



# AGENDA

## PANTEGO ECONOMIC DEVELOPMENT CORPORATION

July 27, 2016

TOWN COUNCIL CHAMBER  
1614 S. BOWEN ROAD  
REGULAR SESSION 7:00 P.M.

REGULAR SESSION 7:00 P.M.

CALL TO ORDER AND PRESIDENT'S WELCOMING COMMENTS

INVOCATION: Danny Lakey

PLEDGE OF ALLEGIANCE

PEDC MEMBER REPORTS/COMMENTS OF COMMUNITY INTEREST

REGULAR BUSINESS

1. Executive Director Report
  
2. Approval of PEDC Minutes
  - July 13, 2016

CITIZENS OPEN FORUM

This is a time for the public to address the PEDC on any subject not on this agenda. However, in accordance with the Open Meetings Act Section 551.042, the PEDC cannot discuss issues raised or make any decisions on that subject at this time. The PEDC or an appropriate Town official may make a statement of factual information or policy on the subject in response to an inquiry by a member of the public. Issues raised may be referred to Town Staff for research and possible future action.

DISCUSSION, REVIEW, AND CONSIDER ACTION AND/OR DIRECT STAFF ON THE FOLLOWING ITEMS OF BUSINESS:

3. Swearing in of new members and the annual election of officers.
4. Discuss, direct, and consider action on PEDC's involvement in PantegoFest.
5. Discuss, direct, and consider action on the 2016-2017 Fiscal Year PEDC Budget.
6. Discuss, direct, and consider action on the Boutique U loan agreement.

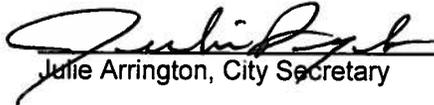
PEDC MEMBER INQUIRY

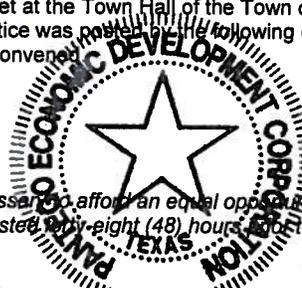
If a member of the PEDC makes a spontaneous inquiry about a subject not on this agenda, then the PEDC or an appropriate Town official may make a statement of factual information or policy in response to such an inquiry. However, in accordance with Open Meetings Act Section 551.042, the PEDC cannot discuss issues raised or make any decisions on that subject at this time. Issues raised may be referred to Town Staff for research and possible future action.

ADJOURNMENT

CERTIFICATION

Prepared and posted in accordance with Chapter 551 of the Texas Government Code. I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the outside window of a display cabinet at the Town Hall of the Town of Pantego, Texas, a place of convenience and readily accessible to the general public at all times, and said Notice was posted on the following date and time: Sunday, July 22, 2016 at 5:00 p.m., and remained so posted at least 72 hours before said meeting convened.

  
Julie Arrington, City Secretary



*Auxiliary aids and services are available to a person when necessary to afford an equal opportunity to participate in Town functions and activities. Auxiliary aids and services or accommodations should be requested forty-eight (48) hours before the scheduled starting time by calling the City Secretary's Office at (817) 548-5852*

Complete PEDC Agenda and background information are available for review at the City Secretary's Office and on the Town's website: [www.townofpantego.com](http://www.townofpantego.com)

**NOTICE  
of  
POTENTIAL QUORUM**

**NOTICE IS HEREBY GIVEN THAT A POTENTIAL QUORUM OF THE TOWN COUNCIL OF THE TOWN OF PANTEGO MAY BE PRESENT DURING THE REGULAR MEETING OF THE PANTEGO ECONOMIC DEVELOPMENT CORPORATION.**

**July 27, 2016**

**TOWN COUNCIL CHAMBER  
1614 SOUTH BOWEN ROAD  
PANTEGO, TEXAS**

**BEGINNING AT 7:00 P.M.**

Prepared and posted in accordance with Chapter 551 of the Texas Government Code. I, the undersigned authority, do hereby certify that this Notice of Meeting was posted on the outside window of a display cabinet at the Town Hall of the Town of Pantego, Texas, a place of convenience and readily accessible to the general public at all times, and said Notice was posted by the following date and time: Sunday, July 22, 2016 and remained so posted at least 72 hours before said meeting convened.

  
Julie Arrington, City Secretary





# Executive Director's Report

**To:** PEDC Board of Directors  
**From:** Matt Fielder, Executive Director  
**Date:** July 27, 2016

## **Ribbon Cutting**

Hank and Ellie had a ribbon cutting Saturday morning, July 23<sup>rd</sup>, at 10:00 a.m. They are located at 2224 W. Park Row Drive.



## PANTEGO ECONOMIC DEVELOPMENT CORPORATION

To: President Danny Lakey and PEDC Board Members

From: Matt Fielder, City Manager

Date: 7/27/16

Re: Approval of PEDC Minutes.

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**Attachments: 07/13/16 Minutes**

STATE OF TEXAS §

COUNTY OF TARRANT §

TOWN OF PANTEGO §

The Pantego Economic Development Corporation of the Town of Pantego, Texas, met in regular session at 7:00 p.m. in the Council Chamber, 1614 South Bowen Road, Pantego, on the 13<sup>th</sup> day of July 2016 with the following members present:

Danny Lakey	President
Don Surratt	Vice President
Fred Adair	Secretary
Arsalan Gittiban	Treasurer
Gloria Van Zandt	Director

**Members Absent:**

Robert Jordan	Director
Stephanie Springer	Director

**Constituting a quorum. Staff present was:**

Matt Fielder	Executive Director
Julie Arrington	City Secretary
Dennis Jobe	Community Development Director
Scott Williams	Public Works Director

**Also in attendance:**

Pam Mundo	Mundo and Associates
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**REGULAR SESSION 7:00 P.M.**  
**CALL TO ORDER AND GENERAL COMMENTS**

President Danny Lakey called the meeting to order at 7:02 p.m. and welcomed the audience.

**INVOCATION**

Secretary Fred Adair led the invocation which was followed by the Pledge of Allegiance.

**PRESIDENT'S COMMENTS**

None.

**PEDC MEMBER REPORTS/COMMENTS OF COMMUNITY INTEREST**

None.

**REGULAR BUSINESS**

**1. Executive Director Report**

Mr. Fielder informed the Board of the following items:

The corporate bylaws were included in the packet for the Board's review. He invited the Board to present questions and or suggestions to him, if they have any, and he will take the proper steps to address those questions or suggestions.

Escapades has closed. The Lakewood Village Shopping Center has a possible renter for this location; a banquet hall. There was discussion on the serving of alcohol.

## **2. Approval of PEDC Minutes**

- **June 8, 2016**
- **June 22, 2016**

Ms. Arrington presented a change to the June 8<sup>th</sup> minutes on the PantegoFest discussion stating “Mr. Lakey informed the board he believes there are 50 cooking teams” instead of “there are 50 cooking teams”.

Secretary Adair made a motion to approve the June 8, 2016 and the June 22, 2016 minutes as submitted with the corrections made by the City Secretary. Vice President Surratt seconded the motion.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Van Zandt, Gittiban.

Nayes: None.

Abstentions: None.

President Lakey declared the motion passed unanimously.

## **3. Summary of Revenues and Expenditures**

- **July 13, 2016**

Mr. Fielder informed the Board the Blue Ray player listed on the expenses actually belongs to the Community Relations Board for their events at the park.

There was discussion on the statue repairs regarding the contractor used and if the prices were competitive. Mr. Williams stated they have used this contractor before and he assured them the prices were competitive. There was discussion on the shipping charge of playground pieces need for the park. Mr. Williams explained this is a proprietary and a sole source purchase; therefore, there was not room for negotiations with the supplier. There was discussion on the plan for cameras and their strategic placement around the park.

Vice President Surratt made a motion to approve the PEDC vendor payments for June 2016 as presented. Director Van Zandt seconded the motion.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Van Zandt, and Gittiban.

Nayes: None.

Abstentions: None.

President Lakey declared the motion passed unanimously.

## **CITIZENS OPEN FORUM**

None.

## **4. Discuss, direct, and consider action on the 2016-2017 annual appointment of Economic Development Officers.**

President Lakey will skip this item due to the missing PEDC members for tonight's meeting.

## **5. Discuss, direct, and consider action on renewing the membership in the Arlington Chamber of Commerce.**

Mr. Fielder informed the board their Arlington Chamber of Commerce membership is up for renewal. The Town is engaged in the chamber with their meetings and businesses for things the Town does not offer. The Southern Flair event had approximately 50 chamber members there. The Mayor of Arlington's wife was there on his behalf, two councilmember's from Arlington, a representative from Senator Konni Burton's office, and Representative Tony Tinderholt.

Vice President Surratt made a motion to approve the continuation of the membership with the Arlington Chamber of Commerce with an expenditure of \$10,000 for next year's dues. Director Van Zandt seconded the motion.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Van Zandt, and Gittiban.

Nays: None.

Abstentions: None.

President Lakey declared the motion passed unanimously.

**6. Discuss and review an update on a recommendation to the Pantego Town Council regarding the Texas Parks and Wildlife Department Local Park Grant Agreement with the Town of Pantego.**

Mr. Fielder informed the Board this agreement starts the process for reimbursement from the Texas Parks and Wildlife Department (TPWD). The agreement is between the Town Council and the TPWD. If the PEDC would like to have the agreement accepted they will need to recommend it to Council. The Board commented on the amount of fine print and a lot of important details. There was discussion on who the one contact person will be to oversee all the details to ensure they are not missed and who is responsible for filing the forms. There was discussion on the definitions and rules of the contractor. There was discussion on the procedure for change orders and the notification requirements of the TPWD.

Secretary Fred Adair made a motion to provide a recommendation to Council to approve the agreement between the Town and the Texas Parks and Wildlife Department. Vice President Surratt seconded the motion.

The vote was as follows:

Ayes: Surratt, Adair, Lakey, Van Zandt, and Gittiban.

Nays: None.

Abstentions: None.

President Lakey declared the motion passed unanimously.

President Lakey recessed the regular session for the executive session at 7:30p.m.

**SCHEDULED EXECUTIVE SESSION**

**The PEDC may convene in the City Manager's Office pursuant to the Texas Government Code for an executive session as follows:**

- Pursuant to Government Code Section 551.071 Litigation Matters, to discuss pending or contemplating litigation, settlement offers, and other legal matters that implicates the attorney-client privilege – PEDC Loan Agreements – Boutique U

**Following the Scheduled Executive Session, the PEDC will reconvene in public session and may take any and all action necessary concerning the Executive Session.**

President Lakey reconvened the regular session at 8:04 p.m.

President Lakey announce Mr. Fielder was directed to give one last good faith effort for the next two weeks to reach Angie Meister and reach an agreement for payment on the loan. Ms. Arrington was directed to place this item on the next agenda for discussion and action during the regular session.

**8. Discuss and direct staff on the 2016-2017 Fiscal Year PEDC Budget.**

Mr. Fielder presented last year's budget and requested the Board to inform him of any changes, additions, or deletions they would like to make. There was discussion on creating a separate fund to hold the grant money for Bicentennial Park; however the Board decided to leave the money in the Bicentennial line item and add to the balance for this year's expenses. After a discussion on the gas royalties, it was decided to reduce the line item to \$10.00. There was discussion on re-negotiating the interest rate for the Debt Service Fund. Mr. Fielder explained typically this would have been a loan from the Town to the PEDC and the Town would back the debt with the property taxes. This is not how it was originally set up, which is the cause of the higher interest rate. There was discussion on the purpose for the Debt Service Fund. Staff will present an updated version of the budget with changes at the next meeting.

**7. Discuss, direct, and consider action on PEDC's involvement in PantegoFest.**

Mr. Fielder informed the Board that Mrs. Mundo has presented a draft newsletter with information on PantegoFest for their review. He stated the Arlington Chamber of Commerce has requested information on PantegoFest so that they can market the event in their newsletter. There was discussion on sponsorship recognition. The Board decided to recognize all sponsor at different levels of the marketing based on the amount sponsored, with the lowest recognized sponsor donated \$1,000.

Mrs. Mundo requested completed coupons from the local businesses no later than September 1<sup>st</sup> and stuffing the PEDC bags on September 14<sup>th</sup> at Town Hall. The Board directed Mrs. Mundo to speak with Sign-A-Rama regarding the printing of the coupons as they have in previous years and requested to change the email in the newsletter to [pantegofest@townofpantego.com](mailto:pantegofest@townofpantego.com). There was discussion on the number of cooking teams expected for the steak cook-off and the judges. The steak cook-off people will supply 2-3 World Champion Cook-Off Champions to cook for the public.

Mr. Fielder informed the Board the Fire Marshall and Mrs. Holly Potter-Harvey have a workable solution for the distance between the grills and the tents as previously discussed.

There was discussion on the differences in last year's shirts and this year's shirts and the quantity of shirts needed. Ms. Arrington will obtain quotes for T-shirts; 100 for the cooking teams and 100 for volunteers and staff.

**PEDC MEMBER INQUIRY**

None.

**ADJOURNMENT**

President Lakey adjourned the regular session at 8:48 p.m.

**APPROVED:**

\_\_\_\_\_  
**Danny Lakey, President**

**ATTEST:**

\_\_\_\_\_

**Fred Adair, Secretary**



## PANTEGO ECONOMIC DEVELOPMENT CORPORATION

To: President Danny Lakey and PEDC Board Members  
From: Julie Arrington, City Secretary  
Date: 7/27/16  
Re: Swearing in of new members and the annual election of officers.

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The Town Council appointed a new member to the PEDC Board. Please welcome Mickey Scott with Allstate to Place 1. Upon the swearing in of Mr. Scott, the Board will need to elect its annual officers.

**Attachments: None.**



## PANTEGO ECONOMIC DEVELOPMENT CORPORATION

To: President Danny Lakey and PEDC Board Members  
From: Matt Fielder, City Manager  
Date: 7/27/16  
Re: Discuss, direct, and consider action on PEDC's involvement in PantegoFest.

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The purpose of this item is to continue the discussion on PantegoFest participation and marketing.

**Attachments: N/A**



## PANTEGO ECONOMIC DEVELOPMENT CORPORATION

To: President Danny Lakey and PEDC Board Members  
From: Matt Fielder, City Manager  
Date: 7/27/16  
Re: Discuss and direct staff on the 2016-2017 Fiscal Year PEDC Budget.

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This item is for the approval of the Fiscal Year 2016-17 PEDC Annual Budget. If approved, it will be submitted to the Town Council for their approval and inclusion in the Town's Annual Budget. The budget will go into effect on October 1, 2016.

**Attachments: Proposed FY 2016-17 Annual Budget**



## **PANTEGO ECONOMIC DEVELOPMENT CORPORATION FISCAL YEAR 2016-2017 BUDGET**

### **BOARD OF DIRECTORS:**

Danny Lakey, President  
Don Surratt, Vice President  
Fred Adair, Secretary  
Arsalan Gittiban, Treasurer  
Robert Jordan, Director  
Stephanie Springer, Director  
Mickey Scott, Director

### **CONTRACT:**

Pam Mundo, Economic Development Coordinator

### **TOWN STAFF:**

Matthew Fielder, City Manager  
Julie Arrington, City Secretary  
Karen Hollingsworth, Finance Director  
Scott Williams, Public Works Director  
Dennis Jobe, Community Development Director

**Pantego Economic Development Corporation Budget  
COMBINED Statement of Revenues and Expenditures  
Fiscal Year 2016-2017**

	<u>Operating Fund</u>	<u>Project Fund</u>	<u>901 Debt Service Fund</u>	<u>Total</u>
<b>Estimated Beginning Fund Balance</b>	<b>\$ 642,643</b>	<b>\$ 75,000</b>	<b>\$ 201,260</b>	<b>\$ 918,903</b>
<b>REVENUES</b>				
Sales Tax Revenue	\$ 299,509	\$ 75,000	\$ 191,991	\$ 566,500
Oil and Gas Royalty	-	-	-	-
Other Revenue	-	-	-	-
Interest Income	2,500	-	150	2,650
<b>TOTAL REVENUE</b>	<b>\$ 302,009</b>	<b>\$ 75,000</b>	<b>\$ 192,141</b>	<b>\$ 569,150</b>
<b>EXPENDITURES</b>				
Principal Payment	\$ -	\$ -	\$ 145,000	\$ 145,000
Interest Payment	-	-	47,141	47,141
Contract Services	2,500	-	-	2,500
EDC Consultant	36,000	-	-	36,000
Arlington Chamber of Commerce	10,000	-	-	10,000
Marketing and Advertising	15,000	-	-	15,000
Activities	8,500	-	-	8,500
Park Operations/Maintenance	42,750	-	-	42,750
Travel/Training/Other	4,050	-	-	4,050
Economic Development Grants	30,000	-	-	-
Bicentennial Park	-	150,000	-	150,000
<b>TOTAL EXPENDITURES</b>	<b>\$ 148,800</b>	<b>\$ 150,000</b>	<b>\$ 192,141</b>	<b>\$ 460,941</b>
<b>TRANSFERS OUT</b>				
Transfer to GF (Admin Fees)	\$ 57,497	\$ -	\$ -	\$ 57,497
Transfer to GF (Park Maintenance)	56,641	-	-	56,641
Transfer to GF (CRB)	12,000	-	-	12,000
<b>TOTAL TRANSFERS OUT</b>	<b>\$ 126,138</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 126,138</b>
<b>Change in Fund Balance</b>	<b>27,071</b>	<b>(75,000)</b>	<b>-</b>	<b>(17,929)</b>
<b>Estimated Ending Fund Balance</b>	<b>\$ 669,714</b>	<b>\$ -</b>	<b>\$ 201,260</b>	<b>\$ 900,974</b>

**Pantego Economic Development Corporation**  
**Project & Operating Fund Budget for Fiscal Year 2016-2017**

	2013/2014 ACTUAL	2014/2015 ACTUAL	2015/2016 ADOPTED BUDGET	YTD ACTUAL JULY	2015/2016 YEAR END ESTIMATE	2016/2017 BUDGET
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>\$ 413,681</b>	<b>\$ 353,538</b>	<b>\$ 494,989</b>	<b>\$ 494,989</b>	<b>\$ 494,989</b>	<b>\$ 717,643</b>
<b>REVENUES</b>						
Sales Tax Revenue	563,969	398,155	341,659	475,083	550,000	374,509
Oil & Gas Revenues	1,587	758	750	1	1	-
Other Revenue	-	13,980	-	703	703	-
Interest Income	592	2,047	1,000	2,382	2,500	2,500
<b>TOTAL REVENUE</b>	<b>\$ 566,148</b>	<b>\$ 414,940</b>	<b>\$ 343,409</b>	<b>\$ 478,169</b>	<b>\$ 553,204</b>	<b>\$ 377,009</b>
<b>EXPENDITURES</b>						
<b>Professional Fees</b>						
Contract Services(Engineering & Legal)	\$ 2,454	\$ 105	\$ 2,500	\$ 280	\$ 2,500	\$ 2,500
EDC Consultant	35,676	36,000	36,000	27,000	36,000	36,000
Total Professional Fees	38,131	36,105	38,500	27,280	38,500	38,500
<b>Marketing and Advertising</b>						
Arlington Chamber of Commerce	-	10,000	10,000	-	10,000	10,000
Marketing and Advertising	27,609	15,422	15,000	1,728	15,000	15,000
Total Marketing & Advertising	27,609	25,422	25,000	1,728	25,000	25,000
<b>Activities</b>						
Seasonal Decorations(Tree Lighting)	9,266	4,402	8,500	3,384	8,500	8,500
Total Activities	9,266	4,402	8,500	3,384	8,500	8,500
<b>Maintenance</b>						
Landscaping and Improvements	12,765	7,179	20,000	5,386	20,000	20,000
Park Lighting	-	-	-	-	-	4,500
Sprinkler System Maintenance	45	347	500	513	600	750
General Maintenance and Repair	5,783	16,242	12,000	5,512	12,000	12,000
Statue Maintenance	5,370	9,367	5,500	98	5,500	5,500
Total Maintenance	23,963	33,135	38,000	11,508	38,100	42,750
<b>Other</b>						
Postage Service/Maintenance	-	-	-	21	50	50
Training/Travel	2,138	1,632	2,500	-	2,500	2,500
Miscellaneous	1,768	615	1,500	662	1,500	1,500
Total Other	3,906	2,247	4,000	683	4,050	4,050
<b>Projects</b>						
Unidentified Projects / Incentives	-	-	-	-	-	-
Economic Development Grants	10,882	-	31,009	18,000	18,000	30,000
Bicentennial Park Project	-	46,024	75,000	-	75,000	75,000
Pantego Arch Lighting	-	-	-	-	-	-
Comprehensive Plan	1,491	-	-	4,770	-	-
ISO Rating Project	-	-	-	-	-	-
Park Row Redevelopment Project	5,698	1,762	-	-	-	-
Engineering - Park Row	4,239	9,003	-	-	-	-
Total Projects / Economic Incentives	22,310	56,789	106,009	22,770	93,000	105,000
<b>TOTAL EXPENDITURES</b>	<b>125,185</b>	<b>158,100</b>	<b>220,009</b>	<b>67,354</b>	<b>207,150</b>	<b>223,800</b>
<b>TRANSFERS OUT</b>						
Transfer to Debt Service Fund (Reserves)	387,003	-	-	-	-	-
Transfer to General Fund (Admin Fees)	48,351	49,637	54,759	54,759	54,759	57,497
Transfer to General Fund (Park Maint)	48,252	48,252	56,641	56,641	56,641	56,641
Transfer to General Fund (CRB)	17,500	17,500	12,000	12,000	12,000	12,000
Total Transfers Out	501,106	115,389	123,400	123,400	123,400	126,138
<b>TOTAL EXPENDITURES &amp; TRANSFERS OUT</b>	<b>\$ 626,291</b>	<b>\$ 273,489</b>	<b>\$ 343,409</b>	<b>\$ 190,754</b>	<b>\$ 330,550</b>	<b>\$ 349,938</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(60,143)</b>	<b>141,451</b>	<b>-</b>	<b>287,415</b>	<b>222,654</b>	<b>27,071</b>
<b>ESTIMATED ENDING FUND BALANCE</b>	<b>\$ 353,538</b>	<b>\$ 494,989</b>	<b>\$ 494,989</b>	<b>\$ 782,404</b>	<b>\$ 717,643</b>	<b>\$ 744,714</b>

**Pantego Economic Development Corporation**  
**Debt Service Fund Budget for Fiscal Year 2016-2017**

	2013/2014 ACTUAL	2014/2015 ACTUAL	2015/2016 ADOPTED BUDGET	YDT ACTUAL JULY	2015/2016 YEAR END ESTIMATE	2016/2017 BUDGET
<b>ESTIMATED BEGINNING FUND BALANCE</b>	<b>\$ 12,262</b>	<b>\$ 201,260</b>	<b>\$ 201,260</b>	<b>\$ 201,260</b>	<b>\$ 201,260</b>	<b>\$ 201,260</b>
<u>REVENUES</u>						
Sales Tax Revenue	\$ 190,000	\$ 201,260	\$ 194,401	\$ -	\$ 194,251	\$ 191,991
Interest Income	-	-	-	144	150	150
TOTAL REVENUE	<u>\$ 190,000</u>	<u>\$ 201,260</u>	<u>\$ 194,401</u>	<u>\$ 144</u>	<u>\$ 194,401</u>	<u>\$ 192,141</u>
<u>EXPENSES</u>						
Principal Payment	\$ 130,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 140,000	\$ 145,000
Interest Payment	68,006	61,260	54,401	29,103	54,401	47,141
TOTAL EXPENDITURES	<u>\$ 198,006</u>	<u>\$ 201,260</u>	<u>\$ 194,401</u>	<u>\$ 169,103</u>	<u>\$ 194,401</u>	<u>\$ 192,141</u>
<u>OTHER SOURCES/(USES)</u>						
Transfer from Operating Fund (Reserves)	\$ 197,003	\$ -	\$ -	\$ -	\$ -	\$ -
<b>CHANGE IN FUND BALANCE</b>	<u>188,998</u>	<u>(0)</u>	<u>-</u>	<u>(168,959)</u>	<u>-</u>	<u>-</u>
<b>ESTIMATED ENDING FUND BALANCE</b>	<b><u>\$ 201,260</u></b>	<b><u>\$ 201,260</u></b>	<b><u>\$ 201,260</u></b>	<b><u>\$ 32,300</u></b>	<b><u>\$ 201,260</u></b>	<b><u>\$ 201,260</u></b>

<b>PANTEGO ECONOMIC DEVELOPMENT CORPORATION</b> <b>PRINCIPAL AND INTEREST REQUIREMENTS</b> <b>SALES TAX REVENUE REFUNDING BONDS, SERIES 2010</b> <b>As of September 30, 2016</b>
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<u>DUE YEAR ENDING SEPTEMBER 30</u>	<u>FEBRUARY 15TH</u>		<u>AUGUST 15TH</u>	<u>TOTAL REQUIREMENT</u>
	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>INTEREST</u>	
2017	145,000	25,576	21,565	192,141
2018	160,000	21,922	17,599	199,521
2019	165,000	17,890	13,509	196,399
2020	175,000	13,733	9,222	197,955
2021	180,000	9,323	-	189,323
2022	190,000	9,497	-	199,497
		<u>\$ 97,941</u>	<u>\$ 61,894</u>	<u>\$ 1,174,836</u>
BONDS OUSTANDING SEPTEMBER 30, 2016	<u>\$ 1,015,000</u>			



## PANTEGO ECONOMIC DEVELOPMENT CORPORATION

To: President Danny Lakey and PEDC Board Members  
From: Matt Fielder, City Manager  
Date: 7/27/16  
Re: Discuss, direct, and consider action on the Boutique U loan agreement.

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The purpose of this item is to give staff direction on how to move forward on the Boutique U loan agreement.

**Attachments: Boutique U Loan Agreement**

**Exhibit B**

**[Loan Repayment Schedule]**

**Exhibit B - Loan Repayment Schedule**

	Enter values	Instructions
Loan amount	\$ 8,500.00	Must be between 1 and 30 years. If your extra payments vary, enter them in the table below.
Annual interest rate	3.000%	
Loan period in years	3	
Start date of loan	11/1/2014	
Optional extra payments	\$ -	

Scheduled monthly payment	\$ 247.19
Scheduled number of payments	36
Actual number of payments	36
Total of early payments	\$ -
Total interest	\$ 398.85

No.	Payment Date	Beginning Balance	Scheduled Payment	Extra Payment	Total Payment	Principal	Interest	Ending Balance
1	11/1/2014	\$ 8,500.00	\$ 247.19		\$ 247.19	\$ 225.94	\$ 21.25	\$ 8,274.06
2	12/1/2014	\$ 8,274.06	\$ 247.19		\$ 247.19	\$ 226.51	\$ 20.69	\$ 8,047.55
3	1/1/2015	\$ 8,047.55	\$ 247.19		\$ 247.19	\$ 227.07	\$ 20.12	\$ 7,820.48
4	2/1/2015	\$ 7,820.48	\$ 247.19		\$ 247.19	\$ 227.64	\$ 19.55	\$ 7,592.84
5	3/1/2015	\$ 7,592.84	\$ 247.19		\$ 247.19	\$ 228.21	\$ 18.98	\$ 7,364.64
6	4/1/2015	\$ 7,364.64	\$ 247.19		\$ 247.19	\$ 228.78	\$ 18.41	\$ 7,135.86
7	5/1/2015	\$ 7,135.86	\$ 247.19		\$ 247.19	\$ 229.35	\$ 17.84	\$ 6,906.51
8	6/1/2015	\$ 6,906.51	\$ 247.19		\$ 247.19	\$ 229.92	\$ 17.27	\$ 6,676.58
9	7/1/2015	\$ 6,676.58	\$ 247.19		\$ 247.19	\$ 230.50	\$ 16.69	\$ 6,446.08
10	8/1/2015	\$ 6,446.08	\$ 247.19		\$ 247.19	\$ 231.08	\$ 16.12	\$ 6,215.01
11	9/1/2015	\$ 6,215.01	\$ 247.19		\$ 247.19	\$ 231.65	\$ 15.54	\$ 5,983.36
12	10/1/2015	\$ 5,983.36	\$ 247.19		\$ 247.19	\$ 232.23	\$ 14.96	\$ 5,751.12
13	11/1/2015	\$ 5,751.12	\$ 247.19		\$ 247.19	\$ 232.81	\$ 14.38	\$ 5,518.31
14	12/1/2015	\$ 5,518.31	\$ 247.19		\$ 247.19	\$ 233.39	\$ 13.80	\$ 5,284.92
15	1/1/2016	\$ 5,284.92	\$ 247.19		\$ 247.19	\$ 233.98	\$ 13.21	\$ 5,050.94
16	2/1/2016	\$ 5,050.94	\$ 247.19		\$ 247.19	\$ 234.56	\$ 12.63	\$ 4,816.38
17	3/1/2016	\$ 4,816.38	\$ 247.19		\$ 247.19	\$ 235.15	\$ 12.04	\$ 4,581.23
18	4/1/2016	\$ 4,581.23	\$ 247.19		\$ 247.19	\$ 235.74	\$ 11.45	\$ 4,345.49
19	5/1/2016	\$ 4,345.49	\$ 247.19		\$ 247.19	\$ 236.33	\$ 10.86	\$ 4,109.16
20	6/1/2016	\$ 4,109.16	\$ 247.19		\$ 247.19	\$ 236.92	\$ 10.27	\$ 3,872.25
21	7/1/2016	\$ 3,872.25	\$ 247.19		\$ 247.19	\$ 237.51	\$ 9.68	\$ 3,634.74
22	8/1/2016	\$ 3,634.74	\$ 247.19		\$ 247.19	\$ 238.10	\$ 9.09	\$ 3,396.63
23	9/1/2016	\$ 3,396.63	\$ 247.19		\$ 247.19	\$ 238.70	\$ 8.49	\$ 3,157.93
24	10/1/2016	\$ 3,157.93	\$ 247.19		\$ 247.19	\$ 239.30	\$ 7.89	\$ 2,918.64
25	11/1/2016	\$ 2,918.64	\$ 247.19		\$ 247.19	\$ 239.89	\$ 7.30	\$ 2,678.74
26	12/1/2016	\$ 2,678.74	\$ 247.19		\$ 247.19	\$ 240.49	\$ 6.70	\$ 2,438.25
27	1/1/2017	\$ 2,438.25	\$ 247.19		\$ 247.19	\$ 241.09	\$ 6.10	\$ 2,197.16
28	2/1/2017	\$ 2,197.16	\$ 247.19		\$ 247.19	\$ 241.70	\$ 5.49	\$ 1,955.46
29	3/1/2017	\$ 1,955.46	\$ 247.19		\$ 247.19	\$ 242.30	\$ 4.89	\$ 1,713.16
30	4/1/2017	\$ 1,713.16	\$ 247.19		\$ 247.19	\$ 242.91	\$ 4.28	\$ 1,470.25
31	5/1/2017	\$ 1,470.25	\$ 247.19		\$ 247.19	\$ 243.51	\$ 3.68	\$ 1,226.74
32	6/1/2017	\$ 1,226.74	\$ 247.19		\$ 247.19	\$ 244.12	\$ 3.07	\$ 982.61
33	7/1/2017	\$ 982.61	\$ 247.19		\$ 247.19	\$ 244.73	\$ 2.46	\$ 737.88
34	8/1/2017	\$ 737.88	\$ 247.19		\$ 247.19	\$ 245.35	\$ 1.84	\$ 492.53
35	9/1/2017	\$ 492.53	\$ 247.19		\$ 247.19	\$ 245.96	\$ 1.23	\$ 246.57
36	10/1/2017	\$ 246.57	\$ 247.19		\$ 247.19	\$ 246.57	\$ 0.62	\$ 0.00

## ***LOAN AGREEMENT***

---

**Borrower:**            ***BOUTIQUE U, LLC***  
2304 W. Park Row Drive, Suite 27  
Pantego, Texas 76013

**Lender:**             ***PANTEGO ECONOMIC DEVELOPMENT CORPORATION***  
1614 S. Bowen Road  
Pantego, Texas 76013-3215

This **LOAN AGREEMENT** is by and between ***BOUTIQUE U, LLC***, a Texas limited liability company, including its heirs, successors, and assigns (hereinafter referred to as the “Borrower”), and the ***PANTEGO ECONOMIC DEVELOPMENT CORPORATION***, a Type B economic development corporation, and a Texas non-profit corporation (hereinafter referred to as the “Lender”), is made and executed on the following recitals, terms, and conditions.

**WHEREAS**, Borrower has requested a total financial assistance in the amount of **Eight Thousand Five Hundred and No/100 Dollars (\$8,500.00)** from the Lender for start-up expenses for the Borrower’s retail establishment to be located at 2304 W. Park Row Drive, Suite 27, Pantego, Texas (hereinafter referred to as the “Property”); and

**WHEREAS**, Lender considered Borrower’s application at its meeting of **September 25, 2013**, at which time the Lender approved a repayable loan in the amount of **Eight Thousand Five Hundred and No/100 Dollars (\$8,500.00)**, for a term of three (3) years, at an interest rate of three percent (3.0%) per annum, excluding the first year which shall accrue no interest; and

**WHEREAS**, Lender will provide a repayable loan to the Borrower in the amount of **Eight Thousand Five Hundred and No/100 Dollars (\$8,500.00)**, for a term of three (3) years, at an interest rate of three percent (3.0%) per annum, excluding the first year which shall accrue no interest for Qualified Expenditures to be made to the Property; and

**WHEREAS**, All such loans and financial accommodations, together with all future loans and financial accommodations from Lender to Borrower, are referred to in this Agreement individually as the “Loan” and collectively as the “Loans”; and

**WHEREAS**, Borrower understands and agrees that: (a) in granting, renewing, or extending any Loan, Lender is relying upon Borrower’s representations, warranties, and agreements, as set forth and provided for in this Agreement; (b) the granting, renewing, or extending of any Loan by Lender at all times shall be subject to Lender’s sole judgment and discretion; and (c) all such Loans shall be and shall remain subject to the terms and conditions as set forth in this Agreement; and

**WHEREAS**, Section 505.158 of the Texas Local Government Code provides that “[f]or a Type B corporation authorized to be created by a municipality with a population of 20,000 or less,

“project” also includes the land, buildings, equipment, facilities, expenditures, targeted infrastructure, and improvements found by the corporation’s board of directors to promote new or expanded business development.” Further, the statute provides that “[a] Type B corporation may not undertake a project authorized by this section that requires an expenditure of more than \$10,000 until the governing body of the corporation’s authorizing municipality adopts a resolution authorizing the project after giving the resolution at least two separate readings”; and

**WHEREAS**, the Board of Directors of the Lender has determined the financial assistance provided to Borrower for the Property meets the definition of “project” as that term is defined in Section 505.158 of the Texas Local Government Code.

**NOW, THEREFORE**, for and in consideration of the agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lender and Borrower agree as follows:

**SECTION 1. FINDINGS INCORPORATED.**

The foregoing recitals are hereby incorporated into the body of this Agreement and shall be considered part of the mutual covenants, consideration and promises that bind the parties.

**SECTION 2. TERM.**

This Agreement shall be effective as of the Effective Date of this Agreement, and shall continue thereafter until all obligations of Borrower to Lender have been performed in full, or until **October 1, 2017**, whichever is later, unless terminated sooner under the provisions hereof.

**SECTION 3. DEFINITIONS.**

The following words shall have the following meanings when used in this Agreement.

- (a) **Act.** The word “Act” means the Development Corporation Act, Chapters 501 to 505 of the Texas Local Government Code, as amended.
- (b) **Agreement.** The word “Agreement” means this Loan Agreement, together with all exhibits and schedules attached to this Loan Agreement from time to time, if any.
- (c) **Borrower.** The word “Borrower” means Boutique U, LLC, a Texas limited liability company, doing business as Boutique U, its successors and assigns, whose address for purposes of this Agreement is 2304 W. Park Row Drive, Suite 27, Pantego, Texas 76013.
- (d) **Effective Date.** The words “Effective Date” mean the date of the latter to execute this Agreement by and between the Borrower and Lender.

- (e) **Event of Default.** The words “Event of Default” mean and include any of the Events of Default set forth below in the section entitled “Events of Default.”
- (f) **Facility.** The word “Facility” means the approximately \_\_\_\_\_ square foot retail establishment, known as Boutique U, and located at the Property as herein defined.
- (g) **Indebtedness.** The word “Indebtedness” means and includes without limitation all Loans, together with all other obligations, debts and liabilities of Borrower to Lender, or any one or more of them, as well as all claims by Lender against Borrower, or any one or more of them; whether now or hereafter existing, voluntary or involuntary, due or not due, absolute or contingent, liquidated or unliquidated; whether Borrower may be liable corporately or jointly with others; whether Borrower may be obligated as a guarantor, surety, or otherwise; whether recovery upon such Indebtedness may be or hereafter may become otherwise unenforceable.
- (h) **Lender.** The word “Lender” means the Pantego Economic Development Corporation, a Type B economic development corporation, operating pursuant to Chapter 505 of the Texas Local Government Code, and a Texas non-profit corporation, its successors and assigns, and whose address for the purposes of this Agreement is 1614 S. Bowen Road, Pantego, Texas 76013.
- (i) **Loan.** The word “Loan” or “Loans” means and includes any and all loans and financial accommodations from Lender to Borrower, whether now or hereafter existing, and however evidenced, including without limitation those loans and financial accommodations described in this Agreement and described on any exhibit or schedule attached to this Agreement.
- (j) **Note.** The word “Note” means the interest bearing Promissory Note of even date herewith earning interest at the rate of 3.00% per annum, excluding the first twelve (12) months of the loan, executed by and between the parties hereto in the principal amount of **Eight Thousand Five Hundred and No/100 Dollars (\$8,500.00)** payable on or before **October 1, 2017**, a copy of which is attached hereto as *Exhibit A*.
- (k) **Property.** The word “Property” means the Boutique U retail establishment, generally located at 2304 W. Park Row Drive, Suite 27, Pantego, Texas 76013.
- (l) **Qualified Expenditures.** The words “Qualified Expenditures” mean those start-up expenses related to the start-up and operation of the Facility located on the Property, and which otherwise meet the definition of “project,” as that term is defined by Section 505.158 of the Act, and the definition of “cost,” as that term is defined by Section 501.152 of the Act.
- (m) **Related Documents.** The words “Related Documents” mean and include without limitation all promissory notes, loan agreements, and all other instruments and documents, whether now or hereafter existing, executed in connection with Borrower’s Indebtedness to Lender.

- (n) **Term.** The word "Term" means the term of this Agreement as specified in Section 2 of this Agreement.
- (o) **Town.** The word "Town" means the Town of Pantego, Texas, a Texas general-law municipality, whose address for the purposes of this Agreement is 1614 S. Bowen Road, Pantego, Texas 76013.

#### SECTION 4. AFFIRMATIVE COVENANTS OF BORROWER.

Borrower covenants and agrees with Lender that, while this Agreement is in effect, it shall comply with the following terms and conditions:

- (a) **Qualified Expenditures Made to Property.** The Borrower covenants and agrees to submit to the Lender invoices, receipts or other documentation acceptable to the Lender for Qualified Expenditures made for the Property in a minimum amount of **Eight Thousand Five Hundred and no/100 Dollars (\$8,500.00)** by \_\_\_\_\_.
- (b) **Operate Facility.** The Borrower covenants and agrees during the Term of this Agreement to maintain and operate, and keep open to the general public the Facility.
- (c) **Job Creation and Retention.** The Borrower covenants and agrees during the Term of this Agreement, the Borrower shall employ and maintain a minimum of three (3) new full-time or part-time employment position working at the Property.
- (d) **Repayment of Loan.** The Borrower covenants and agrees to repay the Loan to Lender in accordance with the loan repayment schedule attached hereto as **Exhibit B**.
- (e) **Collateral.** The Borrower covenants and agrees to grant to Lender a lien and security interest in the Borrower's furniture, fixtures, and equipment consistent with Section 10(k) of this Agreement.
- (f) **Compliance Letters.** Borrower shall provide the Lender with copies of invoices and/or receipts for the expenditures authorized and required by Section 4(a) above. Borrower shall provide Lender with compliance letters upon making the expenditures authorized by Section 4(a), such letters to be attached to the submitted invoices or receipts required by this subsection. In the compliance letter, Borrower shall represent and warrant that the expenditures were made in compliance with this Agreement by and between Borrower and Lender and towards the Qualified Expenditures.
- (g) **Additional Assurances.** Borrower agrees to make, execute and deliver to Lender such other promissory notes, instruments, documents and other agreements as Lender or its attorneys may reasonably request to evidence this Loan and Agreement.

- (h) **Performance.** Borrower agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements between Borrower and Lender.

#### SECTION 5. AFFIRMATIVE COVENANTS OF LENDER.

The Lender covenants and agrees with the Borrower that, while this Agreement is in effect, the Lender shall comply with the following terms and conditions:

- (a) **Repayable Loan.** Borrower shall be entitled to disbursement of Loan proceeds from the Lender in the amount of **Eight Thousand Five Hundred and No/100 Dollars (\$8,500.00)** within seven (7) days of the Effective Date of this Agreement.
- (b) **Performance.** Lender agrees to perform and comply with all terms, conditions, and provisions set forth in this Agreement and in all other instruments and agreements between the Borrower and the Lender.

#### SECTION 6. CESSATION OF ADVANCES.

If Lender has made any commitment to make any Loan to Borrower, whether under this Agreement or under any other agreement, Lender shall have no obligation to advance or disburse Loan proceeds specified in Section 5(a) of this Agreement if: (i) Borrower becomes insolvent, files a petition in bankruptcy or similar proceedings, or is adjudged bankrupt; or (ii) an Event of Default occurs.

#### SECTION 7. EVENTS OF DEFAULT.

Each of the following shall constitute an Event of Default under this Agreement:

- (a) **Qualified Expenditures Made to Property.** Failure of the Borrower to submit to the Lender invoices, receipts or other documentation acceptable to the Lender for Qualified Expenditures consistent with Section 4(a) of this Agreement is an Event of Default.
- (b) **Operate Facility.** Failure of the Borrower to maintain and operate, and keep open to the general public the Facility consistent with Section 4(b) of this Agreement is an Event of Default.
- (c) **Job Creation and Retention.** Failure of Borrower to employ and maintain the full-time and part-time employment positions working at the Property consistent with Section 4(c) of this Agreement is an Event of Default.
- (d) **Repayment of Loan.** Failure of the Borrower to repay the Loan to Lender in accordance with the loan repayment schedule attached hereto as **Exhibit B** is an Event of Default.

- (e) **Collateral.** Failure of the Borrower to provide to Lender a lien and security interest in Borrower's furniture, fixtures, and equipment, consistent with Sections 4(e) and 10(k) of this Agreement is an Event of Default.
- (f) **Financial Assistance.** Failure of the Lender to disburse Loan proceeds to the Borrower consistent with Section 5(a) of this Agreement is an Event of Default.
- (g) **False Statements.** Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower under this Agreement or the Related Documents that is false or misleading in any material respect, either now or at the time made or furnished is an Event of Default.
- (h) **Insolvency.** Borrower's insolvency, appointment of receiver for any part of Borrower's property, any assignment for the benefit of creditors of Borrower, any type of creditor workout for Borrower, or the commencement of any proceeding under any bankruptcy or insolvency laws by or against Borrower is an Event of Default.
- (i) **Other Defaults.** Failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in this Agreement or in any of the Related Documents, or failure of Borrower to comply with or to perform any other term, obligation, covenant or condition contained in any other agreement between Lender and Borrower is an Event of Default.

## **SECTION 8. EFFECT OF AN EVENT OF DEFAULT.**

In the event of default under Section 7 of this Agreement, the non-defaulting party shall give written notice to the other party of any default, and the defaulting party shall have thirty (30) days to cure said default. Should said default remain uncured as of the last day of the applicable cure period and the non-defaulting party is not otherwise in default, the non-defaulting party shall have the right to immediately terminate this Agreement, enforce specific performance as appropriate, or maintain a cause of action for damages caused by the event(s) of default. In the event the Borrower defaults and is unable or unwilling to cure said default within the prescribed time period, the financial assistance provided pursuant to Section 5(a) of this Agreement, shall become immediately due and payable by the Borrower to the Lender.

## **SECTION 9. INDEMNIFICATION.**

**Borrower shall indemnify, save, and hold harmless Lender, its directors, officers, agents, attorneys, and employees (collectively, the "Indemnitees") from and against: (i) any and all claims, demands, actions or causes of action that are asserted against any Indemnitee if the claim, demand, action or cause of action directly or indirectly relates to tortious interference with contract or business interference, or wrongful or negligent use of Lender's loan advances by Borrower or its agents and employees; (ii) any administrative or investigative**

proceeding by any governmental authority directly or indirectly related, to a claim, demand, action or cause of action in which Lender is a disinterested party; (iii) any claim, demand, action or cause of action which directly or indirectly contests or challenges the legal authority of Lender or Borrower to enter into this Agreement; and (iv) any and all liabilities, losses, costs, or expenses (including reasonable attorneys' fees and disbursements) that any Indemnitee suffers or incurs as a result of any of the foregoing; provided, however, that Borrower shall have no obligation under this Section to Lender with respect to any of the foregoing arising out of the gross negligence or willful misconduct of Lender or the breach by Lender of this Agreement. If any claim, demand, action or cause of action is asserted against any Indemnitee, such Indemnitee shall promptly notify Borrower, but the failure to so promptly notify Borrower shall not affect Borrower's obligations under this Section unless such failure materially prejudices Borrower's right to participate in the contest of such claim, demand, action or cause of action, as hereinafter provided. If requested by Borrower in writing, as so long as no Default or Event of Default shall have occurred and be continuing, such Indemnitee shall in good faith contest the validity, applicability and amount of such claim, demand, action or cause of action and shall permit Borrower to participate in such contest. Any Indemnitee that proposes to settle or compromise any claim, demand, action, cause of action or proceeding for which Borrower may be liable for payment of indemnity hereunder shall give Borrower written notice of the terms of such proposed settlement or compromise reasonably in advance of settling or compromising such claim or proceeding and shall obtain Borrower's concurrence thereto.

#### SECTION 10. MISCELLANEOUS PROVISIONS.

The following miscellaneous provisions are a part of this Agreement:

- (a) **Amendments.** This Agreement, together with any Related Documents, constitutes the entire understanding and agreement of the parties as to the matters set forth in this Agreement. No alteration of or amendment to this Agreement shall be effective unless given in writing and signed by the party or parties sought to be charged or bound by the alteration or amendment.
- (b) **Applicable Law and Venue.** This Agreement has been delivered to Lender and accepted by Lender in the State of Texas. Borrower agrees to submit to the jurisdiction of the courts of Tarrant County, State of Texas, and that venue is proper in said County. This Agreement shall be governed by and construed in accordance with the laws of the State of Texas.
- (c) **Assignment.** This Agreement may not be assigned without the express written consent of the other party.
- (d) **Binding Obligation.** This Agreement shall become a binding obligation on the signatories upon execution by all signatories hereto. Borrower warrants and represents that the individual or individuals executing this Agreement on behalf of Borrower has full authority to execute this Agreement and bind Borrower to the same. Lender warrants and represents that the individual executing this Agreement on its behalf has full authority to execute this

Agreement and bind it to the same.

- (e) **Caption Headings.** Caption headings in this Agreement are for convenience purposes only and are not to be used to interpret or define the provisions of the Agreement.
- (f) **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same document.
- (g) **Notices.** All notices required to be given under this Agreement shall be given in writing and shall be effective when actually delivered or when deposited in the United States mail, first class, postage prepaid, addressed to the party to whom the notice is to be given at the address shown on Page 1 of this Agreement. Any party may change its address for notices under this Agreement by giving formal written notice to the other parties, specifying that the purpose of the notice is to change the party's address. For notice purposes, Borrower agrees to keep Lender informed at all times of Borrower's current address.
- (h) **Severability.** If a court of competent jurisdiction finds any provision of this Agreement to be invalid or unenforceable as to any person or circumstance, such finding shall not render that provision invalid or unenforceable as to any other persons or circumstances. If feasible, any such offending provision shall be deemed to be modified to be within the limits of enforceability or validity; however, if the offending provision cannot be so modified, it shall be stricken and all other provisions of this Agreement in all other respects shall remain valid and enforceable.
- (i) **Survival.** All warranties, representations, and covenants made by Borrower in this Agreement or in any certificate or other instrument delivered by Borrower to Lender under this Agreement shall be considered to have been relied upon by Lender and will survive the making of the Loan and delivery to Lender of the Related Documents, regardless of any investigation made by Lender or on Lender's behalf.
- (j) **Time is of the Essence.** Time is of the essence in the performance of this Agreement.
- (k) **UCC.** The Borrower authorizes Lender to file, with or without the signature of Borrower, a Uniform Commercial Code financing statement regarding this Agreement and Related Documents, as may be necessary or desirable to perfect the lien of Lender's security interest in the furniture, fixtures, and equipment of the Borrower. Borrower further authorizes Lender to file, with or without any additional signature from Borrower, as Lender may elect, such amendments and continuation statements as Lender may deem necessary or desirable from time to time to perfect or continue the lien of Lender's security interest in said furniture, fixtures, and equipment of the Borrower.
- (l) **Undocumented Workers.** The Borrower certifies that Borrower does not and will not knowingly employ an undocumented worker in accordance with Chapter 2264 of the Texas

Government Code, as amended. If during the Term of this Agreement, Borrower is convicted of a violation under 8 U.S.C. § 1324a(f), Borrower shall repay the amount of the public subsidy provided under this Agreement plus interest, at the rate of four percent (4%), not later than the 120<sup>th</sup> day after the date the Lender notifies Borrower of the violation.

**[The Remainder of this Page Intentionally Left Blank]**

**BORROWER ACKNOWLEDGES HAVING READ ALL THE PROVISIONS OF THIS AGREEMENT, AND BORROWER AGREES TO ITS TERMS. THIS AGREEMENT IS EFFECTIVE AS OF THE EFFECTIVE DATE AS IS PROVIDED HEREIN.**

**BORROWER:**

***BOUTIQUE U, LLC***  
a Texas limited liability company

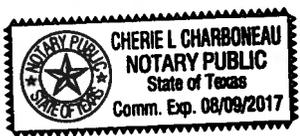
By: *Angie Meister*  
Angie Meister

Title: *owner*

Date Signed: *10/24/13*

STATE OF TEXAS                                   §  
   §  
COUNTY OF TARRANT                       §

This instrument was acknowledged before me on the *24* day of *10*, 2013, by *Angie Meister*, *owner* of Boutique U, LLC, a Texas limited liability company, on behalf of said company.



*Cherie L. Charboneau*  
Notary Public, in and for the State of Texas

**LENDER:**

**PANTEGO ECONOMIC DEVELOPMENT CORPORATION,**  
a Texas non-profit corporation,

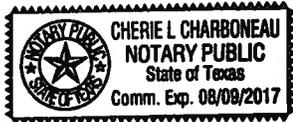
By: William A. Brown  
Name: WILLIAM A. BROWN  
President  
Date Signed: 10/30/2013

STATE OF TEXAS

§  
§  
§

COUNTY OF TARRANT

This instrument was acknowledged before me on the 30<sup>th</sup> day of October, 2013, by Bill Brown, President of the Pantego Economic Development Corporation, a Texas non-profit corporation, on behalf of said corporation.



Cherie L. Charboneau  
Notary Public, in and for the State of Texas

*Exhibit A*

[Note]

**PROMISSORY NOTE**

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**\$8,500.00**

**November 1, 2013**

The **BOUTIQUE U, LLC**, a Texas limited liability company, including its heirs, successors and assigns (hereinafter referred to as the "Maker"), For Value Received, promises and agrees to pay unto the order of **PANTEGO ECONOMIC DEVELOPMENT CORPORATION**, a Texas non-profit corporation (hereinafter referred to as the "Payee"), at its corporate offices located at 1614 S. Bowen Road, Pantego, Texas 76013, in lawful money of the United States of America, the principal sum of **EIGHT THOUSAND FIVE HUNDRED AND NO/100 DOLLARS (\$8,500.00)**, or so much as shall be advanced, said sums to accrue interest as specified in the Loan Agreement executed as of even date herewith between Maker and Payee (hereinafter referred to as the "Loan Agreement").

TERMS OF PAYMENT: The principal of this Note is due on demand, but in any event, on or before **October 1, 2017**. Notwithstanding the foregoing, advances, and repayments hereunder shall be made in accordance with the terms and provisions of that certain Loan Agreement executed as of even date herewith between Maker and Payee, and such advances shall be repaid according to said Loan Agreement after such advance if Maker is not then in default under the Loan Agreement. As such, Payee shall make no demand on principal under this Note except for upon occurrence of an Event of Default as that term is defined in the Loan Agreement.

ALL PAST due principal shall bear interest until paid at a rate not to exceed eight percent (8%).

THIS LOAN is a line of credit but is not revolving. As already stated, advances made hereunder are also governed by the Loan Agreement of even date herewith.

IF DEFAULT is made in the payment of any interest or principal hereof, as and when the same is or becomes due, or if an Event of Default occurs under any instrument securing the payment hereof or executed in connection herewith, including the Loan Agreement, the owner and holder of this Note may declare all sums owing hereon due and payable within thirty (30) days of the date of notice. If default is made in the payment of this Note at maturity (regardless of how its maturity may be brought about), and the same is placed in the hands of an attorney for collection, or suit is filed hereon, or proceedings are had in bankruptcy, probate, receivership or other judicial proceedings for the establishment or collection of any amount called for hereunder, or any amount payable or to be payable hereunder is collected through any such proceedings, Maker agrees and is also to pay to the owner and holder of this Note a reasonable amount as attorneys' or collection fees.

Except as provided herein and in the Loan Agreement, upon an Event of Default only, Maker, co-makers, signers, permitted assigns, sureties, endorsers and guarantors, and each of them, expressly waive demand and presentment for payment, notice of nonpayment, protest, notice of

protest, notice of dishonor, notice of intent to accelerate the maturity hereof, notice of the acceleration of the maturity hereof, bringing of suit and diligence in taking any action to collect amounts called for hereunder and in the handling of securities at any time existing in connection herewith; and are and shall be jointly, severally, directly and primarily liable for the payment of all sums owing and to be owing hereon, regardless of and without any notice, diligence, act or omission as or with respect to the collection of any amount called for hereunder or in connection with any right, lien, interest or property at any and all times had or existing as security for any amount called for hereunder.

IT IS the intention of Maker and Payee to conform strictly to applicable usury laws. Accordingly, if the transactions contemplated hereby would be usurious under applicable law (including the laws of the State of Texas and the laws of the United States of America), then, in that event, notwithstanding anything to the contrary herein or in any agreement entered into in connection with or as security for this Note, it is agreed as follows: (i) the aggregate of all consideration which constitutes interest under applicable law that is taken, reserved, contracted for, charged or received under this Note or under any of the other aforesaid agreements or otherwise in connection with this Note shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be canceled automatically and, if theretofore paid, shall be credited on the Note by the holder hereof (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker); and (ii) in the event that maturity of this Note is accelerated by reason of an election by the holder hereof resulting from any Event of Default, or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum amount allowed by applicable law, and excess interest, if any, provided for in this Note or otherwise shall be canceled automatically as of the date of such acceleration or prepayment and, if theretofore paid, shall be credited on this Note (or, to the extent that this Note shall have been or would thereby be paid in full, refunded to the Maker).

THIS NOTE has been executed and delivered in and shall be construed in accordance with and governed by the laws of the State of Texas and of the United States of America, except that V.T.C.A. Finance Code, Chapter 346, as amended (which regulates certain revolving credit loan accounts and revolving tri-party accounts) shall not apply hereto. Payee's address for notice is 1614 S. Bowen Road, Pantego, Texas 76013.

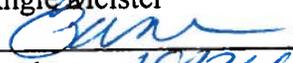
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In witness whereof, Maker has executed this Note to be effective as of the Effective Date.

**MAKER:**

***BOUTIQUE U, LLC,***  
a Texas limited liability company

By:   
Angie Meister

Title: 

Date Signed: 10/24/13