

Robert Johnston

From: Ryan Meacham <ryan@meachamlaw-ok.com>
Sent: Friday, October 29, 2021 12:55 PM
To: Robert Johnston
Subject: CIDA/PSO - Option
Attachments: Clinton Industrial Authority - PSO Option.pdf

Robert:

See attached my proposed revisions to the Option Contract.

Ryan A. Meacham, P.C.

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Clinton, OK 73601

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OPTION FOR THE SALE AND PURCHASE OF REAL ESTATE

This Option for the Sale and Purchase of Real Estate (this "Option") is by and between The Clinton Industrial Authority, an Oklahoma Municipal Trust, whose address is P.O. Box 1177, Clinton, OK 73601 ("Seller"), and Public Service Company of Oklahoma, a(n) Oklahoma corporation, whose address is 1 Riverside Plaza, Columbus, Ohio 43215-2373 ("Buyer"). The parties hereby agree as follows:

1. Effective Date. The "Effective Date" of this Option shall be the last date this Option is signed by Buyer or Seller.

2. Property to be Conveyed.

(a) Fee. Seller hereby grants to Buyer the sole and exclusive right and option to purchase the surface only of the property identified ~~approximately 1 acre of land, situated in Lots 1-13, Block 12, in the Original Townsite of Clinton, Custer County, Oklahoma. The approximate location of the 1 acre tract is shown~~ on Exhibit A, attached hereto and made a part hereof (the "Property")

The Property and the Easement are referred to herein collectively as the "Premises".

3. Purchase Price. The purchase price for the Premises shall be Forty Thousand Dollars (\$40,000.00) (the "Purchase Price"). The Purchase Price shall be payable in the following manner:

(a) Buyer shall pay Five Thousand Dollars (\$5,000.00) within ten (10) business days following Buyer's execution of this Option, as earnest money (the "Deposit"), to be deposited with a title company that Buyer selects, to serve as escrow agent for this transaction ("Escrow Agent"), which shall be credited to the Purchase Price at Closing if Buyer purchases the Premises.

Except as expressly provided in this Option, Five Thousand Dollars (\$5,000.00) of the Deposit shall be a nonrefundable option fee (the "Option Fee"); provided, however, that should Buyer elect to purchase the Premises, the Option Fee shall also be credited to the Purchase Price at Closing.

(b) Buyer shall pay the balance of the Purchase Price by check or wire transfer upon delivery of the Deed at Closing.

4. Duration of Option. The Option term shall begin as of the Effective Date of this Option and shall continue in effect thereafter for an initial term of six months (the "Initial Option Term"). Buyer shall have the right to extend the term of this Option for an additional six months (the "Extended Option Term") upon written notice provided to Seller on or before the expiration of the Initial Option Term and by depositing with the Escrow Agent the sum of Ten Thousand Dollars (\$10,000.00). If made, this additional deposit shall be credited to the Purchase Price at Closing. The Initial Option Term and Extended Option Term are sometimes herein collectively referred to as the "Option Term."

5. Due Diligence Review. Buyer and its agents shall have the right to enter the Premises at reasonable times to survey and inspect the Premises, as Buyer may deem necessary or advisable to determine the suitability of the Premises for Buyer's intended purposes. During the Option Term, Buyer shall be entitled to conduct the following:

(a) Title Examination. Buyer shall be responsible for selecting the Escrow Agent, conducting and paying for any examination of the title to the Premises, as Buyer deems appropriate.

i. Upon execution of this Option, Seller agrees to provide Buyer with copies of any existing abstracts of title, title commitments, or title insurance policies Seller may have relating to the Premises. **If the Premises is subject to a Mortgage or Deed of Trust – Seller shall advise Buyer and co-operate in obtaining the necessary release or Partial Release Mortgage for the land to be conveyed.**

ii. If Buyer determines that title to the Premises is not marketable or it contains encumbrances which are not acceptable to Buyer, then Buyer shall notify Seller within the Option Term specifying the title issue(s) to which Buyer objects.

iii. If Buyer gives Seller such notice of objections, then Seller shall have a period of sixty (60) days to correct such issue(s) to Buyer's satisfaction.

iv. In the event Seller fails or refuses to correct such issue(s) to Buyer's satisfaction, Buyer, in its sole discretion, may terminate this Option. In the event Buyer elects to terminate this Option, Buyer shall be entitled to receive a prompt refund of the Deposit.

v. If Buyer fails to notify Seller within the Option Term of any objections to title, then Buyer shall be deemed to have waived any objections and to accept title to the Premises.

(b) Environmental, Surveys & Tests. During the Option Term, Buyer and Buyer's agents shall have the right to enter upon the Premises to make and conduct such environmental assessments, site surveys, inspections and other engineering and environmental tests on the Premises as Buyer deems necessary, including without limitation, the right to make land and topographical surveys, core drillings, soil and water tests, engineering tests, and communications studies.

i. The cost of such assessments, surveys, inspections and tests shall be borne solely by Buyer.

ii. Buyer agrees to indemnify and hold Seller harmless from any and all loss, liability, claims and expense (including reasonable attorney's fees) arising out of the acts of Buyer or its designees on the Premises, ~~except for matters relating to any pre-existing condition on the Premises.~~

iii. If Buyer, in its sole discretion, determines that the Premises are not suited to use for Buyer's purposes, then Buyer may terminate this Option. In the event Buyer elects to terminate this Option, Buyer shall be entitled to receive a prompt refund of the Deposit.

iv. If Buyer does not purchase the Premises, Buyer shall, at its election, either repair any physical damage caused by such surveys and tests, or pay to Seller the amount of said damage.

(c) Governmental Approvals. In the event Buyer determines that it must secure a zoning change or other governmental or regulatory approval to use the Premises for Buyer's intended purpose, Seller agrees to cooperate with Buyer in obtaining such approval, as required.

i. Buyer will prepare, at Buyer's expense, any required governmental application for Seller's signature, if required. Buyer will submit the application to the applicable authority and pay any submittal or application fees.

ii. ~~Seller agrees to attend, with Buyer, if requested, any hearings related to the application/request.~~

iii. In the event the governmental application process is not completed to Buyer's satisfaction prior to Closing, the closing on the Premises will be extended for a reasonable period of time until application for the Premises is approved.

iv. In the event Buyer cannot obtain a required approval of the Premises in a timely manner, or on terms that are reasonably acceptable to Buyer, Buyer may, in its sole discretion, elect to terminate this Option, and Buyer shall be entitled to a prompt refund of the Deposit.

6. Default. If this Option is terminated or canceled pursuant to Paragraph 5, Due Diligence Review, or Paragraph 13, Risk of Loss, hereof this transaction shall be null and void, and the Deposit shall be refunded promptly and all parties shall be relieved from any further obligation hereunder. If Buyer fails to exercise or close for any reason other than those provided for under Paragraph 5 or 13 hereof, then Seller shall be entitled to retain the Deposit. Seller and Buyer have made this provision for liquidated damages because it would be difficult to calculate the amount of actual damages for such default and Seller and Buyer agree that said amount represents reasonable compensation to Seller for such default.

7. Exercise of Option. On or before the expiration of the Option Term, Buyer shall exercise this Option by instructing the Escrow Agent to contact Seller, using the information provided in Paragraph 19, Notice hereof, to schedule the Closing

8. Conveyance. Good and marketable title to the Premises shall be conveyed by Seller to Buyer at closing by ~~General Warranty~~ Quit Claim Deed (the "Deed"), in fee simple, free and clear and unencumbered, subject only to such easements, conditions, and restrictions of record as of the date this Contract is executed as may be reasonably acceptable to Buyer; zoning and other governmental regulations, restrictions; and non-delinquent real estate taxes and assessments. Seller shall retain the rights to the subsurface oil, gas and minerals of the Premises, but will waive any and all rights they have to use the surface of the Premises for the removal of any oil, gas or minerals. The language of this surface rights waiver in the Deed shall read: Grantor hereby agrees that neither it nor its successors or assigns shall be entitled to ever use any portion of the surface of the property for the purpose of investigating, exploring, prospecting, drilling, or mining for or producing oil, gas or other minerals or any related activities. Any such operations on contiguous land shall in no manner interfere with the surface of the property or subsurface support of any improvements constructed or to be constructed on the property. If Grantor already has granted an oil and gas lease on the property, Grantor further grants and conveys to Grantee all the surface rights of the property with respect to negotiating the location of any investigation, exploration, prospecting, drilling, mining for, production or transportation of oil, gas or

other minerals or any related activities, as those rights are described in the oil and gas lease. Seller agrees to execute customary closing affidavits and documents and provide all necessary information as required by the Escrow Agent for the closing of this transaction and that will enable the Escrow Agent to delete the standard exceptions to title from the Title Commitment.

9. Closing. The date for delivery of the Deed and the closing of this transaction shall be tentatively set within thirty (30) days from the date of exercise of this Option by Buyer; or at such other date as may be agreed upon in writing by the parties (the "Closing"). The Closing shall be held at a place mutually agreeable to the parties.

10. Possession. Seller shall deliver possession and occupancy of the Premises to Buyer at Closing, unless there has been an agreement otherwise which is evidenced by the execution of Buyer's standard lease agreement at or prior to Closing.

11. Taxes, Assessments and Closing Costs. Seller shall pay or credit to the Purchase Price all delinquent taxes, including penalties and interest, and all assessments and liens on the Premises or Seller, on or before Closing. Seller shall also be responsible for all unpaid real estate taxes not yet due for years prior to Closing and a portion of such taxes for year of Closing prorated through date of Closing. Such Taxes shall be based on a 365 day year and, if undetermined, on most recently available tax rate and valuation. Buyer will be responsible for a title commitment, title insurance, environmental assessment and survey costs as set forth in Paragraph 5 above, and all other closing costs shall be split as is customary for the state where the Premises is located. Buyer will prepare the Deed at its expense. Buyer will not be responsible for payment of Seller's attorney's fees, if any.

12. Environmental. Seller represents to Buyer that, to the best of Seller's knowledge, information and belief that: (a) the Premises does not contain, and at no time has contained, any underground storage tanks; (b) no hazardous substances have been generated, treated, stored, transferred from, released or disposed of, or otherwise placed, deposited in, or located on the Premises in violation of any environmental laws, nor has any activity been undertaken on the Premises that would cause or contribute to the Premises becoming a treatment, storage or disposal facility within the meaning of any environmental law; (c) no part of the Premises is presently being used, nor at any time in the past has been used as a dump or other waste disposal site or for the purpose of holding or storing hazardous substances; and (d) there are no hazardous wastes or deposits stored or buried thereon or therein. Buyer acknowledges that Buyer will conduct or has conducted its own inspection of the Premises and is relying solely upon such inspection to determine the condition of the Premises. The Premises shall be delivered at Closing in substantially the same condition as it was as of the Effective Date of this Option.

13. Risk of Loss. Risk of loss to the Premises from fire or other casualty (to the extent the Premises is not vacant land) or from condemnation shall be borne by Seller until the Closing. If the Premises is damaged or destroyed by fire or other casualty and not repaired and restored by Seller to as good as condition as it was prior to such casualty (to the extent the Premises is not vacant land), or if a portion of the Premises are taken through condemnation proceedings or are transferred voluntarily in lieu thereof, Buyer may cancel this Option, or notify Seller that Buyer will elect to proceed to purchase the Premises if Seller and Buyer can agree upon an acceptable adjustment of the Purchase Price to reflect the damage incurred.

14. Escrow. Buyer and Seller hereby agree that:

(a) The terms contained in Paragraph 6, Default of this Option shall govern the actions of the Escrow Agent and the disposition of the funds held in escrow.

(b) The Escrow Agent shall incur no liability whatsoever in connection with its good faith performance hereunder. Escrow Agent shall be liable only for loss or damage caused directly by its acts of negligence or intentional misconduct.

(c) In the event of any disagreement or dispute between the parties as to the terms of escrow, the Escrow Agent may refuse to comply with said instructions and/or claims until: (i) the dispute has been settled between the parties and joint, written instructions are delivered to Escrow Agent by the parties, or (ii) the dispute has been settled by a court of competent jurisdiction.

15. Time of the Essence. Time is expressly declared to be of the essence in this transaction, unless the parties otherwise agree in writing.

16. Entire Agreement. The parties acknowledge and agree that this Option constitutes their entire agreement and that no oral or implied agreement exists.

17. Survival of Representations and Warranties. This Option shall be binding upon the parties and their respective heirs, legal representatives, successors and assigns, and the covenants contained herein shall survive the Closing of this transaction.

18. Broker's Fees or Commissions. Each party represents that no real estate broker, consultant, finder or like agent has an interest in this transaction. Each party shall indemnify and hold the other harmless from and against any and all claims whatsoever arising out of any claim by any broker, consultant, finder or like agent with whom the indemnifying party has dealt or negotiated.

19. Notice. All notices, elections or other communications authorized, required or permitted hereunder shall be made in writing and shall be deemed given when: personally delivered; or when deposited, U.S. certified mail, postage prepaid, return receipt requested; sent by overnight mail; or sent via email to the following:

To Buyer:

Public Service Company of Oklahoma
ATTN: P. Todd Ireland, Manager
Real Estate Asset Management
1 Riverside Plaza, 16th Floor
Columbus, Ohio 43215 -2373
Phone: (614) 716-6835
FAX: (614) 716-1417
Email: ptireland@aep.com

With copy to:

Stephen Heskamp, Agent
212 E. 6th Street
Tulsa, Oklahoma 74119
Phone: (918) 282-2177

Email: smheskamp@aep.com

To Seller:
(Street address required)

Clinton Industrial Authority
415 Gary Boulevard
Clinton, OK 73601
Phone: 580-323-0217
Email: amy.jones@clintonok.gov

With copy to:

Amy E. Jones, City Clerk
City of Clinton
P.O. Box 1177
Clinton, OK 73601

20. **Governing Law.** This Option shall be governed by the law of the state where the Premises is located.

21. **Authority.** The parties herein warrant to each other that they have full capacity, power and authority to enter into and perform this Option according to its terms.

22. **Confidentiality.** For a period of twenty-four (24) months after the date of this Option, Buyer and Seller agree not to disclose the contents of this Option to any third party, without the prior written consent of the other party, and to keep the amount of the Purchase Price herein confidential by limiting disclosure of such amount to only their attorneys, accountants and other representatives working for them who have a legitimate need to know such information.

IN WITNESS WHEREOF, this Option has been executed by the parties hereto as of the dates written below, to be effective as of the Effective Date.

Dated by Seller this ____ day of _____, 20__.

The Clinton Industrial Authority

By: _____

Name: David D. Berrong

Title: Mayor

By: _____

Name: Amy E. Jones

Title: City Clerk

Dated by Buyer this ____ day of _____, 20__.

Public Service Company of Oklahoma

By: _____

P. Todd Ireland
Manager, Real Estate Asset Management
American Electric Power Service Corporation
Authorized Signer

Exhibit A

