

**FEE AGREEMENT**  
**BETWEEN DORCHESTER COUNTY, SOUTH CAROLINA**  
**AND**  
**INNOVATIVE MACHINING TECHNOLOGY, INC.**  
**DATED AS OF**  
**SEPTEMBER 15, 2014**

**TABLE OF CONTENTS**

|  | <b>PAGE</b> |
|--|-------------|
| FEE AGREEMENT .....  | 1           |
| ARTICLE I RECAPITULATION AND DEFINITIONS .....   | 2           |
| SECTION 1.1. Statutorily Required Recapitulation.....                                  | 2           |
| SECTION 1.2. Rules of Construction; use of Defined Terms .....                         | 2           |
| SECTION 1.3. Definitions .....   | 2           |
| ARTICLE II LIMITATION OF LIABILITY; INDUCEMENT .....                                   | 5           |
| SECTION 2.1 Limitation of Liability .....  | 5           |
| SECTION 2.2. Inducement.....   | 5           |
| ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS.....                             | 5           |
| SECTION 3.1 Representations and Warranties of the County.....                          | 5           |
| SECTION 3.2. Covenants by the County .....   | 6           |
| SECTION 3.3. Representations and Warranties of the Company.....                        | 6           |
| ARTICLE IV COMMENCEMENT AND COMPLETION OF THE PROJECT.....                             | 7           |
| SECTION 4.1. The Project.....  | 7           |
| SECTION 4.2. Diligent Completion .....   | 7           |
| Section 4.3. Modifications to Project .....  | 8           |
| ARTICLE V PAYMENTS-IN-LIEU-OF-TAXES; DISPOSITION OF PAYMENTS-IN-<br>LIEU-OF-TAXES..... | 8           |
| SECTION 5.1. Payments-in-Lieu-of-Taxes .....   | 8           |
| SECTION 5.2. Disposal of Property; Replacement Property.....                           | 9           |
| SECTION 5.3. Fee Term .....  | 10          |
| SECTION 5.4. Minimum Investment.....   | 10          |
| SECTION 5.5. Multi-County Industrial Park.....   | 10          |
| ARTICLE VI PROPERTY TAX EXEMPTION AND ABATEMENT .....                                  | 10          |
| SECTION 6.1. Protection of Tax Exempt Status of the Project.....                       | 10          |
| ARTICLE VII EFFECTIVE DATE .....   | 11          |
| SECTION 7.1. Effective Date .....  | 11          |
| ARTICLE VIII SPECIAL COVENANTS .....   | 11          |
| SECTION 8.1. Confidentiality .....   | 11          |
| SECTION 8.2. Indemnification Covenants .....   | 11          |
| SECTION 8.3. Assignment and Leasing.....   | 12          |
| ARTICLE IX EVENT OF DEFAULT AND REMEDIES .....   | 12          |
| SECTION 9.1. Events of Default Defined .....   | 12          |
| SECTION 9.2. Remedies on Default.....  | 13          |
| SECTION 9.3. No Additional Waiver Implied by One Waiver.....                           | 13          |
| ARTICLE X OPTION OF THE COMPANY .....  | 13          |
| SECTION 10.1. Option to Terminate.....   | 13          |
| ARTICLE XI MISCELLANEOUS .....   | 14          |
| SECTION 11.1. Notices .....  | 14          |
| SECTION 11.2. Binding Effect.....  | 14          |
| SECTION 11.3. Invalidity and Severability.....   | 14          |

SECTION 11.4. Payments Due on Saturday, Sunday and Holidays .....15  
SECTION 11.5. Fiscal Year; Property Tax Year .....15  
SECTION 11.6. Amendments, Changes and Modifications .....15  
SECTION 11.7. Execution of Counterparts .....15  
SECTION 11.8. Law Governing Construction of Agreement .....15  
SECTION 11.9. Filings .....15  
SECTION 11.10. Headings .....15  
SECTION 11.11. Further Assurance .....15

EXHIBIT A. Description of Land

## FEE AGREEMENT

**THIS FEE AGREEMENT** (the "Fee Agreement") is made and entered into 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, acting by and through its County Council (the "County Council") as governing body of the County, and **INNOVATIVE MACHINING TECHNOLOGY, INC.**, a Pennsylvania corporation (the "Company").

### WITNESSETH:

**WHEREAS**, the County is authorized by Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended (the "Act"), to enter into a Fee Agreement with companies meeting the requirements of such Act which identifies certain property of such companies as economic development property to induce such companies to locate in the State and to encourage companies now located in the State to expand their investments and thus make use of and employ manpower and other resources of the State;

**WHEREAS**, pursuant to the Act, 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 its 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 Inducement Resolution dated July 21, 2014 (the "Inducement Resolution") the County committed to enter into a Fee Agreement with the Company which shall provide for payments of fees-in-lieu of taxes for a project qualifying under the Act using an assessment ratio of 6% and a fixed millage rate of 318 mills for 20 years, and the County committed to take such action as is required to place the Project in a multi-county industrial park; and

**WHEREAS**, pursuant to an Ordinance adopted on September 15, 2014 (the "Ordinance"), as an inducement to the Company to develop the Project, the County Council authorized the County to enter into a Fee Agreement and to include the property comprising the Project in a Multi-County Industrial Park subject to the terms and conditions hereof.

**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.*** Pursuant to Section 12-44-55(B), the County and the Company agree to waive the recapitulation requirements of Section 12-44-55. If the Company should be required to retroactively comply with the recapitulation requirements of Section 12-44-55, then the County agrees to waive all penalties and fees for the Company's noncompliance.

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

From time to time herein, reference is made to the term taxes or *ad valorem* taxes. All or portions of the Project are located in a Multi-County Industrial Park and are exempt from *ad valorem* taxation under and by virtue of the provisions of Paragraph D of Section 13 of Article VIII of the S.C. Constitution (the "MCIP Provision"). With respect to facilities located in a Multi-County Industrial Park, references to taxes or *ad valorem* taxes means the payments-in-lieu-of-taxes provided for in the MCIP Provision, and, where this Fee Agreement refers to payments of taxes or Payments-in-Lieu-of-Taxes to County Treasurers, such references shall be construed to mean the payments to the counties participating in such a Multi-County Industrial Park.

#### **SECTION 1.3. *Definitions.***

**"Act"** means Title 12 Chapter 44, Code of Laws of South Carolina 1976, as in effect on the date hereof and, to the extent such amendments are specifically made applicable to this Fee Agreement or the Project, as the same may be amended from time to time; provided that if any such amendment shall be applicable only at the option of the County or the Company, then such amendment shall only be applicable with the consent or at the request of the Company.

**"Annual Special Source Revenue Credit"** means an annual credit granted by the County to the Company for the purpose of defraying a portion of the cost of the Infrastructure Improvements of the Company pursuant to Section 12-44-70 of the Act, and/or Section 4-1-175 of the Code of Laws of South Carolina, as amended. The annual credit shall be applied against the Company's first ten (10) Payment-in-Lieu-of-Taxes and shall begin with respect to the property tax year in which said Project property is first placed in service in an amount equal to twenty (20%) percent of the Company's Payment-in-Lieu-of-Taxes.

**"Applicable Governmental Body"** means each governmental entity within the State having jurisdiction over or the right to approve or disapprove any or all of the Documents.

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

“**Clerk**” means the Clerk of County Council (or the person or persons authorized to perform the duties thereof in the absence of the Clerk).

“**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 Agreement.

“**Company**” means Innovative Machining Technology, Inc., a corporation duly organized under the laws of the State of Pennsylvania.

“**County Council**” means the County Council of the County.

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

“**Documents**” means the Ordinance, this Fee Agreement and a Multi-County Industrial Park 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 to the extent such property becomes a part of the Project under this Fee Agreement.

“**Event of Default**” shall mean any Event of Default specified in Section 9.1 of this Fee Agreement.

“**Fee Agreement**” means this Fee Agreement dated as of September 15, 2014, between the County and the Company.

“**Fee Term**” shall mean the duration of this Fee Agreement with respect to each Stage of the Project as specified in Section 5.3 hereof.

“**Improvements**” shall mean improvements now or hereafter situated on the land identified on Exhibit A hereto, together with any and all additions, accessions, replacements and substitutions thereto or therefor, and all fixtures new or hereafter attached thereto, to the extent such additions, accessions, replacements, and substitutions become part of the Project under this Fee Agreement.

“**Inducement Resolution**” shall mean the Resolution of the County Council adopted on July 21, 2014 committing the County to enter into the Fee Agreement.

“**Infrastructure Improvements**” means the Company’s costs of designing, acquiring, constructing, improving or expanding the infrastructure and other qualifying investments serving the Project, in accordance with Section 12-44-70 of the Act and/or Section 4-1-175 of the Code of Laws of South Carolina, as amended.

**“Investment Period”** shall mean the period beginning with the first day that economic development property is purchased or acquired and ending on the last day of the fifth property tax year following the Commencement Date, subject to an extension for such period as provided in Section 3.2(b) hereof.

**“Multi-County Industrial Park”** means an industrial or business park established for inclusion of the Project pursuant to the Multi-County Industrial Park Agreement pursuant to Section 4-1-170 of the Code of Laws of South Carolina 1976, as amended, and Article VIII, Section 13, paragraph D of the Constitution of South Carolina.

**“Multi-County Industrial Park Agreement”** shall mean the Multi-County Industrial Park Agreement dated September 1, 1995, between the County and Orangeburg County.

**“Ordinance”** means the Ordinance adopted by the County on September 15, 2014, authorizing this Fee Agreement.

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

**“Project”** shall mean the Equipment and Improvements located and situate on the Real Property together with the acquisition, construction, installation, design and engineering thereof which are eligible for inclusion as economic development property under the Act and become subject to this Fee Agreement. The parties agree that Project property shall consist of such property so properly identified by the Company in connection with its annual filing with DOR of an SCDOR PT-300, or such comparable form, and with such schedules as DOR may provide in connection with projects subject to the Act (as such filing may be amended or supplemented from time to time) for each year within the Investment Period.

**“Real Property”** shall mean the land identified on Exhibit A, together with all and singular rights, members, hereditaments and appurtenances belonging or in any way incident or appertaining thereto to the extent such become a part of the Project under this Fee Agreement and to the extent improvements qualifying for the project are located on land whether or not the land qualifies for inclusion in the Project; all Improvements now or hereafter situated thereon; and all fixtures now or hereafter attached thereto, to the extent such improvements and fixtures become part of the Project under this Fee Agreement.

**“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 5.2 hereof.

**“Stage”** in respect of the Project shall mean the year within which Equipment and Improvements, and Real Property, if any, are placed in service during each year of the Investment Period.

**“State”** means the State of South Carolina.

Any reference to any agreement or document in this Article I or otherwise in this Fee Agreement shall be deemed to include any and all amendments, supplements, addenda, and modifications to such agreement or document.

## ARTICLE II

### LIMITATION OF LIABILITY; INDUCEMENT

**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. *Inducement.*** The County and the Company acknowledge that pursuant to the Act, upon execution of this Fee Agreement no part of the Project will be subject to ad valorem property taxation in the State, and that this factor, among others, has induced the Company to enter into this Fee Agreement.

## ARTICLE III

### REPRESENTATIONS, WARRANTIES AND COVENANTS

**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:

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.

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 result in a 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.

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 adversely affect the County or the consummation of the transactions described in the Documents.



Neither the existence of the County nor the rights of any members of County Council to their offices is being contested and 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.

All consents, authorizations and approvals required on the part of the County, the State and all other Applicable Governmental Bodies 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.

The Project constitutes a “project” within the meaning of the Act.

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 Act.

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. *Covenants by the County.*** The County covenants with the Company as follows:

(a) The County agrees to do all things deemed reasonably necessary as requested by the Company in writing in connection with the Project including but not limited to the execution, delivery and performance of its obligations in the Documents and in accordance with the Act, all for the purposes of promoting industrial development, developing trade, and utilizing and employing the manpower and natural resources of the County and the State. Except as reasonably believed to be required by the County in the performance of its duties under statute or law, the County will take no action with respect to the Project unless authorized or requested to do so by the Company.

(b) Upon receipt of written request from the Company, the County agrees to consider favorably any request the Company may make for an extension of the Investment Period in accordance with and up to the limits permitted under Section 12-44-30(13) of the Act. Such extension may be provided by a resolution of County Council. Upon the granting of any such extension the County agrees to cooperate with the Company by filing with the DOR a copy of such extension within 30 days of the date of execution thereof by the County.

**SECTION 3.3. *Representations and Warranties of the Company.*** The Company makes the following representations and warranties to the County:

(a) The Company is a Company duly organized and validly existing under the laws of the State of South Carolina. The Company has full corporate power to execute the Documents to

which it is a party and to fulfill its obligations described in the Documents and, by proper corporate 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, 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 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 would adversely affect the Company 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 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.

(f) The cost of the Project will exceed the minimum investment required by the Act.

## ARTICLE IV

### COMMENCEMENT AND COMPLETION OF THE PROJECT

**SECTION 4.1. *The Project.*** The Company has acquired, constructed and/or installed or made plans for the acquisition, construction and/or installation of improvements, fixtures, machinery, equipment, and other personal property which comprise the Project. The Project will consist of facilities dedicated to manufacturing.

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 Act.

Notwithstanding any other provision of this Fee Agreement, the Company may place real property and/or personal property into service at any time under this Fee Agreement.

**SECTION 4.2. *Diligent Completion.*** The Company agrees to use its reasonable efforts to cause the acquisition, construction and installation of the Project to be completed; however, notwithstanding anything contained in this Fee Agreement to the contrary, the Company shall

not be obligated to complete the acquisition of the Project and may terminate this Agreement with respect to all or 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.

## ARTICLE V

### PAYMENTS-IN-LIEU-OF-TAXES; DISPOSITION OF PAYMENTS-IN-LIEU-OF-TAXES

**SECTION 5.1. *Payments-in-Lieu-of-Taxes.*** The parties acknowledge that under Article I, 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 Act, and unless this Fee Agreement is sooner terminated, the Company shall make annual Payments-in-Lieu-of-Taxes with respect to the Project, said payments being due and payable and subject to penalty assessments in the manner prescribed by the Act. Such amounts shall be calculated and payable as follows:

(a) The Company has agreed to make 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 an assessment ratio of 6.0% and a millage rate equal to 318 mills.

Subject in all events to the provisions of the Act, the fair market value estimate determined by the DOR will be as follows:

- (i) for real property, using the original income tax basis for South Carolina income tax purposes without regard to depreciation; provided, however, if real property is constructed for the fee or is purchased in an arm's length transaction, fair market value equals the original income tax basis; otherwise, the DOR will determine fair market value by appraisal; and
- (ii) for personal property, using the original income tax basis for South Carolina income tax purposes less depreciation allowable for property tax purposes, except that the Company is not entitled to extraordinary obsolescence.

(b) The Payments-in-Lieu-of-Taxes must 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 tax year following the year the property is first placed in service. The Payments-in-Lieu-of-Taxes shall be made to the 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 Fee Agreement when, but for this Fee Agreement, such taxes would have been paid with respect to the Project.

Notwithstanding any other provision of this Section 5.1, the County hereby agrees that for a total of ten (10) years, beginning with respect to the property tax year following the property tax year in which the Project or the first Stage thereof is placed in service, the Company automatically shall be entitled to receive and take an Annual Special Source Revenue Credit in the form of a credit equal to twenty (20%) percent of the Payments-in-Lieu-of-Taxes.

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 20 years following the year in which such property was placed in service. Replacement Property shall be included (using its income tax basis) in the calculation of payments pursuant to paragraphs (a), (b) and (c), above, but only up to the original income tax basis of property which is being disposed of in the same property tax year. Replacement Property shall be deemed to replace the oldest property subject to the fee which is disposed of in the same property tax year that the Replacement Property is placed in service. More than one piece of property can replace a single piece of property. Replacement Property does not have to serve the same function as the property it is replacing. To the extent that the income tax basis of the Replacement Property exceeds the original income tax basis of the property which it is replacing, the portion of such property allocable to the excess amount shall be subject to annual payments calculated as if the exemption for economic development property under the Act were not allowed. Replacement Property is entitled to the fee payment pursuant to this Section 5.1 for the period of time remaining on the 20-year fee period for the property which it is replacing.

#### **SECTION 5.2. *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 therefor. 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 5.2. Subject to the provisions of Section 5.1(d) and this Section 5.2 with respect to Replacement Property, the Payments-in-Lieu-of-Taxes required by Section 5 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 5.2.

(b) The Company may, in its sole discretion, replace, renew or acquire and/or install other property in substitution for, any or all property or portions thereof disposed of, or deemed

disposed of, pursuant to Section 5.2(a) hereof. Any such property may, but need not, serve the same function, or be of the same utility or value, as the property being replaced. Absent a written election to the contrary made at the time of filing the first property tax return that would apply to such property, such property shall be treated as Replacement Property.

**SECTION 5.3. *Fee Term.*** The applicable term of this Fee Agreement shall be measured for each Stage beginning from the last day of the property tax year in which the Project is placed in service in that Stage through the last day of the property tax year which is the nineteenth year following such year; provided, that the maximum term of this Fee Agreement shall not be more than 20 years from the end of the last year of the Investment Period. This Fee 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 5.4. *Minimum Investment.*** If the Company has not invested at least \$2.5 million in the Project during the Investment Period, then the Project shall revert retroactively to ad valorem taxation as required under Section 12-44-140 of the Act and the Company shall, within 180 days of the end of the Investment Period, make payment to the County of the difference between the Payments-in-Lieu-of-Taxes actually made and the total retroactive amount referred to in this Section.

**SECTION 5.5. *Multi-County Industrial Park*** The County agrees to enter into or amend an existing multi-county industrial park agreement (the “Multi-County Industrial Park Agreement”) with one or more counties to create a Multi-County Industrial Park to include the Project pursuant to Section 13 of Article VIII of the South Carolina Constitution and Section 4-1-170, Code of Laws of South Carolina 1976, as amended, at the site of the Project and to undertake and execute those procedures, instruments, ordinances, resolutions and documents as may be reasonably required to accomplish the establishment of such a Multi-County Industrial Park.

## 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 Fee 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.

## ARTICLE VII

### EFFECTIVE DATE

**SECTION 7.1. Effective Date.** This Fee Agreement shall become effective upon its execution and delivery by the parties hereto unless a later date is specified herein.

## ARTICLE VIII

### SPECIAL COVENANTS

**SECTION 8.1. Confidentiality.** The County acknowledges and understands that the Company may have and maintain at the project certain confidential and proprietary information. The County agrees that, except as required by law, neither the County nor any employee, agent or contractor of the County: (i) shall request or be entitled to receive any such confidential or proprietary information; (ii) shall request or be entitled to inspect the Project or any property associated therewith; provided, however, and without limiting the County’s rights to inspect the Project as may otherwise be necessary to carry out its duties under law, that if an Event of Default shall have occurred and be continuing hereunder, the County shall be entitled to inspect the Project provided they shall comply with the remaining provisions of this Section; or (iii) shall disclose or otherwise divulge any such confidential or proprietary information to which it may become privy to any other person, firm, governmental body or agency, or any other entity unless specifically required to do so by State law. Prior to disclosing any confidential or proprietary information or allowing inspections of the Project or any property associated therewith, the Company may require the execution, to the extent permitted by law, of reasonable, individual, confidentiality and non-disclosure agreements by any officers, employees or agents of the County or any supporting or cooperating governmental agencies who would gather, receive or review such information or conduct or review the results of any inspections. In the event that the County is required to disclose any confidential or proprietary information obtained from the Company to any third party, the County agrees to provide the Company with the maximum possible advance notice of such requirement before making such disclosure, and to cooperate with any attempts by the Company to obtain judicial or other relief from such disclosure requirement.

### **SECTION 8.2. Indemnification Covenants**

(a) The Company shall and agrees to hold the County and its County Council members, officers, agents and employees harmless from all pecuniary liability in connection with those reasons set forth in (i) or (ii) of Section 8.2(b) and to reimburse them for all reasonable expenses

to which any of them might be put in the fulfillment of their obligations under this Fee Agreement in the implementation of its terms and provisions.

(b) Notwithstanding the fact that it is the intention of the parties that neither the County nor any of its members, officers, agents and employees shall incur any pecuniary liability to any third-party (i) by reason of the terms of this Fee Agreement or the undertakings of the County required hereunder, or (ii) by reason of the performance of any act in connection with the entering into and performance of the transactions described in the Documents, if the County or any of its members, officers, agents or employees should incur any such pecuniary liability, then, in that event the Company shall indemnify and hold harmless the County and its members, officers, agents and employees against all pecuniary claims by or on behalf of any person, firm or Company, arising out of the same, and all costs and expenses incurred in connection with any such claim, and upon notice from the County, the Company at its own expense shall defend the County and its officers, agents and employees in any such action or proceeding.

(c) Notwithstanding the foregoing, the Company shall not be obligated to indemnify the County or any of its individual members, officers, agents and employees for expenses, claims, losses or damages arising from the intentional or willful misconduct or negligence of the County or any of its individual officers, agents or employees.

**SECTION 8.3. *Assignment and Leasing.*** To the maximum extent allowed by the Act, the County agrees to consent to the transfer or assignment of this Fee Agreement (which consent shall not be unreasonably withheld) in whole or in part by the Company or any transferee or assignee, and security or other interests in any or all of the interest of the Company in this Fee Agreement may be granted or assigned for any purpose, including but not limited to obtaining the Project or other financing, and the Project may be subleased or otherwise transferred or assigned in whole or in part by the Company. The County further agrees that, if future County consent is required by the Act, the County Council can provide any such consent by a resolution of County Council. The County Chairman and the Clerk to County Council are hereby expressly individually and jointly authorized and directed to evidence the County's consent by timely executing such documents as the Company may reasonably request. Further, for the purposes of this Fee Agreement and as noted in Article 5 herein, or so long as the County consents (which consent shall not be unreasonably withheld), 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 the Fee Agreement in whole or in part or a basis for changing the fee payments due under Section 12-44-50 of the Act.

## 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 Fee Agreement:

(a) If the Company shall fail to make any Payment-in-Lieu-of-Taxes or any other amount required under this Fee Agreement and such failure shall continue for 30 days after receiving written notice of default from the County; or

(b) If the Company or the 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) hereof), and such failure shall continue for a period of 30 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” as hereinafter defined 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 30 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. The term “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; or

(c) If any material representation or warranty on the part of the Company or the County 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.

**SECTION 9.2. Remedies on Default.** Whenever any Event of Default shall have happened and be subsisting the County may 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 Company, under the Documents. 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 the remedies provided by general law and the Act relating to the enforced collection of taxes.

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

## ARTICLE X

### 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



30 days notice, the Company may terminate this Fee Agreement with respect to the entire Project or any portion thereof. Upon termination of all or part of this Fee 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.

## 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, or may be sent by facsimile or 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:

If to the Company: Joseph Lomanto  
Innovative Machining Technology  
PO Box 441  
New Berlinville, PA 19545  
Facsimile: 610-473-0110

With A Copy to: Jennifer W. Davis  
Nelson Mullins Riley & Scarborough LLP  
P.O. Box 1806  
Charleston, SC 29402  
Facsimile: 843-722-8700

If to the County: Dorchester County Council  
201 Johnston Road  
St. George, SC 29477  
Attention: County Administrator

Any notice shall be deemed to have been received as follows: (1) by personal delivery, upon receipt; (2) by facsimile, 24 hours after confirmed transmission or dispatch; and (3) 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 Fee 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 Fee Agreement; otherwise, in the event any provision of this Fee 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 Fee 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 Fee Agreement under any then applicable law, including but not limited to Chapter 20 of Title 4 and Chapter 12 of Title 4, Code of Laws of South Carolina, as amended.

**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, such payment shall be made on the next business day.

**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 Fee Agreement shall be revised accordingly.

**SECTION 11.6. *Amendments, Changes and Modifications.*** Except as otherwise provided in this Fee Agreement, this Fee Agreement may not be amended, changed, modified, altered or terminated without the written consent of the County and the Company. To the maximum extent allowed by law, any such County consent may be provided by a resolution of County Council.

**SECTION 11.7. *Execution of Counterparts.*** This Fee Agreement may be executed in several counterparts, only one of which shall be an original for Uniform Commercial Code perfection purposes; provided, however, that any action may be brought upon any counterpart of this Fee Agreement or any counterpart of any document that is attached to this Fee 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 Fee Agreement.

**SECTION 11.9. *Filings.*** Whenever the County shall be required to file or produce any reports, notices or other documents during the Fee Term, the Company shall in due time furnish to the County the completed form of such report, notice or other required documents together with a certification by the Company that such document is accurate.

**SECTION 11.10. *Headings.*** The headings of the articles and sections of this Fee Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Fee Agreement.

**SECTION 11.11. *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 Fee Agreement.

**IN WITNESS WHEREOF, DORCHESTER COUNTY, SOUTH CAROLINA, and INNOVATIVE MACHINING TECHNOLOGY, each pursuant to due authority, have duly executed this Fee Agreement, all as of the date first above written.**

**DORCHESTER COUNTY COUNCIL:**



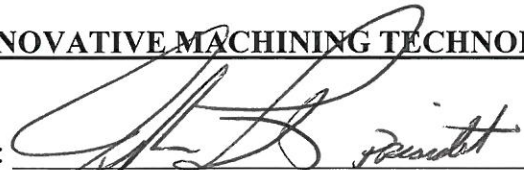
William R. Hearn, Jr., Chairman  
Dorchester County Council

**ATTEST:**



Sally K. Hebert, Clerk  
Dorchester County Council

**INNOVATIVE MACHINING TECHNOLOGY, INC.**

By: 

Joseph Lomanto, President

**EXHIBIT A  
DESCRIPTION OF LAND**

BK 9266 PG 285

**EXHIBIT "A"  
(Property Description)**

ALL THAT CERTAIN piece, parcel or tract of land, lying and being in the East Port Industrial Center, Dorchester County, South Carolina, being shown and designated as "TRACT 3H-2A PROPERTY OF BUERGER DEVELOPMENT USA LLC DEED BK/PG: 4240/189 PLAT BK/PG: J/197 TMS #122-00-00-120.000 ZONED: INDUSTRIAL (I) SEE AREA TABLE TOTAL NEW AREA: 5.491 AC" on a plat by BP Barber dated January 27, 2009, last revised June 4, 2009, entitled "BOUNDARY & R/W ADJUSTMENTS TRACTS 3H-1 AND 3H-2 EAST PORTION INDUSTRIAL CENTER LOCATED NEAR SUMMERVILLE DORCHESTER COUNTY, SOUTH CAROLINA" being recorded in Plat Cabinet L, Slide 129, Dorchester County Register of Deeds, said tract having such size, shape, dimensions, buttings and boundings as will by reference to said plat more fully appear.

BEING the same property conveyed to Buerger Development USA LLC by the following:

1. Deed of Berkeley-Charleston-Dorchester Regional Development Corporation dated July 1, 2004, and recorded July 19, 2004, in Book 4240, Page 189, in the Register of Deeds Office for Dorchester County, S.C.
2. Deed of Dorchester Industrial Center, Inc. dated and recorded July 17, 2009, in Book 7157, Page 308, aforementioned ROD
3. Quit-Claim Deed of Dorchester Industrial Park, Inc. dated and recorded July 17, 2009, in Book 7157, Page 311, aforementioned ROD
4. Quit-Claim Deed of Dorchester County dated March 25, 2014, and recorded April 3, 2014, in Book 9233, Page 63, aforementioned ROD

TMS: 122-00-00-120

Grantees Address:

274 Halteman Road  
Pottstown PA 19465