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**FEE-IN-LIEU OF TAX AGREEMENT**

**by and between**

**DORCHESTER COUNTY, SOUTH CAROLINA**

**and**

**SCOUT BOATS, INC.**

DATED AS OF Aug. 27, 2014

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FEE-IN-LIEU OF TAX AGREEMENT

THIS FEE-IN-LIEU OF TAX AGREEMENT (the "FILOT Agreement") is made and entered into as of Aug 27, 2014, by and between DORCHESTER COUNTY, SOUTH CAROLINA (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through its County Council (the "County Council") as the governing body of the County, and SCOUT BOATS, INC. (the "Company").

WITNESSETH:

WHEREAS, the County acting by and through 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 payment in lieu of taxes 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 (the "Multi-County Park Act" or, as to Section 4-1-175 thereof, the "Special Source Act") (collectively, the "the MCIP Act") to permit investors to claim special source credits against their payments in lieu of taxes 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, pursuant to the FILOT Act and the Special Source Act, and based on factual representations by the Company to the County, the County finds that: (a) it is anticipated that the Project (as defined herein) will benefit the general public welfare of the County by providing services, employment and other public benefits not otherwise adequately provided locally; (b) neither the Project nor any documents or agreements entered into by the County in connection therewith will give rise to any pecuniary liability of the County or incorporated municipality or to any charge against their general credit or taxing power; (c) the purposes to be accomplished by the Project are proper governmental and public purposes; and (d) the benefits of the Project to the public are greater than the costs to the public;

WHEREAS, pursuant to an Ordinance enacted on April 21, 2014, the County Council authorized the County to enter into this FILOT Agreement with the Company, which identifies the property comprising the Project as economic development property under the Act subject to the terms and conditions hereof, and to provide credits against the payments in lieu of taxes with respect to the Project to reimburse the Company for payment of the costs of certain Infrastructure Improvements;

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the respective representations and agreements hereinafter contained and other value, the parties hereto agree as follows:

## ARTICLE I

### RECAPITULATION AND DEFINITIONS

#### SECTION 1.1. *Statutorily Required Recapitulation.*

(a) Pursuant to Section 12-44-55(B), the County and the Company agree to waive the recapitulation requirements of Section 12-44-55, except as expressly provided in paragraph (b) below, to the extent that and so long as the Company timely provides the County with copies of all filings required by the Act to be made by the Company with regard to the Project. If the Company should be required to retroactively comply with the recapitulation requirements of Section 12-44-55, then the County agrees, to the extent permitted by law, to waive all penalties of the County for the Company's noncompliance.

(b) *Recapitulation.*

1. Legal name of each party to this FILOT Agreement:

Dorchester County, South Carolina, as signatory

Scout Boats, Inc., as signatory and Sponsor within the meaning of Section 12-44-30(19) of the FILOT Act

2. County and street address of the project and property to be subject to this FILOT Agreement:

2531 Hwy 78 West  
Summerville, South Carolina 29483  
Dorchester County

3. Minimum investment agreed upon: \$2,500,000.00

4. Length and term of this FILOT Agreement:

30 years for each Stage (as defined herein)

5. Assessment ratio applicable for each year of this FILOT Agreement: 6%

6. Millage rate applicable for each year of this FILOT Agreement:

Every year of the term: 318.0 millage rate

7. Schedule showing the amount of the fee and its calculation for each

year of this FILOT Agreement:

Waived by the parties.

8. Schedule showing the amount to be distributed annually to each of the affected taxing entities:

As set forth in the Multi-County Park Agreement.

9. (a) The Project is to be located in a multi-county park formed pursuant to Chapter 29 of Title 4.  
(b) Disposal of property subject to the fee is allowed.  
(c) Special source credits equal to 25% of the Payments-in-Lieu of Taxes derived from the Project each year for 10 years are authorized in this FILOT Agreement.  
(d) Payment will be modified using a net present value calculation.  
(e) Replacement property provisions will apply.
10. Any other feature or aspect of this FILOT Agreement which may affect the calculation of items (7) and (8) of this Recapitulation.

N/A

11. Which party or parties to this FILOT Agreement are responsible for updating any information contained in this Recapitulation:

The Company as to item 2.

The County and the Company as to all other items.

**SECTION 1.2. Rules of Construction; use of Defined Terms.** Unless the context clearly indicates otherwise, in this FILOT Agreement words and terms defined in Section 1.3 hereof or elsewhere in this FILOT Agreement are used with the meanings ascribed thereto. The definition of any document shall include any amendments or supplements to that document, unless the context clearly indicates otherwise.

**SECTION 1.3. Definitions.**

**"Act"** means, collectively, Title 12 Chapter 44 of the Code (the "FILOT Act") and Title 4, Chapter 1 of the Code (the "Multi-County Park Act" or, as to Sections 4-1-175 of the Code and, by incorporation, Section 4-29-68 of the Code, the "Special Source Act").

**"Additional Property"** has the meaning ascribed to that term in Section 5.7 hereof.

**"Chair"** means the Chair of County Council (or the person or persons authorized to perform the duties thereof in the absence of the Chair).

**"Code"** means Code of Laws of South Carolina 1976, as in effect on the date hereof, as the same may be amended from time to time.

**"Commencement Date"** means the last day of the property tax year when Project property is first placed in service, except that this date must not be later than the last day of the property tax year which is three years from the year in which the County and the Company have entered into this FILOT Agreement.

**"Company"** means Scout Boats, Inc.

**"County Council"** means the County Council of the County.

**"County"** means Dorchester County, South Carolina, and its successors and assigns.

**"County Administrator"** means the County Administrator for the County (or the person or persons authorized to perform the duties thereof in the absence of the County Administrator).

**"Documents"** means the Ordinance, the Multi-County Park Agreement, the Ordinance enacted by the County Council to create the Multi-County Park and to add the site to the Multi-County Park, and this FILOT Agreement.

**"DOR"** means the South Carolina Department of Revenue and any successor thereto.

**"Equipment"** means all machinery, apparatus, equipment, fixtures, office facilities, furnishings and other personal property located at the Site to the extent such property becomes a part of the Project under this FILOT Agreement.

**"Event of Default"** shall mean any Event of Default specified in Section 9.1 of this FILOT Agreement.

**"Force Majeure"** as used herein shall mean circumstances not reasonably within the control of the parties, such as without limitation, acts of God, strikes, lockouts or other industrial disturbances; war; acts of public enemies; mobilization or military conscription on a large scale; order of any kind of the government of the United States or any State, or any civil or military authority other than the County Council; insurrections; riots; landslides; earthquakes; fires; lightning; storms; droughts; floods; requisitions, confiscation, or commandeering of property; fuel restrictions; general shortages of transport, goods, or energy

**"FILOT Agreement"** means this Fee-in-Lieu of Tax Agreement dated as of Aug. 27, 2014, by and between the County and the Company.

**"FILOT Term"** shall mean the duration of this FILOT Agreement with respect to each Stage of the Project as specified in Section 5.6 hereof.

**"Infrastructure Improvements"** means, to the extent paid for by Company, any infrastructure serving the economic development of Dorchester County and any improved and



unimproved real property, buildings, structural components of buildings, fixtures or other real property improvements used in the operation of a manufacturing enterprise in order to enhance the economic development of Dorchester County, all as set forth in the Special Source Act. For purposes of this Agreement, Infrastructure Improvements shall be deemed to include, without limitation, all roadwork, water, sewer, drainage, power and utility facilities serving the Project, as well as any land comprising the Site, the buildings, fixtures and other real property improvements at the Site, and any Additional Property.

**"Investment Period"** shall mean the period beginning with the first day that economic development property for the Project is purchased or acquired and ending on the last day of the seventh property tax year following the Commencement Date.

**"Multi-County Park"** means the joint county business and industrial park established pursuant to the Multi-County Park Agreement, and any multi-county industrial or business park which includes the Project.

**"Multi-County Park Agreement"** means that certain Agreement for Development for Joint County Business and Industrial Park currently between the County and Orangeburg County, South Carolina, dated as of May 17, 2010, as amended, supplemented or replaced from time to time.

**"Ordinance"** means the Ordinance enacted by the County on April 21, 2014 authorizing this FILOT Agreement.

**"Payments-in-Lieu of Taxes"** means the payments to be made by the Company pursuant to Section 5.1 of this FILOT Agreement.

**"Project"** shall mean: (i) land, buildings and other improvements at the Site, including water, sewage treatment and disposal facilities, air pollution control facilities, and all other machinery, apparatus, equipment, office facilities and furnishings which are considered necessary, suitable or useful by Company, (ii) any Replacement Property, and (iii) any Additional Property, all as measured in accordance with the provisions of Section 4.1 hereof.

**"Replacement Property"** means any property acquired or constructed after the Investment Period as a replacement for any property theretofore forming a part of the Project and disposed of, or deemed disposed of, as provided in Section 5.5 hereof.

**"Site"** means sites at which Project property is located in the County as described in Exhibit A, and shall include future sites in the County pursuant to Section 5.7 hereof, which shall be noted on schedules or supplements to Exhibit A; provided, that any requirement by the Company to provide such schedules or supplements with respect to future sites may be satisfied by the Company's filing with DOR of an SCDOR PT-300 or such comparable forms as DOR may provide in connection with projects subject to the Act.

**"Special Source Credit"** mean the credits described in Section 5.2 hereof.

**"Stage"** in respect of the Project shall mean the year within which Project property, if any, is placed in service during each year of the Investment Period.

"State" means the State of South Carolina.

**SECTION 1.4. *References to Code Sections.*** References herein to Titles, Chapters or Sections, except for references to Sections of this FILOT Agreement or where the context clearly requires otherwise, refer to Sections of the Code of Laws of South Carolina 1976, as amended.

## ARTICLE II

### LIMITATION OF LIABILITY; EXEMPTION FROM *AD VALOREM* TAXES

**SECTION 2.1. *Limitation of Liability.*** Any obligation which the County may incur for the payment of money as a result of the transactions described in the Documents shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under the Documents.

**SECTION 2.2. *Exemption From Ad Valorem Taxes.*** The County and the Company acknowledge that pursuant to the FILOT Act, upon execution of this FILOT Agreement, no part of the Project will be subject to *ad valorem* property taxation in the State, and that this factor, among others, is the basis upon which the Company has entered into this FILOT Agreement.

## ARTICLE III

### REPRESENTATIONS AND WARRANTIES

**SECTION 3.1. *Representations and Warranties of the County.*** The County makes the following representations and warranties to the Company and covenants with the Company as follows:

(a) The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the Act to execute the Documents to which it is a party and to fulfill its obligations described in the Documents. By proper action, the County Council has duly authorized the execution and delivery of the Documents to which the County is a party and has taken all such action as is necessary to permit the County to enter into and fully perform the transactions required of it under the Documents.

(b) Neither the execution and delivery of the Documents, nor the consummation and performance of the transactions described in the Documents, violate, conflict with or will to its knowledge result in a material breach of any of the material terms, conditions, or provisions of any agreement, restriction, law, rule, order, or regulation to which the County is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the County, wherein an unfavorable decision, ruling, or finding may or would materially adversely affect the County's obligations hereunder or the consummation of the transactions described in the Documents.

(d) None of the proceedings taken to authorize the execution, delivery, and performance of such of the Documents as require execution, delivery and performance by the County has been repealed, revoked, amended or rescinded.

(e) All consents, authorizations and approvals required on the part of the County in connection with the execution, delivery and performance by the County of such of the Documents as require execution, delivery, and performance by the County have been obtained and remain in full force and effect as of the date hereof or will be obtained.

(f) Based on factual representations of the Company, the Project constitutes a "project" within the meaning of the FILOT Act.

(g) By due corporate action, the County has agreed that, subject to compliance with applicable laws, each item of real and tangible personal property comprising the Project shall be considered economic development property under the FILOT Act.

(h) The Documents to which the County is a party are (or, when executed, will be) legal, valid, and binding obligations of the County enforceable against the County under present law in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

**SECTION 3.2. *Representations and Warranties of the Company.*** The Company makes the following representations and warranties to the County:

(a) The Company is a corporation validly existing and in good standing under the laws of the State of South Carolina and authorized to do business in the State of South Carolina. The Company has all requisite power to enter into the Documents to which it is a party and to fulfill its obligations described in the Documents and, by proper action, has authorized the execution and delivery of the Documents to which it is a party.

(b) Neither the execution and delivery of the Documents to which the Company is a party, nor the consummation and performance of the transactions described in the Documents violate, or will, to its knowledge, conflict with or result in a material breach of any of the material terms, conditions, or provisions of any agreement, restriction, law, rule, order, or regulation to which the Company is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry, or investigation at law or in equity before or by any judicial or administrative court or agency, public board, or body, pending or threatened, against or affecting the Company wherein an unfavorable decision, ruling, or finding may or would materially adversely affect the Company's obligations hereunder or the consummation of the transactions described in the Documents.

(d) All consents, authorizations, and approvals required on the part of the Company in connection with the execution, delivery, and performance by the Company of the Documents and the transactions contemplated thereby and the acquisition, construction, and installation of the Project have been obtained and remain in full force and effect or will be obtained.

(e) The Documents to which the Company is a party are (or, when executed, will be) legal, valid and binding obligations of the Company enforceable against the Company in

accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

## ARTICLE IV

### COMMENCEMENT AND COMPLETION OF THE PROJECT AND INFRASTRUCTURE

**SECTION 4.1. *The Project.*** (a) The Company has acquired or installed or made plans for the acquisition and installation of certain machinery, equipment, and other real and personal property which comprise the Project. The parties agree that Project property shall consist of the Site and such other property as may be identified by the Company or other entities leasing or licensing such property to the Company in connection with annual filings with the DOR of an SCDOR PT-300 or comparable property tax or fee in lieu of tax forms, and with such schedules as the DOR may provide in connection with projects subject to the FILOT Act (as such filings may be amended or supplemented from time to time) for each year within the Investment Period and, with respect to Replacement Property, each year thereafter during the term of this FILOT Agreement.

(b) Pursuant to the Act, the Company and the County hereby agree that the property comprising the Project shall be economic development property as defined under the Act, so long as such property meets the requirements of the FILOT Act.

(c) Notwithstanding any other provision of this FILOT Agreement, the Company may place property into service at any time under this FILOT Agreement, but such property will only qualify as economic development property under the FILOT Act if it is placed in service during the Investment Period, including any extension period, or is Replacement Property.

**SECTION 4.2. *Diligent Completion.*** The Company agrees to use reasonable efforts to cause the acquisition, construction, and installation of the Project to be completed; however, notwithstanding anything contained in this FILOT Agreement to the contrary, the Company shall not be obligated to complete the acquisition, construction, and installation of the Project and may terminate this FILOT Agreement with respect to all or a portion of the Project as set forth in Article X herein.

**SECTION 4.3. *Modifications to Project.*** The Company may make or cause to be made from time to time any additions, modifications, or improvements to the Project that it may deem desirable for its business purposes.

**SECTION 4.4. *Infrastructure Improvements.*** The Company agrees to provide or cause to be provided funding for the Infrastructure Improvements related to the establishment of the Project.

**SECTION 4.5. *Reports, Filings.*** The Company shall cause a copy of this FILOT Agreement, as well as a copy of the completed Form PT-443 of DOR, to be filed with the Dorchester County Auditor, the Dorchester County Assessor and DOR within thirty (30) days after the date of execution and delivery hereof. In addition, the Company shall provide the Orangeburg County Auditor, Orangeburg County Attorney and the County Administrator, with a

copy of all annual filings made by the Company to DOR pursuant to this FILOT Agreement and the Act.

## ARTICLE V

### PAYMENTS-IN-LIEU OF TAXES; SPECIAL SOURCE CREDITS

**SECTION 5.1. *Payments-in-Lieu of Taxes.*** The parties acknowledge that under Article X, Section 3 of the South Carolina Constitution, the Project is exempt from *ad valorem* property taxes. However, the Company shall be required to make the Payments-in-Lieu of Taxes with respect to the Project as provided in this Section 5.1. In accordance with the FILOT Act, and unless this FILOT Agreement is sooner terminated, the Company shall make or cause to be made annual Payments-in-Lieu of Taxes with respect to the Project, said payments being due and payable at the times and places, and in the same manner and subject to the same penalty assessments as prescribed by the County or DOR for *ad valorem* taxes. Such amounts shall be calculated and payable as follows:

(a) Except as provided below, the Company has agreed to make or cause to be made annual Payments-in-Lieu of Taxes with respect to the Project in an amount equal to the property taxes that would be due with respect to such property, if it were taxable, but using (i) an assessment ratio of 6% for all real and personal property; (ii) a millage rate of 318.0, which is the lower of: (A) the legally levied cumulative property tax millage rate applicable to the Site on June 30 of the year preceding the calendar year in which this FILOT Agreement is executed; or (B) the legally levied cumulative property tax millage rate applicable to the Site on June 30 of the calendar year in which this FILOT Agreement is executed; and (iii) a fair market value estimate determined by the DOR for real and personal property, according to the Act.

(b) The Payments-in-Lieu of Taxes shall be made on the basis that the Project property, if it were otherwise subject to *ad valorem* property taxes, would be allowed all applicable exemptions from those taxes, except for the exemptions allowed under Section 3(g) of Article X of the South Carolina Constitution and Section 12-37-220(B)(32) and (34) of the Code of Laws of South Carolina, as amended.

(c) The Company shall make Payments-in-Lieu of Taxes for each year during the term hereof beginning with the property tax year following the year Project property is first placed in service. The Payments-in-Lieu of Taxes shall be made to the Dorchester County Treasurer on the due dates which would otherwise be applicable for *ad valorem* property taxes for the Project, with the first payment being due on the first date following the delivery of this FILOT Agreement when, but for this FILOT Agreement, such taxes would have been paid with respect to the Project.

(d) Any property placed in service as part of the Project during the Investment Period shall be included in the calculation of payments pursuant to paragraphs (a), (b) and (c), above, for a period not exceeding 30 years following the year in which such property was placed in service.

### **SECTION 5.2. *Special Source Credits.***

(a) As reimbursement for the Company's investment in Infrastructure Improvements related to the Project and subject to the requirements of the Special Source Act and Section 5.8

hereof, the County agrees that Company shall be entitled to claim Special Source Credits against each of the first ten (10) annual Payments-in-Lieu of Taxes with respect to the Project in an amount equal to twenty five percent (25%) of each such annual Payment-in-Lieu of Taxes. In accordance with the Special Source Act, the Special Source Credits authorized herein shall not, in the aggregate, exceed the aggregate cost of Infrastructure Improvements funded in connection with the Project from time to time during the Investment Period by or on behalf of the Company.

(b) The Company shall claim such Special Source Credits by filing with the County Administrator and the County Auditor, at the time it makes its annual Payment-in-Lieu of Taxes, an annual Special Source certification showing the amount of aggregate investment in the Project and Infrastructure Improvements and the calculation of the Special Source Credits, substantially in the form of **Exhibit B** hereto.

**SECTION 5.3. Multi-County Park Designation.** The County will designate the Project as part of a Multi-County Park pursuant to the Multi-County Park Act and will, to the extent permitted by law, use its best, reasonable efforts to maintain such designation on terms which provide any additional jobs tax credits afforded by the laws of the State for projects located within multi-county industrial or business parks for all jobs created by the Company during the Investment Period and which facilitate the Special Source Credit arrangements set forth herein for at least thirty (30) years from the Commencement Date.

**SECTION 5.4. Commensurate Benefits.**

The parties acknowledge the intent of this FILOT Agreement, in part, is to afford Company the benefits specified in this Article V in consideration of Company's decision to locate the Project within Dorchester County and this FILOT Agreement has been entered into in reliance upon the enactment of the Act and the County's compliance with the requirements thereof. In the event that a court of competent jurisdiction holds that the Act is unconstitutional or this FILOT Agreement or the Multi-County Park Agreement are invalid or unenforceable in any material respect, then at the request of the Company, the County agrees to use its best efforts to extend to Company the intended benefits of this FILOT Agreement and agrees, if requested, to enter into a Multi-County Industrial Park with a special source revenue credit which is commensurate to the benefits which would otherwise accrue under this agreement.

**SECTION 5.5. Disposal of Property; Replacement Property.**

(a) In any instance where the Company in its sole discretion determines that any item or items of property included in the Project have become, in whole or in part, inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such item (or such portion thereof as the Company shall determine) or items and sell, trade in, exchange or otherwise dispose of it or them (as a whole or in part) without any responsibility or accountability to the County therefore. The loss or removal from the Project of any property, or any portion thereof, as a result of fire or other casualty or by virtue of the exercise or threat of the power of condemnation or eminent domain shall be deemed to be a disposal of such property, or portion thereof, pursuant to this Section 5.5. Subject to the provisions of Section 5.8 with regard to maintenance of statutory minimum qualifying investment, and this Section 5.5 with respect to Replacement Property, the Payments-in-Lieu of Taxes required by Section 5.1 hereof shall be reduced by the amount thereof applicable to any

property included in the Project, or part thereof, disposed of, or deemed disposed of, pursuant to this Section 5.5.

(b) The Company may, in its sole discretion, replace, renew, or acquire and install other property in substitution for, any or all property or portions thereof disposed of, or deemed disposed of, pursuant to Section 5.5(a) hereof to the fullest extent allowed by law. Any such property may, but need not, serve the same function, or be of the same utility or value, as the property being replaced.

**SECTION 5.6. *Fee Term.*** The applicable term of this FILOT Agreement shall be measured for each Stage beginning from the last day of the property tax year in which that Stage of the Project is placed in service through the last day of the property tax year which is the 29th year following such year; provided, that the maximum term of this FILOT Agreement shall not be more than 30 years from the end of the last year of the Investment Period. This FILOT Agreement shall terminate with respect to the Project or any Stage or part thereof upon the earlier to occur of (a) payment of the final installment of Payments-in-Lieu of Taxes pursuant to Section 5.1 hereof, or (b) exercise by the Company of its option to terminate pursuant to Section 10.1 hereof.

**SECTION 5.8. *Failure to Achieve Minimum Investment Requirement or Act Minimum Investment Requirement.***

(a) If the Company fails to acquire or cause to be acquired economic development property at a cost which exceeds the minimum capital investment required to qualify for standard Payments-in-Lieu of Taxes under the FILOT Act, this FILOT Agreement shall terminate as to such entities failing to meet the minimum investment level. In such event the Company shall pay the County an amount pursuant to the FILOT Act which is equal to the excess, if any of (i) the total amount *ad valorem* taxes as would result from taxes levied on the Project by the County, municipality or municipalities, school district or school districts, and other political units as if the items of property comprising the economic development property were not economic development property, but with appropriate reductions equivalent to all tax exemptions which would be afforded to the Company in such a case, through and including the end of the Investment Period over (ii) the total amount of payments in lieu of *ad valorem* taxes made by the Company with respect to the Economic Development Property through and including the end of the Investment Period. Any amounts determined to be due pursuant to the foregoing sentence shall be subject to any interest as may be required by the FILOT Act.

(b) Notwithstanding anything herein to the contrary, including without limitation the provisions of Section 9.2 hereof, the remedies stated in this Section 5.8 shall be the County's sole remedies for failure to meet any required investment level.

## ARTICLE VI

### PROPERTY TAX EXEMPTION AND ABATEMENT

**SECTION 6.1. *Protection of Tax Exempt Status of the Project.*** In order to insure that the Project is not and will not become subject to *ad valorem* property taxes under the laws of the State of South Carolina or any political subdivision thereof, the County and the Company

covenant that:

(a) all right and privileges granted to either party under this FILOT Agreement or any other Documents shall be exercised so that if any conflict between this Section and any other provision in any document shall arise, then in that case, this Section shall control;

(b) the County and the Company have not knowingly committed or permitted and will not knowingly commit or permit (as to any act over which either has control) any act which would cause the Project to be subject to *ad valorem* property taxes by the County or political subdivision of the State of South Carolina in which any part of the Project is located; and

(c) the Company will maintain the identity of the Project as a "project" in accordance with the Act and this FILOT Agreement.

## ARTICLE VII

### EFFECTIVE DATE

**SECTION 7.1. *Effective Date.*** This FILOT Agreement shall become effective as of the date first written above.

## ARTICLE VIII

### SPECIAL COVENANTS

**SECTION 8.1. *Confidentiality.*** The County acknowledges that information the Company may hereafter provide to the County ("Additional Information") may be deemed by the Company to be confidential and proprietary. The County agrees not to release any Additional Information without first giving the Company an opportunity to identify confidential and proprietary information. To the extent that the Company identifies information in this Agreement or any of the attachments hereto or any Additional Information that it considers to be confidential or proprietary, the County will maintain the confidentiality of such information and will, to the extent permitted by law, decline to honor any request for release of the information so designated to persons other than the Company and its designated officers and representatives.

**SECTION 8.2. *Assignment and Leasing.*** With the County's consent, which shall not be unreasonably withheld, any or all of the Company's interest in the Project or this FILOT Agreement may be transferred or assigned by the Company or any assignee to any other entity; provided, however, that such consent is not required in connection with financing-related transfers or any other transfers not requiring the consent of the County under the FILOT Act. The County hereby expressly consents to any transfer or assignment by the Company of any or all of its interest in the Project and this FILOT Agreement to any Company affiliates and to any transfer or assignment of any or all of such interest among such affiliates. Except as otherwise required by the FILOT Act or this FILOT Agreement, a transaction or an event of sale, assignment, leasing, transfer of an interest herein, disposal, or replacement of all or part of the Project shall not be a termination of this FILOT Agreement in whole or in part or a basis for changing the fee payments due under Section 12-44-50 of the Act. Notwithstanding any provision of this Section to the contrary, if and to the extent that the future consent of the County



is required in connection with a transfer, assignment, or other action referenced in this Section, the County hereby expressly agrees that such approval may be provided by a resolution adopted by County Council to indicate such consent.

**SECTION 8.3. *Performance of Obligations by Related Entities.*** The County hereby acknowledges and agrees that any payment or other obligation of the Company contained herein may be performed by any entity related to the Company or by any entity which provides portions of the Project to the Company or any entity related to the Company through lease, license or other arrangement and performance of such obligation by such other entities in accordance with the terms hereof shall satisfy such obligation and relieve the Company of such performance. Nothing herein shall be construed to release the Company of any of its obligations except to the extent of such payment or performance.

## ARTICLE IX

### EVENT OF DEFAULT AND REMEDIES

**SECTION 9.1. *Events of Default Defined.*** The occurrence of any one or more of the following events shall be an "Event of Default" under this FILOT Agreement:

(a) If the Company shall fail to make or cause to be made any Payment-in-Lieu of Taxes and such failure shall continue for twenty (20) days after receiving written notice of default from the County; or

(b) If the Company shall fail to make or cause to be made payment of any other amount required under this FILOT Agreement and such failure shall continue for twenty (20) days after receiving written notice of default from the County; or

(c) If the Company or County shall fail to observe or perform any covenant, condition or agreement required herein to be observed or performed by the Company or the County (other than as referred to in Section 9.1(a) or (b) hereof), and such failure shall continue for a period of twenty (20) days after written notice of default has been given to the Company by the County or to the County by the Company; provided if by reason of Force Majeure the Company or the County is unable in whole or in part to carry out any such covenant, condition or agreement or if it takes longer than ninety (90) days to cure such default and the Company or the County is diligently attempting to cure such default, there shall be no Event of Default during such inability; or

(d) If any material representation or warranty on the part of the Company made in the Documents, or in any report, certificate, financial or other statement furnished in connection with the Documents or the transactions described in the Documents shall have been false or misleading in any material respect. Anything herein to the contrary notwithstanding, failure to meet any investment requirements set forth herein shall not be deemed to be an Event of Default under this FILOT Agreement, but may terminate certain benefits hereunder or obligate the Company to make certain additional payments to the County, all as set forth in Section 5.8 hereof.

**SECTION 9.2. *Remedies on Default.*** (a) Whenever any Event of Default shall have happened and be subsisting the non-defaulting party may (i) terminate this FILOT Agreement by providing at least twenty (20) days written notice to the defaulting party and an opportunity to

cure the default, or (ii) take whatever action at law or in equity may appear legally required or necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the defaulting party, under the Documents.

(b) Although the parties acknowledge that the Project is exempt from *ad valorem* property taxes, the County and any other taxing entity affected thereby may, without limiting the generality of the foregoing, exercise any remedies provided by general law (Title 12, Chapter 49; Title 12, Chapter 51; or any other statutory provision for tax collection of property taxes (the "Tax Statute") and the FILOT Act) relating to the enforced collection of taxes, including an Event of Default under Section 9.1(a) hereof. The County's right to receive Payments-in-Lieu of Taxes shall have a first priority lien status pursuant to Section 12-44-90 of the Act and Chapters 4 and 54 of Title 12 of Code of Laws of South Carolina 1976, as amended. The Company expressly acknowledges that in the event of its failure to make the required Payments-in-Lieu of Taxes, that the County is only required to give notice thereof in accordance with the Tax Statute, and that no further notice is required hereunder.

(c) Each right, power, and remedy of the County or the Company provided for in this FILOT Agreement shall be cumulative and concurrent and shall be in addition to every other right, power, or remedy provided for in this FILOT Agreement or now or hereafter existing at law or in equity, in any jurisdiction where such rights, powers, and remedies are sought to be enforced; and the exercise by the County or the Company of any one or more of the rights, powers, or remedies provided for in this FILOT Agreement or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by the County or the Company of any or all such other rights, powers, or remedies.

**SECTION 9.3. *No Additional Waiver Implied by One Waiver.*** In the event any warranty, covenant, or agreement contained in this FILOT Agreement should be breached by the Company or the County and thereafter waived by the other party to this FILOT Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

## ARTICLE X

### TERMINATION OPTION OF THE COMPANY

**SECTION 10.1. *Option to Terminate.*** From time to time (including without limitation any time during which there may be subsisting an Event of Default) and at any time upon at least ten (10) days notice, the Company may terminate this FILOT Agreement with respect to the entire Project or any portion thereof. Upon termination of all or part of this FILOT Agreement, the Company will become liable for *ad valorem* property taxes on the Project or such portion thereof as is so terminated from inclusion in the Project, as well as for any amounts already due and owing under this FILOT Agreement, which latter amounts, if any, shall be paid to the County with the next installment of Payments-in-Lieu of Taxes pursuant to Section 5.1, or, if the termination is of the entire Project, then within ten (10) days of termination.

## ARTICLE XI

### MISCELLANEOUS

**SECTION 11.1. Notices.** All notices, approvals, consents, requests and other communications hereunder shall be in writing and may be delivered personally, internationally recognized overnight courier or may be sent by certified mail, return receipt requested, to the following addresses, unless the parties are subsequently notified of any change of address in accordance with this Section 11.1:

As to the Company:

Mr. Steve Potts  
Scout Boats, Inc.  
2531 Highway 78 West  
Summerville, South Carolina 29483  
(843) 821-0068  
[spotts@scoutboats.com](mailto:spotts@scoutboats.com)

If to the County:

Mr. Jason L. Ward  
County Administrator, Dorchester County  
201 Johnston Street  
St. George, South Carolina 29477

and a copy to:

Mr. Jon Baggett  
Director, Dorchester County Economic Development  
402 North Main Street  
Summerville, South Carolina 29483

PO Box 340  
Summerville, South Carolina 29484  
(843) 875-9109  
[jon@dorchesterforbusiness.com](mailto:jon@dorchesterforbusiness.com)

and a copy (which shall not constitute notice) to:

Mr. John Frampton  
201 Johnston Street  
St. George, South Carolina 29477

Any notice shall be deemed to have been received as follows: (1) by personal delivery or overnight courier, upon receipt, confirmed in writing; and (2) by certified mail, 3 business days

after delivery to the U.S. Postal authorities by the party serving notice.

**SECTION 11.2. *Binding Effect.*** This FILOT Agreement shall inure to the benefit of and shall be binding upon the County and the Company and their respective successors and assigns.

**SECTION 11.3. *Invalidity and Severability.*** In the event that the Act or the Payments-in-Lieu of Taxes arrangement described in Section 5.1 hereof is determined to be invalid in its entirety, the parties hereby agree that except as the final judicial decision may otherwise require, the Company shall be entitled to retain any benefits received under or pursuant to this FILOT Agreement; otherwise, in the event any provision of this FILOT Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, that decision shall not invalidate or render unenforceable any other provision of this FILOT Agreement, unless that decision destroys the basis for the transaction, in which event the parties shall in good faith attempt to preserve, to the maximum extent possible, the benefits provided and to be provided to the Company hereunder by either restructuring or reconstituting this FILOT Agreement under any then applicable law, including but not limited to Chapter 29 of Title 4 and Chapter 12 of Title 4.

**SECTION 11.4. *Payments Due on Saturday, Sunday and Holidays.*** Whenever any payment to be made hereunder shall be stated to be due on a Saturday, a Sunday, or a holiday in the State of South Carolina, such payment shall be made on the secular or business day next succeeding such Saturday, Sunday, or holiday.

**SECTION 11.5. *Fiscal Year; Property Tax Year.*** If the Company's fiscal year changes in the future so as to cause a change in the Company's property tax year, the timing of the requirements set forth in this FILOT Agreement shall be revised accordingly, except that Payments-in-Lieu of Taxes shall always be required to be made at the same time and subject to the same conditions, penalties, and enforcement, as with *ad valorem* taxes.

**SECTION 11.6. *Amendments, Changes and Modifications.*** Except as otherwise provided in this FILOT Agreement, this FILOT Agreement may not be amended, changed, modified, altered or terminated without the written consent of the County and the Company.

**SECTION 11.7. *Execution of Counterparts.*** This FILOT Agreement may be executed in several counterparts, only one of which shall be an original; provided, however, that any action may be brought upon any counterpart of this FILOT Agreement or any counterpart of any document that is attached to this FILOT Agreement as an exhibit.

**SECTION 11.8. *Law Governing Construction of Agreement.*** The laws of the State of South Carolina shall govern the construction of this FILOT Agreement.

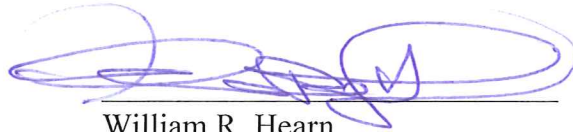
**SECTION 11.9. *Headings.*** The headings of the articles and sections of this FILOT Agreement are inserted for convenience only and shall not be deemed to constitute a part of this FILOT Agreement.

**SECTION 11.10. *Further Assurance.*** From time to time, the County agrees to execute and deliver to the Company such additional instruments as the Company may reasonably request to effectuate the purposes of this FILOT Agreement.

**SECTION 11.11. *Prior Agreements Cancelled.*** This FILOT Agreement and the other Documents shall completely and fully supersede all other prior arrangements, both written and oral, between the County and the Company relating to the Project. Neither the County nor the Company shall hereafter have any rights under such prior agreements but shall look solely to this FILOT Agreement and the other Documents for definitions and the determination of all of their respective rights, liabilities, and responsibilities relating to the Project.

**IN WITNESS WHEREOF, DORCHESTER COUNTY, SOUTH CAROLINA, and SCOUT BOATS, INC.** each pursuant to due authority, have duly executed this Fee-in-Lieu of Tax Agreement, all as of the date first above written.

**DORCHESTER COUNTY, SOUTH CAROLINA**



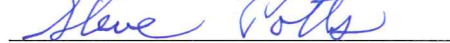
William R. Hearn  
Chair, Dorchester County Council

**ATTEST:**



Sally Hebert  
Clerk, Dorchester County Council

**SCOUT BOATS, INC.**



Steve Potts  
President and Chief Executive Officer

## EXHIBIT A

### LEGAL DESCRIPTION

ALL that certain piece, parcel or tract of land, situate, lying and being in Dorchester County, South Carolina, shown and designated as Tract A, 14.922 acres, on that certain Plat entitled "Plat Showing the New Easements on a 33.502 Acre Tract of Land Along with the Division into Tract "A" and Tract "B", Property of A.T.O. Properties, Inc., Located northwest of Summerville, Dorchester County, South Carolina- dated February 24, 1995, and prepared by Andrew C. Gillette, P.L.S. 5933-B, which said Plat is recorded in the RIC Office for Dorchester County in Plat Cabinet I, at Slide 355. Said tract having such size, shape, form, marks, courses, distances, buttings, boundings and content as will be shown by reference to said Plat.

SUBJECT to any and all restrictive covenants recorded in the RMC Office for Dorchester County; also subject to any and all other easements or rights-of-way heretofore granted affecting the property above described and recorded in the Office aforesaid.

BEING the same property conveyed to Steven E. Potts by Deed of Figgie Properties, Inc., dated March 10, 1995, recorded March 15, 1995, in Book 1434, at Page 218, in the RNC Office for Dorchester County.

T.M.S. No: 129-00-00-121

## EXHIBIT B

### CERTIFICATION OF INVESTMENT FOR SPECIAL SOURCE CREDITS

Reference is made to that certain Fee-in-Lieu of Tax Agreement dated as of \_\_\_\_\_ 2014, (the "Agreement") by and between (the "Company" and DORCHESTER COUNTY, SOUTH CAROLINA (the "County"). Each capitalized term used herein and not otherwise defined herein shall have the meaning ascribed to such term in the Agreement.

In accordance with **Section 5.2** of the Agreement, the undersigned authorized officer of the Company certifies to the County as follows:

1. Pursuant to **Section 4.1** of the Agreement, the Company has covenanted to establish the Project within the County prior to the end of the Investment Period. The Investment Period expires on \_\_\_\_\_, 201\_. To date, the Company has invested \_\_\_\_\_ at the Project.

2. Pursuant to **Section 5.2** of the Agreement, the Company is entitled to claim Special Source Credits against each of the first ten (10) annual Payments-in-Lieu of Taxes with respect to the Project in an amount equal to twenty five percent (25%) of each annual Payment-in-Lieu of Taxes in order to reimburse Company for the costs of Infrastructure funded by or on behalf of Company.

3. The Company has to date expended or caused to be expended in the aggregate not less than \$ \_\_\_\_\_ upon Infrastructure ("Reimbursable Costs"), and Company has heretofore claimed an aggregate of \$ \_\_\_\_\_ in Special Source Credits ("Prior Credits"), leaving \$ \_\_\_\_\_ in funding for Infrastructure not heretofore reimbursed through Special Source Credits ("Remaining Reimbursable Costs").

4. The property tax notice(s) for tax year \_\_\_\_\_ provided by the County Auditor with respect to the Project specifies that the Payments-in-Lieu of Taxes due with respect to the Project from Company and all entities leasing portions of the Project to Company or otherwise providing access to portions of the Project to Company on \_\_\_\_\_ total \$ \_\_\_\_\_.



5. Company is entitled to a Special Source Credit calculated as follows:

Total FILOT Payments  
 X 25% Credit  
 = Potential Credit of  
 Less  
 (Excess, if any, of Potential Credit \$ over  
 Remaining Reimbursable Costs of \$  
 = Allowable Credit of \$

6. The Special Source Credits specified in this certificate for Property Tax Year \_\_\_\_\_, together with all Special Source Credits heretofore claimed pursuant to the Agreement, do not, in the aggregate, exceed the aggregate cost of Infrastructure funded by Company and other entities investing in the Project.

7. The amount due to Company as an allowable Special Source Credit, is \_\_\_\_\_. The Company hereby directs the County to pay such amount by check/wire transfer as follows:

\_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_

IN WITNESS WHEREOF, I have executed this Certificate to be effective as of \_\_\_\_\_, 20\_\_.

SCOUT BOATS, INC.

By: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Its: \_\_\_\_\_