

SMALL BUSINESS FORGIVABLE LOAN AGREEMENT

This Agreement is entered into as of the 7th day of September, 2016 (“Award Date”) among the City of Muscatine, Iowa (the “City”), Dabeet’s Bistro (the “Company”) and Awad Dabit (the “Individual(s)” and together with the Company, the “Borrower”).

WHEREAS, the City, pursuant to and in strict compliance with all laws applicable to the City, and in particular the provisions of Chapter 15A and Chapter 403 of the Code of Iowa, has established its Small Business Forgivable Loan Program (the “Program”) in order to make available public funds for the support of economic development initiatives and business development in the community; and

WHEREAS, the Program includes the funding of forgivable economic development loans to private entities for the funding of improvements to local businesses and business facilities; and

WHEREAS, this Small Business Forgivable Loan Agreement (the “Agreement”) between the City and the Borrower has been prepared to facilitate the funding of a forgivable economic development loan in the maximum amount of \$21,000.00 (the “Forgivable Loan”) from the City to the Borrower in connection with certain improvements to be undertaken by the Borrower (the “Improvements”), which Improvements are described on Exhibit A hereto; and

WHEREAS, the Improvements are for the benefit of the Borrower’s business (the “Business”), which Business and the regular operations thereof are described on Exhibit B hereto; and

WHEREAS, Chapter 15A of the Code of Iowa authorizes cities to provide grants, loans, guarantees, tax incentives and other financial assistance to or for the benefit of private persons;

NOW THEREFORE, the parties hereto agree as follows:

A. Borrower’s Covenants

1. The Borrower agrees to undertake and complete the Improvements by September 7, 2017, subject to any extensions granted to the Borrower by the City, and to use the proceeds of the Forgivable Loan solely in connection therewith. All improvements must be completed by the first anniversary of the origination of the loan.

2. The Borrower agrees that it will own and operate the Business as described on Exhibit B throughout the term of the Forgivable Loan, aside from any interruptions in regular operations resulting from construction of the Improvements and with any exceptions from such regular operations as are agreed to in writing by the City.

3. The Borrower agrees to repay all un-forgiven principal of the Forgivable Loan in five (5) equal annual installments due on the first, second, third, fourth and fifth anniversary of the Award Date (\$4200, \$4,200, \$4,200, \$4,200 and \$4,200) (each, an “Anniversary Date”), unless the loan is otherwise forgiven in accordance with the conditions hereinafter set forth in Section B.2. The Borrower hereby acknowledges and agrees to the loan repayment forgiveness conditions set forth in Section B.2 of this Agreement. The Borrower reserves the right to prepay such principal in any amount

at any time without penalty. Payment of principal on the Forgivable Loan shall be made to the City of Muscatine at 215 Sycamore, Muscatine, Iowa 52761-3840 (the "City Administrator's Office") by 4:00 p.m. on each Anniversary Date, as set forth herein. The Borrower shall execute a promissory note in favor of the City to evidence its obligations with respect to the Forgivable Loan. The promissory note shall be in substantially the form as set forth on Exhibit C hereto.

4. The Borrower agrees to submit an annual report to the City not more than 45 days not less than 30 days before each Anniversary Date demonstrating to the satisfaction of the City that the Borrower continues to maintain ownership of the Business and is operating the Business in accordance with its regular operations, as described on Exhibit B hereto. The Annual Report shall include such information, documentation and/or records as the City may require, which information, documents and/or records are listed on Exhibit B hereto.

5. Borrower agrees to complete additional improvements equal to or in excess of the loan award to meet the required 1:1 (applicant investment v. grant funding) match. (See exhibit "A" for additional improvements detail)

6. The Borrower understands the city will file UCC-1 form.

7. The Borrower shall allow the City of Muscatine permission to use photographs, logos, published and printed information, and additional materials the borrower may supply in press releases and publications.

B. City's Obligations

1. The City hereby agrees to deliver to the Borrower proceeds of the Forgivable Loan in its entirety in the amount of **Twenty-one thousand dollars and no cents (\$21,000.00)** on the date hereof.

2. The City will file UCC-1 Form to secure a position as a creditor for its loan until expiration.

3. Subject to the adequate demonstration (as set forth in Section A.4 above) by the Borrower, the City agrees to forgive one-fifth (1/5th) of the principal amount of the Forgivable Loan on each Anniversary Date such that if the Borrower continues to own and operate the Business as covenanted in Section A.2 above until the fifth Anniversary Date (**September 7, 2021**), the Forgivable Loan would be entirely forgiven.

4. Promptly following discharge of the Borrower's obligations under the Forgivable Loan, whether by repayment as set forth in Section A.3. above, forgiveness as set forth in Section B.2. above, or a combination of repayment and forgiveness, the City agrees to cooperate with Borrower to file a release of the Mortgage or the Financing Statement at Borrower's expense.

C. Events of Default, Remedies & Offset.

1. The occurrence of any of the following shall constitute an Event of Default:

a. The Borrower shall fail to complete the Improvements by the Completion Date.

b. The Borrower shall cease to own and operate the Business as covenanted in Section A.2 above.

c. The Borrower shall fail to make when due, whether by acceleration or otherwise, any payment of principal of the Forgivable Loan.

2. If any Event of Default described in Section C.1 shall occur and be continuing for a period of five (5) days after notice of such Event of Default has been given to the Borrower, then the City may declare the outstanding unpaid principal balance of the Forgivable Loan to be forthwith due and payable, whereupon the Forgivable Loan shall immediately become due and payable, in each case without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything in this Agreement to the contrary notwithstanding.

D. Administrative Provisions

1. This Agreement may not be amended or assigned by either party without the written consent of the other party.

2. This Agreement shall inure to the benefit of and be binding upon the successors and assigns of the parties.

3. This Agreement shall be deemed to be a contract made under the laws of the State of Iowa and for all purposes shall be governed by and construed in accordance with laws of the State of Iowa.

4. This Agreement shall remain in full force and effect during the time period (the "Term") commencing with the date first written above and terminating on **September 7, 2021** (the fifth Anniversary Date).

The City, the Company and the Individuals have caused this Agreement to be signed, in their names and on their behalf by their duly authorized officers, all as of the day and date written above.



Attest:

[Signature]
City Administrator

CITY OF MUSCATINE, IOWA

By [Signature]
Mayor

Date: Sept 8, 2016

[Signature]
COMPANY

By Awad Dabit
Title: owner
Date: sep. 7. 2016

[Signature]
INDIVIDUAL

By Awad Dabit
Title: owner
Date: sep. 7. 2016

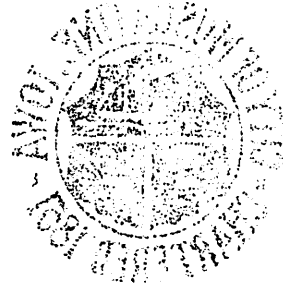
Notary Public:

State of Iowa
County of Muscatine
Signed and sworn to (or affirmed) before me on
Date: 09/07/2016
By: Awad Dabit

Signature: Stephanie Oien

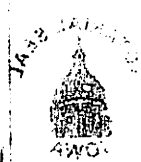


Stephanie Oien
Iowa Notarial Seal
Commission Number 752901
My Commission Expires 5/22/17



STATE OF IOWA
OFFICE OF THE ATTORNEY GENERAL
DES MOINES, IOWA

My Commission Expires _____
Commission Number 782801
Iowa Notarial Seal
Stephanie Olsen



STATE OF IOWA
OFFICE OF THE ATTORNEY GENERAL
DES MOINES, IOWA

EXHIBIT A – IMPROVEMENTS

(Describe the improvements to be undertaken with the Forgivable Loan.)

Budget for Opening		Eligible	Code
Kitchen remodel	\$ 20,000.00	\$ 5,000.00	
Kitchen exhaust hood hook up	\$ 9,000.00	\$ 9,000.00	
Plumbing	\$ 2,000.00		\$ 2,000.00
Electrical	\$ 3,000.00	\$ 3,000.00	
New front doors	\$ 4,000.00		\$ 4,000.00
Awning paint & logo	\$ 2,500.00	\$ 2,500.00	
Window logo	\$ 800.00	\$ 800.00	
Kitchen equipment	\$ 9,000.00		
Dining room furniture	\$ 3,000.00		
Cookware	\$ 3,000.00		
Table service (knives, forks, spoons, glassware)	\$ 1,500.00		
Menu printing	\$ 400.00		
Advertisement	\$ 1,500.00		
Food & wine inventory	\$ 8,000.00		
Licenses & attorney fees	\$ 2,100.00		
Insurance deposit & first payment	\$ 700.00		
Phone	\$ 350.00		
Miscellaneous	\$ 2,000.00		
Employee training & tasting event	\$ 3,000.00		
Opening expenses	\$ 75,850.00	\$ 20,300.00	\$ 6,000.00
Eligible Startup Cost	\$ 15,000.00		
Eligible Code Cost	\$ 6,000.00		
Total Eligible	\$ 21,000.00		
Aproximate Match	\$ 54,850.00		

Award amount is determined using the following; the award must meet all criteria's.

- Maximum of \$25,000 total award
- Maximum of \$15,000 towards startup improvements
- Maximum of \$10,000 towards code compliance improvements
- 1:1 Match requirement based on submitted total project cost

Forgivable loan funds can only be used for eligible project cost items (Up to \$15,000 for eligible startup cost and up to \$6,000 for eligible code compliance cost). Owners' personal investment (\$21,000 minimum) can go towards eligible and ineligible project cost.

EXHIBIT B – BUSINESS AND OPERATIONS

(Describe the Borrower's business and the regular operations of that business.)

DaBeet's Bistro & Wine Bar is a restaurant with French-Italian cuisine with fresh made dishes in a relaxed atmosphere. Hope to serve seasonal dishes local grown and raised. Along with the main dining area there will be a chefs table for 12, bar seating and banquet room. The kitchen will be open for customer to see the action in the kitchen. Open for Dinner and Sunday brunch but plans to open for lunch in the future.

(List any and all information, documents and/or records Borrower will be required to present pursuant to Section A.4. of the Loan Agreement.)

- **Annual report detailing**
 - Ongoing business operations
 - Sales and revenue
 - Payroll totals
 - Improvements completed
 - Receipts for all project expenses (year 1)
 - Receipts for all project investment match expenses (year 1)
 - Future business improvement plans
 - Thoughts on how this program could be improved to better support small businesses
 - Can the city suggest any additional resources to support your business

EXHIBIT C – FORM OF PROMISSORY NOTE

MAXIMUM PRINCIPAL AMOUNT: \$21,000.00

Interest Rate: 0%

Dated: September 7, 2016

DaBeets Bistro (the "Company") and Awad Dabit (the "Individual(s)" and together with the Company, the "Borrower") for value received, promises to pay, to the City of Muscatine, Iowa (the "City"), its successors or assigns, the principal sum of **Twenty thousand dollars and no cents (\$21,000.00)**, in lawful money of the United States of America, in five equal annual installments on September 7th in each of the years 2017 to 2021, inclusive.

The City has made a forgivable loan to the Borrower the principal amount of **\$21,000.00** (the "Forgivable Loan") under this Promissory Note (the "Note") and under a certain Small Business Forgivable Loan Agreement (the "Agreement") between the City and the Borrower dated September 7, 2016, and reference is hereby made to the Agreement for a more complete description of the rights and obligations of the parties.

The Forgivable Loan shall be forgiven by the City in accordance with the terms and schedule set forth in the Agreement.

Payment of principal of the Forgivable Loan shall be made to the City of Muscatine at 215 Sycamore, Muscatine, Iowa 52761-3840 at 4:00 p.m. on September 7, 2016 in each of the years 2017 to 2021, unless sooner forgiven in . The Borrower reserves the right to prepay principal of this Note, in whole or in part, without penalty, at any time prior to maturity.

In the event of a default under the Agreement which has not been cured in accordance with the terms of the Agreement, including the failure to make payments of principal as they come due under the terms of the Agreement, the Borrower agrees to pay all costs and expenses of collection, including reasonable attorney's fees. The Borrower waives demand, presentment, notice of non-payment, protest, notice of protest and notice of dishonor.

This Note is secured, and its maturity is subject to acceleration in each case upon the terms provided in the Agreement.

The validity, construction and enforceability of this Note shall be governed by the internal laws of the State of Iowa without giving effect to the conflict of laws principles thereof.

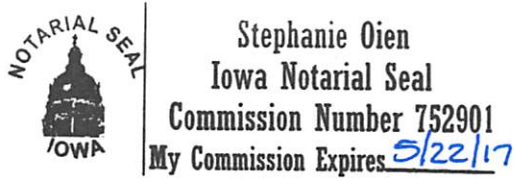
Awad Dabit
COMPANY

By: Awad Dabit
Title: owner

Awad Dabit
INDIVIDUAL
Title: owner

Notary Public:

State of Iowa
County of Muscatine
Signed and sworn to, (or affirmed) before me on
Date: 9/07/2016
By: Awad Dabit
Signature: Stephanie Oien


Stephanie Oien
Iowa Notarial Seal
Commission Number 752901
My Commission Expires 5/22/17