

HEARNE TYPE B (4B) ECONOMICAL DEVELOPMENT CORPORATION BOARD

210 CEDAR STREET, HEARNE, TEXAS 77859

Tel 361-550-7775

March 21, 2017

Chris Florida
Flo-Mart, LLC
410 South Market Street
Hearne, Texas 77859

Re: NOTICE OF BREACH,
OPPORTUNITY TO CURE
DEMAND FOR REPAYMENT

Dear Mr. Florida

I am the President of the Hearne Type B Economic Development Board A/K/A Hearne 4B Sales Tax Board ("the Board"). This letter serves as the Board's notice of breach in relation to your Performance Agreement for Flo-Mart, LLC, ("Business") dated February 2, 2016.

The Board has determined that you are in breach of provision 8 in that you failed to provide evidence of number of jobs created, annual payroll, and capital investment under the agreement at the first anniversary date of the agreement which would have been February 2nd of 2017.

At this time under Section 4 of the agreement, the Board has opted to give you a period of sixty (60) days from the date of this letter to cure your breach.

The Board granted a loan to your Business of \$15,000.00 for expenditures for land and buildings, and purchase equipment, facilities, expenditures, and

improvements on, at, in or for the Property are to promote and improve an existing business development, to wit: a new convenience store for buildings, equipment, facilities, expenditures, targeted infrastructure and improvements are required or suitable for a business operating as a new convenience store.

In order to cure your breach the board will need evidence of compliance with Section 3 of the agreement. This would be evidence satisfactory to the Board of at least 3 new jobs, an annual payroll of at least \$62,400.00, a capital investment of at least \$137,611.00, including expenditures for land and buildings, equipment purchased, facilities, and improvements.

Please notify the Board within sixty (60) days of the date of this letter of your status regarding cure and the Board will place this issue on an agenda for further consideration.

Compliance with this notice does not alleviate the need to comply with all other terms of the agreement.

Please feel free to contact me with any Questions.

REVIEWED AND APPROVED BY THE HEARNE CITY COUNCIL DATE _____

Thank You


Virgil J. Blankenship

President Type B Board

Cc: John Naron, Interim City Manager
City Council Members

 COPY

Performance Agreement for Loan to Business
(Hearne 4B and Flo-Mart, LLC)

HEARNE 4B SALES TAX BOARD (“Hearne 4B”) and Flo-Mart, LLC and Chris Florida, Individually (“Business”) agree to this performance agreement pursuant to the Development Corporation Act including Texas Local Government Code Section 505.

1. The real property subject to this agreement (“Property”) is: All of Lots 18, 19 and 20 in Block 410 of the City of Hearne, Robertson County, Texas, with an address of 410 South Market St., Hearne, Texas.
2. Hearne 4B agrees and certifies that the Board of Directors of Hearne 4B has found that the expenditures to purchase land and buildings, and purchase equipment, facilities, expenditures, and improvements on, at, in or for the Property are to promote and improve an existing business development, to wit: a new convenience store for buildings, equipment, facilities, expenditures, targeted infrastructure and improvements are required or suitable for a business operating as a new convenience store.
3. Business agrees to the following schedule of additional payroll or jobs to be created, annual payroll and estimated capital investments:
 - a. The Business currently employs 2 employees;
 - b. The Business will create at least 3 new jobs and will provide the names of the new employees to the 4B and 4B Boards;
 - c. The Business will report the hours worked by each employee on an annual basis for three (3) years;
 - d. The Business will have an annual payroll of at least \$62,400.00;
 - e. The Business will have an initial capital investment of \$137,611.00, including all expenditures for land and buildings, improvements, furniture, fixtures, equipment and other expenditures for the beginning of the operation of the Business repairing wrecked or non-functional motor vehicles on the property. The Business agrees to maintain such capital investment, staff and payroll for three (3) years;
 - f. The Business will report the amount of annual sales tax paid on an annual basis for three (3) consecutive years to the 4B Corporation;
 - g. The Business agrees to be liable and repay the total amount of the \$15,000.00 provided to the Business from the 4B Corporation and the City of Hearne if the Business fails to perform the term of this agreement;

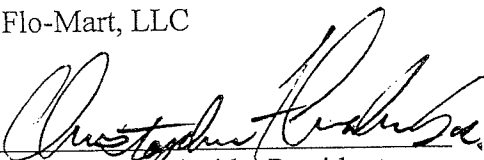
- h. The 4B Corporation, as well as the City of Hearne, will give the business written notes of any breach of the agreement and a reasonable opportunity to cure the breach; and
 - i. In the event Business performs the agreement on an annual basis, then one-third (1/3rd) of the loan amount provided by the 4B Corporation, through the City of Hearne, will be forgiven each year of performance.
4. Business agrees to repay the incentive loaned to Business, if Business fails to perform the terms of this agreement. Hearne 4B shall give Business written notice of any breach of the agreement and a reasonable opportunity to cure the breach.
5. Hearne 4B agrees to loan to Business the sum of \$15,000.00 pursuant to this agreement and for Business' expenditures for land, buildings and to purchase materials and labor for improvements, equipment, facilities, expenditures, and improvements on, at, in or for the Property to promote an existing business development, to wit: a new convenience store on the Property and the expenditures for land, buildings, equipment, facilities, expenditures, targeted infrastructure and improvements are required or suitable for a business such as a new convenience store on the Property for the creation of primary jobs.
6. Hearne 4B shall loan to Business the funds pursuant to this agreement upon expenditures having been made by Business and written documentation certified by Business to Hearne 4B of the expenditures allowable under Section 505 of the Development Corporation Act, including expenditures for land, buildings and to purchase materials and labor for improvements, equipment, facilities, expenditures, and improvements on, at, in or for the Property to promote new business development, to wit: a new convenience store on the Property and the expenditures for land, buildings, equipment, facilities, expenditures, targeted infrastructure and improvements are required or suitable for a business such as a new convenience store on the Property for the creation of primary jobs.
7. The funds pursuant to this agreement shall be disbursed upon review and approval of the receipts for the expenditure of funds allowable under Section 505 of the Development Corporation Act on, at, in, or for the Property, including expenditures for land, buildings and to purchase materials and labor for improvements, equipment, facilities, expenditures, and improvements on, at, in or for the Property to promote new business development, to wit: a new convenience store on the Property and the expenditures for land, buildings, equipment, facilities, expenditures, targeted infrastructure and improvements are required or suitable for a business running and operating a new convenience store.
8. At the first, second, and third anniversary of the loan, Business will provide Hearne 4B evidence of the capital investment, number of jobs created, and annual payroll. Upon evidence of compliance with this agreement at the first, second, and third anniversary of the loan, Hearne 4B will forgive 1/3 of the loan if the Business has complied with the agreement

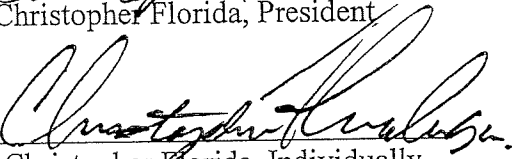
for the first year of the loan, and 1/3 of the loan if the Business has complied with the agreement for the second year of the loan, and 1/3 of the loan if the Business has complied with the agreement for the third year of the loan.

9. Business does not and will not knowingly employ an undocumented worker. Repayment of the subsidy with interest at the Texas judgment interest rate from the date of notice if the business is convicted of federal immigration violations under 8 U.S. Code Section 1324B(f), not later than the 120th day after receiving notice of the violation from HEARNE 4B SALES TAX BOARD.
10. Any approved funds not expended within one year of the date of the resolution that approved this agreement are deobligated.
11. Time is of the essence.
12. This agreement is effective upon approval by the City Council of the City of Hearne, Texas, and upon approval by Hearne 4B as required by law; and approval by Business.

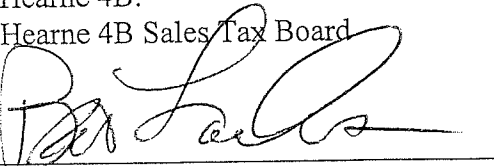
Signed effective 2-2, 2016.

Business:
Flo-Mart, LLC

By 
Christopher Florida, President

By 
Christopher Florida, Individually

Hearne 4B:
Hearne 4B Sales Tax Board

By 
Bart Lockhart

APPROVAL OF CITY COUNCIL

The City Council of the City of Hearne, Texas at its meeting on February 2, 2016 approves the Performance Agreement above and authorizes and approves the expenditures to be paid pursuant to the agreement.

Signed February 10, 2016.

City of Hearne, Texas

By 
Pee Wee Drake, City Manager