CITY OF LAKELAND TENNESSEE

# Industrial Development Board
## Regular Meeting Agenda
Thursday, August 24, 2023, 5:30 PM
City Hall, Lakeland, Tennessee 38002

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I. CALL TO ORDER:

II. ROLL CALL:

III. APPROVAL OF MINUTES OF PREVIOUS MEETING:

1. Regular Meeting - June 22, 2023

IV. PUBLIC DISCUSSION:

V. REPORTS OF OFFICERS AND COMMITTEES:

VI. OLD BUSINESS:

1. **Discussion and Possible Action** - approving professional services contract amendment 2 in connection with the tax increment financing for Lakeland Commons, LP vs. use of City Staff for construction and inspection services.

VII. NEW BUSINESS:

1. **Resolution** - amending the Industrial Development Board of the City of Lakeland, Tennessee, Tax Increment Financing Program Policies and Procedures.

2. **Discussion and Possible Action** - regarding the current status of The Lake District TIF.

VIII. ANNOUNCEMENTS:

IX. ADJOURNMENT:

**INDUSTRIAL DEVELOPMENT BOAARD**
**REGULAR MEETING MINUTES**
**THURSDAY, JUNE 22, 2023, 5:30 PM**
**CITY HALL, LAKELAND, TN.**

**I. CALL TO ORDER:** The meeting was called to order by Vice-Chairman Richard Gonzales at 5:30 p.m.

**II. ROLL CALL BY RECORDER:**

| | |
|---|---|
| Shaun Brannen | Present |
| Richard Gonzales | Present |
| Derek Johnston | Absent *(excused)* |
| Richard Justin | Present |
| Joseph Laster | Present |
| Mayor Josh Roman *(BOC Liaison)* | Present |
| Brian Sullivan | Absent *(excused)* |
| (C) Alan Johnson | Absent *(excused)* |

Others present:
Michael Walker, City Manager
Paul Luker, Planning Director

**III. APPROVAL OF MINUTES OF PREVIOUS MEETING:**
Mr. Brannen moved to approve the meeting minutes of June 01, 2023, as written, seconded by Mr. Justin.

Motion passed unanimously, voice vote, 4 in favor 0 against.

**IV. PUBLIC DISCUSSION:**
*Public comments were heard from the following;*
Richard Gorman – 5000 block of Saffron Spring

**V. REPORTS OF OFFICERS AND COMMITTEES:**

**VI. OLD BUSINESS:**

**VII. NEW BUSINESS:**

1) **Discussion and presentation of business recruitment at Ashmont development.**
Presentation and discussion led by Shawn Massey of The Shopping Center Group.

2) **Discussion and update with the Lakeland Chamber of Commerce.**
Mr. Brannen moved to table this item, seconded by Mr. Justin.

Motion passed unanimously, voice vote, 4 in favor 0 against.

3) **<u>Resolution</u> – approving professional services contract amendment 2 in connection with the tax increment financing for Lakeland Commons, LP.**

Mr. Brannen moved to bring this item to the floor, seconded by Mr. Justin.

Discussion ensued.

After the discussion, Vice-Chairman Gonzales moved to table this item, seconded by Mr. Brannen.

Motion passed unanimously, voice vote, 4 in favor 0 against.

**VIII. ANNOUNCEMENTS:** None.

**IX. ADJOURNMENT:**
There being no other business to consider, the meeting was adjourned at 6:30 p.m. on Thursday, June 22, 2023.

______________________________
Joseph Laster*, Secretary*

ATTEST:

______________________________
Sue Lipscomb, *Recorder Pro Tempore*



*These minutes were approved Thursday, August 24, 2023, and constitute an official public record of the City of Lakeland, duly recorded and filed in the Minute Book of the City of Lakeland.*

CITY OF LAKELAND TENNESSEE

# Industrial Development Board

Meeting Cycle: Thursday, August 24, 2023

Subject: **Discussion and Possible Action** - approving professional services contract amendment 2 in connection with the tax increment financing for Lakeland Commons, LP vs. use of City Staff for construction and inspection services.

Staff Contact: Michael Walker, City Manager

## STAFF RECOMMENDATION

IDB Staff recommends that the Industrial Development Board approve resolution R-86-2023.

## BUDGET IMPACT

There is no net budgetary impact to the Industrial Development Board, as the fees associated with this extension are paid from the Tax Increment Financing fund for Lakeland Commons.

## DISCUSSION

At the IDB meeting on June 22, 2023, this resolution to extend the contract with A2H was presented for approval by the IDB and, after discussion, tabled to allow IDB staff to consult with City of Lakeland staff on the potential of the City's Engineering Department performing the services contained therein.

Historically, the lender has required that the "Construction Consultant" be an external party; however, with the refinancing of the IDB loan with FirstBank, no such requirement has been noted in the agreements approved by the IDB in late 2022. That said, the City of Lakeland Engineering Department has noted that all public infrastructure (drainage, sewer, and streets) has primarily been installed for this phase as part of the phase 1 work done. Work in phase 2 will consist primarily of vertical construction, which is not within the City of Lakeland's City Inspectors' expertise.

After research and review, IDB Staff recommends that the extension be awarded to A2H as presented.

RESOLUTION R-86-2023

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LAKELAND, TENNESSEE, APPROVING PROFESSIONAL SERVICES CONTRACT AMENDMENT 2 IN CONNECTION WITH THE TAX INCREMENT FINANCING FOR LAKELAND COMMONS, LP

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**WHEREAS,** on November 12, 2018, The Industrial Development Board of the City of Lakeland, Tennessee (the "Lakeland IDB") approved an economic impact plan (the "Economic Impact Plan") regarding the development of an area located at 9768 Highway 70, Lakeland, Tennessee 38002 (inclusive of Tax Parcel ID Nos. L0150 00332 and L0150 00479C), which is an approximately 40 acre mixed use development at the southwest corner of U.S. Highway 70 and Seed Tick Road in Lakeland, Shelby County, Tennessee (the "Plan Area"); and

**WHEREAS,** on November 12, 2018, the Lakeland IDB approved a Tax Increment Financing Application (the "TIF Application") for the Plan Area, as submitted by Lakeland Commons, LLC, a Tennessee limited liability company ("Lakeland Commons"); and

**WHEREAS,** the development of the Plan Area is expected to create a mixed use development that is expected to include a three-story building with restaurants, professional office space, boutique retail space and a possible site for the relocation of Lakeland City Hall, as more particularly described in the Economic Impact Plan (collectively, the "Project"), and

**WHEREAS,** the Economic Impact Plan would permit certain tax increment financing ("Tax Increment Financing") pursuant to Chapter 53, Title 7 of the Tennessee Code Annotated; and

**WHEREAS,** the Lakeland IDB reviewed the Economic Impact Plan and the TIF Application in an open public meeting; and

**WHEREAS,** the Lakeland IDB conducted a public hearing on the Economic Impact Plan held at least two (2) weeks after public notice of the hearing was published in accordance with the applicable laws of Tennessee; and

**WHEREAS,** in connection with Tax Increment Financing, A2H, an engineering, architecture, and planning firm, was contracted by the Lakeland IDB through September 12, 2021, to provide professional services related to the development of the Lakeland Commons site in an amount note to exceed $30,000; and

**WHEREAS,** on June 23, 2022, the Lakeland IDB approved Professional Services Contract Amendment #1 to extend the time of performance to September 12, 2023, and to increase compensation to an amount not to exceed $60,000; and

**WHEREAS,** A2H has submitted Professional Services Contract Amendment #2, a copy of which is attached hereto as Exhibit A, to extend the time of performance to September 12, 2025, and to increase compensation to an amount not to exceed $90,000.

RESOLUTION R-86-2023

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LAKELAND, TENNESSEE, APPROVING PROFESSIONAL SERVICES CONTRACT AMENDMENT 2 IN CONNECTION WITH THE TAX INCREMENT FINANCING FOR LAKELAND COMMONS, LP

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**NOW, THEREFORE, BE IT RESOLVED** by the Lakeland IDB that**:**

**RESOLVED,** that Professional Services Contract Amendment #2 is hereby approved by the Lakeland IDB and further,

**RESOLVED,** that the directors, officers, agents, and employees of the Lakeland IDB are hereby authorized and directed to do all such things and to execute or accept any and all such certificates or documents as may be necessary to carry out and comply with the provisions of this Resolution and to carry out, give effect to and consummate the transactions contemplated hereby and thereby. All of the acts and doings of the directors, officers, agents and employees of the Lakeland IDB which are in conformity with the intent and purposes of this Resolution, whether heretofore or hereafter taken or done, shall be and are hereby ratified, confirmed and approved.

Dated: August 24, 2023

________________________
Alan Johnson, *Chair*

Attest:

________________________
Steve Laster, *Secretary*

A RESOLUTION OF THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LAKELAND, TENNESSEE, APPROVING PROFESSIONAL SERVICES CONTRACT AMENDMENT 2 IN CONNECTION WITH THE TAX INCREMENT FINANCING FOR LAKELAND COMMONS, LP

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**Exhibit B**

Draw

Request(s)

See

Attached

June 19, 2023

Michael Walker, President
The Industrial Development Board of the City of Lakeland, Tennessee
10001 U.S. Highway 70
Lakeland, TN 38002

Re: Professional Services Contract Amendment #2 for
The Industrial Development Board of the City of Lakeland, Tennessee
CE&I for 40-acre Planned Mixed-Use TIF
Lakeland, TN

**A2H # 19289**

Dear Michael,

We are pleased to provide this Professional Services Contract Amendment #2 to the original Contract signed by A2H, Inc. (“A2H”) and The Industrial Development Board of the City of Lakeland, Tennessee (the “Lakeland IDB”) on September 12, 2019 for the CE&I for 40-acre Planned Mixed-Use TIF located in Lakeland, TN. By way of this Contract Amendment to the original, we are enclosing our proposal for the additional professional services required for the successful completion of the scope of services for this project. The terms and conditions in the original contract shall apply to this amendment as well.

**I. It is our understanding that the Scope of Services will be amended to include the following:**

The Scope of Services as outlined in the original Contract Section No. 1 will not be amended. A2H will continue to perform the services in accordance with the original Contract.

**II. It is our understanding that the Time of Performance will be amended to include the following:**

The Time of Performance as outlined in the original Contract Section No. 2 will be extended by an additional two (2) years from the original contract completion date to September 12, 2025; provided, however that either party may terminate this Agreement upon 30 days written notice to the other party.

**III. It is our understanding that the Compensation will be amended to include the following:**

The Compensation as outlined in the original Contract Section No. 3 was performed in accordance with the contract “Fee Schedule”, not to exceed thirty thousand dollars ($30,000). Contract Amendment #1 altered the total Compensation to a not to exceed amount of sixty thousand dollars ($60,000).

If approved, Contract Amendment #2 will alter the total Compensation for the Scope of Services to be performed in accordance with Section No. 3 of the contract “Fee Schedule”, to a not to exceed amount of ninety thousand dollars ($90,000).

A2H will use the 2023 A2H Hourly Rate Schedule for services provided as part of Contract Amendment #2 versus the 2019 A2H Hourly Rate Schedule used under the original Contract.

If this Contract Amendment satisfactorily sets forth your understanding and the agreement between us, we would appreciate your signing this contract amendment in the space provided below and returning a copy to us.

This Contract Amendment will be open for acceptance for 60 calendar days. We certainly look forward to working with you on this project and thank you for giving us the opportunity to submit this Contract Amendment.

If you have any questions, please call.

Sincerely,

**A2H, INC.**

Logan E. Meeks, PE
President | Principal

**AGENT FOR:** **THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LAKELAND, TENNESSEE**

**ACCEPTED BY:** ______________________________ **DATE:** ______________

**TITLE:** ______________________________

A2H
ENGINEERS · ARCHITECTS · PLANNERS

**2023**
**Professional Services Rate Schedule**

| STAFF MEMBER | LEVEL I | LEVEL II | LEVEL III |
|---|---|---|---|
| Principal | $ 200.00 /HR | $ 215.00 /HR | $ 230.00 /HR |
| Associate Principal | $ 160.00 /HR | $ 175.00 /HR | $ 190.00 /HR |
| Project Manager | $ 140.00 /HR | $ 160.00 /HR | $ 180.00 /HR |
| Project Coordinator | $ 80.00 /HR | $ 90.00 /HR | $ 100.00 /HR |
| Architect | $ 135.00 /HR | $ 155.00 /HR | $ 175.00 /HR |
| Engineer | $ 130.00 /HR | $ 145.00 /HR | $ 170.00 /HR |
| Senior Designer | $ 120.00 /HR | $ 135.00 /HR | $ 150.00 /HR |
| Landscape Architect | $ 100.00 /HR | $ 120.00 /HR | $ 140.00 /HR |
| Planner | $ 100.00 /HR | $ 120.00 /HR | $ 140.00 /HR |
| Land Surveyor | $ 100.00 /HR | $ 110.00 /HR | $ 125.00 /HR |
| Interior Designer | $ 90.00 /HR | $ 105.00 /HR | $ 125.00 /HR |
| Construction Administrator | $ 90.00 /HR | $ 100.00 /HR | $ 120.00 /HR |
| Construction Inspector | $ 85.00 /HR | $ 95.00 /HR | $ 115.00 /HR |
| Designer | $ 90.00 /HR | $ 100.00 /HR | $ 110.00 /HR |
| BIM/CAD Technician | $ 80.00 /HR | $ 90.00 /HR | $ 105.00 /HR |
| Survey Crew Member | $ 60.00 /HR | $ 70.00 /HR | $ 80.00 /HR |
| Administrator | $ 65.00 /HR | $ 75.00 /HR | $ 90.00 /HR |

CITY OF LAKELAND TENNESSEE

# Industrial Development Board

Meeting Cycle: Thursday, August 24, 2023

Subject: **Resolution** - amending the Industrial Development Board of the City of Lakeland, Tennessee, Tax Increment Financing Program Policies and Procedures.

Staff Contact: Michael Walker, City Manager

**STAFF RECOMMENDATION**
IDB Staff recommends that the Industrial Development Board adopt resolution R-119-2023.

**BUDGET IMPACT**
There is no direct budgetary impact related to this resolution.

**DISCUSSION**
In reviewing the IDB's TIF Policy document, administrative corrections were needed due to typographical errors and the incorrect entity name on the policy approved in 2016 (Lakeland Development Corporation).

No substantive changes to the policy are presented for approval at this time.

RESOLUTION R-118-2023

AMENDING THE INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LAKELAND, TENNESSEE, TAX INCREMENT FINANCING POLICIES AND PROCEDURES

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**WHEREAS,** on October 24, 2016, the Industrial Development Board of the City of Lakeland, Tennessee (the "Lakeland IDB") approved and adopted a certain Tax Increment Financing Program Policies and Procedures manual (the "TIF Policies"); and,

**WHEREAS,** the Lakeland IDB desires to amend the TIF Policies to make certain corrections and administrative updates:

**NOW, THEREFORE, BE IT RESOLVED** by the Industrial Development Board of the City of Lakeland, Tennessee, that the TIF Policies included herein as Exhibit A are hereby adopted and are authorized for execution and/or implementation.

**APPROVED AND ADOPTED** by the Industrial Development Board of the City of Lakeland, Tennessee, this 24th day of August 2023, the public welfare requiring it.

______________________________

Alan Johnson, *Chair*

ATTEST:

______________________________

Steve Laster, *Secretary*

**INDUSTRIAL DEVELOPMENT BOARD OF THE CITY OF LAKELAND, TENNESSEE TAX INCREMENT FINANCING PROGRAM POLICIES AND PROCEDURES**

## Introduction

The Industrial Development Board of the City of Lakeland, Tennessee (the "**IDB**") hereby adopts 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 IDB 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 IDB and the Board of Commissioners of the City of Lakeland, Tennessee. The Applicant shall tender an application fee to the IDB, which will be set forth in the Application. No action will be taken with respect to the Application until the IDB 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 IDB's support for, or recommendation of, the Project and the TIF request.**

2.2 Submission to Governmental Authorities. Once the IDB 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 IDB 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 IDB, generally in the form designed by the IDB 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 IDB'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 IDB.

2.4 Notice and Hearing of IDB. After the IDB's staff and counsel determine the economic impact plan to be complete, the IDB 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 IDB, 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 IDB 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 IDB, and all financing documents shall be subject to the review and approval of the IDB's counsel.

The Applicant will close the TIF transaction within 60 days after the IDB 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 IDB and other Governmental Authorities will lapse and be of no further force or effect.

## Section 3. Board Policies for TIF Projects

The IDB 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 IDB, 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 IDB 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 IDB 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 IDB through its administrative staff will notify the owners of parcels included in the proposed Plan Area that the IDB 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 IDB's notice will invite public comment and will give the property owners at least two weeks' notice of the IDB 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 IDB 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 IDB, Projects that are substantially residential will not qualify for tax increment financing under the IDB'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 IDB 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 IDB 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 IDB 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 IDB.

3.10 Guaranties of Completion. The IDB will require guaranties of completion of the Project from principals of the Applicant, payment and performance bonds from sureties acceptable to the IDB, or letters of credit from financial institutions acceptable to the IDB 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 IDB 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 IDB. From time to time and without notice, the Policies may be amended, waived in whole or part, or deleted by the IDB, and new policies may also be adopted by the IDB. The IDB 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 IDB 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 IDB has established a follow-up system of accountability to ensure 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 IDB 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 IDB 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 IDB. 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 IDB 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 IDB 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 IDB to affect the amendment, and the involvement of any Governmental Authorities. The IDB may require that these fees be paid in advance of any action by the IDB and at the time the Applicant requests the amendment.

The above fees are for reimbursement of the expenses of the IDB, 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 IDB's counsel fees and other reasonable expenses incurred by the IDB 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 IDB 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 IDB; (ii) shall bear a date acceptable to the IDB; and (iii) shall disclose no unacceptable conditions to the IDB. All environmental reports requested by the IDB must grant the IDB the right to rely on such reports.

The IDB may also require that the Applicant obtain at its expense, and deliver to the IDB, 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 IDB 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 IDB having any material interest in a Project or a financial or family relationship with an Applicant or financing source shall submit to the IDB staff a representation of that interest, and the IDB staff shall advise both the IDB and such IDB Board member whether such IDB Board member needs to recuse himself or herself from consideration of the Application. If recusal is recommended, the IDB 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 IDB from time to time, as applicable.

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

"**Development and Financing Agreement**" means the Development and Financing Agreement between the IDB 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.