

## DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT, dated \_\_\_\_\_, 2015 (Agreement), is made and between the City of Clinton, an Oklahoma Charter Municipality (City), the Clinton Public Works Authority, a Public Trust organized under Title 60 of the Oklahoma Statutes (Trust) and ASAP Energy, Inc., an Oklahoma corporation (Company).

WHEREAS, Company owns and operates a convenience store within the City Limits of the City of Clinton; and

WHEREAS, the subject Convenience Store does not currently have sanitary sewer service; and

WHEREAS, Company desires to construct a sanitary sewer line to connect its facility to the municipal sanitary sewer service located approximately one mile north of Company's property.

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, the City, Authority and Company agree as follows:

### ARTICLE I

#### PURPOSE OF AGREEMENT

##### SECTION 1.01 Purpose of Agreement.

A. Subject to the terms and conditions hereinafter set forth, the Company agrees to undertake the following in connection with the Project:

- (i) construction of the sewer line, including the appropriate pump, controls and sump (as identified in the specs attached hereto as Exhibit A), solely at Company's expense;
- (ii) maintain the subject line for the life of its existence; and,
- (iii) pay all normal sewage fees, in excess of 51,000 gallons, at the normal sewage rate.

B. Subject to the terms and conditions hereafter set forth, City and Authority hereby agree to allow Company to tie into the sewer main at a point as described on the attached Exhibit B and to charge a regular sewer rate for all waste water effluent in excess of 51,000 gallons.

### ARTICLE II

#### REPRESENTATIONS AND WARRANTIES

SECTION 2.01 Status of the Company. The Company represents that it is a corporation duly organized and existing under the laws of the State of Oklahoma. The Company is authorized to conduct business in the State of Oklahoma, and is not in violation of any provisions of its articles of organization, operating agreement, or any other agreement governing the Company, or any law of the State of Oklahoma affecting Company's ability to perform under this Agreement.

SECTION 2.02 Full Power and Authority. The Company represents that it has the full power and authority to execute this Agreement and this Agreement shall constitute a legal, valid and binding obligation of the Company in accordance with its terms, and the consent of no other party is required for the execution and delivery of this Agreement by such Company or the consummation of the transactions contemplated hereby.

SECTION 2.03 No Breach. The Company represents that the execution and delivery of this Agreement, the consummation of the transactions contemplated herein, and the fulfillment of or compliance with the terms and conditions of this Agreement are not prevented or limited by or in conflict with, and will not result in a breach of, other provisions of its articles of organization, operating agreement or any other agreement governing such Company or with any evidence of indebtedness, mortgages, agreements, or instruments of whatever nature to which the Company is a party or by which it may be bound, and will not constitute a default under any of the foregoing.

SECTION 2.04 Conflicts of Interest. The Company warrants that it has not paid or given and will not pay or give any officer, employee or agent of the City or the Authority any money or other consideration for obtaining this Agreement. The Company further represents that, to its best knowledge and belief, no officer, employee or agent of the City or the Authority who exercises or has exercised any functions or responsibilities with respect to the Project during his or her tenure, or who is in a position to participate in a decision making process with regard to the Project, has or will have any interest, direct or indirect, in any contract or subcontract, or the proceeds thereof, for work to be performed in connection with the Project, or in any activity, or benefit therefrom, during or after the term of this Agreement.

### ARTICLE III

#### PROJECT REQUIREMENTS

SECTION 3.01 Scope of Development. The Project Site shall be developed within the general requirements established by the zoning and building codes applicable to the Project Site by the City Code of the City of Clinton, Oklahoma (hereinafter, the "Code") and related laws governing municipal planning, zoning and subdivision. The Company shall be responsible for the construction, renovation, improvement, equipping, repair and installation, of all public and private improvements as described in, and in conformance with, the Plans.

SECTION 3.02 Basic Concept Drawings. Prior to the execution of this Agreement, the Company has submitted, and the City has approved, the Plans describing the improvements to be constructed and installed on the Project Site, which are set forth in Appendix 2. No substantial changes shall hereafter be made in the Plans unless mutually agreed upon, in writing, by the Company and the Authority.

SECTION 3.03 Construction of Improvements. The Company agrees that all construction and installation work on the Project shall be done in accordance with the Plans describing the improvements to be constructed and installed on the Project Site, which are set forth in Appendix 2.

SECTION 3.04 City and Other Governmental Permits. Before commencement of construction, development or work on or in connection with the Project, the Company shall, at its own expense, secure or cause to be secured any and all permits and approvals which may be required by the City and any other governmental agency having jurisdiction as to such construction, development or work. The Authority shall cooperate with and provide all usual assistance to the Company in securing these permits, and approvals, and shall diligently process, review and consider all such permits and approvals as may be required by law.

SECTION 3.05 Cost of Construction. All costs of the Project shall be borne by the Company.

SECTION 3.06 Construction Schedule. Not later than June 1, 2016, the Company shall begin, and promptly thereafter diligently prosecute to completion, the construction, renovation, improvement, equipping, repair and installation of the Project. Upon request of the Authority, the Company or its designated agent will provide to the Authority a schedule for completion of the Project. This schedule will serve as a general management tool to forecast resource requirements, and to monitor overall project planning and execution. This schedule may be modified as necessary by the Company, provided that any extension of time in the completion schedule shall require approval of the Authority.

SECTION 3.07 Rights of Access. For the purpose of ensuring compliance with this Agreement, representatives of the Authority shall have the right of access to the Project Site, without charges or fees, at normal construction hours during the period of construction for the purposes of this Agreement, including, but not limited to, the inspection of the work being performed in constructing, improving, equipping, and installing the Project, so long as they comply with applicable safety rules. Prior to any such access, such representatives of the Authority will check in with the on-site construction manager. All such representatives of the Authority shall carry proper identification, shall insure their own safety, assuming the risk of injury, and shall not interfere with the construction activity. The Authority agrees to cooperate with the Company in facilitating access by the Company to the Project Site for construction purposes, provided that the Authority shall incur no financial obligations beyond those set forth in the Agreement.

## ARTICLE IV

### USE OF THE PROJECT SITE

SECTION 4.01 Maintenance Covenants. During the period of its ownership, the Company shall be obligated to maintain the Project, and all improvements and landscaping situated thereon, in a clean and neat condition and in a continuous state of good repair.

SECTION 4.02 Effect of Violation of the Terms and Provisions of this Agreement After Completion of Construction; No Partnership. This Agreement shall run in favor of the Authority, without regard to whether the Authority has been, remains or is an owner of any land or interest therein in the Project Site. The Authority shall have the right, if this Agreement or covenants contained herein are breached, to exercise all rights and remedies, and to maintain any actions or suits

at law or in equity or other proper proceedings to enforce the curing of such breaches to which it or any other beneficiaries of this Agreement and covenants may be entitled. Nothing contained herein shall be construed as creating a partnership between the Company and the Authority.

## ARTICLE V

### EVENTS OF DEFAULT AND REMEDIES

SECTION 5.01 Events of Default. The following shall constitute events of default (“Event of Default”) hereunder and under each of the instruments executed pursuant to this Agreement:

(i) Default by the Company in the performance or observance of any covenant contained in this Agreement including, without limitation, the falsity or breach of any representation, warranty or covenant;

(ii) Material variance from the Plans without prior written consent of the Authority with regard to any of the materials, machinery or equipment utilized in connection with the Project, or any other material variance from the Plans;

(iii) Any representation, statement, certificate, schedule or report made or furnished to the Authority by the Company with respect to the matters and transactions covered by this Agreement which proves to be false or erroneous in any material respect at the time of its making or any warranty of a continuing nature which ceases to be complied with in any material respect and the Company fails to take or cause to be taken corrective measures satisfactory to the Authority within thirty (30) days after written notice by the Authority; or

(iv) The initiation of bankruptcy or receivership proceedings by or against the Company and the pendency of such proceedings for sixty (60) days.

SECTION 5.02 Remedies. The Authority will provide the Company with notice a reasonable amount of time within which the Company may cure any Event of Default described in this Article V. Upon the Company's failure to cure any Event of Default to the Authority's satisfaction within a reasonable amount of time, the Authority may, at its option, require repayment of all amounts paid and expended by Authority in connection with its performance hereunder.

### SECTION 5.03 Enforced Delay; Extension of Times of Performance.

A. In addition to specific provisions of this Agreement, performance by either party hereunder shall not be deemed to be in default, and all performance and other dates specified in this Agreement shall be extended, where the party seeking the extension has acted diligently and delays or defaults are due to events beyond the reasonable control of the party such as, but not limited to: default of other party; war; insurrection; strikes; lockouts; riots; floods; earthquakes; fires; casualties; acts of God; acts of the public enemy; epidemics; quarantine restrictions; freight embargoes; intergalactic invasion, lack of transportation; litigation; unusually severe weather; or any other causes beyond the control or without the fault of the party claiming an extension of time to perform.

B. Times of performance under this Agreement may also be extended in writing by the mutual agreement of the Authority and the Company.

SECTION 5.04 Non-liability of Officials, Employees and Agents of the Authority. No official, employee or agent of the Authority shall be personally liable to the Company, or any successor in interest, pursuant to the provisions of this Agreement, for any default or breach by the Authority.

## ARTICLE VI

### MISCELLANEOUS

SECTION 6.01 Amendment. This Agreement may not be amended or modified in any way, except by an instrument in writing executed by both parties hereto and approved in writing by the Company and the Authority.

SECTION 6.02 Non-Waiver; Cumulative Remedies. No failure on the part of the Authority to exercise and no delay in exercising any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by the Authority of any right hereunder preclude any other or further right thereof. The remedies herein provided are cumulative and not alternative.

SECTION 6.03 Assignment. Neither this Agreement nor the proceeds hereunder shall be assignable by the Company without the prior written consent of the Authority. The rights and benefits under this Agreement may be assigned by the mutual agreement of Authority and the Company.

SECTION 6.04 Applicable Law. This Agreement and the documents issued and executed hereunder shall be deemed to be a contract made under the laws of the State of Oklahoma and shall not be construed to constitute the Authority as a joint venturer with the Company or to constitute a partnership among the parties.

SECTION 6.05 Descriptive Headings. The descriptive headings of the articles and sections of this Agreement are for convenience only and shall not be used in the construction of the terms hereof.

SECTION 6.06 Integrated Agreement. This Agreement constitutes the entire agreement between the parties hereto, and there are no agreements, understandings, warranties or representations between the parties regarding the financing of the Project other than those set forth herein.

SECTION 6.07 Time of Essence. Time is of the essence in the performance of this Agreement.

SECTION 6.08 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors, legal representatives and assigns.

IN WITNESS WHEREOF, the Company, the City and the Authority have caused this instrument to be duly executed this \_\_\_\_ day of \_\_\_\_\_, 2015.

THE CITY OF CLINTON

\_\_\_\_\_  
Seth Adams, Mayor

(SEAL)  
ATTEST:

\_\_\_\_\_  
Lisa Anders, City Clerk

CLINTON PUBLIC WORKS AUTHORITY

\_\_\_\_\_  
Seth Adams, Chairman

(SEAL)  
ATTEST:

\_\_\_\_\_  
Lisa Anders, Secretary

ASAP ENERGY, INC.

\_\_\_\_\_  
Rick Koch, President