LAKELAND DEVELOPMENT CORPORATION
TAX INCREMENT FINANCING PROGRAM POLICIES AND PROCEDURES

Introduction

The Lakeland Development Corporation (the "**LDC**") hereby adopt this Tax Increment Financing Program (the "**Program**") and the following Policies and Procedures. The following Policies and Procedures sets forth the terms of the Program, the policies and procedures associated with TIF proposals and approvals, is intended to implement and facilitate the consideration of requests for tax increment financing by the LDC and the City of Lakeland, Tennessee, and provides for the implementation and administration of the TIF.

The TIF Program is a discretionary program, and the adoption of this Program and the related Policies and Procedures do not create or vest any rights in any person or entity.

Section 1. General Policy

Tax Increment Financing ("**TIF**") is an economic development tool used by municipalities to allocate all or a portion of the new, additional taxes generated by a development over a limited period of time to pay for public infrastructure and certain other improvements related to that development. Tax increment is the difference in tax revenues generated by the property in the development area after a project has been completed compared with the tax revenues generated by a property before the development plan was adopted. The difference in these tax revenues pays the costs of improvements to the public infrastructure serving the development area.

The benefits of TIF transactions include the following:

(i) TIF transactions can be effective as "off balance sheet" financing of components of public infrastructure such as utilities and road and traffic improvements. TIF bonds and notes are not included in the municipality's general debt obligations. The structure of these transactions allows the municipality to utilize the new incremental revenue streams to accelerate funding of municipal improvements. This enables a municipality to complete public infrastructure that it otherwise could not afford at the time.

(ii) TIFs provide financing for projects that are not otherwise economically feasible. For instance, TIF transactions may contribute to the redevelopment of blighted and under-utilized property selected by the municipality.

(iii) Because of the accelerated development of public infrastructure improvements, the ad valorem property tax base from associated properties often increases, which produces even greater benefits for the municipality.

(iv) TIF projects are financed from increases in tax revenues that the development itself generates and not from tax subsidies from other areas of the municipality.

(v) TIF projects may attract significant new jobs, businesses, and investment to the community, or may retain jobs and businesses, that otherwise would be missed or lost without the investment made possible through tax increment financing.

Section 2. Process

2.1. Application. The process for requesting tax increment financing will commence with an Applicant filing a completed Application, the form of which must be approved by the LDC and the Board of Commissioners of the City of Lakeland, Tennessee. The Applicant shall tender an application fee to the LDC, which will be set forth in the Application. No action will be taken with respect to the Application until the LDC determines that it has received all information which may be relevant or necessary in determining the qualifications of the Applicant and the Project. **Acceptance of the Application does not imply, evidence or confirm the LDC's support for, or recommendation of, the Project and the TIF request.**

2.2. Submission to Governmental Authorities. Once the LDC determines that it has received a properly completed Application and any other information that it considers relevant or necessary for the Board of Commissioners of the City of Lakeland, Tennessee to determine the qualifications of the Applicant and the Project, the LDC will submit the Application and the information with a proposed Resolution of Intent to the Board of Commissioners of the City of Lakeland, Tennessee.

2.3. Economic Impact Plan. After the Applicant completes its Application, the Applicant will submit a proposed economic impact plan to the LDC, generally in the form designed by the LDC and containing the information required by Section 7-53-312(b) of the Act and the following information and documents:

(i) a list of tax parcels composing the Plan Area, including owners and parcel numbers, from which the incremental tax revenues will be generated;

(ii) a map or drawing clearly identifying the boundaries of the Project Area, including the proposed public improvements, and the boundaries of the Plan Area;

(iii) confirmation of the current zoning of the Project Area and the Plan Area subject to the economic impact plan;

(iv) the proposed period of time for which taxes will be allocated from the Plan Area in accordance with the economic impact plan;

(v) a description of any proposed borrowing related to the tax increment financing;

(vi) the number of jobs which the Applicant estimates will be created by the Project and the wages, salaries and other compensation that will be paid to those holding the jobs;

(vii) the estimated development and construction costs of the Project; and

(viii) the projected total cost of the TIF, including interest paid during the term of the TIF.

The LDC's staff and counsel will review the proposed plan and will advise the Applicant if any additional information or changes are necessary for the plan. If necessary, the Applicant shall then revise the plan and submit the revised plan to the LDC.

2.4. Notice and Hearing of LDC. After the LDC's staff and counsel determine the economic impact plan to be complete, the LDC will hold a public hearing related to the proposed plan at a regular or special meeting. Notice of the public hearing shall be published in a newspaper of general circulation in Lakeland, Shelby County, Tennessee at least two weeks prior to the date of the public hearing, as required by Section 7-53-312(g) of the Act.

2.5. Approval of Municipality/Transaction Documents. If the LDC, the Board of Commissioners of the City of Lakeland, Tennessee and any other applicable Governmental Authority approves the economic impact plan and the Application, the Applicant and the LDC will enter into a Development and Financing Agreement with the project developer, which will incorporate the specific terms of the tax increment financing approved by the municipality.

The Applicant shall be responsible for preparation of any documents related to third party financing authorized as part of the economic impact plan. All third party financing shall be non-recourse as to the LDC, and all financing documents shall be subject to the review and approval of the LDC's counsel.

The Applicant will close the TIF transaction within 60 days after the LDC sends the Development and Financing Agreement and the related closing documents to the Applicant. If the closing does not occur within that 60 day period, the Applicant will be deemed to have withdrawn its Application and the TIF transaction and all approvals by the LDC and other Governmental Authorities will lapse and be of no further force or effect.

Section 3. Board Policies for TIF Projects

The LDC has adopted the following policies with respect to TIF Projects and will not prepare and submit economic impact plans failing to comply with the following criteria, unless specifically directed to do so by the Board of Commissioners of the City of Lakeland, Tennessee:

3.1. Maximum Term. The maximum period for any TIF will be 20 years.

3.2. Incremental Tax Revenues. The Board will allocate a maximum of 75% of the incremental tax revenues for TIF transactions.

3.3. Plan Area. The Plan Area, from which the TIF Revenues will be generated, will consist of no more than (i) the parcels included in the Project Area, and (ii) those parcels, determined by the LDC, to be directly affected and substantially benefited by the Public Infrastructure, whose owners have received the notice referred to in Section 3.5 and have consented in writing to be included in the Plan Area.

3.4. TIF Eligible Costs. Incremental tax revenues may be used to finance only the following Project costs:

(i) capital costs, including costs incurred for construction and reconstruction of Public Infrastructure, clearing, grading and excavating, site work, and other hard construction expenses;

(ii) costs of obtaining permits for the Project from Governmental Authorities;

(iii) capitalized interest;

(iv) premiums for payment and performance bonds issued in favor of Governmental Authorities or the Board;

(v) professional fees for architectural and engineering services and legal expenses capitalized as Project costs under generally accepted accounting principles;

(vi) acquisition costs for equipment; and

(vii) fees and expenses of the LDC and other fees and expenses related to the TIF. Public Infrastructure will include the following public facilities and public improvements:

(A) Streets roads, highways, curbs, gutters, water lines, sanitary sewer lines, storm drainage facilities, ramps, roads, bridges, traffic signals, paving, driveways, sidewalks, walking and running trails, mass transit and other public transportation facilities, culverts, manholes, retaining walls, tunnels, approaches, underpasses, artificial lighting, off-street parking improvements and structures, fencing, landscaping, public parks, site work and grading for such public infrastructure, walkways, signage, flood control improvements, and improvements for the supply, storage and distribution of water; and

(B) Electricity and telecommunications services, utility, and other similar site development infrastructure costs, qualified public improvements that may include on-site, off-site, utility relocation and under-grounding, according to the municipality's plans.

Under certain limited circumstances, the LDC will include the costs of acquiring public rights of way as TIF Eligible Costs, but this determination will be made on a case by case basis after due consideration of the circumstances.

3.5. Notice to Property Owners. (i) The LDC through its administrative staff will notify the owners of parcels included in the proposed Plan Area that the LDC will consider the Application for tax increment financing on a certain date and at a prescribed time and place. The Applicant will provide a list of all parcels contained in the Plan Area, the names of the record owners and the address of each owner. The LDC's notice will invite public comment and will give the property owners at least two weeks' notice of the LDC meeting. In addition, the form of notice will advise property owners how they may comment on the Project such as by email or by

letter, as well as attending the meeting. This notice is in addition to the notice required by Tenn. Code Ann. 7-53-312(g).

(ii) In addition, the LDC will record an instrument in the Register of Deeds Office providing public notice of the tax increment financing and the properties contained in the Plan Area.

3.6. Residential Projects. In the absence of unusual or extenuating circumstances acceptable to the LDC, Projects that are substantially residential will not qualify for tax increment financing under the LDC's TIF Program.

3.7. Applicant Affidavit. The Applicant must submit a signed affidavit certifying that the Project cannot proceed without the availability of TIF and must provide supporting documentation justifying the need for and the amount of the TIF, all in accordance with the Application form.

3.8. Disbursement of Incremental Tax Revenues upon Project Completion. The LDC will normally require completion of the Public Infrastructure component of the TIF Project before disbursing any incremental tax revenues to the Applicant, the Applicant's lender or any bond trustee.

3.9. Certification by Consultant or Governmental Authority. The LDC will require the certification of the completion of the Project before the disbursement of incremental tax revenues. The certification must be from a consultant retained by the LDC or a Governmental Authority vested with the authority to approve the completion of the Project or specific components thereof. The form and content of the certification must be acceptable to the LDC.

3.10. Guaranties of Completion. The LDC will require guaranties of completion of the Project from principals of the Applicant, payment and performance bonds from sureties acceptable to the LDC, or letters of credit from financial institutions acceptable to the LDC that assure the timely completion of the Project.

3.11. Transfer of TIF. No rights to a TIF may be sold, assigned, or leased unless otherwise specified in the Development and Financing Agreement, provided however that the LDC will consent to the collateral assignment of TIF Revenues to secure financing for the TIF Eligible Costs. Any sale, assignment or lease of the property, which is not permitted in the Development and Financing Agreement, will terminate the TIF.

These Policies are in addition to the normal rules and procedures of the LDC. From time to time and without notice, the Policies may be amended, waived in whole or part, or deleted by the LDC, and new policies may also be adopted by the LDC. The LDC may consider other special circumstances or conditions in determining whether to submit an Application for consideration by the legislative body of the municipality and whether to prepare and submit an economic impact plan for approval.

Section 4. Post-Closing Evaluation

The LDC intends to produce substantial and measurable changes and improvements to and for the economic and commercial environment of the City of Lakeland, Tennessee. Accordingly, the LDC has established a follow-up system of accountability to insure that the benefits represented by the Applicant to the Board actually come to fruition. The Applicant will be obligated to develop the Project substantially in accordance with the economic impact plan. Material departures from the development described in the economic impact plan will require the consent of the LDC and may result in reductions or even elimination of the TIF, depending on the effect of the proposed changes. These commitments will be provided in the Development and Financing Agreement with the Applicant.

In addition, the LDC requires the Applicant to annually certify compliance with the Development and Financing Agreement in a writing signed by the Applicant's chief executive officer or other executive acceptable to the LDC. The Board will annually (or at such other times as it deems appropriate) evaluate each Project receiving a TIF to ensure compliance with the Development and Financing Agreement.

Section 5. Fees

5.1. Application Fee. The Applicant will submit the Application with an Application Fee.

5.2. Annual Administrative Fee. The LDC may require an Applicant to pay an annual administrative fee, as further described in the Application, which will be deducted from the amount disbursed to the Applicant, lender or bond trustee.

In addition, the LDC will charge reasonable fees for any amendments to the TIF and the Development and Financing Agreement that will be based upon the facts and circumstances requiring the amendment, the actions required by the LDC to effect the amendment, and the involvement of any Governmental Authorities. The LDC may require that these fees be paid in advance of any action by the LDC and at the time the Applicant requests the amendment.

The above fees are for reimbursement of the expenses of the LDC, and other economic development programs as approved by the Board of Commissioners of the City of Lakeland, Tennessee. In addition to the fees described above, the Applicant is responsible for payment of the LDC's counsel fees and other reasonable expenses incurred by the LDC with respect to the Application, the economic impact plan, the Development and Financing Agreement and all other aspects of the TIF Program, as applied to the Applicant.

Section 6. Environmental Report and Title Insurance

The LDC may require the Applicant to provide at its expense a Phase I Environmental Site Assessment Report for the Project and/or Plan Areas that (i) shall be prepared by a recognized Person in the health, safety and environmental field that is acceptable to the LDC; (ii) shall bear a date acceptable to the LDC; and (iii) shall disclose no unacceptable conditions to the LDC. All environmental reports requested by the LDC must grant to the LDC the right to rely on such reports.

The LDC may also require that the Applicant obtain at its expense, and deliver to the LDC, a title insurance commitment for the Project and/or Plan Areas described in the economic impact plan.

Section 7. Conflicts of Interest

Each member of the Board of Directors of the LDC shall be responsible for disclosing any material interest which he or she may have in or with an Applicant or financing source. Any member of the Board of Directors of the LDC having any material interest in a Project or a financial or family relationship with an Applicant or financing source shall submit to the LDC staff a representation of that interest, and the LDC staff shall advise both the LDC and such LDC Board member whether such LDC Board member needs to recuse himself or herself from consideration of the Application. If recusal is recommended, the LDC will then consider the Application without participation from the member or members who recuse themselves.

Section 8. Definitions

For purposes of this Program, the following terms shall have the following meanings:

"**Administrative Agent**" means the Person providing administrative services to the LDC from time to time, as applicable.

"**Application**" means the Application for TIF submitted hereunder in the form approved by the LDC.

"**Development and Financing Agreement**" means the Development and Financing Agreement between the LDC and the Applicant (and any guarantor thereof) or similar agreement or contract providing for the terms and implementation of the TIF.

"**Governmental Authority**" means any foreign, domestic, federal, territorial, state or local governmental authority, quasi-governmental authority, court, government or self-regulatory organization, commission, tribunal, organization or any regulatory, administrative or other agency, or any political or other subdivision, department or branch of any of the foregoing.

"**Person**" means any individual, sole proprietorship, corporation, limited liability company, association, partnership (general, limited, or limited liability partnership), organization, business, trust, individual and Governmental Authority.

"**Plan Area**" means the real property included in the Project Area and any additional parcels meeting the criteria provided in Section 3.3, from which the TIF Revenues will be generated in order to finance the Public Infrastructure constituting a part of the Project.

"**Project**" means a project under Section 7-53-101(11) of the Act and includes the infrastructure, utilities, road and traffic improvements, traffic signage and signals, utilities, buildings, structures, machinery, equipment, and land defined in the Application as part of the Project.

"**Project Area**" means the real property designated in the Application constituting the Project, including property for the Public Infrastructure.

"**Public Infrastructure**" has the meaning assigned to it in Section 3.4.

"**TIF Revenues**" means the property tax revenues generated from the Plan Area after consideration of the Base Tax Amount and the allocation of tax revenues to municipal debt service.