SALLISAW MUNICIPAL AUTHORITY
REGULAR MEETING

September 14, 2020

Time: Immediately Following the
Meeting of the Board of City Commissioners

Wheeler Event Center
103 North Wheeler
Sallisaw, OK

A G E N D A

1. **Meeting called to order**

2. **Declaration of a quorum**

3. **Consider Approval of Minutes of Regular Meeting of August 10, 2020, and Special Meetings of July 29, 2020, and September 2, 2020**

4. **Discuss and Consider Approval of Resolution 2020-05; A Resolution Providing Changes in Electric Rates in the Sallisaw Municipal Authority, Oklahoma**

5. **Discuss and Consider Approval of Purchase Order No. 82260, in an *Amount not to Exceed* $100,000.00, Issued to Calix, for the Purchase of Calix Equipment for Telecommunications**

6. **Discuss and Consider Approval of Staff's Request to Payoff the Landfill Compactor Lease Purchase Agreement, Loan #3290287, in the Amount of $502,403.85, with National Bank of Sallisaw**

7. **Discuss and Consider Approval of Lease and Landfill Gas Rights Agreement Between the Sallisaw Municipal Authority and Sequoyah Renewables, LLC**

8. **Administrative Reports**

9. **Adjourn**

Posted: **September 11, 2020**
Time: **9:50 A.M.**

Dianna Davis

MINUTES

SALLISAW MUNICIPAL AUTHORITY

REGULAR MEETING

AUGUST 10, 2020

The Sallisaw Municipal Authority met in a regular meeting on August 10, 2020, in the Wheeler Event Center, located at 103 North Wheeler. Notice of the meeting was given by e-mailing the agenda to Sequoyah County Times; by posting at city hall; by posting on the city website and, by giving notice to the City Clerk.

Members Present:	Ernie Martens,	Chairman
	Ronnie Lowe,	Trustee, Ward 1
	Philip Gay,	Trustee, Ward 2
	Julian Mendiola	Trustee, Ward 3
	Shannon Vann,	Trustee, Ward 4
Members Absent:	(None)	
Staff present:	Keith Skelton,	General Manager
	John R. Montgomery,	City Attorney
	Dianna Davis,	Secretary
	Robin Haggard,	Finance Director
	Randy Sizemore,	Purchasing Agent
	Terry Franklin,	Chief of Police
	Keith Miller,	Building Development Director
	Chris Carter,	Code Inspector
	Chris Gilliam,	Code Enforcement
	Clint Smith,	Telecommunications Supt.
	Amy Edwards,	Sallisaw NOW
	George Bormann,	Grants Admin. / Eco. Dev. Dir.
Others present:	Laura Brown; Roy Faulkenberry	

Chairman Martens called the meeting to order at 7:05 p.m. and declared a quorum was present.

CONSIDER APPROVAL OF MINUTES OF REGULAR MEETING OF JULY 13, 2020

Motion was made by Mendiola, seconded by Gay, for approval. Vote: Mendiola aye; Gay aye; Vann aye; Lowe aye; Martens aye. Motion carried 5-0.

DISCUSS AND CONSIDER APPROVAL OF MEMORANDUM OF UNDERSTANDING BETWEEN THE GRAND RIVER DAM AUTHORITY AND THE SALLISAW MUNICIPAL AUTHORITY, ESTABLISHING RESPONSIBILITIES FOR THE NORTH SUBSTATION PROJECT

Following review of this item, motion was made by Mendiola, seconded by Vann, for approval. Vote: Mendiola aye; Vann aye; Gay aye; Lowe aye; Martens aye. Motion carried 5-0.

DISCUSS AND CONSIDER APPROVAL OF PURCHASE ORDER NO. 81909, ISSUED TO CORE AND MAIN FOR THE PURCHASE OF PVC PIPING RELATED TO THE WASTEWATER TREATMENT PLANT BAR SCREEN PROJECT, IN AMOUNT NOT TO EXCEED $40,000.00

Motion was made by Mendiola, seconded by Vann, for approval Purchase Order No. 81909, in the amount of $40,000.00, to Core and Main. Vote: Mendiola aye; Vann aye; Gay aye; Lowe aye; Martens aye. Motion carried 5-0.

DISCUSS AND CONSIDER APPROVAL OF PURCHASE ORDER NO. 81906, TO WESCO INTERNATIONAL, FOR THE PURCHASE OF ONE (1) 3750 KVA PAD MOUNT TRANSFORMER FOR THE NEW VETERANS CENTER, IN THE AMOUNT OF $47,118.00

Motion was made by Vann, seconded by Lowe, for approval of Purchase Order No. 81906, in the amount of $47,118.00, to Wesco International. Vote: Vann aye; Lowe aye; Gay aye; Mendiola aye; Martens aye. Motion carried 5-0.

DISCUSS AND CONSIDER APPROVAL OF PURCHASE ORDER NO. 81933, ISSUED TO ADVANCED MEDIA TECHNOLOGIES, INC., FOR THE PURCHASE OF TELECOMMUNICATIONS HEADEND EQUIPMENT TO REPLACE OUTDATED SEM EQUIPMENT, IN AN AMOUNT NOT TO EXCEED $55,000.00

Motion was made by Vann, seconded by Lowe, for approval of Purchase Order No. 81933, in an *amount not to exceed* $55,000.00, to Advanced Media Technologies, Inc. Vote: Vann aye; Lowe aye; Gay aye; Mendiola aye; Martens aye. Motion carried 5-0.

DISCUSS AND CONSIDER APPROVAL OF STAFF'S REQUEST TO REINVEST A SALLISAW MUNICIPAL AUTHORITY CERTIFICATE OF DEPOSIT FOR 126 DAYS AT .46%, WITH FIRSTAR BANK, THE HIGH BIDDER

Motion was made by Mendiola, seconded by Gay, for approval to reinvest a Sallisaw Municipal Authority Certificate of Deposit for 126 days at .46% with Firstar Bank. Vote: Mendiola aye; Gay aye; Lowe aye; Vann abstain; Martens aye. Motion carried 4-1.

DISCUSS AND CONSIDER APPROVAL OF STAFFS REQUEST TO REINVEST THE METER FUND CERTIFICATE OF DEPOSIT FOR 126 DAYS AT .46%, WITH FIRSTAR BANK, THE HIGH BIDDER

Motion was made by Mendiola, seconded by Gay, for approval to reinvest the Meter Fund Certificate of Deposit for 126 days at .46% with Firstar Bank. Vote: Mendiola aye; Gay aye; Lowe aye; Vann abstain; Martens aye. Motion carried 4-1.

ADMINISTRATIVE REPORTS

The City Manager noted that Phase I of the flow basin project is nearing completion. Bids for Phase II will be opened on August 12th. The updated cost estimate is $750,000.00. Staff continues to update electric rate requirements.

Motion was made by Lowe, seconded by Vann, to adjourn the meeting there being no further business. Vote: Lowe aye; Vann aye; Mendiola aye; Gay aye; Martens aye. Motion carried 5-0. The meeting adjourned at 7:16 p.m.

APPROVED the **14th** day of **SEPTEMBER** **2020**.

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SECRETARY TO THE AUTHORITY

(SEAL)

MINUTES

SALLISAW MUNICIPAL AUTHORITY

SPECIAL MEETING

JULY 29, 2020

The Sallisaw Municipal Authority met in a special meeting on July 29, 2020, in the Wheeler Event Center, 103 N. Wheeler, Sallisaw. Notice of the meeting was given by e-mailing to Sequoyah County Times; by posting at city hall; by posting on the city's website; and, by giving notice to the City Clerk.

Members present:	Ernie Martens	Chairman
	Ronnie Lowe,	Trustee, Ward 1
	Philip Gay,	Trustee, Ward 2
	Julian Mendiola	Trustee, Ward 3
	Shannon Vann,	Trustee, Ward 4
Staff present:	Keith Skelton,	General Manager
	John R. Montgomery,	City Attorney
	Kim Jamison,	Deputy Secretary
	Robin Haggard,	Director of Finance
	Sue Reed,	Chief Accountant
	George Bormann,	Economic Development Director
	Jarod Vinson,	Water Treatment Superintendent

Chairman Martens called the meeting to order at 11:01 a.m. and declared a quorum was present.

Discuss and Consider Approval of Contract for Engineering Services with Neel, Harvell and Associates, P.C., Consulting Engineers, Related to the Installation of a Mechanical Bar Screen at the Wastewater Treatment Plant, in the Amount of $45,000.00.

Motion was made by Vann, seconded by Mendiola, for approval of contract with Neel, Harvell and Associates, P.C. for engineering services in the amount of $45,000.00. Vote: Lowe aye; Gay aye; Mendiola aye; Vann aye; Martens aye. Motion carried 5-0.

Discussion and Possible Guidance to Staff on Inspection of the Water Plant Raw Water Storage Basin

After lengthy discussion. Guidance was to continue as discussed; evaluate old lines, dig test holes, and lower water level in the settling basin.

*Trustee Vann left at 11:22 a.m. during discussion of above item.

Administrative Reports

None.

Adjourn

Motion was made by Lowe, seconded by Gay, to adjourn the meeting there being no further business. Vote: Lowe aye; Gay aye; Mendiola aye; Martens aye. Motion carried 4-0. The meeting adjourned at 11:28 a.m.

APPROVED the **14th** day of **September** **2020**.

SECRETARY TO THE AUTHORITY

(SEAL)

MINUTES

SALLISAW MUNICIPAL AUTHORITY

SPECIAL MEETING

SEPTEMBER 2, 2020

The Sallisaw Municipal Authority met in a special meeting on September 2, 2020, in the Wheeler Event Center, 103 North Wheeler, Sallisaw. Notice of the meeting was given by e-mailing to Sequoyah County Times; by posting at city hall; by posting on the city's website and, by giving notice to the City Clerk.

Members present:	Ernie Martens,	Chairman
	Ronnie Lowe,	Trustee, Ward 1
	Philip Gay,	Trustee, Ward 2
	Julian Mendiola,	Trustee, Ward 3
	Shannon Vann,	Trustee, Ward 4

Members absent: (None)

Staff present:	Keith Skelton,	General Manager
	John R. Montgomery,	City Attorney
	Dianna Davis,	Secretary to the Authority
	Robin Haggard,	Finance Director
	Randy Sizemore,	Purchasing Agent
	Jamie Phillips,	Solid Waste Supt.
	Casey Rogers,	Landfill Crew Leader
	Randy Jones,	Wastewater Treatment Supt.
	Blakely Smith, Jr.,	Electric Superintendent
	Keith Miller,	Building Development Dir.
	George Bormann,	Grants Admin. / Eco. Dev. Dir.

Others present: Laura Brown; Roy Faulkenberry.

Chairman Martens called the meeting to order at 11:06 a.m. and declared a quorum was present.

CONSIDER APPROVAL OF PURCHASE ORDER NO. 82134, ISSUED TO WESCO OF TULSA, IN AMOUNT NOT TO EXCEED $45,000.00 FOR THE PURCHASE OF PRIMARY ELECTRIC WIRE AND SUPPLIES

Motion was made by Vann, seconded by Mendiola, for approval of Purchase Order No. 82134, in an *amount not to exceed* $45,000.00, to Wesco of Tulsa. Vote: Vann aye; Mendiola aye; Lowe aye, Gay aye, Martens aye. Motion carried 5-0.

CONSIDER APPROVAL OF ITEMS RELATED TO THE WASTEWATER TREATMENT PLANT IMPROVEMENTS - FLOW EQUALIZATION BASIN PHASE II

(a) Accept Bids Received

Motion was made by Vann, seconded by Mendiola, to accept the bids. Vote: Vann aye; Mendiola aye; Lowe aye, Gay aye, Martens aye. Motion carried 5-0.

(b) Award of Bid and Approval of Contract with HCCCo, Inc., of Tulsa, in the Amount of $875,490

Motion was made by Vann, seconded by Mendiola, to award the bid and approve a contract with HCCCo, Inc., in the amount of $875,490.00. Vote: Vann aye; Mendiola aye; Lowe aye, Gay aye, Martens aye. Motion carried 5-0.

ADMINISTRATIVE REPORTS

Mr. Skelton noted that he has rearranged staff on projects. Keith Miller will take a more active role in the coordination of projects. He, Keith and Robin will meet regularly to review status, invoices/drawdowns, etc. He will look at identifying an engineer for the landfill electric line extension. He estimates, once we have an engineer retained, it will be a 3-5 month process to get ready for bid. Commissioner Lowe asked if the new veterans center will have a state inspector. Mr. Miller noted they will, and they will have an onsite architect and engineer. As of this time they have not selected a contractor. All permits are pre-approved. He anticipates 18 months for construction once they begin.

ADJOURN

Motion was made by Lowe, seconded by Gay, to adjourn the meeting there being no further business. Vote: Lowe aye; Gay aye; Vann aye; Mendiola aye; Martens aye. Motion carried 5-0. The meeting adjourned at 11:16 a.m.

APPROVED the **14th** day of **September 2020**.

SECRETARY TO THE AUTHORITY

(SEAL)

AGENDA ITEM COMMENTARY

Meeting Date:	September 14, 2020
Board:	Sallisaw Municipal Authority
Subject:	Electric Rates

ITEM TITLE: Discuss and Consider Approval of Resolution 2020-05; A Resolution Providing Changes in Electric Rates in the Sallisaw Municipal Authority, Oklahoma

INITIATOR: General Manager
Director of Finance

STAFF INFORMATION SOURCE: Jolynn Rains, Consultant
GRDA
City Billing Records

BACKGROUND: With the assistance of our electric rate consultant, city staff has completed work on a new electric rate study. Primary goals of the study were to develop a long term financial and electric rate plan, along with determining the adequacy and appropriate rate structure for each customer class to ensure rates generate sufficient revenues to fund operations and capital requirements.

Other items addressed included:

- Review of current and future GRDA trends.
- Review and update of current industrial rates.
- Addressed the 15,000 kWh rule for CP1 and CP2 Customers.
- Provide an economic development rate.
- Provide rate for the new VA Center.
- Addressed Distributed Generation items.

EXHIBITS:
1. 2020.Electric SMA Resolution.2020.05.FINAL
2. Rate Table Comparison Current to Proposed

KEY ISSUES:

1. The study established new rule for determining when a CP1 customer is transferred to the CP2 rate. This rule is based on kWh usage over a 12 month period. CP1 customers who have three instances of monthly kWh usage equaling or exceeding 15,000 kWh will be moved to the CP2 rate.
2. The study established new rule for determining when a CP2 customer is transferred to the CP1 rate. This rule is based on kWh usage over a 12 month period. CP2 customers who do not have three instances of monthly kWh usage equaling or exceeding 15,000 kWh will be moved to the CP1 rate
3. Study provides yearly rate adjustments to take place during the month

of November through 2024.

4. A rate has been established for the new VA center, based on the incentive proposal provided the ODVA.
5. The study addressed any future Distributed Generation services that may need to be provided. This will adopt a Buy All, Sell All approach for the City.
6. The study addressed questions regarding any future installations of electric charging stations for vehicles.
7. Section 8 of Resolution. Upon notification of any GRDA rate adjustment, the SMA may add a GRDA Purchased Power Surcharge to any adopted electric rate of the SMA.

FUNDING SOURCE: NA

RECOMMENDATION: Staff recommends approval of Resolution 2020-05.

RESOLUTION NO. 2020-05

A RESOLUTION PROVIDING CHANGES IN ELECTRIC SERVICE RATES IN THE SALLISAW MUNICIPAL AUTHORITY, OKLAHOMA

WHEREAS, The Sallisaw City Code provides that the Board of Trustees of the Sallisaw Municipal Authority shall establish rates and charges governing all aspects of utility services, and;

WHEREAS, the Board of Trustees of the Sallisaw Municipal Authority has determined that electric rate adjustments are necessary for the continued revenue availability allowing the City of Sallisaw to provide quality and reliable utility services, and;

WHEREAS, the Board of Trustees of the Sallisaw Municipal Authority desire to amend electric rates for its electric services, and;

WHEREAS, the Board of City Commissioners of the City of Sallisaw, Oklahoma, by approval of City Resolution 2020-32, have approved the proposed rate changes, and;

WHEREAS, the electric rates approved by this resolution shall be effective as noted, and shall be subject to future review by the Board of Trustees of the Sallisaw Municipal Authority,

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE SALLISAW MUNICIPAL AUTHORITY, OF THE CITY OF SALLISAW, OKLAHOMA

SECTION 1; That the following shall henceforth be the established rates for electric service in the City of Sallisaw, Oklahoma, to-wit, and that such rates noted below shall become effective during November of each year, beginning November 2020 thru November 2024, and shall be reflected in the first billing statement of April of each year:

Electric Rate Table

	Current	Nov 2020	Nov 2021	Nov 2022	Nov 2023	Nov 2024
RP-1 Residential						
Customer Charge	$ 12.91	$ 13.68	$ 14.51	$ 14.72	$ 14.94	$ 15.17
Charge Per kWh	$ 0.0897	$ 0.0951	$ 0.1008	$ 0.1023	$ 0.1038	$ 0.1054
CP-1 Commercial						
Customer Charge	$ 12.91	$ 13.68	$ 14.51	$ 14.72	$ 14.94	$ 15.17
Charge Per kWh	$ 0.0897	$ 0.0951	$ 0.1008	$ 0.1023	$ 0.1038	$ 0.1054
CP-2 Commercial Demand						
Customer Charge	$ 9.45	$ 10.40	$ 11.95	$ 12.13	$ 12.32	$ 12.50
Charge Per kWh	$ 0.0515	$ 0.0541	$ 0.0568	$ 0.0576	$ 0.0585	$ 0.0594
Demand Charge Per KV	$ 14.96	$ 15.46	$ 15.46	$ 15.46	$ 15.46	$ 15.46

SECTION 2: Rate Schedule RP-1, Residential Electric Service

Availability
This rate schedule is available in the territory served by the City of Sallisaw/Sallisaw Municipal Authority for residential customers located within and adjacent to its electric distribution system.

Applicability and Character of Service
This rate schedule shall apply to residential customers for the exclusive use of an individual customer for domestic purposes, including, for example, space heating, water heating, clothes drying, and cooking. This service cannot be used for resale, stand-by, commercial, or industrial service. Service shall be A.C., 60-Hz, 1-phase, 120/240 volts unless specifically agreed to by the City.

Charge for Service
The charge for service for each month shall be the sum of the following components:

Customer Charge: The Customer Charge shall be the Customer Rate as contained in the Schedule of Rates for each month in which the Customer receives service.

Energy Charge: The Energy Charge shall be obtained by multiplying the Energy Rate as contained in the Schedule of Rates times the kWh used by the customer during the month.

Minimum Bill: The minimum monthly bill will be the Customer Charge.

Single Point Delivery
The above rates and conditions are based on the supply of electric service at a single delivery and metering point at a single voltage. Separate supply for the same customer at other points of delivery, or at other voltages, will be separately metered and billed.

SECTION 3: Rate Schedule CP-1, Small Commercial Electric Service

Availability
This rate schedule is available in the territory served by the City of Sallisaw/Sallisaw Municipal Authority for any commercial or business customers located within and adjacent to its electric distribution system, **provided that the kWh energy usage does not equal or exceed 15,000 kWh for any 3 months during a 12-month period.**

Applicability and Character of Service
This rate schedule shall apply to existing commercial customers for the exclusive use of the commercial customer for business purposes. This service cannot be used for resale, stand-by, residential, or industrial service. Service shall be A.C., 60-Hz, 1- or 3-phase, with nominal service voltages of 120/240 volts for 1 phase service and 208wye/120-volts for 3-phase service, or other voltages as presently established for the service locations, unless specifically agreed to

by the City. This load shall not be highly fluctuating to the extent that it causes interference with standard quality service to other customers on the system.

15,000 kWh Rule: Each year, during the month of November, customers billed under the CP-1 rate shall have their previous 12 month of usage (November thru October) reviewed for usage equal to or exceeding 15,000 kWh. Customers who have three (3) instances of monthly kWh usage equaling or exceeding 15,000 kWh during the 12-month lookback period, shall be moved to the CP-2 rate schedule beginning with the first billing statement of January. Customers who have not exceeded this 15,000-kWh usage rule, will remain on the CP-1 rate schedule.

Charge for Service
The charge for service for each month shall be the sum of the following components:

Customer Charge: The Customer Charge shall be the Customer Rate as contained in the Schedule of Rates for each month in which the Customer receives service.

Energy Charge: The Energy Charge shall be obtained by multiplying the Energy Rate as contained in the Schedule of Rates times the kWh used by the customer during the month.

Minimum Bill: The minimum monthly bill will be the Customer Charge.

Single Point Delivery
The above rates and conditions are based on the supply of electric service at a single delivery and metering point at a single voltage. Separate supply for the same customer at other points of delivery, or at other voltages, will be separately metered and billed.

Metering
All newly constructed commercial or business structures with a single service panel main disconnect greater than 200 amps, or a main disconnecting panel greater than 200 amps are required to have a demand electric meter. Future upgrades that meet these specifications will also require a demand electric meter and the customer will be subject to incurring demand charges.

Appropriate demand indicating meters will be furnished by the City to measure the energy delivered and the maximum kilowatt demand for any 15-minute period during the month.

SECTION 4: Rate Schedule CP-2, Large Commercial Electric Service With Demand

Availability
This rate schedule is available in the territory served by the City of Sallisaw/Sallisaw Municipal Authority for any commercial or business customers located within and adjacent to its electric distribution system whose energy usage; a) equals or exceeds the **15,000 kWh Rule while being billed for services under Rate Schedule CP-2** , or b) based on information supplied by the customer, the calculated load will be equal to or greater than **15,000 kWh per month** starting at the time energy use begins.

15,000 kWh Rule: Each year, during the month of November, customers billed under the CP-2 rate shall have their previous 12 month usage (November thru October) reviewed for usage equaling or exceeding 15,000 kWh. Customers **who do not** have three (3) instances of equaling or exceeding 15,000 kWh of usage during the 12-month lookback period, shall be moved to the CP-1 rate schedule beginning with the first billing statement of January. Customers who have met or exceeded the 15,000-kWh usage limit a minimum of any three (3) months during the 12-month period, shall remain on the CP-2 rate schedule.

Applicability and Character of Service
This rate schedule shall apply to new and existing commercial customers for the exclusive use of the commercial customer for business purposes. This service cannot be used for resale, stand-by, residential, or industrial service unless it meets the requirements below, applicable to EV Charging Stations. Service shall be A.C., 60-Hz, 1- or 3-phase, with nominal service voltages of 120/240 volts for 1 phase service and 208wye/120-volts for 3-phase service, or other voltages as presently established for the service locations, unless specifically agreed to by the City. This load shall not be highly fluctuating to the extent that it causes interference with standard quality service to other customers on the system.

No resale, breakdown, auxiliary or supplementary service permitted, except as set forth in (A) and (B) below.

(A) Sales of charging services from an electric vehicle charging station, not owned by the City of Sallisaw or the Sallisaw Municipal Authority, for the purpose of fueling an electric vehicle, including the ability to sell on a kWh basis, shall not be considered resale of retail electricity, and such sales from the electric vehicle charging station shall not be subject to rate regulation by the Sallisaw Municipal Authority.

(B) Utility service to an electric vehicle charging station shall be provided subject to availability and the utility's terms and conditions of service.

(C) All EV Charging Stations will be served under the CP-2 rate schedule for the first 12 months of service. Individual charging station usage will be reviewed after the first 12-month service period.

Customers being billed under the Large Commercial Service CP-2 rate schedule will incur demand charges.

Charge for Service
The charge for service for each month shall be the sum of the following components:

Customer Charge: The Customer Charge shall be the Customer Rate as contained in the Schedule of Rates for each month in which the Customer receives service.

Demand Charge: The Demand Charge shall be obtained by multiplying the Demand Rate as contained in the Schedule of Rates times the monthly KW demand used by the customers during the month. For billing purposes, the monthly demand shall be defined as the highest integrated load during any 15-minute period during the billing month.

Energy Charge: The Energy Charge shall be obtained by multiplying the Energy Rate as contained in the Schedule of Rates times the kWh used by the customer during the month.

Single Point Delivery
The above rates and conditions are based on the supply of electric service at a single delivery and metering point at a single voltage. Separate supply for the same customer at other points of delivery, or at other voltages, will be separately metered and billed.

Metering
All newly constructed commercial or business structures with a single service panel main disconnect greater than 200 amps, or a main disconnecting panel greater than 200 amps are required to have a demand electric meter. Future upgrades that meet these specifications will also require a demand electric meter and the customer will be subject to incurring demand charges.

Appropriate demand indicating meters will be furnished by the City to measure the energy delivered and the maximum kilowatt demand for any 15-minute period during the month.

SECTION 5: Rate Schedule IP-1, Industrial Electric Service

Availability
This rate schedule is available in the territory served by the City of Sallisaw/Sallisaw Municipal Authority to any existing or new industrial customer located within and adjacent to its electric distribution system.

Applicability and Character of Service
This rate schedule shall apply to industrial, manufacturing, or material processing customers with a load exceeding peak monthly billing demand of 2,000 KW, for all uses. This service cannot be used for resale, stand-by, residential, or commercial service. Service shall be A.C., 60-Hz, 3-phase, with nominal service wye or delta voltages; or Primary voltage as available for larger services. This load shall not be highly fluctuating to the extent that it causes interference with standard quality service to other customers on the system.

Charge for Service
The rates and methods of calculating billing statements shall be set by contract between the seller and the buyer.

Single Point Delivery
The rates and methods of calculating billing statements shall be based on the supply of electric service at a single delivery and metering point at a single voltage. Separate supply for the same customer at other points of delivery, or at other voltages, will be separately metered and billed.

Metering
All new industrial service customers are required to have a demand meter. Appropriate indicating or recording meters will be furnished by the Authority to measure the energy delivered and the maximum kilowatt demand for any 15-minute period during the month.

SECTION 6: Rate Schedule VCP-1, Veteran's Center Electric Service

Availability
This rate schedule shall meet the terms of the CP-2 rate schedule with the exception that the rates applicable to this rate schedule shall only apply to the Veterans care facility approved by the Oklahoma Department of Veterans Affairs (ODVA) on October 26, 2018, and is agreed to by both the City of Sallisaw/Sallisaw Municipal Authority and the ODVA.

Upon startup of the facility the following rates shall be in effect unless the rates of the Grand River Dam Authority are modified between the dates of this resolution and the date of the startup of the ODVA facility.

Monthly Customer Charge	$12.13
Energy Rate (kWh)	$00.048 per kWh
Demand Rate (KW)	$11.95 per KW

Methods of determining rates for VCP-1:
1. The kWh rate calculation shall reflect a 16% savings from the calculated CP2 rate schedule.
2. The KW rate for VCP-1 shall be equal to the KW rate charged by the Grand River Dam Authority to the City of Sallisaw/Sallisaw Municipal Authority.
3. These rates, or adjustments to, shall remain in effect for a term of 48 months from the date of the startup of the facility.
4. Upon any rate modification made by the Grand River Dam Authority, the City of Sallisaw shall review the effects of the rate modification and make necessary adjustments to the VCP-1 Rate Schedule.

SECTION 7: Rate Schedule DG-1, Distributed Generation Electric Service

For the purpose of the DG-1 Rate Schedule, Distributed Generation shall be defined as an energy producing system at or near the point of energy consumption, which is located on and interconnected to a utility's distribution system.

The City of Sallisaw/Sallisaw Municipal Authority shall provide Distributed Generation Services under a Buy All Sell All (BASA) tariff. The utility shall furnish 100% of the customers electric consumption, billed under the appropriate rate schedule, and purchase 100% of the customers DG output, based on the utility's avoided cost defined below.

**Rate Schedule DG-1 shall not become effective until requirements for connecting services and metering requirements, along with required application and permit fees, are adopted.*

I. **APPLICATION**. This rate is in addition to the customer's standard rate tariff for electric service.

II. **AVAILABILITY**. This rate is applicable to customers who intend to own and operate an electric generating facility using solar equipment to produce electricity.

III. **CREDIT FOR GENERATION**. The utility will provide a credit for energy generated by the customer which would be applied to customers usage as billed by the utility under the customer's applicable rate tariff. Energy would be credited based on the following schedule:

> ENERGY: Energy generated will be credited at the utility's AVOIDED COSTS. An AVOIDED COST is defined as the incremental cost to an electric utility of energy and capacity which the utility would generate itself or purchase from another non-renewable source. The utility's avoided cost is based upon the current applicable wholesale power rate from the Grand River Dam Authority (GRDA), including any applicable Power Cost Adjustment.

IV. **CREDIT LIMITATION**. The energy credit for any billing period described in Section III above is limited to the customer's maximum energy usage during any billing period from the previous calendar year. No credit will be provided by the utility for any generation above this amount.

New customer's maximum credit will be established after the first calendar year of service. In order for customer to receive the maximum benefit from the installation customer shall not oversize the installation larger than the customers anticipated maximum annual billing period energy (kWh) usage, as no credit will be provided by the utility for any generation above this amount.

Examples of how the customer credit will be calculated:

Previous Calendar Year Billing Period **Maximum kWh usage –** 1,000 kWh
Customer Generation (Billing Period) **–** 2,000 kWh
Customer Credit, not to exceed customer's **maximum kWh usage–** 1,000 kWh

Previous Calendar Year Billing Period **Maximum kWh usage** – 1,000 kWh
Customer Generation (Billing Period) **–** 500 kWh
Customer Credit, not to exceed customer's **maximum kWh usage–** 500 kWh

Credits will be applied toward the customer's usage as charged by the utility based on the customer's applicable rate tariff. If the amount credited is greater than the amount charged for any billing period, the remaining credits will roll forward to the next billing cycle. Net credits at the end of a billing period will continue to roll forward to subsequent billing periods. Any remaining credits will expire upon the termination of electric service to a customer.

V. SYSTEM INFRASTRUCTURE. For installations over 100 KW, the utility may require a study on the impact to nearby system infrastructure to be completed prior to installation. The customer shall be responsible for the actual costs of this study.

VI. INTERCONNECTION AGREEMENT. Any customer desiring to receive credit for generation from the utility under this rate schedule is required to execute an Interconnection Agreement prior to delivering energy to the utility. Installation must follow all requirements as described in the Interconnection Agreement. By submitting an application, customer agrees to all such requirements.

VII. METERING EQUIPMENT. Customers under this rate tariff shall have 2 sets of metering equipment. One meter to measure the customer's consumption and a second meter to measure the customer's generation. The customer shall be responsible for the actual costs of the metering equipment, as well as the cost of installation, supplied by the utility. All metering installation must meet the established codes of the City.

VIII. APPLICATION FEES. Customer will be charged a non-refundable application fee as stated in the Master Fee Schedule to cover the cost of application processing.

IX. TERM. The utility has the right to modify, suspend, or terminate this rate upon thirty days' notice to customers.

SECTION 8: Adjustments to GRDA Rate Components

Upon notification of any GRDA rate adjustment, the Sallisaw Municipal Authority may add a GRDA Purchased Power Surcharge to any adopted electric rate of the SMA. If deemed necessary, this Surcharge will be calculated using any changes to GRDA rate components that are passed to the SMA.

Effective Date of This Rate Change

This resolution establishing new electric rates shall become effective on November 1, 2020 and shall be reflected in all billing statements calculated after November 1, 2020.

PASSED AND APPROVED by the Board of Trustees of the Sallisaw Municipal Authority on the **__14th___** day of **____September__, 2020**.

SALLISAW MUNICIPAL AUTHORITY,
BOARD OF TRUSTEES

By:______________________________________
Ernie Martens, Chairman

ATTEST:

____
Dianna Davis, Secretary
(SEAL)

RESIDENTIAL RP-1 ELECTRIC RATE SCHEDULE

Base	12.91	13.68	
kWh Rate	0.0897	0.0951	
kWH Usage	Current	Proposed	Change
	$	$	$
500	57.76	61.23	3.47
750	80.19	85.01	4.82
1,000	102.61	108.78	6.17
1,250	125.04	132.56	7.52
1,500	147.46	156.33	8.87
1,750	169.89	180.11	10.22
2,000	192.31	203.88	11.57
2,250	214.74	227.66	12.92
2,500	237.16	251.43	14.27
2,750	259.59	275.21	15.62
3,000	282.01	298.98	16.97
3,250	304.44	322.76	18.32
3,500	326.86	346.53	19.67
3,750	349.29	370.31	21.02
4,000	371.71	394.08	22.37
4,250	394.14	417.86	23.72
4,500	416.56	441.63	25.07
4,750	438.99	465.41	26.42
5,000	461.41	489.18	27.77
5,250	483.84	512.96	29.12
5,500	506.26	536.73	30.47
5,750	528.69	560.51	31.82
6,000	551.11	584.28	33.17

COMMERCIAL CP-1 ELECTRIC RATE SCHEDULE

Base	12.91	13.68	
kWh Rate	0.0897	0.0951	
kWH Usage	Current	Proposed	Change
	$	$	$
1,000	102.61	108.78	6.17
2,000	192.31	203.88	11.57
3,000	282.01	298.98	16.97
4,000	371.71	394.08	22.37
5,000	461.41	489.18	27.77
6,000	551.11	584.28	33.17
7,000	640.81	679.38	38.57
8,000	730.51	774.48	43.97
9,000	820.21	869.58	49.37
10,000	909.91	964.68	54.77
11,000	999.61	1059.78	60.17
12,000	1089.31	1154.88	65.57
13,000	1179.01	1249.98	70.97
14,000	1268.71	1345.08	76.37
15,000	1358.41	1440.18	81.77
16,000	1448.11	1535.28	87.17
17,000	1537.81	1630.38	92.57
18,000	1627.51	1725.48	97.97
19,000	1717.21	1820.58	103.37
20,000	1806.91	1915.68	108.77
21,000	1896.61	2010.78	114.17
22,000	1986.31	2105.88	119.57
23,000	2076.01	2200.98	124.97

COMMERCIAL CP-2ELECTRIC RATE SCHEDULE

	Current	Proposed
Base	9.45	10.40
kWh Rate	0.0515	0.0541
Demand	14.96	15.46

Usage kWh	KW	Current kWh	Current KW	Total	Proposed kWh	Proposed KW	Total	Change
		$	$	$		$	$	$
17,000	33	884.95	493.68	1,378.63	930.10	510.18	1,440.28	61.65
19,000	41	987.95	613.36	1,601.31	1,038.30	633.86	1,672.16	70.85
20,000	45	1,039.45	673.20	1,712.65	1,092.40	695.70	1,788.10	75.45
25,000	53	1,296.95	792.88	2,089.83	1,362.90	819.38	2,182.28	92.45
500,960	849.6	25,808.89	12,710.02	38,518.91	27,112.34	13,134.82	40,247.15	1,728.25
21,800	57.6	1,132.15	861.70	1,993.85	1,189.78	890.50	2,080.28	86.43
154,520	342.4	7,967.23	5,122.30	13,089.53	8,369.93	5,293.50	13,663.44	573.90

AGENDA ITEM COMMENTARY

Meeting Date:	September 14, 2020
Board:	Sallisaw Municipal Authority
Subject:	Calix Equipment Purchase

ITEM TITLE: Discuss and Consider Approval of Purchase Order No. 82260, in an *Amount not to Exceed* $100,000.00, Issued to Calix, for the Purchase of Calix Equipment for Telecommunications

INITIATOR: Telecommunications Superintendent
Director of Finance

STAFF INFORMATION SOURCE: Telecommunications Superintendent
Director of Finance

BACKGROUND: This item is for the purchase of ONT equipment, which will replace existing Wave 7 gateways on customer premises. This purchase consists of 75 outdoor units for apartment complexes, 40 outdoor units for duplexes, 232 residential indoor units, and necessary enclosures and hardware. Quote is in the amount of $97,651.51, which does not include extended warranty. Staff is requesting an amount not to exceed $100,000.00 in case of any unexpected cost. Anticipated delivery time is mid to late November.

EXHIBITS: 1. Calix - Quote

KEY ISSUES: Due to COVID-19, lead time for this equipment has been extended. Staff needs to be able to place the order as soon as possible.

FUNDING SOURCE: 2009 Bond Construction Funds GL# 090-604-52210

RECOMMENDATION: Approval of Purchase Order No. 82260, in an a*mount not to exceed* $100,000.00, issued to Calix.

Calix

Network Configuration & Quotation

Customer Name:	CITY OF SALLISAW DBA DIAMONDNET	Quote Reference Number:	639745A-1
Project Name:	FTTH Misc	Quote Type:	Access
Quote Description:	FTTH Equipment	Date Created:	August 14, 2020
Author Name:	Brian Beil	Date Modified:	August 26, 2020
Contact Name:	Clint Smith	Quote Expiration:	September 13, 2020

group 1 Equipment

700GE ONT

	Price	Qty	Ext. Price
100-05166 727GE ONT, 4 POTS, 4 GE, 1 RF **CLEI:** BVM9V00ARF	$321.93	75	$24,144.75
100-05163 721GE ONT, 2 POTS, 2 GE, 1 RF **CLEI:** BVM9T00ARF	$281.26	40	$11,250.40

800 SG

	Price	Qty	Ext. Price
000-00845 854G-1 GigaCenter, 2 POTS, 4 GE, Dual Wi-Fi, 1 USB -AM Type A Power Adapter w/ 8-pin connector	$250.48	232	$58,111.36

ONT

	Price	Qty	Ext. Price
100-01578 SFU ONT Enclosure with Splice Tray	$29.00	115	$3,335.00

group 1 Equipment Total **$96,841.51**

group 1 Professional Services

Services - Hardware

	Ext. Price
110-00073 Freight Charges	$810.00

group 1 Professional Services Total **$810.00**

group 1 Grand Total **$97,651.51**

Package Details:

000-00845 package consists of the following:

		Qty
100-04013	854G-1 GigaCenter, 2 POTS, 4 GE, Dual Wi-Fi, 1 USB, 1 RF -UPS Power Interface	1
100-04125	Power Adapter CPA5 12V 2.5Amp -AM Type A w/ 8-pin connector	1

Customer Name:	CITY OF SALLISAW DBA DIAMONDNET	Quote Reference Number:	639745A-1
Project Name:	FTTH Misc	Quote Type:	Access
Quote Description:	FTTH Equipment	Date Created:	August 14, 2020
Author Name:	Brian Beil	Date Modified:	August 26, 2020
Contact Name:	Clint Smith	Quote Expiration:	September 13, 2020

group 1 Optional

Extended Warranty	Price	Qty	Ext. Price
110-01165 Extended Warranty - Upfront - 4 years for 100-04013	$20.16	232	$4,677.12
110-01165 Extended Warranty - Upfront - 4 years for 100-05163	$20.16	40	$806.40
110-01165 Extended Warranty - Upfront - 4 years for 100-05166	$20.16	75	$1,512.00

group 1 Optional Total **$6,995.52**

Customer Name:	CITY OF SALLISAW DBA DIAMONDNET	Quote Reference Number:	639745A-1
Project Name:	FTTH Misc	Quote Type:	Access
Quote Description:	FTTH Equipment	Date Created:	August 14, 2020
Author Name:	Brian Beil	Date Modified:	August 26, 2020
Contact Name:	Clint Smith	Quote Expiration:	September 13, 2020

Equipment Summary

700GE ONT

	Price	Qty	Ext. Price
100-05166 727GE ONT, 4 POTS, 4 GE, 1 RF **CLEI:** BVM9V00ARF	$321.93	75	$24,144.75
100-05163 721GE ONT, 2 POTS, 2 GE, 1 RF **CLEI:** BVM9T00ARF	$281.26	40	$11,250.40

800 SG

	Price	Qty	Ext. Price
000-00845 854G-1 GigaCenter, 2 POTS, 4 GE, Dual Wi-Fi, 1 USB -AM Type A Power Adapter w/ 8-pin connector	$250.48	232	$58,111.36

ONT

	Price	Qty	Ext. Price
100-01578 SFU ONT Enclosure with Splice Tray	$29.00	115	$3,335.00

Equipment Total **$96,841.51**

Professional Services Summary

Services - Hardware

	Ext. Price
110-00073 Freight Charges	$810.00

Professional Services Total **$810.00**
Grand Total **$97,651.51**

Package Details:

000-00845 package consists of the following:		Qty
100-04013	854G-1 GigaCenter, 2 POTS, 4 GE, Dual Wi-Fi, 1 USB, 1 RF -UPS Power Interface	1
100-04125	Power Adapter CPA5 12V 2.5Amp -AM Type A w/ 8-pin connector	1

Notes & Optional Equipment and Services

All prices are being quoted in US $ (Dollars).

Due to rounding, some totals may not correspond with the sum of the separate figures.

Calix Warranty - See Purchase Agreement.

Customer Name:	CITY OF SALLISAW DBA DIAMONDNET	Quote Reference Number:	639745A-1
Project Name:	FTTH Misc	Quote Type:	Access
Quote Description:	FTTH Equipment	Date Created:	August 14, 2020
Author Name:	Brian Beil	Date Modified:	August 26, 2020
Contact Name:	Clint Smith	Quote Expiration:	September 13, 2020

Important Ordering Instructions:

Please include the Calix quote number (found in the upper right hand corner) on your PO. You may also provide an internal PO number to be used with your order. Orders received without an internal PO number will use the Calix quote number by default.

Include contact information (Name, Email & Tel) for the person who will receive the order acknowledgements and shipping notifications as well as the required billing and shipping addresses for your order.

Send Purchase Orders to Calix Order Management:

Email: om@calix.com
Fax: 707-283-3771

You may check the status of your order at any time on our website. (www.calix.com, click Login)

Customer Name:	CITY OF SALLISAW DBA DIAMONDNET	Quote Reference Number:	639745A-1
Project Name:	FTTH Misc	Quote Type:	Access
Quote Description:	FTTH Equipment	Date Created:	August 14, 2020
Author Name:	Brian Beil	Date Modified:	August 26, 2020
Contact Name:	Clint Smith	Quote Expiration:	September 13, 2020

Optional Summary

Extended Warranty	Price	Qty	Ext. Price
110-01165 Extended Warranty - Upfront - 4 years for 100-04013	$20.16	232	$4,677.12
110-01165 Extended Warranty - Upfront - 4 years for 100-05163	$20.16	40	$806.40
110-01165 Extended Warranty - Upfront - 4 years for 100-05166	$20.16	75	$1,512.00

Optional Total **$6,995.52**

AGENDA ITEM COMMENTARY

Meeting Date:	September 14, 2020
Board:	Sallisaw Municipal Authority
Subject:	Early Payoff of Lease Purchase Agreement for Landfill Compactor

ITEM TITLE: Discuss and Consider Approval of Staff's Request to Payoff the Landfill Compactor Lease Purchase Agreement, Loan #3290287, in the Amount of $502,403.85, with National Bank of Sallisaw

INITIATOR: Director of Finance

STAFF INFORMATION SOURCE: Purchasing Agent
Director of Finance

BACKGROUND: Staff is requesting approval to pay off the above noted loan for the new landfill compactor, utilizing proceeds from the 2020 bond refinancing. This item was discussed during the recent refinancing and was included in list of items for possible use of the funding.

EXHIBITS: 1. Landfill Compactor - Payoff Quote

KEY ISSUES: The compactor was originally financed for a period of 48 months, with payments of $12,190.93 per month.

Early payoff of the debt will result in savings of approximately $40,165.00

Asset wise, the compactor is an asset of the SMA, although Fund 30 is currently carrying the debt for the compactor.

FUNDING SOURCE: 2020 Series Bond Funds - 090-504-57502

RECOMMENDATION: Staff recommends approval to pay off the existing lease purchase agreement.

National Bank of Sallisaw
A Division of First National Bank of Fort Smith
1000 South Kerr Blvd.
Sallisaw, OK 74955
918-775-5501

September 11, 2020

CITY OF SALLISAW
PO BOX 525
SALLISAW OK 74955-0525

It is our policy to send you a letter of disclosure when quoting a verbal payoff.

Your Loan # 3290287 payoff amount is $502,403.85 as of 09/17/2020.

The following is a breakdown of the amount due. If you have any questions regarding this payoff, please contact MATT CALDWELL at.

Current Balance	$502,558.82
Accrued Interest	($154.97)
Escrow in Payoff	$0.00
Escrow Interest Withholding	$0.00
Late Charges	$0.00
Prepayment Penalty	$0.00
Other Charges	$0.00
Total Amount Due	**$502,403.85**

Thank you for banking with us, if we may be of further assistance, you can call the number at the top of the letter or contact your lending officer.

Sincerely,

Steiner, Leasa (OKL)

AGENDA ITEM COMMENTARY

Meeting Date:	September 14, 2020
Board:	Sallisaw Municipal Authority
Subject:	Lease and Landfill Gas Rights Agreement

ITEM TITLE: Discuss and Consider Approval of Lease and Landfill Gas Rights Agreement Between the Sallisaw Municipal Authority and Sequoyah Renewables, LLC

INITIATOR: General Manager
Sequoyah Renewables, LLC

STAFF INFORMATION SOURCE: Sequoyah Renewables, LLC

BACKGROUND: The agreement for the landfill methane project is now complete. Attorneys for both parties have reviewed the document for any final edits needed.

This agreement will allow Sequoyah Renewables to install methane collection wells and related equipment for the harvesting of methane from the landfill facility. The SMA will then get a royalty off the sale of the methane.

EXHIBITS: 1. Sequoyah Renewables.Sallisaw Municipal Landfill.Lease Agreement.022020 (01467571-13)v2

KEY ISSUES:

1. SMA will lease approximately 7,000 square feet at the landfill to the tenant to construct project facilities and install necessary equipment.
2. Section 2.4 of the agreement details items that both parties will work on during the next 12 months.
3. Net Lease. The Rent, which will be computed with respect to the sale of Recovered Landfill Gas and other Products generated from the Landfill (the "Percentage Rent"), will equal the product of Three-Sixteenth (3/16); multiplied by the gross Revenues received from the sale of Recovered Landfill Gas and other Products with respect to the preceding month.

FUNDING SOURCE: NA

RECOMMENDATION: Staff recommends approval of the agreement.

LEASE AND LANDFILL GAS RIGHTS AGREEMENT

This Agreement (the "Agreement") dated as of the 14th day of September, 2020, (the "Effective Date") is entered into between SALLISAW MUNICIPAL AUTHORITY, a Title 60 public trust ("Landlord") and Sequoyah Renewables, LLC, an Oklahoma limited liability company ("Tenant", and together with Landlord collectively referred to herein as the "Parties").

WITNESSETH:

WHEREAS, the Landlord and/or its predecessor, the City owns and operates a solid waste landfill located at N N4660 Road, Sallisaw, Oklahoma 74955 (the "Landfill") and as a result of the decomposition of waste in the Landfill, certain gases are created (the "Landfill Gas"); and

WHEREAS, Tenant is in the business of gathering, collecting, processing, and treating certain landfill gases and other unusable substances emitted from solid waste landfills and converting the same into methane gas and other usable substances which may be used, transported, marketed, monetized and/or sold, with such business and all activities incident thereto being collectively referred to herein as the "Business"; and

WHEREAS, the Parties desire to enter into this Agreement for their mutual benefit to afford Tenant the right to conduct the Business from the Landfill on the terms and conditions set forth herein; and

NOW, THEREFORE, for and in consideration of the above premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, it is hereby agreed as follows:

ARTICLE 1
DEFINITIONS

"Affiliate" means a person or entity who directly or indirectly controls, is controlled by or is under common control with the person or entity in question and with respect to Tenant, a person or entity which is Sparq Renewables, LLC or an Affiliate thereof

"Alterations" mean changes to the Project Facilities as described in Section 6.5.

"Assignment" means sell, assign, pledge, sublet, delegate or otherwise transfer of this Agreement.

"Assignor" means the party making an Assignment.

"Business" has the meaning set forth in the Preamble.

"Business Day" means any calendar day, other than any day that commercial banks are authorized to be closed by the Federal Reserve.

"City" means the City of Sallisaw, Oklahoma.

"Collection Point" means the point(s) between the Landfill and the Collection System at which the Landfill Gas first passes into the recovery wells of the Collection System.

"Collection System" means (i) the network of recovery wells and interconnecting below-grade pipes and (ii) the candlestick flare skid, that in each case are from time to time located on the Project Sites for the purpose of extracting, recovering and destroying Landfill Gas, as the same may be altered or otherwise modified from time to time.

"Condensate" means the liquid formed from the condensation of Recovered Landfill Gas vapors.

"Conditions Precedent" means the conditions described in Section 2.4.

"CP Deadline" means twelve months after the Effective Date, during which the Conditions Precedent may be satisfied.

"CP Notice" means the written notice from Tenant to Landlord advising that the Conditions Precedent have been satisfied.

"Commencement Date" means the date the Term of the Lease first commences.

"Effective Date" has the meaning set forth in the Preamble.

"Environmental Attribute" means any and all existing and future legal and beneficial rights that are capable of being measured, verified, calculated or commoditized, arising from a reduction in emissions of Greenhouse Gases or other gases, whether generated, created or issued under a voluntary program or under a legislative, regulatory or governmental program or scheme of any kind, including any right, interest, credit, entitlement, benefit, allowance, certificate or registrable right, voluntary or compulsory that may be issued, generated or created at any time during the Term, related to, arising from or in connection with the Landfill Gas. An Environmental Attribute may include one or more of the following: avoided, reduced or offset NO_x, SO_x or Greenhouse Gas emissions, or as otherwise defined under an applicable program or Law, or as agreed between the parties. Environmental Attributes include RECs, RINs, and tradable emissions allowances or other entitlements or credits to produce emissions issued by a Governmental or quasi-Governmental Authority, but do not include other third-party subsidies for the use of renewable energy, the reduction of emissions, or any Tax Benefits.

"Expiration Date" means the date that the initial Term of the Lease expires.

"Financing Assignment" means an assignment for financing purposes as described in Section 16.9.

"Force Majeure Event" means any act or condition to the extent (a) beyond the reasonable control of the affected party and (b) the effects of which are incapable of being prevented, overcome or mitigated by the reasonable efforts of the affected party, including natural or accidental occurrences or casualties (including fire, earthquake, explosion, flood, epidemic, pandemic or other global health crisis or any other casualty or accident); war, terrorism, sabotage, civil strife or other violence. Without limitation, a Force Majeure Event shall not include (x) the effect of any Laws enacted or made effective after the date hereof or changes to existing Laws or (y) financial or economic hardship.

"Gas Collection and Control System Plan" means the approved gas collection and control system plan that is a part of Landlord's State and Federal Permit.

"Gas Rights" means the rights of Tenant described in Section 2 and all rights appurtenant thereto.

"Good Industry Practices" means those practices, methods, acts and standards for safety and performance, that in the exercise of reasonable judgment in light of the facts known at the time the decision was made, would have been expected to accomplish the desired result in a manner consistent with reliability, safety and all applicable Laws, and that are generally accepted, prudent and in use by owners or operators of facilities similar to the Landfill and the Project Facilities, as applicable.

"Governmental Authority" means the United States of America, any state, locality, county, or municipality, any federal, state, local, county, municipal or other governmental authority of any nature (other than Landlord), including any governmental agency, branch, department, official or entity and any court having jurisdiction over the Parties, this Agreement or ownership or operation of the Landfill, the solid waste disposal facility, or any Project Facility.

"Greenhouse Gases" means carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons, sulfur hexafluoride or any other gas that an applicable voluntary, legislative or regulatory program, scheme or system defines to be a "greenhouse gas."

"Hazardous Substance" means any substance that is at any time defined or listed in, or otherwise classified, designated, or regulated pursuant to any Environmental Law as a hazardous substance, hazardous material, extremely hazardous substance, Hazardous Waste, hazardous chemical, infectious waste, toxic substance, toxic pollutant, pollutant, contaminant, or solid waste, or any other legislative or regulatory formulation intended to define, list, or classify substances by reason of properties potentially deleterious to human or public health or the environment such as ignitability, corrosivity, reactivity, carcinogenicity, or toxicity.

"Hazardous Waste" has the meaning set forth in 40 C.F.R. §261.3, and under applicable Oklahoma law, as each of the same is amended or supplemented from time to time.

"Indemnified Party" means the party seeking indemnification.

"Indemnifying Party" means the party required to indemnify the Indemnified Party.

"Landfill" has the meaning set forth in the Recitals.

"Landfill Gas" means all of the gases and their constituents, including methane, carbon dioxide and other gases produced by the decomposition of matter available within the Project Sites, at such depths, above the liner on top of which the solid waste is deposited and below the cap covering the solid waste deposited at the Project Sites, as such landfill gas may exist from time to time.

“Landlord” means Sallisaw Municipal Authority, a Title 60 public trust.

“Landlord Persons” mean the Landlord and the parties described in Section 11.1.

"Leachate" means the liquid that forms in the Landfill other than Condensate.

“Losses” mean, as applicable, any and all costs, claims, liabilities, penalties, fines, damages, expenses, causes of action, suits, or judgments, including, reasonable attorneys' fees and all court costs and experts' fees.

"Material Change in Law" means a change of any applicable Law or in the conditions of any Permit after the Effective Date that renders the implementation of or the realization of the benefits to be derived from this Agreement illegal or impossible.

“Minimum Rent” means the portion of the Rent described in Section 4.1.2.

"ODEQ Permit" means the Federal Operating Permit issued to Landlord by the State of Oklahoma, a copy of which will be attached hereto as Exhibit B.

“Option Terms” mean each of the five (5), five (5) year periods subject to the Renewal Option.

“Percentage Rent” means the portion of the Rent based on Revenue from the sale of Renewable Landfill Gas and other Products as described in Section 4.1.1.

"Permits" means all approvals, consents, licenses, and/or permits that must be obtained and/or observed by a Party in order to perform its duties and obligations under this Agreement, whether required by applicable Laws or necessary in accordance with Good Industry Practices.

“Plans” means preliminary design documents and the construction documents for the construction and/or installation of Project Facilities.

"Products" mean the Recovered Landfill Gas, and other byproducts produced from the Recovered Landfill Gas, excluding Environmental Attributes**.**

"Project" means all activities associated with the capturing, collecting, processing, producing, measuring, transportation, marketing, sale, flaring, reducing, destroying or any other use of Recovered Landfill Gas, Environmental Attributes, Renewable Energy Credits, and other Products pursuant to this Agreement, the construction, operation and maintenance of any Project Facility, and the services provided by Tenant as set forth in this Agreement..

"Project Facilities" means all machinery, equipment, fixtures, buildings and improvements owned by Tenant that are or will be from time to time located on the Project Sites, including the Collection System, necessary or incidental to the gathering, processing, compression, transmission, consumption, use, monitoring, measuring, testing, marketing or storage of Landfill Gas for any purpose, including the transportation of Recovered Landfill Gas, and Condensate collection and return.

"Project Sites" means the parcels of property located at the Landfill and designated as currently permitted boundary, all as shown and as more particularly described in Exhibit A.

"Recovered Landfill Gas" means Landfill Gas that has entered the Collection System.

“Renewal Option” means the right of Tenant to extend the Term as set forth in Section 3.1.

“Rent” means the Percentage Rent and Minimum Rent, as applicable.

“Rent Commencement Date” means the date that Rent is first due under this Agreement as set forth in Section 4.1.

"Revenues" means the gross cash revenues received by Tenant and derived from the sale or transacting of Recovered Landfill Gas or other Products, as applicable, minus any applicable commissions consistent with market practices, sales taxes or other taxes required to be paid to third-parties in respect of such sales or revenues. Revenue shall not include any value or benefits derived from Tax Benefits, Environmental Attributes or Renewable Energy Credits.

"Tax Benefits" means renewable energy related tax credits established under Section 48 or Section 45 of the Internal Revenue Code, as amended, or any similar or successor provision of the Internal Revenue Code (as well as grants that are obtained by Tenant that are in lieu of, or were otherwise designed to replicate the benefits of, such tax credits) and any other tax benefit associated with the Project or any Project Facility.

“Tenant” means Sequoyah Renewables, LLC, an Oklahoma limited liability company and its successors and assigns.

“Tenant Persons” mean the Tenant and the persons described in Section 11.2.

"Term" means the initial Term and any extension thereof pursuant to Article 3.

ARTICLE 2
LEASE OF PREMISES; GAS RIGHTS; CONDITION OF PREMISES; TERM

Section 2.1. Lease of Premises. Subject to the terms and conditions of this Agreement, Landlord hereby leases to Tenant, and Tenant leases from Landlord, the exclusive right to the real property comprised of approximately 7,000 square feet located at the Landfill and more particularly described on Exhibit A attached hereto (the "Premises"), upon which Tenant will construct Project Facilities and install equipment necessary to conduct the Business in accordance with the provisions of Article 6 hereafter set forth.

Section 2.2. Gas Rights. Subject to the terms and conditions of this Agreement, Landlord hereby grants to Tenant certain easements, licenses and other rights with respect to the Landfill and the Landfill Gas so that Tenant may conduct the Business during the Term of this Agreement, with the following to collectively comprise the “Gas Rights” which are hereby transferred and conveyed by Landlord to Tenant.

2.2.1. All of the right, title, and interest in and to all Landfill Gas from time to time located on and recoverable from the Landfill, together with a non-exclusive easement in, upon, over, across, and under the Landfill (but above the liner to the Landfill), including ingress and egress, in order that Tenant may be able to capture, collect, analyze, monitor, process, treat, store, destroy, develop, flare, market, transact, convey, burn, transport or otherwise use or dispose of Landfill Gas in accordance with the provisions of this Agreement. The provisions hereof vest in Tenant the exclusive right to and ownership of all of the Landfill Gas available at the Landfill, and all Products produced therefrom, during the Term.

2.2.2. The exclusive right to conduct the Business from the Landfill, which may include without limitation, the rights (i) to capture, collect, process, produce, measure, transport, market production, sell to third parties, and flare or otherwise reduce or destroy, all Landfill Gas from the Landfill, including the right to conduct exploratory tests; (ii) to drill, construct, maintain, expand, operate, and cease to operate collection wells and other extraction methods from the Landfill; (iii) to use roads, electric power, telephone and water supply facilities, and construct additional pipelines with appurtenant facilities, for purposes of the collection, production, processing, destruction and transportation of Products within and from the Landfill and activities related thereto, and (iv) to locate, install, construct, maintain, expand, operate, cease to operate, abandon and remove the Project Facilities on the Premises and the Landfill so that Recovered Landfill Gas can be used for commercial purposes or destroyed. The provisions hereof vest in Tenant the right to flare or otherwise destroy, sell, transact, and convey Recovered Landfill Gas and Products to third-party purchasers as it so determines in its sole discretion.

2.2.3. All necessary or convenient and non-exclusive rights of way and easements across the Landfill and over roadways on and through Landlord's adjoining properties for ingress and egress at all times to and from the Landfill and to transport the Recovered Landfill Gas and Products to third-party purchasers as it so determines in its sole discretion. The provisions hereof will also vest in Tenant the right and authority to install, operate and maintain pipelines on the Landfill for the transport of Recovered Landfill Gas and Products related thereto from the Premises to the points of injection into distribution and transmittal lines.

2.2.4. Without limiting the Gas Rights granted herein, it is expressly recognized and agreed that (i) the Tenant's use of and access to the Landfill and any of Landlord's adjoining properties may make it necessary or desirable for Landlord and Tenant to enter into separate written easement, license or other agreements; and (ii) at the request of Tenant, the easements, licenses and other rights granted hereby may be further set forth in separate written agreements in form and substance reasonably satisfactory to Landlord and Tenant which agreements may be filed and recorded as Tenant may require.

Section 2.3. Condition of Premises. Tenant accepts possession of the Premises in its "**AS IS**" condition on the Commencement Date. Except as otherwise expressly provided in this Lease, Tenant has full right to construct its Project Facilities on the Premises and use and exercise the Gas Rights from the Landfill to conduct its Business. Tenant expressly acknowledges and agrees that Landlord has not made and is not making, and Tenant is not relying upon, any warranties or representation regarding the Premises, except to the extent same are expressly set forth in the Agreement.

Section 2.4. Conditions Precedent; Term. The parties understand and agree that this Agreement is expressly contingent upon (i) Tenant procuring the necessary resources and Permits to carry out the Business; (ii) Landlord providing, at no additional cost to Tenant, the necessary easements on Landlord's property for and on behalf of Tenant for the pipeline to transport the Recovered Landfill Gas and Products from the Premises toward the AOG transmission line; and (iii) Tenant procuring from third parties, the necessary easements for and on behalf of Tenant to complete the pipeline to transport the Recovered Landfill Gas and Products from Landlord's property to the AOG transmission line (the "Conditions Precedent"). Attached as Exhibit "C" hereto is the site plan showing the approximate location of the proposed biomethane tailgas 3" steel pipeline where such easements will be required. The parties commit to use their respective commercially reasonable good faith efforts to satisfy the Conditions Precedent; provided that in the event such Conditions Precedent are not satisfied to Tenant's satisfaction on or before the twelve (12) months following the Effective Date, (the "CP Deadline") and the parties have not otherwise agreed in writing to extend the CP Deadline, then this Agreement will be null and void. Should the Conditions Precedent be satisfied to Tenant's satisfaction, then at such time as Tenant elects prior to the CP Deadline, Tenant will provide Landlord with written notice (the "CP Notice") that the Conditions Precedent have been satisfied and the Lease term (the "Term") will commence on the first day of the month following the delivery of the CP Notice (the "Commencement Date") and end the thirty (30) years thereafter (the "Expiration Date"), as such Term may be extended pursuant to Article 3 hereof or earlier terminated pursuant to this Agreement**.**

ARTICLE 3
RENEWAL OPTION

Section 3.1. Option Terms. Tenant shall have the right and option to renew this Agreement ("Renewal Option") for five (5) additional periods of five (5) years each (the "Option Terms"). Tenant shall exercise each Renewal Option by giving Landlord notice at least sixty (60) days prior to the expiration of the primary Term or the last day of the then current Option Term. If Tenant exercises the Renewal Option, then during the applicable Option Term, Landlord's and Tenant's respective rights, duties and obligations shall be governed by the terms and conditions of this Agreement and the Term shall be deemed to include each such Option Term so exercised.

ARTICLE 4
RENT; NET LEASE

Section 4.1. Rent. For the use of the Premises and the conveyance of the Gas Rights, Tenant covenants and agrees to pay rent (collectively, the "Rent") to Landlord which will Rent will commence on the fifteenth (15^{th}) day of the month following three (3) months after the Project is placed in service and Recovered Landfill Gas and other Products are first produced from the Premises in paying quantities (the "Rent Commencement Date") and will continue monthly thereafter throughout the Term of this Agreement as follows:

4.1.1. Percentage Rent. The Rent, which will be computed with respect to the sale of Recovered Landfill Gas and other Products generated from the Landfill (the "Percentage Rent"), will equal the product of Three-Sixteenth (3/16); multiplied by the gross Revenues received from the sale of Recovered Landfill Gas and other Products with respect to the preceding month. Percentage Rent will be paid in arrears commencing on the Rent Commencement Date and continuing thereafter on the fifteenth (15^{th}) day of each succeeding month during the Term. Along with each monthly payment of Percentage Rent, Tenant will provide Landlord an accounting showing the gross Revenues from the sale of Recovered Landfill Gas and other Products during the preceding month. Absent manifest error, Tenant's accounting shall conclusively establish the Percentage Rent due during the preceding month.

4.1.2. Minimum Rent. If, during any complete calendar month of the Term hereof commencing from and after the Rent Commencement Date, the Percentage Rent is less than One Thousand Dollars ($1,000), then Tenant shall pay to Landlord an amount referred to herein as "Minimum Rent." Minimum Rent for any month after the Rent Commencement Date in which Percentage Rent is less than One Thousand Dollars ($1,000), will equal One Thousand Dollars ($1,000), less the Percentage Rent payable with respect to such month, so that Landlord will, at all times receive at least One Thousand Dollars ($1,000) per month hereunder. By way of illustration, if the Percentage Rent totals $600 in any given month, then the Minimum Rent will equal $400, such that Tenant will pay to Landlord an aggregate of $1000 in total rent for such month. Such payment of Minimum Rent, if applicable, will be made by Tenant to Landlord, in arrears on or before 15th day of each calendar month.

4.1.3. Rent Payment Terms. All Percentage Rent and Minimum Rent (if such Minimum Rent is due and owing the Landlord pursuant to the terms and conditions of this Agreement) shall be paid by good check drawn on an account at a bank or by wire transfer in U.S. currency, made payable to Landlord at Landlord's address set forth in Article 16 herein or to such other parties and at such other addresses as Landlord shall direct by written notice to Tenant from time to time. If any installment of Percentage Rent or Minimum Rent is not paid within thirty (30) days of the applicable due date, Tenant shall pay to Landlord, a late charge equal to five percent (5%) of the overdue amount to Landlord in order to defray the expenses incident to handling such late payments. Such payment shall be the sole remedy Landlord may have for late payments.

4.1.4. Net Lease. Tenant shall pay all expenses of every kind and nature whatsoever relating to or arising from the Premises and all expenses arising from the Business including the leasing, operation, management, construction, maintenance, repair, use, and occupancy of the Premises, and all expenses for the collection and gathering of methane gas and other Products from the Landfill.

ARTICLE 5
PAYMENT OF UTILITIES AND PERSONAL PROPERTY TAXES

Section 5.1. Payment of Utilities and Business Personal Property Tax. During the Term of this Lease, Tenant shall pay all utilities for the Premises and business personal property taxes associated with Tenant's Project Facilities constructed on the Premises and/or located at the Landfill. Tenant shall not be required to pay municipal, state, or federal ad valorem or other taxes (other than sales taxes, as applicable, which Tenant will pay) associated with the Premises or the Landfill or any other cost of Landlord related to the Landfill.

ARTICLE 6
CONSTRUCTION OF PROJECT FACILITIES

Section 6.1. Construction Approvals by Landlord. Prior to commencing any excavation, construction, paving, or any other work associated with the initial construction and installation of the Project Facilities on the Premises, Tenant shall deliver to Landlord for its approval one set of the preliminary design documents and the construction documents, together with an estimated construction schedule (collectively, the "Plans"), fully identifying and describing all mechanical, electrical, and plumbing systems, materials and design for the construction of the Project Facilities required to gather, produce and convert the Landfill Gas collected from the Landfill into usable and marketable Recovered Landfill Gas and other Products. Landlord shall have a period of fifteen (15) Business Days after receipt to approve or reject such Plans. Failure to respond to any submissions within such fifteen (15) Business Day period shall be deemed an approval of the Plans by Landlord. If Landlord rejects any submissions, Landlord shall provide a description of measures to be taken by Tenant that will result in approval of the revised Plans on resubmission. Once the Plans are submitted to and approved or deemed approved by Landlord, Tenant may not make material changes to the Plans without the prior written consent or approval by Landlord of any change order. Landlord agrees not to unreasonably withhold, condition, or delay the approval of the Plans or any change order required by this Section 6.1.

Section 6.2. Construction According to Approved Plans. Promptly after the Landlord's approval of the Plans and the issuance of the CP Notice, Tenant will commence and pursue the construction of the Project Facilities in substantial compliance with the approved Plans and any change orders. All building materials for the Project Facilities must be new and of good quality in accordance with the Plans. Subject to Force Majeure Events, the initial construction of the Project Facilities will be completed no later than three (3) years after Landlord's approval or the deemed approval of the Plans and such construction will be performed in a good and workmanlike manner and only by contractors and subcontractors that are properly licensed in the State of Oklahoma to perform their respective work. Landlord reserves the right to monitor the construction activities, so long as Landlord does not interfere with the construction activities or communicate directly with any contractor or subcontractor. Access to the construction site will be limited to those involved with the work. Prior to commencing construction, Tenant will provide a chain link fence or other barrier at the perimeter of the construction site and staging area.

Section 6.3. Permits, Laws, and Ordinances. Tenant shall, at its sole cost and expense, comply and cause its contractors and subcontractors to comply in all material respects with all Laws which are applicable to Tenant as they relate to the Premises or the construction and installation of the Project Facilities and shall take, as otherwise provided herein, all action necessary to cause the Premises to comply in all material respects with all provisions of the Plans and other contract documents, and this Agreement applicable to Tenant. Landlord shall use best efforts and due diligence to assist Tenant in procuring any applicable permits for the construction. Upon substantial completion of construction, Landlord will use best efforts and due diligence to assist Tenant in procuring a certificate of occupancy or other evidence of completion.

Section 6.4. Installation of Collection and Pipeline Facilities. At any time after the issuance of the CP Notice and during the Term, Tenant may install Project Facilities on the Landfill, expressly including without limitation, collection and transportation facilities, such as renewable natural gas pipelines and other facilities, including a collection system network of recovery wells and interconnecting below-grade pipes and candlestick flare skid, that in each case are on the Project Site for the purpose of extracting, recovering, and destroying Landfill gas, at any place within the Landfill pursuant to its Gas Rights and in accordance with plans approved by Landlord as provided in this Article 6; provided that Landlord and Tenant will work together in good faith so that neither materially interferes with the business operations of the other.

Section 6.5. **Alterations**. Tenant may, from time to time, make or cause to be made, at no cost to Landlord, repairs, improvements, additions, expansions, alterations or changes in or to the Project Facilities (collectively, "Alterations"), in each case to the extent that Tenant deems such Alterations necessary or desirable to carry on the Business or exercise any of its Gas Rights, then Tenant shall provide plans to be approved by Landlord as provided in this Article 5; provided that Landlord and Tenant will work together in good faith so that neither materially interferes with the business operations of the other.

Section 6.6. **Liens Subordinate to Landlord**. Tenant shall not create or permit to be created or to remain, and shall promptly discharge, any lien, encumbrance, or charge levied on account of any mechanic's, laborer's, or materialman's lien which might or does constitute a lien, encumbrance, or charge upon the Premises, or any part thereof, or the income therefrom, having a priority or preference over or ranking on a parity with the estate, rights, or interest of Landlord in the Premises or the Landfill or any part thereof, or the income therefrom. Nothing in this Agreement shall be deemed or construed in any way as constituting the consent or request of Landlord, express or implied, by inference or otherwise, to the filing of any lien against the Premises by any contractor, subcontractor, laborer, materialman, architect, engineer, or other Person for the performance of any labor or the furnishing of any materials or services for or in connection with the Premises or any part thereof.

Section 6.7. **Title to Improvements and Equipment**. The title to all improvements, equipment and personalty now or hereafter located on the Premises or the Landfill by Tenant, including those to be constructed in accordance with the Plans and other construction documents, shall be vested in Tenant. However, upon the termination or expiration of this Agreement, all title to and ownership of the of the Collection System shall automatically and immediately vest in Landlord (without the necessity of any further action being taken by Tenant or Landlord) and all other movable equipment, trade fixtures and personality shall continue to be Tenant's property, subject to removal by Tenant unless Tenant sells the same to Landlord pursuant to Section 13.3 hereof. Notwithstanding the preceding sentence, should Landlord fail to exercise the option described in Section 13.3, Tenant shall be entitled to remove all movable equipment, trade fixtures and other personalty from the Premises and the Landfill (excluding only the Collection System) that Tenant elects to remove at the termination or expiration of this Lease.

ARTICLE 7
OPERATIONS AT LANDFILL

Section 7.1. **Landlord Operations**. Landlord will operate, maintain and administer the Landfill and the solid waste disposal facility in compliance with all applicable Laws and all required Permits, and in accordance with Good Industry Practices. Without limiting the preceding, Landlord's operations will include:

7.1.1. Condensate. The Parties acknowledge and agree that certain vapors condense during the normal collecting, transporting and processing of Recovered Landfill Gas, resulting in the production of Condensate. During the Term, all Condensate shall be treated and collected by Tenant, at no cost to Landlord. Tenant shall have the right to return to Landlord any such Condensate (other than to the extent that any Condensate contains a Hazardous Substance), at locations on the Landfill designated by Landlord. Landlord shall be responsible for the proper disposal thereof in compliance with all applicable Permits and Laws

7.1.2. Development of Landfill. The Parties acknowledge and agree that after the Effective Date, Landlord may (but is not obligated to) develop new cells at or adjacent to the Landfill. In such event, the Parties agree that Tenant will have the exclusive right to operate the Business at the Landfill as provided in Section 9.3.2 on the terms of this Agreement or on the other mutually agreeable terms and conditions.

7.1.3. Compliance. Landlord has legal responsibility as the permittee under State and Federal Permits for the control and containment of the Landfill, whether related to subsurface migration or surface emission, including the legal responsibility to all applicable Environmental Laws and Landlord shall perform the duties and obligations relating to the Landfill in compliance with all applicable Laws, Permits including Good Industry Practices. Incident thereto, Landlord will maintain the integrity of the Landfill, and shall, without limitation, promptly repair, at no cost to Tenant, any material cracks, fissures, erosion, physical changes or damages in, of or to the interim or final covers at the Landfill; provided that Tenant shall promptly reimburse Landlord for the reasonable costs to repair any such material cracks, fissures, or damages in, of or to the interim or final covers at the Landfill caused solely by the acts or omissions of Tenant.

7.1.4. Roads and Utilities. Landlord shall maintain all site access and facility roads and utilities on the Landfill in good condition sufficient for their then current use. Landlord will use due diligence to cause the City to supply three (3) phase electric capacity to the Landfill and the Landlord and Tenant will mutually agree in writing upon the terms in which Tenant will purchase all electricity for the Project Facilities from Landlord or the City, as applicable. Such installation of three phase electric capacity shall be completed by Landlord, at no cost to Tenant, on or before the CP Deadline.

7.1.5. Leachate. Landlord shall have responsibility for, and shall bear all liability associated with the presence, collection and disposal of Leachate at the Landfill in compliance with all applicable Laws, at no cost to Tenant.

Section 7.2. Tenant Operations. Tenant shall obtain, at no cost to Landlord, appropriate Permits required under applicable Laws relating to the Alteration, construction, maintenance, repair, restoration, and replacement of all Project Facilities permitted under this Agreement.

7.2.1. Collection System. Subject to approval of Landlord, Tenant shall construct, operate, maintain, repair, and replace the Collection System and the equipment, systems and Project Facilities located at the Premises, at no cost to Landlord in compliance with all applicable Laws and Permits; provided that Landlord shall promptly reimburse Tenant for the reasonable costs to repair any damage to the Collection System and the other Project Facilities to the extent caused by the acts or omissions of Landlord or any Landlord Person.

ARTICLE 8
COORDINATION; LANDFILL DEVELOPMENT

Section 8.1. Coordination. Each of Tenant and Landlord shall appoint a representative to facilitate the Parties' coordination of their respective operations on the Landfill with the other Party. The Parties' representative shall meet not less than once quarterly to discuss and coordinate the Parties' ongoing day-to-day activities on the Landfill.

Section 8.2. Operations and Development. The Parties' representatives shall meet annually to review the Parties' respective operations and activities on the Landfill and to and discuss development opportunities for the Landfill. Landlord and Tenant agree to exchange information for planning and coordination of any such development opportunities in order to promote the safe and orderly development and operation of the Landfill.

ARTICLE 9
REPRESENTATIONS AND WARRANTIES

Section 9.1. Tenant Representations and Warranties. Tenant represents and warrants to Landlord as follows as of the Commencement Date:

(a) Tenant is a limited liability company duly organized and validly existing under the laws of the State of Oklahoma and authorized to do business in the State of Oklahoma, with full legal right, power and authority to enter into and to perform its obligations hereunder. Tenant has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation, enforceable against Tenant in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, by general equitable principles or by principles of good faith and fair dealing.

(b) Neither the execution nor delivery by Tenant of this Agreement, nor the performance by Tenant of its obligations hereunder conflicts with, violates or results in a breach of any constitution, law or governmental regulation applicable to it, or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment or decree or any agreement or instrument to which Tenant is a party or by which Tenant or any of its properties or assets are bound, or constitutes a default thereunder.

(c) Other than as previously disclosed by Tenant to Landlord in writing, no approval, authorization, order, consent, declaration, registration or filing with any Governmental Authority is required for the valid execution and delivery of this Agreement by Tenant, except such as have been duly obtained or made.

(d) Tenant has all the rights required to enter into this Agreement and perform its obligations hereunder without the consent of any third party that has not been obtained and is in effect as of the date hereof.

(e) Other than as previously disclosed by Tenant to Landlord in writing, Tenant has no knowledge of any action, suit or proceeding, at law or in equity, before or by any Governmental Authority, pending against Tenant, in which an unfavorable decision, ruling or finding would materially adversely affect the performance by Tenant of its obligations hereunder, or that, in any way, would materially adversely affect the validity or enforceability of this Agreement.

(f) Tenant makes no representation or warranty, whether express or implied, of any kind or nature, as to the presence, quality or quantity of Landfill Gas on the Landfill or that Tenant will be able to successfully convert the Landfill Gas into Recovered Landfill Gas or other usable Products.

(g) All activities and operations of Tenant in connection with the Landfill are in compliance in all material respects with the requirements of all applicable Environmental Laws. Tenant has obtained all licenses and Permits under Environmental Laws necessary for its operations in connection with the Landfill; all such licenses and Permits are in good standing; and Tenant is in compliance in all material respects with all terms and conditions of such licenses and Permits. Tenant is not involved in any suit, action or proceeding with, and has not received any notice, complaint or other request for information from, any Governmental Authority or other Person, with respect to any actual or alleged Environmental Claims that, if adversely determined, would be reasonably likely, individually or in the aggregate, to have a material adverse effect on Tenant or Landlord or on the ability of Tenant to construct or operate the Project, and, to the knowledge of Tenant, there are no threatened actions, suits, proceedings or investigations with respect to any such Environmental Claims, nor any basis therefor.

Section 9.2. Landlord Representations and Warranties. Landlord represents and warrants to Tenant that no later than thirty (30) days after the Effective Date the following will be true and correct:

(a) Landlord is a public body and municipal organization of the State of Oklahoma, with full legal right, power and authority to enter into and to perform its obligations hereunder.

(b) Landlord has duly authorized, executed and delivered this Agreement and this Agreement constitutes a legal, valid and binding obligation of Landlord, enforceable against Landlord in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting creditors' rights generally, by general equitable principles or by principles of good faith and fair dealing.

(c) Neither the execution nor the delivery by Landlord of this Agreement, nor the performance by Landlord of its obligations hereunder conflicts with, violates or results in a breach of any constitution, law or governmental regulation applicable to it, or materially conflicts with, violates or results in a breach of any term or condition of any order, judgment or decree, or any agreement or instrument to which Landlord is a party or by which Landlord or any of its properties or assets are bound, or constitutes a default thereunder.

(d) No approval, authorization, order, consent, declaration, registration or filing with any Governmental Authority is required for the valid execution, delivery and performance by Landlord of this Agreement.

(e) Landlord has all the rights required to enter into this Agreement and perform its obligations hereunder without the consent of any third party.

(f) There is no action, suit or proceeding, at law or in equity, before or by any Governmental Authority, pending against Landlord, in which an unfavorable decision, ruling or finding would materially adversely affect the performance by Landlord of its obligations hereunder, or that, in any way, would materially affect the validity or enforceability of this Agreement.

(g) Landlord owns good and marketable title to the Landfill and to the Landfill Gas, free and clear of any mortgage, lien or other encumbrance.

(h) Landlord's predecessor, the City, has operated the Landfill as a municipal solid waste disposal landfill in material compliance with applicable Laws. Neither Landlord nor the City has used, stored, released, disposed of or otherwise treated, and neither has knowingly permitted any other Person to use, store, release, dispose of or otherwise treat, Hazardous Substances in, on, or under any portion of the Landfill in violation of applicable Laws. Neither Landlord nor the City has received any notice of violation concerning or relating to Hazardous Substances at the Landfill in violation of any applicable Law.

(i) All activities and operations of Landlord and/or the City in connection with the Landfill are in compliance in all material respects with the requirements of all applicable Environmental Laws. Landlord has obtained all licenses and Permits under Environmental Laws or other applicable Laws necessary for its operations at or in connection with the Landfill; all such licenses and Permits are in good standing; and Landlord is in compliance in all material respects with all terms and conditions of such licenses and Permits. Neither Landlord nor the City is involved in any suit, action or proceeding with and has not received any notice, complaint or other request for information from, any Governmental Authority or other Person, with respect to any actual or alleged Environmental Claims that, if adversely determined, would be reasonably likely, individually or in the aggregate, to have a material adverse effect on Landlord, the City or Tenant or on the ability of Tenant to construct or operate the Project, and, to the knowledge of Landlord, there are no threatened actions, suits, proceedings or investigations with respect to any such Environmental Claims, nor any basis therefor.

(j) Landlord makes no representation or warranty, whether express or implied as to the presence, quality or quantity of Landfill Gas.

(k) Landlord has not granted or conveyed, and has not agreed and is not bound to grant or convey in any event, and there does not exist any lien, mortgage, security interest or other encumbrance in, on, or over the Landfill Gas other than as set forth herein. There are no pending or threatened claims of any Person in or to any interest in the Landfill Gas.

Section 9.3. <u>Landlord Covenants</u>.

9.3.1. Landlord hereby covenants and agrees that it will not grant, convey or suffer to exist any lien, mortgage, security interest in, or any other encumbrance on or over the Landfill Gas or the Tenant’s improvements, equipment and personalty now or hereafter located on the Premises or the Landfill by Tenant. In the event that any Person claims any interest in the Landfill Gas or the Tenant’s improvements, equipment and personalty that is inconsistent with the foregoing sentence, Landlord shall promptly discharge any such interest and remove any such encumbrance.

9.3.2. Landlord hereby covenants and agrees that it will not grant, convey or permit any other Person the right to operate the Business at the Landfill and that its relationship with Tenant will be sole and exclusive during the Term of this Agreement.

9.3.3 Landlord understands and hereby covenants and agrees that (i) Landlord will have no interest in and will not make any claim to any Environmental Attributes, including any Tax Benefits or Renewable Energy Credits, developed or procured by Tenant in connection with the Business or any Project Facilities on the Landfill during the Term; and (ii) Rent will be computed without regard to and will exclude the value of any such Environmental Attributes.

ARTICLE 10
ENVIRONMENTAL ATTRIBUTES; TAX BENEFITS

Section 10.1. Ownership. Tenant shall have and retain exclusive title to, and all rights, interests and benefits of any and all Environmental Attributes, including all Tax Benefits and Renewable Energy Credits, produced in connection with the Business or any Project Facilities on the Landfill during the Term. Tenant shall have the sole and exclusive right to use, sell, trade, assign, convey or otherwise transact such Environmental Attributes in its sole discretion and to receive and retain all revenues generated from the sale or trade of such Environmental Attributes. Landlord hereby grants, makes and conveys to Tenant an absolute and irrevocable assignment of any and all right, title or interest that it may now or at any time own in respect of any such Environmental Attributes produced or otherwise available during the Term in connection with or attributable to the Recovered Landfill Gas and any other Products, the Project or any Project Facility.

Section 10.2. Cooperation. Landlord shall cooperate with Tenant in any action that Tenant reasonably determines is necessary or advisable with respect to the identification, creation, validation, verification, acquisition, sale and/or transfer of any Product; provided that Tenant shall reimburse Landlord for any reasonable third-party out-of-pocket costs incurred by Landlord in connection with such cooperation.

ARTICLE 11
INDEMNIFICATION

Section 11.1. Indemnification by Tenant. Tenant shall indemnify, hold harmless and, subject to Section 11.3 defend Landlord and its Affiliates and their respective officers, employees, agents, and their respective successors and assigns ("Landlord Persons"), from and against any and all costs, claims, liabilities, penalties, fines, damages, expenses, causes of action, suits, or judgments, including, reasonable attorneys' fees and all court costs and experts' fees (collectively, "Losses"), actually incurred or paid by a Landlord Person in connection with the claims of third parties for injury to persons or damage to property or any proceeding by a Governmental Authority (to the extent not actually recovered from insurance proceeds available from insurance coverage carried by such Landlord Person) that arise from or relate to (i) Tenant's use, occupancy, conduct, operation, construction, Alteration, maintenance, repair, replacement, or management of the Collection System or any Project Facility in violation of applicable Permits or applicable Laws, or (ii) any willful misconduct or negligent or grossly negligent act or omission of Tenant.

Section 11.2. Indemnification by Landlord. To the extent permitted by applicable Laws and without waiving its sovereign immunity, Landlord shall indemnify, hold harmless and, subject to Section 11.3 defend Tenant and its Affiliates and their respective officers, employees, agents, and their respective successors and assigns ("Tenant Persons"), from any and all Losses actually incurred or paid by a Tenant Person in connection with the claims of third parties or any proceeding by a Governmental Authority (to the extent not actually recovered from insurance proceeds available from insurance coverage carried by such Tenant Person) that arise from or relate to (i) Landlord's use, occupancy, conduct, operation or management of the Landfill or the solid waste disposal facility, including (A) any violation of applicable Permits including the Title V Permit or applicable Laws by Landlord or any Landlord Person, and (B) any willful misconduct or negligent or grossly negligent act or omission of a Landlord Person, or (ii) any contamination or other environmental condition at the Landfill, whether now known or hereafter discovered other than any such contamination or environmental condition solely caused by Tenant or any Tenant Person.

Section 11.3. **Notice and Defense of Claims.**

(a) Whenever a claim shall arise for indemnification hereunder or upon learning of facts which a Party believes may give rise to a claim for indemnification, the Party seeking indemnification (the "Indemnified Party") shall give prompt written notice to the Party from whom indemnification is sought (the "Indemnifying Party") of the claim for indemnification and the facts, in reasonable detail, constituting the basis for such claim; provided that failure of an Indemnified Party to give prompt written notice of any claim shall not release, waive or otherwise affect an Indemnifying Party's obligations with respect thereto except to the extent that the Indemnifying Party is adversely affected in its ability to defend against such claim or is otherwise prejudiced thereby.

(b) The obligations and liabilities of an Indemnifying Party to an Indemnified Party under this Article 11 with respect to claims resulting from the assertion of liability by those not parties to this Agreement (including claims of Governmental Authorities for penalties, fines and assessments) shall be subject to the following conditions:

(i) The Indemnified Party shall give prompt written notice to the Indemnifying Party of the nature of the assertion of Losses by a third party and the amount thereof to the extent known; provided that failure of an Indemnified Party to give prompt written notice of any claim shall not release, waive or otherwise affect an Indemnifying Party's obligations with respect thereto except to the extent that the Indemnifying Party is adversely affected in its ability to defend against such claim or is otherwise prejudiced thereby.

(ii) The Indemnifying Party shall be entitled to participate in or, at its option, assume the defense, appeal or settlement of such claim. Such defense, appeal or settlement shall be conducted through counsel selected by the Indemnifying Party. The Indemnifying Party shall not be entitled to assume control of such defense and shall pay the reasonable fees and expenses of counsel retained by the Indemnified Party if (A) the claim for indemnification relates to or arises in connection with any criminal proceeding, action, indictment, allegation or investigation; (B) the Indemnified Party reasonably believes an adverse determination with respect to the claim or giving rise to such claim for indemnification would be detrimental to or injure the Indemnified Party's reputation or future business prospects; (C) the claim seeks an injunction or equitable relief against the Indemnified Party; or (D) upon petition by the Indemnified Party, the appropriate court rules that the Indemnifying Party failed or is failing to vigorously prosecute or defend such claim.

(iii) In any claim initiated by a third party and defended by the Indemnifying Party (A) the Indemnified Party shall have the right to be represented by advisory counsel and accountants at its own expense, (B) the Indemnifying Party shall keep the Indemnified Party fully informed as to the status of such claim at all stages thereof, whether or not the Indemnified Party is represented by its own counsel, (C) the Indemnifying Party shall make reasonably available to the Indemnified Party, and its attorneys, accountants and other representatives, any books and records of the Indemnifying Party relating to such claim which are relevant, not privileged and are subject to confidentiality obligations, and (D) the Parties shall render to each other such assistance as may he reasonably required in order to ensure the proper and adequate defense of such claim.

(iv) No third party claim may be compromised or settled by the Indemnifying Party without the written consent of the Indemnified Party (which consent shall not be unreasonably withheld, conditioned or delayed) unless (A) there is no finding or admission of any violation of Law by the Indemnified Party, and no effect on any other claims that may be raised by the Indemnified Party, and (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party. Similarly, no third party claim may be settled by the Indemnified Party without the written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, conditioned or delayed.

Section 11.4. **<u>Notice and Defense of Claims.</u>** All provisions of this Article 11 shall survive the expiration, surrender or termination of this Agreement.

ARTICLE 12
INSURANCE

Section 12.1. <u>Insurance Requirements</u>.

12.1.1 Each Party shall obtain, maintain and keep in force throughout the Term, insurance of the types and in amounts as set forth in <u>Exhibit D</u> attached hereto. All policies of insurance shall be in a form and with insurers recognized as adequate by prudent business persons and shall name the other Party as an additional insured. Each Party shall deliver to the other Party certificates of insurance evidencing the coverages required by Sallisaw Municipal Authority within thirty (30) days of the Effective Date and periodically thereafter promptly following upon request of the other Party. The certificate of insurance shall further provide that the insurer will notify the certificate holder and each additional insured thereunder at least thirty (30) days before any cancellation or material modification of the policy.

12.1.2. Tenant and Landlord each hereby release and relieve the other, and waive their entire right to recover damages (whether in contract or in tort) against the other, for loss or damage to their property or for any other loss or damage arising out of or incident to the perils to the extent such loss or damage is covered by insurance which is required to be carried under this Agreement. Landlord and Tenant agree to have their respective insurance companies issuing property damage insurance consent to the mutual releases of liability contained herein and waive any right of recovery by way of subrogation that such companies may have against Landlord or Tenant, as the case may be, in connection with any such loss or damage covered by any such insurance.

ARTICLE 13
SURRENDER

Section 13.1. Early Termination. If, notwithstanding Tenant's efforts, Tenant determines that the Business and/or the Project are not feasible, then Tenant will have the right to terminate this Agreement by providing Landlord with ninety (90) days prior written notice and paying a fee equal to one (1) year of Minimum Rent of Twelve Thousand Dollars ($12,000). Upon any such termination, the respective rights, privileges, duties, liabilities and obligations of Landlord and Tenant which would otherwise arise subsequent thereto will be terminated, null and void.

Section 13.2. Collection System. At the expiration of the Term or the earlier termination of this Agreement, all of Tenant's right, title, and interest in and to the Collection System shall immediately vest in Landlord, and Tenant, upon the request of Landlord, shall execute and deliver to Landlord, within ten (10) Business Days, an appropriate instrument or instruments to evidence the transfer of the Collection System to Landlord at no cost to Landlord, together with all related plans, specifications, operating manuals and third party warranties (if any) in Tenant's possession. The transfer of ownership of the Collection System by Tenant to Landlord hereunder shall be AS-IS, WHERE-IS, and without warranty of any kind, whether express or implied, other than a warranty of title. Upon such transfer, Tenant shall be relieved of any liability or obligation in respect of the Collection System arising upon or after such transfer.

Section 13.3. Option to Purchase Project Facilities.

(a) Tenant grants to Landlord an option (the "Option") to purchase the Project Facilities (excluding the Collection System which is governed by Section 13.2 above) owned by Tenant and installed at the Premises at the expiration of the Term or the earlier termination of this Agreement on the terms and conditions in this Section 13.3; provided that there is not any uncured default by Landlord hereunder. Not later than one hundred and eighty (180) days before the end of the Term or within ten (10) days after any notice of the early termination of this Agreement is given by either Landlord or Tenant, Landlord shall notify Tenant in writing of the pending end of the Term or the early termination, as applicable, and whether Landlord elects to exercise the Option. If Landlord fails to timely deliver such notice, Landlord shall be conclusively deemed to have elected not to exercise the Option, and Tenant shall have no obligation to sell or convey such Project Facilities to Landlord.

(b) The purchase price for the Project Facilities shall be an amount equal to the fair market value of such Project Facilities, determined by mutual agreement of the Parties. If the Parties fail to reach agreement on such fair market value within thirty (30) days following Landlord's notice of exercise of the Option, such fair market value shall he determined by an independent appraiser appointed by the Parties. Any such sale and transfer shall be on an AS-IS, WHERE-IS basis and without warranty of any kind, whether express or implied, other than warranty as to Tenant's title to the Project Facilities. For the avoidance of doubt, the Option shall not apply to any Project Facilities, or portions thereof, not owned by Tenant as of the date of expiration of this Agreement.

(c) If Landlord exercises the Option, after the determination of the fair market value in accordance with Section 13.3(b), the closing of the purchase of the Project Facilities shall occur as of the date that the Term expires. At the closing, (i) Landlord shall pay the agreed purchase price to Tenant in immediately available US Dollars; (ii) Tenant shall execute and deliver to Landlord an appropriate instrument or instruments to transfer the Project Facilities, together with all related plans, specifications, operating manuals and third party warranties (if any) in Tenant's possession, to Landlord AS-IS, WHERE-IS, and without warranty of any kind, whether express or implied, other than warranty as to Tenant's title to the purchased Project Facilities; and (iii) Tenant shall be released from any liability or obligation with respect to the Project Facilities arising upon or after such transfer.

(d) For purposes of Section 13.3 only, the term "Project Facilities" shall not include the Collection System, the transfer of which shall be governed by the provisions of Section 13.2.

Section 13.4. Removal and Restoration Obligations. In the event that the Project Facilities are not purchased by Landlord pursuant to Section 13.3, then following the termination of this Agreement, and at no cost to Landlord, Tenant shall provide for the removal of the Project Facilities (other than the Collection System) from the Project Sites. Tenant's obligation shall not include any removal or restoration with respect to any buildings or improvements erected on the Project Sites. Upon request of Landlord made in writing prior to the end of the Term, within thirty (30) days of the end of the Term, Tenant shall remove any building located on site and restore the site to a condition similar to the property adjacent to the site. In addition, Tenant shall remove all of its personal property on the Project Sites (other than the Collection System) not otherwise used in the operation, maintenance, repair or replacement of the Project Facilities. Tenant shall leave any building and improvement erected on the Project Sites clean of debris and other materials resulting from Tenant's removal of personal property, and shall repair any damage to the Landfill caused by its removal pursuant to this Section 13.4. Notwithstanding the foregoing, if this Agreement is terminated as a result of a default by Landlord, then the costs of removal and restoration as provided in this Section 13.4 shall be for the account of Landlord.

ARTICLE 14
CASUALTY AND CONDEMNATION

Section 14.1. Casualty. Tenant shall give prompt written notice to Landlord of any material casualty to any Project Facilities. Landlord shall give prompt written notice to Tenant of any casualty to the Landfill, the solid waste disposal facility or any portion thereof. Tenant shall provide Landlord with its plans for the restoration of the Project as soon as reasonably practical following such casualty. If Tenant elects not to restore following any material casualty, then Tenant may by written notice to Landlord terminate this Agreement. Upon any such termination, the respective rights, privileges, duties, liabilities and obligations of Landlord and Tenant which would otherwise arise subsequent thereto will be terminated, null and void.

Section 14.2. <u>Condemnation</u>. If, at any time during the Term, the Landfill, the Landfill Gas, the Project Facilities, or any part thereof or interest therein, shall be taken or damaged by reason of any public improvement or condemnation proceeding, or in any other manner, or should Tenant or Landlord receive any notice or other information regarding such proceeding, the Party receiving such notice or other information shall give prompt written notice thereof to the other Party. Each of Tenant and Landlord shall be entitled to all condemnation proceeds relating to property owned by it, and shall be entitled at its option to commence, appear in and prosecute in its own name any action or proceedings. If any condemnation materially and adversely affects Tenant's Business, then Tenant may by written notice to Landlord terminate this Agreement. Upon any such termination, the respective rights, privileges, duties, liabilities and obligations of Landlord and Tenant which would otherwise arise subsequent thereto will be terminated, null and void.

ARTICLE 15
DEFAULT

Section 15.1. <u>Tenant's Default</u>. Landlord shall notify Tenant in writing in the event that Tenant at any time fails to perform or observe any of its material obligations under this Agreement or in the event that any representation or warranty made by Tenant hereunder is inaccurate in any material respect. Tenant shall have thirty (30) days after receipt of such notice in which to cure such failure or inaccuracy. Following the cure period specified in the preceding sentence, each such uncured event shall be a default by Tenant hereunder, and Landlord shall have the right to terminate this Agreement upon written notice to Tenant in respect of such default; provided that with respect to any failure (other than a failure to make any payment when due), for which compliance within the period provided for herein is not reasonably possible, Tenant shall have an additional period as reasonably required in which to cure such default prior to a termination by Landlord, but only if such default is able to be cured and Tenant has commenced and is diligently pursuing such cure.

Section 15.2. <u>Landlord's Default.</u> Tenant shall notify Landlord in writing in the event that Landlord at any time fails to perform or observe any of its material obligations under this Agreement or in the event that any representation or warranty made by Landlord hereunder is inaccurate in any material respect. Landlord shall have thirty (30) days after receipt of such notice in which to cure such failure or inaccuracy. Following the cure period specified in the preceding sentence, each such uncured event shall be a default by Landlord hereunder, and Tenant shall have the right to terminate this Agreement upon written notice to Landlord in respect of such default; provided that with respect to any failure (other than a failure to make any payment when due), for which compliance within the period provided for herein is not reasonably possible, Landlord shall have an additional period as reasonably required in which to cure such default prior to a termination by Tenant, but only if such default is able to be cured and Landlord has commenced and is diligently pursuing such cure.

Section 15.3. <u>Remedies.</u> In the event of a breach of or default under this Agreement, whether or not such breach or default results in a termination of this Agreement, and without limitation of the non-defaulting Party's right to terminate this Agreement as provided in this Article 15, the Parties shall have the right to exercise all of their respective rights and remedies available at law or equity in respect of such breach, default, or termination. Without limitation of the foregoing, Landlord acknowledges that in the event of a breach or default or potential breach or default by Landlord of this Agreement the Tenant may be irreparably harmed and that monetary damages hereunder may be an insufficient remedy for such harm, and in such event, Tenant may seek any and all available equitable remedies, including injunctive relief and specific performance, in respect of such breach or potential breach.

ARTICLE 16
MISCELLANEOUS

Section 16.1. <u>Notices.</u> All notices, demands and other communications under this Agreement shall be in writing and shall be effective on the date of delivery by registered United States mail, return receipt requested or by overnight courier, to the Party to whom it is intended at the address of such Party set forth below:

To Landlord:

Sallisaw Municipal Authority
115 E. Choctaw
Sallisaw, OK 74955
Attention: General Manager

With a copy to:

Montgomery and Montgomery, P.C.
John Robert Montgomery
123 East Choctaw
P.O. Box 1180
Sallisaw, Oklahoma 74955-1180

To Tenant:

Sequoyah Renewables, LLC
3555 NW 58th St.
Suite 625 West
Oklahoma City, OK 73112
Attention: Chief Executive Officer

With a copy to:

Phillips Murrah P.C.
101 N. Robinson
Oklahoma City, OK 73102
Attention: Sally A. Hasenfratz

Each Party to this Agreement may change its address for notices hereunder by specifying such change in accordance with the foregoing.

Section 16.2. **Severability.** If any provision of this Agreement is invalid, illegal or incapable of being enforced by any rule of law or public policy, all other terms and provisions of this Agreement will nevertheless remain in full force and effect so long as, and only so long as, the economic or legal substance of the transactions contemplated hereby is not affected in any manner materially adverse to any Party hereto. Upon any determination that any provision is invalid, illegal or incapable of being enforced and does not adversely affect the substance of these transactions in a material way, the Parties hereto will negotiate in good faith to modify this Agreement so as to effect the original intent of the Parties to the end that the transactions contemplated hereby are consummated to the extent practicable.

Section 16.3. **Governing Law.** This Agreement and the transactions contemplated herein, and all disputes between the Parties under or related to this Agreement or the facts and circumstances leading to its execution and performance, whether in contract, tort or otherwise, shall be governed by and construed in accordance with the laws of the State of Oklahoma, without regard to the conflict of laws rules thereof.

Section 16.4. **Jurisdiction.** The Parties hereby irrevocably submit to the exclusive jurisdiction of the United States District Court for the Eastern District of Oklahoma, in respect of any proceeding arising out of or relating to this Agreement or any of the transactions contemplated by this Agreement, or in the event that such court does not recognize jurisdiction in any such matter, the District Court in and for Sequoyah County, Oklahoma, and each of the Parties waives any objection it may now or hereafter have to venue or to convenience of forum, agrees that all claims in respect of such proceeding shall be heard and determined only in such court and agrees not to bring any proceeding arising out of or relating to this Agreement or the transactions contemplated by this Agreement in any other court. The Parties agree that either or both of them may file a copy of this paragraph with any court as written evidence of the knowing, voluntary and bargained agreement between the Parties irrevocably to waive any objections to venue or to convenience of forum. Process in any proceeding referred to in the first sentence of this Section 16.4 may be served on any Party anywhere in the world.

Section 16.5. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed original, and all of which together shall constitute one and the same instrument.

Section 16.6. **Amendment.** This Agreement may be amended or modified only by a written instrument signed by each Party hereto.

Section 16.7. **Construction.** The headings appearing in this Agreement are intended for convenience and reference only and are not to be considered in construing this Agreement. Nothing herein contained shall create a joint venture, or agency.

Section 16.8. **Successors.** All rights, duties, and liabilities herein benefit and bind Landlord and Tenant and their respective permitted successors and assigns.

Section 16.9. **Assignment or Subletting.** Neither Party shall sell, assign, pledge, sublet, delegate or otherwise transfer (collectively, an "Assignment") this Agreement or any of its rights or obligations hereunder without the prior written consent of the other Party, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the foregoing, Tenant may, without the need for consent from Landlord, make an Assignment of all or a portion of this Agreement or any of its rights or obligations hereunder to an Affiliate of Tenant. Either Party may, without the need for consent from the other Party, make an Assignment of all or a portion of this Agreement or any of its rights or obligations or (ii) for collateral security purposes to a Lender providing financing, directly or indirectly, in connection with the construction, operation or ownership of that Party's assets (a "Financing Assignment"). Any assignee (other than a collateral assignee) of all or any portion of a Party's interest hereunder shall assume and agree in writing to perform all of the obligations of its assignor arising hereunder after the effective date of such Assignment. Any Party making an Assignment (the "Assignor") in accordance with this Section 16.9 shall promptly notify the other Party thereof and furnish such Party a copy of such Assignment.

Section 16.10. **Waiver.** A waiver of any of the provisions of this Agreement shall only be effective if made in writing. Failure on the part of Landlord or Tenant to complain of any action or non-action on the part of Landlord or Tenant shall not be deemed to be a waiver of any rights hereunder. No waiver at any time of any of the provisions hereof by Landlord or Tenant shall be construed as a waiver at any subsequent time of the same provisions. The consent or approval of Landlord or Tenant to or of any action or non-action by Landlord or Tenant requiring Landlord's or Tenant's consent or approval, shall not be deemed to waive or render unnecessary Landlord's or Tenant's consent or approval to or of any subsequent similar action or non-action by Landlord or Tenant.

Section 16.11. **Entire Contract**. The entire agreement between Landlord and Tenant with respect to the subject matter hereof is embodied herein and supersedes all prior oral or written agreements and understandings between the Parties or their respective Affiliates relating to the subject matter hereof. No oral warranties, representations, or promises have been made or relied upon by either party as an inducement to or modification of this Agreement.

Section 16.12. **No Third-Party Beneficiaries**. Except as specifically provided in Article 11 with respect to Landlord Persons and Tenant Persons, nothing contained herein is intended, or shall be deemed, to create or confer any rights upon any third person not a Party hereto, whether as a third-party beneficiary or otherwise.

Section 16.13. **Further Assurances.** In addition to the agreements herein provided, each of the parties hereto shall, from time to time upon the reasonable request of the other party, execute and deliver such additional certificates, notices and documents and shall take such other action as may reasonably be required to more effectively carry out the terms of this Agreement. Without limiting the generality of the foregoing, Tenant and Landlord hereby agree to enter into additional agreements, and/or to amend or terminate existing agreements and arrangements between the Parties or among the Parties and third parties, as may be necessary after the Effective Date to allow Landlord and Tenant to structure the sale and delivery of the Recovered Landfill Gas and other Products to third party purchasers in compliance with all applicable Laws and to satisfy any requirements pursuant to the sale and delivery of the Recovered Landfill Gas and other Products.

IN WITNESS WHEREOF, the undersigned have caused this Landfill Gas Rights, Easement and Lease Agreement to be entered into by their duly authorized representatives as of the Effective Date.

SALLISAW MUNICIPAL AUTHORITY,
A Title 60 Public Trust in Oklahoma

By:_______________________________

Name: ____________________________

Title: _____________________________

SEQUOYAH RENEWABLES, LLC
An Oklahoma Limited Liability Company

By:_______________________________

Name: ____________________________

Title: _____________________________

Approved as to form:

____

Attorney, Sallisaw Municipal Authority Date

ACKNOWLEDGMENT

STATE OF OKLAHOMA
COUNTY OF SEQUOYAH

The foregoing instrument was acknowledged before me this ________ day of ______________________, 2020, by ____________________________________, the Chairman of SALLISAW MUNICIPAL AUTHORITY, Public Trust in the State of Oklahoma, for and behalf of the SALLISAW MUNICIPAL AUTHORITY.

My commission expires: ___________________________

____
Notary Public

[Notary Seal Required]

ACKNOWLEDGMENT

STATE OF OKLAHOMA
COUNTY OF OKLAHOMA

The foregoing instrument was acknowledged before me this __________ day of _________________________, 2020, by _____________________________, the Manager of Sequoyah Renewables, LLC, a limited liability company in the State of Oklahoma, for and behalf of Sequoyah Renewables, LLC.

My commission expires: ___________________________

____
Notary Public

[Notary Seal Required]

Exhibit "A"
Legal Descriptions

Sallisaw Municipal Landfill Legal Description

A part of the E½ of Section 22, Township 11 North, Range 24 East, Sequoyah County, Oklahoma being more particularly described as follows: Commencing at the SE corner of the NE¼ of said Section 22, Township 11 North, Range 24 East; thence N89°53'28"W 110.40 feet to the point of beginning; thence S0°06'32"W 700.74 feet; thence S71°00'00"W 1770.00 feet; thence N0°06'32"E 1625.00 feet; thence N71°00'00"E 1770.00 feet; thence S0°06'32"W 924.26 feet to the point of beginning; and

A part of Section 22, Township 11 North, Range 24 East, Sequoyah County, Oklahoma, described as follows: Commencing at the E¼ corner of said Section 22; thence N89°53'28"W 110.40 feet; thence N0°06'32"E 924.26 feet; thence S71°00'00"W 1770 feet to the point of beginning, said point being the NW corner of the existing landfill property; thence S0°06'32"W 1625.00 feet to the SW corner of existing landfill property; thence West 886.50 feet; thence North 1318.69 feet; thence N71°00'00"E 940.85 feet to the point of beginning; and

A part of the SE¼ NE¼ and part of the NE¼ SE¼ of Section 22, and a part of the SW¼ NW¼ and part of the NW¼ SW¼ of Section 23, all in Township 11 North, Range 24 East, Sequoyah County, Oklahoma, described as follows; Commencing at the quarter(¼) corner on the section line between said Section 22 and 23; thence N89°53'28"W 110.28 feet to the point of beginning; thence N0°06'32"E 788.15 feet to a point on the South right-of-way of an existing road; thence along said right-of-way N67°13'22"E 952.70 feet; thence S0°06'32"W 1488.89 feet; thence S67°13'22"W 952.70 feet; thence N0°06'32"E 700.74 feet to the point of beginning; and

City of Sallisaw to Sallisaw Municipal Authority Warranty Deed

Documentary Stamp Tax
Exemption No.
Date 7/14/2020 Purchase Price Consideration less than $100
Claimant Signature
PO Box 525
Sallisaw, OK

JW

I-2020-004174 Book 1530 Pg: 13
07/14/2020 9:25 am Pg 0013-0014
Fee: $ 20.00 Doc: $ 0.00
Julie Haywood - Sequoyah County Clerk
State of Oklahoma

WARRANTY DEED
Statutory Form

KNOW ALL MEN BY THESE PRESENTS:

THAT City of Sallisaw, a municipal corporation, of Sallisaw, Sequoyah County, State of Oklahoma, party of the first part, in consideration of the sum of TEN AND NO/100'S DOLLARS in hand paid, the receipt of which is hereby acknowledged, does hereby Grant, Bargain, Sell and Convey unto Sallisaw Municipal Authority, a public trust, 115 E. Choctaw, Sallisaw, Sequoyah County, Oklahoma, party of the second part, the following described real property and premises situate in Sequoyah County, State of Oklahoma, to-wit:

A part of the E½ of Section 22, Township 11 North, Range 24 East, Sequoyah County, Oklahoma being more particularly described as follows: Commencing at the SE corner of the NE¼ of said Section 22, Township 11 North, Range 24 East; thence N89°53'28"W 110.40 feet to the point of beginning; thence S0°06'32"W 700.74 feet; thence S71°00'00"W 1770.00 feet; thence N0°06'32"E 1625.00 feet; thence N71°00'00"E 1770.00 feet; thence S0°06'32"W 924.26 feet to the point of beginning; and

A part of Section 22, Township 11 North, Range 24 East, Sequoyah County, Oklahoma, described as follows: Commencing at the E¼ corner of said Section 22; thence N89°53'28"W 110.40 feet; thence N0°06'32"E 924.26 feet; thence S71°00'00"W 1770 feet to the point of beginning, said point being the NW corner of the existing landfill property; thence S0°06'32"W 1625.00 feet to the SW corner of existing landfill property; thence West 886.50 feet; thence North 1318.69 feet; thence N71°00'00"E 940.85 feet to the point of beginning; and

A part of the SE¼ NE¼ and part of the NE¼ SE¼ of Section 22, and a part of the SW¼ NW¼ and part of the NW¼ SW¼ of Section 23, all in Township 11 North, Range 24 East, Sequoyah County, Oklahoma, described as follows; Commencing at the quarter(¼) corner on the section line between said Section 22 and 23; thence N89°53'28"W 110.28 feet to the point of beginning; thence N0°06'32"E 788.15 feet to a point on the South right-of-way of an existing road; thence along said right-of-way N67°13'22"E 952.70 feet; thence S0°06'32"W 1488.89 feet; thence S67°13'22"W 952.70 feet; thence N0°06'32"E 700.74 feet to the point of beginning; and

A 50 foot wide easement across part of the SE¼ SE¼ of Section 14, Township 11 North, Range 24 East, the centerline being more particularly

I-2020-004174 Book 1530 Pg 14
07/14/2020 9:25 am Pg 0013-0014
Fee: $ 20.00 Doc: $ 0.00
Julie Haywood - Sequoyah County Clerk
State of Oklahoma

described as follows: Beginning at a point 596.89 feet North of the SE corner of Section 14; thence S61°23'05"W 1246.31 feet to the point of termination, said point being on the South Section Line of Section 14;

together with all the improvements thereon and the appurtenances thereunto belonging, and warrant the title to the same.

TO HAVE AND TO HOLD said described premises unto the said party of the second part, its heirs and assigns forever, free, clear and discharged of and from all former grants, charges, taxes, judgments, mortgages and other liens and incumbrances of whatsoever nature.

SIGNED AND DELIVERED this 13th day of July, 2020.

CITY OF SALLISAW SEAL OKLAHOMA

CITY OF SALLISAW, A Municipal Corporation

By: EMartens

ERNIE MARTENS, Mayor

Attest:

Dianna Davis

DIANNA DAVIS, City Clerk

STATE OF OKLAHOMA)
) **SS**
COUNTY OF SEQUOYAH)

ACKNOWLEDGMENT

This instrument was acknowledged before me on this 13th day of July, 2020, by Ernie Martens, Mayor, on behalf of the City of Sallisaw, Oklahoma.

(SEAL) LISA GABBERT NOTARY PUBLIC # 10003800 Exp 5/6/22 STATE OF OKLAHOMA SEQUOYAH COUNTY

Lisa Gabbert

Notary Public

Commission Expires: May 6, 2022

Commission Number: 10003800

Exhibit "B"
Landlord Landfill Permit

Exhibit “C”
Site Plan Showing Location of Pipeline Easements

(to be attached)

Exhibit "D"
Insurance Requirements

Sequoyah Renewables Insurance Requirements

General Liability:	
Each Occurrence:	$1,500,000
General Aggregate:	$4,000,000
Automobile Liability:	
Combined Single Limit:	$1,000,000
Environmental Liability:	
Each Occurrence:	$2,000,000
General Aggregate:	$4,000,000

Sallisaw Municipal Authority Insurance Requirements

(See attached Declarations Page)

OMAG 3650 S. Boulevard • Edmond, OK 73013 • omag.org
405.657.1400 • 800.234.9461 • FAX 405.657.1401

Municipal Liability Protection Plan
Declarations Page

1. PLAN MEMBER and Mailing Address — **CITY OF SALLISAW**, **P.O. BOX 525**, **SALLISAW OK 74955-0525** — AGREEMENT NUMBER **GLA 1400328 04**

2. Plan Period — From 12:01 A.M. Central Standard Time at the address of the Plan Member
From **11/01/2019** to **11/01/2020**

3. The Plan Member is a(n) **MUNICIPALITY**

4. The Coverage afforded by this agreement is only with respect to the following coverages as are indicated by specific limits of coverage, for which a premium is charged.

COVERAGE	PREMIUM
GENERAL LIABILITY (PARTS I, IV, V, AND VI)	
A. Bodily Injury; B. Property Damage; C. Personal Injury; D. Errors and Omissions; I. Pollution Damage; J. Defense Reimbursement; K. Cyber / Data Breach; L. Uncovered Employment Defense; [ ] Prior Acts Coverage	**$58,549** Coverages A,B,C,D,I,J,K,L
AUTOMOBILE LIABILITY (PART II)	
E. Bodily and Personal Injury; F. Property Damage	**$19,232** Coverages E,F
[X] Hired and Non-owned Automobile Coverage	**$61** Hired and Non-owned
AUTOMOBILE & EQUIPMENT PHYSICAL DAMAGE (PART III)	
G. Automobile Physical Damage — 1. Comprehensive; 2. Specified Perils; 3. Collision — Per fleet schedule	**$30,234** Coverages G
[X] Hired Auto Physical Damage Limit: **$150,000**	**Included** Hired Auto Physical Damage
H. Equipment Physical Damage - Per equipment schedule	**$2,805** Coverages H
[ ] Mobile Equipment Leased/Rented Limit: **$0**	**$0** Mobile Leased/Rented

5. LIMITS OF LIABILITY, except for Coverages G,H,I,J,L

Losses subject to the OKLAHOMA GOVERNMENTAL TORT CLAIMS ACT:
$ 25,000 Each Property Damage Loss Per Occurrence, including Fire Legal
$ 125,000 Each Other Loss Per Occurrence
$ 1,000,000 Aggregate Per Occurrence

Losses not subject to the OKLAHOMA GOVERNMENTAL TORT CLAIMS ACT:
$ 10,000 Medical Payments for Volunteers Per Loss
$ 1,000,000 Each Other Loss Per Occurrence
Cyber Coverage: See Limits on Cyber / Data Breach Declaration Page

Annual Aggregate
$ 2,000,000 Coverages C,D
$ 10,000 Coverage J

$107,484
Total Premium
(This is not an invoice)

6. DEDUCTIBLES

Coverages A,B,E,F,L: No Deductible, except for sanitary sewer overflows and electrical disruptions, which are subject to the deductible of coverages C & D.

Coverages C,D:	**$1,000** Per Occurrence
Coverages G,H:	Per Schedule or Endorsement
Coverage I:	$1,000 Per Pollution Incident
Coverage J:	$5,000 SIR
Coverage K:	Per Applicable Cyber / Data Breach Deductible

7. This agreement is composed of this Declaration Page, Schedules, Forms and Endorsements, if any.

Jonathan D. Woods
OMAG Representative

08/26/2020
Date

MLPP DEC (1.19)

OMAG

3650 S. Boulevard • Edmond, OK 73013 • omag.org
405.657.1400 • 800.234.9461 • FAX 405.657.1401

Municipal Liability Protection Plan

ADDITIONAL NAMED PLAN MEMBERS

SALLISAW MUNICIPAL AUHORITY

SALLISAW ELECTRIC SYSTEM