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CITY ADMINISTRATOR'S OFFICE MEMO

cityadmin@hiawatha-iowa.com
319-393-1515 ext.523

To: Mayor and City Council

From: City Administrator, Kim Downs

Date: March 29, 2019

RE: Approval of Natural Gas Sales Agreement with Wood River Energy, LLC-City Hall/Community Center 101 Emmons Street

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Wood River Energy is a third party natural gas supplier working directly with Mid American and Alliant Energy on natural gas transportation here in Iowa, as well as several other Midwestern states. With natural gas transport service, there is no charge to the customer, no equipment charge, no maintenance, and they provide guaranteed savings each month on our natural gas costs.

As a city we have the ability to enroll in a discount program with Wood River Energy while remaining a customer of Mid American in every way. Mid America continues to meter and their lines are still utilized to transport gas. The only change on our end is that the natural gas is invoiced from Wood River Energy with an estimated annual savings of $800 for City Hall.

City Hall/Community Center-101 Emmons Street is the only facility that qualifies for such a discount based on usage.

Summary Statement:

- The agreement is for three-years and then automatically renew for one-year periods thereafter and will guarantee a 5% reduction in the price we are paying each month for natural gas at the building previously listed;
- There is no cost to the City for this service;
- Current estimates based on the last two months of invoices would put the savings an estimated $800 per year;
- Cities currently using the service include Waverly, North Liberty, Marshalltown, Grinnell, Ottumwa, Fairfield, Fort Dodge, Pella, Creston, Humboldt and others.

Alternative(s): Continue to pay MidAmerican at 100% of the cost of natural gas.

Expenditure Required: $0.

Recommended City Council Action: Resolution authorizing city staff to sign a contract with Wood River Energy, LLC for natural gas sales effective May 1, 2019. The agreement covers the city hall/community center, on Emmons Street.

Respectfully submitted,

Kim

DRAFT

RESOLUTION #19-_____
City Council

A RESOLUTION APPROVING A NATURAL GAS SALES AGREEMENT WITH WOODRIVER ENERGY, LLC OF DENVER, COLORADO FOR NATURAL GAS SALES

WHEREAS, the Natural Gas Sales agreement is with WoodRiver Energy LLC of Denver, Colorado for natural gas sales; and

WHEREAS, the agreement covers the City Hall/Community Center; and

WHEREAS, the agreement guarantees a 5% reduction in the price the City is paying each month for natural gas in the building listed above; and

WHEREAS, the three-year term shall begin May 1, 2019 and automatically renews year-to-year thereafter unless cancelled by either party giving at least thirty (30) day(s) written notice prior to the end of the initial term or any subsequent anniversary date; and

WHEREAS, there is no cost to the City for this service; and

NOW THEREFORE BE IT RESOLVED that the City Council of Hiawatha, Iowa does hereby approve a Natural Gas Sales Agreement with WoodRiver Energy LLC of Denver, Colorado for natural gas sales for a 5% reduction in the costs being paid each month at no cost to the City.

AYES:
NAYS:
ABSENT:

PASSED AND ADOPTED this 3rd day of April, 2019.

_____
Bill Bennett, Mayor

ATTEST: _____
Kari Graber, City Clerk

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WoodRiver Energy LLC

NATURAL GAS SALES AGREEMENT

Dated: _____

Seller:
WOODRIVER ENERGY, L.L.C.
3300 East 1st Ave., Suite 600
Denver, CO 80206
Attn: Jo Moak
Email: jo.moak@woodriverenergy.com

Buyer:
City of Hiawatha
Attn: Kim Downs
Phone: 3193931515
Email: cityadmin@hiawatha-iowa.com
(Note: paper invoice is $5 per invoice per month)
Bill To Attn: Cindy Kudrna
Address: 101 Emmons St Hiawatha IA 52233
Bill to Email: financedir@hiawatha-iowa.com

Term: 3 year(s) beginning first day of the month in which there is initial gas flow and continuing year to year thereafter unless cancelled by either party giving at least sixty (60) days written notice prior to the end of the initial term or any subsequent anniversary date thereto. The effective date shall thus be the first day of the first of the month in which the Transporting LDC effects delivery of gas to Buyer's facility as a transporter.

LDC/Pipeline:
Delivery Point/Facility Address: **Account/Meter/Premise Number:**
101 Emmons St Hiawatha IA 52233, , 0303043027, TY0700084

Contract Price: The contract price for the initial term shall be 95% of LDC Energy's total cost for natural gas service. The price for subsequent terms shall remain the same unless seller notifies Buyer ninety (90) days prior to the end of the initial term or any subsequent terms.

Special Provisions:

(1) In addition to the contract price stated above Buyer is responsible for all transportation charges, fees and any and all taxes to effectuate delivery of gas to Buyer. Any tariff changes effecting transportation cost shall be the responsibility of Buyer, and will be subject to the savings under Contract Price.

(2) In the event of an Pipeline tariff change, Pipeline business process change, Pipeline operational change, Federal, State or Local Government regulation or any Governmental legislation that impacts Seller's cost to deliver gas to Buyer (currently included in the above stated price structure with regards to delivery of gas to the utility, transportation, service or on-system delivery), Seller reserves the right to adjust the Price to reflect the changes.

This Agreement is subject to the General Terms and Conditions as described on page 2 of this agreement.

WOODRIVER ENERGY, L.L.C.
(Seller)

_____
(sign)

By: _____
Title: Administrative Manager
Date: _____

City of Hiawatha
Buyer)

_____
(sign)

By: Kim Downs
Title: City Administrator
Date: _____

General Terms and Conditions

WHEREAS, Buyer desires to buy and Seller desires to sell natural gas, Buyer and Seller enter into the Agreement s set out below:

1. Term: Unless otherwise stated on the front of the Agreement, this Agreement shall renew automatically for a Term of (1) year and year-to-year thereafter unless terminated by either party by providing 30 day written notice prior to the end of the initial Term or any subsequent anniversary date.

2. Quantity: Seller agrees to sell and Buyer agrees to purchase 100% of the natural gas requirements of Buyer.

3. Transportation: Seller shall arrange for transportation to the delivery point and Buyer shall arrange for subsequent transportation from the delivery point.

4. Imbalances: Buyer and Seller shall use best efforts to avoid imbalances and imbalance penalties (if any). Should either Buyer or Seller receive an imbalance penalty charge from the transporting pipeline or LDC, Seller shall determine the validity of the charges. If the Buyer's failure to accept a quantity of gas equal to Seller's nomination, then Buyer shall pay for or reimburse Seller for such imbalance charges. If the Seller fails to deliver the quantity of gas equal to the Buyer's confirmed nomination then the cost is incurred shall be the liability of the Seller. In the event, the local distribution company changes their rules regarding nominating, balancing and imbalances that renders the agreement uneconomical, Seller reserves the right to renegotiate and/or terminate the agreement with written notice to the Buyer.

5. Billing and Payment: Seller shall e-Bill the Buyer on the earliest practicable date each month showing the quantity of gas billable for the previous month's bill period and sum payable by ACH to Seller from Buyer. Buyer may pay by ACH to Seller the sum shown by each billing, including sales, use, franchise and excise taxes and all other governmental impositions relative to the sale or consumption of natural gas, based on net fifteen (15) days from the billing date. With the exception of e-Bill arrangements all monthly billing may be subject to a $5.00 per month per invoice processing fee. Billing unpaid when due shall be subject to a late charge of Ten Dollars ($10.00) plus interest at the rate of one and one half percent (1 ½%) per month or the maximum rate allowed by law, whichever is less. Seller utilizes PayTrace for credit card transactions and a 2.9% convenience fee shall be charged on the total invoice for such credit card payments from Buyer.

6. Credit Requirements: Buyer shall make credit arrangements satisfactory to the Seller, which may include providing a deposit, prepayments, Letter of Credit, or other security as requested by Seller. Seller reserves the right to review such credit arrangements at any time before, or during the term of this contract. If Buyer fails to make credit arrangements satisfactory to Seller, Seller at sole discretion may terminate this contract and/or suspend deliveries hereunder upon five (5) business days prior to notice to Buyer.

7. Event of Default: In the event of Default by either party, the Defaulting Party or its guarantor hereby agrees that the other party shall have the right, at its sole election, to immediately withhold or suspend deliveries or payments upon written notice and/ or to terminate and liquidate the transactions under this Agreement in good faith and in a commercially responsible manner, and to assess and apply all costs of liquidation and early termination to the Defaulting Party, in addition to any and all other remedies available hereunder.

8. Waiting Period: Buyer shall have two business days from the date of Buyer signature to call 1-888-510-9315 to terminate the agreement without penalty.

9. Title & Possession: Buyer shall take title, possession and control of the gas no later than at the Point of Delivery.

10. Force Majeure: An event of Force Majeure shall not excuse either party from liquidation damages related to the settlement of any Basis or Fixed Price related to quantities. Force Majeure means acts of God, strikes, lock outs, or other industrial disturbances including those involving or affecting parties producing or transporting gas for Seller.

11. Laws and Regulation: This Agreement, each of its provisions, and all supplements amendments or addenda to it are subject to all valid, applicable federal and state laws and to the orders, rules and regulations of any duly constituted regulatory body or authority, state or federal, having jurisdiction. The laws of the state of Colorado shall govern in interpretation and performance of this Agreement. Venue for any action tried hereunder shall be in Denver County, Colorado, whether in federal or state court.

12. Assignment: Buyer may not assign any of its rights or obligations under this Agreement; except that Buyer may assign this Agreement in connection with the sale or transfer of the real property associated with the delivery point hereunder, provided that Seller shall have received written notice from Buyer thereof, and Seller shall have been provided with certified copies of the instruments properly evidencing such sale or transfer, and further provided that any such proposed assignee shall have satisfied the credit requirements of this Agreement and shall have executed and delivered to Seller all documents required by Seller in order to be bound by this Agreement. Any assignment by Buyer in accordance with the foregoing sentence shall not become effective until the first day of the calendar month next following the date upon which all of the foregoing requirements have been satisfied. As energy and natural gas are necessities of the Buyer, an Asset sale of the business whereby the Buyer is no longer operating, Buyer shall deem this natural gas contract as an Asset of the business and the Agreement shall be Assigned to the new entity.

Seller may assign this Agreement and any or all sums payable by Buyer hereunder upon notice to Buyer of such as assignment, and without limiting the foregoing, Buyer hereby consents to the pledge and collateral assignment of this Agreement by Seller to Shell Energy North America (USA), L.P. and its successors and assigns. Upon notice to Buyer of any such assignment by Seller, Buyer shall pay all sums due hereunder to such assignee without offset, counterclaim or defense of any kind.

13. Confidentiality: The parties agree to keep the terms of this Agreement and of any transaction hereunder, including but not limited to, the Base Contract Price, the Monthly Quantity, and the Term, confidential, except as may be required to effectuate transportation of the gas or to meet the requirements of a state or federal regulatory agency having jurisdiction over the matter for which information is sought.

14. Agreement & Confirmation: In order to make timely transactions, any subsequent transactions in e-mail or a telephone conversation with the offer and acceptance constituting an agreement of the parties. The parties shall be legally bound from the time they agree to the transaction terms and may each rely thereon. Seller's confirmation will be deemed conclusive and will bind Buyer and Seller if not received by the end of the second business day following Buyer's receipt of the confirmation.

15. 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.

16. Disclaimer: The Seller nor any of its employees or affiliates is acting as a Broker, Dealer or Commodity Trading Advisor, and no such person is registered as a Commodity Trading Advisor. Seller is not advising Buyer concerning the use of any registered futures contract or standardized instrument for future delivery on any exchange. Buyer acknowledges that all decisions related to energy transactions are authorized and executed based upon the Buyer's full knowledge and independent action and confirms that Buyer is an "eligible contract participant" as defined by the CEA.

17. Subsequent Term Pricing: Seller shall notify Buyer of a new price before 90 days prior to the beginning of any subsequent term. Such notification shall give the Buyer the opportunity to select the price and the term within 30 days. In the event, that Buyer doesn't select a price from such notice within 30 days, the price for the subsequent term shall be the one (1) year offer on such notice.

Buyer's Initials

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MidAmerican
ENERGY
OBSESSIVELY, RELENTLESSLY AT YOUR SERVICE.

MIDAMERICAN ENERGY COMPANY
AUTHORIZATION AND RELEASE AGREEMENT

The undersigned Customer hereby designates WoodRiver Energy LLC ("Agent") as Customer's agent for the purposes of the Gas Transportation Contract or Agreement ("Contract") entered into with the local distribution company, MidAmerican Energy Company ("LDC"). Customer authorizes LDC to accept from Agent nominations and to take other actions regarding Customer's accounts, made by Agent on behalf of Customer for the purposes of the Contract. Customer further authorizes LDC for the purposes of the Contract to provide to Agent usage information, copies of billings, real-time information and such other information relating to the Contract as Agent may request and LDC deems necessary for performance of the Contract.

This Authorization and Release shall not relieve Customer of any obligation under the Contract, including but not limited to, the obligation to pay any penalty assessed pursuant to the Contract or any applicable rate schedule of LDC. Customer hereby releases and agrees to protect, defend, indemnify and hold harmless LDC from any and all liability, claims and actions arising from LDC's good faith acceptance of nominations or other instructions from Agent and good faith provision to Agent of usage information, copies of billings and other information relating to the Contract.

This Authorization and Release shall remain in effect until Customer delivers written notice of termination to LDC at least ten (10) days prior to the effective date of termination unless waived by LDC. Notice of termination shall be given in accordance with the provisions of the Contract relating to notices.

CUSTOMER INFORMATION

Company:	City of Hiawatha	Service Address:	101 Emmons St Hiawatha IA 52233
Name:	Kim Downs	City, State and Zip:	
✓ Signature:		Account Number:	0303043027
Title:	City Administrator	Meter Number:	TY0700084
Phone:	3193931515	Transport Start Date:	
✓ Date:			

☒ Check this box if Customer has additional service addresses covered under this agreement and listed on Appendix A.

CUSTOMER BILLING OPTIONS

☐ Check this box if Customer elects **not** to have its transportation bill sent to its Agent

☑ Check this box and enter billing information if Customer elects to have its transportation bill sent to their Agent.

Name: WoodRiver Energy LLC
Address: 3300 E. 1st Ave., Ste 600
City, State and Zip: Denver, CO 80206-5809

AGREEMENT REPLACEMENT OPTION

☐ Check this box if agreement replaces all previous Authorization and Release agreements that Customer may have with other Agents. Previous agreements will be deemed terminated on the effective date of this agreement.

MIDAMERICAN ENERGY (Local distribution company personnel only)

Name:		Signature:	
Title:		Date:	

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MidAmerican ENERGY
OBSESSIVELY, RELENTLESSLY AT YOUR SERVICE.

MONTHLY METERED GAS TRANSPORTATION

SERVICE CONTRACT

Customer, or Pool Operator on behalf of Customer, ("Customer"), and pursuant to properly executed authorization and release agreement, agrees to the terms and conditions of the Monthly Metered Transportation ("MMT") tariff service, which is part of MidAmerican Energy Company's ("Company") Natural Gas Tariff, on file with and made effective by applicable public utility regulatory authorities, as may subsequently be amended.

This Contract shall replace all previous transportation contracts entered into by Customer or on behalf of, and will be effective as of 7/1/2017, and shall continue in effect month to month thereafter, unless terminated by either party upon thirty (30) days written notice.

CUSTOMER INFORMATION

Company:	City of Hiawatha	Service Address:	101 Emmons St Hiawatha IA 52233
Name:	Kim Downs	Account Number:	0303043027
Mailing Address:		Meter Number:	TY0700084
Phone:	3193931515	Requested Start Date:	

☐ Check this box if Customer has additional service addresses covered under this agreement and listed on Appendix A.

OPTIONAL CAPACITY RELEASE – IOWA CUSTOMERS ONLY

A Customer can make a one-time request for interstate pipeline transportation capacity to be released to their Pool Operator for their future interstate pipeline capacity by providing the Company a thirty (30) day written notice prior to the completion of the initial 12 month capacity release term on the MMT transportation service.

In WITNESS WHEREOF, The parties hereto have executed this Contract as of the day and year set forth below:

COMPANY		CUSTOMER	
Signed:		Signed:	✓
Name:		Name:	Kim Downs
Title:		Title:	City Administrator
Date:		Date:	✓

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MidAmerican ENERGY
OBSESSIVELY, RELENTLESSLY AT YOUR SERVICE.

APPENDIX A

MONTHLY METERED GAS TRANSPORTATION
AUTHORIZATION AND RELEASE AGREEMENT

ADDITIONAL SERVICE ADDRESSES:

ACCOUNT NUMBER	METER NUMBER	SERVICE ADDRESS	CITY	STATE	ZIP
0303043027	TY0700084	101 Emmons St Hiawatha IA 52233			

RESOLUTION NO. 19-
City Council

RESOLUTION APPROVING A NATURAL GAS SALES AGREEMENT WITH WOODRIVER ENERGY, LLC OF DENVER, COLORADO FOR NATURAL GAS SALES

WHEREAS, the Natural Gas Sales agreement is with WoodRiver Energy, LLC of Denver, Colorado for natural gas sales, and

WHEREAS, the agreement covers the City Hall/Community Center, and

WHEREAS, the agreement guarantees a 5% reduction in the price the City is paying each month for natural gas in the building listed above, and

WHEREAS, the three (3) year term shall begin May 1, 2019 and automatically renews year-to-year thereafter unless cancelled by either party giving at least thirty (30) day(s) written notice prior to the end of the initial term or any subsequent anniversary date, and

WHEREAS, there is no cost to the City for this service, and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF HIAWATHA, IOWA does hereby approve a Natural Gas Sales Agreement with WoodRiver Energy, LLC of Denver, Colorado for natural gas sales for a 5% reduction in the costs being paid each month at no cost to the City.

AYES:
NAYS:
ABSENT:

PASSED AND APPROVED this 3rd day of April, 2019.

_____
Bill Bennett, Mayor

ATTEST:

_____
Kari Graber, City Clerk