

PROJECT KEN INDUCEMENT RESOLUTION

WHEREAS, Dorchester County, South Carolina (the “County”), acting by and through its County Council (the “Council”), is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended (the “FILOT Statute”), to enter into agreements with any industry whereby the industry would pay fees-in-lieu-of taxes with respect to qualified projects; through which powers the development of the State of South Carolina (the “State”) will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products and resources of the State and benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally;

WHEREAS, the County acting by and through its County Council is further authorized and empowered under and pursuant to the provision of Title 4, Chapter 1 of the Code of Laws of South Carolina, 1976, as amended (the “Infrastructure Law”) to grant special source revenue credits for infrastructure to enterprises which enter into agreements to construct, operate, maintain and improve a project, to reimburse the enterprises for expenditures towards infrastructure serving the County or the applicable project or for improved or unimproved real estate and personal property used in the operation of manufacturing or commercial enterprise;

WHEREAS, the County is authorized under Section 4-1-170 and 4-1-175 of the Code of Laws of South Carolina, 1976, as amended, to include certain properties and industrial projects with a multi-county industrial park (“Park”);

WHEREAS, the County is recruiting an investment in the County by two entities, Innovative Machining Technology, Inc. (“IMT”) and Keystone Industrial Corporation (“Keystone”), both of which are wholly-owned by the same shareholder (collectively referred to as the “Companies”) in the form of a manufacturing facility to be located in the County (the “Project”);

WHEREAS, the Companies anticipate collectively (1) investing at least \$7.7 million at the Project, of which \$1.1 million is an existing building in the County to be purchased by Keystone, and (2) employing at least 45 persons at the Project;

WHEREAS, Keystone, as to the investment of approximately \$1.1 million in existing land and building at the Project, will pay the County a payment-in-lieu-of-taxes at the statutory property tax assessment ratio applicable to the class(es) of property owned by Keystone based on the applicable annual millage rate set for the tax district where the Project will be located;

WHEREAS, the Council in order to induce the Companies to locate the Project in the County, has committed to the Companies that the Council will take certain actions and provide certain incentives, including but not limited to: (1) placing the Project within an existing Park designated as such by prior action of the Council; (2) entering into a fee-in-lieu of taxes (“FILOT”) agreement with IMT as to its investment in new real and personal property at the Project; and (3) entering into a special source revenue credit (“SSRC”) agreement with Keystone as to its purchase of existing land and building at the Project;

NOW, THEREFORE, BE IT RESOLVED by the Council that:

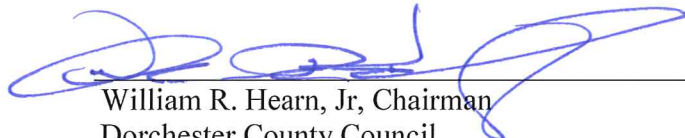
1. Based on representations by the Companies and after considering all relevant factors and criteria as prescribed by law, the County finds the Project is anticipated to benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally; that the Project gives rise to no pecuniary liability of the County or any incorporated municipality or a charge against the general credit or taxing power of either; that the purposes to be accomplished by the Project, i.e., economic development, keeping of jobs, and addition to the tax base of the County, are proper governmental and public purposes; that the inducement of the location or expansion of the Project within the County and State is of paramount importance; and that the benefits of the Project will be greater than the costs.
2. Based on representations by the Companies, the County determines that the Project would be a “project” as that term is defined in the FILOT Statute and that the Project would serve the purposes of the FILOT Statute. This Resolution shall constitute action reflecting and identifying the Project for purposes of the FILOT Statute.
3. If the Companies locate the Project in the County, the Council, upon request by IMT, commits to enter into one or more agreements under the FILOT Statute that will provide IMT with the benefits allowed pursuant to a FILOT agreement for twenty (20) years for each component placed in service during the standard “Investment Period” and “Exemption Period” (as those terms are defined in the FILOT Statute), and the calculation of the annual FILOT payment on the basis of an assessment ratio of 6% and a fixed millage rate equal to 318 mills.
4. The Council agrees to further provide IMT with a special source revenue credit equal to twenty (20%) percent of its payments-in-lieu of taxes at the Project for the first ten (10) years that such payments-in-lieu of taxes are paid by IMT, with such credit to be used to defray a portion of the expenditures on infrastructure of IMT at the Project, beginning in the tax year IMT first places property in service at the Project.
5. The Council further agrees to provide IMT with the most favorable provisions allowable under the FILOT Statute with respect to the disposal and replacement of property.
6. The County agrees to enter into a special source revenue credit agreement with Keystone under which the County will grant Keystone an annual special source revenue credit equal

to forty (40%) percent of its payments-in-lieu of taxes at the Project for the first twenty (20) years that such payments-in-lieu of taxes are paid by Keystone.

7. The Council agrees to enter into and execute appropriate agreements and other documents under the FILOT Statute and the Infrastructure Law to implement the provisions of this Resolution and such other provisions as the Companies may request consistent with this Resolution, the FILOT Statute and the Infrastructure Law.
8. The Council agrees to place the Project in a Park by executing and recording all necessary documents to designate and include the Project within a Park created by the County and a partner county.

APPROVED AND ADOPTED IN A MEETING THIS 21st DAY OF JULY, 2014.

DORCHESTER COUNTY, SOUTH CAROLINA



William R. Hearn, Jr, Chairman
Dorchester County Council

ATTEST:



Sally K. Hebert, Clerk
Dorchester County Council