



File #100607F

5532 NW 43rd St. | Gainesville, FL 32653
P: (352) 240-9105 | F: (352) 240-9106
BossardtTitle.com

VIA HAND DELIVERY

September 12, 2016

Estelle Lens
City of Gainesville
405 NW 39th Avenue, Bld. A
Gainesville, FL 32609

RE: File No.: 16-367
Property: 1125 NE 8th Avenue, Gainesville, FL 32601

Dear Estelle:

Please find enclosed the original signed Promissory Note.

Should you have any questions or concerns, please feel free to contact us..

Sincerely,

A handwritten signature in black ink, appearing to be 'Kimberly G. Bosshardt', written over a horizontal line.

Kimberly G. Bosshardt, Esq.
Escrow Department
BOSSHARDT TITLE INSURANCE AGENCY, LLC

Enclosures.

**PROMISSORY NOTE
CITY OF GAINESVILLE – PHALANX DEFENSE SYSTEMS, LLC**

AMOUNT: \$ 635,000.00

FOR VALUE RECEIVED, the undersigned, Phalanx Defense Systems, LLC, whose address is 4352 NE 40th Terrace, Gainesville, Florida 32609 ("BORROWER"), jointly and severally promise(s) to pay to the City of Gainesville, a Florida municipal corporation, whose mailing address is Post Office Box 490, Station 58, Gainesville, Florida 32627 ("CITY"), the principal sum written above pursuant to the terms and conditions of this Promissory Note ("Note"):

1. MATURITY DATE / FORGIVENESS:

Unless otherwise prepaid in accordance with the terms of this Note or forgiven in accordance with the terms of this section, the entire principal balance of this Note, together with all accrued and unpaid interest, shall be due and payable on September 7, 2026, which is 10 years from the date of Closing, ("Maturity Date"), which shall be the date that is ten (10) years from the date this Note and Mortgage are executed.

As a financial incentive to encourage the BORROWER to invest in the Property that is the subject this Note and First Mortgage by: a) making improvements to the Property, and b) creating jobs, the CITY will, no earlier than the Maturity Date, forgive that portion of the loan for which the BORROWER has satisfied the requirements set forth in this Section 1. If the BORROWER elects to prepay and satisfy this Note in accordance with Section 4 below, no portion of the loan shall be forgiven and the entire principal balance shall be due and payable. The maximum total amount of the loan eligible for forgiveness is \$535,000, as set forth in the cap amounts specified in this section, regardless of Borrower's actual expenditures or number of qualified jobs actually created and retained. The City shall be the sole determiner of whether the requirements have been met based on the documents provided by the Borrower set forth below.

Qualified actual expenditures for repair, remediation and improvements to the property

Asbestos Removal
Lead Paint Removal
HVAC Repairs and Replacement
Roof Repairs
Architecture/Permits
Demolition
Fire Safety
Other Improvements
Cap of \$335,000 maximum forgiveness

Borrower shall submit to the City paid receipts from the party that completed the work. Improvements that are custom, specific or unique to the Borrowers use are not qualified expenditures. To avoid later disputes, Borrower may request City's determination of whether a particular expenditure is a qualified (not custom, specific or unique) prior to the work being contracted for or completed.

Qualified New Full-time Job Creation and Retention

Tier 1 -salary at least 115% of Average Annual Alachua County Wage	\$3,000 per position
Tier 2 - salary at least 150% of Average Annual Alachua County Wage	\$6,000 per position
Tier 3 - hire is a resident of the City's Enterprise Zone or is an honorably discharged U.S.veteran, and the salary is at least \$25,000	\$6,000 per position
Tier 4 -salary at least 200% of Average Annual Alachua County Wage	\$9,000 per position
Tier 5 - hire is a resident of the City's Enterprise Zone and is an honorably discharged U.S. veteran, and the salary is at least \$25,000	\$9,000 per position
	Cap of \$200,000 maximum forgiveness

Average Annual Alachua County Wage shall be determined at the time of the hire by reference to the annual publication issued by Enterprise Florida titled "State of Florida Incentives, Average Wage Requirements, Average Annual County Wage Data." All jobs shall be net new full-time positions created and retained for a period of two (2) years.

Borrower shall (as of the date of Closing or as of the date that is 6-months prior to Borrower occupying the Property for its business operations, whichever occurs later) report to the City its then current filled full-time positions. At the end of Borrower's fiscal year each year thereafter, Borrower shall report its net full time positions to the City. To obtain loan forgiveness for each position, Borrower shall provide the following documentation to the City: proof of meeting the salary level and retention period must be documented by BORROWER's payroll records; proof of residency in the City's Enterprise Zone must be documented by deed or lease/rental agreement in the name of the employee; proof of honorably discharged veteran status must be documented by a DD-219 or other official VA or US Military documentation.

Each party agrees that that they under take duties of good faith and fair dealing in the performance of their obligations and the exercise of their rights hereunder.

2. INTEREST:

Interest on this Note shall be payable at a fixed per annum rate of **zero percent (0%)**; except that if BORROWER fails to pay this Note as required upon the Maturity Date, this

Note shall be payable at a fixed per annum interest rate of **ten percent (10%)** from the Maturity Date until it is paid in full by BORROWER. Interest calculations shall be based on a 360-day year and charged on the basis of actual days elapsed.

3. SECURITY:

In addition to the protections given to the CITY under this Note, this Note is secured by a mortgage agreement ("Mortgage") bearing the date of this Note, executed by BORROWER, as mortgagor, to CITY, as mortgagee, encumbering property in Alachua County, Florida, as more specifically described in the Mortgage.

All of the agreements, conditions, covenants, provisions, and stipulations contained in the Mortgage that are to be kept and performed by BORROWER and any guarantors of the NOTE, are made hereby a part of this Note to the same extent and with the same force and effect as if they were set forth fully herein, and BORROWER covenants and agrees to keep and perform them or cause them to be kept and performed strictly in accordance with their terms. This Note and the Mortgage may be assumed with the written consent of the CITY.

4. PREPAYMENT:

BORROWER may prepay this Note in full or in part, at any time before the Maturity Date with no penalty

5. DEFAULT:

If BORROWER fails to pay principal and/or interest on the date on which it falls due or fails to perform any of the agreements, conditions, covenants, provisions, or stipulations contained in this Note and Mortgage, then the CITY, at its option and without notice to BORROWER, may declare immediately due and payable the entire unpaid balance of principal with interest from the date of such default. In such case, the CITY may bring about any actions not prohibited by applicable law and recover all costs and expenses associated with such actions, including but not limited to interest on any judgment obtained by the CITY and reasonable attorneys' fees including attorneys' fees on appeal.

6. WAIVERS:

(a) BORROWER and any co-signors, endorsers, sureties, or guarantors waive and release any rights to presentment for payment, demand, notice of demand, notice of nonpayment or dishonor, protest, notice of protest of this Note, and all other notices in connection with the delivery, acceptance, performance, default, or enforcement of the payment of this Note, and each agree that each shall have unconditional liability without regard to the liability of any other party, and that they shall not be affected in any manner by any extension of time, renewal, waiver, or modification granted or consented to by the CITY. BORROWER and any co-signors, endorsers, sureties, or guarantors consent to any and all extensions of time, renewals, waivers, or modifications that may be granted by the CITY with respect to the payment or other provisions of this Note, and to the release of any collateral or any part thereof, with or without substitution, and they agree that additional borrowers, endorsers, guarantors, or sureties may become parties hereto without notice to them or affecting their liability hereunder.

(b) The CITY shall not be deemed by any act of omission or commission to have waived any of its rights or remedies hereunder, unless such waiver is in writing and signed by the CITY, and then only to the extent specifically set forth in writing. A waiver on one event shall not be construed as continuing or as a bar to or waiver of any right or remedy to a subsequent event.

7. NOTICES:

All notices required under or in connection with this Note shall be delivered or sent by certified or registered mail, return receipt requested, postage prepaid, to the addresses set forth above, or to such other address as any party may designate from time to time by notice to the others in the manner set forth herein. All notices shall be deemed to have been given or made either at the time of delivery thereof to an officer or employee or on the third business day following the time of mailing in the aforesaid manner.

8. COSTS AND EXPENSES:

BORROWER shall pay the cost of any revenue tax or other stamps now or hereafter required by law at any time to be affixed to this Note.

9. NO PARTNERSHIP OR JOINT VENTURE:

Nothing contained in this note or elsewhere shall be construed as creating a partnership or joint venture between the CITY and BORROWER or between the CITY and any other person or as causing the holder of this Note to be responsible in any way for the debts or obligations of BORROWER or any other person.

10. BORROWER COVENANTS:

BORROWER covenants that to the best of its knowledge all information BORROWER provided to the CITY regarding this Note and Mortgage, as well as the Request for Proposals and reuse/redevelopment of the former U.S. Army Reserve Property, is true and accurate. In the event a court of competent jurisdiction determines that BORROWER fraudulently provided material false information which resulted in damage to the CITY, the face amount of this Note shall immediately become due and payable.

11. RESPONSIBILITY OF PERSONS UNDER THIS NOTE:

If more than one person signs this Note, each is personally and severally liable to pay the full amount owed and to keep all of the promises made in this Note. Any guarantor, surety, or endorser of this Note is also obligated to do these things. The CITY may enforce its rights under this Note against each BORROWER individually or against all BORROWERS together and may enforce its rights against any of them in any order. This means that any BORROWER may be required to pay all of the amounts owed under this Note.

12. GOVERNING LAW:

This Note shall be governed by and construed in accordance with the laws of the State of Florida, notwithstanding any Florida conflict of law provision to the contrary. In the event of any legal action under this Note, venue shall be in Alachua County, Florida.

13. HEADINGS:

Headings at the beginning of each numbered section of this Note are intended solely for convenience of reference and are not to be construed as being a part of the Note.

By: [Signature]
James G. Coats, Manager of
Phalanx Defense Systems, LLC
-Borrower

STATE OF FLORIDA
COUNTY OF ALACHUA

The foregoing instrument was acknowledged before me this 7 day of September, 2016, by James G. Coats, Manager of Phalanx Defense Systems, LLC. He/she is personally known to me or has produced a Driver's License as identification.

[Signature]
Print Name: Kimberly Bosshardt
Notary Public, State of Florida at Large

My Commission expires:
My Commission number:

