

**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