

PROJECT DEVELOPMENT AGREEMENT
BETWEEN
NORMAN UTILITIES AUTHORITY
ENTEGRITY ENERGY PARTNERS, LLC

This **Project Development Agreement** (“**Agreement**”) is made and entered into this _____ day of _____, 2018 (the “**Effective Date**”), by and between the **Norman Utilities Authority** (“**Norman**”) and **Entegrity Energy Partners, LLC** (“**Entegrity**”). Norman and Entegrity are collectively identified herein as “**the Parties**.”

WHEREAS, Entegrity is an Arkansas limited liability company, with its headquarters located in Little Rock, Arkansas, that is an energy services company specializing in energy conservation and renewable energy projects. Renewable energy projects in the public sector often include the treatment, transport, and sale of biological gas (“**Biogas**”) from municipal landfills (“**Landfills**”) and/or water reclamation facilities (“**WRF**”). Due to the capital and risk involved, these projects are often structured as agreements in which a private developer, such as Entegrity, (1) leases a suitable amount of land from the public entity; (2) purchases unrefined Biogas (“**Raw Biogas**”) from the public entity at an agreed-upon rate; (3) invests all capital required to construct adequate Biogas treatment and transport infrastructure (“**Biogas Treatment Facility**”); and (4) sells the refined Biogas (“**Refined Biogas**”) and any associated environmental credits. These efforts and undertakings are referred to herein as a “**Municipal Biogas Project**”; and

WHEREAS, the first phase in a Municipal Biogas Project is a general evaluation of feasibility (“**Phase I**” or “**Project Evaluation**”), during which Entegrity collects general information from the Landfill or WRF to gauge the cost and benefit of the potential project. The Phase I Project Evaluation process often includes a visit to the site, interviews with plant or facility personnel, and other preliminary activities that may be necessary. If the Project Evaluation shows significant opportunity for benefit to Entegrity and to the public sector entity, Entegrity and the public entity proceed to the second phase to further define the project’s cost and benefit and to further assess the feasibility and desirability of the project (“**Phase II**” or “**Project Development**”). The Phase II Project Development process typically involves, without limitation, a deeper analysis of existing conditions at the Landfill or WRF; design and pricing of the proposed treatment and transport infrastructure; negotiation of interconnection agreements with local gas utilities or gas transportation providers (“**Interconnecting Utility**”); and other activities that may be necessary to define the scope and terms of the project, including development of a Municipal Biogas Project proposal. After the Phase II Project Development process is completed, the third phase is the execution of an agreement between Entegrity and the public entity that articulates the specific structure of the Municipal Biogas Project (“**Biogas Project Agreement**”). Among other terms and conditions, the Biogas Project Agreement defines the Parties' respective roles in constructing and maintaining the required infrastructure;

the terms of the lease; the conditions and terms under which Entegrity will accept Raw Biogas from the public entity; the minimum quantity of Raw Biogas required on a regular basis; the Parties' respective roles in maintaining compliance with applicable state and federal environmental policies; and the extent to which the Parties will cooperate in efforts to optimize volume and/or quality of Raw Biogas from the Landfill or WRF; and

WHEREAS, the City of Norman is an Oklahoma Municipal Corporation, a city; and

WHEREAS, Norman owns and operates its Norman Water Reclamation Facility ("**Norman WRF**") located in the City of Norman, Oklahoma that produces biogas as a byproduct of the Norman WRF operation; and

WHEREAS, Norman presently collects biogas, reuses onsite, and destroys remaining biogas from the Norman WRF, and expects continue to do so in the future to maintain compliance with environmental regulations, but Norman does not recycle or reuse as a commercial product the biogas generated by the Norman WRF; and

WHEREAS, Norman desires to recycle and/or utilize its biogas as a commercial product to the extent possible; and

WHEREAS, Entegrity desires to investigate the feasibility of capturing, processing and selling biogas from the Norman WRF pursuant to the process described above; and

WHEREAS, the Parties desire to enter into this Project Development Agreement for the purpose of undertaking and completing Phase II of the development of Municipal Biogas Project in connection with the Norman WRF; and

NOW THEREFORE, in consideration of the foregoing recitals and the undertakings of both Parties contained herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, hereby agree as follows:

Section 1

Purpose of Parties and the Agreement Objectives

The purpose of this Agreement is to further the development of a Municipal Biogas Project (a) that will be owned and operated by Entegrity or its assigns, (b) that will result in a better economic or financial benefit to Norman from the sale of Raw Biogas to Entegrity than the economic or financial benefit currently being provided to Norman from use of biogas from the Norman WRF, (c) that will, in the sole judgement of Entegrity, produce sufficient revenue to Entegrity, through the sale of Refined Biogas and any associated environmental credits or

incentives by Entegrity, to pay for the cost of constructing and operating the Municipal Biogas Project (referred to herein as the “**Agreement Objectives**”).

Section 2

Role, Duties and Undertakings of Norman

A. Financial Obligation.

Norman will not be responsible for any costs incurred by Entegrity in furtherance of Entegrity’s performance under Section 3 of this Agreement, except as provided in Section 2.D.2 herein. Reasonable out-of-pocket costs or expenses incurred by Norman in furtherance of its performance under Section 2 of this Agreement, shall be reimbursed, or paid directly, by Entegrity; provided, however, that as a condition of Entegrity’s obligation to pay or reimburse such costs or expenses Norman shall obtain Entegrity’s written approval of payment of such costs or expenses prior to Norman incurring any such costs or expenses.

B. Information, Access, and Assistance.

1. Norman shall cooperate with and provide assistance to Entegrity to accomplish the Agreement Objectives, including providing information to Entegrity within a reasonable amount of time after Entegrity’s request for information. Such information may include, but is not limited to, environmental reports, gas quality data, existing site surveys, future operation and planning of the Norman WRF, and other information deemed helpful or necessary by Entegrity.
2. Norman shall provide reasonable access to any and all of its facilities at the Norman WRF that Entegrity may wish to visit and inspect during the term of this Agreement.
3. Norman shall make available, to the fullest extent possible, any of its staff or contractors whose experience, knowledge or insight may help inform Entegrity’s analysis of the project.

C. Exclusivity.

Norman grants to Entegrity the exclusive right to develop a Municipal Biogas Project at the Norman Facilities during the Term of this Agreement. Norman further agrees to suspend any and all communication with any other entities whose services may compete with those offered by Entegrity, or whose efforts may jeopardize the feasibility of the Municipal Biogas Project.

D. Norman’s Obligation to Participate and Right to Cancel

1. Participation. Should Entegrity, within two hundred forty (240) days after the Effective Date, deliver to Norman a proposed Biogas Project Agreement for the construction and operation of a Biogas Treatment Facility that Entegrity determines to be feasible and desirable and that contains minimum terms and conditions addressing the following items, Norman agrees to negotiate and enter into a final Biogas Project Agreement with Entegrity within one hundred twenty (120) days after Entegrity's delivery of a proposed Biogas Project Agreement. The minimum terms and conditions of the final Biogas Project Agreement are:

- a. One hundred percent (100%) of all capital costs required to develop, design, and construct the Biogas Treatment Facility are borne by Entegrity;
- b. One hundred percent (100%) of all capital costs required to transport Refined Biogas from the Norman WRF to an offsite point of interconnection ("**Refined Biogas Delivery Point**") are borne by Entegrity;
- c. Performance of the Biogas Project Agreement will achieve the Agreement Objectives;
- d. An area of land owned by Norman for the Biogas Treatment Facility and associated infrastructure is identified for lease, which shall be commensurate with the term of the Biogas Project Agreement;
- e. A shared revenue arrangement is proposed which will yield to Norman an amount equal to a minimum of ten percent of the net revenues from the project, in accordance with the financial projections provided in **Exhibit A** of this Agreement and subject to final negotiation;
- f. The minimum amount of Raw Biogas that Entegrity expects Norman to produce, taking into account periodic maintenance of the digesters, is within the projected capacity of the Norman WRF and is suitable to accomplish the Agreement Objectives;
- g. The standards by which Entegrity determines the quality of Raw Biogas are suitable to accomplish the Agreement Objectives;
- h. One hundred percent (100%) of the costs required to optimize or expand existing Raw Biogas collection and production facilities at the Norman WRF, should Entegrity deem such costs to be feasible and desirable, are borne by Entegrity;
- i. The financing of the project's capital costs requires no participation, collateral, security, or guarantee of any kind from Norman.

- j. Entegrity will be responsible for the maintenance of all the equipment it installs for the Municipal Biogas Project.
 - k. Entegrity will be responsible for all of the utility costs for its portion of the Municipal Biogas Project, including water and electricity.
2. Voluntary Cancellation by Norman. Should Norman decide, at any point during the term of this Agreement, not to pursue development of a Municipal Biogas Project at the Norman WRF as provided in this Agreement, Norman agrees to compensate Entegrity for Entegrity's time, costs and expenses incurred in Entegrity's performance of this Agreement in the amount of Thirty Thousand Dollars (\$30,000.00), plus, in addition to that amount, any amounts paid by Entegrity as provided in Section 2.A. The terms of this Agreement shall remain in effect until all such monies owed to Entegrity have been fully paid and realized.
3. Failure to Act. Should Entegrity deliver a proposed Biogas Project Agreement to Norman within Two Hundred Forty (240) days as set forth in Section 3.E. of this Agreement, Norman agrees to negotiate in good faith and, if negotiations are successful, execute a final Biogas Project Agreement as provided in Section 2.D.1, within the time specified in Section 2.D.1. Norman's failure to negotiate in good faith for a final Biogas Project Agreement within this deadline shall be considered voluntary cancellation under in Section 2.D.2 of this Agreement.
4. Cancellation by Entegrity. Norman agrees that Entegrity may terminate this Agreement at any time should Entegrity determine in its sole judgment that a Municipal Biogas Project at the Norman Facilities is not feasible or desirable. In such event, Norman shall not be liable to Entegrity for any time, costs or expenses incurred by Entegrity under this Agreement, as provided in Section 2.D.2.
5. Breach of Agreement by Entegrity. Norman may terminate this Agreement should Entegrity fail to meet its obligations to Norman herein as specified in Section 3.E. of this Agreement. In such event, Norman shall promptly give written notice of termination to Entegrity, and termination of this Agreement shall be Norman's sole remedy. In such event, Entegrity shall be responsible for payment of any and all time, costs and expenses incurred by Entegrity in Entegrity's performance of this Agreement.
6. Time to Act. Should Entegrity deliver a Biogas Project Agreement to Norman that meets the terms outlined in Section 2D.1 of this Agreement, Norman agrees to move forward with negotiating a Municipal Biogas Project within one hundred twenty (120) days of Entegrity's submission of the Biogas Project Agreement.

Section 3

Role, Duties and Undertakings of Entegrity

A. Financial Obligation.

Entegrity shall bear one hundred percent (100%) of the time, costs and expenses incurred by Entegrity in its performance of the requirements of Section 3 of this Agreement.

B. Investigation, Design, and Measurement.

Entegrity shall undertake to investigate, design, measure, plan, and otherwise prepare for the construction, installation and operation of a suitable Municipal Biogas Project to be located on or adjacent to the Norman WRF. Among other things, and without limitation, Entegrity shall:

1. Identify and define a site for a proposed Biogas Treatment Facility to be located on the property of the Norman WRF.
2. Identify all applicable permits, licenses and authorizations that may be required to construct and operate such Biogas Treatment Facility.
3. Define and design appropriate safety and security measures and requirements for such Biogas Treatment Facility.
4. Identify and define the point of acceptance of Raw Biogas from the Norman WRF ("**Raw Biogas Delivery Point**").
5. Identify the location and specify the requirements for connecting utilities onsite.
6. Identify and define the location of the Refined Biogas Delivery Point.
7. Identify and negotiate with an Interconnecting Utility or natural gas transmission provider the location of the Refined Biogas Delivery Point and the terms of delivery or exchange.
8. Design the Biogas Treatment Facility for sound attenuation as needed to meet Norman's Noise Control ordinance (Norman City Code, Section 10-301 et. seq.) as may be amended from time to time.
9. Design backpressure protection for Norman's Raw Biogas supply system.
10. Design the Biogas Treatment Facility to accommodate an estimated maximum Raw Biogas flow of 500 standard cubic feet per minute (SCFM).

11. Design a Raw Biogas metering system to accurately measure and document delivery of Raw Biogas, including, without limitation:

- a. Raw Biogas flow
- b. Raw Biogas composition using gas chromatograph
- c. Raw Biogas temperature
- d. Raw Biogas pressure

12. Survey all necessary lease and easement areas.

C. Commitment of Resources.

Entegrity agrees to make available the following personnel to conduct all necessary activities under this Agreement, including engineering, cost estimating, preliminary financing research, regular monthly meeting attendance, and any other tasks that may be required to fulfill the Phase II Project Development portions of the Agreement Objectives:

Rob Guthrie, Business Development
Sam Selig, Engineering
Matt Bell, Partner
Michael Parker, Partner
Chris Ladner, Partner
Phil Gates, Engineering
Jeff Shamburg, Engineering
Other Team Members as needed

D. Communication. Entegrity shall provide monthly status reports to Norman, and conduct onsite meetings as needed, throughout the Phase II Project Development period under this Agreement.

E. Deliverable. Within two hundred forty (240) days after the Effective Date of this Agreement, Entegrity shall deliver a proposed Biogas Project Agreement to Norman.

F. Participation and Cancellation.

1. Right to Cancel. Entegrity may terminate this Agreement at any time, should Entegrity determine in Entegrity's sole judgment that a Municipal Biogas Project at the Norman WRF is not feasible or desirable. Entegrity shall give written notice of such termination to Norman within a reasonable time. Entegrity shall return the treatment facility to its original condition within sixty (60) days of cancellation. In the event of cancellation by Entegrity, Norman shall not be liable to Entegrity for any time, costs or expenses incurred by Entegrity under this Agreement, as provided in Section 2.D.2.

2. Cost Absorbance. Entegrity shall be responsible for payment of the time, costs and expenses incurred by Entegrity in performance of its obligations under this Agreement if Entegrity terminates the Agreement as provided in Section 2.D.4 and 3.F or

if Entegriety fails to deliver a proposed Biogas Project Agreement to Norman by the date specified in Section 3.E.

Section 4

Term and Termination

This Agreement shall become effective upon the **Effective Date** and shall continue until terminated by the Parties' cancellation in accordance with the provisions of Sections 2.D.2, 2.D.4 or 3.F. of this Agreement, or by the Parties' execution of a final Biogas Project Agreement as provided in this Agreement.

Section 5

Force Majeure

Neither Party shall be liable or responsible to the other Party, nor be deemed to have defaulted under or breached this Agreement, for any failure or delay in fulfilling or performing any term of this Agreement (except for any obligations to make payments to the other Party hereunder), when and to the extent such failure or delay is caused by or results from acts beyond the impacted Party's ("**Impacted Party**") reasonable control, including, without limitation, the following force majeure events ("**Force Majeure Events**"): (a) acts of God; (b) flood, fire, earthquake or explosion; (c) war, invasion, hostilities (whether war is declared or not), terrorist threats or acts, riot or other civil unrest; (d) government order or law; (e) actions, embargoes or blockades in effect on or after the date of this Agreement; (f) action by any governmental authority; (g) national or regional emergency; or (h) strikes, labor stoppages or slowdowns or other industrial disturbances. The Impacted Party shall give notice to the other Party within [ten (10)] calendar days after determining that an act beyond the reasonable control of the Impacted Party, including a Force Majeure Event, will cause failure or delay in the Impacted Party's performance, stating the period of time the occurrence is expected to continue. The Impacted Party shall use diligent efforts to end the failure or delay and ensure the effects of such Force Majeure Event are minimized. The Impacted Party shall resume the performance of its obligations as soon as reasonably practicable after the removal of the cause. In the event that the Impacted Party's failure or delay remains uncured for a period of [sixty calendar (60)] days following written notice given by it under this Section 5, the other Party may thereafter terminate this Agreement upon [ten calendar (10)] days' written notice.

Section 6

Confidentiality and Property Rights

A. Entegrity's Property Rights.

Entegrity shall retain all right, title, and interest in and to any: (a) information, data, analyses, documents, plans, specifications, proposals or similar items obtained, used or developed by Entegrity in connection with Entegrity's performance under this Agreement (referred to herein as "Work Product"), including without limitation, any Confidential Information provided by Entegrity as provided herein, the proposed Biogas Project Agreement, all software source and object code, documentation, technical information or data, specifications and designs and any changes, improvements or modifications thereto or derivatives thereof (herein referred to as "Work Product"), whether in physical form, digital or electronic form, including any media containing such Work Product and any systems, programs or codes necessary to use such Work Product; and (b) Know-How as defined herein that is employed by Entegrity in the performance of this Agreement, whether known to Entegrity prior to, or developed or discovered or acquired in connection with, the performance of Entegrity's obligations under this Agreement. Ownership of all Work Product and Know-How shall vest solely in Entegrity and no Work Product or Know-How shall be deemed "works made for hire." Without limiting the generality of the foregoing, ownership of all Work Product and Know-How used in the course of Entegrity's performance of this Agreement shall remain the exclusive property of Entegrity. For purposes of this Agreement, "Know-How" means any know-how, processes, techniques, concepts, methodologies, tools, analytical approaches, database models and designs, discoveries, and ideas furnished, produced by, developed, employed, or used by Entegrity in the creation or provision of the Work Product or in Entegrity's performance of this Agreement, and any changes, improvements or modification thereto or derivatives thereof. During the term of this Agreement, Norman shall not use or disseminate any such Work Product or Know-How except with the express consent of Entegrity. Upon termination of this Agreement, Norman shall return all such Work Product or Know-How to Entegrity within 30 days.

B. Confidentiality and Confidential Information

As used in this Agreement, "Confidential Information" shall mean all confidential information and trade secrets of each Party, whether now existing or hereafter acquired or developed, including, but not limited to, this Agreement, information relating to software, technical processes and formulas, source codes, product designs, sales, costs and other unpublished financial information, product and business plans, business strategies, methodologies, pricing, materials, processes, programs, names of and relationships with vendors, customer or client lists, customer information, licensee names, contractual arrangements and similar other non-public or otherwise confidential, sensitive or proprietary information. The Party providing any of its Confidential Information is referred to herein as the "Disclosing Party" and the Party receiving the other Party's Confidential Information is herein referred to as the "Receiving Party." However, Confidential Information shall not include (a) information that is publicly available, or hereafter becomes publicly available through the actions of parties other than the Receiving Party (b) information which becomes part of the public domain by publication or otherwise (except by a violation of this Agreement by the Receiving Party or its representatives); (c) information which was in the possession of the Receiving Party at the time

of disclosure; (d) information which was independently developed by the Receiving Party without use of the Confidential Information of the Disclosing Party; and (e) information which the Receiving Party received from a third party, provided that such information was not known by the Receiving Party to have been obtained by such third party unlawfully or in breach of any confidentiality obligation. Each Receiving Party shall keep strictly confidential all Confidential Information communicated or otherwise made available by the Disclosing Party and shall use its best efforts to provide protection for the Disclosing Party's Confidential Information, including measures at least as strict as those the Receiving Party uses to protect its own Confidential Information. Except as required by law, neither Receiving Party shall reveal any of the Disclosing Party's Confidential Information to any third person (other than any of the Receiving Party's or its affiliates' employees, consultants, agents and advisors who are made aware of and have agreed to protect the confidential nature of such information) without the prior written consent of the Disclosing Party. In the event that either Receiving Party is required to disclose any of the Disclosing Party's Confidential Information subject to the rules or an order of a court having competent jurisdiction, such Receiving Party shall use its diligent efforts to communicate such disclosure requirement promptly by written notice to the Disclosing Party in order to enable the Disclosing Party, at its sole discretion, to attempt to secure a protective order covering the Disclosing Party's Confidential Information prior to the required disclosure. At the termination of this Agreement, any Confidential Information provided to a Receiving Party by a Disclosing Party shall be returned, upon request, to the Disclosing Party.

Section 7

Other Provisions

A. Notices and Communications.

All notices required under this Agreement shall be given to the Parties via certified mail, return receipt requested, or by recognized overnight delivery service that provides written receipt of delivery, at the addresses listed below. All such notices shall be deemed to be given the earlier of seven (7) days after being duly deposited in the mail or properly addressed with postage prepaid or delivered to a recognized overnight delivery service, or when actually received.

Other communications, requests, or exchanges of information as contemplated or provided in Sections 2.A, 2.B, 3.B, 3.C, 3.D, or 3.E, may be made by other means, including email. The Parties are entitled to rely upon the representations and communications of the other's representative as identified below.

City of Norman
Ken Komiske
Director of Utilities
P.O. Box 370
Norman, OK 73070

Entegrity Energy Partners, LLC
Mr. Michael Parker
Managing Member
1403 E 6th Street
Little Rock, AR 72202

amendment in writing to the other Party and the written agreement of the other Party to such proposed amendment.

H. Captions.

The captions contained in this Agreement are for convenience and reference only and in no way define, describe, extend, or limit the scope or intent of this Agreement or the intent of any provision contained herein.

I. No Waiver.

Any failure of either Party to enforce any of the provisions of this Agreement or to require compliance with any of its terms at any time during the term of this Agreement shall in no way affect the validity of this Agreement, or any Party hereof, and shall not be deemed to be a waiver of the right of such Party thereafter to enforce any and each of such provisions.

J. Time is of the Essence.

Time is of the essence of this Agreement.

K. Further Assurances.

Each Party agrees to execute and deliver all further instruments and documents and to take all further action not inconsistent with the provisions of this Agreement that may be reasonably necessary complete performance of the Parties' obligations hereunder and to effectuate the purposes and intent of this Agreement.

Acknowledged and agreed to as of the Effective Date.

CITY OF NORMAN, OK
Acting as the NORMAN UTILITIES
AUTHORITY

By: _____

Its: Chairman

Date: _____

ATTEST:

Secretary

ENTEGRITY ENERGY PARTNERS, LLC

By: Nlaus B

Its: Partner

Date: 12/10/2018