

SPEC-CON INDUCEMENT RESOLUTION

A RESOLUTION AUTHORIZING (1) THE EXECUTION AND DELIVERY OF (A) A FEE IN LIEU OF TAX AND INCENTIVE AGREEMENT BY AND BETWEEN DORCHESTER COUNTY, SOUTH CAROLINA (THE "COUNTY") AND SPEC-CON, LLC, ACTING FOR ITSELF, ONE OR MORE AFFILIATES OR OTHER PROJECT SPONSORS (THE "COMPANY"), PURSUANT TO WHICH THE COUNTY SHALL COVENANT TO ACCEPT CERTAIN NEGOTIATED FEES IN LIEU OF AD VALOREM TAXES WITH RESPECT TO THE ESTABLISHMENT AND/OR EXPANSION OF CERTAIN FACILITIES IN THE COUNTY (COLLECTIVELY, THE "PROJECT") AND (B) A SPECIAL SOURCE REVENUE CREDIT AGREEMENT BY AND BETWEEN THE COUNTY AND THE COMPANY WITH RESPECT TO CERTAIN EXISTING PROPERTY IN THE COUNTY (THE "EXISTING PROPERTY PROJECT"); (2) THE BENEFITS OF A MULTI-COUNTY INDUSTRIAL OR BUSINESS PARK TO BE MADE AVAILABLE TO THE COMPANY, THE PROJECT, AND THE EXISTING PROPERTY PROJECT; (3) CERTAIN SPECIAL SOURCE REVENUE CREDITS IN CONNECTION WITH THE PROJECT AND THE EXISTING PROPERTY PROJECT; AND (4) OTHER MATTERS RELATING THERETO.

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 the Code of Laws of South Carolina 1976, as amended (the "Code"), particularly Title 12, Chapter 44 of the Code (the "Negotiated FILOT Act") and Title 4, Chapter 1 of the Code (the "Multi-County Park Act" or, as to Section 4-1-175 thereof, and, by incorporation Section 4-29-68 of the Code, the "Special Source Act") (collectively, the "Act") and by Article VIII, Section 13(D) of the South Carolina Constitution: (i) to enter into agreements with certain investors to construct, operate, maintain, and improve certain projects through which the economic development of the State of South Carolina (the "State") will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State and thus utilize and employ the manpower, agricultural products, and natural resources of the State; (ii) to covenant with such investors to accept certain fee in lieu of *ad valorem* tax ("FILOT") payments, including, but not limited to, negotiated FILOT payments made pursuant to the Negotiated FILOT Act, with respect to a project; (iii) to permit investors to claim special source revenue credits against their FILOT payments ("Special Source Credits") to reimburse such investors for expenditures in connection with infrastructure serving the County and improved or unimproved real estate and personal property, including machinery and equipment, used in the operation of a manufacturing or commercial enterprise in order to enhance the economic development of the County ("Special Source Improvements"); and (iv) to create, in

conjunction with one or more other counties, a multi-county industrial or business park in order to afford certain enhanced income tax credits to such investors and to facilitate the grant of Special Source Credits; and

WHEREAS, Spec-Con, LLC, a limited liability company organized and existing under the laws of the State of Kansas, acting for itself or one or more affiliates or other project sponsors (the “Company”) proposes to establish and/or expand certain facilities at one or more locations in the County (the “Project”), and anticipates that, should its plans proceed as expected, it will invest, or cause to be invested, at least \$2,500,000 in the Project and will create, or cause to be created, at least 50 new, full-time jobs within the County; and

WHEREAS, in connection with the Project, the Company has heretofore acquired certain land located in the County together with all real property improvements and certain personal property located thereon and has made, or is considering making, additional investment in further real property improvements located thereon (such land, together with all such existing improvements and personal property, and potential additional improvements, the “Existing Property Project”); and

WHEREAS, on the basis of the information supplied to it by the Company, the County has determined, *inter alia*, that the Project and the Existing Property Project would subserve the purposes of the Act and would be directly and substantially beneficial to the County, the taxing entities of the County and the citizens and residents of the County due to the investment to be made, or caused to be made, and the jobs to be created, or caused to be created, by the Company, all of which contribute to the tax base and the economic welfare of the County, and, accordingly, the County wishes to induce the Company to undertake the Project by offering (a) certain negotiated FILOT, multi-county industrial or business park, and Special Source Credits benefits with respect to the Project, as set forth herein, all of which shall be further described and documented in a Fee in Lieu of Tax and Incentive Agreement to be entered into by the County and the Company (the “Incentive Agreement”) and (b) multi-county industrial or business park benefits and certain additional Special Source Credits benefits with respect to the Existing Property Project as also set forth herein and which shall be further described and documented in a Special Source Revenue Credit Agreement to be entered into by the County and the Company (the “Special Source Credit Agreement”).

NOW, THEREFORE, BE IT RESOLVED by the Council, as follows:

Section 1. As contemplated by Section 12-44-40(I) of the Negotiated FILOT Act, the County makes the following findings and determinations:

(a) The Project will constitute a “project” within the meaning of the Negotiated FILOT Act; and

(b) The Project, and the County’s actions herein, will subserve the purposes of the Negotiated FILOT Act; and

(c) The Project is anticipated to benefit the general public welfare of the State and the County by providing services, employment, recreation, or other public benefits not otherwise provided locally; and

(d) The Project gives rise to no pecuniary liability of the County or incorporated municipality or a charge against its general credit or taxing power; and

(e) The purposes to be accomplished by the Project are proper governmental and public purposes; and

(f) The benefits of the Project are greater than the costs.

Section 2.

(a) The County hereby agrees to enter into the Incentive Agreement with the Company, whereby the Company will agree to satisfy, or cause to be satisfied, certain investment requirements with respect to the Project within certain prescribed time periods in accordance with the Negotiated FILOT Act and the County, under certain conditions to be set forth in the Incentive Agreement, will agree to accept negotiated fee in lieu of *ad valorem* tax (“Negotiated FILOT”) payments with respect to the Project.

(b) The Negotiated FILOT shall be determined using: (1) an assessment ratio of 6%, (2) the lowest millage rate allowed with respect to the Project pursuant to Section 12-44-50(A)(1)(d) of the Negotiated FILOT Act, which millage rate shall be fixed pursuant to Section 12-44-50(A)(1)(b)(i) of the Negotiated FILOT Act for the full term of the Negotiated FILOT; (3) the fair market value of the Project, determined in accordance with the Negotiated FILOT Act; and (4) such other terms and conditions as will be specified in the Incentive Agreement, including, without limitation, that the Company, in its sole discretion, may dispose of property and replace property subject to Negotiated FILOT payments to the maximum extent permitted by the Negotiated FILOT Act.

Section 3. As an additional incentive to induce the Company to undertake the Project in the County, and as reimbursement for investment in Special Source Improvements and subject to the requirements of the Special Source Act, the County does hereby agree that the Company shall be entitled to receive, and the County shall provide, Special Source Credits (a) against each Negotiated FILOT payment due with respect to the Project for a period of five (5) consecutive tax years in an amount equal to ten percent (10%) of each such Negotiated FILOT payment, commencing with the tax year for which the initial Negotiated FILOT payment is due with respect to the Project under the Incentive Agreement, as shall be set forth in greater detail in the Incentive Agreement, and (b) against each FILOT payment due with respect to the Existing Property Project for a period of twenty (20) consecutive tax years, commencing with the initial tax year for which such a FILOT payment is due from the Company, in an amount sufficient to reduce the amount of each such FILOT payment due for each such tax year, after reduction of such payment arising from any manufacturing exemption received by the Company with respect to the Existing Property Project pursuant to Section 12-37-220(A)(7) of the Code for such tax year, so that the resulting net FILOT payment due equals the amount of such payment if calculated using an assessment ratio of 6% and a fixed millage rate equal to 351.4 mills, as shall be set forth in greater detail in the Special Source Credit Agreement. In accordance with the Special Source Act, the Special Source Credits authorized herein shall not, in the aggregate, exceed the aggregate cost of Special Source Improvements funded from time to time in connection with the Project and the Existing Property Project.

Section 4. The County will use its best efforts to insure that the Project and the Existing Property Project will be included, if not already included, and will remain, within the

boundaries of a multi-county industrial or business park pursuant to the provisions of the Multi-County Park Act and Article VIII, Section 13(D) of the State Constitution on terms which provide the Company, the Project, and the Existing Property Project with any additional jobs creation tax credits afforded by the laws of the State for projects located within multi-county industrial or business parks and on terms which facilitate the Special Source Credits referenced in Section 3 hereof.

Section 5. The provisions, terms, and conditions of the Incentive Agreement shall be subject to approval by subsequent Ordinance of the Council. The Incentive Agreement and the Special Source Credit Agreement are to be in substantially the form customarily used by the County for similar transactions with such changes therein as shall be approved by said Ordinance.

Section 6. The Chairman of the Council, the County Administrator, and the Clerk to the Council, for and on behalf of the County, are hereby each authorized, empowered, and directed to do any and all things necessary or proper to effect the performance of all obligations of the County under and pursuant to this Resolution.


Section 7. The execution and delivery of the Incentive Agreement and the Special Source Credit Agreement are subject to the enactment by the Council of an ordinance authorizing the same and, in conjunction therewith, compliance with the provisions of the Home Rule Act regarding the procedural requirements for enacting ordinances.

Section 8. All orders, resolutions, and parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This Resolution shall take effect and be in full force upon adoption by the Council.

[End of Resolution]


Done in meeting duly assembled this 2nd day of September, 2014.

DORCHESTER COUNTY, SOUTH CAROLINA

By: 
William R. Hearn, Jr., Chairman, County Council
Dorchester County, South Carolina

[SEAL]

Attest:

By: 
Sally K. Hebert, Clerk to County Council
Dorchester County, South Carolina