

BOND POLICY

THE INDUSTRIAL DEVELOPMENT BOARD

1. No bond financing will be approved unless the Board has first determined that such financing is in the public interest as required by law and that the proposed financing is economically sound. All applicants will be required to appear before the Board to respond to questions from the Board prior to approval of any financing. THE BOARD DOES NOT MAKE ANY RECOMMENDATIONS WITH REGARD TO THE PURCHASE OF ITS BONDS, NOR SHOULD ITS APPROVAL OF A FINANCING BE CONSTRUED AS A REPRESENTATION OF ANY SORT WITH REGARD TO THE FINANCIAL CONDITION OR SUITABILITY OF ANY FIRM RECEIVING FINANCING THROUGH THE BOARD. ALL BOND PURCHASERS ARE EXPECTED TO MAKE AN INDEPENDENT INVESTIGATION OF THE BONDS OF THE BOARD AND THEIR SECURITY.

2. Adequate provision shall be made to assure the Board that full disclosure is made with regard to each bond financing and that all securities laws have been complied with. The Board requires that publicly traded bond financings provide credit enhancement in the form of a letter of credit or bond insurance acceptable to the Board or be rated investment grade by a rating agency acceptable to the Board. In the case of private placements, the Board will normally require that:

- A. the bonds be in sufficiently large denominations that they would not constitute an attractive investment vehicle for the general public; and
- B. the purchaser execute an investment letter or bond purchase agreement containing the following representations and agreements:
 - i. the purchaser represent that it has made an independent investigation of the credit of the company being financed and that it has not relied upon the Board for any information with regard to the company or the collateral for bond issue;
 - ii. the purchaser has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of investment in the bonds;
 - iii. the purchaser is purchasing the bonds for its own account for investment and with no present intention of selling the bonds or any part thereof, subject, nevertheless, to any requirement of law that the disposition of the purchaser's

property shall at all times be within the purchaser's own control;

- iv. the bonds will not be sold in contravention of the Securities Act of 1933, as amended, the Securities Exchange Act of 1934, as amended, or the securities laws of any state, and it is aware that the sale of the bonds has not been registered under the Securities Act of 1933, as amended, in reliance upon an exemption from registration contained therein;
- v. 'no sale, transfer, or other disposition of any of the bonds shall in any case be made unless each subsequent purchaser shall expressly agree in writing to the representations and agreements set out herein, and at the time of any such sale, transfer, or other disposition, the purchaser will notify the Board in writing thereof. Each such notice shall describe the manner and circumstances of the sale, transfer, or other disposition, and the name(s) of the purchaser(s), and shall be accompanied by the written agreement of such purchaser(s) as required herein. Such notice and other information is required for informational purposes only and receipt of the same shall not obligate the Board to respond thereto, nor to incur any liability with respect to any sale, transfer, or other disposition of any of the bonds by the purchaser; and

The Board may, in appropriate circumstances, require that the original purchaser of the bonds hold then for a minimum period of time or otherwise limit its right to sale thereof.

3. The documentation of each bond financing approved by the Board shall provide that the Board be notified immediately of any declaration of default with regard to its bond financings.

4. The documentation of each bond financing approved by the Board shall provide that the Company shall file with the Board, no later than six months following completion of construction of the Project or after the issuance of the Bonds, a statement as to the number of jobs that have been created as a result of the Project. Such report shall be filed at least annually thereafter.

5. Any Bond Counsel used with regard to any bond financing must be counsel experienced in municipal bond law and must be approved by the Board. The Board generally requires that Bond Counsel or at least one Co-Bond Counsel be an attorney or law firm with offices in the State of Tennessee.

6. The bond trustee of any bond issue of the Board shall be subject to the approval of the Board. Any bond trustee with permanent corporate trust offices located in Shelby County, Tennessee must be authorized to exercise corporate trust powers, subject to federal or state examination and have capital and surplus of not less than \$50,000,000. Any bond trustee without permanent corporate trust offices located in Shelby County, Tennessee must be authorized to exercise corporate trust powers, subject to federal or state examination, have capital and surplus of not less than \$100,000,000 and be of nationally recognized standing with respect to corporate trust operations. The minimum requirements for bond trustees may be waived by a two-third's (2/3) majority of members of the board present and voting.

7. Prior to approval of any bond financing, the applicant must make satisfactory arrangements with the Board with regard to payment of its fees and expenses in connection with the financing. In addition to the Board's initial application fee, the Board shall charge a closing fee in accordance with the schedule set forth in the Application Procedures.

8. To avoid conflicts of interest, no financing will be approved if Board Counsel or Bond Counsel has a professional legal relationship with the Applicant or any Sponsor of the financing other than incidental representations in connection with proposed financing or similar financings, but the Board may waive this condition in appropriate circumstances. In the event of a conflict involving Board Counsel, special counsel shall be retained by the Board to represent it in connection with the particular project being considered. In addition, no project will be approved if any current Board member has a material direct or indirect ownership interest in the Applicant or any Sponsor of the Project. Each Board member shall be responsible for disclosing any interest which he or she may have in an Applicant.

9. The Board will consider amendments to previous bond issues upon payment of an application fee in accordance with the application fee schedule set forth in the Application Procedures. The Application Fee must accompany the request. This fee must be paid prior to the Board hearing the Applicant's request and will be non-refundable. Applicant is further required to pay Board Counsel's legal fees and expenses incurred with such transaction.

10. The Board will consider approvals of transfers of bond-financed projects upon payment of an application fee of one-half of one percent (0.5%) of the bond amount to be transferred, with a minimum application fee of \$1,500. This fee must be paid prior to the Board hearing the Applicant's request and will be nonrefundable. Applicant may also be required to pay Board Counsel's legal fees and expenses incurred with such transaction.

11. The procedures and rules set forth herein may be changed by a majority Vote of the Board at any regular or special meeting. At least seven (7)

days public notice shall be given prior to any change in these rules and procedures.