

3.m-1

PROMISSORY NOTE

Tulsa, Oklahoma

\$ 1,300,000.00

_____, 2015

FOR VALUE RECEIVED, RIVER CITY DEVELOPMENT, LLC, an Oklahoma Limited Liability Company, or its permitted assigns, having its office having a principal mailing address at 427 S. Boston Avenue, Suite 915, Tulsa, Oklahoma, 74103, (hereinafter called "Maker"), promises to pay to the order of the TULSA DEVELOPMENT AUTHORITY, a public body corporate of 1216 N. Lansing Avenue, Suite A, Tulsa, Oklahoma 74106 (hereinafter, together with all subsequent holders of this Note, called "Payee") the principal sum of One Million Three Hundred Thousand Dollars (\$1,300,000.00), or so much thereof as shall be disbursed and remain outstanding hereunder, without interest, in U. S. funds Six (6) years from the date Section 15 of the Redevelopment Agreement is satisfied.

Maker, by execution of this Note, acknowledges that the U. S. funds loaned to it pursuant to the terms of this Note are being advanced by Payee pursuant to a Redevelopment Agreement between the parties dated _____ (the "Contract") to assist Maker in constructing a minimum of seventy (70) residential apartment units as a part of the Meridia mixed urban use project in a building located at 522 S. Boston Avenue, Tulsa, Oklahoma 74103 and related amenities (hereinafter defined as the "Redevelopment Project"), including all current and future supplements, amendments and attachments thereto, all in compliance with the terms of the Contract.

Any default under the Contract shall constitute a default hereunder and Payee shall have the option of accelerating the due date of this Note to the date of notice of the default by giving 90 days' notice thereof. Failure to maintain the Property, including the seventy (70) residential apartment units in a good state of repair and as residential housing during the term of this note will constitute a default hereunder; provided however, if any or all of the Property, including without limitation the residential units, is destroyed by fire or other casualty and Maker elects rebuild in accordance with the terms of the mortgage securing this Note (the "Mortgage") , then Maker shall not be in default hereunder. Failure to pay the amount due hereunder on the due date above set forth will constitute a default applying to the entire indebtedness. Upon default or at maturity of each of said amounts above described interest will start to accrue on the unpaid principal balance hereunder at the rate of 7% per annum until paid.

If the principal is not paid when due Payee, without notice except as otherwise provided herein, shall be entitled, at Payee's option, to declare the Maker in default and may exercise any and all rights and remedies under all instruments securing payment hereof, as well as any and all other rights and remedies at law or in equity or otherwise for the collection of the indebtedness evidenced hereby and all lawful charges thereon.

The Maker shall also pay costs of collection, including a reasonable attorney's fee if this Note is referred to an attorney for collection. Time is of the essence hereof for all purposes. All payments due hereunder shall be payable in lawful money of the United States of America and shall be made to Payee at the above address, or at such other address as Payee may from time to time designate in writing to Maker. Maker shall have the right to prepay this Note, in whole or in part (except as may be otherwise specifically provided for in the Loan Documents), at any time without penalty.

Maker waives presentment and demand for payment, notice of intent to accelerate maturity, notice of acceleration of maturity, protest or notice of protest and nonpayment, bringing of suit and diligence in taking any action to collect any sums owing hereunder or in proceeding against any of the rights and properties securing payment hereof.

If default be made in the payment in whole or in part of any sum provided for herein, or an event of default shall occur under any instrument executed as security for (including without limitation Mortgage, as evidence of, or otherwise in connection with this Note or the indebtedness evidenced hereby (hereinafter all such instruments being collectively called the "Loan Documents")), then Payee may, at Payee's option, without further notice or demand (except as may be otherwise specifically provided for in the Loan Documents), declare the unpaid principal balance and accrued interest on this Note at once due and payable, foreclose all liens securing payment hereof, pursue any and all other rights, remedies, and recourses available to Payee, or pursue any combination of the foregoing, all remedies hereunder and under the Loan Documents being cumulative.

Failure to exercise any of the foregoing options upon the happening of one or more of the foregoing events shall not constitute a waiver of the right to exercise the same or any other option at any subsequent time in respect to the same or any other event, and no single or partial exercise of any right or remedy shall preclude other or further exercise of the same or any other right or remedy. Payee shall have no duty to exercise any or all of the rights and remedies herein provided or contemplated. The acceptance by Payee of any payment hereunder that is less than payment in full of all amounts due and payable at the time of such payment shall not constitute a waiver of the right to exercise any of the foregoing options at that time or at any subsequent time, or nullify any prior exercise of any such option without the express written consent of the Payee.

This Note is secured by the Mortgage, covering the Property. This Note shall be covered and construed according to the laws of the State of Oklahoma, without regard to principles of conflicts of laws. Maker shall be fully liable to Payee: (i) for failure to pay taxes, assessments or other charges which can create liens or encumbrances on any portion of the property described in the Mortgage and other Loan Documents which

would be senior to the liens of the Mortgage or other Loan Documents and are payable or accrue or are applicable to periods prior to foreclosure under the Mortgage or other Loan Documents, to the full extent thereof; (ii) for fraud or misrepresentation; and (iii) for the misapplication or misappropriation of (a) proceeds under any insurance policies paid or payable prior to foreclosure by reason of damage, loss or destruction to property described in the Mortgage and other Loan Documents, or any part thereof, to the full extent of such proceeds, (b) any proceeds or awards resulting from a condemnation, prior to foreclosure, of the property described in the Mortgage and other Loan Documents, or any part thereof, to the full extent of such proceeds or awards, (c) rents and other revenue from the property described in the Mortgage and other Loan Documents received or applicable to a period prior to foreclosure and after notice of default, or (iv) violation of the terms of the Contract.

All notices hereunder shall be given at the following addresses:

If to Payee:

Tulsa Development Authority
1216 N. Lansing Avenue, Suite A
Tulsa, Oklahoma 74106
Attention: O. C. Walker, II, Executive Director

With a copy to:
Jot Hartley, TDA General Counsel
201 W. 5th Street, Ste. 501
Tulsa, OK 74103

If to Maker:

River City Development, LLC
c/o James F. Hawkins, Jr.
427 S. Boston Avenue, Suite 915
Tulsa, Oklahoma 74103

With a copy to:
Keith & Associates Legal, PLLC
Attn: Andrea R. Clinger
115 W. 3rd Street, Suite 800
Tulsa, Oklahoma 74103

Either party may change its address for notice purposes upon giving ten (10) days prior notice thereof in accordance with this paragraph. All notices given hereunder shall be in writing and shall be considered properly given if mailed by first class United States Mail, postage prepaid, registered or certified with return receipt requested, or by delivering the notice in person to the intended addressee. Any notice mailed as above provided shall be

deemed to have been received on the third business day following the date of mailing; notice personally delivered shall be effective upon receipt.

The records of the holder thereof shall be prima facie evidence of the amount owing on this Note. This Note may not be terminated orally, but only by a discharge in writing and signed by the party who is the owner and holder of this Note at the time enforcement of any discharge is sought.

In the event that the Maker shall sell, convey, transfer or otherwise alienate directly or indirectly all or any portion of the legal or equitable title to Property without the prior written consent of Payee, whether voluntarily or involuntarily, the entire amount of the principal due under the terms hereof shall become immediately due and payable in full at the option of the Payee and the mortgage shall be subject to immediate foreclosure.

Advances of funds hereunder shall be made only in compliance with the following provisions and conditions:

SECTION 1. DEFINITIONS.

The terms herein set forth shall for all purposes of this note have the following meanings. Unless the context otherwise indicates, words importing the singular shall include the plural and vice versa and the use of the neuter, masculine or feminine gender is for convenience only and shall be deemed to mean and include the neuter, masculine and feminine gender.

A. "Advance" shall mean any of the Advances of funds requested by the Maker or by TDA and approved by TDA to reimburse for "Expenditures Eligible for Reimbursement" (as defined below in Section D) in the development of the project herein described.

B. "Advance Request" means each Advance Request signed by the Maker and/or TDA in the form set forth on Attachment "A" attached hereto.

C. "Developer" or "Redeveloper" means RIVER CITY DEVELOPMENT, LLC, an Oklahoma Limited Liability Company or any permitted assigns. Assignment or other transfer to an entity in which Hawkins Oil, LLC or James F. Hawkins, Jr. own a controlling interest shall be deemed a permitted assignment and shall not require the consent of TDA; provided that at least sixty (60) days prior to any such assignment, Maker shall deliver advance written notice thereof to Payee together with documentation acceptable to Payee demonstrating that the intended assignee has, at a minimum, financial qualifications, strength and resources equivalent to that of the Maker as of the date of this Note.

D. "Expenditures Eligible for Reimbursement" means all costs associated with improvements in the development and construction of the residential units and related amenities, together with all construction supplies and services including those set forth in the project budget approved by TDA.

E. "Maximum Amount of Advances" means the amount to be advanced upon funding in the amount not to exceed One Million Three Hundred Thousand Dollars (\$1,300,000.00), which is the amount of the Loan.

F. "Property" means the real estate more particularly described on pages Exhibit "A" to this Note.

G. "Redevelopment Project" means the design, construction and operation of a minimum of seventy (70) residential apartment units as a part of the Meridia mixed urban use project in a building located at 522 S. Boston Avenue, Tulsa, Oklahoma 74103 and related (hereinafter defined as the "Redevelopment Project"), including all current and future supplements, amendments and attachments thereto, all in compliance with the terms of the Contract.

H. "Termination Event" shall mean the occurrence of any of the following:

1. Default under TDA Redevelopment Agreement. Any material default in or breach of the terms and provisions of the Contract which has not been remedied to the satisfaction of TDA within ninety (90) days after receipt of written notice specifying such default or breach.

2. Representations. Any representation, advance request, statement, certificate, schedule or report made or furnished to TDA by the Redeveloper proves to be false or misleading at the time of the making thereof in any material aspect; and Developer fails to take or cause to be taken corrective measures satisfactory to TDA within ninety (90) days after receipt of written notice from TDA shall cause a default.

SECTION 2. CONSTRUCTION PLANS.

A. All Construction Documents and any changes subsequently made with respect to the development or redevelopment of the Property and construction of improvements shall be in compliance with, all necessary permits, inspections, applicable codes and procedures of, the City of Tulsa; and Redeveloper shall furnish copies of such permits to TDA. Further, all such plans shall be substantially in compliance with the standards and representations set

forth in the construction plans submitted to and approved by Downtown Development Redevelopment Fund, and the TDA Board of Commissioners.

B. This Note and the terms of the Contract require that there will be a minimum of seventy (70) residential apartment units constructed by the Developer.

C. A copy of All documents, including drawings, specification, invoices and data created by or submitted to TDA in connection with the redevelopment of the Property shall be provided to TDA for TDA for use solely to verify compliance by Developer with the terms and conditions of this Agreement and, upon default hereunder, shall become and remain the property of TDA.

SECTION 3. SCHEDULE OF REDEVELOPMENT.

Time is of the essence in the completion of construction of seventy (70) residential apartment units and related amenities collectively constituting the Property. The construction of the units shall commence within ninety (90) days after the issuance of a building permit by the City of Tulsa (the "Commencement Date") and shall be completed within eighteen (18) months after commencement of construction ("Completion Deadline"), unless (a) the Developer's written request for an extension has been approved in writing by TDA, which approval will not be unreasonably withheld or delayed or (b) the Completion Deadline is extended by reason of Force Majeure.

SECTION 4. CONDITIONS PRECEDENT TO FUNDING OF LOAN.

TDA shall have no obligation to fund the loan nor make any disbursement hereunder until Redeveloper has furnished TDA the following:

A. A Title Report showing marketable title to the Property to be vested in River City Development, LLC, subject only to the first and second mortgages not to exceed the total principal sum of Eleven Million Seven Hundred Nineteen Thousand Two Hundred and Fifteen Dollars (\$11,719,215.00) plus 10% in a form approved by TDA, which approval shall not be unreasonably withheld or delayed, and subject to easements and restrictions of record.

B. Proof that all required insurance coverage is in force.

SECTION 5. TDA AND CITY RIGHT TO INSPECT.

A. Redeveloper acknowledges and agrees that TDA and the City of Tulsa shall have the right to inspect the Property at all reasonable times upon Redeveloper's receipt of twenty-four (24) hours written notice, subject to reasonable limitations designed to assure safety and, after completion of construction, the peaceful occupancy of tenants of the Property.

SECTION 6. LIMITATION UPON ENCUMBRANCE OF PROPERTY.

A. After execution of this Agreement and prior to the Redeveloper's repayment of the Loan to TDA secured by a mortgage to TDA on the Property, the Redeveloper shall not engage in any financing or any other transaction creating any additional mortgage, encumbrance or lien upon the Property, including without limitation, the seventy (70) residential units, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to the Property, including without limitation, the seventy (70) residential units, without the prior written consent of TDA. The Redeveloper may place one or more mortgages including but not limited to the Security Bank Mortgage and the North Main LLC and Sharp Boston Enterprise LLC Mortgage not exceeding in the aggregate the principal amount of Eleven Million Seven Hundred Nineteen Thousand Two Hundred and Fifteen Dollars (\$11,719,215.00) plus 10% on the Property for the purpose of funding the Redevelopment Project and related amenities (the "Redevelopment Mortgage(s)"). TDA shall, upon request, execute and deliver a subordination agreement in usual and customary recordable form subordinating the TDA mortgage to such Redevelopment Mortgage(s).

B. Should any taxes, assessments, encumbrance, mechanic's or any materialmen's lien, or any other unauthorized encumbrance or lien attach to the Property, and the Redeveloper fail to take or cause to be taken corrective measure to cure any such encumbrance or lien within ninety (90) days after written demand by TDA, or such other time as agreed in writing by both parties, this Agreement shall be in default.

C. Redeveloper agrees that all of the proceeds of the first and second mortgage and all funds received from the loan herein authorized must be expended on the Meridia Redevelopment Project on the Property described herein.

SECTION 7. DILIGENCE REQUIRED.

A. The Redeveloper agrees for itself, its successors, and assigns to promptly begin and diligently complete the Redevelopment Project on the Property through the construction of the improvements thereon, and the construction shall in any event be begun and completed within the periods specified in the Contract, unless a written extension has been approved and executed by both parties. It is agreed that these agreements and covenants shall be covenants running with the land, binding for the benefit of the City of Tulsa, Oklahoma and TDA, and enforceable by TDA and the City against the Redeveloper and its successors and assigns.

B. If the Redeveloper shall default in or violate its obligations with respect to the construction of the improvements (including the nature and dates for the beginning and completion thereof), or shall abandon or substantially suspend construction work, and the Redeveloper fails to take or cause to be taken corrective measure to cure any such default, violation, abandonment, or suspension within ninety (90) days after written demand by TDA, or such other time as agreed in writing by both parties, then TDA shall

have the right to institute such actions or proceedings as it may deem desirable, including foreclosure through judicial proceedings.

C. If completion of the Project is delayed by a Force Majeure Event, then the completion date may be extended for the length of time that such Force Majeure Event delays completion of the Project, but not more than 60 days, provided that within 15 days after the occurrence of any such Force Majeure Event, the Redeveloper delivers to TDA a written notice of the Force Majeure Event and TDA in the exercise of its reasonable discretion agrees to such extension request. A "*Force Majeure Event*" means any strike, lockout, embargo, fire, unavoidable casualty, national emergency, act of God or any other unforeseeable cause beyond the control of the Redeveloper which results in a delay in the construction of the Redevelopment Project

SECTION 8. CONTACT PERSON.

The Redeveloper agrees that James F. Hawkins, Jr. is the primary contact/member of River City Development, LLC. He shall act as primary contact person, acting on behalf of the Redeveloper regarding all aspects of the project. Developer may update this information periodically and any changes or updates to the contact information below shall be provided to TDA in writing. The Redeveloper furnished the following contact information and grants permission for the City or TDA to contact:

Name: James F. Hawkins, Jr.
Address: 427 S. Boston Avenue, Suite 915
Tulsa, Oklahoma 74103
Phone: 918-584-0331
E-mail: hawkoil@philtower.com

SECTION 9. LOAN PROCEEDS AVAILABLE TO REDEVELOPER.

A. Loan proceeds available to the Redeveloper are subject to the terms and conditions set forth herein. These funds, may be drawn upon by the Redeveloper as Expenditures Eligible for Reimbursement for improvements to the Property solely from the City of Tulsa Account established for the funding of this project after approval by TDA of the funding and shall be funded by TDA within 28 days of submission of a request for advance meeting the terms and conditions of this Note and so long as no default has occurred hereunder.

SECTION 10. INSURANCE REQUIRED.

Prior to commencement of construction Redeveloper shall provide to TDA the following documents:

A. A certificate of insurance from an insurance company licensed to do business in Oklahoma evidencing all-risk builders risk insurance with coverage at least in

the amount of the replacement cost of the Redevelopment Project but not less than the combined outstanding principal balances of the Redevelopment Mortgages and the TDA Mortgage.

B. A certificate of general liability insurance with bodily injury and property damage in a combined single limit coverage of not less than One Million Dollars (\$1,000,000.00) for each occurrence and not less than Two Million Dollars (\$2,000,000.00) in the aggregate. TDA and the City of Tulsa shall be named as additional insured and shall be notified of any policy cancellation by thirty (30) days written notice.

C. The Redeveloper shall require all contractors and sub-contractors performing work on the Redevelopment Project to provide certificates of insurance evidencing general liability insurance coverage and workers' compensation insurance in the statutory amounts.

SECTION 11. CONDOMINIUM SALE.

Notwithstanding the above, the Redeveloper shall have the right by appropriate legal documentation to subject the Property and the residential units being constructed pursuant to this agreement into condominium units in compliance with Oklahoma law, should it desire to do so, without further authorization from TDA, provided that sufficient information regarding said units is furnished to TDA in order that the parties may make any necessary amendments to the Promissory Note and Real Estate Mortgage securing the indebtedness authorized herein to insure that Tulsa Development Authority remains as a second position lien holder on the principal development. The Redeveloper shall be entitled to a partial release of the Real Estate Mortgage covering the Property as to each individual residential unit and the corresponding common elements related thereto upon payment to TDA of the amount of \$7,000.00 per unit.

SECTION 12. LEASE OF UNITS PERMITTED.

The Redeveloper shall have the right to lease any unit of the Property within the building provided, however, that the residential units within the Redevelopment Project shall be limited to use as housing units until all funds made available to the Redeveloper under this Agreement are repaid in full.

SECTION 13. SALE OF CONDOMINIUM UNITS AND COMMON ELEMENTS RELATED THERETO.

A. When the property is submitted to a condominium regime, whenever such submission occurs, the Redeveloper shall have the option of transferring title to or selling any residential unit of the Property. At closing, TDA shall issue a release of mortgage covering that specific condominium unit and related common elements which were subject to the sale upon payment of the consideration set forth in Section 11 above.

B. All proceeds paid by Maker to TDA to obtain partial releases of the mortgage shall be applied as a credit on the unpaid principal of the loan. Upon the sale of

eighty percent (80%) of the residential units as condominiums, the balance then owing on the Promissory Note shall become due and payable to TDA unless, by written agreement, TDA, at its sole discretion, agrees to delay such final payment.

Executed as of the date and year first above written.

**RIVER CITY DEVELOPMENT, LLC AN
OKLAHOMA LIMITED LIABILITY
COMPANY**

**BY: Hawkins Oil, LLC, Its
Member/Manager** _____

**By: _____
James F. Hawkins, Jr., Its Manager**

Exhibit "A"
(Property legal description)

The South Fifty (50) feet of Lot Three (3) and all of Lot Four (4), Block One Hundred Forty-Eight (148), ORIGINAL TOWN, now CITY OF TULSA, Tulsa County, State of Oklahoma, according to the Official Plat thereof.

Also known as 522 S. Boston Avenue, Tulsa, Oklahoma 74103.