
SPECIAL SOURCE REVENUE CREDIT AGREEMENT

BETWEEN

KEYSTONE INDUSTRIAL CORPORATION

AND

DORCHESTER COUNTY, SOUTH CAROLINA

DATED AS OF SEPTEMBER 15, 2014

SPECIAL SOURCE REVENUE CREDIT AGREEMENT

THIS SPECIAL SOURCE REVENUE CREDIT AGREEMENT (this "Agreement") is made and entered into effective as of ____ September 15, 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 (the "State"), acting by and through the Dorchester County Council (the "County Council") as the governing body of the County, and Keystone Industrial Corporation ("Keystone").

WITNESSETH:

WHEREAS, the County is authorized by Title 4, Chapter 1, and Title 4, Chapter 29, Section 68 of the Code of Laws of South Carolina, 1976, as amended (collectively, the "Acts") to (i) create multi-county industrial parks in partnership with contiguous counties; (ii) include the property of eligible companies within such parks as an inducement to locate within the County, which inclusion under the terms of Section 13 of Article VIII of the Constitution of the State of South Carolina makes such property exempt from *ad valorem* property taxes, therefore changing the character of the annual receipts from such properties from *ad valorem* property taxes to fees-in-lieu of *ad valorem* property taxes; and (iii) grant an annual tax credit against such fee-in-lieu of tax receipts in order to assist a company in paying the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the property of any company located within such multi-county industrial parks or for improved or unimproved real estate and personal property used in the operation of a manufacturing or commercial enterprise in order to enhance the economic development of the County; and

WHEREAS, a manufacturing facility located at tax map # 122-00-00-120 in the County (the "Project") will be located in a joint county industrial and business park (the "Park") established by the County and Orangeburg County pursuant to an Agreement for Development of a Joint County Industrial Park dated as of September 1, 1995, as subsequently amended and restated on May 17, 2010, (the "Park Agreement"); and

WHEREAS, Innovative Machining Technology, Inc. ("IMT") will lease the facility comprising the Project from Keystone; and

WHEREAS, pursuant to the Acts and the terms of the Park Agreement, Keystone is obligated to make or cause to be made payments-in-lieu-of-taxes in the total amount equivalent to the *ad valorem* property taxes that would have been due and payable but for the location of the Project in the Park; and

WHEREAS, the County, as an inducement to Keystone to purchase the facility and lease the facility to IMT, has agreed to grant a credit to Keystone, against expenditures in Qualifying Infrastructure (as hereinafter defined) (the "Special Source Revenue Credit"), to the extent provided herein, equal to forty (40%) percent of its annual payments-in-lieu-of-taxes during the first twenty (20) years Keystone owns the Project.

NOW, THEREFORE, AND IN CONSIDERATION of the respective representations and covenants hereinafter contained, with the understanding that no obligation of the County described herein shall create a pecuniary liability or charge upon its general credit or taxing powers, but shall be payable solely out of the sources of payment described herein and shall not under any circumstances be deemed to constitute a general obligation to the County, the parties hereto agree:

Section 1. *Special Source Revenue Credit.*

(A). The parties acknowledge and agree that under Section 13, Article VIII of the Constitution of South Carolina, a property (such as the Project), by virtue of being located in a joint county industrial and business park, is exempt from ad valorem property taxes but the property owner Keystone pays an annual fee-in-lieu of taxes on the property (Project) in an amount equal to the annual ad valorem property taxes as if it were taxable, with such fee-in-lieu of taxes payments being due and payable and subject to interest and penalties as set forth in the Acts. The County hereby grants to Keystone, subject to the provisions herein, and Keystone hereby accepts from the County, a Special Source Revenue Credit, in reimbursement of investment in Qualifying Infrastructure Costs as described below, to be applied to its annual fee-in-lieu of taxes liability equal to equal to forty (40%) percent of its annual payments-in-lieu-of-taxes during the first twenty (20) years Keystone owns the Project.

(B). The County Auditor is hereby directed to apply the credit amount annually to reduce Keystone's annual fee-in-lieu of tax liability by forty (40%) percent for a period of twenty (20) years as described in paragraph (A). The Special Source Revenue Credit amount shall be shown on the bill sent by the County to Keystone, or paid by a check from the County Treasurer. The Special Source Revenue Credit shall be effective starting with the first property tax year following execution of this Agreement. For purposes of this Agreement, "Qualifying Infrastructure Costs" shall include but not be limited to, the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the Project and for improved or unimproved real estate and personal property in connection with the Project, and any other such similar or like expenditures authorized by the Acts. Notwithstanding, the foregoing, "Qualifying Infrastructure Costs" shall only include personal property to the extent that the amount expended on improved and unimproved real estate at the Project is less than the amount of the Special Source Revenue Credit. To the extent that the Special Source Revenue Credit is used as payment for personal property and the personal property is removed from the Project during the twenty-year period and not otherwise replaced, then the amount of the fee-in-lieu-of taxes due on the personal property for the year in which the personal property was removed from the Project shall be due for the two years immediately following the removal, as set forth in Section 4-29-68(A)(2)(ii) of the Code of Laws of South Carolina, 1976, as amended.

Section 2. *Binding Effect.* This Agreement shall be binding, in accordance with its terms, upon and inure to the benefit of Keystone and the County, and their respective successors and assigns. In the event of the dissolution of the County or the consolidation of any geographical

part of the land currently located in Dorchester County, South Carolina with any other political subdivision or the transfer of any rights of the County to any other such political subdivision, all of the covenants, stipulations, promises and agreements of this Agreement shall bind and inure to the benefit of Keystone and successors of the County, and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the County has been transferred.

Section 3. *Assignment.* If Keystone sells the Project or all or any portion of the rights, interests or obligations hereunder, Keystone may assign this Agreement to the transferee and shall promptly provide the County written notice of any such assignment. Subject to the foregoing, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective successors and permitted assigns.

Section 4. *Counterparts.* This Agreement may be executed in any number of counterparts, and all of the counterparts taken together shall be deemed to constitute one instrument.

Section 5. *Governing Law.* This Agreement and all documents executed in connection herewith shall be construed in accordance with and governed by the laws of the State of South Carolina. To the extent of any conflict between the provisions of this Agreement and the Acts, the Acts control. However, the benefits afforded under this Agreement shall vest in Keystone upon execution hereof and any subsequent changes in the law shall not impair nor divest Keystone of any right, title interest in or entitlement to the benefits of this Agreement.

Section 6. *Amendments.* The provisions of this Agreement may only be modified or amended in writing by an agreement or agreements entered into between the parties.

Section 7. *Further Assurance.* The County agrees to execute and deliver Keystone such additional instruments as it may reasonably request to effectuate the purposes of this Agreement.

Section 8. *Severability.* If any provision of this Agreement is declared illegal, invalid or unenforceable for any reason, the remaining provisions hereof shall be unimpaired and such illegal, invalid or unenforceable provision shall be reformed so as to most closely effectuate the legal, valid and enforceable intent thereof and so as to afford Keystone with the maximum benefits to be derived herefrom. In the event the tax benefit afforded hereunder is declared unavailable or Keystone is deemed statutorily ineligible, by any court or tax agency with appropriate jurisdiction, the County agrees to enter into good faith negotiations with Keystone to confer a different tax incentive otherwise available of value equivalent to the monetary value of the benefit lost to Keystone by reason of such agency or court action.

Section 9. *Limited Obligation.* ANY OBLIGATION OF THE COUNTY CREATED BY OR ARISING OUT OF THIS AGREEMENT SHALL BE A LIMITED OBLIGATION OF THE COUNTY, PAYABLE BY THE COUNTY SOLELY FROM THE PROCEEDS OF THE FEE IN LIEU TAX PAYMENTS PAYABLE BY KEYSTONE PURSUANT TO THE ACTS AND

THE PARK AGREEMENT AND SHALL NOT UNDER ANY CIRCUMSTANCES BE DEEMED TO CONSTITUTE A GENERAL OBLIGATION OF THE COUNTY WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY LIMITATION.

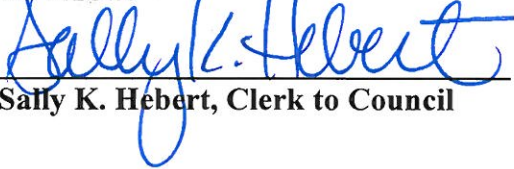
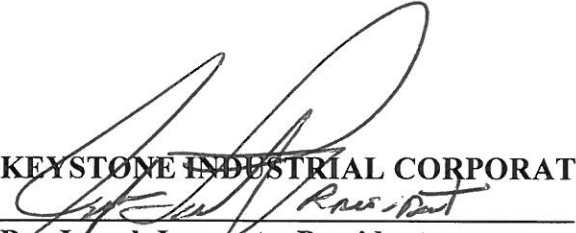
IN WITNESS WHEREOF, the County, acting by and through the County Council, has caused this Agreement to be executed in its name and behalf by the Chairman of County Council and to be attested by the Clerk to County Council; and Keystone has caused this Agreement to be executed by its duly authorized officer, all as of the day and year first above written.

**DORCHESTER COUNTY, SOUTH
CAROLINA**



**William R. Hearn, Jr., Chairman
Dorchester County Council**

(SEAL)
ATTEST:


Sally K. Hebert, Clerk to Council

KEYSTONE INDUSTRIAL CORPORATION
By: Joseph Lomanto, President