

ORDINANCE NO. 17-13

AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO FEE-IN-LIEU OF TAX AGREEMENT BY AND BETWEEN SCOUT BOATS, INC. AND DORCHESTER COUNTY, WHEREBY DORCHESTER COUNTY WILL ENTER INTO AN AMENDMENT TO ITS EXISTING FEE-IN-LIEU OF TAX ARRANGEMENT WITH SCOUT BOATS, INC. PROVIDING FOR PAYMENT BY SCOUT BOATS, INC. OF CERTAIN FEES-IN-LIEU OF *AD VALOREM* TAXES; PROVIDING FOR SPECIAL SOURCE REVENUE OR INFRASTRUCTURE IMPROVEMENT CREDITS; AND OTHER MATTERS RELATING THERETO.

WHEREAS, Dorchester County, South Carolina (the "County") has previously entered into a Fee-in-Lieu of Tax Agreement with Scout Boats, Inc. (the "Company"), dated as of August 27, 2014 (the "Existing Fee Agreement"); and

WHEREAS, the Company has expressed a desire to make certain additional investments in real and personal property the County as an expansion of its existing operations in the County (collectively, the "Expansion Project"), which the Company has estimated would result in capital investment of at least Two Million Five Hundred Thousand Dollars (\$2,500,000.00) in the County; and

WHEREAS, as a result of the Company's desire to undergo the Expansion Project, the Company has asked the County to enter into a First Amendment, dated as of May 1, 2017, to that certain Fee-in-Lieu of Tax Agreement by and between the County and Scout Boats, Inc. dated as of August 27, 2014 (the "Amendment"), in order to amend the Existing Fee Agreement to encompass the terms of certain incentives offered to the Expansion Project; and

WHEREAS, the County, acting by and through its County Council (the "County Council") is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44 of the Code of Laws of South Carolina 1976, as amended (the "FILOT Act"), to designate real and tangible personal property as "economic development property" and to enter into an arrangement which provides for payments-in-lieu of taxes ("Negotiated FILOT Payments") for a project qualifying under the FILOT Act; and

WHEREAS, the County, acting by and through the County Council, is further authorized and empowered under and pursuant to the provisions of Title 4, Chapter 1 of the Code of Laws of South Carolina 1976, as amended (as to Section 4-1-175 thereof, the "Special Source Act") (collectively, the "the MCIP Act") to provide for payments-in-lieu of taxes ("PILOT Payments") with respect to property located in a multi-county business or industrial park created under the MCIP Act and to permit investors to claim special source credits against their PILOT Payments (including Negotiated FILOT Payments) to reimburse such investors for expenditures for infrastructure serving Dorchester County and improved or unimproved real estate and personal

property, including machinery and equipment, used or to be used in the operation of manufacturing or commercial enterprise in order to enhance the economic development of Dorchester County (“Infrastructure Improvements”); and to create, in conjunction with one or more other counties, a multi-county park in order to afford certain enhanced tax credits to such investors and facilitate the grant of special source or infrastructure improvement credits; and

WHEREAS, the Expansion Project is located entirely within Dorchester County and will be included in and subject to the multi-county park and fee-in-lieu of tax arrangements as described herein; and

WHEREAS, the County has made specific proposals, including proposals to offer certain economic development incentives set forth herein, for the purpose of inducing the Company to invest its funds to acquire and equip the Expansion Project (the “Incentives”); and

WHEREAS, it is in the public interest, for the public benefit and in furtherance of the public purposes of the FILOT Act and the MCIP Act that the County Council provide approval for qualifying the Expansion Project under the FILOT Act and the entire Expansion Project under the MCIP Act for the Incentives.

NOW, THEREFORE, BE IT ORDAINED by the County Council as follows:

Section 1. Evaluation of the Expansion Project. County Council has evaluated the Expansion Project on the following criteria based upon the advice and assistance of the South Carolina Department of Commerce and the South Carolina Department of Revenue:

- (a) whether the purposes to be accomplished by the Expansion Project are proper governmental and public purposes; and
- (b) the anticipated dollar amount and nature of the investment to be made; and
- (c) the anticipated costs and benefits to the County.

Section 2. Findings by County Council. Based upon information provided by and representations of the Company, County Council’s investigation of the Expansion Project, including the criteria described in Section 1 above, and the advice and assistance of the South Carolina Department of Commerce and the South Carolina Department of Revenue, as required, County Council hereby find that:

- (a) the Expansion Project constitutes a “project” as that term is defined in the FILOT Act;
- (b) the Expansion Project serves the purposes of the FILOT Act;
- (c) the additional investment by the Company in the Expansion Project is anticipated to be approximately Two Million Five Hundred Thousand Dollars (\$2,500,000.00), to be invested within seven (7) years from the end of the

property tax year in which the Company and the County execute the Amendment;

- (d) the Expansion Project will be located entirely within the County;
- (e) the Expansion Project will benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise adequately provided locally;
- (f) the Expansion Project will not give rise to a pecuniary liability of the County nor a charge against its general credit or taxing power;
- (g) the purposes to be accomplished by the Expansion Project are proper governmental and public purposes;
- (h) the inducement of the location of the Expansion Project are of paramount importance; and
- (i) the benefits of the Expansion Project to the public are greater than the costs to the public.

Section 3. Amendment to Fee-in-Lieu of Taxes Agreement. Pursuant to the authority of the FILOT Act, the Expansion Project is designated as “economic development property” under the FILOT Act and there is hereby authorized a fee-in-lieu of taxes arrangement with the Company which, pursuant to the Existing Fee Agreement, will provide Negotiated FILOT Payments to be made with respect to the Expansion Project based upon a 6% assessment ratio and a millage of rate of 318.0 mills, all as more fully set forth in the Existing Fee Agreement and the Amendment.

Section 4. Special Source Revenue Credits. After the identification of qualifying Infrastructure Improvements located solely within the County and the costs thereof to the satisfaction of the County, the County will provide to the Company special source revenue or infrastructure improvement credits under the Special Source Act as follows:

For the Expansion Project, the Company shall be entitled to claim special source revenue credits against each of the first ten (10) annual Negotiated FILOT Payments with respect to the Expansion Project in an amount equal to twenty five percent (25%) of each such annual Negotiated FILOT Payments.

Section 5. Execution of the Amendment. The form, terms and provisions of the Amendment presented to this meeting and filed with the Clerk of the County Council be and hereby are approved, and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if such Amendment were set out in this Ordinance in its entirety. The Chair of the County Council and the Clerk of the County Council be and they are hereby authorized, empowered and directed to execute, acknowledge and deliver the Amendment in the name and on behalf of the County, and thereupon to cause the Amendment to be delivered to the Company. The Amendment is to be in substantially the form now before this meeting and hereby approved, or with any changes therein as shall not materially adversely

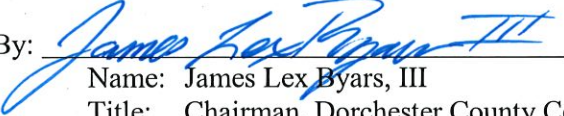
affect the rights of the County thereunder and as shall be approved by the County Attorney and the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of all changes therein from the form of Amendment now before this meeting.

Section 6. Miscellaneous.

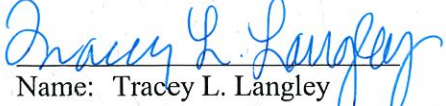
- (a) The Chair and all other appropriate officials of the County are hereby authorized to execute, deliver and receive any other agreements and documents as may be required by the County in order to carry out, give effect to and consummate the transactions authorized by this Ordinance;
- (b) This Ordinance shall be construed and interpreted in accordance with the laws of the State of South Carolina;
- (c) This Ordinance shall become effective immediately upon approval following third reading by the County Council;
- (d) The provisions of this Ordinance are hereby declared to be severable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, that declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder; and
- (e) All ordinances, resolutions and parts thereof in conflict herewith are, to the extent of the conflict, hereby repealed.

[Signature Page to Follow]

DORCHESTER COUNTY, SOUTH CAROLINA

By: 
Name: James Lex Byars, III
Title: Chairman, Dorchester County Council

ATTEST:


Name: Tracey L. Langley
Title: Clerk, Dorchester County Council

First Reading: April 3, 2017
Second Reading: April 17, 2017
Public Hearing: May 1, 2017
Third Reading: May 1, 2017