

PROMISSORY NOTE

\$ 750,000.00

Tulsa, Oklahoma

May ____, 2017

FOR VALUE RECEIVED, THE FLATS ON ARCHER, LLC, an Oklahoma Limited Liability Company, or its permitted assigns, having its office having a principal mailing address at 304 S. Duck, Stillwater, OK 74074, (hereinafter called "Maker"), promises to pay to the order of the TULSA DEVELOPMENT AUTHORITY, a public body corporate of 1216 N. Lansing Avenue, Suite D, Tulsa, Oklahoma 74106 (hereinafter called "Payee") together with all subsequent holders of this Promissory Note (hereinafter called "Note") the principal sum of Seven Hundred Fifty Thousand Dollars (\$750,000.00), or so much thereof as shall be disbursed and remain outstanding hereunder, with interest at the rate of three percent (3%) per annum, interest payable quarterly, in U. S. funds for a term of four (4) years from, May ____, 2017, the date hereof, with the principal balance and all unpaid interest or other amounts remaining unpaid to be due and payable in full at the end of the term hereof, subject to adjustment of the term and conditions of this Note as follows:

Special Terms and Conditions:

Loan term:

Four (4) years from May ____, 2017, but fully due and payable upon refinancing of the first mortgage (the Redevelopment Mortgage) or sale, lease, conveyance or other disposal or disposition of the Property, or any interest therein, serving as security for this Note.;

Interest Rate:

The interest rate shall be three percent (3%) per annum, payable quarterly, for the the term of the Note.

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 May ____, 2017 (the "Contract") to assist Maker in design, construction and operation of a residential/commercial mixed use mixed use five-story structure including sixty-two (62) Class A residential apartment units, retail space and parking for thirty-one (31) vehicles and related amenities for the FLATS ON ARCHER urban mixed use project (hereinafter defined as the "Redevelopment Project" or the "Project") to be located on the Property at 110 N. Boston Avenue, Tulsa, Oklahoma 74103, and as described in the Agreement and the Note and substantially in compliance with the standards, specifications and representations set forth in the construction plans and loan request packet submitted to and approved by the

TDA Board of Commissioners, 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 without limitation the structural components of the Redevelopment Project in a good state of repair and prevention of accumulation of trash and debris, during the term of this note will constitute a default hereunder; provided however, if any or all of the Property, including without limitation the Redevelopment Project, is destroyed by fire or other casualty and Maker elects to 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 6% 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 the 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 Contract), 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 Contract, 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 D
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:

THE FLATS ON ARCHER, LLC
c/o Howard Aufleger
304 S. Duck
Stillwater, OK 74074

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 THE FLATS ON ARCHER, LLC, an Oklahoma Limited Liability Company or any permitted assigns.

D. “Expenditures Eligible for Reimbursement” means all costs associated with improvements in the development and construction of Flats on Archer Project, together with all construction supplies and services attributable to and essential for the construction of the Flats on Archer Project. Such reimbursements, calculated as a percentage of the Maximum Amount of Advances, shall not exceed the percentage of completion of the Flats on Archer Project as certified in writing addressed to TDA by a licensed architect acceptable to TDA.

E. “Maximum Amount of Advances” means the amount to be advanced upon funding in the amount not to exceed Seven Hundred Fifty Thousand Dollars (\$750,000.00), 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” or “Flats on Archer Project” or “Project” means design, construction and operation of a residential/commercial mixed use mixed use five-story structure including sixty-two (62) Class A residential apartment units, retail space and parking for thirty-one (31) vehicles and related amenities for the FLATS ON ARCHER urban mixed use project (hereinafter defined as the “Redevelopment Project” or the “Project”) to be located on the Property at 110 N. Boston Avenue, Tulsa, Oklahoma 74103, and as described in the Agreement and the Note and substantially in compliance with the standards, specifications and representations set forth in the construction plans and loan request packet submitted to and approved by the TDA Board of Commissioners, 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 Redevelopment Agreement. Any default in or breach of the terms and provisions of this Redevelopment Agreement which has not been remedied to the satisfaction of TDA or the City, within ninety (90) days after written notice thereof has been given to the Developer by any one or more of said parties specifying such default or breach.

2. Representations. Any representation, advance request, statement, certificate, schedule or report made or furnished to the DDRF, the City and/or the TDA by the Developer proved to be false or materially misleading at the time of the making thereof; 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.

3. Default under Contract for Sale of Land for Private Redevelopment. Any default in or breach of the terms and provisions of Contract for Sale of Land for Private Redevelopment between Developer and TDA dated June 11, 2015 which has not been remedied to the satisfaction of TDA within ninety (90) days after written notice thereof has been given to the Developer by any one or more of said parties specifying such default or breach.

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 with the standards, specifications and representations set forth in the construction plans and loan request packet submitted to and approved by the TDA Board of Commissioners.

B. This Note and the terms of the Contract require the design, construction and operation by the Developer of a a residential/commercial mixed use mixed use five-story structure including sixty-two (62) Class A residential apartment units, retail space and parking for thirty-one (31) vehicles and related amenities for the FLATS ON ARCHER urban mixed use project (hereinafter defined as the "Redevelopment Project" or the "Project") to be located on the Property at 110 N. Boston Avenue, Tulsa, Oklahoma 74103, and as described in the Agreement and the Note and substantially in compliance with the standards and representations set forth in the construction plans and loan request packet submitted to and approved by the TDA Board of Commissioners, including all current and future supplements, amendments and attachments thereto, all in compliance with the terms of the Contract.

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 The Project. The construction/redevelopment of the units upon and within the Property shall commence within Ninety (90) days after the issuance of a building permit by the City of Tulsa and shall be completed within eighteen (18) months after commencement of construction,, 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. An abstract of title, certified to date of this Note, or thereafter, showing marketable title to the Property to be vested in THE FLATS ON ARCHER, LLC, subject only to the first mortgage (the Redevelopment Mortgage) not to exceed the total principal sum of Nine Million Five Hundred Thirty-Eight Thousand Five Hundred Forty-Nine Dollars (\$9,538,549.00) in a form approved by TDA, which approval shall not be unreasonably withheld or delayed, and subject to easements and restrictions of record.

B. The execution of the Note and Mortgage by Maker, the recordation of the Mortgage with the Tulsa County Clerk and the subsequent search of the title as reflected by the records of the Tulsa County Clerk and issuance of a title opinion by TDA's General Counsel certifying that the Mortgage to TDA constitutes a second lien against the Property subject only to the first mortgage (the Redevelopment Mortgage) described in subsection A above.

C. Documentation in such form as TDA shall reasonably require, demonstrating that all required insurance coverage and bonds are in force.

D. TDA shall have determined that the financing, development and construction documents and all other aspects of the proposed redevelopment are in substantial compliance with the application, documents, proposals, specifications and representations of the Developer made to the TDA Board of Commissioners.

E. TDA shall have determined that the actual construction work for which reimbursement is requested by Developer is for the construction of the Project in substantial compliance with the application, documents, proposals, specifications and representations of the Developer made to the TDA Board of Commissioners.

F. The availability of funds to TDA sufficient to cover any requested loan advances by Redeveloper.

SECTION 5. TDA AND CITY RIGHT TO INSPECT.

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, whether by express agreement or operation of law, or suffer any encumbrance or lien to be made on or attached to the Property without the prior written consent of TDA. The Developer may, for the purpose of funding the Redevelopment Project, re-finance the first mortgage, if any, at will, but in no event will the original amount of the first mortgage in the amount of Nine Million Five Hundred Thirty-Eight Thousand Five Hundred Forty-Nine Dollars (\$9,538,549.00) be increased without the consent of TDA. Any increase without the consent of TDA will constitute a violation of this Agreement and cause payment of the indebtedness due to be accelerated. TDA shall, upon request, execute and deliver a subordination agreement in usual and customary recordable form subordinating the TDA mortgage to any such approved Mortgage.

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 mortgage and all funds received from the loan herein authorized must be expended on THE FLATS ON ARCHER 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. LOAN PROCEEDS AVAILABLE TO REDEVELOPER.

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 9. BONDS AND INSURANCE REQUIRED.

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

A. A statutory payment bond, or any other form of insurance or bond agreed to by the parties, in the amount of the amount of Seven Hundred Fifty Thousand Dollars (\$750,000.00, (i.e. the Loan Amount).

B. 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.

C. 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.

D. 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.

THE FLATS ON ARCHER, LLC
An Oklahoma Limited Liability Company

By: Satcom Investments, LLC and Oklahoma
Limited Liability Company, MANAGER

By: _____
Howard Aufleger, Its Co-Manager

By: _____
Sam Combs, III, Its Co-Manager

“MAKER”

Date of execution: May _____, 2017.

EXHIBIT "A"

(PROPERTY LEGAL DESCRIPTION)

The South 50 feet of Lot Two (2) and ALL of Lot Three (3), AND the East Half (E/2) of the vacated alley adjacent to the West line of the South 50 feet of Lot Two (2) and All of Lot Three (3), all in Block Forty-One (41), ORIGINAL TOWN now CITY OF TULSA, Tulsa County, State of Oklahoma, according to the recorded Plat No. 560.

Also known as 110 N. Boston Avenue, Tulsa, Oklahoma 74103.

ATTACHMENT "A"

FLATS ON ARCHER ADVANCE REQUEST NO. _____

Pursuant to the Redevelopment Agreement dated May _____, 2017 (the "Redevelopment Agreement"), by The Tulsa Development Authority ("TDA") and THE FLATS ON ARCHER, LLC ("Developer"), Developer hereby requests an Advance in the amount of \$_____ for the account of Developer from the account in the City of Tulsa established for the Flats on Archer Project Redevelopment Agreement.

Developer does hereby certify to the TDA that, as of the date hereof: (i) the representations in the Redevelopment Agreement are hereby ratified and confirmed, (ii) the requested Advance herein is for the Expenditures Eligible for Reimbursement of Development Costs (as defined in the Redevelopment Agreement), (iii) there exists no default in or breach of the terms and provisions of the Redevelopment Agreement by Developer, (iv) the Redevelopment Agreement is in full force and effect, and (v) all conditions precedent to payment of the requested Advance herein have been met and payment of the Advance requested herein is proper pursuant to the terms of the Redevelopment Agreement, (vi) attached hereto are copies of the AIA form (when applicable), architect certification of percentage of completion of the Project, schedule of values for all elements of work performed, invoices, cancelled checks, and other documentation required to be received by TDA under the Redevelopment Agreement in connection with such Expenditures Eligible for Reimbursement, all of which invoices and other documents have been approved by TDA, (vi) there has not been filed with or served upon TDA notice of any lien, right to lien, or attachment upon or claim affecting the right to receive payment of, any of the monies payable to any of the persons, firms, or corporations named in such invoices, which have not been released or will not be released simultaneously with the payment of such obligation, and (vii) TDA has received from Developer all documents required by the Redevelopment Agreement, including, but not limited to the statutory payment bond, the certificate evidencing all-risk builders risk insurance.

Dated this _____ day of _____, 20_____.

**THE FLATS ON ARCHER, LLC
An Oklahoma Limited Liability Company**

**By: Satcom Investments, LLC and Oklahoma
Limited Liability Company, MANAGER**

By: _____
Howard Aufleger, Its Co-Manager

By: _____
Sam Combs, III, Its Co-Manager

Dated this _____ day of _____, 20____.

The above Advance Request is hereby approved this _____ day of _____, 20____.

TULSA DEVELOPMENT AUTHORITY

By: _____
Executive Director