



PFLUGERVILLE
Community Development Corporation

AGENDA
PFLUGERVILLE COMMUNITY
DEVELOPMENT CORPORATION (PCDC)
Regular Meeting
100 E. Main Street, Suite 500
Pflugerville, Texas
November 8th, 2012
6:30 p.m.

- 1. Call to Order.**
- 2. Approval of meeting minutes.**
- 3. Public Hearing.**
 - A. Approving a resolution with Citizen's National Bank to refinance the PCDC property located on the corner of SH 130 and Pecan in Pflugerville.
- 4. Discuss and Action.**
 - A. Discuss and Action regarding approving a resolution with Citizen's National Bank to refinance the PCDC property located on the corner of SH 130 and Pecan in Pflugerville.
- 5. Executive Session.**
 - A. Executive Session Item: 1) Sale and purchase of real property. Open Session Item: 2) Sale and purchase of real property.
 - B. Executive Session Item: 1) Discuss negotiations, activity, prospects, leads and other economic development topics for the purpose of discussing economic development. Open Session Item: 2) Discuss negotiations, activity, prospects, leads and other economic development topics.
 - C. Executive Session Item: 1) Discuss personnel matters related to the evaluation of the Executive Director. Open Session Item: 2) Discuss personnel matters related to the Executive Director.

- D. Executive Session Item : 1) Consultation with Legal Consul to discuss litigation with National Scooter, Inc. Open Sessions Item 2) Consultation with Legal Consul to discuss litigation with National Scooter, Inc.

6. Future Agenda Items and Topics to Consider.

7. Adjourn.

The Pflugerville Community Development Corporation may retire to executive session any time between the meeting's opening and adjournment for the purpose of consultation with legal counsel pursuant to Chapter 551.071 of the Texas Government Code; discussion of personnel matters pursuant to Chapter 551.074 of the Texas Government Code; discussion of real estate acquisition pursuant to Chapter 551.072 of the Texas Government Code; and/or deliberation regarding economic development negotiations pursuant to Chapter 551.086 of the Texas Government Code. Action, if any, will be taken in open session.

Omar Peña, President

This is to certify that a copy of the agenda for this meeting was posted on the bulletin board located at the City Municipal Building on the 12th of October, 2012 at 5:00 pm pursuant to Section 551-041, Government Code.

Floyd Akers, Executive Director

The City of Pflugerville is committed to compliance with the Americans with Disabilities Act. Reasonable modifications and equal access to communications will be provided upon request. Please call Christian Kurtz, Business Operations Manager at 512-990-3725 for information. Hearing-impaired or speech-disabled persons equipped with telecommunication devices for the deaf may call 272-9916 or may utilize the statewide Relay Texas program at 1-800-735-2988.

Attendance By Other Elected or Appointed Officials:

It is anticipated that members of the City Council and/or other city board, commissions and/or committees may attend the meeting in numbers that may constitute a quorum of the City Council and/or other city boards, commissions and/or committees. Notice is hereby given that the meeting, to the extent required by law, is also noticed as a meeting of the City Council and/or other boards, commissions and/or committees of the City, whose members may be in attendance. The members of the City Council and/or boards, commissions and/or committees may participate in discussions on the same items listed on the agenda, which occur at the meeting, but no action will be taken by such in attendance unless such item and action is specifically provided for on an agenda for the City Council or board, commission or committee subject to the Texas Open Meetings Act.

TRANSCRIPT OF PROCEEDINGS
RELATING TO
\$4,800,000 PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
ECONOMIC DEVELOPMENT NOTE
SERIES 2012

<u>Document Number</u>	<u>Description of Document</u>
1	Resolution Authorizing the issuance of the Note
2	Security Agreement
3	Deed of Trust
4	Form of Note
5	General Certificate
6	Signature and No-Litigation Certificate
7	UCC-1
8	Private Placement Letter
9	City's Approving Resolution (Note)
10	City's General Certificate
11	Opinion of Counsel

CERTIFICATE FOR RESOLUTION

**STATE OF TEXAS
COUNTY OF TRAVIS**

We, the undersigned officers and members of the Board of Directors of the Pflugerville Community Development Corporation (the "Corporation"), hereby certify as follows:

1. The Board of Directors of the Corporation convened in REGULAR MEETING ON THE _____ DAY OF NOVEMBER, 2012, at _____, Pflugerville, Texas (the "Meeting"), and the roll was called of the duly constituted officers and members of the Board of Directors, to-wit:

Omar Pena	President
Doug Weiss	Vice President
Bob Dwyer	Treasurer
Randy Duncan	Secretary
Starlet Sattler	
Janice Heath	
Darelle White	

and all of the persons were present, except the following absentees: _____, thus constituting a quorum. Whereupon, among other business, the following was transacted at the Meeting: a written

RESOLUTION APPROVING BORROWING \$4,800,000 FROM CITIZENS NATIONAL BANK FOR CERTAIN PROJECTS OF THE PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

was duly introduced for the consideration of the Board of Directors. It was then duly moved and seconded that the Resolution be passed; and, after due discussion, said motion carrying with it the passage of the Resolution, prevailed and carried by the following vote:

AYES: _____

NOES: _____

2. A true, full and correct copy of the Resolution passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Bond; that the Resolution has been duly recorded in the Board of Director's minutes of the Meeting; that the above and foregoing paragraph is a true, full and correct excerpt from the Board of Director's minutes of the Meeting pertaining to the passage of the Resolution; that the persons named in the above and foregoing paragraph are the duly chosen, qualified and acting officers and members of the Board of Directors as indicated therein; that each of the officers and members of the Board of Directors was duly and sufficiently notified officially and personally, in advance, of the time, place and purpose of the Meeting, and that the Resolution would be introduced and considered for passage at the Meeting, and each of the officers and members consented, in advance, to the holding of the Meeting for such

purpose, and that the Meeting was open to the public and public notice of the time, place and purpose of the meeting was given, all as required by Chapter 551, *Texas Government Code*.

3. The President of the Board of Directors has approved and hereby approves the Resolution; that the President and the Secretary of the Board of Directors have duly signed the Resolution; and that the President and the Secretary of the Board of Directors hereby declare that their signing of this Certificate shall constitute the signing of the attached and following copy of the Resolution for all purposes.

SIGNED AND SEALED the _____ day of November, 2012.

Secretary
Pflugerville Community
Development Corporation

President
Pflugerville Community
Development Corporation

RESOLUTION APPROVING BORROWING \$4,800,000 FROM CITIZENS NATIONAL BANK FOR CERTAIN PROJECTS OF THE PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

**STATE OF TEXAS
COUNTY OF TRAVIS**

WHEREAS, the Pflugerville Community Development Corporation (the "Corporation") has been created pursuant to the provisions of Article 5190.6, Section 4B, Tex. Rev. Civ. Stat., now Chapter 505 of the *Texas Local Government Code* (the "Act"); and

WHEREAS, in accordance with the provisions of former Section 4(B)(a-1) (now Section 505.160(a)) of the Act, the Corporation published notice of a project (being the purchase and development of property for economic development purposes at the corner of State Highway 130 and Pecan Street near Northeast Metro Park in Pflugerville, Texas (the "Project")), more than 60 days prior to the adoption of this Resolution; and

WHEREAS, the governing body of the City of Pflugerville, Texas (the "City") has not received a petition from more than 10% of the registered voters of the City requesting that an election be held before such Project be undertaken; and

WHEREAS, in connection with the creation of the Corporation at an election held on November 11, 2001, the citizens of the City authorized the adoption of a one-half percent sales and use tax for all purposes authorized by the Act which such purposes include the Project, such election having been held in accordance with applicable law;

WHEREAS, the Corporation has all powers set forth in the Act including the power to issue "bonds, notes and evidences of indebtedness" as defined in Section 501.002 of the Development Corporation Act payable from the one-half percent sales tax;

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION:

Section 1. RECITALS, AMOUNT AND PURPOSE OF THE Note. The recitals set forth in the preamble hereof are incorporated herein and shall have the same force and effect as if set forth in this section. The Note of the Corporation is hereby authorized and approved to be issued and delivered in the aggregate principal amount of \$4,800,000, for the purpose of providing funds to pay and refinance the "Costs" (as defined in Section 501.152 of the Development Corporation Act) of the Project.

The Board of Directors of the Corporation hereby expressly finds that the Project is required and suitable for the purposes set forth in the Act.

Section 2. DEFINITIONS.

(a) The term "Note" means the Pflugerville Community Development Corporation Note authorized to be issued hereunder.

(b) The term "Sales Taxes" means the sales and use tax for economic development levied by the City pursuant to the Act and paid over to the Corporation.

(c) The term "Project" shall mean the purchase and development of property for economic development purposes at the corner of State Highway 130 and Pecan Street near Northeast Metro Park in Pflugerville, Texas, all as allowed by the Act.

Section 3. FORM OF NOTE.

The Form of Note is hereby approved by the Board of Directors of the Corporation. The President and Secretary of the Corporation are hereby authorized to execute the Note on behalf of the Corporation and to deliver it to the purchaser of the Note.

Section 4. RESTRICTION ON USE OF NOTE PROCEEDS.

The Corporation hereby warrants that it will not use the Note proceeds except in accordance with applicable law, including the Act.

Section 5. PLEDGE OF TAXES.

(a) In order to secure and provide a source of payment for the Note, the Corporation hereby pledges and grants to the Holder of the Note an irrevocable lien on all sales and use taxes (currently levied at the rate of one-half percent) collected by the City and delivered to the Corporation ("Pledged Taxes").

The Corporation further agrees that if all or any portion of the Project is sold (to be sold solely for a purpose permitted by the Act) all proceeds of sale shall be used to prepay the Note.

(b) In order to further evidence the lien granted on the Pledged Taxes and the proceeds of sale of the Project, the Corporation hereby approves and authorizes the execution and delivery of a Security Agreement to secure payment of the Note, the terms of which are hereby approved by the Corporation. The President and Secretary of the Corporation be and are hereby authorized to execute and deliver the Security Agreement.

(c) The Corporation may first use the proceeds of the Pledged Taxes to pay (i) its operating expenses determined in accordance with general accepted accounting principles applicable to the Corporation, and/or (ii) other ordinary expenses of the Corporation including financial contributions to encourage business development or other purposes permitted by the Act.

Section 6. DEED OF TRUST. To the full extent permitted by law, the Corporation hereby agrees to grant to the holder of the Note a Deed of Trust lien on that real property constituting the Project in order to secure payment of the Note. The President and Secretary of the Corporation be and are hereby authorized to execute and deliver the Deed of Trust and Security Agreement – Financing Statement, the terms of which are hereby approved by the Corporation.

Section 7. ISSUANCE OF ADDITIONAL INDEBTEDNESS. The Corporation shall not issue additional indebtedness so long as the Note remains outstanding without the prior written consent of the Purchaser (as defined below).

Section 8. SALE OF NOTE. The Note is hereby sold and shall be delivered to Citizens National Bank, (sometimes referred to herein as the "Purchaser"), at a price of par (i.e., \$4,800,000). It is hereby officially found, determined, and declared that the terms of this sale are the most advantageous reasonably obtainable.

Section 9. ANNUAL AUDIT. The Corporation shall provide or cause the City to provide not later than 120 days after the end of each fiscal year, audited financial statements of the City and the Corporation, prepared by a certificate public accountant in a manner and form acceptable to the Purchaser. The Corporation also shall provide unaudited quarterly statements of its operations to the Purchaser, within 45 days of the end of each calendar quarter.

Section 10. NO REDUCTION OF TAX. The Corporation shall take no action while the Note is outstanding to reduce the amount of sales and use tax to be paid to the Corporation by the City.

Section 11. REMEDIES IN EVENT OF DEFAULT. In addition to all the rights and remedies provided by the laws of the State of Texas, the Corporation covenants and agrees particularly that in the event the Corporation (a) defaults in the payments of the Note, or (b) defaults in the observance or performance of any other of the covenants, conditions or obligations set forth in the Resolution, the Note, the Security Agreement, or the Deed of Trust (together the "Loan Documents"), the holder of the Note shall be entitled to a writ of mandamus issued by a court of proper jurisdiction compelling and requiring the governing body of the Corporation and other officers of the Corporation (provided, no person shall be individually liable for the obligations of the Corporation hereunder) to observe and perform any covenant, condition or obligation prescribed in the Loan Documents.

No delay or omission to exercise any right or power accruing upon any default shall impair any such right or power, or shall be construed to be a waiver of any such default or acquiescence therein, and every such right and power may be exercised from time to time and as often as may be deemed expedient. The specific remedies herein provided shall be cumulative of all other existing remedies and the specification of such remedies shall not be deemed to be exclusive.

Section 12. SPECIAL COVENANTS. That the Corporation hereby further covenants as follows:

(a) That it has the lawful power to pledge the Pledged Taxes, to pay the Note, and to perform its obligations under the Loan Documents, and has lawfully exercised said powers under the Constitution and laws of the State of Texas.

(b) That other than for the payment of the Note, the Pledged Taxes have not in any manner been pledged to the payment of any debt or obligation of the Corporation.

Section 13. SEVERABILITY. The provisions of this Resolution are severable; and in case any one or more of the provisions of this Resolution or the application thereof to any person or circumstance should be held to be invalid, unconstitutional, or ineffective as to any person or circumstance, the remainder of this Resolution nevertheless shall be valid, and the application of any such invalid provision to persons or circumstances other than those as to which it is held invalid shall not be affected thereby.

Section 14. ARBITRATION.

a) Arbitration. The Corporation hereby agrees, upon demand by either the Corporation or the holder of the Note (with the Corporation and the holder of the Note being referred to herein as the "parties"), to submit to binding arbitration all claims, disputes and controversies between or among them (and their respective employees, officers, directors, attorneys, and other agents), whether in tort, contract or otherwise arising out of or relating to in any way (i) the Note and related Loan Documents which are the subject of this Resolution and their negotiation, execution, collateralization, administration, repayment, modification, extension, substitution, formation, inducement, enforcement, default or termination; or (ii) requests for additional credit.

(b) Governing Rules. Any arbitration proceeding will (i) proceed in a location in Austin, Texas selected by the American Arbitration Association ("AAA"); (ii) be governed by the Federal Arbitration Act (Title 9 of the United States Code), notwithstanding any conflicting choice of law provision in any of the documents between the parties; and (iii) be conducted by the AAA, or such other administrator as the parties shall mutually agree upon, in accordance with the AAA's commercial dispute resolution procedures, unless the claim or counterclaim is at least \$1,000,000.00 exclusive of claimed interest, arbitration fees and costs in which case the arbitration shall be conducted in accordance with the AAA's optional procedures for large, complex commercial disputes (the commercial dispute resolution procedures or the optional procedures for large, complex commercial disputes to be referred to, as applicable, as the "Rules"). If there is any inconsistency between the terms hereof and the Rules, the terms and procedures set forth herein shall control. Any party who fails or refuses to submit to arbitration following a demand by any other party shall bear all costs and expenses incurred by such other party in compelling arbitration of any dispute. Nothing contained herein shall be deemed to be a waiver by any party that is a bank of the protections afforded to it under 12 U.S.C. §91 or any similar applicable state law.

(c) No Waiver of Provisional Remedies, Self-Help and Foreclosure. The arbitration requirement does not limit the right of any party to (i) foreclose against real or personal property collateral; (ii) exercise self-help remedies relating to collateral or proceeds of collateral such as setoff or repossession; or (iii) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment or the appointment of a receiver, before during or after the pendency of any arbitration proceeding. This exclusion does not constitute a waiver of the right or obligation of any party to submit any dispute to arbitration or reference hereunder, including those arising from the exercise of the actions detailed in sections (i), (ii) and (iii) of this paragraph.

(d) Arbitrator Qualifications and Powers. Any arbitration proceeding in which the amount in controversy is \$5,000,000.00 or less will be decided by a single arbitrator selected according to the Rules, and who shall not render an award of greater than

\$5,000,000.00. Any dispute in which the amount in controversy exceeds \$5,000,000.00 shall be decided by majority vote of a panel of three arbitrators; provided however, that all three arbitrators must actively participate in all hearings and deliberations. The arbitrator will be a neutral retired judge of the State of Texas or federal judiciary within Texas, in either case with a minimum of ten years experience in the substantive law applicable to the subject matter of the dispute to be arbitrated. The arbitrator will determine whether or not an issue is arbitratable and will give effect to the statutes of limitation in determining any claim. In any arbitration proceeding the arbitrator will decide (by documents only or with a hearing at the arbitrator's discretion) any pre-hearing motions which are similar to motions to dismiss for failure to state a claim or motions for summary adjudication. The arbitrator shall resolve all disputes in accordance with the substantive law of the State of Texas and may grant any remedy or relief that a court of such state could order or grant within the scope hereof and such ancillary relief as is necessary to make effective any award. The arbitrator shall also have the power to award recovery of all costs and fees, to impose sanctions and to take such other action as the arbitrator deems necessary to the same extent a judge could pursuant to the Federal Rules of Civil Procedure, the Texas Rules of Civil Procedure or other applicable law. Judgment upon the award rendered by the arbitrator may be entered in any court having jurisdiction. The institution and maintenance of an action for judicial relief or pursuit of a provisional or ancillary remedy shall not constitute a waiver of the right of any party, including the plaintiff, to submit the controversy or claim to arbitration if any other party contests such action for judicial relief.

(e) Discovery. In any arbitration proceeding discovery will be permitted in accordance with the Rules. All discovery shall be expressly limited to matters directly relevant to the dispute being arbitrated and must be completed no later than 20 days before the hearing date and within 180 days of the filing of the dispute with the AAA. Any requests for an extension of the discovery periods, or any discovery disputes, will be subject to final determination by the arbitrator upon a showing that the request for discovery is essential for the party's presentation and that no alternative means for obtaining information is available.

(f) Class Proceedings and Consolidations. The resolution of any dispute arising pursuant to the terms of this Agreement shall be determined by a separate arbitration proceeding and such dispute shall not be consolidated with other disputes or included in any class proceeding.

Section 15. RESOLUTION TO CONSTITUTE A CONTRACT. This Resolution shall constitute a contract between the Corporation and the Purchaser. The Corporation may not and shall not amend, rescind, or otherwise modify this Resolution in any manner whatsoever so long as the Note is outstanding without the express prior written consent of the Purchaser.

READ, PASSED, ADOPTED, AND EFFECTIVE this _____ day of November, 2012.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

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

NOTE

(Secured by Pledge of Sales and Use Taxes)

Date: _____, 2012

Maker: Pflugerville Community Development Corporation

Maker's Mailing Address (including county): 203 West Main Street, Suite E
Pflugerville, Texas 78660

Payee: Citizens National Bank

Place for Payment (including county): 601 FM 685
Pflugerville, Texas 78660

Principal Amount: Four Million Eight Hundred Thousand and 00/100 (\$4,800,000)

Annual Interest Rate on Unpaid Principal:

Interest shall accrue on the unpaid outstanding principal balance of this Note at a final rate of three and one half percent (3.500%) per annum.

Annual Interest Rate on Matured, Unpaid Amounts:

The lesser of (i) 10% per annum or (ii) the maximum rate allowed by law.

Terms of Payment (principal and interest):

Accrued interest only shall be payable on this Note, payable monthly, on the twentieth (20th) business day of each month beginning December 20, 2012. All principal and accrued but unpaid interest due hereunder shall be payable in full on January 20, 2014.

Security for Payment

A Security Interest Created and Granted in the Following Security Agreement:

Date: Of even date herewith

Debtor: Pflugerville Community Development Corporation

Secured Party: Payee

County Where Collateral Located: Travis County, Texas

Collateral:

All sales and use taxes levied by the City of Pflugerville, Texas for the benefit of the Debtor;

Any and all books and records and supporting obligations related to the above and foregoing;

All proceeds, products, replacements, additions, substitutions, renewals and accessions of and to the above and foregoing property; and

Any and all after-acquired right, title or interest of Debtor in and to the above and foregoing property.

The Collateral includes such taxes as levied, and after the same have been paid by the City of Pflugerville, Texas to the Debtor.

This Note is further secured by a Deed of Trust and Security Agreement – Financing Statement of even date herewith.

THIS NOTE CONSTITUTES AN OBLIGATION OF THE MAKER AND IS NOT AN OBLIGATION OF THE CITY OF PFLUGERVILLE, TEXAS. THIS NOTE IS NOT A DEBT OF THE STATE OF TEXAS, OF THE CITY OF PFLUGERVILLE, TEXAS, OR ANY OTHER POLITICAL CORPORATION, SUBDIVISION OR AGENCY OF THE STATE OF TEXAS OR A PLEDGE OF THE FAITH AND CREDIT OF ANY OF SUCH ENTITIES BUT IS PAYABLE SOLELY FROM THE SALES TAX AND USE TAXES COLLECTED BY THE CITY OF PFLUGERVILLE AND PAID TO THE MAKER AS REQUIRED BY LAW, PARTICULARLY FORMER ARTICLE 5190.6, SECTION 4B, TEX. REV. CIV. STAT. (NOW CHAPTER 505 OF THE TEXAS LOCAL GOVERNMENT CODE).

The Maker shall not use the proceeds of this Note for payment of any cost whatsoever except with regard to the "Project" which has been approved by the voters of the City of Pflugerville and for which such further approval as is required by former Article 5190.6 Section 4B (now Chapter 505 of the *Texas Local Government Code*) has been given in the manner required by law. The Maker shall not use the proceeds of this Note except as permitted by law, including the Act.

Maker promises to pay to the order of Payee at the place for payment and according to the terms of payment the principal amount plus interest at the rates stated above. All unpaid amounts shall be due by the final scheduled payment due.

If Maker defaults in the payment of this Note or in the performance of any obligation in any instrument securing or collateral to it, and the default continues after Payee gives Maker notice of the default and the time within which it must be cured, as may be required by law or by written agreement, then Payee may declare the unpaid principal balance and earned interest on this Note immediately due. Maker waives all demands for payment, presentations for payment, notices of intention to accelerate maturity, notices of acceleration of maturity, protests, and notices of protest, to the extent permitted by law.

If this Note or any instrument securing or collateral to it is given to an attorney for collection or enforcement, or if suit is brought for collection or enforcement, or if it is collected or enforced through probate, bankruptcy, or other judicial proceeding, then Maker shall pay Payee all costs of collection and enforcement, including reasonable attorney's fees and court costs, in addition to other amounts due.

Interest on the debt evidenced by this Note shall not exceed the maximum amount of nonusurious interest that may be contracted for, taken, reserved, charged, or received under

law; any interest in excess of that maximum amount shall be credited on the principal of the debt or, if that has been paid, refunded to the Maker. On any acceleration or required or permitted prepayment, any such excess shall be canceled automatically as of the acceleration or prepayment or, if already paid, credited on the principal of the debt or, if the principal of the debt has been paid, refunded. This provision overrides other provisions in this and all other instruments concerning the debt.

The Maker is responsible for all obligations represented by this Note.

Maker may prepay this Note at any time, in whole or in part, upon payment of (i) the principal amount to be prepaid, plus (ii) accrued interest thereon, without penalty or premium.

When the context requires, singular nouns and pronouns include the plural.

THIS NOTE IS PAYABLE IN FULL ON JANUARY 20, 2014. THE MAKER MUST REPAY THE ENTIRE PRINCIPAL BALANCE OF THIS NOTE AND UNPAID INTEREST THEN DUE. THE PAYEE IS UNDER NO OBLIGATION TO REFINANCE THE LOAN AT THAT TIME. THE MAKER WILL, THEREFORE, BE REQUIRED TO MAKE PAYMENT OUT OF OTHER ASSETS THAT THE MAKER MAY OWN, OR THE MAKER WILL HAVE TO FIND A LENDER, WHICH MAY BE THE PAYEE THE MAKER HAS THIS LOAN WITH, WILLING TO LEND THE MAKER THE MONEY. IF THE MAKER REFINANCES THIS NOTE, THE MAKER WILL HAVE TO PAY SOME OR ALL OF THE CLOSING COSTS NORMALLY ASSOCIATED WITH A NEW LOAN EVEN IF THE MAKER OBTAINS REFINANCING FROM THE SAME PAYEE/BANK.

THIS NOTE or other documents (including the Security Agreement, authorizing Resolution, and Deed of Trust) executed in connection herewith constitute the entire agreement between the parties and there are no agreements between the parties which are not reflected in the language of the various documents. **THERE ARE NO UNWRITTEN OR ORAL AGREEMENTS BETWEEN THE PARTIES.**

The provisions of this Note are severable, and the invalidity of any one or more of such provisions shall not affect the validity of the remaining provisions of this Note, all of which shall remain in full legal force and effect between the parties hereto.

ANY DISPUTE ARISING OUT OF THIS NOTE OR THE TRANSACTION EVIDENCED HEREBY IS SUBJECT TO ARBITRATION AS PROVIDED IN THE MAKER'S RESOLUTION AUTHORIZING THIS NOTE.

PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION

By: _____
President