

TERM SHEET:

REPURCHASE AGREEMENT

Parties: Edmond Public Works Authority (“EPWA”) and Covell-35 Development, LLC (“Covell-35”)

I. Covell-35 Repurchase Obligation re: Hotel-Conference Center Property.

Hotel-CC

Property: 7.13 acres (310,780 sf) of undeveloped land located at the NW corner of I-35 and Covell Road

Repurchase

Trigger: In the event a building permit is not issued for the construction of the Hotel and Conference Center within two years of execution of the Hotel-Conference Center Development Agreement and the Hotel-Conference Center Ground Lease (the “Building Permit Deadline”), Covell-35 shall repurchase from EPWA the Hotel-Conference Center Property.

Repurchase Price: \$2,200,000.

Closing: To occur 30 days from the Building Permit Deadline.

Promissory Note: A promissory note in the amount of the \$2.2M repurchase price is to be executed by Covell-35 in order to secure its repurchase obligation to EPWA.

II. Covell-35 Repurchase Option re: Sports Complex Property.

Sports Complex

Property: 19.35 acres (843,095 sf) of undeveloped land at the NE corner of I-35 and Covell Road

Option Trigger: In the event of a default by Sports Complex Developer (Summit Sports Complex, LLC) under the Sports Complex Development Agreement or Ground Lease, and passage of any applicable cure period thereunder, EPWA will give Covell-35 notice of the uncured default and option to purchase the Sports Complex Property.

Option Period and

Exercise Notice: One year. Covell-35 must provide written notice within the Option Period affirmatively indicating it will exercise the purchase option at the Repurchase Price (the “Exercise Notice”).

Repurchase Price: \$2,000,000.

Closing: To occur 60 days from the date of Covell-35’s Exercise Notice.

Other: Repurchase Option is neither exclusive nor irrevocable. Therefore, EPWA may initiate or participate in negotiations or contract to sell the Sports Complex Property with others.

REPURCHASE AGREEMENT

THIS REPURCHASE AGREEMENT (this "Agreement") is made and entered into this ____ day of October, 2012 (the "Effective Date") by and between the Edmond Public Works Authority, an Oklahoma public trust ("EPWA") and Covell-35 Development, LLC, an Oklahoma limited liability company ("Covell-35").

RECITALS:

A. On April 25, 2012 the City of Edmond, an Oklahoma municipal corporation (the "City"), EPWA, and Developer entered into a Memorandum of Understanding ("MOU") to establish a framework for the development of certain property generally located on the northwest, northeast, and southwest corners of Interstate 35 and Covell Road in Edmond, Oklahoma, an area sometimes referred to as Cross Timbers Park (the "Project Area").

B. On or about May 30, 2012, EPWA purchased from Covell-35 approximately 7.13 acres of undeveloped real property located within the Project Area, which property is more particularly described on Exhibit "A" attached hereto (the "Hotel-Conference Center Property"), pursuant to that certain Hotel-Conference Center Tract Purchase Contract dated effective April 25, 2012, for the future development and construction of a hotel and conference center by Covell-35, as more particularly described in the MOU. Since the date of execution of the MOU and the closing of the sale of the Hotel-Conference Center Property, Covell-35 formed a single purpose entity, Covell Partners in Development, LLC, an Oklahoma limited liability company ("Developer") for the purpose of developing the Hotel and Conference Center Property.

C. The City, EPWA, and Developer anticipate, on or before _____, 2012, simultaneous execution of a Hotel-Conference Center Development Agreement and a Hotel-Conference Center Ground Lease, both in furtherance of the development of the Hotel-Conference Center Property, and in accordance with the MOU. The Hotel-Conference Center Tract Purchase Contract, the Hotel-Conference Center Development Agreement, and the Hotel-Conference Center Ground Lease are collectively referred to herein as the "Hotel-Conference Center Project Documents."

D. On or about October 31, 2012, EPWA anticipates consummating the purchase from Summit Sports Complex, LLC, an Oklahoma limited liability company ("Summit"), of approximately 19.35 acres of undeveloped real property located within the Project Area, which property is more particularly described on Exhibit "B" attached hereto (the "Sports Complex Property"), pursuant to the Sports Complex Tract Purchase Contract, and to execute a Sports Complex Development Agreement and a Sports Complex Ground Lease, all for the future development, construction, and leasing of a sports complex by Summit, and all pursuant to the terms of the MOU. The Sports Complex Tract Purchase Contract, the Sports Complex Development Agreement, and the Sports Complex Ground Lease are collectively referred to herein as the "Sports Complex Project Documents."

E. The MOU contemplates Covell-35's obligation to repurchase the Hotel-Conference Center Property in the event certain development obligations are not satisfied. Covell-35 is also interested in having, and EPWA is willing to grant to Covell-35, an option to purchase the Sports

Complex Property in the event of default by Summit of its development obligations of the Sports Complex Property.

NOW, THEREFORE, in consideration of the foregoing and the mutual promises contained herein, and other valuable consideration, the sufficiency and receipt of which are hereby acknowledged, EPWA and Developer agree as follows:

1. Hotel-Conference Center Property Repurchase. If a building permit has not been issued for the construction of the Hotel-Conference Center (the “Building Permit Obligation”) within two (2) years of the date of execution of the Hotel-Conference Center Development Agreement and Hotel-Conference Center Ground Lease, but in any event no later than November 1, 2014 (the “Building Permit Deadline”), then Covell-35 shall re-purchase the Hotel-Conference Center Property from EPWA (“Covell-35’s Repurchase Obligation”) at a purchase price of \$2,200,000 (the “Repurchase Price”). Covell-35 may request an extension of the Building Permit Deadline in writing at least fifteen (15) days prior to the Building Permit Deadline, which may be granted or not as determined in the sole and absolute discretion of EPWA.

1.1 Promissory Note. In order to secure Covell-35’s Repurchase Obligation, and as contemplated by the MOU, Covell-35 will deliver to EPWA, on the date of execution of this Agreement, an executed Promissory Note (the “Note”), in substantially the form attached as Exhibit “C” hereto, in the principal amount of the Repurchase Price. The Note, in the principal amount of the Repurchase Price, will not bear interest and will be due in full on the maturity date thereof which is established to be thirty (30) days after the Building Permit Deadline, or December 1, 2014, except as may be extended pursuant to Paragraph 1. Notwithstanding anything herein to the contrary, in the event the Building Permit Obligation is fully satisfied on or before the Building Permit Deadline, then the Note will be cancelled by EPWA and returned to Covell-35. In the event the Building Permit Obligation is not satisfied in full, on or before the Building Permit Deadline, this Agreement shall constitute a purchase and sale agreement between EPWA and Covell-35, and the Hotel-Conference Center Repurchase will be closed in accordance with the terms of Paragraph 2 below.

2. Repurchase Closing. The closing of the Hotel-Conference Center Property Repurchase (the “Repurchase Closing”) shall occur thirty (30) days after the Building Permit Deadline, or such earlier date as mutually agreed by EPWA and Covell-35 (the “Repurchase Closing Date”), at a specific time, and place of closing at a title company located in Oklahoma County, Oklahoma of EPWA’s choosing. The parties shall deliver or cause to be delivered the following documents on or before the Repurchase Closing Date, and agree to the following terms in connection with the Repurchase Closing:

2.1 Repurchase Price. Covell-35 shall deliver to EPWA the Repurchase Price by certified funds or wire transfer.

2.2 Deed. Covell-35 agrees to accept the Hotel-Conference Center Property in its “AS IS” condition. EPWA shall execute and deliver to Covell-35 a general warranty deed conveying the Hotel-Conference Center Property to Covell-35 and generally warranting title thereto free and clear of all liens and encumbrances, subject only to such exceptions to title as are: (a)

contained in Exhibit “D” of this Agreement, (b) and subsequently made to facilitate the Project and which do not adversely affect the use of the Hotel-Conference Center Property as contemplated by the Hotel-Conference Center Project Documents.

2.3 Note. EPWA shall deliver to Covell-35 the original executed Note.

2.4 Additional Documents. The parties shall execute all documents reasonably requested by the other party or the title company to effectuate the transactions contemplated herein.

2.5 Prorations. All receipts and disbursements relating to the Hotel-Conference Center Property will be prorated at the Repurchase Closing as of 11:59 p.m. on the day preceding the Repurchase Closing Date and the Purchase Price will be adjusted as provided in the Closing Statement. Unless otherwise requested by EPWA, all prorations and costs owing by EPWA will be deducted from amounts owing to EPWA at Closing and paid by Covell-35 as a credit against amounts owing to EPWA by Covell-35.

2.5.1 Property Taxes. All ad valorem taxes and installments of special assessments, if any, for the calendar years preceding the year in which the Repurchase Closing Date occurs will be paid by EPWA. All ad valorem taxes and installments of special assessments, if any, for the calendar year in which the Repurchase Closing Date occurs will be prorated to the Repurchase Closing Date, based on the latest available tax rate and assessed valuation.

2.5.2 Insurance. EPWA will terminate all existing insurance policies for the Hotel-Conference Center Property on the Repurchase Closing Date and Covell-35 will be responsible for all insurance coverage desired by Covell-35.

2.6 Costs. Covell-35 shall be responsible for payment of all costs incurred in connection with the Repurchase Closing, including without limitation, the title examination, premium and other charges for issuance of the title commitment and the title policy; the costs of obtaining a survey, if requested by Covell-35; the cost of documentary stamps to be affixed to the Deed; all commissions owing to any broker or brokerage firm, if any; all escrow and closing fees charged by the escrow agent; and all of Covell-35's attorneys' fees and expenses. EPWA shall be responsible for paying its attorneys' fees and expenses.

2.7 Possession. Possession of the Hotel-Conference Center Property will be delivered by EPWA to Covell-35 on the Closing Date free from all persons claiming rights to possession of or having claims against the Hotel-Conference Center Property, other than as claimants under the Approved Title Exceptions. Effective on the recording of the Deed, the beneficial ownership and the risk of loss of the Property will pass from EPWA to Covell-35.

In the event Covell-35 refuses or fails to close Hotel-Conference Center Property Repurchase, EPWA shall be entitled to make demand on the Note, in accordance with the terms thereof.

3. Sports Complex Property Purchase Option. In the event of a default by Summit under the Sports Complex Development Agreement or the Sports Complex Ground Lease, and after the expiration of any applicable cure period thereunder, Landlord will provide Covell-35 with written notice thereof together with notice of the one year period (the “Option Period”) during which Covell-35 may exercise the option to purchase the Sports Complex Property at the Option Purchase Price (defined below) on the terms and conditions set forth below.

3.1 Option Agreement. EPWA hereby grants to Covell-35 an option to purchase the Sports Complex Property at any time during the Option Period for the Option Purchase Price and on the other terms stated in this Agreement. The option to purchase the Sports Complex Property may be exercised by Covell-35 strictly in accordance with the terms of Paragraph 3.1.1 hereinbelow. If the option to purchase the Sports Complex Property is not exercised prior to 12:00 midnight on the Option Expiration Date, all of the rights of Covell-35 under this Agreement will expire and terminate without any notice from or further action by EPWA.

3.1.1 Exercise. To exercise the option to purchase the Property, Covell-35 must, prior to the Option Expiration Date, but not after, deliver written notice (the “Exercise Notice”) to EPWA affirmatively indicating that Covell-35 is exercising its option to purchase the Sports Complex Property. In the event Covell-35 does not provide EPWA with the Exercise Notice on or before the Expiration Date, this Agreement will expire and terminate without any action by EPWA. Upon the exercise of the option to purchase the Sports Complex Property strictly in accordance with the terms hereof, this Agreement shall constitute a purchase and sale agreement between EPWA and Covell-35.

3.2 Option Purchase Price. Subject to the adjustments and proration hereafter described, the Option Purchase Price to be paid by Covell-35 to EPWA for the purchase of the Property (the “Option Purchase Price”) shall be Two Million and No/100 Dollars (\$2,000,000.00).

3.3 Option Closing. The closing of the Option (the “Option Closing”) shall occur sixty (60) days after EPWA’s receipt of the Exercise Notice, or such earlier date as mutually agreed by EPWA and Covell-35 (the “Option Closing Date”). The parties shall deliver, or cause to be delivered, the following documents on or before the Option Closing Date, and agree to the following terms in connection with the Option Closing:

3.1.2 Option Purchase Price. Covell-35 shall deliver to EPWA the Option Purchase Price by certified funds or wire transfer.

3.1.3 Deed. Covell-35 agrees to accept the Sports Complex Property in its “AS IS” condition. EPWA shall execute and deliver to Covell-35 a general warranty deed conveying the Sports Complex Property to Covell-35 and generally warranting title thereto free and clear of all liens and encumbrances, subject only to such exceptions to title as are: (a) contained in Exhibit “E” of this Agreement, (b) and subsequently made to facilitate the development of the Sports Complex and which do not adversely affect the use of the Sports Complex Property as contemplated by the Sports Complex Project Documents.

- 3.1.4 Additional Documents. The parties shall execute all documents reasonably requested by the other party or the title company to effectuate the transactions contemplated herein.
- 3.1.5 Prorations. All receipts and disbursements relating to the Sports Complex Property will be prorated at the Option Closing as of 11:59 p.m. on the day preceding the Option Closing Date and the Option Purchase Price will be adjusted as provided in the Closing Statement. Unless otherwise requested by EPWA, all prorations and costs owing by EPWA will be deducted from amounts owing to EPWA at Closing and paid by Covell-35 as a credit against amounts owing to EPWA by Covell-35.
- 3.1.5.1 Property Taxes. All ad valorem taxes and installments of special assessments, if any, for the calendar years preceding the year in which the Option Closing Date occurs will be paid by EPWA. All ad valorem taxes and installments of special assessments, if any, for the calendar year in which the Option Closing Date occurs will be prorated to the Option Closing Date, based on the latest available tax rate and assessed valuation.
- 3.1.5.2 Insurance. EPWA will terminate all existing insurance policies for the Sports Complex Property on the Option Closing Date and Covell-35 will be responsible for all insurance coverage desired by Covell-35.
- 3.1.6 Costs. Covell-35 shall be responsible for payment of all costs incurred in connection with the Option Closing, including without limitation, the title examination, premium and other charges for issuance of the title commitment and the title policy; the costs of obtaining a survey, if requested by Covell-35; the cost of documentary stamps to be affixed to the Deed; all commissions owing to any broker or brokerage firm, if any; all escrow and closing fees charged by the escrow agent; and all of Covell-35's attorneys' fees and expenses. EPWA shall be responsible for paying its attorneys' fees and expenses.
- 3.1.7 Possession. Possession of the Sports Complex Property will be delivered by EPWA to Covell-35 on the Closing Date free from all persons claiming rights to possession of or having claims against the Sports Complex Property, other than as claimants under the Approved Title Exceptions. Effective on the recording of the Deed, the beneficial ownership and the risk of loss of the Property will pass from EPWA to Covell-35.

The parties agree the Sports Complex Property Purchase Option is neither exclusive nor irrevocable. Accordingly, EPWA may directly or indirectly solicit, initiate or participate in negotiations, or contract to sell the Sports Complex Property with any person other than Covell-35 during the Option Period.

4. Notices. Any notice, request, waiver, demand or consent required or permitted to be given hereunder shall be in writing, and delivered personally or by registered or certified mail, addressed to a party at the following addresses:

EPWA: Edmond Public Works Authority
Attn: City Manager
24 East First Street
Edmond, Oklahoma 73034

With a copy to: Leslie V. Batchelor, Esq.
Center for Economic Development Law
301 N. Harvey, Suite 200
Oklahoma City, OK 73102

Covell-35: Covell-35 Development, LLC
Attn: John Roddy Bates
6307 Waterford Blvd., Suite 155
Oklahoma City, OK 73118

With a copy to: Todd A. McKinnis, Esq.
Rubenstein & Pitts, PLLC
1503 East 19th Street
Edmond, Oklahoma 73013

5. Governing Law. This Agreement is being executed, delivered and is intended to be performed in the City of Edmond, Oklahoma County, Oklahoma. This Agreement is to be construed according to the laws of the State of Oklahoma applicable to contracts to be performed entirely within the State of Oklahoma by parties who are residents of the State of Oklahoma. All actions with respect to this Agreement may be instituted in the courts of the State of Oklahoma or the United States District Court sitting in Oklahoma City, Oklahoma. By execution of this Agreement, the parties irrevocably and unconditionally submit to the jurisdiction (both subject matter and personal) of any such court and irrevocably and unconditionally waive: (a) any objection any party might now or hereafter have to the venue in any such court; and (b) any claim that any action or proceeding brought in any such court has been brought in an inconvenient forum.

6. Entire Agreement. This Agreement constitutes the entire agreement between EPWA and Covell-35 relating to the future sale of the Hotel-Conference Center Property and the Sports Complex Property under certain terms and conditions as described herein. This Agreement supersedes, in all respects, all prior written or oral agreements between the parties relating to the subject matter hereof and there are no agreements, understandings, warranties or representations between Covell-35 and EPWA except as set forth herein.

7. Amendment. Neither this Agreement nor any of the provisions hereof can be changed, waived, discharged or terminated, except by an instrument in writing signed by the party against whom enforcement of the change, waiver, discharge or termination is sought.

8. Severability. If any clause or provision of this Agreement is held by a court having jurisdiction to be illegal, invalid or unenforceable under any present or future law, the remainder of this Agreement will not be affected thereby. It is the intention of the parties that if any such provision is held to

be illegal, invalid or unenforceable, there will be added in lieu thereof a provision as similar in terms to such provision as is possible and be legal, valid and enforceable.

9. Assignment. The rights of Covell-35 under this Agreement may not be assigned without the prior written consent of EPWA, which consent may be granted or not in EPWA's sole and absolute discretion.

10. Binding Effect. This Agreement will inure to the benefit of and bind the respective successors and permitted assigns of Covell-35 and EPWA.

11. Attorneys' Fees. If any party institutes an action or proceeding against the other relating to the provisions of this Agreement or any default hereunder, the unsuccessful party to such action or proceeding will reimburse the successful party therein for the reasonable attorneys' fees, disbursements and litigation expenses incurred by the successful party.

12. Counterpart Execution. This Agreement may be executed in counterparts, each of which will be deemed an original document, but all of which will constitute a single document.

**[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK;
SIGNATURES ARE CONTAINED ON THE FOLLOWING PAGES]**

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

COVELL-35: COVELL-35 DEVELOPMENT, LLC,
an Oklahoma limited liability company

By: _____
John Roddy Bates, Manager

STATE OF OKLAHOMA)
) ss.
COUNTY OF OKLAHOMA)

The foregoing instrument was acknowledged before me this ____ day of _____, 2012, by John Roddy Bates, as Manager of Summit Sports Complex, LLC, an Oklahoma limited liability company.

Notary Public

My Commission Expires: _____
My Commission No.: _____

[STAMP OR SEAL]

EXHIBIT “A”

The Hotel-Conference Center Property

[Legal Description to be inserted/attached]

DRAFT

EXHIBIT “B”

The Sports Complex Property

[Legal Description to be inserted/attached]

DRAFT

EXHIBIT "C"
Form of Promissory Note

PROMISSORY NOTE

\$2,200,000

Oklahoma City, Oklahoma
October __, 2012

FOR VALUE RECEIVED, COVELL-35 DEVELOPMENT, LLC, an Oklahoma limited liability company (the "Borrower"), promises to pay to the order of the Edmond Public Works Authority, a public trust (the "Lender"), at 24 East First Street, Edmond, OK 73034, or at such other place as may be designated in writing by the Lender, the principal sum of TWO MILLION TWO HUNDRED THOUSAND and No/100 DOLLARS (\$2,200,000.00) without interest thereon, subject to the terms and conditions set forth below.

This Note is issued by the Borrower and accepted by the Lender pursuant to that certain Repurchase Agreement dated the ____ day of October, 2012 entered into by the Borrower and the Lender (the "Agreement"). Unless herein defined, or where the context otherwise requires, all capitalized terms used herein shall have the meaning subscribed to them in the Agreement.

This Note is due and payable two (2) years after from the date of execution of that certain Hotel-Conference Center Development Agreement by Lender and Borrower and that certain Hotel-Conference Center Ground Lease by Lender and Borrower, but not later than December 1, 2014 (the "Maturity Date"), unless the Building Permit Obligation has been satisfied on, or before, the Building Permit Deadline strictly in accordance with the terms of the Agreement. All the provisions of Paragraph _ of the Agreement shall be incorporated herein as if fully set forth herein.

Any sum not received on or before fifteen (15) days after the Maturity Date will bear interest commencing on the sixteenth (16th) day at the rate of fifteen percent (15%) per annum and will be paid at the time of and as a condition precedent to the curing of any default hereunder. During the existence of any such default, the Lender may apply payments received on any amount due hereunder or under the terms of any instrument now or hereafter evidencing or securing such indebtedness as the Lender may determine. No waiver by Lender of any default under this Note or under the Agreement will be deemed to constitute a waiver of any other or future default.

The Borrower agrees that if, and as often as, this Note is placed in the hands of an attorney for collection or to defend or enforce any of the Lender's rights hereunder the Borrower will pay to such Lender its reasonable attorney's fees and all court costs and other expenses incurred in connection therewith.

This Note is issued by the Borrower, and accepted by the Lender pursuant to the Agreement, executed, delivered and to be performed in Oklahoma County, Oklahoma and accordingly, the law governing this Note shall be Oklahoma law and all the provisions of Paragraph 5 of the Agreement shall be incorporated herein as if fully set forth herein.

IN WITNESS WHEREOF, the undersigned has executed this instrument on the date first above written.

COVELL-35 DEVELOPMENT, LLC,
an Oklahoma limited liability company

By: _____
John Roddy Bates, Manager

DRAFT

EXHIBIT “D”

Hotel-Conference Center Property Permitted Exceptions

[TO BE ATTACHED]

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EXHIBIT “E”

Sports Complex Property Permitted Exceptions

[TO BE ATTACHED]

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