DRAFT DATE: 11/14/18

[TAX ALLOCATION DISTRICT #1 – DOWNTOWN]

DEVELOPER DEVELOPMENT AGREEMENT

Between

CITY OF DALTON, GEORGIA

and

THE CARPENTRY, LLC

dated as of December ____, 2018

STATE OF GEORGIA

CITY OF DALTON

DEVELOPMENT AGREEMENT

THIS DEVELOPMENT AGREEMENT (this "Agreement "), dated as of this ___ day of December, 2018, is made among the CITY OF DALTON, GEORGIA, a municipal corporation of the State of Georgia (the "City" and a "Party"), and THE CARPENTRY, LLC, a Georgia limited liability company (the "Developer" and a "Party"), and recites and provides as follows. Capitalized items used herein and not otherwise defined have the meanings given to them in Article II.

ARTICLE I
RECITALS

WHEREAS, the City is duly authorized to exercise the redevelopment powers granted to cities and counties in the State pursuant to the Redevelopment Powers Law; and

WHEREAS, pursuant to a resolution duly adopted on December 30, 2015, (the "TAD Resolution "), the Mayor and Council of the City approved the [City of Dalton Redevelopment Plan: Downtown] (the "Redevelopment Plan") and created the [Tax Allocation District #1 – Downtown] (the "TAD #1"); and

WHEREAS, the City will act as the Redevelopment Agent for TAD #1 as contemplated by the Redevelopment Powers Law; and

WHEREAS, the TAD Resolution expressed the intent of the City, as set forth in the Redevelopment Plan, to provide funds to induce and stimulate redevelopment in TAD #1; and

WHEREAS, pursuant to a resolution adopted by the Board of Commissioners of Whitfield County (the "County") on [_____], 2018, a resolution adopted by the City of Dalton Board of Education (the "School Board") on [_____], 2018, and a resolution adopted by the board of the Downtown Dalton Development Authority (the "DDDA") and pursuant to an Intergovernmental Agreement, dated as of [_____], 2018, among the City, the County, the School Board and the DDDA, the County, the School Board and the DDDA have consented to the inclusion of their respective shares of ad valorem property taxes in the computation of the positive tax allocation increment for TAD #1 within the meaning of the Redevelopment Powers Law (the "Tax Allocation Increment"); and

WHEREAS, the Redevelopment Powers Law provides that the City may enter into public-private partnerships to affect the redevelopment projects contemplated in the Redevelopment Plan; and

WHEREAS, the undertakings contemplated by the Redevelopment Plan include, among other development activity, undertakings such as the Project; and

WHEREAS, to induce and further facilitate the successful accomplishment of a portion of the Redevelopment Plan, the City has indicated its intent to collect the Tax Allocation Increment, on an annual basis and to make certain annual development payments to the Developer, as described herein, to reimburse the Developer for a portion of the Redevelopment Costs advanced by the Developer for a redevelopment of an existing building located within the TAD #1 for use as a hotel (the "Project"); and

WHEREAS, accordingly, in furtherance of the premises set forth in these Recitals, the City, and the Developer now wish to describe more comprehensively the terms of the plan for the development of the Project; the plan for financing the Project; and the public/private partnering of the City and the Developer regarding such development, all as hereinafter set forth.

AGREEMENT

NOW THEREFORE, the City and the Developer, for and in consideration of the mutual promises, covenants, obligations and benefits of this Agreement, hereby agree as follows:

ARTICLE II
GENERAL TERMS

Section 2.1 Definitions. Unless the context clearly requires a different meaning, the following terms are used herein with following meanings:

"Act of Bankruptcy" means the making of an assignment for the benefit of creditors, the filing of a petition in bankruptcy, the petitioning or application to any tribunal for any receiver or any trustee of the applicable Person or any substantial part of its property, the commencement of any proceeding relating to the applicable Person under any reorganization, arrangement, readjustments of debt, dissolution or liquidation law or statute of any jurisdiction, whether now or hereafter in effect, or if within sixty (60) days after the filing of a bankruptcy petition or the commencement of any proceeding against the applicable Person seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, the proceedings have not been dismissed, or, if, within sixty (60) days after the appointment, without the consent or acquiescence of the applicable Person, of any trustee, receiver or liquidator of the applicable Person or of the land owned by the applicable Person, the appointment has not been vacated.

"Advances" means advances by the Developer or any other Person to pay any costs that comprise Redevelopment Costs associated with the Project.

"Affiliate" means, with respect to any Person, (a) a parent, partner, member or owner of such Person or of any Person identified in clause (b) of this definition; and (b) any other Person that, directly or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management

or policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Applicable Law" means all applicable laws, statutes, resolutions, treaties, rules, codes, ordinances, regulations, certificates, orders, authorizations, determination, demand, approval, notice, direction, franchise, licenses and permits of any Governmental Body and judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including Environmental Laws and any other applicable laws pertaining to health, safety or the environment).

"City" means the City of Dalton, Georgia, a municipal corporation of the State, acting through its legislative body, the Mayor and Council, and any successors and assigns.

"County" means Whitfield County, Georgia, a political subdivision of the State, acting through its legislative body, the Board of Commissioners, and its successors and assigns under this Agreement.

"DDDA" means the Downtown Dalton Development Authority, a public body corporate and politic of the State of Georgia.

"Development Payments" shall mean the development payments to be made by the City to the Developer hereunder as described in Section 6.3 hereof; provided however, that the total aggregate Development Payments made to the Developer shall not exceed $476,000.

"Effective Date" means the dated date of this Agreement.

"Environmental Laws" means the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., as amended, the Comprehensive Environmental Response Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq., as amended by the Superfund Amendments and Reauthorization Act of 1986, and as further amended, the Clean Water Act, 33 U.S.C. § 1251 et seq., as amended, the Clean Air Act, 42 U.S.C. § 7401 et seq., as amended, the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., as amended, and any other applicable law relating to health, safety or the environment.

"Event of Default" is defined in Section 8.2 hereof.

"Force Majeure" mean s the actual period of any delay to the final completion date of the Project caused by fire, unavailability of manufactured materials, earthquake, flood, explosion, war, acts of terrorism, invasion, insurrection, mob violence, sabotage, lockouts, litigation, condemnation, riots or other civil disorder, national or local emergency, act of God, unusual delays in transportation, unusual delay in obtaining lawful permits or consents to which the applicant is legally entitled, strike or labor dispute, severe unanticipated weather conditions, or delays caused by the City in excess of thirty (30) days in responding to proposals for Material Modifications pursuant to Section 4.3, in any such case entitling the Developer or the City commensurate extension of time to perform and complete the obligations delayed thereby under this Agreement. The party requesting an extension of time due to Force Majeure will give written

notice in accordance with Section 9.2 as soon as reasonably practical after the start of the event (in occurrence giving rise to the delay, specifically identifying the occurrence or event and the anticipated resulting delays to the Project.

"General Contractor" means an experienced, bendable and reputable general contractor reasonably satisfactory to the City.

"Hazardous Substances" means any hazardous waste, as defined by 42 U.S.C. § 6903(5), any hazardous substances as defined by 42 U.S.C. § 9601(14), any pollutant or contaminant as defined by 42 U.S.C. § 9601(33), and any toxic substances, oil or hazardous materials or other chemicals or substances regulated by any Environmental Laws.

"Legal Requirements" means any legal requirements (including, without limitation, Environmental Laws), including any local, state or federal statute, law, ordinance, rule or regulation, now or hereafter in effect, or order, judgment, decree, injunction, permit, license, authorization, certificate, franchise, approval, notice, demand, direction or determination of any governmental authority.

"Loan Documents" means any agreement or instrument, other than this Agreement and the Transaction Documents, to which the Developer is a party or by which it is bound and that is executed in connection with any financing provided to or for the benefit of the Developer in order to finance all or any portion of the Project, and including any commitment or application for such financing.

"Material Modification" means any modification, change or alteration in the description of the Project that would result in such Project being materially different than as contemplated in the Redevelopment Plan.

"Parcels" means the tax parcels identified in EXHIBIT A.

"Permitted Exceptions" means all of the following: (a) any reasonable and customary exceptions that serve or enhance the use or utility of the Project arising in the course of and necessary in connection with the construction , or ultimate operation of the Project, including by way of example and not of limitation, easements granted to public utility companies or governmental bodies (for public rights-of-way or otherwise), (b) any other exceptions expressly approved in writing by the City; (c) real property taxes, bonds and assessments (including assessments for public improvements) not yet due and payable; (d) any exceptions approved by any construction lender and (e) any covenants affecting the Site that are recorded in the records of the City as of the Effective Date.

"Person" includes a corporation, a trust, an association, a partnership (including a limited liability partnership), a joint venture, an unincorporated organization, a business, an individual or natural person, a joint stock company, a limited liability company, or any other entity.

"Positive Tax Allocation Increment" means the positive Tax Allocation Increment derived from the Parcels, as determined on an annual basis; provided, however, that if the Tax

Allocation Increment for TAD #1 is less than the Positive Tax Allocation Increment, then the Positive Tax Allocation Increment shall be equal to the Tax Allocation Increment for the TAD #1.

"Project" means the improvements developed or proposed to be developed by the Developer on the Site (consistent with the purposes and intent of the Redevelopment Plan), including, but not limited to, the engineering, design, site preparation, permitting and construction of the certain improvements and the development of vacant out-parcels, all as more specifically described within the Redevelopment Plan, attached hereto as EXHIBIT B, as such Exhibit may be amended or modified from time to time.

"Project Approvals" means all approvals, consents, waivers, orders; agreements, authorizations, permits and licenses required under applicable Legal Requirements or under the terms of any restriction, covenant or easement affecting the Project, or otherwise necessary or desirable for the ownership, acquisition, construction equipping use or operation of the Project, whether obtained from a governmental authority or any other person.

"Project Budget" means the projected cost for construction of the Project as set forth in EXHIBIT C, which costs include all architectural, engineering, design, legal and other consultant fees and expenses related to the Project, as such Exhibit may be amended or modified from time to time.

"Project Completion" means completion of construction of the Project; provided, however, the Project Completion date shall be on or before December 31, 2019.

"Project Plans'' means the site plan and the construction plans for the Project.

"Redevelopment Costs" has the meaning given that term in the Redevelopment Powers Law and, as used in this Agreement, means Redevelopment Costs of the Project and any other Redevelopment Costs (as defined in the Redevelopment Powers Law) contemplated by this Agreement, with the added provision that only capital costs for construction, reconstruction or modification of structures within the Project shall be reimbursable through payment of the Tax Allocation Increment. Redevelopment Costs shall not include any interest or cost of funds incurred by the Developer for otherwise reimbursable expenses incurred in the Project.

"Redevelopment Plan" means the City of Dalton Tax Allocation District #1 – City of Dalton Redevelopment Plan: Downtown creating the City of Dalton - Downtown Redevelopment Area approved by the City pursuant to the TAD Resolution.

"Redevelopment Powers Law" means the Redevelopment Powers Law, O.C.G.A. § 36-44-1, et seq., as amended.

"Requisition" means a requisition in substantially the form attached as EXHIBIT D (or such other form approved by the City).

"Schedule of Values" means the itemized schedule of values of the total "hard costs" of construction of the Project broken out into detail reasonably acceptable to the City.

"Site" means the real property on which the Project will be located as more specifically described in EXHIBIT E attached hereto.

"State" means the State of Georgia.

"TAD #1" means [Tax Allocation District #1 –Downtown] created by the TAD Resolution and as further described in the Redevelopment Plan.

"TAD Resolution" means the resolution duly adopted under the Redevelopment Powers Law by the City Council of the City on December 30, 2015, pursuant to which, following a public hearing as required by law, the City approved the Redevelopment Plan and created the TAD #1, as the same may be amended from time to time.

"Tax Allocation Increment" means the positive tax allocation increment (within the meaning of the Redevelopment Powers Law) levied and collected within TAD #1 at the tax millage rates then in force in the City.

"Title Policy" means the title insurance policy issued by a nationally recognized title company with respect to the Site.

"Transaction Documents" means any agreement or instrument other than this Agreement to which the Developer is a party or by which it is bound and that is executed in connection with the transactions contemplated by this Agreement, as the same may be amended or supplemented.

"Urban Redevelopment Law" means the Urban Redevelopment Law, O.C.G.A, § 36-61-1, *et seq*., as amended.

Section 2.2 Singular and Plural. Words used herein in the singular, where the context so permits, also include the plural and vice versa. The definitions of words in the singular herein also apply to such words when used in the plural where the context so permits and vice versa.

ARTICLE III
REPRESENTATIONS AND WARRANTIES

Section 3.1 Representations and Warranties of the Developer. The Developer hereby represents and warrants to the City that:

(a) Organization and Authority. The Developer is a Georgia limited liability company, in good standing and authorized to transact business in the State. The Developer has the requisite power and authority to execute and deliver this Agreement, to incur and perform its obligations hereunder, and to carry out the transactions contemplated by this Agreement.

(b) Due Authorization, Execution and Delivery. The execution, delivery, and performance of this Agreement has been duly authorized by all necessary action and proceedings by or on behalf of the Developer, and no further approvals or filings of any kind, including any approval of or filing with any governmental authority, are required by or on behalf of the Developer as a condition to the valid execution, delivery, and performance by it of this Agreement. This Agreement, when duly-executed and delivered by each party hereto, will be the valid, binding and enforceable obligation of the Developer in accordance with its terms, subject to matters and laws affecting creditors' right generally and to general principles of equity.

(c) Organizational Documents. The Developer's organizational documents are in full force and effect and have not been modified or supplemented from those submitted to the City, and no fact or circumstance has occurred that, by itself or with the giving of notice of the passage of time or both, would constitute a default thereunder.

(d) Financial Statements. All financial statements, furnished or to be furnished to the City with respect to the Developer fairly present or will fairly present the financial condition of the Developer as of the dates thereof, and all other written information furnished to the City by the Developer will be accurate, complete and correct in all material respects and will not contain any material misstatement of fact or omit to state any fact necessary to make the statements contained therein not misleading.

(e) Environmental. The Developer has no knowledge: (i) of the presence of any Hazardous Substances on the Site of the Project, or any portion thereof, or of any spills, releases, discharges, or disposal of Hazardous Substances that has occurred or are presently occurring on or at the Site of the Project, or any portion thereof, or (ii) of the presence of any PCB transformer serving, or stored in, the Site or the Project, or any portion thereof, and the Developer has no knowledge of any failure to comply with any applicable Environmental Laws relating to the generation, recycling, reuse, sale, storage, handling, transport and disposal of any Hazardous Substances.

(f) Bankruptcy. No Act of Bankruptcy has occurred with respect to the Developer.

(g) No Litigation. There is no action, suit or proceeding of any kind pending or, for the knowledge of the Developer, threatened against or affecting the Developer in any court before any arbitrator or before or by any governmental body which (i) in any manner raises any question affecting the validity or enforceability of this Agreement, (ii) could materially and adversely affect the business, financial position or results of operations of the Developer, or (iii) could materially and adversely affect the ability of the Developer to perform its obligations hereunder, nor does the Developer know of any basis for any such action, suit, proceeding, or investigation.

(h) No Undisclosed Liabilities. Neither the Developer nor the Site is subject to any material liability or obligation, including contingent liabilities, other than loans to finance the Project. The Developer is not in default under or in breach of any material contract or agreement, and no event has occurred which, with the passage of time or giving of notice (or

both) would constitute such a default which has a material adverse effect on the ability of the Developer to perform its obligations under this Agreement.

(i) Tax Matters. The Developer has prepared and filed in a substantially correct manner all federal, state, local, and foreign tax returns and reports heretofore required to be filed by them and has paid all taxes shown as due thereon. No governmental body has asserted any deficiency in the payment of any tax or informed the Developer that such governmental body intends to assert any such deficiency or to make any audit or other investigation of the Developer for the purpose of determining whether such a deficiency should be asserted against the Developer.

(j) Principal Office. The Developer's principal place of business is located at 1301 W. Morton Drive, Dalton, Georgia 30720.

(k) Licenses and Permits. The Developer possesses, and will at all times possess (and will cause its contractors, subcontractors, agents and other Persons performing any activities relating to the Project by contract with or under the direction of the Developer to possess), all franchises, patents, copyrights, trademarks, trade names, licenses and permits, and rights in respect of the foregoing, adequate for the conduct of its business substantially as now conducted or as it is intended to be conducted with respect to the Project, without known conflict with any rights of others.

(l) Project Location. The Project is located wholly within TAD #1.

(m) Utilities. Upon completion of the Project, all Utility services necessary and sufficient for the operation of the Project will be available through dedicated public rights of way or through perpetual private easement. All such utility easements either enter the Site through adjoining public streets or if they pass through adjoining private land, do so in accordance with valid and recorded public or private easements which will be to the benefit of the Site.

(n) Rights of Way. The rights of way for all roads necessary for the full utilization of the Project for its intended purposes have been or will be acquired by the Developer or the appropriate governmental body or have been or will be dedicated to public use and accepted by such governmental body. All curb cuts, driveways and traffic signals shown on the Plans are existing or have been fully approved by the appropriate governmental body.

(o) Survey. To the best of the Developer's knowledge, any surveys for the Project delivered to the City do not fail to reflect any material matter of survey affecting the Legal Requirements for the Project or the title thereto.

(p) Liens. Other than as disclosed in writing to the City, there are no material liens of laborers, subcontractors or materialmen on or respecting the Project on the Effective Date.

(q) Project Construction Schedules. The Developer will construct the Project

pursuant to this Agreement and as described in the Redevelopment Plan, attached as EXHIBIT B.

(r) Project Budget. The Project Budget accurately reflects the currently estimated costs of the Project.

(s) TAD Increment. The Parcels are projected to produce a Positive Tax Allocation Increment in each year sufficient to pay the Development Payments for such respective year.

(t) Ownership of Property. The Developer, or an affiliate controlled by the Developer, has good title to the portion of the Site on which the Project will be constructed, subject only to the Permitted Exceptions and the liens permitted by this Agreement.

Section 3.2 Representations and Warranties of the City. The City hereby represents and warrants to the Developer that:

(a) Organization and Authority. The City is a municipal corporation duly created and existing under the laws of the State of Georgia. The City has the requisition power and authority to execute and deliver this Agreement, to incur and perform its obligations hereunder, and to carry out the transactions contemplated by this Agreement.

(b) Due Authorization, Execution and Delivery. The execution, delivery, and performance of this Agreement has been duly authorized by all necessary action and proceedings by or on behalf of the City, and no further approvals or filings of any kind, including any approval of or filing with any governmental authority, are required by or on behalf of the City as a condition to the valid execution, delivery, and performance by the City of this Agreement. This Agreement, when duly executed and delivered by each party hereto, will be the valid, binding and enforceable obligation of the City in accordance with its terms, subject to matters and laws affecting creditors' right generally as to political bodies and to general principles of equity.

(c) No Litigation. There are no actions, suits, proceedings or investigations of any kind pending or threatened against the City before any court, tribunal or administrative agency or board or any mediator or arbitrator that questions the validity of this Agreement or any action taken or to be taken pursuant hereto.

(d) TAD Resolution. The TAD Resolution has been validly adopted, remains in full force and effect, and has not been further amended or supplemented. To the best of its knowledge, no further amendment of or supplement to the TAD Resolution is contemplated by the City with respect to the TAD #1.

ARTICLE IV
DEVELOPMENT AND CONSTRUCTION

Section 4.1 Construction of the Project.

(a) The Developer will develop and construct the Project in a good and workmanlike manner in substantial conformance with the Project Plans and the descriptions thereof set forth in the Redevelopment Plan, subject to Force Majeure. The City acknowledges that, during the term of this Agreement, modifications to the Project as contemplated on the Effective Date may occur. To the extent that any such modification is a Material Modification, the Developer will comply with the procedures set forth in Section 4.3. The City agrees to use commercially reasonable efforts to assist the Developer with the development of the Project on the terms set forth in this Agreement to further the public purposes of the Redevelopment Plan and the Redevelopment Powers Law.

(b) The Developer agrees to use commercially reasonable efforts to develop and construct the Project in all material respects in accordance with the Project Budget, as set forth in EXHIBIT C, subject to Force Majeure. The City acknowledges that, during the term of this Agreement, modifications to the Project Budget may occur. When such modifications occur which are not Material Modifications, the Developer will provide a revised version of EXHIBIT C to the City. The Project Budget, as revised, will be used as the basis for reimbursement of Advances under Section 6.3. Notwithstanding any representation within the Project Budget to the contrary, only Advances for capital costs (see definition of Redevelopment Costs) shall be reimbursable through payment of the Tax Allocation Increment. To the extent that any such modification is a Material Modification, the Developer will comply with the procedures set forth in Section 4.3.

(c) To the extent not included in a Requisition, the Developer shall deliver construction cost reports and interim progress reports in form and content reasonably satisfactory to the City, including an updated Project construction schedule and summary of all costs and expenses incurred in connection with the Project, not less frequently than annually, from and after the date hereof and until the earlier of (i) the payment of all Development Payments or (ii) the termination of TAD #1 by resolution of the City. The Developer shall keep the City fully informed as to the status and progress of all construction work with respect to the Project.

(d) Upon Project Completion, the Developer will provide the City with a final cost summary of all costs and expenses associated with the Project and evidence that all amounts owing to contractors and subcontractors have been paid in full evidenced by customary affidavits executed by such contractors.

(e) The Developer will construct the Project in accordance with all applicable Legal Requirements.

Section 4.2 Approvals Required for the Project. The Developer will obtain or cause to be obtained all necessary Project Approvals for the Project and will comply with all Legal Requirements of any governmental body regarding the use or condition of the Project. The Developer may, however, contest any such Legal Requirement or denial of a Project Approval by an appropriate proceeding diligently prosecuted provided that (a) the Developer gives the City prior written notice of its intent to contest a Legal Requirement or denial of a Project Approval;

(b) the Developer demonstrates to the City's reasonable satisfaction that (1) its interest in the Project is not at risk of sale on account of such contest prior to the final determination of the legal proceedings of such contest, or (2) the Developer has furnished a bond or surety satisfactory to the City in form and amount sufficient to prevent a sale of its interest in the Project or any portion thereof; (c) such proceeding shall be permitted under Applicable Law and under any other agreement to which the Developer or the Project is subject, including but not limited to, the Transaction Documents and the applicable Loan Documents; and (d) such proceedings shall not result in any need for any Material Modification that has not been approved by the City. The City agrees to process zoning and permit applications for the Project in a prompt and timely manner in accordance with its normal roles and procedures.

Section 4.3 Material Modifications. If the Developer proposes to make a Material Modification to the Project, it will submit the proposed modifications to the City in writing for review and approval by it. Any such submission must clearly identify all, changes, omissions and additions as compared to the previously approved description of, budget or construction schedule for the Project. Such submission shall also include the projected impact, if any, on the Positive Tax Allocation Increment and such other information as reasonably requested by the City for the purpose of evaluating the request. The City will have fifteen (15) business days after submission of the proposed modifications to review the submission and deliver to the Developer written comments to or written approval of the modifications. If the City determines, in its reasonable judgment, that the proposed modifications are acceptable, the City will notify the Developer in writing, the proposed modifications will be deemed to be incorporated, and the Developer will perform its obligations under this Agreement as so modified. If the City determines, in its reasonable judgment , that the proposed modifications are not acceptable, the City will so notify the Developer in writing, specifying in reasonable detail in what respects they are not acceptable and, by written notice to the City, the Developer will either (a) withdraw the proposed modifications, in which case, construction will proceed on the basis of the description of, budget or construction schedule for the Project previously approved as provided herein; or (b) revise the, proposed modifications in response to such objections, and resubmit such revised modifications to the City for review and approval by it within thirty (30) business days after such notification as described above. If the City has not responded to the Developer within thirty (30) business days after any submission, the proposed modifications will be deemed approved. In addition, to the extent any Material Modification requires an amendment to any portion of the Redevelopment Plan, the City will have such amount of time as reasonably required to pursue any such amendment.

ARTICLE V
DUTIES, RESPONSIBILITIES AND SPECIAL COVENANTS OF DEVELOPER

Section 5.1 Completion of the Project. The Developer will commence and complete construction of the Project, with diligence and in a good and workmanlike manner, free and clear of all liens and claims for materials supplied or for labor or services performed in connection with the Project. The Project Completion shall occur on or before December 31, 2019.

Section 5.2 Compliance with Documents. The Developer agrees to comply with all material obligations and covenants of the Developer herein and in the Transaction Documents. To the best of its knowledge, the Developer is in compliance with its obligations and covenants in the applicable Loan Documents Pursuant to which amounts were loaned or otherwise made available to the Developer to finance construction of the Project.

Section 5.3 Litigation. During development and construction of the Project, the Developer notify the City in writing, within five (5) days of its having knowledge thereof, of any actual, pending, or threatened litigation, claim, demand, or adversarial proceeding in which a claim is made against the Developer or the Project and which may materially and adversely affect the Project, and of any judgment rendered against the Developer. The Developer will notify the City in writing within five (5) days of its having knowledge of any matter that the Developer considers may result or does result in a material adverse change in the financial condition or operation of the Developer or its interest in the Project.

Section 5.4 Maintenance of the Project. The Developer agrees that, to the extent it has an interest in the Project it will at its own expense, (a) keep such project or cause such project to be kept in as reasonably safe condition as its operations permit; (b) make or cause to be made from time to time all necessary repairs thereto and renewals and replacements thereof and otherwise keep such project in good repair and in good operating condition; and (c) not permit or suffer others to commit a nuisance or waste on or about the Project. the Developer at its own expense and from time to time, may make any additions, modifications or improvements to the applicable project that it may deem desirable for its business purposes and that do not impair the effective use, or decrease the value, of the applicable project.

Section 5.5 Records and Accounts. The Developer will keep true and accurate records and books of account with respect to itself and the Project, in which full, true and correct entries will be made on a consistent basis, in accordance with generally accepted accounting principles.

Section 5.6 Liens and Other Charges. The Developer will duly pay and discharge, or cause to be paid and discharged, before the same become overdue all claims for labor, materials, or supplies that if unpaid might by law become a lien or charge upon the Project unless the Developer is lawfully protesting the same, in which case Developer will provide a suitable "mechanics lien bond" to discharge such lien from the Project.

Section 5.7 Compliance with Laws, Contracts, Licenses, and Permits. The Developer will comply in all material respects with (a) all applicable laws, (b) all agreements and instruments by which it or any of its properties may be bound, and all restrictions, covenants and easements affecting the Project or the Site, (c) all applicable decrees, orders and judgments, and (d) all licenses and permits required by applicable laws and regulations for the conduct of its business or the ownership, use or operation of its properties.

Section 5.8 Laborers, Subcontractors and Materialmen. Without limiting the requirements of Article IV, the Developer will furnish to the City, upon request at any time, and from time to time, affidavits listing all laborers, subcontractors, materialmen, and any

other Persons who might or could claim statutory or common law liens and are furnishing or have furnished labor or material to the Project or any part thereof, together with affidavits, or other evidence satisfactory to the City, showing that such parties have been paid all amounts then due for labor and materials furnished to the Project. The Developer will also furnish to the City, at any time and from time to time upon demand by the City, lien waivers bearing a then current date and prepared on a form satisfactory to the City from the General Contractor for the Project, and such subcontractors or materialmen as the City may designate.

Section 5.9 Insurance. To the extent of its interest therein, the Developer will keep the Project continuously insured against such risks as are customarily insured against by businesses of like size and type engaged in the same or similar operations; provided, however, that such insurance provides coverage of at least $1,000,000 for third party liability.

Section 5.10 Further Assurances and Corrective Instruments. The City and the Developer agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Agreement; provided that the rights of the City and the Developer hereunder and the ability of the Developer to construct the Project are not impaired thereby.

Section 5.11 Performance by the Developer. The Developer will perform all acts to be performed by it hereunder and will refrain from taking or omitting to take any action that would materially violate the Developer's representations and warranties hereunder or render the same materially inaccurate as of the Effective Date and subsequent Requisition dates or that in any material way would prevent the consummation of the transactions contemplated hereby in accordance with the terms and conditions hereof.

Section 5.12 Restrictions on Easements and Covenants. Except for Permitted Exceptions, the Developer will not create or suffer to be created or to exist any easement, right of way, restriction, covenant, condition, license or other right in favor of any Person which affects or might affect title to the Project or the use and occupancy thereof or any part thereof without obtaining the prior approval of the City, other than easements, and rights of ways customary for utilities or otherwise necessary for development or construction of the Project, lease restrictions and covenants common to the shopping center industry, and covenants to incorporate the Design Guidelines.

Section 5.13 Access to the Site. The Developer will permit persons designated by the City to access the Site and to discuss the progress and status-of the Project with representations of the Developer, all in such detail and at such times as the City may reasonably request. All such access must be during normal business hours and in a manner that will not unreasonably interfere with construction activities of the Project or with the Developer business operations generally. The City's representative must be accompanied by a representative of the Developer during any access contemplated by this Section.

Section 5.14 Title Policy. Promptly upon acquisition of any portion of the Site, the

Developer will provide to the City any title policy or marked commitment obtained that evidences ownership of the property by the Developer.

Section 5.15 Payment of Project Costs. The Developer will pay when due its share of all costs of development and construction of the Project as set forth in the Project Budget.

Section 5.16 Event Notices. The Developer, will promptly notify the City in writing of (a) the occurrence of any default or event of default of which it has knowledge; (b) the occurrence of any Material Modification; (c) the occurrence of any levy or attachment against its assets or other event which may have an adverse effect on the Project or the business or financial condition of the Developer; and (d) the receipt by the Developer, as the case may be, of any written notice of default or notice of termination with respect to any contract or agreement relating to the ownership, construction, operation, or use of the Project which may adversely affect the Project.

Section 5.17 Jobs Goal. The Developer agrees that it shall employ, in connection with the operation of the Project, at least [seven (7)] full-time equivalent (**"FTE"**) positions by December 31, 2022. On or before March 1 in each year, commencing March 1, 2023, the Company shall certify, in a manner acceptable to the City, the number of jobs during the preceding year.

ARTICLE VI
DEVELOPMENT PAYMENTS

Section 6.1 Conditions to Delivery of this Agreement. The Developer hereby acknowledges and agrees that the execution and delivery of this Agreement are contingent upon satisfaction of the following conditions:

(a) The Mayor and Council have adopted a resolution or ordinances, as appropriate, authorizing the execution of this Agreement.

(b) The Developer certifies that all representations, warranties and covenants made by it in this Agreement and in the Transaction Documents are true and correct in all material respects, that neither is in default under this Agreement or the Transaction Documents, or if in default, outlines the nature of the default and describes what steps are being taken to cure the default.

(c) The Developer has provided an opinion of legal counsel in form and substance satisfactory to the City to the effect that (i) this Agreement and the Transaction Documents identified in such opinion (a) have been duly authorized by it and will be valid, binding and enforceable against the respective entities subject to standard enforceability exceptions and (b) will not violate or otherwise contravene its organizational documents or any agreement or instrument to which it is a party or to which its property or assets are bound; and (ii) there is no litigation pending or, to such counsel's knowledge, threatened before any court or administrative

agency against it or its interests in the Site, which, if adversely determined, would have a material adverse effect on the Developer or its financial condition.

(d) The Developer and the City have each approved and executed this Agreement.

(e) The Developer shall have submitted (i) certified copies of its organizational documents, and (ii) certificates of good standing from the jurisdiction in which it was organized, together with evidence that it is qualified to transact business and is in good standing in Georgia.

(f) The Developer shall have delivered certified copies of corporate resolutions or other evidence of their approval of this Agreement and the Transaction Documents to which they are a party and authorizing the execution and delivery thereof by an authorized officer.

Section 6.2 Advances. The Developer shall make or cause to be made all Advances in connection with the Project.

Section 6.3 Conditions to Payment of Development Payments. Subject to compliance by the Developer with the conditions set forth below and subject to the terms and limitations herein, the City shall make Development Payments to the Developer to reimburse the Developer for a portion of the Advances made in connection with the Project; provided, however, the total aggregate amount of Development Payments shall not exceed $476,000. Development Payments will be disbursed annually on or after March 1 of each year (corresponding to the previous calendar year's Development Payment), pursuant to Requisitions in the form provided herein at consistent with the written evidence of compliance with the terms of this Agreement, particularly subparagraph (b)(1) below, submitted to the City as set forth below in accordance with the following procedures:

(a) Not less than forth-five (45) business days prior to the date on which the Developer desires a Development Payment. The Developer will submit to the City a Requisition in substantially the same form as that attached hereto as EXHIBIT D. The Requisition will include: (1) the itemized schedule of values prepared by the General Contractor or the Developer of the total "hard costs" of reimbursable costs for which Project Funds are requested , (the "Schedule of Values"), together with a copy of the construction contract or contracts to which such reimbursement relates; (2) all costs incurred for construction and non-construction expenses for the reimbursable costs to the date of the Requisition for which no Requisition has previously been presented and paid; and (3) such certificates and affidavits as the City may reasonably request. The accuracy of the cost breakdown and percentage completion in the Requisition must be certified by the Developer and the General Contractor. Anything contained herein to the contrary, notwithstanding, Development Payments shall never exceed Positive Tax Allocation Increment. To the extent that any Requisition request exceeds the Positive Tax Allocation Increment for such year, such request shall be held until the Positive Tax Allocation Increment in successive years is collected and available to make such payments.

(b) In addition, the Requisition must be accompanied by evidence in form and content reasonably satisfactory to the City (including, but not limited to, certificates and affidavits of the Developer and such other Persons as the City may reasonably require):

(1) Copies of all bills or statements or canceled checks for any indirect or soft-cost expense for which the Development Payment is requested;

(2) If the Requisition includes amounts to be paid to any contractor, a contractor's application for payment showing the amount paid by the Developer with respect to each such line item and, upon request of the City, copies of all bills or statements or canceled checks for expenses incurred by the Developer for which the Development Payment is requested and a copy of a satisfactory "Interim Waiver and Release upon Payment" pursuant to O.C.G.A. § 44-14-366 from the General Contractor which received payment from the proceeds of the immediately preceding Requisition;

(3) That all construction has been concluded substantially in accordance with the Project Plans (and all changes thereto approved by the City or otherwise permitted pursuant to the terms hereof); and

(4) That there are no liens outstanding against the Project except for those set forth in any applicable title policy, other than (A) inchoate liens for property taxes not yet due and payable, (B) liens being contested in accordance with the terms and conditions set forth in applicable law and (C) loans for the construction of the Project.

(c) The construction for which Redevelopment Costs are included in any Requisition must be reviewed and approved by the City or its appointed consultant to verify the approval of the construction, the cost of completed construction, the percentage of completion and the compliance with the Project Plans.

(d) Within thirty (30) business days of receipt of a completed Requisition, the City will disburse to the Developer the approved Development Payment to the extent such payment together with all other cumulative payments does not exceed the Positive Tax Allocation Increment. The Developer will provide wiring instructions to the City to aid in such payment.

Section 6.4 Limited Liability.

(a) The City's obligations hereunder to reimburse Project Costs are limited solely to the Positive Tax Allocation Increment.

(b) To the extent permitted by State law, no director, officer, employee or agent of the City will be personally responsible for any liability arising under or growing out of the Agreement.

ARTICLE VII INDEMNIFICATION

Section 7.1 Indemnification. The Developer will defend, indemnify, and hold the City and its agents, employees, officers, and legal representatives (collectively, the "Indemnified Persons") harmless for all claims, causes of action, liabilities, fines, and expenses (including, without Limitation, reasonable attorneys' fees, court costs, and all other defense costs and interest) (collectively, the "Losses") for injury, death, damage, or loss to persons or property sustained in connection with, or incidental to the construction of the Project. Notwithstanding anything to the contrary in this Article: (1) the Developer's indemnification obligation under this Article is limited to the greater of $2,000,000 or the policy limits available under the insurance policies required under Section 5.9; (2) the Developer will not be obligated to indemnify any Indemnified Person for the Indemnified Person's own negligence, recklessness or intentional act or omission; and (3) the Developer will not be obligated to indemnify any Indemnified Persons to the extent that any claims that might otherwise be subject to indemnification hereunder resulted, in whole or in pan, from the gross negligence, recklessness or intentional act or omission of any other indemnified Person or Persons.

Section 7.2 Notice of Claim. If an Indemnified Person receives notice of any claim or circumstance which could give rise to indemnified Losses, the receiving party must give written notice to the Developer within fifteen (15) business days. The notice must include a description of the indemnification event in reasonable detail, the basis on which indemnification may be due, and the anticipated amount of the indemnified Losses. Such notice will not stop or prevent an Indemnified Person from later asserting a different basis for indemnification or a different amount of indemnified Losses than that indicated in the initial notice. If an Indemnified Person does not provide this notice within the fifteen (15) business-day period, it does not waive any right to indemnification except to the extent that the Developer is prejudiced, suffers loss, or incurs expense because of the delay.

Section 7.3 Defense. The Developer may assume and control the defense of the claim based on the indemnified Losses at its own expense with counsel chosen by the Developer with the concurrence of the Indemnified Person. The Developer will also control any negotiations to settle the claim. Within ten (10) business days after receiving written notice of the indemnification request, the Developer will advise the Indemnified Person as to whether or not it will defend the claim. If the Developer does not assume the defense, the Indemnified Person will assume and control the defense and all defense expenses actually incurred by it will constitute Losses.

Section 7.4 Separate Counsel. If the Developer elects to defend a claim, the Indemnified Person may retain separate counsel, at the sole cost and expense of such Indemnified Person, to participate in (but net control or impair) the defense and to participate in (but not control or impair) any settlement negotiations. The Developer may settle the claim without the consent or agreement of the Indemnified Person, unless the settlement (i) would result in injunctive relief or other equitable remedies or otherwise require the Indemnified Person to comply with restrictions or limitations that adversely affect the Indemnified Person, (ii) would require the Indemnified Person to pay amounts that the Developer does not fund in full, or (iii) would not result in the Indemnified Person 's full and complete release from all liability to the plaintiffs or claimants who are parties to or otherwise bound by the settlement.

Section 7.5 Survival. The provisions of Article VII will survive any expiration or earlier termination of this Agreement and any closing, settlement or other similar event which occurs under this Agreement.

ARTICLE VIII
DEFAULT

Section 8.1 Default by the Developer. The following will constitute a default by the Developer:

(a) Failure of the Developer to materially and timely comply with and perform each of its obligations set forth in this Agreement.

(b) A default by the Developer under, or failure of the Developer to comply with, any material obligation of the Developer set forth in the Transaction Documents.

(c) Any representation or warranty made by the Developer in this Agreement or subsequently made by it in any written statement or document furnished to the City and related to the transactions contemplated by this Agreement is false, incomplete, inaccurate or misleading in any material respect, including, but not limited to the jobs goal provided in Section 5.17 hereof.

(d) Any report, certificate or other document or instrument furnished to the City by the Developer in relation to the transactions contemplated by this Agreement is false, inaccurate or misleading in any material respect; or if any report, certificate or other document furnished to the City on behalf of the Developer, to the extent that the Developer knows such document is false, inaccurate or misleading and fails to promptly report such discrepancy to the City.

(e) An Act of Bankruptcy of the Developer.

Section 8.2 Remedies. If a default by the Developer occurs and is continuing thirty (30) days after receipt of written notice to the Developer from the City specifying the existence of such default (or within a reasonable time thereafter if such default cannot reasonably be cured within such 30-day period and the Developer begins to diligently pursue the cure of such default within such 30-day period), the default will become an "Event of Default," and the City will be entitled to elect any or all of the following remedies: (i) termination of this Agreement and discontinuation of funding and payments of Development Payments hereunder; (ii) pursuit of specific performance of this Agreement or injunctive relief; or (iii) waiver of such Event of Default.

Section 8.3 Remedies Cumulative. Except as otherwise specifically provided, all remedies of the parties provided for herein or in the Transaction Documents are cumulative and will be in addition to any and all other rights and remedies provided for or available hereunder and under the Transaction Documents, at law or in equity.

Section 8.4 Agreement to Pay Attorneys' Fees and Expenses. In the event of an Event of Default, if the City employs attorneys or incurs other expenses for the collection of amounts due hereunder or for the enforcement of the performance or observance of any covenants or agreements on the part of the Developer contained herein, the Developer agrees that it will demand therefor pay to the City the reasonable fees of such attorneys and such other reasonable expenses so incurred, the amount of such fees of attorneys to be without regard to any statutory presumption.

Section 8.5 Default by the City. The following will constitute a default by the City: Any material breach by it of any representation made in this Agreement or any material failure by it to observe and perform any covenant, condition or agreement on its part to be observed or performed hereunder, for a period of thirty (30) days alter written notice specifying such breach or failure and requesting that it be remedied, given to it by the Developer; provided that in the event such breach or failure, can be corrected but cannot be corrected within said 30- day period, the same will not constitute a default hereunder if corrective action is instituted by the defaulting party or on behalf of the defaulting party within said 30-day period and is being diligently pursued.

Section 8.6 Remedies against the City. Upon the occurrence and continuance of a default by the City hereunder, the Developer may seek specific performance of this Agreement or pursue any other remedies available at law or in equity.

ARTICLE IX
MISCELLANEOUS

Section 9.1 Term of Agreement. This Agreement will commence on the Effective Date and will expire on the earlier of (a) the date all approved Dalton Developer Payments have been reimbursed/paid to the Developer subject to the availability of Positive Tax Allocation Increment (b) December 31, 2033, or (c) the date the city elects to terminate this Agreement pursuant to Section 8.2 hereof.

Section 9.2 Annual Fee. The Development shall pay the City an annual fee equal to 1% of the Positive Tax Allocation Increment.

Section 9.3 Notices. Any notice sent under this Agreement (except as otherwise expressly required) must be written and mailed or sent by overnight courier or personally delivered to an officer of the receiving party at the following addresses:

If to the Developer:

The Carpentry, LLC
1301 W Morton Drive
Dalton, Georgia 30720
Attention: Kasey Carpenter

With a copy to:

The Cowan Law Firm
315 N. Selvidge Street
Dalton, Georgia 30720
Attention: Rob Cowan

If to City:

City of Dalton
300 W. Waugh Street
Dalton, Georgia 30720
Attention: City Mayor

With a copy to:

The Minor Firm
745 College Drive
Suite B
Dalton, Georgia 30720
Attention: Jonathan Bledsoe, Esq.

Each party may change its address by written notice in accordance with this Section. Any communication addressed and mailed in accordance with this Section will be deemed to be given when so mailed, any notice so sent by electronic or facsimile transmission will be deemed to be given when receipt of such transmission is acknowledged, and any communication so delivered in person will be deemed to be given when receipted for by, or actually received by the party identified above.

Section 9.4 Amendments and Waivers. Any provision of this Agreement may be amended or waived if such amendment or waiver is in writing and is signed by the parties hereto. No course of dealing on the part of any party to this Agreement, nor any failure or delay by any party to this Agreement with respect to exercising any right, power or privilege hereunder will operate as a waiver thereof.

Section 9.5 Invalidity. In the event that any prov1s1on of this Agreement is held unenforceable in any respect, such unenforceability will not affect any other provision of this Agreement.

Section 9.6 Successors and Assigns. The Developer may not assign this Agreement or any of its rights hereunder or any interest herein without the prior written consent of the City, which consent may not be unreasonably withheld, conditioned or delayed; provided that the Developer may, without the prior consent of the City, assign this Agreement and all or any portion of its rights hereunder and interests, herein, to any Affiliate of it or to any entity controlled by or under common control with it that has assets of a value at least equal to that of the Developer at the time of the assignment. The Developer will provide written notice to the City of any such assignment. Upon any such assignment of the obligations of the Developer

hereunder, the Developer will be deemed released from such obligations. Notwithstanding the above, the Developer may collaterally assign this Agreement and its rights hereunder and interest herein, without the consent of the City, to a lender to secure any acquisition, development or construction loan for the Project.

Section 9.7 Exhibits, Titles of Articles and Sections. The exhibits attached to this Agreement are incorporated herein and will be considered a part of this Agreement for the purposes stated herein, except that in the event of any conflict between any of the provisions of such exhibits and the provisions of this Agreement, the provisions of this Agreement will prevail. MI titles or headings are only for the convenience of the parties and may not be construed to have any effect or meaning as to the agreement between the parties hereto. Any reference herein to a Section or subsection will be considered a reference to such Section or subsection of this Agreement unless otherwise stated. Any reference herein to an exhibit will be considered a reference to the applicable exhibit attached hereto unless otherwise stated.

Section 9.8 Applicable Law. This Agreement is a contract made under and will be construed in accordance with and governed by the laws of the United States of America and the State.

Section 9.9 Entire Agreement; Construction with Redevelopment Plan. This written agreement represents the final agreement between the parties and may not be contradicted by evidence of prior, contemporaneous, or subsequent oral agreements of the parties. There are no unwritten oral agreements between the parties. Notwithstanding any other provision in this Agreement, in the event of a conflict between the terms of this Agreement and the Redevelopment Plan, the provisions of this Agreement shall control.

Section 9.10 Approval by the Parties. Whenever this Agreement requires or permits approval or consent to be hereafter given by any of the parties, the parties agree that such approval or consent may not be unreasonably withheld, conditioned or delayed, and will be deemed given if no written objection is delivered to the requesting party within ten (10) business days after delivery of the request to the approving party.

Section 9.11 Additional Actions. The parties agree to take such actions, including the execution and delivery of such documents, instruments, petitions and certifications as may be necessary or appropriate, from time to time, to carry out the terms, provisions and intent of this Agreement and to aid and assist each other in carrying out said terms, provisions and intent.

IN WITNESS HEREOF, the parties hereto have caused this instrument to be duly executed as of the ____ day of December, 2018.

CITY OF DALTON, GEORGIA

By: _____
Mayor

ATTEST:

By:_____
Clerk

[SEAL]

THE CARPENTRY, LLC,
a Georgia limited liability company

By:_____
Kasey Carpenter, President

EXHIBIT A

PARCELS

EXHIBIT B

REDEVELOPMENT PLAN

EXHBIT C

PROJECT BUDGET

EXHIBIT D

FORM REQUISITION

EXHIBIT E

SITE