

BID #	DESCRIPTION	AMOUNT
<b>CONTRACT RENEWALS</b>		
3390	Annual Contract for Natural Gas Supply Texas General Land Office (GLO) Austin, TX	\$942,673.56 (estimate for full term)

TO: The Board of Trustees

FROM: President Cary Israel

DATE: January 28, 2014

SUBJECT: Recommendation for Renewal of Reference 3390 - Annual Contract for Natural Gas Supply.

SCOPE: Renewal of an Interagency Cooperation Agreement to provide natural gas to the Spring Creek and Preston Ridge Campuses, at the same rates, for an additional forty (40) months. The GLO cost of the commodity will be based on First of Month Waha (Natural Gas Index) plus \$0.40. The estimated cost includes all fees. Term of contract: 05/01/2014 through 08/31/2017.

RECOMMENDATION: Texas General Land Office (GLO) \$942,673.56  
Austin, TX (estimate for full term)

JUSTIFICATION: The Texas Legislature authorized natural gas sales by the GLO to maximize revenues from the oil and gas royalties earned from state land in 1983. As an alternative to receiving these royalties in cash, the GLO could by agreement, take some of the natural gas as "in-kind" and sell the gas directly to public retail customers. The District entered into an interagency cooperation agreement with the GLO to provide natural gas supply for Spring Creek and Preston Ridge Campuses beginning in October 2011. The GLO has approximated savings to be \$217,511.00 when compared to what the District would have paid Atmos for the period of October 2011 through October 2013.

Atmos Energy Company, the local distribution company, requires an annual average usage of 25 MMBtus or more each day for transportation, therefore only two of the college meters located at Spring Creek Campus and Preston Ridge Campus are eligible to be included in the GLO contract.

The District's energy consultant, Energy Edge Consulting, evaluated the proposed extension from the GLO, agreed that it would result in a significant savings to the District and made the recommendation that we accept the proposed extension.