any terms and conditions of the Contract, including but not limited to the rate(s), charges, or classifications set forth therein. By this provision, each party expressly waives its right to seek or support, either directly or indirectly, and by whatever means: (i) an order from the U.S. Federal Energy Regulatory Commission (“FERC”) seeking to change any of the terms and conditions of the Contract agreed to by the parties; and (ii) any refund from the other party with respect to the Contract. Each party further agrees that this waiver and covenant shall be binding upon it notwithstanding any regulatory or market changes that may occur after the date of the Base Contract or any transaction entered into between the parties. Absent the agreement of both parties to the proposed change, the standard of review for changes to any terms and conditions of the Contract proposed by (a) a party, to the extent that the waiver set forth in this Section 15.13 is unenforceable or ineffective as to such party due to a final determination being made under applicable law that precludes the party from waiving its rights to seek or support changes from the FERC to the terms and conditions of this Contract, (b) a non-party, or (c) the FERC acting sua sponte, shall solely be the “public interest” application of the “just and reasonable” standard of review set forth in United Gas Pipe Line Co. v. Mobile Gas Service Corp., 350 U.S. 332 (1956) and Federal Power Commission v. Sierra Pacific Power Co., 350 U.S. 348 (1956) (the “Mobile-Sierra Doctrine”), as the Mobile-Sierra Doctrine has been clarified by

Morgan Stanley Capital Group, Inc. v. Public Util. Dist. No. 1 of Snohomish 128 S.Ct. 2733 (2008) and NRG Power Marketing, LLC v. Maine Public Utilities Commission 130 S. Ct. 693 (2010).”

Add the following as Section 15.14:

“15.14 **EACH OF THE PARTIES HERETO HEREBY IRREVOCABLY WAIVES ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM (WHETHER BASED ON CONTRACT, TORT OR OTHERWISE) ARISING OUT OF OR IN ANY WAY RELATING TO THIS CONTRACT OR THE PERFORMANCE OR NONPERFORMANCE OF OBLIGATIONS ARISING UNDER OR IN CONNECTION WITH THIS CONTRACT.**”

Add the following as Section 15.15:

“15.15 To the extent applicable, Buyer is not entitled to claim on the grounds of sovereignty or other similar grounds with respect to itself or its revenues or assets (irrespective of their use or intended use) immunity from (i) suit, (ii) jurisdiction of any court, (iii) relief by way of injunction, mandamus, order for specific performance or for recovery of property, (iv) attachment of its assets (whether before or after judgment) or (v) execution or enforcement of any judgment to which it or its revenues or assets might otherwise be made subject to in any proceedings in the courts of any jurisdiction, and no such immunity (whether or not claimed) may be attributed to Buyer or its revenues or assets.”

Add the following as Section 15.16:

“15.16 This Contract shall be considered for all purposes as prepared through the joint efforts of the Parties and shall not be construed against one Party or the other as a result of the manner in which this Contract was negotiated, prepared, drafted or executed.”

BP ENERGY COMPANY

CITY OF AMES

By: _____

Name: Mark R. Tillwick

Title: Attorney-In-Fact

Date: October 13, 2015

By: _____

Name: _____

Title: _____

Date: October 13, 2015

COUNCIL ACTION FORM

**SUBJECT: POWER PLANT FUEL CONVERSION – CONTROL ROOM
INSTALLATION GENERAL WORK CONTRACT –
CHANGE ORDER NO. 1**

BACKGROUND:

In November 2013 the City Council decided to convert the City's Steam Electric Plant from coal to natural gas. In May of 2014, the City Council approved the selection of Sargent & Lundy of Chicago, Illinois, to provide engineering and construction oversight services for the conversion project.

On September 22, 2015, City Council awarded a contract to Henkel Construction Company of Mason City, Iowa, for the Power Plant Fuel Conversion - Control Room Installation Contract in the amount of \$898,800.

The action being requested is to approve Change Order #1 to the Control Room Installation Contract. The City Council will remember that the City's first attempt to bid this work yielded no bids even though bid packages were issued to 51 contractors and 5 plan rooms. Due to the unsuccessful first bid attempt, the City was forced to regroup and rebid the work. This rebidding of the project resulted in a two month delay from the original schedule. As a result, the City staff and our engineering/construction management firm are working aggressively with the contractor to improve the completion schedule since this work impacts the completion of the overall conversion project.

This Change Order 1 in the amount of \$66,782 is for the extra effort necessary to aggressively expedite the custom fabrication of the structural steel necessary to build the Control and DCS Equipment Rooms. To accomplish this objective, the contractor will be committing extra labor and working extra hours, including "premium time" on weekends, in order to shorten the work schedule. The City Council should understand that additional change orders might be necessary if any additional extra commitments are requested of the contractor

The Engineer's estimate of the cost for this phase of the project was \$925,000. With this change order, the total costs for the Control Room Installation General Work Contract within the project will be increased to \$965,582.

Overall, the total project dollar amount committed to date (inclusive of this Change order No. 1) is \$16,206,590. The approved FY 2015/16 Capital Improvements Plan includes \$26,000,000 for the Unit 7 and Unit 8 fuel conversion. The project budget to date is shown on page 3.

ALTERNATIVES:

1. Approve contract Change Order No. 1 with Henkel Construction Company, Mason City, IA, for the Power Plant Fuel Conversion – Control Room Installation Contract in the amount of \$66,782.
2. Reject contract Change Order No. 1.

MANAGER'S RECOMMENDED ACTION:

This conversion is needed in order for the Power Plant to remain in compliance with state and federal air quality regulations. This phase will provide for the expansion of the Power Plant's existing Control Room and provide for air conditioned space to hold the new Distributed Control System equipment. The expansion was necessary to allow for the installation of the new equipment while the plant operates under the old system; minimizing plant outage time. Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1 as stated above.

PROJECT BUDGET

The overall project budget and commitments to date are summarized below. To date, the project budget has the following items encumbered:

\$26,000,000	FY 2015/16 CIP amount budgeted for project
\$1,995,000	Encumbered not-to-exceed amount for Engineering Services
\$2,395,000	Engineering Services Contract Change Order No. 1
\$174,000	Engineering Services Contract Change Order No. 2
\$3,355,300	Contract cost for Natural Gas Conversion Equipment
\$29,869	Equipment Contract Change Order No. 1
(-\$321,600)	Equipment Contract Change Order No. 2
(-\$51,000)	Equipment Contract Change Order No. 3
\$1,595,000	Contract cost for DCS equipment
\$814,920	Contract cost for TCS equipment Bid 1
\$244,731	TCS Bid 1 Contract Change Order No. 1
\$186,320	Contract cost for Turbine Steam Seal System Bid 2
\$898,800	Contract cost for Control Room Installation General Work Contract
\$66,782	Control Room Contract Change Order No. 1 (pending City Council approval of award for this agenda item)
\$1,572,019	Contract cost for Mechanical Installation General Work Contract
\$8,750	Mechanical Contract Change Order No. 1
\$3,145,149	Contract cost for Electrical Installation General Work Contract
\$98,560	Contract cost for UPS System
<u>(-\$1,010)</u>	UPS System Contract Change Order No. 1
\$16,206,590	Costs committed to date for conversion
\$9,793,410	Remaining Project Balance to cover miscellaneous equipment and modifications to the power plant needed for the fuel conversion

STAFF REPORT

**HISTORY OF WHOLESALE WATER AND SEWER SERVICE AGREEMENTS
AND
ANALYSIS OF REQUEST FROM THE CITY OF GILBERT**

October 13, 2015

On August 25, 2015, Council referred a letter to staff from the City of Gilbert, requesting that the City of Ames consider a possible connection to and supply of water and sewer service from the City of Ames to the City of Gilbert. Council referred the letter to staff. This report provides an historical context of previous such wholesale agreements and a brief analysis of the current request.

Currently, the City of Ames has two wholesale agreements for drinking water and four for wastewater. A summary of the quantities and revenues for these accounts over the past fiscal year is shown below.

	Average Day Demand, gallons per day	Peak Month Demand, gallons per day	Annual Gross Revenues ¹ , \$
Water Contracts			
ISU Central Campus	783,000	994,000	\$791,000
Xenia Rural Water	50	392	\$75
Wastewater Contracts			
ISU Central Campus	902,000	1,161,000	\$1,118,000
USDA – NADC	236,000	400,000	\$345,000
USDA – NVSL	28,300	44,600	\$41,900
City of Kelley	26,900	38,100	\$39,500

1 – Excludes any high strength surcharges for wastewater more concentrated than typical domestic wastewater.

ISU Wastewater

The very first agreement was signed on June 3, 1947 when the City of Ames and Iowa State University entered into an agreement whereby the City would accept and treat wastewater from the University. Prior to this agreement, ISU owned and operated its own wastewater treatment facility. The original agreement was developed during the planning for the City of Ames' then-new treatment facility. The State of Iowa made an up-front payment of 30% of the estimated construction costs, and the final expenses were reconciled based on the University's proportional load to the facility during the first 12 months of operation. This agreement has been modified twice, first in 1972 when discussions first occurred about constructing the next wastewater treatment facility, followed by a substantial rewrite in 1985 as construction for the current treatment facility was beginning.

ISU Drinking Water

In 1962, the City first signed an agreement with Iowa State University for drinking water when the Applied Science Center was constructed on Scholl Road north of Ontario Street. At that time the Applied Science Center complex was outside the City limits. According to the agreement documents, the City constructed the pipeline to connect the new facility, and the University reimbursed the City for the construction cost upon completion. The cost to maintain the line was the responsibility of the City and the unit rate charged to the University was the same rate established by an ordinance that applied to customers within the City limits. The Applied Science Center was covered by this agreement until 1990.

In 1976, the City entered into a second agreement with Iowa State University. Up until that time, ISU had owned and operated a separate drinking water treatment plant to serve the central campus. In 1976, ISU decommissioned its facility and entered into an agreement with the City of Ames to purchase water. Under the terms of the agreement, ISU pays for the water on a pro-rated basis, where they reimburse the City a percentage of the total operating cost of the water utility based on ISU's demand as a percentage of the total system demand. ISU also made a payment of \$600,000 over a period of 10 years that is described as compensation for "...taking up presently available utility capacity that has been previously financed by the City."

The agreement describes those specific ISU facilities that are covered by the agreement. Any outlying facilities not specifically identified in the agreement are considered to be "non-contract" accounts and are billed at the normal ordinance rate. That agreement was updated in 1978 and again in 1990. As a part of the 1990 revision, the previous agreement for the Applied Science Center was voided, and the Center was incorporated into the central campus contract.

National Animal Disease Center (NADC)

An agreement was executed between the City of Ames and the United States Department of Agriculture on July 2, 1975 by which the City agreed to provide drinking water service to the National Animal Disease Center at the same rate established for all other water customers within the City of Ames.

The agreement also established for the City to provide and charge the USDA for sewage treatment service, including treatment plant capital costs at an equitable rate based on its actual sewer use proportional to the total flow in the system. There was no provision for any one-time capacity reimbursement. The agreement was last updated in 1985.

National Veterinary Services Laboratory (NVSL)

Similar to the agreement with the USDA to serve the National Animal Disease Center, an agreement was signed in 1976 that addressed water and sewer service for the National Veterinary Services Laboratory. The description of the water service arrangements simply documented that the NVSL had paid the customary water connection fees and water meter installation fees and that the NVSL would be billed for water at the published rate schedule that applied to all water customers. The charge for sanitary sewer service is very similar to the NADC agreement. There was no provision for any one-time capacity reimbursement. The agreement was last updated on May 2, 1990.

Xenia Rural Water District

On October 22, 1996, the City entered into an agreement with Xenia Rural Water District to provide water on a wholesale basis for Xenia to redistribute to its customers. The agreement includes a provision whereby the City agrees to provide up to 250,000 gallons per day to Xenia at a unit rate that was established at the time of the agreement. That rate has increased over time in tandem with increases in the City's ordinance rate for other customers. The agreement included a one-time payment of \$280,550 for reimbursement to the City of existing capacity and associated expenses previously incurred. The agreement was last modified on June 24, 1997. Currently, Xenia is taking almost no water from its connection to Ames.

City of Kelley Wastewater

Financing for the "new" Water Pollution Control Facility was provided in large part by the federal Construction Grants Program. That program required that the grant applicant (Ames) evaluate the cost-effectiveness of regionalization (having smaller communities connect to a larger facility that can operate more efficiently). Ames completed the feasibility evaluation for a number of surrounding communities and determined that regionalization was not cost-effective. The one exception was the City of Kelley. Kelley was also applying for construction grant funds, and Kelley's consultant had performed an independent feasibility analysis and determined that connecting to Ames was the most cost-effective means of providing wastewater treatment for its community. With that determination already in place, providing Kelley with a sanitary sewer connection became a "string" attached to the grant funds for Ames.

The original agreement, dated September 24, 1975, included a limitation of 144,000 gallons per day. Kelley was responsible for the cost and construction of the pump station, force main, and their portion of the gravity outfall sewer. Kelley was to pay its proportionate share of the total operating and capital costs incurred by the City of Ames. There was no up-front capacity reimbursement provision. Because federal construction grant funds were being used to finance Kelley's connection, the U.S. EPA had to review and approve the agreement. That review was completed in 1977, and some small revisions were made on September 20, 1977 to resolve some U.S. EPA concerns. The agreement was again amended in 1985 as the City of Ames began its grant-funded construction to address new U.S. EPA requirements.

The original agreement was replaced with a new agreement in July 2005. Damage to a City of Ames sanitary sewer line caused by the discharge from Kelley had occurred, and it was determined that the original contract language did not allow Ames to recover the cost to repair that damage from Kelley. The new agreement included language stating that "...any costs directly attributed to Kelley's sanitary sewer discharge...shall be paid for by Kelley..." The current agreement includes billing provisions whereby Kelley pays a monthly minimum bill fee that is twice the established ordinance minimum bill for other customers and that the unit rate paid by Kelley will be 115 percent of the established ordinance rate. Should the strength of wastewater being discharged by Kelley exceed the established surcharge rates, Kelley will be billed 125 percent of the established surcharge rate. (This last provision has not been needed to date.)

2015 Request from City of Gilbert

During the summer of 2009, the Ames City Council gave its approval to a plan to design and construct a new 15-million-gallon per day water treatment plant. As a part of the discussion related to the size of the facility, staff suggested to Council that if there was any interest in exploring regionalization of the water utility, this would be the most opportune time to do so.

With Council's approval, letters were sent to the City of Gilbert and the City of Kelley inquiring if either community had an interest in considering a purchased water agreement. No response was received from Gilbert at that time. The City of Kelley responded with an invitation for Ames staff to attend a Kelley City Council meeting. Ames staff attended that meeting on September 8, 2009 and discussed how such an arrangement might be developed. No additional discussions took place at that time. In 2012, the City of Kelley again approached the City of Ames to inquire about the possibility of a wholesale water agreement. After extensive discussions, Kelley opted to enter into an agreement with Xenia Rural Water District instead of connecting to Ames.

Gilbert is now in the process of evaluating its options for expanding and improving their water and wastewater treatment systems. One of the options that their consultant has recommended is that they explore connecting to the City of Ames water and/or wastewater systems.

Based on water demand characteristics provided by Gilbert's consultant to Ames staff, the City of Gilbert has a current annual average water demand of approximately 76,800 gallons per day and a peak day demand of approximately 250,000 gallons per day. For comparison purposes, this would put the demand for the connection to Gilbert roughly in between the average day demands of Amcor (56,500 gallons per day) and Barilla (87,000 gallons per day). Gilbert's consultant has also provided an estimated average sewer demand of 87,000 gallons per day and an average peak 30 day demand of 250,000 gallons per day.

Gilbert's projected future average day demand of 147,500 gallons per day of drinking water would serve approximately 361 homes. It's presumed virtually all of the water would be for residential use as there are minimal commercial or industrial users in Gilbert. Gilbert has a 2010 population of 1,082 people. The population projections being used by their consultants for the year 2035 are a population of 1,863 with a projected total of 621 homes. These homes would likely be located on the south side of Gilbert, consistent with the Fringe Plan Urban Service Area designation.

Using the provisions of the wastewater agreement with the City of Kelley as a model, the estimated revenue generated from taking on Gilbert as a customer would be in the neighborhood of \$101,100 per year for water consumption and another \$101,400 for sewer, for combined revenue of approximately \$202,500 annually.

Staff has had a single preliminary meeting with Gilbert's consultants. At that time Ames staff explained that any agreement would need to include consideration of the following topics:

- Seasonal Rates. The rate structure for residential customers in Ames is a seasonally inclined block structure, with a flat rate in the winter and an inclining block rate in the summer. Some consideration should be included to a rate provision with Gilbert that accomplishes the same water conservation goals. In particular, the agreement should somehow ensure that a residence in the City of Gilbert is not able to excessively water its lawn at a cheaper rate than a residence within Ames.
- Water Rationing. The City of Ames has adopted an ordinance that allows mandatory water use restrictions to be implemented in stages based on the need for conservation. An agreement with Gilbert should somehow ensure that the same levels of restrictions are imposed and/or the same level of use reduction achieved, in the City of Gilbert as is targeted in Ames.

- Delineation between Systems. There are a number of different ways that the agreement could demark the separation point between systems. The simplest for Ames would be to follow the model that has been used with all other wholesale agreements; namely, Ames provides water, at whatever point in its existing system is closest or most convenient, through a single master water meter. The water would then be the responsibility of the City of Gilbert from the outlet of the meter, and Gilbert would continue to operate as a separate Public Water Supply and would be responsible for operating and maintaining its distribution system, metering, and billing its customers. Similarly, a single wastewater meter should be installed as close to the existing Ames collection system as is practical, and Ames would accept responsibility for the wastewater at that point. **Ames would not be responsible for maintaining the water distribution or sewer collection systems within Gilbert or north of the connections to the Ames systems. That responsibility would remain with the City of Gilbert.** That would be the form of agreement that Ames staff would recommend. Gilbert's consultant has indicated that this arrangement would also be preferred by Gilbert.
- Managing Excessive Wet-Weather Flows. A provision would need to be included that would ensure that Gilbert maintains their sanitary sewer system in such a way that peak flows of clear water are kept out of their system and are not delivered to Ames. One possible way this could be accomplished would be for the City of Gilbert to keep their existing sewage lagoon as a wet-weather flow equalization basin.
- Non-domestic Users. The City of Ames is required by state and federal rules to regulate non-domestic dischargers into its system to ensure that the treatment works are not negatively impacted by improper discharges. Some provision would be needed to either extend authority by the City of Ames to monitor and control non-domestic users in Gilbert, or to ensure that the City of Gilbert adopts and enforces similar requirements.

In addition to these utility-related issues, the provision of water and sewer service by Ames outside its city limits could have clear land-use implications. Per the Fringe Plan, growth areas for Gilbert are on the south side of the town focused around Grant Avenue and approximately 1.5 miles north of the City of Ames. If the City of Ames were to provide utility services to Gilbert it should be aware of its support of growth and to ensure Gilbert's growth is consistent with the Fringe Plan and only available to development within the boundaries of the town of Gilbert.

STAFF COMMENTS:

The challenges being faced by the City of Gilbert are not unique and are not reflective of a lack of care by that community. As regulations become more complex, it becomes increasingly difficult for smaller communities to afford the systems and staff necessary to comply. The trend of regional consolidation of water and sewer services is a well-established phenomenon where larger systems are able to absorb the additional flows at a more economical unit cost.

Ames has a history of providing water and wastewater services on a wholesale basis extending back nearly 70 years. It has proved to be the most cost-effective means for entities such as Iowa State University, the USDA research facilities, the City of Kelley, and Xenia Rural Water District. While care is always taken to develop contractual language that protects each party's interests, **any contractual agreement runs the risk to either party of an unforeseen condition arising that was not anticipated or fully addressed by the agreement.**

Based on the annual average water and sewer demand data provided by Gilbert's consultant, the annual revenue from an agreement is estimated to be in the neighborhood of \$202,500. While the financial advantages to Ames are not huge, there is some benefit to spreading the fixed costs of the utility over an additional number of gallons. There is also the societal advantage of being a "good neighbor" by partnering with a neighboring community.

Possible downsides for the City of Ames include the staff time that will be necessary to negotiate the agreement and oversee the connection, and the risk of an unanticipated liability not accounted for in the agreement. Equally important is the fact that if not handled correctly, this type of arrangement could impact land use in the fringe area and promote sprawl outside of our city.

As far as the net impact of the increased demand on the available water supply and sewage treatment capacity for the City of Ames, the likely demand from this proposed agreement would be similar to adding another single industrial customer. Therefore, it appears that the increased demands are within Ames' existing capacities, and are small enough that they would not be a sole determining trigger for any future expansion.

Should the Council believe that the advantages to such an arrangement outweigh the disadvantages, then the Council could direct the staff to pursue discussions with the City of Gilbert with the intention of negotiating an agreement for wholesale water and/or sanitary sewer service that addresses the utility and land use issues described above.

ITEM #: 45
DATE: 10-13-15

COUNCIL ACTION FORM

REQUEST: REZONE FROM “HOC” (HIGHWAY-ORIENTED COMMERCIAL) TO “RH” (RESIDENTIAL HIGH DENSITY) THE PROPERTY LOCATED AT 516 S. 17TH STREET.

BACKGROUND:

The subject site is approximately 12 acres and had a Land Use Policy Plan (LUPP) amendment approved one year ago on October 14, 2014 that changed the site from Highway Oriented Commercial to Residential High Density on the Future Land Use Map. At the time of the LUPP Amendment, a number of details about the ability to develop the site were deferred until consideration of a rezoning request.

The initial applicant for the LUPP amendment for the rezoning of the site was Roers Investments. Roers is no longer pursuing rezoning of the site and Scott Randall, owner of the property, wishes to proceed with the rezoning request as the applicant (developer). Details of the project have changed with the change of developer. **There is no longer a defined project for construction accompanying the request.** The current proposal by Mr. Randall is for a maximum 209 apartment units versus 272 apartment units that were proposed by Roers. The number of bedrooms will be less as well, but is not precisely estimated at this time by the developer. The reduction in units is an effort by the applicant to mitigate some of the traffic impacts of the development.

The subject property is an undeveloped parcel accessed through the Aspen Business Park from the west end of S. 17th Street. The site is located between U. S. Highway 30 and S. 16th Street. (*see Attachment A-Existing Zoning Map*). Property to the north and to the west of the site has been developed with apartments (Pheasant Run, The Grove, and Copper Beech) and property to the east of the site has been developed with an office business park (Aspen Business Park).

The developer has no specific building project for the site, but has submitted “Concept Plan A,” (*see Attachment D*) as a potential way to subdivide the site (*Note there is no approval of the concept with the rezoning request*). An outlot is shown as reserved for future street right-of-way to accommodate the future extension of S. 17th Street to S. Grand Avenue. On these four proposed lots, the developer proposes to construct 209 units total with a mix of 2, 3 and 4-bedroom apartment units. An exact design or mix of units is not known at this time. **Staff estimates that a typical non-student oriented development may average 2-1/2 bedrooms per unit and this would yield 523 bedrooms with 209 units.** The developer’s intent is to develop apartments marketed to all types of tenants, but not exclusively designed for students. Plans are to lease apartments by the unit, as opposed to leasing each bedroom separately. Leasing would occur throughout the year, without a required August to August lease, and without being pre-furnished.

Additionally, City Council directed on January 13, 2015, to include with each zoning

application a Residential High Density Evaluation checklist as a measure of a project's LUPP consistency. The RH checklist reviews topics of Location/Surroundings; Site Features; Housing Variety/Design; Transportation; Utility; Investment/Catalyst (See *Attachment F*). A full evaluation of the request is included in the addendum.

At the time of the analysis for the LUPP Amendment, staff identified issues pertaining to traffic, transit, and access to S. 16th Street. Developer's approach to mitigate transportation issues is to reduce density and construct a turn lane in place of an existing boulevard at the stop controlled intersection of Golden Aspen Drive and S. 16th Street, as well as pavement markings for turn lanes at the intersection of S. Kellogg Avenue and S. 16th Street.

Damion Pregitzer, Traffic Engineer for the City of Ames, has requested that the Developer complete a Traffic Impact Letter (TIL), as specified in the Iowa Department of Transportation traffic impact guidelines. Much of the traffic information needed by the City has been prepared by the traffic consultant for the Developer; however, it needs to be formalized into a final report summarized as a TIL. The TIL can make recommendations for what improvements are reasonable and appropriate for this change in zoning. This is where the Developer can describe the anticipated connection to S. Grand Avenue and to the traffic signal at S. 16th Street in the future, along with any other engineering considerations in the narrative regarding the mitigations proposed to address traffic concerns.

Planning and Zoning Commission Recommendation. At a public hearing on August 5, 2015, the Planning and Zoning Commission recommended approval (3-0, Abstain: Wannemuehler) of the proposed rezoning, subject to the following items to be included in a Development Agreement, as conditions of approval of the rezoning request:

- A. The developer is responsible for the installation and cost of construction of traffic improvements, at the intersection of S. 16th Street and Golden Aspen Drive for either an additional lane or traffic signal based upon warrant analysis. The timing for construction and the extent of such traffic improvements will be at the direction of the City.
- B. Create a deed restricted no-build area approved by the Public Works Director in the southwest corner of the site for future South Grand extension.
- C. Reservation of future street right-of-way for the future extension of S. 17th Street to the west property line.
- D. Leasing terms to lease by the unit and timing of leasing.
- E. Development intensity limited to 209 units and 525 bedrooms, pending acceptance of traffic mitigation by the Public Works Director.

ALTERNATIVES:

1. The City Council can hold the public hearing and direct staff to return with a signed development agreement reflecting the conditions recommended by the Planning and Zoning Commission prior to the first reading of the ordinance for the proposed rezoning from “HOC” (Highway-Oriented Commercial) to “RH” (Residential High Density) for the property located at 516 S. 17th Street.

With this option, the developer would commit to defining the project and mitigating impacts as described above or with any additional conditions added by Council. This option would be accomplished as a contract rezoning.

2. The City Council can hold the public hearing and approve on first reading the request for rezoning from “HOC” (Highway-Oriented Commercial) to “RH” (Residential High Density) for the property located at 516 S. 17th Street.

With this option the rezoning would be approved with no conditions.

3. The City Council can deny the request for rezoning of the property located at 516 S. 17th Street, if the City Council finds that the project is not consistent City’s regulations and policies.

Council would choose this option if it does believe it is the right timing for development of the site or there is not adequate information about the request to determine it meets the City’s interests.

4. The City Council can refer the rezoning request back to City staff and/or the applicant for additional information.

CITY MANAGER’S RECOMMENDED ACTION:

The City has recently experienced a strong growth in the construction of apartments over the past five years. This has been a product of high enrollment growth at ISU, job growth, and a high desirability for Ames by retirement age households. In response, the City has had multiple requests for new RH development through LUPP amendments and rezoning, including the subject site.

The subject site was granted an LUPP Amendment in October 2014 with expressed concerns about the timing of development of the site. Specific issues concerned direct site access and transportation capacity that needed to be addressed before rezoning. The applicant has partially addressed these interests as described in this report. The applicant has minimized density to reduce traffic impacts for Golden Aspen with construction of a turn lane with the stop sign, rather than pursuing signaling the intersection. However, the applicant has been unable to secure direct vehicular or pedestrian access to S. 16th Street.

Review of the RH Checklist indicates the site has a variable mix of high and low ratings. **The main areas with low ratings are transportation access and lack of details on**

project design and building types because it is a straight rezoning request. The transportation ratings are low for the site due to lack of general connectivity and transit services. Despite the findings of the applicant's traffic study that most intersections are not significantly impacted by the project's development, staff finds the study shows there are incremental impacts to multiple intersections in the area with some exceeding the City's Level of Service (LOS) C requirements. The site has limited walkable access to neighborhood service, but does have fairly high access to employment areas in the immediate vicinity of the site. The developer believes that transit access is not a priority to the site since it is not intended to be student oriented. Staff rates the project as low for housing variety, since that full details are not available on the complete design and layout of the site and buildings as they seek rezoning entitlement.

The question of the rezoning is its timing as was indicated in the LUPP amendment process. There are outstanding issues the developer has not been able to address that would help support the rezoning to RH. The chief issues that are unaddressed are the desired north access to S. 16th Street and information about the design of the project. Questions about these issues would support rejecting the rezoning request as it could be determined that zoning is premature without the beneficial resolution to these issues.

Although staff strongly favors that the direct access north to S. 16th Street be present before development, the site may operate acceptably with the reduced density and minor traffic improvements. Reducing density is probably not a good long term strategy for meeting our ongoing housing needs, but seems to be acceptable in this circumstance. **Therefore, the City Manager recommends Alternative #1, that the City Council hold the public hearing and give direction to staff on the Development Agreement for a contract rezoning in accordance with the Planning and Zoning Commission's recommendations, prior to holding the first reading of the ordinance for the proposed rezoning.**

ADDENDUM

APPLYING THE RH SITE EVALUATION TOOL:

(see Attachment F–RH Site Evaluation Matrix)

Location/Surroundings

Does the site integrate into an existing neighborhood with appropriate interfaces and transitions? Staff rates the site as “High” in that it integrates well into the existing High Density Residential area. The proposed zoning would be an extension of the RH zoning to the west (Copper Beech), north (Pheasant Run) and on the other side of S. 16th Street to the northwest (The Grove). High Density Residential land use can interface well with the HOC land in Aspen Business Park to the east.

Is the site located near daily services and amenities (school, park, variety of commercial)? Staff rates the site as “Low” in this subcategory. Commercial land use abuts the east boundary of the site (Aspen Business Park); however, there is not a variety of retail and service commercial businesses in this business park to serve the needs of residential tenants. A major concentration of retail, restaurants, and service-type businesses lines South Duff Avenue, the center of which is approximately one (1) mile from the site. Within a distance of approximately one-half (0.5) mile, tenants could access Ames Christian School (grades K-6), and Coldwater Golf Links. The applicant does propose private recreational amenities for the site.

Does this create a new neighborhood, not an isolated project? (if not part of neighborhood, does it create a critical mass or identifiable place, support to provide more services?) Staff rates the site as “Average” in this subcategory. This is a growing neighborhood of high density residential development. Development as RH would be an expansion of, and continued growth of rental housing. Overall, the area has critical mass but lacks a sense of identity due to incremental development and planning for the area. Even with approval of the project, it is not anticipated additional services would be added to the area.

Is the site located near employment centers or ISU campus? Staff rates the site as “High” in this subcategory. The Iowa State campus, Iowa State Research Park, Iowa Department of Transportation, and Mary Greeley Medical Center are all easily accessed by arterial roadways from the subject site. Aspen Business Park, abutting the east property line of the site, could potentially be a location of employment for tenants in the proposed apartment complex.

Site Features

Does the site contain no substantial natural features on the site (woodlands, wetlands, waterways)? Is the site located outside the Floodway Fringe? Staff rates the site as “High” in these subcategories. There are no existing natural features on the site, that would be impacted, or require mitigation of any kind to protect, or preserve waterways, natural wetlands, or woodland resources. There are no designated floodplains that cross the subject property.

Is the site separated adequately from adjacent noise, business operations, air quality (trains, highways, industrial uses, airport approach)? Staff rates the site as “Low” in this subcategory. The southern boundary of the site is U.S. Highway 30, a four-lane divided major roadway. The Ames Municipal Airport is located in the general vicinity of the site, across Highway 30 and Airport Road to the south.

Is there an ability to preserve or sustain natural features? The site rates as “Average” in terms of consistency with the Land Use Policy Plan (LUPP) policies regarding natural features. The site is vacant and does not include significant natural features to be preserved, or sustained.

Housing Type and Design

Is there a need for housing or building type or variety of housing types?

Staff rated this category as “Low” based upon the lack of information received from the developer to enable an analysis of housing types and design.

The developer believes there is a need for apartment units, and that the number of units/bedrooms proposed would be equivalent to developing the site as 115,000 square feet of commercial office use. The developer intends to design a project that would accommodate both student oriented housing and housing for those in the workforce. Apartment units with two (2), or three (3) bedrooms is consistent with the preferences of the young professionals demographic, while four (4) bedroom units are typical of student apartments. The developer believes future projects would be standard 2 or 3-story basic apartment complex(s) and that no specific amenities are planned to be included.

The site may be platted into four (4) separate lots of sizes that vary from 1.40 acres to 3.60 acres. If this were to occur it would be similar then to how individual apartment lots were created along Mortenson Coconino area rather than organized and managed as centralized complexes like Wessex or The Grove.

Transportation

Is the site adjacent to the CyRide line to employment/campus? Staff rates the site as “Low” in this subcategory. The site is not adjacent to a transit stop for CyRide due to the lack of a direct connection to CyRide on S. 16th Street. The walk distance along S. 17th to a bus stop at Golden Aspen and S. 16th is in excess of a ¼ mile for the majority of the site area. Access to CyRide was one of the major issues identified by staff in analysis of the LUPP Map change of the site from HOC to RH. While always desirable to have transit access for high-density residential uses, it has been an essential element in support of student oriented developments to meet student interests and service levels of CyRide. The transit service in this part of the community does not function as a convenient means of access to major employment areas in the community for the demographic of young professionals.

Does CyRide service have adequate schedule and capacity? Staff rates the site as “Low” in this subcategory. The nearest route (CyRide Gray Route) follows S. 16th Street. **The Gray Route already exceeds ridership capacity.** The Gray Route brings students from this area as well as picks up students from Iowa State Center transit

station. The Gray Route consists of one bus every 30 minutes, between 7:00 a.m. and 5:30 p.m., and one bus hourly between 5:30 p.m. and 10:00 p.m., Monday through Friday, while school is in session. There is no weekend service.

The former applicant completed a survey of bus ridership along S. 16th Street and concluded that a worst case scenario would be 20% of the total students using the bus during the day. For this development if it was assumed half occupied by students we would estimate a demand for 10 riders during peak hours. CyRide provides comments that a standard bus has a capacity for 38 seated persons and 20 additional standing individuals. Adding 10 riders may not always be accommodated in combination with demand from the other nearby bus stops or with the needed seats at the Iowa State Center transfer point.

Are there pedestrian and bike paths, or lanes, with connectivity to neighborhoods, or for commuting? Are site access and safety provided? Staff rates the site as “Low” in these subcategories. Sidewalks exist along S. 17th Street and Golden Aspen Drive to access S. 16th Street. However, there is no direct pedestrian, nor bike path, connection between the site and the bike path and sidewalks along S. 16th Street. There is a strong need for this connection to provide the necessary means of convenient access to the site from S. 16th Street. If the pedestrian/bike connection to the site was constructed, the S. 16th Street bike path would serve as a link to other parts of the community. There are stretches of right-of-way along the south side of S. 16th Street where sidewalk has not been constructed. **These missing sections of sidewalk are needed to provide pedestrians with a continuous link to other sidewalks/bike paths throughout the community.** Construction of sidewalk between the subject property and S. 16th Street was discussed with the developer. There was no commitment by the developer to construct the sidewalk as part of this development.

Are there roadway capacity and intersection operations (existing and planned at Level of Service (Average) “C”)? Staff rates the site as “Low” in this subcategory. A traffic impact analysis (TIA) was conducted by the traffic consultant, Duane Smith, PE, as part of the rezoning proposal by the previous applicant, Roers Investments. That analysis was based on a greater number of units (272 versus 209) and more bedrooms (700 versus 523). The analysis, at that time, determined that the Level of Service (LOS) at the intersection of S. 16th would be the most likely require a traffic signal to improve LOS for the larger buildout of the property to meet LOS C.

The most recent traffic analysis, by the traffic consultant, has the objective of determining the number of apartment units that will generate traffic volumes which will not degrade the LOS associated with the current land use of office for the Aspen Business Park. Two intersections were evaluated, including Golden Aspen Drive and S. 16th Street, as well as S. Kellogg Avenue and S. 16th Street. It was determined that if the number of apartment units were reduced to 209, that would equal the amount of traffic generated by developing the site to accommodate 115,000 square feet of commercial office space. **The LOS at the Golden Aspen Drive intersection, improved to include a northbound turn lane, through lane, and right turn land, would be a LOS “E”,** regardless of whether the site were developed at with 209 units, or 115,000 square feet of office space. A LOS “E” describes a case in which there is a traffic delay, but traffic is still moving. It falls below the LOS “C”, which would be the City

of Ames standard. **The same LOS “E” would also be the case for the S. Kellogg Avenue intersection**, with improvements to include left turn and right turn lanes.

The developer is agreeable to constructing turning lanes at the two intersections, Golden Aspen Drive, and S. Kellogg Avenue, but would not commit to paying the cost of improvements to the intersection of S. 16th Street and Golden Aspen Drive, if it includes a signalized traffic light intersection at some point in the future to safely absorb the additional pedestrian and vehicular traffic generated by the development contemplated on the parcel. From staff’s review of the information, it is unlikely that a traffic signal would be warranted based on projected traffic volumes at Golden Aspen and that accepting LOS E for these stop sign controlled signals may be found acceptable for the project. If a signal warrant for future installation was needed, the developer could contribute to it but it would not be installed at the time of development. Staff finds it unfortunate that the improvement may remove the boulevard in Golden Aspen rather than changing the parking strip. Traffic mitigation needs would be documented in the Developers Agreement, if required by the City as a condition of approval of the rezoning to RH.

The previous applicant had informed staff that he had diligently pursued an agreement with the owner of the Copper Beech property to allow vehicular and pedestrian access, by the tenants of the new development, to the driveway and sidewalk on the Copper Beech property. The Copper Beech driveway is the location of S. Grand Avenue, once it is extended past S. 16th Street. The developer, at that time, informed staff that negotiations with the Copper Beech property owner were not productive, and there was no interest, on the part of the Copper Beech owner, to allow the use of their driveway (future extension of S. Grand Avenue) as a means of access between S. 16th Street and the site proposed for rezoning. The previous applicant had also been unable to secure permission to circulate through the Pheasant Run apartments north of the site.

The current Long Range Transportation Plan (LRTP) includes an illustrative planning project for the extension of Grand Avenue under Highway 30. The City has not committed to the Grand extension south of S. 16th Street at this time; although the project will again be evaluated as part of the current “LRTP” (Long Range Transportation Plan) Update. This site may be encumbered by slope easements restricting development in the southwest corner, and may include a need for developer contributions towards road and access improvements along the Grand extension corridor. Street right-of-way for the future extension of S. Grand Avenue will be needed on the southwest corner of the subject property to accommodate the proper alignment for the U.S. Highway 30 underpass. The width of right-of-way needed for the S. Grand Avenue extension would be a minimum of 80 feet, and the template design for the underpass would require approval by the Iowa Department of Transportation (IDOT). This would occur at the time of site plan approval. **A U.S. Highway 30 underpass, adjacent to this property, can be accommodated with agreement by the developer. The developer is amenable to reservation of the southwest corner of the site for the eventual extension of S. Grand Avenue.**

Public Utilities & Services

Are there adequate storm, water, sewer capacity for intensification?

Staff rates the site as “High” in this subcategory. For all rezoning proposals, City staff

examines the possible impacts of a change in the zoning designation, including intensification, to public utilities, such as storm sewer, sanitary sewer and water capacity, storm drainage. This review is based on overall system capacities and the information available to staff at this point in the development process. For the subject property, staff finds that the capacities of storm sewer, sanitary sewer, and water are adequate to serve the proposed high density residential development.

Is the proposal consistent with emergency response goals? Staff rates the site as “Average” in this subcategory. The site is within a three (3) to five (5) minute emergency response time. The nearest fire station from which emergency response would be dispatched is located on S. Duff Avenue at the Airport Road intersection.

Investment/Catalyst

Does this proposal support prior City sponsored neighborhood/district investments or sub-area planning? Does this proposal create character/identity/sense of place? Does this proposal encourage economic development of diversification of retail commercial (Mixed Use Development)?

Staff rates the site as “Low” in these subcategories due to no LUPP direction concerning this area or type of project. Staff’s rating of this category is based on unique situations of projects related to LUPP objectives and implementation interests. This development request will not have a substantial influence on its surroundings within this meaning.

REZONING BACKGROUND:

Existing Land Use Policy Plan. (see Attachment C - Existing LUPP Map Designation)

The LUPP designation of the subject property, which includes twelve (12) acres, is “High Density Residential.” This change in designation of the property from “Highway-Oriented Commercial” was approved by the City Council on October 14, 2014.

Existing Zoning. (see Attachment A - Existing Zoning)The site is zoned as “HOC”

(Highway-Oriented Commercial). Zoning of abutting properties to the west and north/northwest is “RH” (Residential High Density). The immediate area to the northeast and east is zoned the same as the subject property, “HOC.” Bordering the south property line is the right-of-way for U. S. Highway 30. Directly to the south of Highway 30 is land zoned as “S-GA” (Government/Airport) as part of the land area reserved for the Ames Municipal Airport.

Existing Land Use. The existing land use of the subject property and all other abutting properties is as follows:

EXISTING LAND USE	
Location	Land Use
Subject Property	Vacant
West	Apartment Buildings
North/Northwest	Apartment Buildings
North/Northeast	Commercial Office Buildings
East	Commercial Office Buildings

South	U. S. Highway 30 right-of-way
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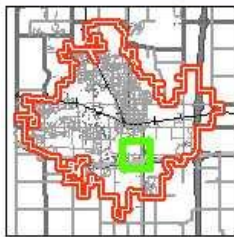
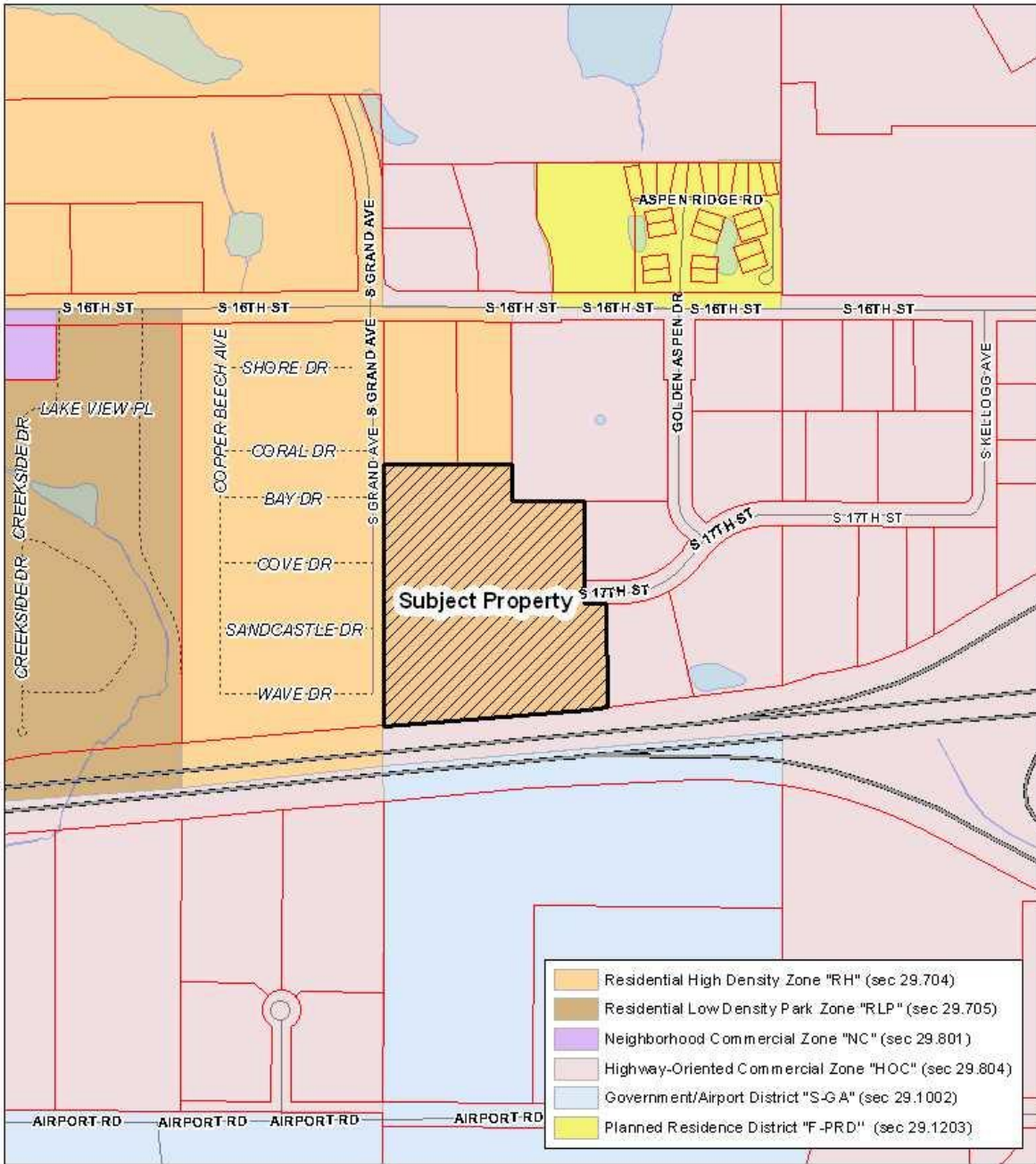
Applicant's Statements. The current applicant has not provided an explanation of the reasons for the rezoning. A summary of the proposal is on pages one (1) and two (2) of this report. The developer requests the rezoning in order to construct apartment buildings on the site to meet housing needs for ISU students and young professionals in Ames.

Public Notice. Notice was mailed to property owners within 200 feet of the subject site. As of this writing, no comments have been received.

Findings of Fact. Based upon an analysis of the proposed rezoning and laws pertinent to the applicant's request, staff makes the following findings of fact:

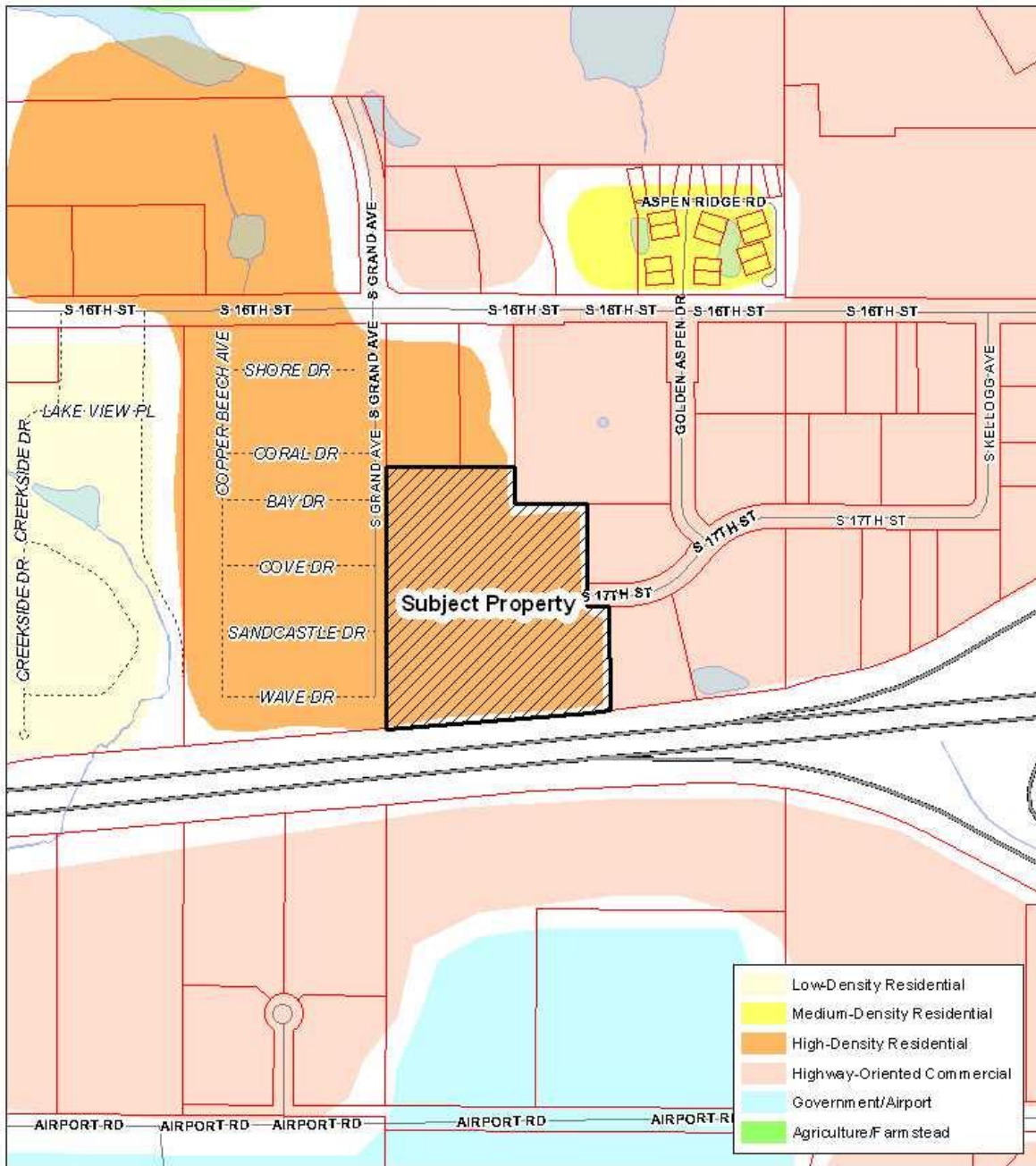
1. Ames *Municipal Code Section 29.1507(2)* allows owners of fifty percent (50%) or more of the area of the lots in any district desired for rezoning to file an application requesting that the City Council rezone the property. The owner of this single parcel has requested the rezoning.
2. The subject property has been designated on the Land Use Policy Plan (LUPP) Future Land Use Map as "Residential High Density."
3. The "Residential High Density" land use designation supports the "RH" (Residential High Density) zoning designation. Under the "RH" zoning designation, the proposed multiple-family residential development can be accommodated subject to the Zone Development Standards allowed within this zone, as described in Chapter 29, Article 7, of the Municipal Code.
4. Infrastructure is available to this site. The owner will need to obtain any necessary easements for service line connections to the site.
5. Access to this site is from S. 17th Street, a public street right-of-way. There is no direct access to the minor arterial roadway of S. 16th Street.
6. The project has potential impacts on bus service due to capacity limits of the Gray Route.
7. The traffic impact analysis for the site is incomplete for purposes of comparing background conditions with project conditions.

Attachment B – Proposed Zoning



**Proposed
Zoning Map
516 S. 17th Street**

Attachment C – Existing LUPP Map Designation



Existing
Land Use Policy Plan Map
516 S. 17th Street

Attachment D – Concept Plan A



Attachment E – Applicable LUPP Goals & Objectives

Goal No. 1. Recognizing that additional populations and economic growth is likely, it is the goal of Ames to plan for and manage growth within the context of the community's capacity and preferences. It is further the goal of the community to manage its growth so that it is more sustainable, predictable and assures quality of life.

Goal No. 2. In preparing the target populations and employment growth, it is the goal of Ames to assure the adequate provision and availability of developable land. It is the further goal of the community to guide the character, location, and compatibility of growth within the area's natural resources and rural areas.

2.A. Ames seeks to provide at least 600 to 2,500 acres of additional developable land within the present City and Planning Area by the year 2030. Since the potential demand exceeds the supply within the current corporate limits, alternate sources shall be sought by the community through limited intensification of existing areas while concentrating on the annexation and development of new areas. The use of existing and new areas should be selective rather than general.

Goal No. 5. It is the goal of Ames to establish a cost-effective and efficient growth pattern for development in new areas and in a limited number of existing areas for intensification. It is a further goal for the community to link the timing of development with the installation of public infrastructure including utilities, multi-modal transportation system, parks and open space.

Goal No. 6. It is the goal of Ames to increase the supply of housing and to provide a wider range of housing choices.

6.C. Ames seeks to establish higher densities in existing areas where residential intensification is designated with the further objective that there shall be use and appearance compatibility among existing and new development.

Goal No. 7. It is the goal of Ames to provide greater mobility through more efficient use of personal automobiles and enhanced availability of an integrated system including alternative modes of transportation.

7.B. Ames seeks a transportation system that is linked with the desired development pattern of the overall community and areas therein.

Attachment F – RH Site Evaluation Matrix

REZONING of 516 S. 17th STREET

RH Site Evaluation Matrix	Project Consistency		
	High	Average	Low
Location/Surroundings			
Integrates into an existing neighborhood with appropriate interfaces and transitions High=part of a neighborhood, no significant physical barriers, includes transitions; Average=adjacent to neighborhood, some physical barriers, minor transitions; Low=separated from an residential existing area, physical barriers, no transitions available		✓	
Located near daily services and amenities (school, park ,variety of commercial) High=Walk 10 minutes to range of service; Average=10 to 20 minutes to range of service; Low= Walk in excess of 20 minutes to range of service. *Parks and Recreation has specific service objectives for park proximity to residential			✓
Creates new neighborhood, not an isolated project (If not part of neighborhood, Does it create a critical mass or identifiable place, support to provide more services?)		✓	
Located near employment centers or ISU Campus (High=10 minute bike/walk or 5 minute drive; Average is 20 minute walk or 15 minute drive; Low= exceeds 15 minute drive or no walkability)	✓		
Site			
Contains no substantial natural features on the site (woodlands, wetlands, waterways)	✓		
Located outside of the Floodway Fringe	✓		
Separated adequately from adjacent noise, business operations, air quality (trains, highways, industrial uses, airport approach)			✓
Ability to preserve or sustain natural features		✓	
Housing Types and Design			
Needed housing or building type or variety of housing types			✓
Architectural interest and character			✓
Site design for landscape buffering			✓
Includes affordable housing (Low and Moderate Income))			✓
Continued next page...			

Transportation			
Adjacent to CyRide line to employment/campus High=majority of site is 1/8 miles walk from bus stop; Average= majority of site 1/4 mile walk from bus stop; Low= majority of site exceeds 1/4 miles walk from bus stop.			✓
CyRide service has adequate schedule and capacity High=seating capacity at peak times with schedule for full service Average=seating capacity at peak times with limited schedule Low=either no capacity for peak trips or schedule does not provide reliable service			✓
Pedestrian and Bike path or lanes with connectivity to neighborhood or commute			✓
Roadway capacity and intersection operations (existing and planned at LOS C)			✓
Site access and safety			✓
Public Utilities/Services			
Adequate storm, water, sewer capacity for intensification High=infrastructure in place with high capacity Average=infrastructure located nearby, developer obligation to extend and serve Low=system capacity is low, major extension needed or requires unplanned city participation in cost.	✓		
Consistent with emergency response goals High=Fire average response time less than 3 minutes Average=Fire average response time within 3-5 minutes Low=Fire average response time exceeds 5 minutes, or projected substantial increase in service calls		✓	
Investment/Catalyst			
Support prior City sponsored neighborhood/district investments or sub-area planning			✓
Creates character/identity/sense of place			✓
Encourages economic development or diversification of retail commercial (Mixed Use Development)			✓

DO NOT WRITE IN THE SPACE ABOVE THIS LINE, RESERVED FOR RECORDER
Prepared by: Judy K. Parks, Ames City Attorney, 515 Clark Avenue, Ames, IA 50010 Phone: 515-239-5146
Return to: Ames City Clerk, P.O. Box 811, Ames, IA 50010 Phone: 515-239-5105

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF AMES, IOWA, AS PROVIDED FOR IN SECTION 29.301 OF THE *MUNICIPAL CODE* OF THE CITY OF AMES, IOWA, BY CHANGING THE BOUNDARIES OF THE DISTRICTS ESTABLISHED AND SHOWN ON SAID MAP AS PROVIDED IN SECTION 29.1507 OF THE *MUNICIPAL CODE* OF THE CITY OF AMES, IOWA; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HEREWITH AND ESTABLISHING AN EFFECTIVE DATE

BE IT HEREBY ORDAINED by the City Council of the City of Ames, Iowa;

Section 1: The Official Zoning Map of the City of Ames, Iowa, as provided for in Section 29.301 of the *Municipal Code* of the City of Ames, Iowa, is amended by changing the boundaries of the districts established and shown on said Map in the manner authorized by Section 29.1507 of the *Municipal Code* of the City of Ames, Iowa, as follows: That the real estate, generally located at 516 South 17th Street, is rezoned from Highway-Oriented Commercial (HOC) to Residential High Density (RH).

Real Estate Description: Outlot B, Aspen Business Park, First Addition, Ames, Story County, Iowa.

Section 2: All other ordinances and parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 3: This ordinance is in full force and effect from and after its adoption and publication as provided by law.

ADOPTED THIS _____ day of _____, _____.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

COUNCIL ACTION FORM

SUBJECT: REZONE AND MAJOR SITE DEVELOPMENT PLAN FOR 125 AND 130 WILDER AVENUE PLANNED RESIDENTIAL DISTRICT

BACKGROUND:

Hunziker Land Development, LLC is requesting Planned Residential Development (PRD) rezoning and approval of a Major Site Development Plan for two parcels to allow for the construction of a 40 unit townhome development. The subject site is currently two lots and totals 6.81 acres located at 125 and 130 Wilder Avenue in Sunset Ridge. (See *Attachment A Location and Existing Zoning Map*) Wilder Avenue bisects the site. The site abuts single-family homes to the north and east, Lincoln Way to the south, and Ames corporate limits to the west.

To accommodate the development, the owner requests rezoning of the two parcels from Convenience Commercial Node (CVCN) to Planned Residential District (F-PRD). (See *Attachment C, Proposed Zoning*). The concurrent review of a Major Site Development Plan is required with a request for F-PRD zoning. A future approval of a preliminary and final plat will be required for creation of the individual lots.

A PRD is intended to promote housing variety that may differ in its design from a standard base zone. **Approval of a PRD sets a base density standard for the development, but establishes most development standards through the approval of the Major Site Development Plan to allow flexibility in design.** Approval of a PRD requires findings of consistency with design principles relating to the housing variety, efficiency of layout, quality of design, open space, and landscaping that in combination exceeds what can be accomplished with standard zoning (See *Attachment E for Design Principles Findings*).

The overall project includes 40 single-family attached housing units configured in buildings of two and four units with two and three bedrooms. **The housing design is modeled after some townhomes designs found on the west side of Somerset along Bristol Drive and Northridge Parkway.** The design is walk-up townhome with front doors oriented to public space of streets or open space and to have rear access for two-car garages. The applicant intends for the housing to be an entry-level price point that differentiates it from detached single-family homes and larger attached single-family housing. The division of the buildings into four and two unit modules helps to break down the apparent mass of the buildings. The architectural design approach is to create individual unit character with some variations in windows and siding, subtle shifts in the roof height and overhangs, and individual covered entries for most of the units.

There is a single point of access from Wilder Avenue with private access street into the development parcels. Each lot will provide a two stall detached garage as well as parking on the driveways. A small overflow parking lot is provided at the end of each private street, which will also serve as the required fire truck turn around area. The units will have front entries facing Wilder Avenue for the interior row of units and facing the

open space areas to the west and east of the development. All garage access will be off of the private streets interior to the development.

Staff focused the PRD discussions with the applicant on the orientation of the project, open space and landscaping, and the architecture of the units. **Staff finds the project to meet the intent of the PRD with its integration into its surroundings, appropriately designed homes with a desirable living environment, and its connections to the street and sidewalks systems. However, staff believes that there are additional basic architectural elements that should be added to the project to enhance the character of the townhomes. These include extending a base of stone or brick veneer along the foundations (approximately 150 square feet of area per unit) and to add a full front porch for half of façade to one unit of each building (total of 12 units). Staff and believes the character enhancements are a worthwhile investment as shown by the examples of townhomes in the Somerset that incorporate these types of features. Staff also recommends a small adjustment to the landscape buffering along the private drives as a condition of approval.**

The property was originally zoned Residential High Density and Agriculture prior to the development of the area to the north as Sunset Ridge. The site was rezoned in 2005 to Convenience Commercial Node (CVCN) based upon a LUPP Commercial Node located further west at County Line Road and Lincoln Way. The property has remained vacant since the rezoning. The applicant is requesting rezoning to a residential use for development of site. **The applicant no longer believes small scale neighborhood commercial will be developed in on this site in the near term.** Staff supports the rezoning from commercial due to 1) the additional options for commercial development that can occur further to the west and 2) it is not necessary for this site to be developed as commercial to meet the interests of the LUPP.

A complete analysis of the development with the PRD Development principles, supplemental development standards, and Major Site Development Plan criteria and other zoning standards is included in the addendum.

PLANNING AND ZONING COMMISSION RECOMMENDATION:

At its meeting of September 16, 2015, the Planning and Zoning Commission reviewed the proposed rezoning and major site plan and discussed site layout, access, and design of the project. The Commission was split in their concerns over the added conditions requested by staff for some additional design features on the front facades of the buildings. Some members of the Commission felt the additional design features were a benefit to the project, while others had concern over the added cost and if it would increase the sales price.

The applicant noted the additional cost for those features would exceed the budgeted cost the applicant is looking to maintain to help keep the prices for these units affordable for the community. **By a vote of 4-1, the Commission recommended approval of the project without staff's recommendation for adding the base brick or stone veneer to each unit and adding a porch to one unit per building.** Members of the public attended the meeting and in general asked questions about the

layout and design of the project. One individual wanted to ensure there was opportunity in the future for more commercial to be created in this area.

ALTERNATIVES:

1. The City Council can approve the follow requests for the properties at 125 and 130 Wilder Avenue:
 - A. Rezone the properties from Convenience Commercial Node (CVCN) to Planned Residential District (F-PRD); and
 - B. Approval of the Major Site Development Plan, subject to the following conditions;
 - i. Approval of a preliminary and final plat for creation of the proposed residential lots as depicted on the site plan; and
 - ii. Revision of the landscape plan to include the clustering of additional shrubs along the north property lines to meet the intent of the L3 screen buffer for the PRD.
 - iii. Final approval of the landscape plan details by staff.
 - iv. Add a stone or brick treatment to the foundation of the front façade of each building (approximately 150 square feet per unit).
 - v. Add a front porch that extends across half of the front façade of one townhome unit for each building (total of 12 units).

This is staff's recommendation which incorporates two design conditions for additional architectural features on the buildings including a brick/stone foundation treatment and front porch addition to one unit of each building.

2. The City Council can approve the follow requests for the properties at 125 and 130 Wilder Avenue:
 - A. Rezone the properties from Convenience Commercial Node (CVCN) to Planned Residential District (F-PRD); and
 - B. Approval of the Major Site Development Plan, subject to the following conditions;
 - i. Approval of a preliminary and final plat for creation of the proposed residential lots as depicted on the site plan; and
 - ii. Revision of the landscape plan to include the clustering of additional shrubs along the north property lines to meet the intent of the L3 screen buffer for the PRD.
 - iii. Final approval of the landscape plan details by staff.

This is the recommendation by the Planning and Zoning Commission and supported by the applicant which removes the two design conditions for a brick/stone foundation treatment and front porch addition on the buildings.

3. The City Council can approve the request for rezoning and approval of the Major Site Development Plan for the properties at 125 and 130 Wilder Avenue, with modified conditions.
4. The City Council can deny the request for rezoning and approval of the Major Site Development Plan for the properties at 125 and 130 Wilder Avenue, if the Council finds that the City's regulations and policies are not met.

5. The City Council can defer action on this request and refer it back to City staff and/or the applicant for additional information.

CITY MANAGER'S RECOMMENDED ACTION:

The applicant requested rezoning to a residential district because a commercial development did not seem feasible in the near term on this site. The Major Site Development Plan review is to determine conformance with development standards and for the appropriate arrangement and design of the use of the site. **Staff believes the proposed housing type will be a welcome addition to the housing options in the community and that the project overall is appropriately situated and designed. The rezoning can be found to be consistent with the LUPP in providing for housing options and that the change of commercial zoning does not interfere with the LUPP goals of providing convenience commercial zoning in this general area of the City.** There are additional sites further west that may also accommodate commercial development.

The PRD findings allow for review of housing design to promote innovate housing opportunities and high quality of design. The expectation within a PRD is that the design quality of a project overall will exceed the base zoning requirements. **With the conditions of approval, staff finds that the project meets the design principles of the PRD and complies with the standards of the Major Site Plan. The changes can easily be addressed by the applicant and do not require major revisions to the plans necessitating additional City Council review. Therefore, it is the City Manager's recommendation that the City Council adopt Alternative #1, which is to approve the request for rezoning and the Major Site Development Plan with conditions i,ii,iii,iv, and v.**

ADDENDUM

PROJECT DESCRIPTION:

The project site is two lots totaling 6.81 acres fronting on Lincoln Way and Wilder Avenue. The project includes 40 single family attached residential units with detached garages on individual ownership lots. The units will face Wilder Avenue and the open spaces area to the west and east side of the development. The lots will be accessed from Wilder Avenue on two private dead end streets with parking and fire turn around areas at the end of each private street. The units are proposed as two-story townhomes, with partially finished basements. The units are designed with a kitchen, living, and dining/den space on the first floor, with either two or three bedrooms on the second floors (See Attachment G). The homeowner would have the option to finish a basement and potentially add an additional bedroom.

The development includes two building types, a four unit attached building and a two unit attached building. Each of the four unit and each of the two unit buildings will be the same in design, with each unit in the building having an individual façade design breaking up the mass of the overall building. Each unit is proposed with a foot print of approximately 25' by 31 feet in dimension and contain approximately 1,800 square feet of living space with additional finishable area in the basements. Main entrances are oriented to the west or east depending on the building location within the development, either facing Wilder Avenue or the proposed open spaces within the development. A second, or rear access for the residences are proposed to the rear of the units out of the garages, with private yard space for each unit between the houses and the garages. The residential buildings are approximately 30 feet tall to the highest point of the roof ridge with single-story detached garages proposed at rear of each lot accessed off the private streets at the interior of the development.

The façades of each building are similar in use of siding materials and colors. The applicants proposes a mix of vinyl siding products for vertical, horizontal, and shake shingle patterns on the facades. The intent is to allow for each unit within the building to have a more individual design component to help separate each of the units within the building. Additional materials metal trim details, with painted columns and vinyl rails for the front covered entries. Staff has recommended a condition to add foundation treatment of a veneer to increase visual interest. The proposed building design includes either a covered entry or open stairs to the sidewalk for connection of the units within the development. Staff has also included a condition recommending that one of the unit types per building be expanded into porch to add character to the design. This would result in 12 units having a porch along the front façade. The detached garage design is complementary to the finishes of the main buildings.

The parking on each lot is proposed to allow for two parking spaces within the detached garage for each unit, with additional parking on the individual unit driveways. The development also includes an additional parking lot on each lot for a total of 22 additional parking spaces for the development. The parking proposed is sufficient to meet the PRD zone requirements for a town home development project.

A minimum Landscaped open space requirement of 40% is required for the PRD zone. The overall project is noted to provide 40% common open space for the development with additional private open space provided between the residence and garage

structures. The highlight of the open space design is the large common open space combined with the Sunset Ridge Subdivision open space on the east side of the project. This creates a large “common green” for the area.

Development in a PRD looks to include a mix of housing types, integrated design, open space, site amenities, and landscaping that exceeds the requirements that exist in other residential zone development standards. Landscaping that would typically be required within the development standards for a FS zoned lot include a L3 landscape buffer of 10 feet between lots zoned FS-RM and FS-RL. With the proposed townhome development abutting the single-family homes of Sunset Ridge in the FS-RL zone to the north, staff would look for the proposed PRD to meet or exceed this underlying buffer requirement for the development. The applicant has approximately 30 feet of separation from the property line to the private driveways and the closest townhome. The 30-foot buffer also includes a surface water flowage easement along the north lot line on the east lot that allows planting of vegetation along the edges.

The L3 requirement (6-foot tall screen), includes the requirement for 1 landscape tree for every 50 lineal feet and shrubs spaced 6 feet on center or a fence. With a total lineal length of 748 feet of property line, this would require 14 trees as well as shrubs spaced at 6 feet on center. The applicant proposes a landscape design with the required number of trees, but relies upon the wider width of the buffer to mitigate the screening/fence requirement. Additionally, the applicant has proposed a small number of clusters of shrubs along the driveway, but has not included a substantial number of shrubs that are normally required in L3. **Staff supports the general design for the wider separation over the literal standards of L3 for the property line fence and screening. Staff does recommend adding some additional shrubs to diversify the landscaping mostly to be added along the area of the private drive.**

Street trees are required in the right-of-way along Lincoln Way as a residential subdivision. The applicant proposes additional ornamental trees with ground cover between Lincoln Way the homes. There are minimal exposures of the parking to Lincoln Way and no apartment foundation landscaping components are needed with single-family attached units. The Landscape code would look for a PRD development to meet the minimum development standards for screening of parking areas from Lincoln Way to either the L1 or L2 standard. The L1 low screen option along Lincoln Way provides more flexibility in plantings due to the greater separation from the street by 10 feet or more. To meet the minimum standards, staff would suggest that noted ornamental landscaping area specifically include some cluster of shrubs to be added specifically in the area of the private drives and parking areas abutting Lincoln Way. Overall, the staff finds the general approach for landscaping to be adequate, but details are deferred to the applicant for implementation and staff approval.

Pedestrian sidewalk connections are provided to each of the lots from the public sidewalk along Lincoln Way. The current sidewalk along Lincoln Way is 8-feet in width. The proposed development is including an 8-foot wide trail connection along the west side of Wilder Avenue to connect to the existing trail through Sunset Ridge subdivision and a 5-foot sidewalk on the east side of Wilder Avenue to connect to the existing sidewalk system. Internal sidewalks are also provided to the front entrance for each of the townhome units, as well as to connect the proposed townhomes to the existing Sunset Ridge neighborhood by two connection points north to Durant Street.

Planned Residential Development (PRD) Development Principles

Property that is zoned F-PRD must adhere to the development principles in Ames Municipal Code Section 1203(2). Attachment E reviews the Plan with respect to these principles.

Planned Residential Development (PRD) Supplemental Development Standards

Property that is zoned F-PRD must also adhere to and exceed the development principles in Ames Municipal Code Section 1203(2). Generally, the Plan meets or exceeds the Development Standards. See Attachment F. The proposed building height does not exceed the existing buildings within Sunset Ridge and setbacks are similar to other single family homes in the area. Open Space is provided at the required 40% standard.

The proposed townhome development housing type could be developed under the FS-RL or FS-RM regulations, however, the layout and site regulation associated with the FS base zones does not permit the use of private streets, through lots and the development of lots without frontage on a public streets as the PRD plan is proposed. The PRD zoning designation allows for the proposed private streets to accommodate the interior oriented rear loaded garages with frontage on a private street.

Infrastructure. The site is fully served by City infrastructure. Sanitary sewer and water are available, as is electric services. Existing easements are shown on the Site Plan and any additional easements needed to accommodate the proposed development of the future building(s) and utilities will be recorded with the Final Plat at the time of subdivision of the individual lots.

Access. Vehicular access is provided to the site from Wilder Avenue. Parking is provided for each unit within a two car detached garage with additional area for parking on each of the individual lot driveways. A small guest parking lot is provided on each site, which will also provide for the turnaround area necessary for the Fire Department access.

Major Site Development Plan Criteria.

Additional criteria and standards, beyond those of the PRD Zone, apply to the review of all Major Site Development Plans. The standards are found in Ames *Municipal Code* Section 29.1502(4)(d) and include the following requirements. *When acting upon an application for a Major Site Development Plan approval, the Planning and Zoning Commission and the City Council shall rely upon generally accepted site planning criteria and design standards. These criteria and standards are necessary to fulfill the intent of the Zoning Ordinance, the Land Use Policy Plan, and are the minimum necessary to safeguard the public health, safety, aesthetics, and general welfare.* See Attachment G for a full review of the individual Development criteria for the Major Site Development Plan.

Land Use Policy Plan and Zoning. The LUPP Map designates the two properties as Village Suburban Residential. There is a Convenience Commercial Node shown on the Future Land Use Map at the intersection of County Line Road and Lincoln Way. The existing zoning on the property is Convenience Commercial Node. See Attachment A

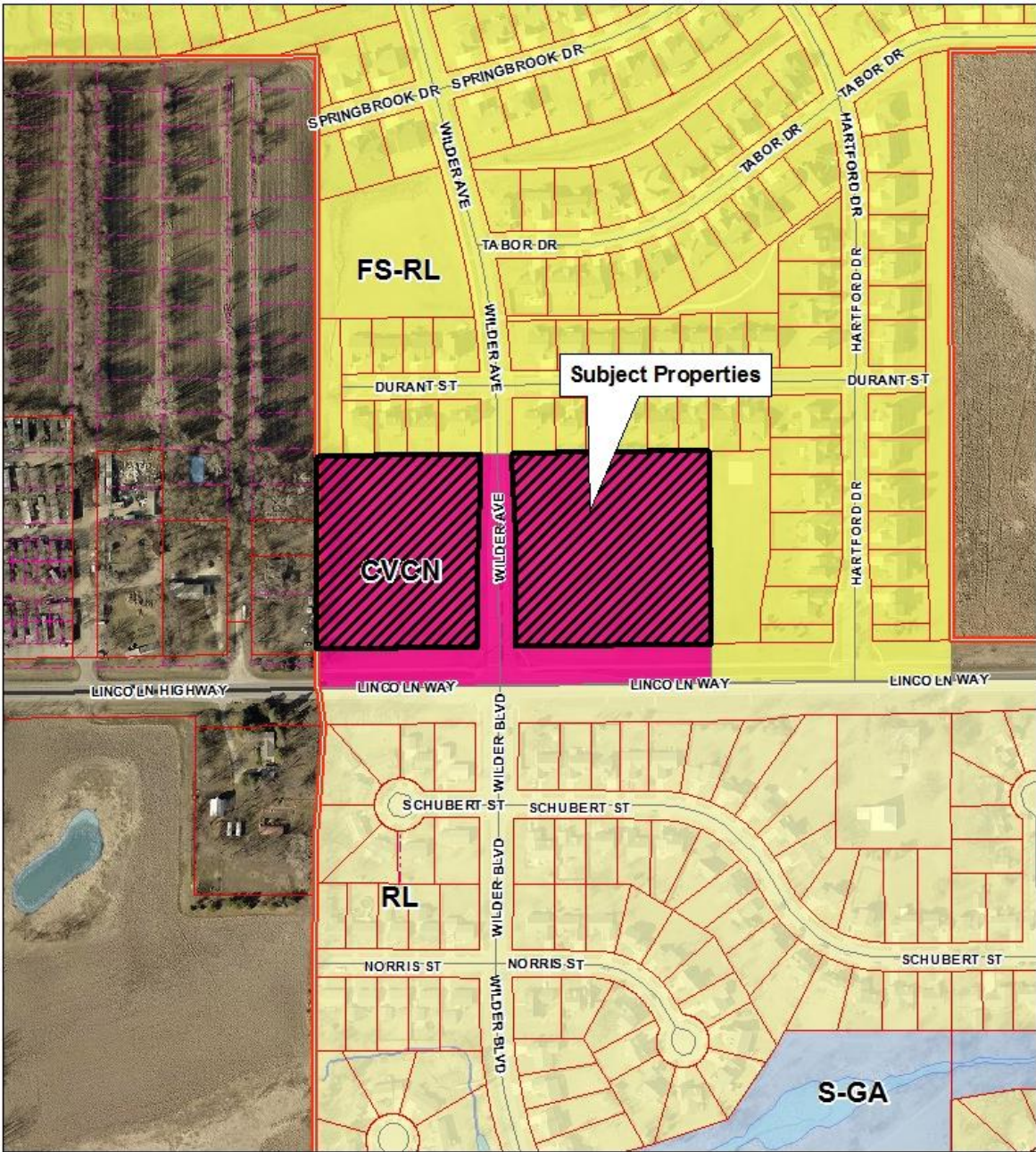
and B, Existing Zoning and LUPP Maps.

The concept of convenience nodes was originally developed back in 2004 and designated on the LUPP map in three locations, one being the intersection of Lincoln Way and the county line. The intent under this concept was to provide nodes of commercial development within the Village/Suburban Residential Land use designation in close proximity to, and for the convenience of, the immediate neighborhood, but in a manner and scale that would be compatible with the residential character of the surrounding neighborhood. At the time of the commercial zoning designation for the property (Sept. 2005), the land was agriculture and High Density Residential. It was argued that the location of the node could be shifted to the east to be implemented on the subject two properties to allow for the newly created CVCN zoning designation. Since that time the properties have remained vacant.

The land use designation of Village Suburban Residential does allow for the zoning of the property to either of the Floating Suburban zones (FS-RL or FS-RM) or Planned Residential Development (F-PRD). Property developed according to the F-PRD (Planned Residence District) requirements allows for innovative housing types and creates a development pattern that is more aesthetic in design and sensitive to the natural features of the site and to surrounding uses of land than would customarily result from the application of the requirements of other residential zoning districts. Development is to include a mix of housing types, integrated design, open space, site amenities, and landscaping that exceeds the requirements that exist in other residential zone development standards.

Attachment A

Location and Existing Zoning Map



**Location and Current Zoning Map
125 and 130 Wilder Avenue**

Attachment B

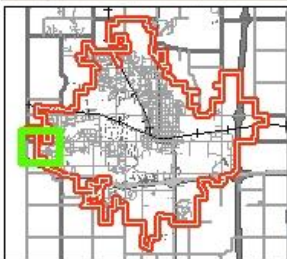
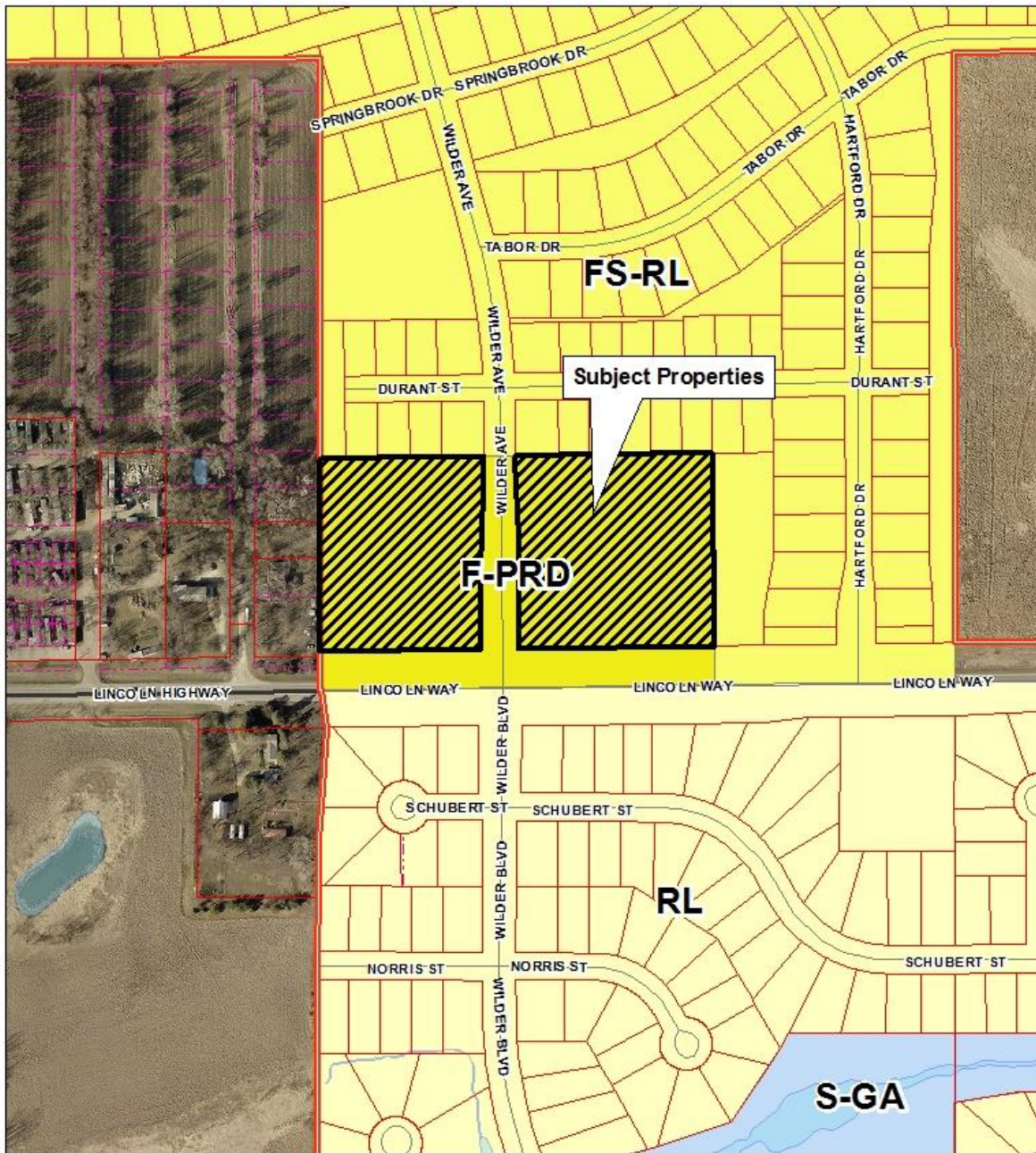
Land Use Policy Plan Future Land Use Map



Existing LUPP Map
125 and 130 Wilder Avenue

Attachment C

Proposed Zoning



Proposed Zoning Map
125 and 130 Wilder Avenue

Attachment D

Applicable Zoning Regulations

- Land Use Policy Plan (LUPP) Goals, Policies and the Future Land Use Map:

The Land Use Policy Plan (LUPP) Future Land Use Map identifies the land use designations for the property proposed for rezoning.

Related LUPP Goals and Objectives

Goal No. 4. It is the goal of Ames to create a greater sense of place and connectivity, physically and psychologically, in building a neighborhood and overall community identity and spirit. It is the further goal of the community to assure a more healthy, safe, and attractive environment.

Objectives. In achieving an integrated community and more desirable environment, Ames seeks the following objectives.

4.A. Ames seeks to establish more integrated and compact living/activity areas (i.e. neighborhoods, villages) wherein daily living requirements and amenities are provided in a readily identifiable and accessible area. Greater emphasis is placed on the pedestrian and related activities.

4.B. Ames seeks to physically connect existing and new residential and commercial areas through the association of related land uses and provision of an intermodal transportation system.

4.C. Ames seeks to psychologically connect the various living/activity areas through closer proximity of residential areas and supporting commercial uses, common design elements, and inclusion of community amenities such as parks and schools. The connections should promote community identity.

Goal No. 5. It is the goal of Ames to establish a cost-effective and efficient growth pattern for development in new areas and in a limited number of existing areas for intensification. It is a further goal of the community to link the timing of development with the installation of public infrastructure including utilities, multi-modal transportation system, parks and open space.

Objectives. In defining the growth pattern and timing of development, Ames seeks the following objectives.

5.C. Ames seeks the continuance of development in emerging and infill areas where there is existing public infrastructure and where capacity permits.

Goal No. 6. It is the goal of Ames to increase the supply of housing and to provide a wider range of housing choices.

Objectives. In increasing housing opportunities, Ames seeks the following objectives.

6.C. Ames seeks to establish higher densities in existing areas where residential intensification is designated with the further objective that there shall be use and appearance compatibility among existing and new development.

Attachment D, Cont.

Applicable Regulations

- Ames *Municipal Code* Chapter 29, Section 1507, Zoning Text and Map Amendments, includes requirements for owners of land to submit a petition for amendment, a provision to allow the City Council to impose conditions on map amendments, provisions for notice to the public, and time limits for the processing of rezoning proposals.
- Ames *Municipal Code* Chapter 29, Section 1203, Planned Residence District, includes a list of uses that are permitted in the zone and the zone supplemental development standards that apply to properties in those zones.

Attachment E

Findings Regarding Planned Residential District Development Principles.

The Plan modifications are reviewed below with respect to the following development principles in Ames Municipal Code Section 1203(2). (For an existing PRD, “underlying zoning” referred to in the criteria statements is not applicable.)

- 1. Provide for innovative and imaginative approaches to residential development that would not occur as a result of the underlying zoning regulations.***

The layout of the proposed townhomes with private streets allows for a front entries of the units to be oriented to Wilder Avenue with detaches garages in the rear of the lots which would not be permitted under a base FS zone. A base FS zoning would require the use of public street and the subdivision code would prohibit the use of double frontage lots in a residential subdivision except were need for separation from and arterial street or due to topographic or orientation issues. The PRD allows for the application to front the development onto Wilder Avenue while eliminating the multiple driveway access from Wilder with the use of the private street. This is an appropriate use of PRD principles to create a desirable housing type that differentiated from other housing options within the base zone.

- 2. Result in a more efficient, aesthetic, desirable and economic use of land and other resources while maintaining density of use, as provided for in the Land Use Policy Plan and the underlying zoning.***

The townhome style units are a new unit type for the existing single family units of Sunset Ridge. The development layout is efficient and maintains a density of 12.6 units per net acre which is anticipated in the Village Suburban Residential Land Use designation as well as within the medium density base zone density requirements. The use of the townhome layout also allows for a great amount of open space and common area for the development.

- 3. Promote innovative housing development that emphasizes efficient and affordable home ownership and occupancy.***

The townhome units are a new unique unit type of Sunset Ridge and will be constructed on individual lots to individual ownership and occupancy.

- 4. Provide for flexibility in the design, height, and placement of buildings that are compatible with and integrate with existing, developed neighborhoods and the natural environment.***

The proposed townhomes are two stories, with basements, with one story detached garages which is similar in design with many of the existing single family homes in Sunset Ridge neighboring to the north of the proposed development. The layout of the units are in such a manner to allow the garage to all be interior loaded from the private drive, eliminating multiple driveway cuts off of Wilder Avenue. Buffering is proposed though the use of landscaping along the

north side of the townhome development to help screen areas of the private street from the rear yards of the neighboring single family homes. The submitted plan indicates the trees required for the buffer but is very lacking in the amount of shrubs indicated on the plan from the minimum intended for this type of buffer. Staff would suggest a revision of the landscape plan to include the clustering of additional shrubs along the north property lines to meet the intent of the L3 screen buffer for the PRD.

5. ***Promote aesthetic building architecture, significant availability of open space, well designed and landscaped off-street parking facilities that meet or exceed the underlying zone development standards, more recreation facilities than would result from conventional development, and pedestrian and vehicular linkages within and adjacent to the property.***

The architectural design promotes unit identity and orientation to public spaces. This is a positive design approach that typically supports a walkable environment that relates to its surroundings and does isolate individual homes. The Plan provides parking spaces that exceed the minimum requirement of the zoning code. The overall organization and layout of the site is oriented to the address potential concerns of the surrounding neighborhood, with further development of the landscape buffer, and accommodates the required common open space requirements of the PRD. The connection to the existing sidewalk and trail system helps to incorporate this style of residential development with the existing single family homes of Sunset Ridge subdivision. As entry level housing, the project attempts to use common building materials to fulfill the desired character for the homes. It principles relies upon vinyl siding and some basic architectural features of covered entries and slight modulation in the roof line. Staff believes that adding a base material to the foundation will help to add character to the homes style.

6. ***Provide for the preservation of identified natural, geologic, historic and cultural resources, drainage ways, floodplains, water bodies, and other unique site features through the careful placement of buildings and site improvements.***

Currently the vacant property is fairly flat with no natural topographic or landscape features that could be incorporated into the development. A grading plan has been submitted which identifies the changes being made to the site to accommodate the proposed development.

7. ***Provide for a development design that can be more efficiently served by existing and proposed infrastructure, including: street, water, sewer, and storm water infrastructure, than would be otherwise required as a result of conventional development.***

All utilities are available for the existing properties. No changes to the street system are proposed. The Public Works Department has reviewed the storm water management plan and finds that the proposed development can meet the required storm water quantity and quality measures by use of the proposed on-site detention area and underground chamber storage.

Attachment F

Planned Residential Development (PRD) Supplemental Development Standards.

Property that is zoned F-PRD shall be developed in accordance with the Zone Development Standards listed in Table 29.1203(5). Each of those standards is addressed below. Refer to Table 29.1203(5) for the detailed standards.

1. ***Area Requirement. A minimum of two (2) acres shall be required for all areas developed as F-PRD.***

The subject site includes 6.81 acres.

2. ***Density. Densities shall comply with the densities provided for in the Land Use Policy Plan and the underlying base zone regulations. In the case of more than one base zone designation, each area of the PRD project shall comply with the density limitation that is established for the base zone of that area. Density transfer from one area of a PRD project to another area of the same project with a lower base zone density is not permitted.***

The proposed density of the development is 12.6 units per net acre. A total of 40 single family attached residential units are proposed. The applicant notes a net acreage of 3.17 acres to determine the final net density for the site. This density is consistent with the FS-RM base zone which could be approved under the currently land use designation.

3. ***Height Limitations. Structures proposed to be developed in areas zoned PRD shall be compatible with the predominant height of the structures in adjacent neighborhoods.***

The proposed buildings are two story attached residences with one story detached garages. This is compatible with the existing single family home of Sunset Ridge.

4. ***Minimum Yard and Setback Requirements.***

The proposed buildings will be 25 feet from the front lot lines abutting Wilder Avenue. Properties fronting on the open spaces to the west and east have a reduced setback of 11 feet as they are not fronting on a public street. The garages are setback 22 feet from the edge of pavement along the private streets, with building setbacks from the actual lot line proposed at 4 feet. A minimum side yard setback of 8 feet is provided between the buildings and the side lot line of the property in compliance with typical RM base zone standards.

5. ***Parking Requirements.***

The Plan provides more than the number of required parking spaces. Each unit will have a two-car detached garage with additional parking on the driveways. Each side of the development will also be provided a parking lot with additional overflow guest parking.

6. *Open Space Design Requirements.*

Common open space (approximately 40%) is provided on both the west and east sides of the development which will be maintained by the home owners association. This meets the requirements of the F-PRD zone. A system of interconnected sidewalks along with the public trail system provides for access and pedestrian use throughout the development as well as connection to the Sunset Ridge subdivision.

7. *Open Space Area Requirement.*

Forty percent of the property is required to be open space, in this case 118,583 square feet or 40% of the lot area is provided for common open space. Additional private open space is provided on each lot between the residence and the garages. Open Space is currently defined as “useable open space designed and intended for the use of all residents.” Common Open Space includes areas planned for active or passive recreation as well as areas of recreational activities such as swimming pools, tennis courts, shuffleboard courts, etc., but not including areas within required setbacks. A system of interconnected sidewalks along with the public trail system provides for access and pedestrian use throughout the development as well as connection to the Sunset Ridge subdivision.

8. *Open Space Improvements and Amenities.*

The Plan includes passive open space, with an internal pathway system, to connect to the existing shared use path system of Sunset Ridge.

9. *Maintenance of Open Space and Site Amenities.*

The development is a townhome development and all common open spaces are maintained by a home owner association.

Attachment G

Major Site Development Plan Criteria.

- 1. The design of the proposed development shall make adequate provisions for surface and subsurface drainage to limit the rate of increased runoff of surface water to adjacent and downstream property.***

The Public Works Department has reviewed the storm water management plan and finds that the proposed development can meet the required storm water quantity and quality measures by use of proposed on-site detention options.

- 2. The design of the proposed development shall make adequate provision for connection to water, sanitary sewer, electrical, and other utility lines within the capacity limits of those utility lines.***

The existing utilities were reviewed and found adequate to support the anticipated load of 40 dwelling units.

- 3. The design of the proposed development shall make adequate provision for fire protection through building placement, acceptable location of flammable materials, and other measures to ensure fire safety.***

The fire inspector has reviewed access and fire truck circulation and found that the needs of the fire department are met. The main access into each site is a dead end private street; however, the parking area provided on each site allows the turnaround space needed for fire access.

- 4. The design of the proposed development shall not increase the danger of erosion, flooding, landslide, or other endangerment to adjoining and surrounding property.***

It is not anticipated that this proposed development will be a danger due to its location on the site.

- 5. Natural topographic and landscape features of the site shall be incorporated into the development design.***

Currently the vacant property is fairly flat with no natural topographic or landscape features that could be incorporated into the development. A grading plan has been submitted which identifies the changes being made to the site to accommodate the proposed development.

- 6. The design of the interior vehicle and pedestrian circulation shall provide for convenient flow of vehicles and movement of pedestrians and shall prevent hazards to adjacent streets or property.***

No access is provided off Lincoln Way to the development lots. The proposed development will provide two access points off Wilder Avenue to each of the two lots. The on-site sidewalks will connect with the existing sidewalk along Lincoln Way as well to the existing trail connection and sidewalks through Sunset Ridge Subdivision.

- 7. The design of outdoor parking areas, storage yards, trash and dumpster areas, and other exterior features shall be adequately landscaped or screened to minimize potential nuisance and impairment to the use of adjoining property.***

The general development standards of the zoning ordinance have been met. Each unit will provide their own private residential garbage collection. The parking lots design meets the design and layout standards of the zoning code.

- 8. The proposed development shall limit entrances and exits upon adjacent streets in order to prevent congestion on adjacent and surrounding streets and in order to provide for safe and orderly vehicle movement.***

Two new access points will be provided to Wilder Avenue for the development. There is capacity within the existing street layout to accommodate the expected traffic from this townhome development.

- 9. Exterior lighting shall relate to the scale and location of the development in order to maintain adequate security, while preventing a nuisance or hardship to adjacent property or streets.***

No specific lighting has been proposed for the development. All lighting will be required to be approved by staff prior to installation and will be required to meet the requirements of the Outdoor Lighting Code.

- 10. The proposed development shall ensure that dust and other forms of air pollution, noise disturbances, odor, glare, and other nuisances will be limited to acceptable levels as prescribed in other applicable State and City regulations.***

The proposed residential use is not expected to generate and nuisances.

- 11. Site coverage, building scale, setbacks, and open spaces shall be in proportion with the development property and with existing and planned development and structures, in adjacent and surrounding property.***

The layout of the buildings proposed meet the development standards of the PRD zones for setbacks, building size, site coverage, and open space requirements. The building design and layout oriented to Wilder Avenue allows for the areas of activity to be focused near Wilder Avenue and the common open space areas and away from the residential properties to the north. Additional buffering along the north property line should be accommodated to help with additional buffering of the single family homes between the two residential housing types. The proposed height and scale of the proposed buildings (limited to four and two unit buildings) is compatible with the character and scale of the surrounding single family homes. Common and private open areas meet the quantitative standards of the code. Additional landscaping is required to meet the minimum intent of the buffer requirements of the PRD district.

Attachment H

Major Site Development Plan Documents

Attached as separate document.

DO NOT WRITE IN THE SPACE ABOVE THIS LINE, RESERVED FOR RECORDER
Prepared by: Judy K. Parks, Ames City Attorney, 515 Clark Avenue, Ames, IA 50010 Phone: 515-239-5146
Return to: Ames City Clerk, P.O. Box 811, Ames, IA 50010 Phone: 515-239-5105

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE OFFICIAL ZONING MAP OF THE CITY OF AMES, IOWA, AS PROVIDED FOR IN SECTION 29.301 OF THE *MUNICIPAL CODE* OF THE CITY OF AMES, IOWA, BY CHANGING THE BOUNDARIES OF THE DISTRICTS ESTABLISHED AND SHOWN ON SAID MAP AS PROVIDED IN SECTION 29.1507 OF THE *MUNICIPAL CODE* OF THE CITY OF AMES, IOWA; REPEALING ALL ORDINANCES AND PARTS OF ORDINANCES IN CONFLICT HEREWITH AND ESTABLISHING AN EFFECTIVE DATE

BE IT HEREBY ORDAINED by the City Council of the City of Ames, Iowa;

Section 1: The Official Zoning Map of the City of Ames, Iowa, as provided for in Section 29.301 of the *Municipal Code* of the City of Ames, Iowa, is amended by changing the boundaries of the districts established and shown on said Map in the manner authorized by Section 29.1507 of the *Municipal Code* of the City of Ames, Iowa, as follows: That the real estate, generally located at 125 and 130 Wilder Avenue, is rezoned from Convenience Commercial Node (CVCN) to Planned Residential District (F-PRD).

Real Estate Description: Lot 1 and Lot 2 of Sunset Ridge Subdivision, 3rd Addition.

Section 2: All other ordinances and parts of ordinances in conflict herewith are hereby repealed to the extent of such conflict.

Section 3: This ordinance is in full force and effect from and after its adoption and publication as provided by law.

ADOPTED THIS _____ day of _____, _____.

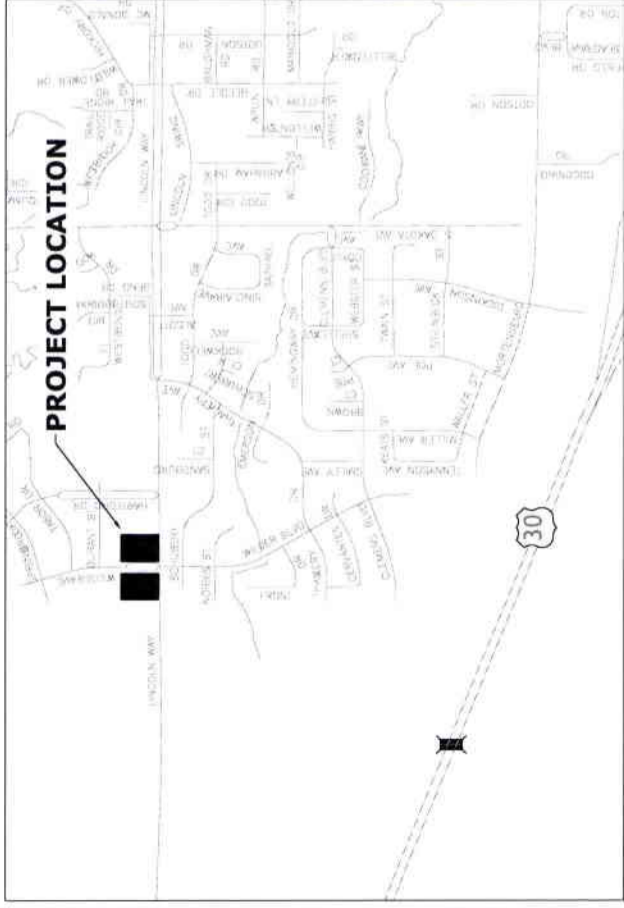
Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

PLANS OF PROPOSED IMPROVEMENTS FOR

SUNSET RIDGE TOWNHOMES

LOCATION MAP



SUNSET RIDGE SUBDIVISION 7TH ADDITION

AMES, IA

No.	Description
G1.0	COVER SHEET/ LOCATION MAP/LEGEND
C1.0	EXISTING CONDITIONS AND REMOVALS
C2.0	PROPOSED LOT LAYOUT
C2.1	SITE LAYOUT AND DIMENSIONING PLAN
C3.0	OVERALL SITE GRADING PLAN
C3.1	SITE GRADING PLAN (WEST)
C3.2	SITE GRADING PLAN (EAST)
C3.3-C3.5	GRADING BLOWUP VIEWS
C4.0	UTILITY PLAN (STORM SEWER)
C4.1	UTILITY PLAN (SANITARY & WATER)
C5.0	SITE LANDSCAPING PLAN
C6.0 - C6.1	STORM WATER POLLUTION PREVENTION PLAN (SWPPP)

THIS PROJECT IS COVERED BY THE IOWA DEPARTMENT OF NATURAL RESOURCES PERMIT NO. 2. THE CONTRACTOR SHALL CARRY OUT THE TERMS AND CONDITIONING OF GENERAL PERMIT NO. 2 AND STORM WATER POLLUTION PREVENTION PLAN WHICH IS PART OF THESE CONTRACT DOCUMENTS. REFER TO SECTION 2602 OF THE DOT STANDARD SPECIFICATION FOR ADDITIONAL INFORMATION.

THE STATEWIDE URBAN DESIGN AND SPECIFICATIONS (SUDAS 2015) AND THE IOWA DEPARTMENT OF TRANSPORTATION STANDARD SPECIFICATIONS PLUS GENERAL SUPPLEMENTAL SPECIFICATIONS; AND APPLICABLE SUPPLEMENTAL SPECIFICATIONS, DEVELOPMENTAL SPECIFICATIONS, AND SPECIAL PROVISIONS, AND ALL APPROPRIATE IOWA DEPARTMENT OF TRANSPORTATION STANDARD SPECIFICATIONS WORK ON THIS PROJECT UNLESS NOTED ON THE PLANS OR IN THE CONTRACT.

PROPOSED	EXISTING
Concrete Paving	Beehive Intake
Sidewalk	Bollard
Building	Building
	Buried Power
	Blushes
	Cable Pedestal
	Cleanout
	Curb Stop
	Electric Pedestal
	Fence
	Fiber Optic
	Force Main
	Gas Line
	Gas Meter
	Gas Valve
	Hydrant
Hydrant	Electric Junction Box
Water Main	Light Post
Water Service	Mailbox
	Manhole
	Overhead Communication
	Overhead Power
	Power Pole
	Property Pin
	Property/Right-Of-Way Line
	Railroad Tracks
Sanitary Manhole	Sanitary Manhole
Sanitary Sewer Service	Sanitary Sewer
	Sign
Storm Intakes	Storm Intakes
Storm Sewer	Storm Sewer
Storm Sewer Manhole	Storm Sewer Manhole
Storm Sewer Service	Slump
	Buried Communication
	Telephone Manhole
	Telephone Pedestal
	Telephone Pole
	Traffic Pole
	Tree Line
	Trees
Water Line	Water Manhole
	Water Meter
	Water Valve
	Witness Post
	Yard Hydrant

SUNSET RIDGE TOWNHOMES

SITE PLAN DATA:	
OWNER/ APPLICANT	HUNZIKER LAND DEVELOPMENT CO. LLC 105 S.16TH ST, SUITE A AMES, IA 50010
PREPARED BY	SCOTT WILLIAMS, P.E. FOX ENGINEERING 414 S 17TH STREET, SUITE 107 AMES, IA 50010 PH (515)233-0000
SITE ADDRESSES	LOT 1 - 130 WILDER AVE LOT 2 - 125 WILDER AVE
LEGAL DESCRIPTION	LOTS 1 AND 2 OF SUNSET RIDGE SUBDIVISION, 3RD ADDITION
LOT AREAS	LOT 1 - 3.73 ACRES (162,480.3 S.F.) LOT 2 - 3.08 ACRES (134,177.4 S.F.)
SITE ZONING	EXISTING - CONVENIENCE COMMERCIAL NODE (CCN) PROPOSED - PLANNED RESIDENCE (P-PRD)
DENSITY	40 UNITS/ 2.99 ACRES = 13.4 UNITS/ ACRE
DATE OF PREPARATION	AUGUST 3, 2015
REVISED	SEPTEMBER 4, 2015
AREA CALCULATIONS	130,458 S.F. 44 % 47,620 S.F. 16 % 118,593 S.F. 40 % 296,657 S.F. 100 %
PRIVATE LOTS PAVEMENT	
OPEN SPACE	
PARKING CALCULATIONS:	
LOT 1 REQUIRED	2 SPACES PER UNIT
LOT 1 PROVIDED	40 SPACES
LOT 2 REQUIRED	2 SPACES PER UNIT
LOT 2 PROVIDED	40 SPACES
DRIVEWAYS	2 SPACES PER UNIT
PARKING LOT STANDARD	10 SPACES
VAN ACCESSIBLE	1 SPACE
STANDARD	91 SPACES
VAN ACCESSIBLE	1 SPACE
STANDARD	91 SPACES

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www.iowaonecall.com

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SEP 04 2015

CITY OF AMES, IOWA
DEPT. OF PLANNING & HOUSING

GENERAL NOTE: ALL UTILITIES ARE ONLY GENERALLY LOCATED. CONTRACTOR IS RESPONSIBLE FOR LOCATING AND EXPOSING ALL UTILITIES THAT MAY INTERFERE WITH CONSTRUCTION BEFORE CONSTRUCTION BEGINS.

I hereby certify that this engineering document was prepared by me or under my direct personal supervision and that I am a duly licensed Professional Engineer under the laws of the State of Iowa.

Scott A. Williams
SCOTT A. WILLIAMS
LICENSED PROFESSIONAL ENGINEER
13310
IOWA

DATE: 9/14/15

My license renewal date is December 31, 2016.

Pages or sheets covered by this seal:
G1.0 - C1.0 THROUGH C6.1

SITE NOTE:
ALL CONSTRUCTION MATERIALS, DUMPSTERS, DETACHED TRAILERS OR SIMILAR ITEMS ARE PROHIBITED ON PUBLIC STREETS OR WITHIN THE PUBLIC RIGHT-OF-WAY.



DATE	BY	DESIGNED	SAM	DRAWN	SRS	CHECKED	LAST UPDATE: 09/04/15
09/04/15							

REVISION	DATE	DESCRIPTION

AS PER DMC COMMENTS DATED 8/11/15

FOX Engineering Associates, Inc.
414 South 17th Street, Suite 107
Ames, Iowa 50010
Phone: (515) 233-0000
Fax: (515) 233-0103

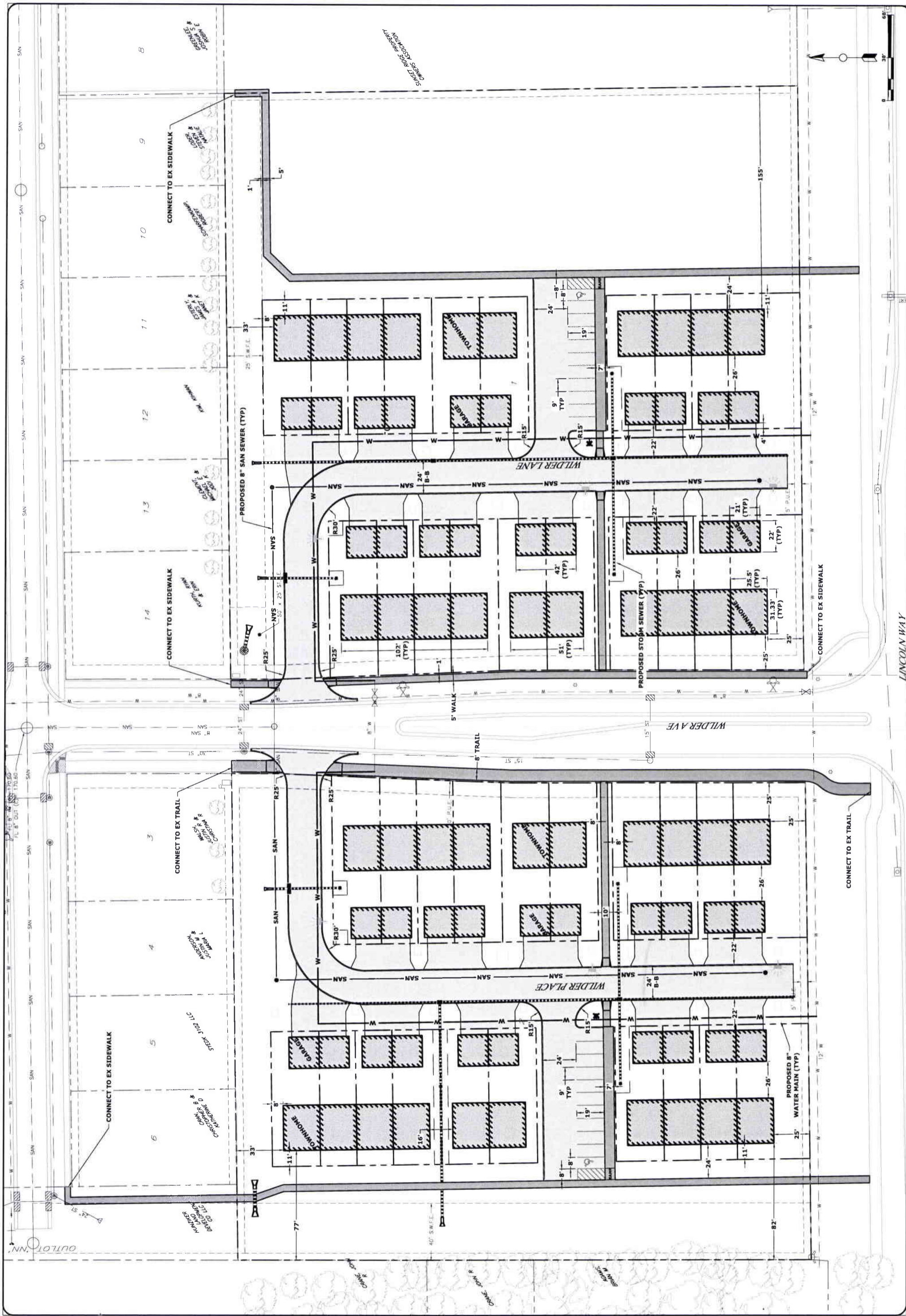
COVER SHEET/ LOCATION MAP/LEGEND
SUNSET RIDGE TOWNHOMES
7TH ADDITION
AMES, IA

PROJECT NO: 5345-15A
SHEET: G1.0

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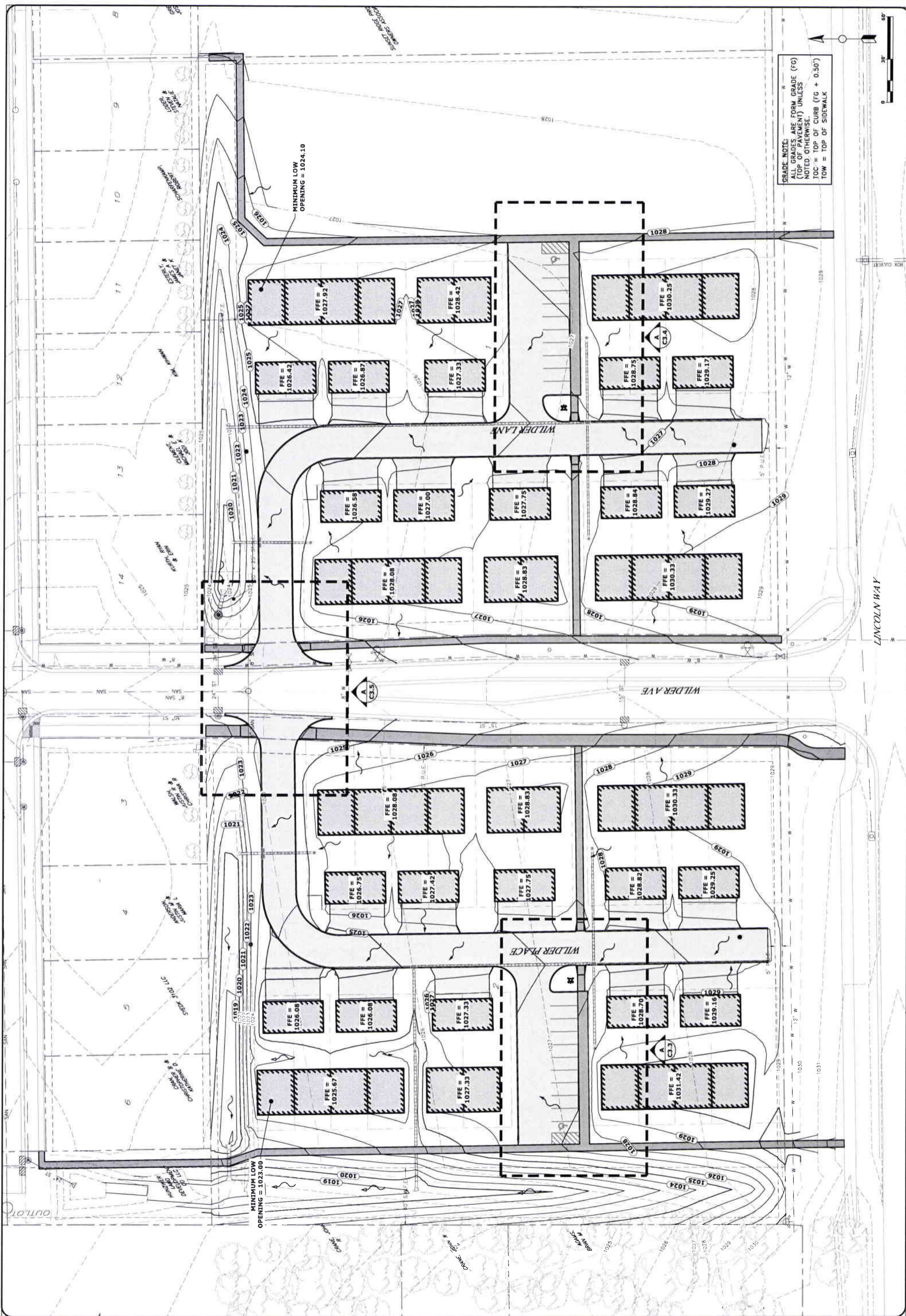
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		DESIGNED	09/15
		DRAWN	09/15
		CHECKED	

LAST UPDATE: 09/04/15



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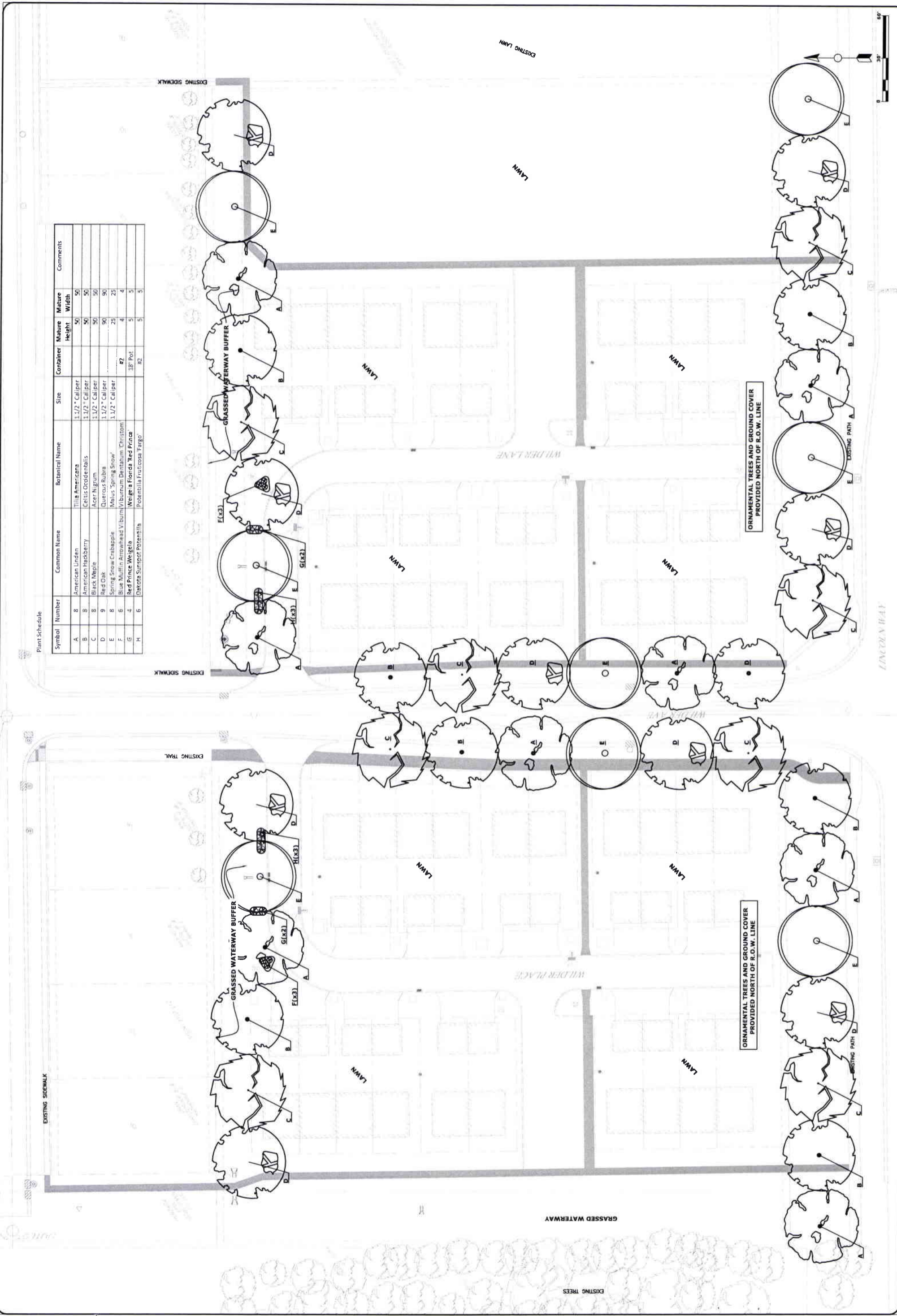
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09/04/15	AS PER DMC COMMENTS DATED 8/14/15
DESIGNED: SAW	09/15
DRAWN: SRS	09/15
CHECKED:	
LAST UPDATE: 09/04/15	



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		SAS	09/15
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		LAST UPDATE:	09/04/15

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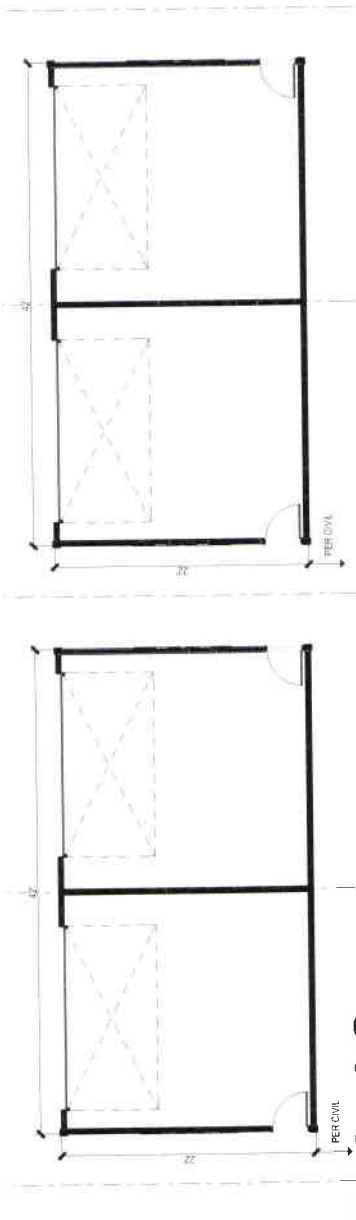


Plant Schedule

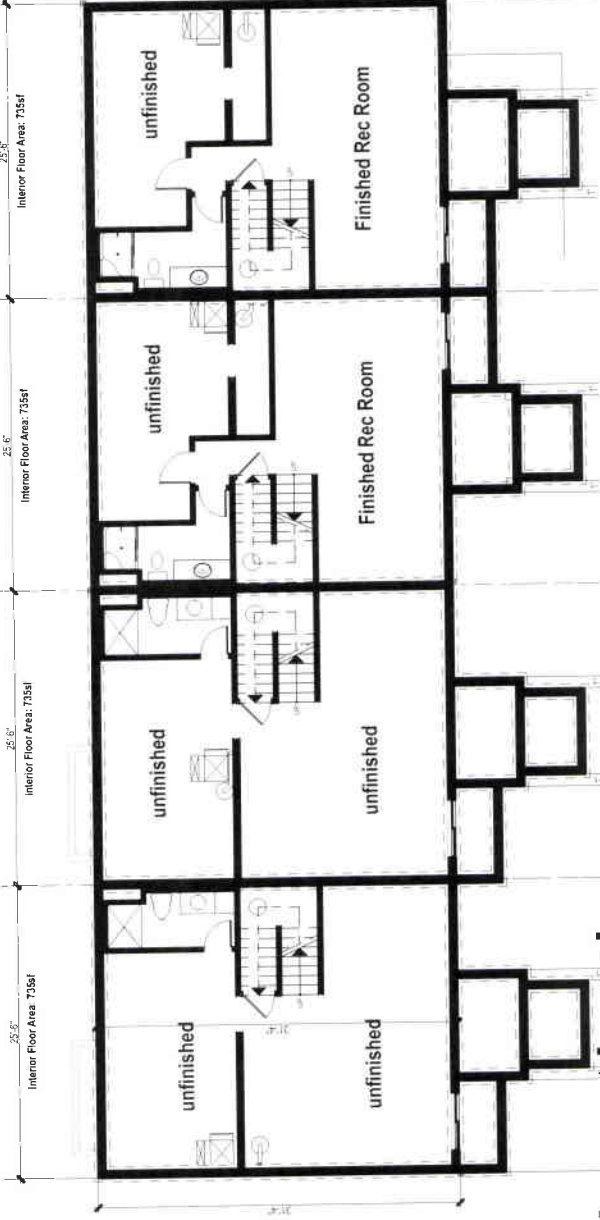
Symbol	Number	Common Name	Botanical Name	Size	Container	Mature Height	Mature Width	Comments
A	8	American Linden	Tilia Americana	1.1/2" Caliper		50	50	
B	8	American Highberry	Celtis Occidentalis	1.1/2" Caliper		50	50	
C	8	Black Maple	Acer Nigrum	1.1/2" Caliper		50	50	
D	9	Red Oak	Quercus Rubra	1.1/2" Caliper		90	90	
E	8	Spring Snow Crabapple	Malus 'Spring Snow'	1.1/2" Caliper		25	25	
F	6	Blue Muffin Arrowhead Viburnum	Viburnum Dentatum 'Christmorn'		47	4	4	
G	4	Red Prince Weigela	Weigela Florida 'Red Prince'		18" Pot	5	5	
H	6	Dakota Sunspot Potentilla	Potentilla Fruticosa Fargo		42"	5	5	



Front Elevations



Typical Garages



Lower Level

SCALE: 1/16" = 1'-0"

Sunset Ridge Townhomes - Exterior Materials

- Stone: wall adhered veneer
 - Siding - vertical & horizontal: vinyl
 - Shakes: vinyl
 - Soffit: aluminum
 - Fascia: aluminum covering over 2x6
 - Trims: aluminum covering over 2x4 or 2x6
 - Brackets: Fypon painted
 - Gutters: Seamless ogee style aluminum
- Downspouts: Aluminum
 - Columns: fiberglass painted
 - Railings: vinyl
 - Shingles: architectural grade
 - Windows: vinyl single hung
 - Doors: fiberglass insulated with glazing
 - Overhead garage doors: raised panel steel with glazing in top panel



Upper Level

SCALE: 1/16" = 1'-0"



Main Level

SCALE: 1/16" = 1'-0"



mjsloster AIA LC
2710 Thompson Drive
Ames, IA 50010
(515) 462-2541
mjsloster@hcsbuilders.com

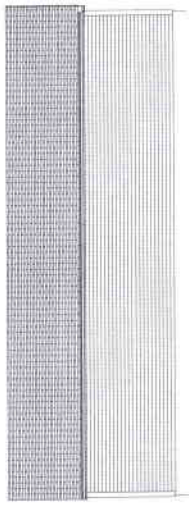
HCS
Christy
Tunziker
Builders, Inc.

Project Name: **Sunset Ridge Townhomes - 4 family**
For: HCS builders, inc
Ames, IA 50010

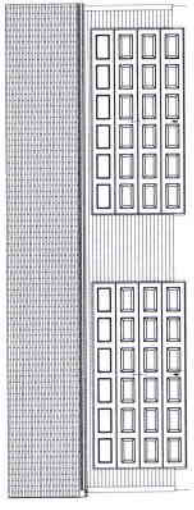
Project Number: 15015
Date: 09/09/2015
Sheet Contents: Floor Plans

RECEIVED
SK-01

SEP 09 2015

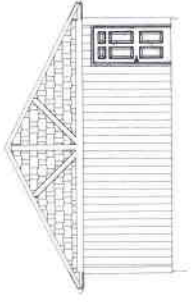


Garage Rear



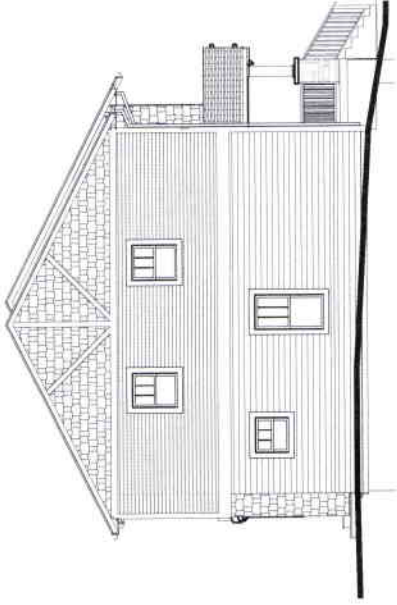
Garage Front

SCALE: 1/16" = 1'-0"



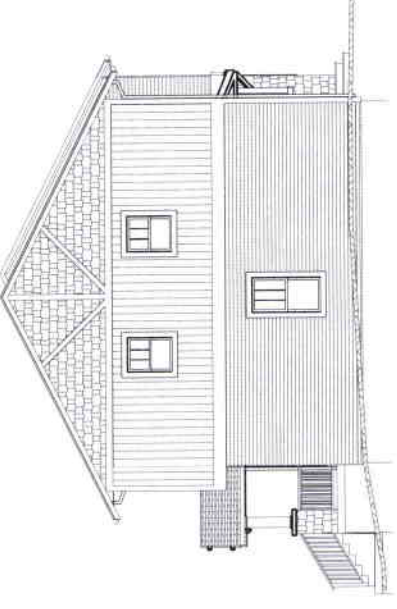
Garage Side

SCALE: 1/16" = 1'-0"



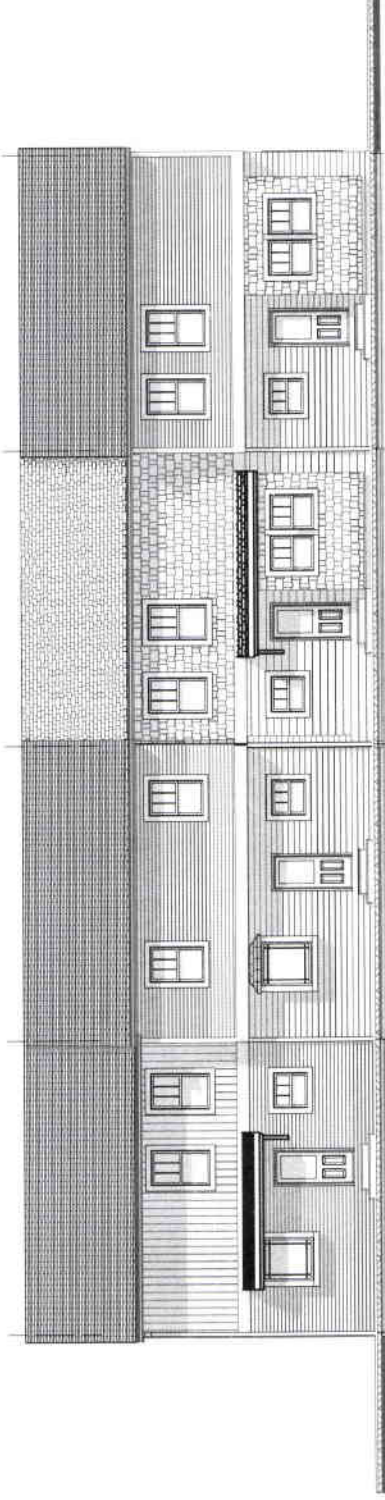
Left Elevation

SCALE: 1/16" = 1'-0"



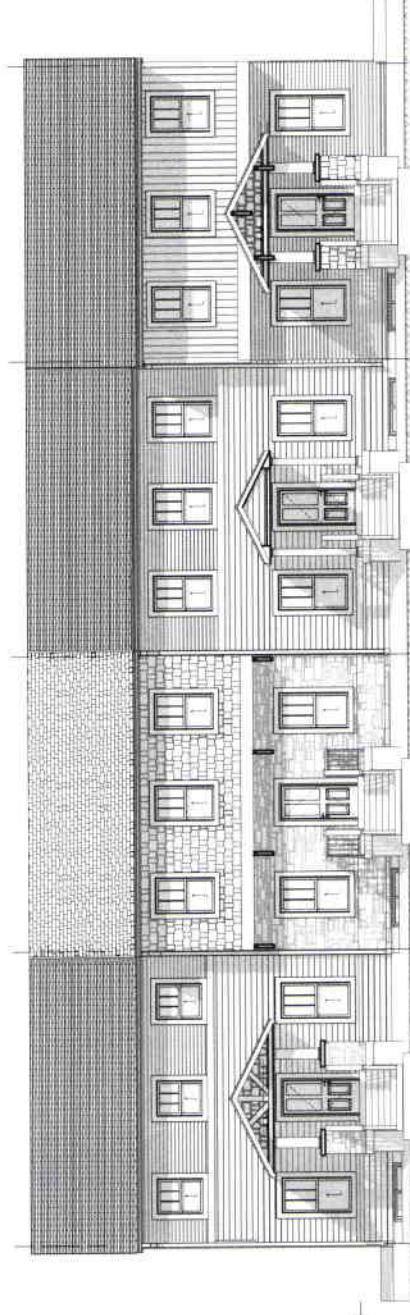
Right Elevation

SCALE: 1/16" = 1'-0"



Rear Elevation

SCALE: 1/16" = 1'-0"



Front Elevation

SCALE: 1/16" = 1'-0"

1 Main Level
#0"

Project Name: **Sunset Ridge Townhomes - 4 family**
for: HCS builders, inc
Ames, IA 50010

Project Number: 15015
Date: 09/09/2015
Sheet Contents:
Building Elevations

SK-02



mjstolar AIA LC
2710 Thompson Drive
Ames, IA 50010
(515) 602-3982
mjstolar@gmail.com

HCS
Hunziker
Christy
Shirk
builders, inc.



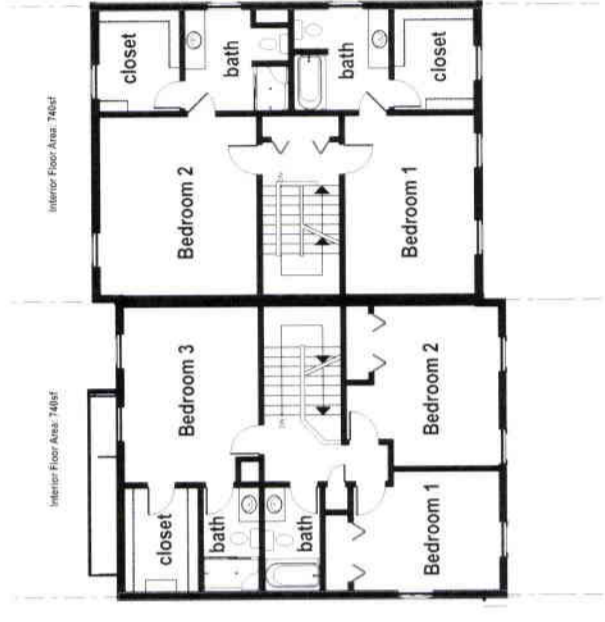
mjstolar AIA LC
2730 Thompson Drive
Ames, IA 50010
(515) 862-3962
mjstolar@gmail.com

HCS
Hunziker
Chrisky
Shirk
builders, inc.

Project Name: **Sunset Ridge Townhomes - 2 family**
for: HCS builders, inc
Ames, IA 50010

Project Number: 15015
Date: 09/09/2015
Sheet Contents: Floor Plans

SK-03



Upper Level

SCALE: 1/16" = 1'-0"

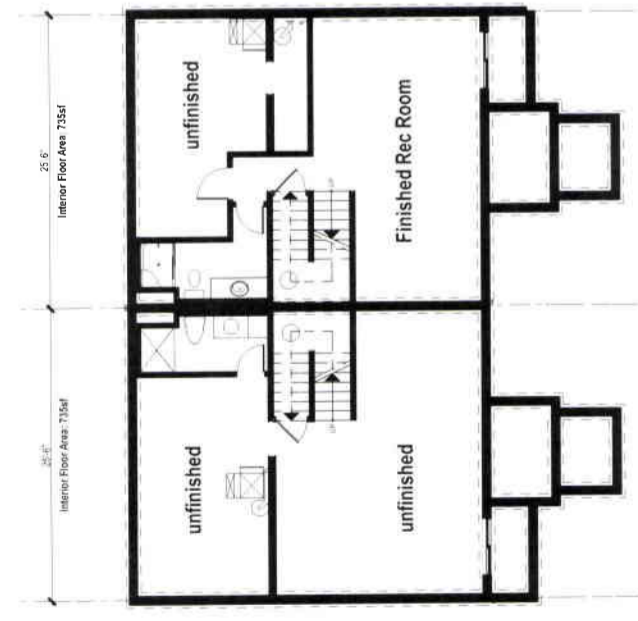


Main Level

SCALE: 1/16" = 1'-0"



Front Elevations



Lower Level

SCALE: 1/16" = 1'-0"

COUNCIL ACTION FORM

**SUBJECT: ZONING TEXT AMENDMENT FOR RESEARCH AND INNOVATION
(R-I) ZONING DISTRICT HUB AREA MINIMUM HEIGHT**

BACKGROUND:

The City recently created the Research and Innovation Zoning District (R-I) in July 2015. The R-I district included standards for industrial uses as well as an option to create a commercial center known as the Hub Activity Area. The zoning standards are distinct in the Hub Area from the typical industrial standards. The intent was to create an opportunity for a more intense node of activities through the allowance of commercial uses, building requirements, and reduced parking requirements.

Staff recently identified an error in the final language of the Zoning District where a standard for a minimum 2-story height was omitted from the ordinance. Staff had indicated in the Council and Commission Action forms that there was a 2-story height requirement in the Hub Area, but due to the final changes to the language as it was being written it did not get incorporated in the ordinance.

Staff is proposing to add the following standard to Table 29.903 (3):

Minimum Height Hub Activity Area	2 Stories
----------------------------------	-----------

ALTERNATIVES:

1. The City Council adopt the proposed amendment to the Research Park and Innovation Zoning District for minimum height within the Hub Activity Area.

If this alternative is supported, the staff would urge the Council to pass this amendment on second and third reading so that the requirement is in place prior to the passage of the RI zoning of the Research Park which is also on this meeting agenda.

2. The City Council decline to adopt the minimum height standard in the RI Zoning District and continue to utilize the PI zoning district for the ISU Research Park.
3. The City can provide alternative language for the minimum height standard.

CITY MANAGER'S RECOMMENDED ACTION:

The proposed minimum height fits the intent of the RI zoning district for a more intense commercial Hub Activity Area. The proposed 2-story height requirement was originally contemplated as part of the creation of the RI zoning district, but was unintentionally omitted in the final ordinance. The Research Park Inc. had previously agreed to the

concept and believed it met their interests for the Hub Activity Area as well. In addition, the Planning and Zoning Commission recommend adoption of the change.

Therefore, it is the recommendation of the City Manager that the Council act in accordance with Alternative #1, which is to adopt the proposed amendment to the Research Park and Innovation Zoning District for minimum height within the Hub Activity Area.

It is also requested that Council approve the second and third reading and adoption of the ordinance prior to third reading and adoption of the RI zoning of the Research Park that is also on tonight's Council agenda. Since the parties had agreed to this two-story requirement and believed it was, in fact, included in the RI zoning district ordinance language that was passed previously, it appears that waiving the rules and approving this amendment on all three readings is justified.

ORDINANCE NO.

AN ORDINANCE TO AMEND THE MUNICIPAL CODE OF THE CITY OF AMES, IOWA, BY REPEALING TABLE 29.903(3) AND ENACTING A NEW TABLE 29.903(3) THEREOF, FOR THE PURPOSE OF INCLUDING MINIMUM HEIGHT HUB ACTIVITY AREA; REPEALING ANY AND ALL ORDINANCES OR PARTS OF ORDINANCES IN CONFLICT TO THE EXTENT OF SUCH CONFLICT; AND ESTABLISHING AN EFFECTIVE DATE.

BE IT ENACTED, by the City Council for the City of Ames, Iowa, that:

Section One. The Municipal Code of the City of Ames, Iowa shall be and the same is hereby amended by enacting a new Table 29.903(3) as follows:

“(3) **Zone Development Standards.** The zone development standards applicable in the RI Zone are set forth in Table 29.903(3) below:

**Table 29.903(3)
Development Standards**

DEVELOPMENT STANDARDS	RI ZONE
Maximum FAR	.35 for areas outside of Hub Activity Area/ No limit within Hub Activity Area
Minimum Lot Area	One Acre
Minimum Lot Frontage	100 ft.
Minimum Building Setbacks:	
Street Lot Line University Ave	30 ft.
Street Lot Line	10 ft.
Side Lot Line	10 ft.
Rear Lot Line	10 ft.
Lot Line Abutting a Residential Zoned Lot	50 ft.
Maximum Building Setbacks in Hub Activity Area for Principal Facade, excepting central common area	20 ft.
Landscaping in Setbacks Abutting an R Zoned Lot	20 ft. @ L3. See Section 29.403
Maximum Impervious Surface Coverage	70%
Minimum Landscaped Area	20%
Maximum Height	100 ft.
Minimum Height Hub Activity Area	2-Stories
Parking Allowed Between Buildings and Streets	Yes
Parking Location	<p>Parking within the public right-of-way may count toward required on-site parking in the Hub Activity Area for an adjacent individual site as approved with a site development plan.</p> <p>Parking must be setback a minimum of 20 feet from a street lot line.</p>

DEVELOPMENT STANDARDS	RI ZONE
Drive-Through Facilities Permitted	No
Outdoor Display Permitted	No
Outdoor Storage Permitted-not between building and the street	Yes, See Section 29.405; Screened per Section 29.403(1)(c)
Trucks and Equipment Permitted	Yes

”

Section Two. All ordinances, or parts of ordinances, in conflict herewith are hereby repealed to the extent of such conflict, if any.

Section Three. This ordinance shall be in full force and effect from and after its passage and publication as required by law.

Passed this _____ day of _____, _____.

Diane R. Voss, City Clerk

Ann H. Campbell, Mayor

COUNCIL ACTION FORM

**SUBJECT: **SCAFFOLDING AND RELATED SERVICES AND SUPPLY
CONTRACT FOR POWER PLANT****

BACKGROUND:

On August 25, 2015, City Council approved preliminary plans and specifications for the Scaffolding and Related Services and Supplies Contract. This contract is for a contractor to provide and install scaffolding, bracing and fall protection at the City's Power Plant.

This contract is for the period from award date through June 30, 2016. The contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms.

Bid documents were issued to three companies. The bid was advertised on the Current Bid Opportunities section of the Purchasing webpage and a Legal Notice was published in the Ames Tribune. The bid was also sent to one plan room.

On September 23, 2015, a bid was received from one company as shown on the attached report.

Staff reviewed the bid submitted by All American Scaffold, Des Moines, IA, and concluded that it was acceptable.

The benefits of having a contract for these services in place include the following:

- 1) Consistency of work and quality from a single contractor.
- 2) Reduction in the City's exposure to market forces regarding prices and availability for labor, travel, and supplies in preparation for a scheduled outage.
- 3) Rapid contractor mobilization to start emergency repairs, thus reducing generation downtime.
- 4) Saved City staff time obtaining quotes, evaluating bids, and preparing specifications and other procurement documentation.

The approved FY 2015/16 Power Plant operating budget includes \$55,000 for these services. Invoices will be based on contract rates for time and materials for services that are actually received.

ALTERNATIVES:

1. Award the contract for the Scaffolding and Related Services and Supplies

Contract to All American Scaffold, Des Moines, IA, for hourly rates and unit prices bid, in an amount not-to-exceed \$55,000.

This contract includes a provision that would allow the City to renew the contract for up to four additional one-year terms at stated rates.

2. Reject all bids and purchase scaffolding services on an as-needed basis.

MANAGER'S RECOMMENDED ACTION:

This contract is needed to carry out emergency and routine scaffolding services at the Power Plant. The contract will establish rates for service and provide for guaranteed availability, thereby setting in place known rates for service.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative #1 as stated above.



**ITB 2016-036 Scaffolding and
Related Services and Supply
Contract Bid Summary**

All American Scaffold, Des Moines, IA

DESCRIPTION	Hourly Rate (ST)	Hourly Rate (OT)	Hourly Rate (DT)
Labor Rates:			
Supervisor:	\$75.00	\$105.00	\$150.00
Apprentice:	\$75.00	\$105.00	\$150.00
Foreman:	\$75.00	\$105.00	\$150.00
Journeyman:	\$75.00	\$105.00	\$150.00
	8 Hours Guaranteed		
Percentage of labor tied to cost of materials:		\$0.30	
Subsistence:		\$85.00 per day	
Travel:		\$100 per travel	
Material Costs:		\$.80 per mile	
Proposed Price Increase for Renewal Periods:			
Labor Rates:	10%		
Travel & Subsistence:	5%		
<u>Base Case Cost for Typical Scaffolding Requirements Scenario</u>			
Applicable costs to erect a 52 foot tower around the inside of Unit 8 Boiler (52' x 22' x 22") located in the Power Plant. Scaffolding to remain erect on site for three weeks.			
Erection cost:	\$8,600.00		
Rental cost of material:	\$4,200.00		
Dismantle cost:	\$6,450.00		
Travel cost:	\$500.00		
OVERALL COST:	\$19,750.00		

COUNCIL ACTION FORM

**SUBJECT: REPORT OF NO BIDS FOR EVAPORATIVE CONDENSER PROJECT
AT THE AMES/ISU ICE ARENA**

BACKGROUND:

This project is to replace the Evaporative Condenser at the Ames/ISU Ice Arena. The current condenser, installed in 2000, is operating at 50% capacity due to a leak discovered in 2014. At that time, work was done on the condenser to isolate the leak thus making one half of it non-operational. Staff researched options which included repairing or replacing the current equipment. Cost estimates indicated it is cheaper to replace the condenser than to repair it. In addition, the possibility of losing ice is much less with replacing the equipment than repairing it. The condenser needs to be replaced for the ice making system to operate at maximum efficiency.

Bids were solicited for the following items which includes the engineer's cost estimate for this project:

Base Bid (Replace the Evaporative Condenser)

Materials, equipment, and installation	\$ 94,728
Consultant and Design Fees	\$ 11,500
Total Base Bid Cost	\$106,228

Alternate Bid (Add Shut Off Valves)

Materials, equipment, and installation	\$ 8,936
Total Alternate Bid Cost	\$ 8,936

The bid was let on September 8, 2015 and due on October 6, 2015. During that time, fourteen requests were made for a set of plans and specifications. However, no bids were submitted for this project. The engineer had conversations prior to bid letting with several companies capable of performing the work and each company indicated interest in the project. The engineer has tried to contact these companies to understand why they did not submit a bid. As of this writing, one company has indicated they ran out of time and are still interested in the project. No other company has responded with a reason as to why they did not submit a bid.

Continued effort will be made to understand why companies did not bid. Once this information is compiled, changes may be made to plans and specifications and resubmitted for Council approval before letting the bids a second time.

ALTERNATIVES:

1. Accept the report of no bids for the Evaporative Condenser Replacement Project at the Ames/ISU Ice Arena.
2. Do not accept the report of no bids for the Evaporative Condenser Replacement Project at the Ames/ISU Ice Arena.

MANAGER'S RECOMMENDED ACTION:

The proposed project will replace a key component in the ice making system at the Ice Arena which will restore the efficient operation of making ice. This project needs to be completed and staff will work to understand why companies did not bid. Adjustments to the plans and specifications will be made if necessary with the goal of getting bids the second time around.

Therefore, it is the recommendation of the City Manager that the City Council adopt Alternative No. 1, thereby accepting the report of no bids for the Evaporative Condenser Replacement Project at the Ames/ISU Ice Arena.

COUNCIL ACTION FORM

SUBJECT: AMENDMENT TO FISCAL YEAR 2015/16 ADOPTED BUDGET FOR CARRYOVERS FROM FISCAL YEAR 2014/15

BACKGROUND:

Each year the City has capital projects and specific operating projects that either span fiscal years or are delayed due to unforeseen circumstances. Until last year, the unspent budget for these approved projects was added as an amendment to the current year's adopted budget concurrent with the approval of the next fiscal year's budget. This meant that the amendment for unspent funds did not receive official City Council approval until just prior to the March 15 annual budget certification deadline.

The Code of Iowa requires that city spending by program not exceed Council approved budget amounts at any time during the year. The City of Ames monitors spending against the approved budget and has maintained compliance with Iowa Code. **However, delays in large construction projects such as the Electric Power Plant fuel conversion and the new Water Treatment Plant revealed situations where spending in excess of approved budget amounts could potentially occur if we wait to amend the budget for carryover amounts until March.**

Last October, a fall amendment to add the carryover projects from the prior year to the current adopted budget was submitted to City Council for the first time. A carryover amendment has been prepared again this year to carryover unspent funds from FY 2014/15. A summary is attached describing the carryovers, which total \$66,522,327.

Please note that all the projects and associated budgeted expenditures and funding sources were approved by City Council as part of the FY 2014/15 budget, but were not completed during the year. The amendment provides formal Council authority to carry forward the appropriation for projects and other work that will not be spent until FY 2015/16.

Amending the budget for carry over amounts at this time, rather than waiting until March, also improves the ability of departments to monitor project spending and for Finance Department staff to track budget compliance. If Council approves of this new approach, staff anticipates that we will process a fall budget amendment for carry over amounts each year in the future.

ALTERNATIVES:

1. Adopt a resolution amending the FY 2015/16 budget upwards by \$66,522,327 for carryover amounts from FY 2014/15.
2. Refer this item back to staff for additional information or other adjustments to the amendments.

MANAGER'S RECOMMENDED ACTION:

Amending the FY 2015/16 budget for carryover amounts from the FY 2014/15 budget early in the fiscal year will provide for improved budget monitoring and tracking. It will also provide assurance that Council approved projects and work not completed in the prior year will not be delayed.

Therefore it is recommended that City Council approve Alternative No. 1, thereby adopting a resolution amending the FY 2015/16 budget upwards by \$66,522,327 for carryover amounts from FY 2014/15.

CITY OF AMES, IOWA

2014/15

CARRYOVER REPORT

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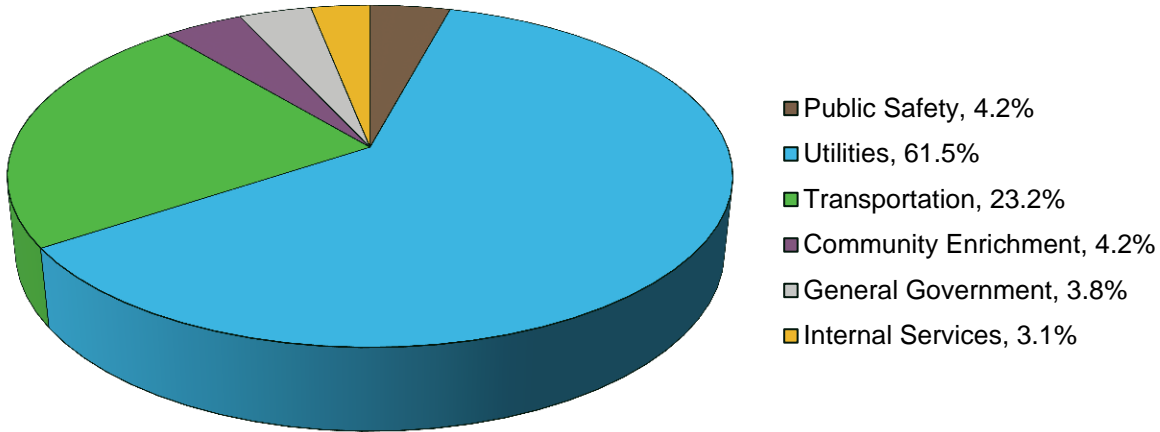
EXPENDITURE CHANGES BY PROGRAM

	2015/16 Adopted	2014/15 Carryover	2015/16 Adjusted	% Change from Adopted
Public Safety:				
Law Enforcement	8,820,192	29,734	8,849,926	.0.3%
Fire Safety	6,607,573	10,000	6,617,573	0.2%
Building Safety	1,459,409	26,000	1,485,409	1.8%
Traffic Control	989,151	38,575	1,027,726	3.9%
Animal Control	366,233	28,684	394,917	7.8%
Other Public Safety	794,500	-	794,500	0.0%
Public Safety CIP	2,243,175	2,666,496	4,909,671	118.9%
Total Public Safety	21,280,233	2,799,489	24,079,722	13.2%
Utilities:				
Electric Services	51,383,447	540,912	51,924,359	1.1%
Water and Pollution Control	7,339,701	19,000	7,358,701	0.3%
Utility Maintenance	1,607,318	12,000	1,619,318	0.8%
Storm Sewer Maintenance	252,189	-	252,189	0.0%
Resource Recovery	3,793,759	-	3,793,759	0.0%
Utility Customer Service	1,505,211	-	1,505,211	0.0%
Utilities CIP	69,061,900	40,257,404	109,319,304	58.3%
Total Utilities	134,943,525	40,829,316	175,772,841	30.3%
Transportation:				
Street System	3,941,210	172,700	4,113,910	4.4%
Public Parking	851,900	-	851,900	0.0%
Transit System	10,230,327	-	10,230,327	0.0%
Airport Operations	138,136	-	138,136	0.0%
Transportation CIP	20,543,718	15,289,259	35,832,977	74.4%
Total Transportation	35,705,291	15,461,959	51,167,250	43.3%
Community Enrichment:				
Parks and Recreation	4,120,761	85,443	4,206,204	2.1%
Library Services	4,039,191	24,346	4,063,537	0.6%
Human Services	1,233,357	-	1,233,357	0.0%
Art Services	189,733	36,840	226,573	19.4%
Cemetery	168,195	-	168,195	0.0%
City-Wide Housing Programs	48,754	-	48,754	0.0%
CDBG Program	487,470	-	487,470	0.0%
Economic Development	223,314	-	223,314	0.0%
Cable TV	139,415	-	139,415	0.0%
Community Enrichment CIP	1,239,000	2,672,361	3,911,361	215.7%
Total Community Enrichment	11,889,190	2,818,990	14,708,180	23.7%
General Government:				
City Council	332,912	71,444	404,356	21.5%
City Clerk	357,296	-	357,296	.0.0%

EXPENDITURE CHANGES BY PROGRAM, continued

	2015/16	2014/15	2015/16	%
	Adopted	Carryover	Adjusted	Change from Adopted
City Manager	734,993	-	734,993	0.0%
Public Relations	185,450	200,000	385,450	107.9%
Planning Services	828,020	373,500	1,201,520	45.1%
Financial Services	1,720,745	12,000	1,732,745	0.7%
Legal Services	642,444	13,013	655,457	2.0%
Human Resources	517,277	7,200	524,477	1.4%
Facilities	427,255	34,289	461,544	8.0%
Public Works	1,267,150	5,500	1,272,650	0.4%
Merit Adjustment	174,971	-	174,971	0.0%
General Government CIP	50,000	1,813,157	1,863,157	3,626.3%
Total General Government	7,238,513	2,530,103	9,768,616	35.0%
Debt Service:				
General Obligation Bonds	10,671,238	-	10,671,238	0.0%
SRF Loan Payments	1,122,492	-	1,122,492	0.0%
Bond Costs	-	-	-	0.0%
Total Debt Service	11,793,730	-	11,793,730	0.0%
Internal Services:				
Fleet Services	4,288,045	1,570,428	5,858,473	36.6%
Information Technology	2,237,158	482,521	2,719,679	21.6%
Risk Management	2,361,272	-	2,361,272	0.0%
Health Insurance	8,165,749	-	8,165,749	0.0%
Internal Services CIP	111,000	29,521	140,521	26.6%
Total Internal Services	17,163,224	2,082,470	19,245,694	12.1%
Total Expenditures Before Transfers	240,013,706	66,522,327	306,536,033	27.7%
Transfers:				
Transfers	16,745,333	-	16,745,333	0.0%
Hotel/Motel Tax Pass Through	1,267,857	-	1,267,857	0.0%
Total Transfers	18,013,190	-	18,013,190	0.0%
Total Expenditures	258,026,896	66,522,327	324,549,223	25.8%

BREAKDOWN BY PROGRAM 2014/15 CARRYOVERS



Excluding Transfers

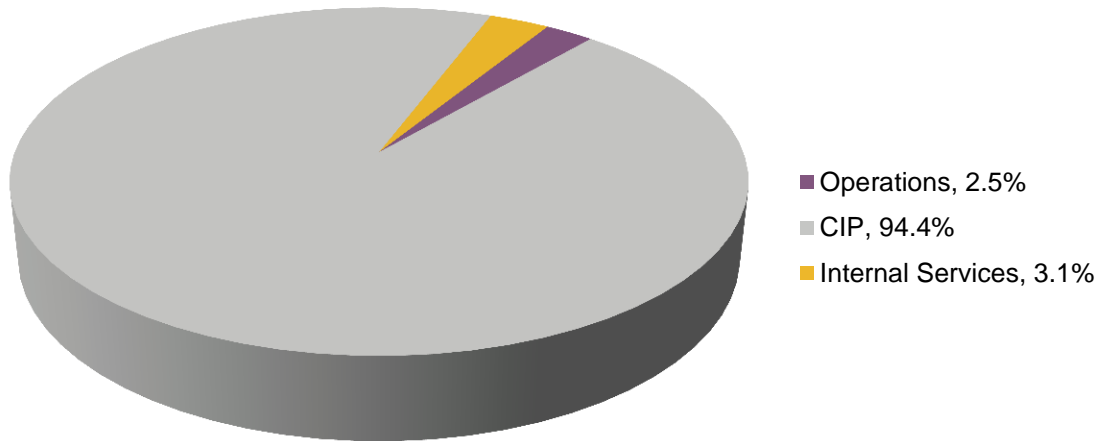
EXPENDITURE CHANGES BY CATEGORY

	2015/16 Adopted	2014/15 Carryover	2015/16 Adjusted	% Change from Adopted
Personal Services	57,055,783	20,244	57,076,027	0.0%
Contractual	48,790,563	1,378,736	50,169,299	2.8%
Commodities	19,820,031	336,726	20,156,757	1.7%
Capital	94,615,859	64,786,621	159,402,480	68.5%
Debt	11,793,730	-	11,793,730	0.0%
Other (Refunds, Insurance Claims, etc.)	7,937,740	-	7,937,740	0.0%
Total Expenditures Before Transfers	240,013,706	66,522,327	306,536,033	27.7%
Transfers	18,013,190	-	18,013,190	0.0%
Total Expenditures	258,026,896	66,522,327	324,549,223	25.8%

EXPENDITURE CHANGES BY TYPE

	2015/16 Adopted	2014/15 Carryover	2015/16 Adjusted	% Change from Adopted
Operations	117,918,959	1,741,180	119,660,139	1.5%
CIP	93,248,793	62,728,198	155,976,991	67.3%
Debt	11,793,730	-	11,793,730	0.0%
Internal Services	17,052,224	2,052,949	19,105,173	12.0%
Total Expenditures Before Transfers	240,013,706	66,522,327	306,536,033	27.7%
Transfers	18,013,190	-	18,013,190	0.0%
Total Expenditures	258,026,896	66,522,327	324,549,223	25.8%

BREAKDOWN BY TYPE 2014/15 CARRYOVERS



Excluding Transfers

- Sewer Utility CIP projects:
 - *Sanitary sewer system improvements* 3,633,194
 - *Residuals handling improvements* 1,455,014
 - *Lift station improvements* 960,746
 - *Bar screen improvements* 888,645
 - *Digester improvements* 825,339
 - *Other WPC plant improvements* 1,360,731
 - *Sanitary sewer system evaluation* 71,944
- Flood response/mitigation projects 1,166,100
- Teagarden area storm water improvements 867,775
- Other Storm Sewer Utility CIP projects 1,294,983
- Resource Recovery improvements 681,027

Transportation Program \$15,461,959

A total of \$172,700 is being carried forward in operating expenses by the Public Works department. Of the funding, \$135,122 is related to the Emerald Ash Borer program and \$20,000 is for downtown streetscape rehabilitation. The remaining \$17,578 is for delayed equipment purchases and miscellaneous projects.

Transportation CIP funding carryovers total \$15,289,259 and consist of the following programs and projects:

- Street construction projects
 - *Grant Avenue paving* \$3,119,008
 - *24th Street and Bloomington Road* 1,701,489
 - *5th Street from Burnett to Grand* 993,096
 - *Woodland Avenue* 963,248
 - *Asphalt pavement improvements* 1,815,523
 - *Concrete pavement improvements* 1,944,067
 - *Seal coat pavement improvements* 1,935,491
 - *Mortensen Road improvements* 422,581
 - *Other street improvement projects* 1,354,882
- Neighborhood curb program 214,729
- Right-of-way enhancements 214,168
- Sidewalk safety program 181,230
- Shared use path maintenance 59,998
- Airport improvements 369,749

Community Enrichment Program \$2,818,990

Community Enrichment operating expenses of \$146,629 are being carried forward. Of this amount, \$85,443 is for Parks and Recreation projects and equipment, primarily the Emerald Ash Borer program for City parks. The balance consists of \$24,346 in operating expenses for the Ames Public Library and \$36,840 for the Public Art program.

A total of \$2,672,361 in funding is being carried over for the following Community Enrichment CIP projects:

• Library renovation project	\$1,072,878
• Parks and Recreation CIP projects:	
○ Recreation facility improvements	311,298
○ Ada Hayden improvements	210,950
○ Sand volleyball complex	144,434
○ Municipal pool improvements	132,847
○ Furman Aquatic Center	130,001
○ Ames/ISU Ice Arena	100,000
○ Playground and park equipment	87,500
○ Roosevelt Park development	70,846
○ Other park and facility improvements	182,391
• Cemetery improvements	122,005
• Downtown Façade program	60,423
• Campustown Façade program	34,000
• Neighborhood tree planting	12,788

General Government Program \$2,530,103

Operating expenses of \$716,946 are being carried forward in the General Government program. \$355,500 of this amount is funding to allow the Planning department to hire outside professional assistance for projects such as the Land Use Policy Plan update. Planning is also carrying forward \$18,000 that is earmarked for their participation in the new software being purchased by the Inspections division. The Public Relations program is carrying forward \$200,000 that was earmarked for brand marketing. In City Council funding, \$20,000 that was allocated in 2014/15 for special Council workshops is being carried forward, along with \$48,644 in unspent contingency funds. An unspent Council allocation of \$2,800 to the Historic Preservation Commission is also being carried forward. The remaining balance of \$72,002 consists of delayed equipment and software purchases for multiple City departments.

The General Government CIP carryover of \$1,813,157 is for the following projects:

• City Hall basement renovation project	\$242,548
• City Hall improvements	270,609
• City Hall roof replacement	700,000
• City Hall parking lot	500,000
• City Hall storm water improvements	100,000

Internal Services: \$2,082,470

Internal Services has \$2,052,949 in operating carryovers consisting of the following:

• Fleet equipment purchases	\$1,570,428
• Inspections software	213,681
• Information Technology equipment	221,708
• Phone system equipment	47,132

There is also an Internal Services CIP carryover of \$29,521 for improvements at the Fleet Maintenance facility.

Total Carryovers \$66,522,327

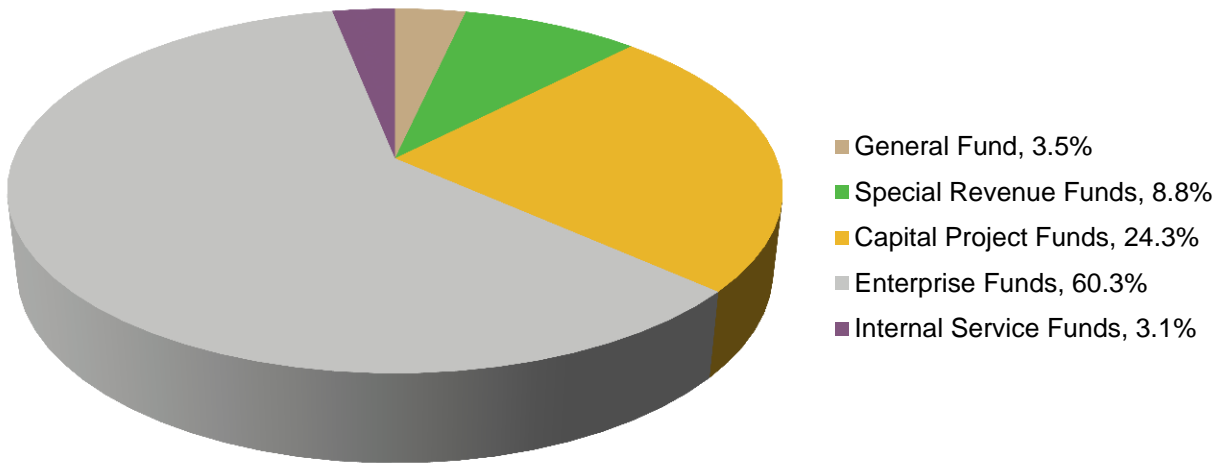
2014/15 CARRYOVERS BY FUND

	2015/16 Adopted	2014/15 Carryover	2015/16 Adjusted	% Change from Adopted
General Fund	33,275,118	2,316,534	35,591,652	7.0%
Special Revenue Funds:				
Local Option Sales Tax	7,588,545	3,024,574	10,613,119	39.9%
Hotel/Motel Tax	1,681,229	250,000	1,931,229	14.9%
Road Use Tax	6,244,664	3,037,628	9,282,292	48.6%
Public Safety Special Revenues	9,850	43,054	52,904	437.1%
City-Wide Housing Programs	48,754	-	48,754	0.0%
CDBG Program	488,278	-	488,278	0.0%
Employee Benefit Property Tax	1,810,706	-	1,810,706	0.0%
Police/Fire Retirement	263,599	-	263,599	0.0%
Parks & Rec Grants/Donations	-	20,000	20,000	
Library Friends Foundation	65,000	50,692	115,692	78.0%
Library Grants/Donations	67,968	135,676	203,644	199.6%
Utility Assistance	16,000	-	16,000	0.0%
Developer Projects	-	5,500	5,500	
Tax Increment Financing (TIF)	3,352,210	-	2,648,473	-21.0%
		(703,737)		
	21,636,803	5,863,387	27,500,190	27.1%
Capital Project Funds:				
Special Assessments	447,695	-	447,695	0.0%
Street Construction	6,945,728	2,614,020	9,559,748	37.6%
Airport Construction	822,000	189,304	1,011,304	23.0%
General Obligation Bonds	10,039,443	13,334,576	23,374,019	132.8%
	18,254,866	16,137,900	34,392,766	88.4%
Debt Service	10,671,238	-	10,671,238	0.0%
Enterprise Funds:				
Water Utility/Construction	37,819,781	12,197,760	50,017,541	32.3%
Sewer Utility/Construction	16,908,107	9,231,363	26,139,470	54.6%
Electric Utility	81,728,360	15,600,166	97,328,526	19.1%
Parking	931,865	-	931,865	0.0%
Transit Operations	11,030,327	-	11,030,327	0.0%
Transit Capital Reserve	1,002,000	-	1,002,000	0.0%
Storm Sewer Utility	1,916,747	2,301,220	4,217,967	120.1%
Ames/ISU Ice Arena	515,276	10,500	525,776	2.0%
Ice Arena Capital Reserve	220,000	100,000	320,000	45.5%
Homewood Golf Course	269,512	-	269,512	0.0%
Resource Recovery	4,670,596	681,027	5,351,623	14.6%
	157,012,571	40,122,036	197,134,607	25.6%

2014/15 CARRYOVERS BY FUND, continued

	2015/16 Adopted	2014/15 Carryover	2015/16 Adjusted	% Change from Adopted
Internal Service Funds:				
Fleet Services	2,497,120	31,599	2,528,719	1.3%
Fleet Reserve	1,904,657	1,568,350	3,473,007	82.3%
Information Technology	1,741,847	-	1,741,847	0.0%
Technology Reserve	304,354	482,521	786,875	158.5%
Shared Communications	198,945	-	198,945	0.0%
Risk Insurance	2,362,295	-	2,362,295	0.0%
Health Insurance	8,167,082	-	8,167,082	0.0%
	17,176,300	2,082,470	19,258,770	12.1%
Total Expenditures	258,026,896	66,522,327	324,549,223	25.8%

BREAKDOWN BY FUND 2014/15 CARRYOVERS



**NOTICE OF PUBLIC HEARING
AMENDMENT OF CURRENT CITY BUDGET**

Form 653.C1

The City Council of Ames in STORY County, Iowa
will meet at City Hall, 515 Clark Avenue, Ames, IA
at 6:00 PM on 10/13/2015
(hour) *(Date)*

for the purpose of amending the current budget of the city for the fiscal year ending June 30, 2016
(year)

by changing estimates of revenue and expenditure appropriations in the following programs for the reasons given. Additional detail is available at the city clerk's office showing revenues and expenditures by fund type and by activity.

		Total Budget as certified or last amended	Current Amendment	Total Budget after Current Amendment
Revenues & Other Financing Sources				
Taxes Levied on Property	1	25,941,230	0	25,941,230
Less: Uncollected Property Taxes-Levy Year	2	0	0	0
Net Current Property Taxes	3	25,941,230	0	25,941,230
Delinquent Property Taxes	4	0	0	0
TIF Revenues	5	41,346	0	41,346
Other City Taxes	6	9,338,769	0	9,338,769
Licenses & Permits	7	1,486,425	0	1,486,425
Use of Money and Property	8	8,742,806	0	8,742,806
Intergovernmental	9	25,044,164	0	25,044,164
Charges for Services	10	266,802,473	0	266,802,473
Special Assessments	11	442,728	0	442,728
Miscellaneous	12	2,913,736	0	2,913,736
Other Financing Sources	13	64,333,490	0	64,333,490
Transfers In	14	16,745,333	0	16,745,333
Total Revenues and Other Sources	15	421,830,500	0	421,830,500
Expenditures & Other Financing Uses				
Public Safety	16	17,267,907	94,418	17,362,325
Public Works	17	6,172,695	211,275	6,383,970
Health and Social Services	18	1,233,357	0	1,233,357
Culture and Recreation	19	7,870,207	138,929	8,009,136
Community and Economic Development	20	2,994,830	373,500	3,368,330
General Government	21	2,464,933	335,146	2,800,079
Debt Service	22	10,671,238	0	10,671,238
Capital Projects	23	23,338,303	23,164,553	46,502,856
Total Government Activities Expenditures	24	72,013,470	24,317,821	96,331,291
Business Type / Enterprises	25	310,929,452	42,204,506	353,133,958
Total Gov Activities & Business Expenditures	26	382,942,922	66,522,327	449,465,249
Transfers Out	27	16,745,333	0	16,745,333
Total Expenditures/Transfers Out	28	399,688,255	66,522,327	466,210,582
Excess Revenues & Other Sources Over (Under) Expenditures/Transfers Out for Fiscal Year	29	22,142,245	-66,522,327	-44,380,082
Beginning Fund Balance July 1	30	580,226,907	0	580,226,907
Ending Fund Balance June 30	31	602,369,152	-66,522,327	535,846,825

Explanation of increases or decreases in revenue estimates, appropriations, or available cash:

Funds for capital improvement projects not used in fiscal year 2015 are carried over to fiscal year 2016.

There will be no increase in tax levies to be paid in the current fiscal year named above. Any increase in expenditures set out above will be met from the increased non-property tax revenues and cash balances not budgeted or considered in this current budget. This will provide for a balanced budget.

Diane R. Voss
City Clerk/Finance Officer