

LOAN AGREEMENT

between

PINNACLE BANK

and

JOSHUA TYPE A ECONOMIC DEVELOPMENT CORPORATION

\$1,393,461.00

Dated as of November 30, 2022

LOAN AGREEMENT

This **LOAN AGREEMENT** (as amended, restated, supplemented and/or otherwise modified, this “Agreement”), dated as of _____, 2022, is between **PINNACLE BANK** (the “Lender”), and the **JOSHUA TYPE A ECONOMIC DEVELOPMENT CORPORATION** (the “Corporation”), a nonprofit economic development corporation duly established and created pursuant to Chapters 501, 502 and 504, Local Government Code, as amended (formerly Section 4A of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended), (collectively, the “Act”), created by or on behalf of the City of Joshua, Texas (the “City”).

WITNESSETH:

WHEREAS, the City has established, levied, is maintaining and collecting on behalf of the Corporation the Economic Development Sales and Use Tax pursuant to the Act;

WHEREAS, the City has previously authorized the Corporation to undertake any “Project”, as defined in the Act, permitted under Chapter 505, Texas Government Code, as permitted pursuant to Section 504.171 of the Act;

WHEREAS, the Corporation has asked the Lender to make a loan to the Corporation for the purpose of (i) financing the purchase of commercial real property, as permitted under the Act (the “Project”); and (ii) paying costs of issuing the loan, such loan to be secured by and payable from the proceeds of the Economic Development Sales and Use Tax;

WHEREAS, completing the Project is important to the economic growth and development of the City and will be suitable for use as a recreational or community facility as permitted under Section 505.152, Texas Local Government Code;

WHEREAS, the Lender is willing to make such loan to the Corporation, on the terms and conditions hereinafter set forth;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration and the mutual benefits, covenants and agreements herein expressed, the Lender and the Corporation agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1 **Definitions** The capitalized terms used in this Agreement shall have the following respective meanings unless the context otherwise requires:

Act - has the meaning ascribed to such term in the first paragraph hereof.

Additional Parity Debt - means: additional debt or other obligations to be issued or incurred by the Corporation including, without limitation, the issuance or incurrence of any bonds, notes, or other obligations payable from and secured in whole or in part by liens on the

Pledged Revenues that are in parity with the lien on the Pledged Revenues securing the payment of the Existing Indebtedness and the Series 2022 Note.

Additional Subordinate Debt - means: Additional debt or other obligations to be issued or incurred by the Corporation including, without limitation, the issuance or incurrence of any bonds, notes, or other obligations payable from and secured in whole or in part by liens on the Pledged Revenues that are junior or subordinate to the lien on the Pledged Revenues securing the payment of the Series 2022 Note.

Agreement - has the meaning ascribed to such term in the first paragraph hereof.

Bond Counsel – Naman Howell Smith & Lee, PLLC.

Business Day - Any day, other than a Saturday, Sunday, or legal holiday, on which the offices of the Lender are not required or authorized by law or executive order to be closed.

City - has the meaning ascribed to such term in the first paragraph hereof.

Closing Date - The date that the Series 2022 Note is delivered to the Lender.

Code - The Internal Revenue Code of 1986, as amended, and all applicable regulations and any official rulings and determinations under the above.

Corporation - has the meaning ascribed to such term in the first paragraph hereof.

Costs of Issuance - The costs and expenses incurred by the Corporation with respect to the authorization, execution and delivery of the Loan Documents and all documentation related thereto.

Debt Service Fund - shall have the meaning ascribed to such term in Section 4.4 hereof.

Debt Service Requirement - The amount necessary to pay the principal of and interest due and owing on the Series 2022 Note during each respective fiscal year of the Corporation.

Economic Development Sales and Use Tax - The ½ of 1% sales and use tax authorized to be levied by the City on behalf of the Corporation for the promotion of economic development pursuant to the Act and elections duly held.

Event of Default - Unless waived in writing by the Lender, the occurrence of any of the following:

(a) the failure of the Corporation to make any of the Series 2022 Note Payments when due if such failure is not cured within fifteen (15) days after Lender sends the Corporation written notice specifying such failure;

(b) the failure of the Corporation to comply with any other covenant, condition, or agreement under this Agreement, and the continuation of such failure for a period of thirty (30) days after the date that the Corporation acquired actual knowledge or written notice of such failure, which knowledge may take the form of notice specifying such failure given to the Corporation by the Lender;

(c) bankruptcy, insolvency, appointment of a receiver for, or the failure to discharge a judgment against, the Corporation;

(d) the violation of any representation or warranty made by the Corporation under Section 5.2 hereof; or

(e) the failure of the Corporation to perform any of its obligations under or comply with any provisions of this Agreement not described in (a) or (b) above or any other agreement with the Lender to which it may be a party or by which it is bound.

Existing Parity Indebtedness - means any note, bond or other debt obligations of the Corporation outstanding as of the Closing Date and payable from and secured in whole or in part by liens on the Pledged Revenues that are in parity with the lien on the Pledged Revenues securing the payment of the Series 2022 Note.

Interest Payment Date - The date interest payments are due on the Loan, as set forth in the Series 2022 Note.

Lender - Pinnacle Bank, together with its successors and assigns.

Loan - The loan from the Lender to the Corporation made pursuant to this Agreement.

Loan Documents - Collectively, this Agreement, the Series 2022 Note, the Sales Tax Remittance Agreement, and the Resolution.

Maximum Interest Rate - The maximum rate of interest allowed under Chapter 1204, Government Code, as amended, but not to exceed the “*applicable interest rate ceiling*” as determined under Chapter 303 of the Texas Finance Code from time to time in effect.

Series 2022 Note - The promissory note of even date herewith (such promissory note, as the same may be renewed, extended, amended or otherwise modified from time to time) delivered pursuant to this Agreement in substantially the form attached hereto as Exhibit A, and any promissory note executed and delivered by the Corporation in replacement thereof or in substitution therefor.

Series 2022 Note Payments - The payments required by Section 2.3 to be made by the Corporation in payment of the principal of and interest on the Series 2022 Note.

Pledged Revenues - 100% of the funds collected by the City from the levy of the Economic Development Sales and Use Tax, without deduction, offset or credit for any administrative charges or expenses incurred by the City or the Corporation in connection with the levy and collection of the Economic Development Sales and Use Tax, other than any amounts due and owing to the Comptroller of Public Accounts of the State for collection costs and other charges.

Principal Amount - \$1,393,461.00.

Project: - shall have the meaning set forth in the preamble of this Agreement.

Resolution - The resolution of the Board of Directors of the Corporation authorizing the execution and delivery of this Agreement and the Series 2022 Note and the pledge of the Pledged Revenues to the payment of the principal of and interest on the Series 2022 Note, and any amendments or supplements thereto.

Sales Tax Remittance Agreement - The Sales Tax Remittance Agreement dated as of even date herewith by and between the Corporation and the City, as same may be amended, restated, supplemented and/or otherwise modified.

State - The State of Texas.

Section 1.2 Interpretative Matters Whenever the context requires:

- (i) references in this Agreement of the singular number shall include the plural and vice versa; and
- (ii) words denoting gender shall be construed to include the masculine, feminine, and neuter.

(b) The table of contents and the titles given to any article or section of this Agreement are for convenience of reference only and are not intended to modify the meaning of the article or section.

ARTICLE II

THE LOAN; REPAYMENT OF THE LOAN

Section 2.1 Financing the Loan Subject to the terms and conditions set forth in this Agreement, including without limitation the conditions set forth in Section 2.2, and for and in consideration of the payment by the Corporation of its obligations under this Agreement and the Series 2022 Note and the covenants and agreements herein contained, the Lender will, on the Closing Date, advance to and for the sole use and benefit of the Corporation an amount equal to the Principal Amount for the exclusive purpose of financing the costs of the Project and the paying Costs of Issuance.

Section 2.2 Conditions to Closing The obligation of the Lender to make the advance pursuant to Section 2.1 hereof shall be subject to the following conditions:

(a) The representations of the Corporation herein shall be true, complete and correct in all material respects on the date hereof and on and as of the Closing Date as if made on the Closing Date;

(b) On the Closing Date, the Loan Documents shall be in full force and effect, assuming due authorization and execution by the other parties thereto, and shall not have been amended or supplemented except as may have been agreed to in writing by the Lender;

(c) At or prior to the Closing Date, the Lender shall have received each of the following documents:

(i) This Agreement executed by an authorized officer of the Corporation;

(ii) The Series 2022 Note executed by an authorized officer of the Corporation;

(iii) A certificate, dated the Closing Date, executed by an authorized officer of the Corporation, to the effect that (A) the representations and warranties of the Corporation contained in this Agreement are true and correct on the date hereof and on and as of the Closing Date as if made on the Closing Date; (B) the Resolution and this Agreement are in full force and effect and have not been amended or supplemented except as may have been approved in writing by the Lender; (C) the Corporation is not in default with respect to any of its outstanding obligations; and (D) no litigation is pending or, to the best of their knowledge, threatened in any court to restrain or enjoin the execution and delivery of this Agreement or the Series 2022 Note or the levy and collection of the Economic Development Sales and Use Tax or the pledge thereof, or contesting or affecting the adoption and validity of the Resolution or the authorization, execution and delivery of the Loan Documents, or contesting the powers of the Board of Directors of the Corporation;

(iv) Certified copies of resolutions of the City and the Corporation authorizing execution, delivery and performance of all of the Loan Documents and authorizing the borrowing hereunder, along with such certificates of existence, certificates of good standing and other certificates or documents as the Lender may reasonably require to evidence the Corporation's authority;

(v) True copies of all organizational documents of the Corporation, including all amendments, restatements or supplements thereto;

(vi) An opinion of counsel which shall specifically provide that (1) the Corporation is a validly existing non-profit corporation created by the City of Joshua pursuant to Chapter 504 of the Act and (2) the Corporation is duly authorized and empowered to execute, deliver and perform the Loan Documents.

Section 2.3 Repayment Terms The Corporation agrees to execute and deliver the Series 2022 Note to the Lender upon the advance of the Principal Amount by the Lender to the Corporation pursuant to Section 2.1.

(b) The Series 2022 Note shall be dated the Closing Date, shall be in an aggregate principal amount equal to the Principal Amount and shall be payable in installments on the dates and in the amounts specified in the Series 2022 Note.

(c) Interest shall accrue and be paid on the outstanding Principal Amount as specified in the Series 2022 Note.

Section 2.4 Series 2022 Note Payments All Series 2022 Note Payments shall be made on the applicable payment date in immediately available funds and shall be paid to the Lender at the address provided to the Corporation pursuant to Section 8.2.

Section 2.5 Series 2022 Note Payments Due on Business Days If the regularly scheduled due date for a Series 2022 Note Payment is not a Business Day, the due date for such payment shall be the next succeeding Business Day, and payment made on such succeeding Business Day shall have the same force and effect as if made on the regularly scheduled due date.

Section 2.6 Prepayment of Series 2022 Note (a) Voluntary Prepayment. The Corporation may at its option prepay the principal amount of the Series 2022 Note outstanding hereunder, in whole, or in part, on any payment date on or after Closing. The prepayment price shall be an amount equal to the principal amount to be prepaid along with accrued interest to the date set for prepayment.

Section 2.7 Limited Obligation The obligations of the Corporation hereunder are special limited obligations thereof and neither the Series 2022 Note nor any instrument related to this Agreement may give a holder a right to demand payment from any source other than the Economic Development Sales and Use Tax imposed by Chapter 504 of the Act and pledged hereunder.

Section 2.8 Segregation of Economic Development Sales and Use Tax The Corporation shall or shall cause the City to maintain a separate fund into which shall be deposited the Economic Development Sales and Use Tax and the Corporation shall or shall cause the City to segregate such taxes collected from the general fund of the City.

ARTICLE III

ADDITIONAL DEBT

Section 3.1 Additional Parity Debt

(a) For so long as the Corporation is obligated hereunder and under the Series 2022 Note, the Corporation shall have the right to issue Additional Parity Debt when issued in compliance with the law and terms and conditions hereinafter appearing, the lien or pledge securing such Additional Indebtedness shall occupy a position of parity and equal dignity with the lien or pledge securing the Notes, so long as prior to doing the same:

(i) the Corporation furnishes to the Lender a signed statement, supported by its audit or other financial presentation acceptable to the Lender, that the Corporation's net revenues for the previous 24 months, prior to incurring such additional debt, are at least 1.15 times the annual debt service payments due on (i) the Series 2022 Note, (ii) any other then outstanding Existing Parity Indebtedness of the Corporation, and (iii) the

proposed new debt yet to be incurred. Such statement shall be furnished to the Lender at least 14 days prior to the time any additional debt is incurred;

(ii) Net revenues shall mean the gross revenues of the Corporation, less its operating expenses, as determined by GAAP. Depreciation or amortization costs shall not be counted as operating expenses.

Section 3.2 Additional Subordinate Debt

(a) The Corporation may issue or incur Additional Subordinate Debt without restriction.

ARTICLE IV

SPECIAL AGREEMENTS

Section 4.1 Obligations of Corporation Unconditional The obligation of the Corporation to make the payments required by Section 2.3 shall be absolute and unconditional. The Corporation shall pay all such amounts without abatement, diminution or deduction (whether for taxes or otherwise) regardless of any cause or circumstances whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Corporation may have or assert against the Lender or any other person.

(b) Until such time as the Series 2022 Note is fully paid the Corporation:

(i) will not suspend or discontinue, or permit the suspension or discontinuance of, any Series 2022 Note Payment;

(ii) will perform and observe all of its other agreements contained in this Agreement; and

(iii) except by full payment and retirement of the Series 2022 Note will not terminate this Agreement for any cause.

Section 4.2 Agreement as Security Agreement An executed copy of this Agreement shall constitute a security agreement pursuant to applicable law, with the Lender as the secured party. The lien, pledge, and security interest of the Lender created in this Agreement shall become effective immediately upon the Closing Date, and the same shall be continuously effective for so long as the Series 2022 Note is outstanding.

(b) A fully executed copy of this Agreement and the proceedings authorizing it shall be filed as a security agreement among the permanent records of the Corporation. Such records shall be open for inspection to any member of the general public and to any person proposing to do or doing business with, or asserting claims against, the Corporation, at all times during regular business hours.

(c) The provisions of this section are prescribed pursuant to the Bond Procedures Act of 1981 (Chapter 1204, Government Code), as amended, and other applicable laws of the State. If any other applicable law, in the opinion of counsel to the Corporation or in the opinion,

reasonably exercised, of counsel to the Lender, requires any filing or other action additional to the filing pursuant to this section in order to preserve the priority of the lien, pledge, and security interest of the Lender created by this Agreement, the Corporation shall diligently make such filing or take such other action to the extent required by law to accomplish such result.

Section 4.3 Pledge and Source of Payment The Corporation hereby covenants that all Pledged Revenues shall be deposited and paid into the Debt Service Fund established in Section 4.4 hereof, and shall be applied in the manner set out herein, to provide for the payment of principal and interest on the Series 2022 Note and, to the extent permitted, any Existing Parity Indebtedness and Additional Debt and all expenses of paying the same. The obligations of the Corporation under the Series 2022 Note and any Existing Parity Indebtedness and Additional Debt shall be special limited obligations of the Corporation payable solely from, and secured by a first lien on, the Pledged Revenues, and collected and received by the Corporation, which Pledged Revenues shall, in the manner herein provided, be set aside and pledged to the payment of the Series 2022 Note and any Existing Parity Indebtedness and Additional Debt in the Debt Service Fund. The Lender and any owner of any Existing Parity Indebtedness and Additional Debt shall never have the right to demand payment out of any funds raised or to be raised by ad valorem taxation. The Lender and any owner of any Existing Parity Indebtedness and Additional Debt shall never have the right to demand payment from sales tax revenues in excess of those collected from the Economic Development Sales and Use Tax.

Section 4.4 Debt Service Fund. The Debt Service Fund (the “*Debt Service Fund*”) is hereby created, and the Debt Service Fund shall be maintained and accounted for as hereinafter provided, so long as the Series 2022 Note remains outstanding. For purposes of this Section 4.4 and this Agreement, the Corporation’s existing general fund may serve as the Debt Service Fund, unless the Corporation elects to establish a separate Debt Service Fund.

Section 4.5 Flow of Funds All Pledged Revenues shall be deposited as collected into the Debt Service Fund. For purposes of this Section 4.5 and this Agreement, the Lender and the Corporation agree that the Corporation’s general fund may be the Debt Service Fund unless the Corporation elects to establish a separate Debt Service Fund. Money from time to time on deposit to the credit of the Debt Service Fund shall be applied as follows in the following order and priority:

- (a) First, to pay principal of and interest on the Series 2022 Note and other obligations secured by the Pledged Revenues; and
- (b) Second, to be used by the Corporation for any lawful purpose.

After making any transfers required into any other funds created or any subordinate lien obligations, any money remaining in the Debt Service Fund shall be considered surplus, and may be used by the Corporation for any lawful purpose.

Section 4.6 Investment of Funds; Transfer of Investment Income Money in the Debt Service Fund may, at the option of the Corporation, be invested in time deposits or certificates of deposit of commercial banks secured in the manner required by law for public

funds and insured by the Federal Deposit Insurance Corporation to the maximum extent permitted by law, or be invested in direct obligations of, or obligations fully guaranteed by, the United States of America, or in any other investments authorized by the laws of the State; provided that all such deposits or investments shall be made in such manner that the money required to be expended from any fund will be available at the proper time or times. Any obligation in which money is so invested shall be kept and held in the official depository bank of the Corporation at which the fund is maintained from which the investment was made. All such investments shall be promptly sold when necessary to prevent any default in connection with the Series 2022 Note or any Additional Debt.

All interest and income derived from such deposits and investments shall be transferred or credited as received to the general fund, and shall constitute Pledged Revenues.

Section 4.7 Security for Uninvested Funds All uninvested money on deposit in, or credited to, the Debt Service Fund shall be secured by the pledge of security as provided by the laws of the State.

Section 4.8 Financial Statements and Reports For so long as any amounts remain outstanding under the Series 2022 Note, the Corporation will promptly furnish to the Lender from time to time upon request such information regarding the business and affairs and financial condition of the Corporation as the Lender may reasonably request, and furnish to the Lender promptly after available and in any event within one hundred eighty (180) days of each fiscal year end, current audited financial statements, on a consolidated basis, of the Corporation, or if not separately prepared, then of the City, including (i) a balance sheet, (ii) statement of revenues, expenses and changes in fund balances, (iii) statements of cash flow, (iv) operating fund budget analysis, and (iv) appropriate Series 2022 Notes and attachments to the financial statements.

Section 4.9 Reserved Inspection Rights At any reasonable time and from time to time, the Corporation will permit representatives of the Lender to examine, copy, and make extracts from its books and records, to visit and inspect its properties, and to discuss its business, operations, and financial condition with its officers, employees, and independent certified public accountants.

Section 4.11 Keeping Books and Records The Corporation will maintain proper books of record and account in which full, true, and correct entries in conformity with generally accepted accounting principles shall be made of all dealings and transactions in relation to its business and activities.

ARTICLE V

REPRESENTATIONS AND WARRANTIES

Section 5.1 Representations and Warranties of Lender The Lender represents and warrants to the Corporation the following:

(a) The Lender has all necessary power and authority to enter into and perform this Agreement.

(b) The Lender has taken all actions required to authorize and execute this Agreement and to perform its obligations hereunder and the execution, delivery and performance by the Lender of and compliance with the provisions of this Agreement will not conflict with any existing law, regulation, rule, decree or order or any agreement or other instrument by which the Lender is bound.

Section 5.2 Representations by the Corporation The Corporation represents, warrants and covenants to the Lender as follows:

(a) The Corporation is a nonprofit industrial development corporation, within the meaning of Chapter 504 (formerly Section 4A) of the Act, has all of the rights, powers, privileges, authority and functions given by the general laws of the State to nonprofit corporations incorporated under the Texas Non-Profit Corporation Act, as amended, except as otherwise provided in Section 501.054(a) of the Act (formerly Section 23(a) of the Act), and is authorized by the Act to execute and to enter into this Agreement and to undertake the transactions contemplated herein and to carry out its obligations hereunder.

(b) The Corporation is duly organized, validly existing, and in good standing under the laws of the State. The Corporation has all requisite power, authority and legal right to execute and deliver the Loan Documents and all other instruments and documents to be executed and delivered by the Corporation pursuant thereto, to perform and observe the provisions thereof and to carry out the transactions contemplated by the Loan Documents. All corporate action on the part of the Corporation which is required for the execution, delivery, performance and observance by the Corporation of the Loan Documents has been duly authorized and effectively taken, and such execution, delivery, performance and observation by the Corporation do not contravene applicable law or any contractual restriction binding on or affecting the Corporation.

(c) The Corporation has duly approved the borrowing of funds from the Lender and has received the approval of the City therefor; no other authorization or approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required as a condition to the performance by the Corporation of its obligations under any of the Loan Documents.

(d) This Agreement and the Series 2022 Note are legally valid and binding obligations of the Corporation enforceable against the Corporation in accordance with their respective terms.

(e) There is no default of the Corporation in the payment of the principal of or interest on any of its indebtedness for borrowed money or under any instrument or instruments or agreements under and subject to which any indebtedness for borrowed money has been incurred which does or could affect the validity and enforceability of the Loan Documents or the ability of the Corporation to perform its obligations thereunder, and no event has occurred and is continuing under the provisions of any such instrument or agreement which constitutes or, with the lapse of time or the giving of notice, or both, would constitute such a default.

(f) There is no pending or, to the knowledge of the undersigned officers of the Corporation, threatened action or proceeding before any court, governmental agency or department or arbitrator (i) to restrain or enjoin the execution or delivery of this Agreement and

the Series 2022 Note or the collection of any Pledged Revenues to pay the Series 2022 Note, (ii) in any way contesting or affecting the authority for the execution and delivery or the validity of the Loan Documents, or (iii) in any way contesting the levy of the Economic Development Sales and Use Tax or the existence of the Corporation or the title or powers of the officers of the Corporation.

(g) In connection with the authorization, execution and delivery of this Agreement and the Series 2022 Note, the Corporation has complied with all provisions of the laws of the State, including the Act.

(h) The execution and delivery of the documents contemplated hereunder do not violate any provision of any instrument or agreement to which the Corporation is a party or by which it is bound.

(i) The Corporation has, by proper corporate action, duly authorized the execution and delivery of this Agreement.

(j) The Corporation is not in default under or in violation of the Constitution or any of the laws of the State relevant to the issuance of the Series 2022 Note or the consummation of the transactions contemplated hereby or in connection with such issuance, and has duly authorized the issuance of the Series 2022 Note and the execution and delivery of this Agreement. The Corporation agrees that it will do or cause to be done in a timely manner all things necessary to preserve and keep in full force and effect its existence, and to carry out the terms of this Agreement and the Indenture.

(k) The Corporation's books and records properly reflect the financial condition of the Corporation and, to the best of the Corporation's knowledge, there has been no material adverse change in the business, condition (financial or otherwise), operations, prospects or properties of the Corporation since the effective date of the Corporation's most recent financial statements.

Section 5.3 Tax Matters

(a) The Corporation covenants to take any action to maintain, or refrain from any action which would adversely affect, the treatment of the Note as an obligation described in Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), the interest on which is not includable in "gross income" for federal income tax purposes. In furtherance thereof, the Corporation specifically covenants as follows:

(i) To refrain from taking any action which would result in the Series 2022 Note being treated as "private activity bonds" within the meaning of Section 141(a) of the Code;

(ii) To take any action to assure that no more than 10% of the proceeds of the Series 2022 Note or the projects financed therewith are used for any "private business use," as defined in Section 141(b)(6) of the Code or, if more than 10% of the proceeds or the projects financed therewith are so used, that amounts, whether or not received by the Corporation with respect to such private business use, do not under the

terms of this Agreement or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10% of the debt service on the Series 2022 Note, in contravention of Section 141(b)(2) of the Code;

(iii) To take any action to assure that in the event that the “private business use” described in paragraph (ii) hereof exceeds 5% of the proceeds of the Series 2022 Note or the projects financed therewith, then the amount in excess of 5% is used for a “private business use” which is “related” and not “disproportionate,” within the meaning of Section 141(b)(3) of the Code, to the governmental use;

(iv) To take any action to assure that no amount which is greater than 5% of the proceeds of the Series 2022 Note is directly or indirectly used to finance loans to persons, other than state or local governmental units, in contravention of Section 141(c) of the Code;

(v) To refrain from taking any action which would result in the Series 2022 Note being “federally guaranteed” within the meaning of Section 149(b) of the Code;

(vi) Except to the extent permitted by Section 148 of the Code and the regulations and rulings thereunder, to refrain from using any portion of the proceeds of the Series 2022 Note, directly or indirectly, to acquire or to replace funds which were used, directly or indirectly, to acquire investment property (as defined in Section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Note;

(vii) To otherwise restrict the use of the proceeds of the Note or amounts treated as proceeds of the Series 2022 Note, as may be necessary, so that the Note does not otherwise contravene the requirements of Section 148 of the Code (relating to arbitrage) and, to the extent applicable, Section 149(d) of the Code (relating to advance refundings);

(viii) Except to the extent otherwise provided in Section 148(f) of the Code and the regulations and rulings thereunder, to pay to the United States of America at least once during each five year period (beginning on the issue date of the Note an amount that is at least equal to 90% of the “Excess Earnings,” within the meaning of Section 148(f) of the Code, and to pay to the United States of America, not later than 60 days after the Note has been paid in full, 100% of the amount then required to be paid as a result of Excess Earnings under Section 148(f) of the Code; and

(ix) To maintain such records as will enable the Corporation to fulfill its responsibilities under this subsection and Section 148 of the Code and to retain such records for at least six years following the final payment of principal and interest on the Series 2022 Note.

For the purposes of the foregoing, in the case of a refunding bond, the term proceeds includes transferred proceeds and, for purposes of paragraphs (ii) and (iii), proceeds of the refunded obligations.

The covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U.S. Department of Treasury pursuant thereto. In the event that regulations or rulings are hereafter promulgated which modify or expand provisions of the Code, as applicable to the Note, the Corporation will not be required to comply with any covenant contained herein to the extent that such noncompliance, in the opinion of nationally-recognized bond counsel, will not adversely affect the exclusion from gross income of interest on the Note under Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Series 2022 Note, the Corporation agrees to comply with the additional requirements to the extent necessary, in the opinion of nationally-recognized bond counsel, to preserve the exclusion from gross income of interest on the Note under Section 103 of the Code.

(b) Proper officers of the Corporation charged with the responsibility of issuing the Series 2022 Note are hereby authorized and directed to execute any documents, certificates, or reports required by the Code and to make such elections, on behalf of the Corporation, which may be permitted by the Code as are consistent with the purpose for the issuance of the Series 2022 Note.

(c) Notwithstanding any other provision in this Agreement, to the extent necessary to preserve the exclusion from gross income of interest on the Note under Section 103 of the Code, the covenants contained in this subsection shall survive the later of the defeasance or discharge of the Series 2022 Note.

(d) Covenants Regarding Sale, Lease, or Disposition of Financed Property. The Corporation covenants that the Corporation will regulate the use of the property financed, directly or indirectly, with the proceeds of the Series 2022 Note and will not sell, lease (other than to the Corporation's contracted service provider), or otherwise dispose of such property unless (i) the Corporation takes the remedial measures as may be required by the Code and the regulations and rulings thereunder in order to preserve the exclusion from gross income of interest on the Note under Section 103 of the Code or (ii) the Corporation seeks the advice of nationally-recognized bond counsel with respect to such sale, lease, or other disposition.

(e) The Corporation hereby designates the Series 20212Note as "qualified tax-exempt obligations" as defined in Section 265(b)(3) of the Code. With respect to such designation, the Corporation represents the following: (a) that during the calendar year 2022, the Corporation has not designated nor will designate obligations, which when aggregated with the Series 2022 Note will result in more than \$10,000,000 of "qualified tax-exempt obligations" being issued and (b) that the Corporation has examined its financing needs for the calendar year 2022 and reasonably anticipates that the amount of bonds, leases, loans or other obligations, together with the Series 2022 Note and any other tax-exempt obligations heretofore issued by the Corporation during the calendar year 2022, when the higher of the face amount or the issue price of each such tax-exempt obligation issued for the calendar year 2022 by the Corporation is taken into account, will not exceed \$10,000,000.

(f) The representations above shall be deemed to be made on and as of the date hereof and as of the date of the Series 2022Note.

ARTICLE VI

REMEDIES SECTION

Section 6.1 Remedies Available So long as any Event of Default has occurred and is continuing, the Lender may take any action at law or in equity to collect all amounts then due under this Agreement and the enforcing of compliance with any other obligation of the Corporation under this Agreement.

(b) In addition to the remedies provided in subsection (a) of this Section, the Lender shall, to the extent permitted by law, be entitled to recover the costs and expenses, including attorney's fees and court costs, incurred by the Lender in the proceedings authorized under subsection (a) of this Section.

(c) Notwithstanding any other provision of this Agreement, the acceleration of the Series 2022 Note Payments is not available as a remedy under this Agreement.

Section 6.2 Application of Money Collected Any money collected as a result of the taking of remedial action pursuant to this Article VI, including money collected as a result of foreclosing the liens of this Agreement, shall be applied to cure the Event of Default with respect to which such remedial action was taken.

Section 6.3 Restoration of Rights If any action taken as a result of an Event of Default is discontinued or abandoned for any reason, or is determined adversely to the interests of the Lender, or if an Event of Default is cured, all parties shall be deemed to be restored to their respective positions and rights under the Loan Documents as if such Event of Default had not occurred.

Section 6.4 Non-Exclusive Remedies No remedy conferred upon or reserved to the Lender by this Agreement is intended to be exclusive of any other available remedy, and each such remedy shall be in addition to any other remedy given under this Agreement or the other Loan Documents or now or hereafter existing at law or in equity.

Section 6.5 Delays No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or be construed to be a waiver thereof, and all such rights and powers may be exercised as often as may be deemed expedient.

Section 6.6 Limitation on Waivers If an Event of Default is waived, such waiver shall be limited to the particular Event of Default so waived and shall not be deemed a waiver of any other Event of Default; provided, that no waiver of an Event of Default shall be effective unless such waiver is made in writing.

ARTICLE VII

DISCHARGE BY PAYMENT

When the Series 2022 Note has been paid in full or when the Corporation has made payment to the Lender of the whole amount due or to become due under the Series 2022 Note

(including all interest that has accrued thereon or that may accrue to the date of maturity or prepayment, as applicable), and all other amounts payable by the Corporation under this Agreement have been paid, the liens of this Agreement shall be discharged and released, and the Lender, upon receipt of a written request by the Corporation and the payment by the Corporation of the reasonable expenses with respect thereto, shall discharge and release the lien of this Agreement and execute and deliver to the Corporation such releases or other instruments as shall be requisite to release the lien hereof.

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Term of Agreement This Agreement shall become effective upon the Closing Date and shall continue in full force and effect until all obligations of the Corporation under this Agreement and the Series 2022 Note have been fully paid.

Section 8.2 Notices (a) All notices, certificates, or other communications required by or made pursuant to this Series 2022 Note Agreement shall be in writing and given by certified or registered United States Mail, return receipt requested, addressed as follows:

(i) if to the Lender:

Pinnacle Bank
2961 SW Wilshire Blvd.
Burleson, Texas 76028

(ii) if to the Corporation:

Joshua Type A Economic Development Corporation
101 Main Street
Joshua, Texas 76058
Attention: Executive Director

(b) The Corporation and the Lender may designate any further or different addresses to which subsequent notices shall be sent; provided, that, any of such parties shall designate only one address for such party to receive such notices.

(c) Except as otherwise provided by this Agreement, any communication delivered by mail in compliance with this section is deemed to have been given as of the date of deposit in the mail.

(d) A provision of this Agreement that provides for a specific method of giving notice or otherwise conflicts with this section supersedes this section to the extent of the conflict.

Section 8.3 Binding Effect, Assignment (a) This Agreement shall (i) be binding upon the Corporation, its successors and assigns, and (ii) inure to the benefit of and be enforceable by the Lender and its successors, transferees and assigns; provided that the Corporation may not assign all or any part of this Agreement without the prior written consent of

the Lender. The Lender may assign, transfer or grant participations in all or any portion of this Agreement, the Series 2022 Note, or any of its rights or security hereunder, including without limitation, the instruments securing the Corporation's obligations under this Agreement; provided that any such assignment, transfer or grant shall be made only to a financial institution whose primary business is the lending of money.

Section 8.4 Expenses, Fees, Etc The Corporation hereby agrees to pay on demand all reasonable costs and expenses of the Lender in connection with the preparation, negotiation, execution, and delivery of the Loan Documents and any and all amendments, modifications, renewals, extensions, and supplements thereof and thereto, including, without limitation, the fees and expenses of legal counsel for the Lender and other professionals.

Section 8.5 Severability If any part of this Agreement is ruled invalid or unenforceable by a court of competent jurisdiction, the invalidity or unenforceability thereof shall not affect the remainder of this Agreement.

Section 8.6 Counterparts This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same document.

Section 8.7 Applicable Law This Agreement shall be governed in all respects, whether as to validity, construction, performance, or otherwise, by the laws of the State and, if applicable, federal law.

Section 8.8 Jurisdiction All actions or proceedings with respect to, and the performance of, the Series 2022 Note and this Agreement shall be, or shall be instituted in the courts of the State of Texas, in Johnson County, Texas, and by execution and delivery of this Agreement, the Corporation and the Lender irrevocably and unconditionally submit to the jurisdiction of such courts and unconditionally waive (i) any objection each may now or hereafter have to the laying of venue in any such courts, and (ii) any claim that any action or proceeding brought in any such courts has been brought in an inconvenient forum.

Section 8.9 Notice of Final Agreement THIS WRITTEN AGREEMENT AND ANY OTHER DOCUMENTS EXECUTED IN CONNECTION HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN AGREEMENTS BETWEEN THE PARTIES.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their respective duly authorized officers as of the date first above written.

PINNACLE BANK

By: _____
Name: _____
Title: _____

**JOSHUA TYPE A ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Shelly Anderson, President

ATTEST:

By: _____
_____, Secretary

EXHIBIT A

**THIS NOTE MAY NOT BE NEGOTIATED IN THE NAME OF BEARER
AND IS NOT A REGISTERED OBLIGATION**

\$1,393,461.00

November 30 2022

**JOSHUA TYPE A ECONOMIC DEVELOPMENT CORPORATION
SERIES 2022 NOTE**

JOSHUA TYPE A ECONOMIC DEVELOPMENT CORPORATION (the "*Corporation*") for value received, hereby promises to pay to the order of **PINNACLE BANK**, its successor or assigns, at its offices located at 2961 SW Wilshire Blvd., Burleson, Texas 76028 the principal sum of ONE MILLION THREE HUNDRED NINETY THREE THOUSAND FOUR HUNDRED SIXTY ONE AND 00/100 DOLLARS (\$1,393,461.00).

All capitalized terms which are used but not defined in this Series 2022 Note shall have the same meanings as in the Loan Agreement dated as of even date herewith, between the Corporation and the Lender (such Loan Agreement, together with all amendments, restatements, supplements and/or other modifications thereto, being the "*Loan Agreement*").

Subject to Section 2.3(d) of the Loan Agreement, the Corporation agrees to pay principal and accrued interest on all amounts hereof so advanced and remaining from time to time unpaid hereon annually beginning on November 30, 2023, and continuing on each November 30th thereafter until maturity in such amounts as reflected on Schedule I attached hereto.

Interest shall accrue at a per annum rate of 4.99.

Past due principal and interest shall bear interest at a rate per annum which is fifteen percent (15.0%).

All payments of interest shall be computed annually in the manner set forth on Schedule I.

Principal of and interest on this Series 2022 Note shall be payable from and secured by a pledge of the Corporation's Economic Development Sales and Use Tax.

This Series 2022 Note is authorized under that certain Loan Agreement and is subject to, and is executed in accordance with, all of the terms, conditions and provisions thereof. A fully executed copy of the Loan Agreement is on file in the permanent records of the Corporation and is open for inspection to any member of the general public and to any person proposing to do business with, or asserting claims against, the Corporation, at all times during regular business hours.

The principal of and interest on this Series 2022 Note are payable from the Economic Development Sales And Use Tax imposed by Chapter 504 of the Local Government Code (formerly Section 4A of the Development Corporation Act of 1979, Article 5190.6, Texas Revised Civil Statutes Annotated, as amended), as described in and subject to the limitations contained in the Loan Agreement.

Except as otherwise provided in the Loan Agreement, the Corporation waives all demands for payment, presentations for payment, protests, notices of protests, and all other demands and notices, to the extent permitted by law.

All agreements between the Corporation and holder hereof, whether now existing or hereafter arising and whether written or oral, are hereby limited so that in no contingency, whether by reason of demand, prepayment, or otherwise, shall the interest contracted for, charged, received, paid or agreed to be paid to the holder hereof, exceed the maximum permissible by applicable law. If, from any circumstances whatsoever, interest would otherwise be payable to the holder hereof in excess of the Maximum Interest Rate, then the interest payable to the holder hereof shall be reduced to the maximum amount permitted under applicable law; and if from any circumstances the holder hereof shall ever receive anything of value deemed interest by applicable law in excess of the Maximum Interest Rate, an amount equal to any excessive interest shall be applied to the reduction of the principal hereof and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to the Corporation. All interest paid or agreed to be paid to the holder hereof shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full period of the subject loan until payment in full of the principal so that the interest hereon for such full period shall not exceed the maximum amount permitted by applicable law. This paragraph shall control all agreements between the Corporation and the holder hereof.

THIS SERIES 2022 NOTE AND THE LOAN AGREEMENT REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS BETWEEN THE PARTIES.

NEITHER THE STATE OF TEXAS, THE CITY OF JOSHUA, TEXAS (THE “CITY”), NOR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF SHALL BE OBLIGATED TO PAY THE PRINCIPAL OF OR INTEREST ON THIS SERIES 2022 NOTE, EXCEPT TO THE EXTENT THAT THE CORPORATION IS OBLIGATED TO MAKE THE PAYMENT OF THE PRINCIPAL OF AND INTEREST ON THIS SERIES 2022 NOTE. NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE STATE OF TEXAS, THE CITY, OR ANY POLITICAL SUBDIVISION OR AGENCY THEREOF IS PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS SERIES 2022 NOTE, EXCEPT TO THE EXTENT THE CORPORATION HAS PLEDGED THE ECONOMIC DEVELOPMENT SALES AND USE TAX DESCRIBED ABOVE TO MAKE THE SERIES 2022 NOTE PAYMENTS.

The Corporation may, in its discretion, prepay all or any portion of the outstanding principal amount of this Series 2022 Note pursuant to Section 2.6 of the Loan Agreement.

If a date for the payment of the principal of or interest on the Series 2022 Note is a Saturday, Sunday, legal holiday, or a day on which the Lender is authorized by law or executive order to close, then the date for such payment shall be the next succeeding day which is not a Saturday, Sunday, legal holiday, or day on which such banking institution is authorized to close; and payment on such date shall have the same force and effect as if made on the original date payment was due.

This Series 2022 Note shall be governed in all respects by the laws of the State of Texas and of the United States of America.

IN WITNESS WHEREOF, this Series 2022 Note has been duly executed effective as of the date first written above.

**JOSHUA TYPE A ECONOMIC
DEVELOPMENT CORPORATION**

By: _____
Shelly Anderson, President

ATTEST:

By: _____
_____, Secretary

Schedule I

Payment Schedule

Disbursement Date: November 30, 2022
Interest Rate: 4.990

Repayment Schedule: Balloon
Calculation Method: 365/360 U.S. Rule

Payment Number	Payment Date	Payment Amount	Interest Paid	Principal Paid	Remaining Balance
1	11-30-2023	112,412.60	70,499.45	41,913.15	1,351,547.85
2	11-30-2024	112,412.60	68,566.27	43,846.33	1,307,701.52
3	11-30-2025	112,412.60	66,160.61	46,251.99	1,261,449.53
4	11-30-2026	112,412.60	63,820.58	48,592.02	1,212,857.51
5	11-30-2027	1,274,219.67	61,362.16	1,212,857.51	0.00
TOTALS:		1,723,870.07	330,409.07	1,393,461.00	