

SUBSTITUTE ORDINANCE NO. BL2011-58

An ordinance authorizing the Industrial Development Board of The Metropolitan Government of Nashville and Davidson County to negotiate and accept payments in lieu of ad valorem taxes with respect to LifePoint Hospitals, Inc. (and its subsidiaries) and its Project Developer.

WHEREAS, The Metropolitan Government of Nashville and Davidson County (hereafter referred to as "Metropolitan Government") is vitally interested in the economic welfare of its citizens and wishes to provide the necessary leadership to enhance this area's capabilities for growth and development; and

WHEREAS, the provision of jobs to area citizens by local business is both necessary and vital to the economic well-being of the Metropolitan Government; and

WHEREAS, pursuant to the Industrial Development Corporations Act, currently codified at Tenn. Code Ann. §§ 7-53-101 through 316 (such act, as heretofore or hereafter amended, the "Act"), the General Assembly of the State of Tennessee (the "General Assembly") has authorized the incorporation of public corporations known as "industrial development boards" in municipalities in the State of Tennessee (the "State"); and

WHEREAS, the Industrial Development Board of The Metropolitan Government of Nashville and Davidson County (the "Board") has been duly organized and incorporated in compliance with the Act; and

WHEREAS, the General Assembly has found and declared that the Board is performing a public function on behalf of the Metropolitan Government and that the Board is a public instrumentality of the Metropolitan Government; and

WHEREAS, the Supreme Court of Tennessee (the "Supreme Court") has found that the Board is an agency or instrumentality of the Metropolitan Government; and

WHEREAS, the Act expressly incorporates by reference the statement of public policy set forth in Section 3 of Chapter 209 of the Public Acts of 1955; and

WHEREAS, Chapter 209 of the Public Acts of 1955 states that the declared purpose of the Act is to do that which the State welfare demands and the State public policy requires to alleviate the problems of unemployment, to raise family income, to provide a means by which the citizens of the community may promote and develop industry in their area so as to obtain a balanced economic development highly essential to the welfare of the State, and to promote the development of commercial, industrial, agricultural and manufacturing enterprises by the several municipalities so as to be given local benefits peculiar to each and general benefits to the entire State; and

WHEREAS, the General Assembly also has declared that the purposes of the Act include maintaining and increasing employment opportunities by promoting industry, trade and commerce by inducing manufacturing, industrial, financial, service and commercial enterprises to locate or remain in the State; and

WHEREAS, the Supreme Court has held that the purposes of the Act include the promotion of industry and the development of trade to provide against low wages and unemployment and that such purposes are public in nature; and

WHEREAS, the Board is empowered pursuant to the Act to acquire, whether by purchase, exchange, gift, lease or otherwise, and to improve, maintain, equip and furnish, "projects" (as defined in the Act), and to lease such projects to others; and

WHEREAS, LifePoint Hospitals, Inc., a Delaware corporation ("LifePoint"), is a publicly traded company that, acting through its subsidiaries (LifePoint and its subsidiaries are referred to collectively as the "Company"), operates general acute care hospitals in non-urban markets in the United States, including hospitals located in the State; and

WHEREAS, the headquarters and certain other central corporate operations of the Company are located at multiple facilities in Williamson County, Tennessee; and

WHEREAS, LifePoint has announced its decision to relocate and consolidate the Company's headquarters and certain central corporate operations to a facility to be (a) developed by Highwoods Realty Limited Partnership, a North Carolina limited partnership that is not an affiliate of LifePoint (the "Project Developer") and (b) located in the Seven Springs Office Park, which is on Old Hickory Boulevard and within the boundaries of the Metropolitan Government (as further defined below, the "Project"); and

WHEREAS, in its initial scope and configuration, the real property and improvements of the Project will consist of a parcel of land located in the Seven Springs Office Park, as shown on Exhibit A hereto (the "Project Site"), an approximately 203,000 square foot office building to be constructed on the Project Site (the "Office Building"), a multi-deck parking garage with approximately 881 parking spaces to be constructed on the Project Site (the "Parking Garage"), certain shared common areas, and certain other improvements to be constructed on the Project Site (the Project Site, the Office Building, the Parking Garage and such common areas and other improvements are referred to collectively as the "Real Property Project"); and

WHEREAS, LifePoint currently estimates that the Project Site will be between 3.5 and 4.0 acres and will be configured substantially as shown in Exhibit A hereto, but both the precise size and the precise location/configuration of the Project Site are subject to final determination; and

WHEREAS, LifePoint also has announced its decision to locate an information technology systems center within the Office Building (the "IT Center"); and

WHEREAS, the personal property to be located at the IT Center or otherwise required at the Office Building as a result of locating the IT Center at the Office Building will include (a) servers, data storage systems, networking equipment, and other hardware or other property necessary or appropriate for use as part of the IT Center, (b) equipment and other property located at the Office Building (or elsewhere at the Real Property Project) necessary or appropriate to support the IT Center (including a back-up generator system, a supplemental fire suppression system, a supplemental HVAC system and supplemental cabling or other data transmission lines), and (c) software located at the IT Center (such property and improvements that are not treated as a portion of the Real Property Project are referred to collectively as the "IT Project") (the Real Property Project and the IT Project are referred to collectively as the "Project"); and

WHEREAS, LifePoint has advised the Metropolitan Government that the Project Developer will enter into a lease agreement with the Board (the "Real Property PILOT Lease") pursuant to which (a) the Board will issue its industrial development revenue bonds in order to finance the cost of the acquisition, construction and equipping of the Real Property Project, (b) the Board will appoint the Project Developer as the Board's agent to acquire, construct and equip the Real Property Project, (c) title to the Real Property Project will be conveyed to the Board, (d) the Board will lease the Real Property Project to the Project Developer, and (e) the Board will grant the Project Developer the right to purchase the Real Property Project; and

WHEREAS, LifePoint also has advised the Metropolitan Government that pursuant to a sublease agreement between the Project Developer and either LifePoint or one of its subsidiaries (the "LifePoint Lease") the Project Developer will sublease the entire rentable square footage of the Office Building to the Company, provide the Company with access to and use of approximately 761 of the parking spaces at the Parking Garage on a reserved and exclusive basis, and provide the Company with access to and use of the common areas of the Real Property Project; and

WHEREAS, with respect to the IT Project, LifePoint has advised the Metropolitan Government that LifePoint intends that either LifePoint or a subsidiary of LifePoint will enter into a lease agreement with the Board (the "IT PILOT Lease") pursuant to which (a) the Board will issue its industrial development revenue bonds in order to finance the cost of the acquisition and installation of the IT Project, (b) the Board will appoint the Company as the Board's agent to acquire and install the IT Project, (c) title to the IT Project will be conveyed to the Board, (d) the Board will lease the IT Project to the Company, and (e) the Board will grant the Company the right to purchase the IT Project; and

WHEREAS, LifePoint and the Project Developer anticipate that the acquisition, construction and development of the Office Building and the Garage, in their initial scope and configuration, will cost approximately \$37,000,000 and will be completed in 2013; and

WHEREAS, LifePoint anticipates that the acquisition and installation of the IT Project, in its initial scope and configuration, will be completed within a reasonable period after the completion of construction of the Real Property Project; and

WHEREAS, LifePoint expects that the development and location of the Project within the boundaries of the Metropolitan Government will result in significant employment and other commercial opportunities for area citizens; and

WHEREAS, pursuant to Tenn. Code Ann. § 7-53-305, all properties owned by the Board are exempt from ad valorem taxation in the State of Tennessee; and

WHEREAS, pursuant to Tenn. Code Ann. § 7-53-305(b), the Metropolitan County Council (the "Council") has the power to delegate to the Board the authority to negotiate and accept from its lessees payments in lieu of ad valorem taxes, provided that such payments are in furtherance of the Board's public purposes; and

WHEREAS, the benefits to the Metropolitan Government of the development and location of the Project within the boundaries of the Metropolitan Government will provide an opportunity for the Board to exercise its powers, as enumerated above, to (a) acquire, by purchase, exchange, gift or lease, property that will be used with respect to the Project, (b) lease the Real Property Project to the Project Developer pursuant to the Real Property PILOT Lease (which, in turn, will sublease all of the rentable square footage of the Office Building to the Company and provide use of approximately 761 of the parking spaces at the Parking Garage to the Company on a reserved and exclusive basis pursuant to the LifePoint Lease), (c) lease the IT Project to the Company, and (d) enter into one or more agreements with the Company and/or the Project Developer to accept payments in lieu of ad valorem taxes with respect to the Project; and

WHEREAS, the Board may only negotiate and accept payments in lieu of ad valorem taxes with authorization from the Council; and

WHEREAS, it is in the interest and welfare of the Metropolitan Government to delegate authority to the Board to negotiate and execute a payment in lieu of tax agreement with the Company and to negotiate and accept payments in lieu of tax with respect to the Project from the Company (and/or from the Project Developer with respect to the Real Property Project payments in lieu of tax).

NOW, THEREFORE, BE IT ENACTED BY THE COUNCIL OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY:

Section 1: The Council of the Metropolitan Government finds that the Board's acceptance of payments in lieu of ad valorem taxes with respect to the Project is in furtherance of the Board's public purpose of maintaining and increasing employment opportunities, as set forth in Tenn. Code Ann. § 7-53-102, and the other public purposes described above.

Section 2: The Metropolitan Government hereby delegates to the Board the authority to negotiate and accept (a) payments in lieu of all ad valorem real property taxes with respect to the Real Property Project for a period beginning on the date that the Board and the Project Developer enter into the Real Property PILOT Lease and ending fifteen years after the LifePoint Occupancy Date (as defined below), and (b) payments in lieu of all ad valorem

personal property taxes with respect to the IT Project for a period beginning on the date that the Board and the Company enter into the IT PILOT Lease and ending fifteen years after the LifePoint Occupancy Date. The term "LifePoint Occupancy Date" shall mean the date on which the Company's exclusive right to occupy the Office Building pursuant to the LifePoint Lease commences.

Section 3: (a) The amount of the payments in lieu of tax with respect to the Real Property Project (the "Real Property PILOT Payments") that shall be required during the term of the payment in lieu of tax agreement authorized hereby substantially in the form as attached in Exhibit B (the "PILOT Agreement") shall be the amounts set forth in clauses (i) through (v), below, as adjusted as provided in Sections 3(c) and (d), below:

(i) With respect to the period beginning on the date of the Real Property PILOT Lease and ending on (but excluding) the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be one hundred percent (100%) of the Real Property Standard Tax (as defined below) for such period;

(ii) With respect to the period beginning on the LifePoint Occupancy Date and ending on (but excluding) the fourth (4th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be zero percent (0%) of the Real Property Standard Tax for such period;

(iii) With respect to the period beginning on the fourth (4th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the eleventh (11th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be forty percent (40%) of the Real Property Standard Tax for such period;

(iv) With respect to the period beginning on the eleventh (11th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the fifteenth (15th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be seventy-five percent (75%) of the Real Property Standard Tax for such period; and

(v) With respect to any period on or after the fifteenth (15th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be 100% of the Real Property Standard Tax for such period.

(b) The term "Real Property Standard Tax" shall mean, with respect to any period, the amount equal to the amount of ad valorem real property tax that the Company would be required to pay with respect to such period with respect to the property that is then subject to the Real Property PILOT Lease if the Company owned such property.

(c) The entire Parking Garage will be conveyed to the Board and subject to the Real Property PILOT Lease. Approximately 120 of the approximately 881 parking spaces to be located in the Parking Garage will not be made available to the Company on a reserved and exclusive basis (the "Excess Parking Spaces"). The final version of the PILOT Agreement

authorized by this Ordinance will include a provision requiring an equitable adjustment to the Real Property PILOT Payments so that (i) with respect to the Excess Parking Spaces, the Real Property PILOT Payments will be 100% of the Real Property Standard Tax (the "Excess Parking Standard Tax"), and (b) the Real Property PILOT Payments for the remaining portion of the Real Property Project will be the percentage of the Real Property Standard Tax described in Sections 3(a)(i) – (v), above.

(d) With respect to any period during the term of the PILOT Agreement authorized by this Ordinance, the calculation of the Real Property PILOT Payment in accordance with Section 3(a), above, shall apply only to that portion of the Real Property Project that is either (i) leased by the Board to a LifePoint Lessee, or (ii) leased or subleased by the Board to a third party and subleased or otherwise made available to a LifePoint Lessee. Subject to the provisions of Sections 3(e) through (g) hereof, during any period during the term of such PILOT Agreement that a portion of the Real Property Project is not leased, subleased or otherwise made available to a LifePoint Lessee, the amount of the Real Property PILOT Payments with respect to such portion of the Project shall be 100% of the Real Property Standard Tax for such portion of the Real Property Project.

(i) The term "LifePoint Lessee" shall mean either a LifePoint Entity or a LifePoint Supplier.

(ii) The term "LifePoint Entity" shall mean (A) LifePoint, (B) any successor to LifePoint, including, without limitation, any corporation, partnership, limited liability company or other entity that (1) acquires, directly or indirectly, a controlling interest in LifePoint (whether through merger, stock purchase, stock swap or otherwise), (2) merges or consolidates with LifePoint, or (3) acquires substantially all of the assets of LifePoint, and/or (C) any corporation, partnership, limited liability company or other entity that directly or indirectly controls, is controlled by, or is under common control with, any of the foregoing.

(iii) The term "LifePoint Supplier" means any corporation, partnership, limited liability company or other entity that (A) is not a LifePoint Entity; (B) provides or manages services in connection with the operations of the Company; and (C) occupies a portion of the Real Property Project, whether pursuant to a lease, a sublease or otherwise; provided, however, that such entities will be deemed "LifePoint Suppliers" only if substantially all of such entity's use of the portions of the Real Property Project leased, subleased or otherwise made available to it are in connection with the operations of the Company.

(e) The Company and/or the Project Developer shall be permitted to challenge the assessment of any property that is then subject to the Real Property PILOT Lease in the same manner as if the Company and/or the Project Developer owned such property.

(f) The Real Property PILOT Payments to be paid by the Company and/or the Project Developer shall be reduced by the amount of any ad valorem real property taxes actually paid by the Company or the Project Developer (or any entity that holds an interest in the Real

Property Project by, through or under the Company or the Project Developer) by reason of their respective leasehold interests in the Real Property Project.

(g) The Company and/or the Project Developer will make Real Property PILOT Payments on an annual basis, with each annual Real Property PILOT Payment being based on the applicable calendar year during the term of the PILOT Agreement authorized hereby. Real Property PILOT Payments will be due on or before the last day of February following the calendar year to which a Real Property PILOT Payment applies. The final version of the PILOT Agreement authorized by this Ordinance will include appropriate provisions for the proration of the Real Property Standard Tax, the Excess Parking Standard Tax and the Real Property PILOT Payment applicable to a given year under appropriate circumstances, including, without limitation, for periods of less than a full calendar year for which a Real Property PILOT Payment is payable with respect to the Real Property Project (or any portion of the Real Property Project).

Section 4. (a) The amount of the payments in lieu of tax with respect to the IT Project (the "IT PILOT Payments") that shall be required during the term of the PILOT Agreement authorized hereby shall be as follows:

(i) With respect to the period beginning on the date of the IT PILOT Lease and ending on (but excluding) the fourth (4th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be zero percent (0%) of the IT Standard Tax for such period;

(ii) With respect to the period beginning on the fourth (4th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the eleventh (11th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be forty percent (40%) of the IT Standard Tax for such period;

(iii) With respect to the period beginning on the eleventh (11th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the fifteenth (15th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be seventy-five percent (75%) of the IT Standard Tax for such period; and

(iv) With respect to any period on or after the fifteenth (15th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be 100% of the IT Standard Tax for such period.

(b) The term "IT Standard Tax" shall mean, with respect to any period, the amount equal to the amount of ad valorem personal property tax that the Company would be required to pay with respect to such period with respect to the personal property that is then subject to the IT PILOT Lease if the Company owned such property.

(c) The Company shall be permitted to challenge the assessment of any personal property that is then subject to the IT PILOT Lease in the same manner as if the Company owned such personal property.

(d) The IT PILOT Payments to be paid by the Company shall be reduced by the amount of any ad valorem personal property taxes actually paid by the Company (or any entity that holds an interest in the IT Project by, through or under the Company) by reason of their respective leasehold interests in the IT Project.

(e) The Company will make IT PILOT Payments on an annual basis, with each annual IT PILOT Payment being based on the applicable calendar year during the term of the PILOT Agreement authorized hereby. IT PILOT Payments will be due on or before the last day of February following the calendar year to which an IT PILOT Payment applies. The final version of the PILOT Agreement authorized by this Ordinance will include appropriate provisions for the proration of the IT Standard Tax and the IT PILOT Payment applicable to a given year under appropriate circumstances, including, without limitation, for periods of less than a full calendar year for which a IT PILOT Payment is payable with respect to the IT Project (or any portion of the IT Project).

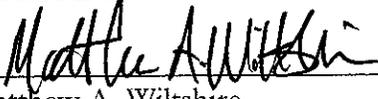
Section 5: The PILOT Agreement authorized by this Ordinance shall apply to (a) all real property comprising a portion of, or used at or in connection with facilities located on, the Project Site, including all easements or other property rights, buildings, improvements, fixtures, trade fixtures, construction in progress, and other properties of any nature comprising a portion of, or used in connection with, facilities located on the Project Site that are treated as real property for ad valorem tax purposes, and (b) all property subject to the IT PILOT Lease. The PILOT Agreement shall apply to such facilities and properties in their current scope and configuration and to all replacements, enhancements, additions, expansions and improvements to such properties and facilities.

Section 6: The final version of the PILOT Agreement authorized by this Ordinance (a) will be modified ,as necessary, to reflect whether LifePoint or a LifePoint subsidiary other than LifePoint Corporate Services, General Partner, will be a party to the PILOT Agreement , and (b) must be approved as to legality by the Director of Law of the Metropolitan Government or his/her designee prior to being executed by the Board.

Section 7: All ordinances or resolutions, or parts thereof, in conflict with the provisions of this Ordinance are, to the extent of such conflict, hereby repealed.

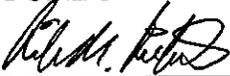
Section 8: This Ordinance shall take effect from and after its passage, the welfare of The Metropolitan Government of Nashville and Davidson County requiring it.

RECOMMENDED:



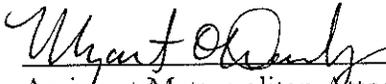
Matthew A. Wiltshire
Director of the Mayor's Office
Economic and Community Development

APPROVED AS TO AVAILABILITY
OF FUNDS:



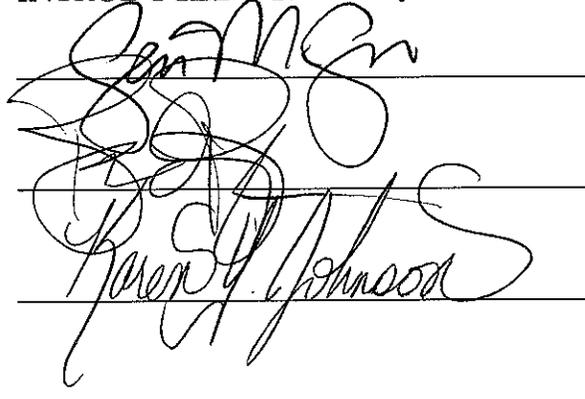
Richard M. Riebeling
Director of Finance

APPROVED AS TO FORM AND
LEGALITY:



Assistant Metropolitan Attorney ¹²⁻¹⁷⁻¹¹

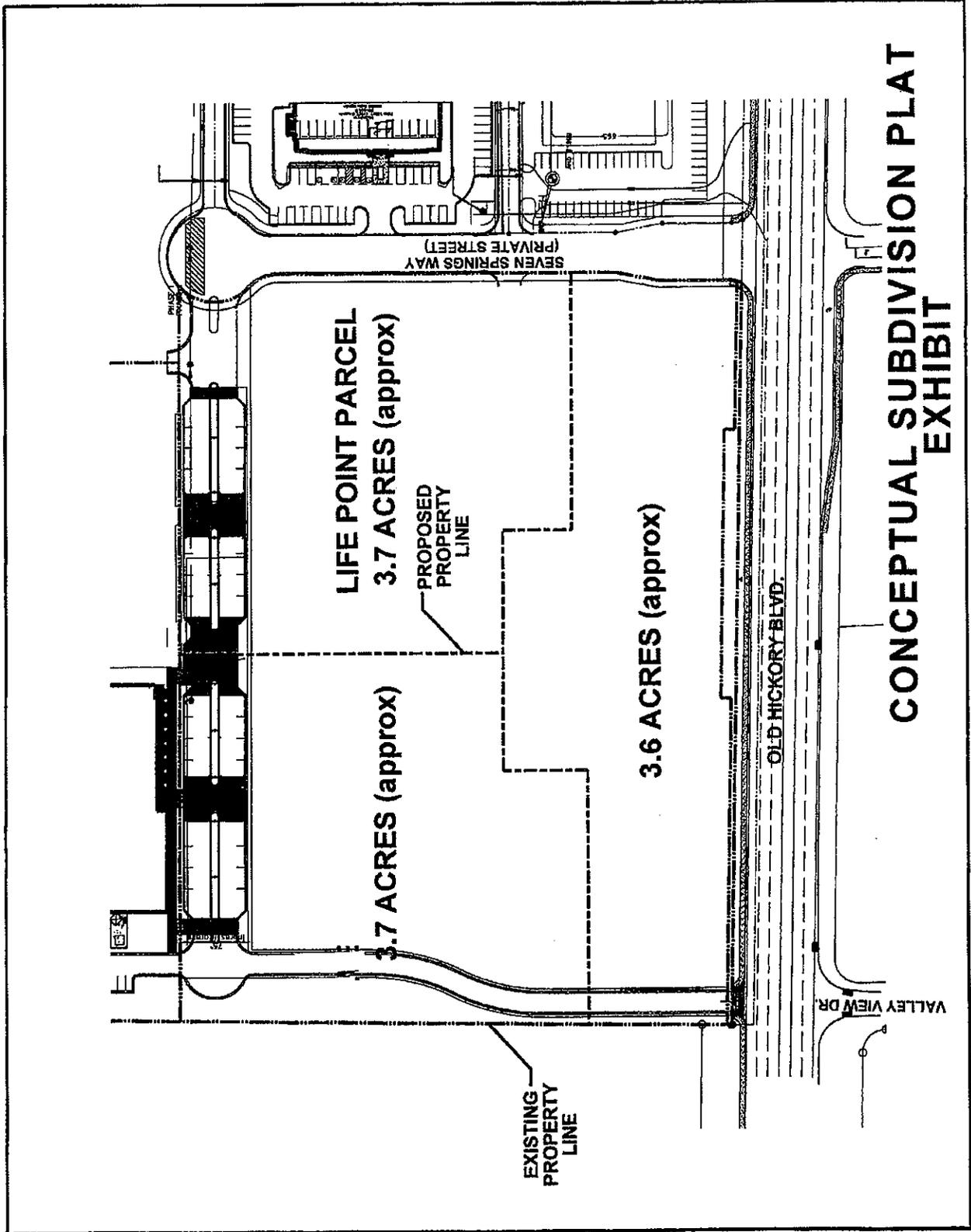
INTRODUCED BY:



Members of Council

EXHIBIT A

Project Site



**CONCEPTUAL SUBDIVISION PLAT
EXHIBIT**

EXHIBIT B

Form of PILOT Agreement

FORM OF
PAYMENT IN LIEU OF TAX AGREEMENT

THIS PAYMENT IN LIEU OF TAX AGREEMENT (as further defined in Section 2, this "Agreement") is entered into as of this ___ day of _____, 2012, by and between LIFEPOINT CORPORATE SERVICES, GENERAL PARTNERSHIP, a Delaware general partnership ("LCS"), and the INDUSTRIAL DEVELOPMENT BOARD OF THE METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY, a public, not-for-profit corporation organized under the laws of the State of Tennessee (the "Board").

In consideration of the premises set forth in Section 1 of this Agreement, the mutual covenants set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby agree as follows:

1. Preliminary Statements. Among the matters of mutual inducement which have resulted in the execution of this Agreement are the following:

(a) LifePoint Hospitals, Inc., a Delaware corporation ("LifePoint"), is a publicly traded company that, acting through its subsidiaries (LifePoint and its subsidiaries are referred to collectively as the "Company"), operates general acute care hospitals in non-urban markets in the United States, including hospitals located in Tennessee (the "State"). The headquarters and certain central corporate operations of the Company currently are located at multiple facilities in Williamson County, Tennessee. LifePoint has announced its decision to relocate and consolidate the headquarters and certain central corporate operations of the Company to a facility (as further defined in Section 2, the "Real Property Project") to be (i) developed by Highwoods Realty Limited Partnership, a North Carolina limited partnership that is not an affiliate of LifePoint (the "Project Developer"), and (ii) located within the boundaries of The Metropolitan Government of Nashville and Davidson County, Tennessee (the "Metropolitan Government"); the area within such boundaries being referred to as the "County"). LCS is an indirect wholly-owned subsidiary of LifePoint.

(b) LifePoint also has announced its intention to locate an information technology systems center at the Real Property Project (the "IT Center").

(c) Pursuant to the Tennessee Industrial Development Corporations Act, currently codified at Tenn. Code Ann §§ 7-53-101 through 316 (such act, as heretofore or hereafter amended, the "Act"), the Board is authorized to (i) acquire, whether by purchase, exchange, gift, lease or otherwise, and improve, maintain, equip and furnish "projects" (as defined in the Act), including all real and personal properties that the board of directors of the Board may deem necessary in connection with such projects, (ii) lease such projects to others, and (iii) negotiate and accept payments in lieu of ad valorem taxes with respect to such projects.

(d) Pursuant to Ordinance No. _____ (the "Ordinance"), the Metropolitan County Council (the "Council") of the Metropolitan Government has delegated to the Board the authority to negotiate and accept payments in lieu of ad valorem taxes with respect

to the Real Estate Project and the IT Project (as defined below) from the Company (or, with respect to the Real Estate Project, from the Project Developer, as defined below).

(e) The Board is the instrumentality of the Metropolitan Government and is performing a public purpose on its behalf.

(f) The Board and the Council each has found, based upon information and factors deemed relevant by them, that the Board's agreement to accept payments in lieu of tax with respect to the Real Property Project and the IT Project will be in furtherance of the Board's public purpose of maintaining and increasing employment opportunities (as set forth in Tenn. Code Ann. § 7-53-102) and other public purposes of the Board set forth in the Act and described in the Board's resolution authorizing this Agreement and in the Ordinance.

(g) In its initial scope and configuration, the Real Property Project will consist of an approximately ___ acre parcel of land located in the Seven Springs Office Park on Old Hickory Boulevard (as further defined in Section 2, the "Land"), an approximately 203,000 square foot office building to be constructed on the Land (the "Office Building"), a multi-deck parking garage containing approximately 881 parking spaces to be constructed on the Land (the "Parking Garage"), and certain other improvements to be constructed on the Land, including improvements for common areas for shared use by the Company and other occupants and users of the Seven Springs Office Park.

(h) At the request of LifePoint and the Project Developer, and in accordance with the Board's powers and authority under the Act, the Board and the Project Developer will enter into a lease agreement (as further defined in Section 2, the "Real Property PILOT Lease") pursuant to which:

- (i) the Board will issue its industrial development revenue bonds in order to finance the cost of the acquisition, construction and equipping of the Real Property Project;
- (ii) the Board will appoint the Project Developer as the Board's agent to acquire, construct and equip the Real Property Project;
- (iii) title to the Real Property Project will be conveyed to the Board;
- (iv) the Board will lease the Real Property Project to the Project Developer; and
- (v) the Board will grant the Project Developer the right to purchase the Real Property Project.

(i) Pursuant to an Office Lease, dated as of November __, 2011, between the Project Developer and LCS (as further defined in Section 2, the "Company Sublease"), the Project Developer will sublease the entire rentable square footage of the Office Building to the Company, provide the Company with access to and use of approximately 761 of the parking

spaces at the Parking Garage on a reserved and exclusive basis, and provide the Company with access to and use of the common areas of the Real Property Project.

(j) The IT Project will consist of (i) the personal property located at the IT Center (including servers, data storage systems, and networking equipment), and (ii) the equipment and other property located at the Office Building or elsewhere at the Real Property Project that are necessary or appropriate as a result of locating the IT Center at the Office Building, including a back-up generator system, a supplemental fire suppression system, a supplemental HVAC system and supplemental cabling or other data transmission lines, and (iii) software located at the IT Center (such property and improvements that are not treated as a portion of the Real Property Project are referred to collectively as the "IT Project"; the Real Property Project and the IT Project are referred to collectively as the "Project");

(k) At the request of LifePoint, and in accordance with the Board's powers and authority under the Act, the Board and LifePoint (or a subsidiary of LifePoint) will enter into a lease agreement (as further defined in Section 2, the "IT PILOT Lease") pursuant to which:

- (i) the Board will issue its industrial development revenue bonds in order to finance the cost of the Board's acquisition and installation of the IT Project;
- (ii) the Board will appoint the Company as the Board's agent to acquire and install the IT Project;
- (iii) title to the IT Project will be conveyed to the Board;
- (iv) the Board will lease the IT Project to the Company; and
- (v) the Board will grant the Company the right to purchase the IT Project.

(l) The Board hereby acknowledges that the execution and delivery of this Agreement has been and is an essential and material inducement to the Company in its determination to locate the Real Property Project and the IT Project in the County and to enter into the Company Sublease.

2. Definitions. Terms used in this Agreement and not otherwise defined in this Agreement shall have the meanings ascribed to them below in this Section 2. The location of definitions of terms defined elsewhere in this Agreement are listed below in this Section 2.

"Act" – Section 1(c).

"Agreement" means this Payment in Lieu of Tax Agreement, including any amendment, modification or supplement thereto or any restatement or replacement thereof.

"Board" – Introductory paragraph of this Agreement.

"Company" – Section 1(a).

“Company Sublease” means the Office Lease, dated as of November __, 2011, between the Project Developer and LCS described in Section 1(i), including any amendment, modification or supplement thereto or any restatement or replacement thereof.

“Council” – Section 1(d).

“County” – Section 1(a).

“Excess Parking Spaces” – Section 4(f).

“Excess Parking Standard Tax” – Section 4(f).

“IT Center” – Section 1(b).

“IT PILOT Lease” means the lease agreement between LifePoint (or a subsidiary of LifePoint) and the Board described in Section 1(k) with respect to the IT Project, including any amendment, modification or supplement thereto or any restatement or replacement thereof.

“IT PILOT Payments” – Section 3(b).

“IT Project” – Section 1(j). The IT Project shall include any of the property described in Section 1(j) in its initial scope and configuration or as hereafter acquired and installed, and all replacements, enhancements, additions, expansions and improvements thereto that, in any case, are owned by the Board and leased pursuant to the IT PILOT Lease.

“IT Standard Tax” means, with respect to any period, the amount equal to (a) the amount of ad valorem personal property taxes and assessments which, but for this Agreement and the IT PILOT Lease, the Company, if it were the holder of legal title to the IT Project, otherwise would be assessed by the Metropolitan Government and be required to pay to the Metropolitan Government with respect to the IT Project for the applicable period in accordance with the then applicable rates, laws, regulations and assessment and valuation methods and procedures uniformly applied throughout the County with respect to the types of property which comprise the IT Project (or the applicable portion thereof). In determining the IT Standard Tax, the Company shall be entitled to any and all exemptions, credits, etc., to which it otherwise would be entitled were it the actual owner of the IT Project (or the applicable portion thereof).

“Land” means the land (or interests therein) located in the County constituting the site of the Project, as more particularly described in Exhibit A hereto, and any land (or interests therein) acquired by the Board on or after the date hereof and subjected to the Real Property PILOT Lease.

“LCS” - Introductory paragraph of this Agreement.

“LifePoint” – Section 1(a).

“LifePoint Entity” means (a) LifePoint, (b) any successor to LifePoint, including, without limitation, any corporation, partnership, limited liability company or other entity that (1) acquires, directly or indirectly, a controlling interest in LifePoint (whether through merger,

stock purchase, stock swap or otherwise), (2) merges or consolidates with LifePoint, or (3) acquires substantially all of the assets of LifePoint, and/or (c) any corporation, partnership, limited liability company or other entity that directly or indirectly controls, is controlled by, or is under common control with, any of the foregoing. LCS is a LifePoint Entity.

“LifePoint Lessee” means either a LifePoint Entity or a LifePoint Supplier.

“LifePoint Occupancy Date” means the “Commencement Date” as defined in the Company Sublease.

“LifePoint Supplier” means any corporation, partnership, limited liability company or other entity that (a) is not a LifePoint Entity; (b) provides or manages services in connection with the operations of the Company; and (c) occupies a portion of the Real Property Project, whether pursuant to a lease, a sublease or otherwise; provided, however, that such entities will be deemed “LifePoint Suppliers” only if substantially all of such entity’s use of the portions of the Real Property Project leased, subleased or otherwise made available to it are in connection with the operations of the Company.

“Metropolitan Government” – Section 1(a).

“Office Building” – Section 1(g).

“Ordinance” – Section 1(d).

“Parking Garage” – Section 1(g).

“Parking Garage Assets” means (a) the portion of the Parking Garage improvements that are subject to the PILOT Agreement and the PILOT Lease, and (b) the portion of the Land immediately below such Parking Garage improvements.

“Project Developer” – Section 1(a).

“Real Property PILOT Lease” means the lease agreement between the Project Developer and the Board described in Section 1(h) with respect to the Real Property Project, including any amendment, modification or supplement thereto or any restatement or replacement thereof.

“Real Property PILOT Payments” – Section 3(a).

“Real Property Project” means (a) the Land, (b) all easements or other interests in real property that benefit the Land or are appurtenant to the Land, and (c) the Office Building, the Parking Garage, and all other improvements to the Land, including all fixtures, trade fixtures or other property affixed to the Land, the Office Building, the Parking Garage or other improvements to the Land and treated as real property for ad valorem property tax purposes. The Project shall include any of the property and improvements described above in their current scope and configuration or as hereafter constructed or installed, and all replacements, enhancements, additions, expansions and improvements thereto that, in any case, are owned by the Board and leased pursuant to the Real Property PILOT Lease.

“Real Property Standard Tax” means, with respect to any period, the amount equal to the amount of ad valorem real property taxes and assessments which, but for this Agreement, the Real Property PILOT Lease and the Company Sublease, the Company, if it were the holder of legal title to the Real Property Project, otherwise would be assessed by the Metropolitan Government and be required to pay to the Metropolitan Government with respect to the Project for the applicable period in accordance with the then applicable rates, laws, regulations and assessment and valuation methods and procedures uniformly applied throughout the County with respect to the types of property which comprise the Project (or the applicable portion thereof). In determining the Real Property Standard Tax, the Company shall be entitled to any and all exemptions, credits, etc., to which it otherwise would be entitled were it the actual owner of the Real Property Project (or the applicable portion thereof).

“State” – Section 1(a).

“Term” – Section 6.

3. Nature of the PILOT Payments.

(a) The payments in lieu of ad valorem taxes provided for herein with respect to the Real Property Project (the "Real Property PILOT Payments") shall be paid by LCS (or by the Project Developer on behalf of LCS) in lieu of all ad valorem real property taxes or assessments, whether presently in effect or hereafter imposed on any portion of the Real Property Project or any component thereof (including, without limitation, any tax on the real property, enhancements, additions, expansions, improvements, buildings, fixtures, replacement fixtures, and any other property from time to time subject to the Real Property PILOT Lease) during the term of this Agreement, by or on behalf of the State, the Metropolitan Government, any school district located within the County (including, without limitation, and special school district), or any subdivision or instrumentality of any of the foregoing or any of their respective successors. The Real Property PILOT Payments will relate to the Real Property Project in its current scope and configuration, and to all replacements, expansions, additions, enhancements and improvements subjected to the Real Property PILOT Lease during the term thereof.

(b) The payments in lieu of ad valorem taxes provided for herein with respect to the IT Project (the "IT PILOT Payments") shall be paid by LCS in lieu of all ad valorem personal property taxes or assessments, whether presently in effect or hereafter imposed on any portion of the IT Project or any component thereof (including, without limitation, any tax on the personal property, enhancements, additions, expansions, improvements, replacements and any other property from time to time subject to the IT PILOT Lease) during the term of this Agreement, by or on behalf of the State, the Metropolitan Government, any school district located within the County (including, without limitation, and special school district), or any subdivision or instrumentality of any of the foregoing or any of their respective successors. The IT PILOT Payments will relate to the IT Project in its initial scope and configuration, and to all replacements, expansions, additions, enhancements and improvements subjected to the IT PILOT Lease during the term thereof.

(c) The Board will cooperate with the Company and the Project Developer to allow the Company and the Project Developer to obtain any applicable tax or other credits and

exemptions available under federal and state tax laws with the respect to the Real Property Project and/or the IT Project (including, without limitation, qualified headquarters facility tax credits as contemplated by Tenn. Code Ann. §67-6-224, any other applicable federal or state investment tax credits, and any applicable sales or use tax exemptions), and, to the extent permitted by law, to relieve the Company or the Project Developer of any tax burdens in connection with the acquisition, construction, equipping, installation, operation and use of the Real Property Project and/or the IT Project or any portion thereof.

4. Amount of Real Property PILOT Payments.

(a) Subject to the provisions of Sections 4(b) - (f) hereof, the amount of the Real Property PILOT Payments that LCS shall be required to make hereunder during the Term of this Agreement shall be as follows:

(i) with respect to the period beginning on the date of the Real Property PILOT Lease and ending on (but excluding) the LifePoint Occupancy Date, the amount of the Real Property PILOT Payments shall be one hundred percent (100%) of the Real Property Standard Tax applicable to such period;

(ii) with respect to the period beginning on the LifePoint Occupancy Date and ending on (but excluding) the fourth (4th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be zero percent (0%) of the Real Property Standard Tax applicable to such period;

(iii) with respect to the period beginning on the fourth (4th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the eleventh (11th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be forty percent (40%) of the Real Property Standard Tax applicable to such period;

(iv) with respect to the period beginning on the eleventh (11th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the fifteenth (15th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be seventy-five percent (75%) of the Real Property Standard Tax applicable to such period; and

(v) with respect to any period on or after the fifteenth (15th) anniversary of the LifePoint Occupancy Date, the amount of the Real Property PILOT Payment shall be one hundred percent (100%) of the Real Property Standard Tax applicable to such period.

(b) (i) LCS shall receive as credits (or set-offs) against the Real Property PILOT Payments amounts equal to any amounts actually paid by the Company (and/or any other entity that from time to time holds a leasehold or other interest in the Real Property Project or any portion thereof, including without limitation the Project Developer) for any asserted ad valorem property tax or assessment on the Company's (or such other entity's) interest(s) in the Real Property Project (including any such asserted tax on any leasehold or other estate in the Real Property

Project). Any credits or set-offs against Real Property PILOT Payments pursuant to this Section 4(b)(i) may be taken by LCS with respect to the Real Property PILOT Payment for the year in which the taxes underlying such credit or set-off were incurred, or such credits or set-offs may be carried forward and taken as soon thereafter as possible.

(ii) If, during any year during the term of this Agreement or upon the expiration or termination of this Agreement, the amount of credits (or set-offs) that LCS has accumulated (including credits and set-offs for that year and credits and set-offs that have been carried forward from prior years) exceeds the amount of the Real Property PILOT Payment required to be made by LCS before or after giving effect to Section 4(b)(i) hereof, the Board shall not be obligated to make any payment to LCS with respect to such excess credits or set-offs.

(c) (i) LCS will make Real Property PILOT Payments on an annual basis, with each annual Real Property PILOT Payment being determined based on the applicable calendar year (or portion thereof) during the Term of this Agreement. Therefore, the annual Real Property PILOT Payments will apply to (A) the period beginning on the date of the Real Property PILOT Lease and ending on December 31 immediately following the date of the Real Property PILOT Lease, (B) any full year during which this Agreement is in effect for the entire year, and (C) the period beginning on January 1 of the year in which the Term of the Agreement ends and ending on the final day of the Term of this Agreement.

(ii) With respect to any year which includes more than one of the percentages of Real Property Standard Tax described in Sections 4(a)(i)-(v), the amount of the Real Property PILOT Payment for such year shall be determined on a prorated basis to reflect the number of days during such year to which the applicable percentages of Real Property Standard Tax described in Sections 4(a)(i)-(v) apply.

(iii) All Real Property PILOT Payments hereunder with respect to any year (including any partial year) during the Term of this Agreement shall be due on or before the last day of February following such year and shall be made to the Trustee of the Metropolitan Government on behalf of the Board.

(iv) The amount of Real Property PILOT Payments for any portion of the Real Property Project shall be prorated on a daily basis for any year in which this Agreement is in effect (or otherwise applicable) for less than the entire year with respect to such portion of the Real Property Project. LCS will be entitled to deduct any credits or set-offs to which it is entitled under Section 4(b)(i) hereof with respect to taxes paid for the prorated year.

(d) Any disputes with respect to the determination of the amount of the Real Property PILOT Payments to be made hereunder for a given year shall be resolved in accordance with the procedures for resolving disputes regarding property taxes then in effect as though LCS were the holder of the legal title to the Real Property Project and the Real Property Project were subject to taxation. It is specifically understood and agreed that LCS and the Board shall have recourse to the State Board of Tax Equalization with respect to any determination of the amount of the Real Property PILOT Payments to be made hereunder and/or LCS or the Board may file a declaratory judgment action or other action in the Chancery Court of Davidson County, Tennessee, or in other courts of competent jurisdiction in Davidson County, Tennessee, with respect to such

matters or other matters arising under this Agreement. The parties acknowledge and agree that the preceding sentence is subject to the jurisdictional limitations of the State Board of Equalization and the Chancery Court and other courts sitting in Davidson County, Tennessee, and that this Agreement does not obligate such Board or any such court to accept jurisdiction over matters as to which it has no lawful jurisdiction.

(e) With respect to any period during the term of this Agreement, the calculation of the Real Property PILOT Payment in accordance with Section 4(a), above, shall apply only to that portion of the Real Property Project that is either (i) leased by the Board to a LifePoint Lessee, or (ii) leased or subleased by the Board to a third party and subleased or otherwise made available to a LifePoint Lessee. Subject to the provisions of Sections 4(b) through (d) hereof, during any period during the term of this Agreement that a portion of the Real Property Project is not leased, subleased or otherwise made available to a LifePoint Lessee, the amount of the Real Property PILOT Payments with respect to such portion of the Real Property Project not leased, subleased or otherwise made available to a LifePoint Lessee shall be 100% of the Real Property Standard Tax for such portion of the Real Property Project.

(f) The entire Parking Garage will be conveyed to the Board and be subject to the Real Property PILOT Lease. LifePoint and Highwoods currently estimate that 120 of the approximately 881 parking spaces to be located in the Parking Garage will not be made available to the Company on a reserved and exclusive basis (the "Excess Parking Spaces"). The parties do not intend that the benefits of this PILOT Agreement to apply to the Excess Parking Spaces. Therefore, the Real Property PILOT Payment for each period during the term of this Agreement will be adjusted equitably so that (i) with respect to the Excess Parking Spaces, the Real Property PILOT Payment for such period will be 100% of the Real Property Standard Tax (such amount, the "Excess Parking Standard Tax"), and (b) the Real Property PILOT Payment for such period for the remaining portion of the Real Property Project will be the percentage of the Real Property Standard Tax described in Sections 4(a)(i) – (v), above.

5. Amount of IT PILOT Payments.

(a) Subject to the provisions of Sections 5(b) - (d) hereof, the amount of the IT PILOT Payments that LCS shall be required to make hereunder during the Term of this Agreement shall be as follows:

(i) with respect to the period beginning on the date of the IT PILOT Lease and ending on (but excluding) the fourth (4th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be zero percent (0%) of the IT Standard Tax applicable to such period;

(ii) with respect to the period beginning on the fourth (4th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the eleventh (11th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be forty percent (40%) of the IT Standard Tax applicable to such period;

(iii) with respect to the period beginning on the eleventh (11th) anniversary of the LifePoint Occupancy Date and ending on (but excluding) the fifteenth

(15th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be seventy-five percent (75%) of the IT Standard Tax applicable to such period; and

(iv) with respect to any period on or after the fifteenth (15th) anniversary of the LifePoint Occupancy Date, the amount of the IT PILOT Payment shall be one hundred percent (100%) of the IT Standard Tax applicable to such period.

(b) (i) LCS shall receive as credits (or set-offs) against the IT PILOT Payments amounts equal to any amounts actually paid by the Company (and/or any other entity that from time to time holds a leasehold or other interest in the IT Project or any portion thereof) for any asserted ad valorem property tax or assessment on the Company's (or such other entity's) interest(s) in the IT Project (including any such asserted tax on any leasehold or other estate in the IT Project). Any credits or set-offs against IT PILOT Payments pursuant to this Section 5(b)(i) may be taken by LCS with respect to the IT PILOT Payment for the year in which the taxes underlying such credit or set-off were incurred, or such credits or set-offs may be carried forward and taken as soon thereafter as possible.

(ii) If, during any year during the term of this Agreement or upon the expiration or termination of this Agreement, the amount of credits (or set-offs) that LCS has accumulated (including credits and set-offs for that year and credits and set-offs that have been carried forward from prior years) exceeds the amount of the IT PILOT Payment required to be made by LCS before or after giving effect to Section 5(b)(i) hereof, the Board shall not be obligated to make any payment to LCS with respect to such excess credits or set-offs.

(c) (i) LCS will make IT PILOT Payments on an annual basis, with each annual IT PILOT Payment being determined based on the applicable calendar year (or portion thereof) during the Term of this Agreement. Therefore, the annual IT PILOT Payments will apply to (A) the period beginning on the date of the IT PILOT Lease and ending on December 31 immediately following the date of the IT PILOT Lease, (B) any full year during which this Agreement is in effect for the entire year, and (C) the period beginning on January 1 of the year in which the Term of the Agreement ends and ending on the final day of the Term of this Agreement.

(ii) With respect to any year which includes more than one of the percentages of IT Standard Tax described in Sections 5(a)(i)-(v), the amount of the IT PILOT Payment for such year shall be determined on a prorated basis to reflect the number of days during such year to which the applicable percentages of IT Standard Tax described in Sections 5(a)(i)-(v) apply.

(iii) All IT PILOT Payments hereunder with respect to any year (including any partial year) during the Term of this Agreement shall be due on or before the last day of February following such year and shall be made to the Trustee of the Metropolitan Government on behalf of the Board.

(iv) The amount of IT PILOT Payments for any portion of the IT Project shall be prorated on a daily basis for any year in which this Agreement is in effect (or otherwise applicable) for less than the entire year with respect to such portion of the IT Project.

LCS will be entitled to deduct any credits or set-offs to which it is entitled under Section 5(b)(i) hereof with respect to taxes paid for the prorated year.

(d) Any disputes with respect to the determination of the amount of the IT PILOT Payments to be made hereunder for a given year shall be resolved in accordance with the procedures for resolving disputes regarding property taxes then in effect as though LCS were the holder of the legal title to the IT Project and the IT Project were subject to taxation. It is specifically understood and agreed that LCS and the Board shall have recourse to the State Board of Tax Equalization with respect to any determination of the amount of the IT PILOT Payments to be made hereunder and/or LCS or the Board may file a declaratory judgment action or other action in the Chancery Court of Davidson County, Tennessee, or in other courts of competent jurisdiction in Davidson County, Tennessee, with respect to such matters or other matters arising under this Agreement. The parties acknowledge and agree that the preceding sentence is subject to the jurisdictional limitations of the State Board of Equalization and the Chancery Court and other courts sitting in Davidson County, Tennessee, and that this Agreement does not obligate such Board or any such court to accept jurisdiction over matters as to which it has no lawful jurisdiction.

6. Term. This Agreement shall become effective and its term (the "Term") shall begin as of the date of this Agreement. This Agreement and its Term shall expire at midnight on the night of the fifteenth (15th) anniversary of the LifePoint Occupancy Date, or (a) as and to the extent this Agreement applies to the Real Property Project, at such earlier time as either (i) the Project Developer or its assignee shall have taken legal title to all of the Real Property Project by the exercise of its purchase option under the Real Property PILOT Lease or (ii) the Real Property PILOT Lease otherwise shall have expired and not been renewed or replaced; (b) as and to the extent this Agreement applies to the IT Project, at such earlier time as either (i) the Company or its assignee shall have taken legal title to all of the IT Project by the exercise of its purchase option under the IT PILOT Lease or (ii) the IT PILOT Lease otherwise shall have expired and not been renewed or replaced.

7. Representations and Warranties. (a) LCS hereby represents and warrants that (i) it is a general partnership duly organized, validly existing and in good standing under the laws of the State of Delaware (and an indirect wholly-owned subsidiary of LifePoint) and has all requisite power and authority to enter into this Agreement, (ii) this Agreement and the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of LCS, and (iii) this Agreement constitutes the valid and binding obligation of LCS, enforceable against LCS in accordance with the terms hereof.

(b) The Board hereby represents and warrants that (i) it is a public corporation duly organized and validly existing under the laws of the State and has all requisite corporate power and authority to enter into this Agreement, (ii) this Agreement and the transactions contemplated hereby have been duly and validly authorized by all necessary corporate, governmental or other action on its part, and (iii) this Agreement constitutes the valid and binding obligation of the Board, enforceable against the Board in accordance with the terms hereof.

8. Further Acts; Enforceability. The parties hereto agree to take such actions, adopt such resolutions and enter into such further agreements as may be necessary, or reasonably requested by any party to this Agreement, to effect the intent of this Agreement. The parties recognize and acknowledge that it is their intention that the provisions of this Agreement shall be enforced to the fullest extent permissible under the laws and public policies of the State, but that the unenforceability (or the modification to conform with such laws or public policies) of any provisions hereof shall not render unenforceable or impair the remainder of this Agreement. Accordingly, if any provision of this Agreement shall be determined to be invalid or unenforceable, either in whole or in part, this Agreement shall be deemed amended to delete or modify, as necessary, the offending provisions and to alter the balance of this Agreement in order to render the same valid and enforceable to the fullest extent permissible as aforesaid.

9. Assignment and Use. Neither party may assign this Agreement without the consent of the other party; provided, however, that LCS, at its election, may assign its interest in this Agreement or the benefits hereunder, in whole or in part, to any LifePoint Entity. Additionally, the parties agree that (a) any LifePoint Entity that leases, subleases or otherwise holds an interest in any portion of the Project, (b) any third party that leases any portion of the Project and subleases or otherwise makes such portion of the Project available to a LifePoint, and (c) any LifePoint Supplier that leases, subleases or otherwise holds an interest in any portion of the Project shall be a third party beneficiary of this Agreement.

10. Headings. The headings herein are for convenience of reference only and shall not be deemed to be part of the substance of this Agreement.

11. Governing Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State.

12. Counterparts. This Agreement may be executed in two or more counterparts which together shall constitute a single instrument.

13. Entire Agreement; Amendment. This Agreement sets forth the entire agreement among the parties with respect to the subject matter hereof. This Agreement may be changed or supplemented only by a written agreement signed by all parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ATTEST:

LIFEPOINT CORPORATE SERVICES
GENERAL PARTNERSHIP

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

ATTEST:

THE INDUSTRIAL DEVELOPMENT BOARD OF
THE METROPOLITAN GOVERNMENT OF
NASHVILLE AND DAVIDSON COUNTY

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Approved as to form and legality:

[Director of Law / Assistant Metropolitan Attorney]
The Metropolitan Government of
Nashville and Davidson County, Tennessee

EXHIBIT A

Real Property