

HEARNE TYPE B (4B) ECONOMIC DEVELOPMENT CORPORATION BOARD

210 CEDAR STREET, HEARNE, TEXAS 77859

Tel 361-550-7775

March 21, 2017

Annie Lara  
Post Oak and Brown Street  
Hearne, Texas 77859

Re: NOTICE OF BREACH AND  
RIGHT TO CURE

Dear Ms. Lara:

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 Annie Lara, ("Business") dated December 2, 2014.

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 and second anniversary dates of the agreement which would have been December 2<sup>nd</sup> of 2015 and 2016.

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 \$5,000.00 for expenditures for buildings, equipment, facilities, expenditures, targeted infrastructure, site improvements (including electrical, sewer, parking lot, air conditioning, bathrooms, roof repair), telecommunications and Internet improvements, on, in, at, or for the Property and expenditures for land, buildings, equipment, facilities,

expenditures, targeted infrastructure and improvements, required or suitable for a hair salon on the Property for the creation of primary jobs.

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 2 primary jobs, an annual payroll of at least \$30,000.00, including all expenditures for leasehold improvements, furniture, fixtures, equipment, and other expenditures for the beginning of operation of a hair salon business and maintenance of such investment for the initial two (2) years.

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 CITY COUNCIL DATE \_\_\_\_\_

Thank You

  
Virgil J. Blankenship

President Type B Board

Cc: John Naron, Interim City Manager  
City Council Members

**Performance Agreement for Loan to Business  
(Hearne 4B and Annie Lara)**

**HEARNE 4B SALES TAX BOARD ("Hearne 4B") and Annie Lara ("Business") with an address of Post Oak and Brown Street, Hearne, Texas 77859 agree to this performance agreement pursuant to the Development Corporation Act including Texas Local Government Code Section 504.**

- 1. The real property subject to this agreement ("Property") is a leasehold interest in the property located at the corner of Post Oak and Brown Street in Hearne, Robertson County, Texas.**
- 2. Hearne 4B agrees and certifies that the Board of Directors of Hearne 4B has found that the expenditures for infrastructure including site improvements, and access related improvements, telecommunication and Internet improvements, on, at, in, or for the Property are required or suitable to promote or develop a new business enterprise, to wit: a hair salon business on the property and/or expenditures for equipment, and facilitate materials for the salon business.**
- 3. Business agrees to the following schedule of additional payroll or jobs to be created, annual payroll and estimated capital investment:  
At least 2 jobs;  
At least an annual payroll of \$30,000;  
At least an estimated capital investment of \$30,000.00 including all expenditures for leasehold, improvements, furniture, fixtures, equipment, and other expenditures for the beginning of operation of a hair salon business on the Property; and Business agrees to maintain such capital investment, staff and payroll for 3 years.**
- 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 up to the sum of \$5,000.00 pursuant to this agreement for Business' expenditures for building, equipment, facilities, expenditures, targeted infrastructure, site improvements, and related improvements (including electrical, sewer, parking lot, air conditioning, bathrooms, roof repair), telecommunication and Internet improvements, on, at, in, or for the Property and expenditures for buildings, equipment, facilities, expenditures, targeted infrastructure and improvements are required or suitable for a hair salon business 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 504 of the Development Corporation Act, including expenditures for buildings, equipment, facilities, expenditures, targeted infrastructure, drainage, site improvements, and related improvements, telecommunication and Internet improvements, on, at, in, or for the Property.**

7. The funds pursuant to this agreement shall be disbursed upon review and approval of the receipts for the expenditure of funds for infrastructure allowable under Section 504 of the Development Corporation Act, including expenditures for buildings, equipment, facilities, expenditures, targeted infrastructure, including streets and roads, drainage, site improvements, and related improvements, telecommunication and Internet improvements, on, at, in, or for the Property.
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 1324a(f), not later than the 120th day after receiving notice of the violation from HEARNE 4A 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 12/21, 2014.

Business:

Anita Lara  
Annie Lara

Hearne 4B:  
Hearne 4B Sales Tax Board


By   
Bart Lockhart  
Chairman

APPROVAL OF CITY COUNCIL

The City Council of the City of Hearne, Texas at its meeting on Nov 18, 2014 approves the Performance Agreement above and authorizes and approves the expenditures to be paid pursuant to the agreement.

Signed December 02, 2014.

City of Hearne, Texas

By   
Pee Wee Drake, City Manager