

STATE OF SOUTH CAROLINA

ORDINANCE NUMBER 15-03

COUNTY OF DORCHESTER

**AUTHORIZING THE CONVERSION AND EXTENSION OF A  
1995 FEE IN LIEU OF *AD VALOREM* TAXES ARRANGEMENT  
BY AND BETWEEN DORCHESTER COUNTY, SOUTH  
CAROLINA AND ZAPP PRECISION WIRE INC.; AND OTHER  
MATTERS RELATED THERETO**

WHEREAS, Dorchester County, South Carolina (“County”), acting by and through its County Council (“County Council”), as authorized and empowered under the provisions of Title 4, Chapters 12 and 29, Code of Laws of South Carolina, 1976, as amended (“Original Fee Act”), entered into a Lease Purchase Agreement with Zapp Precision Wire Inc. (formerly known as Ergste Westig South Carolina L.P., which subsequently converted to Ergste Westig South Carolina Inc.), a corporate duly organized and existing under the laws of the State of Delaware (“Company”), dated as of December 1, 1995, as subsequently amended by the Restated and Amended Lease Purchase Agreement dated as of November 1, 2000, (collectively, “1995 Lease”), pursuant to which (i) the Company invested in excess of \$11,500,000 in real and personal property in the County for the purpose of acquiring and constructing a manufacturing facility in the County (“Project”) and (ii) the County provided the Company with fee-in-lieu of *ad valorem* taxes (“FILOT”) benefits with respect to the Project (“Original Fee”);

WHEREAS, FILOT arrangements entered into pursuant to the Original Fee Act required that a county hold title to all of the assets subject to a FILOT;

WHEREAS, title transfer FILOT arrangements under the Original Fee Act proved difficult to administer and can create business difficulties for companies seeking to grant security interests in assets subject to title transfer FILOT arrangements;

WHEREAS, the General Assembly, recognizing such difficulties, passed a new FILOT act, Title 12, Chapter 44, Code of Laws of South Carolina 1976, as amended (“Simplified Fee Act”) in 1997 that permits the granting of FILOT benefits without the need for a county to hold title to all of the assets subject to a FILOT arrangement;

WHEREAS, under Section 12-44-170 of the Simplified Fee Act, a company with an existing FILOT arrangement entered into pursuant to the Original Fee Act, is permitted, under certain conditions, to “convert” from an original title transfer FILOT arrangement to a non-title transfer FILOT arrangement;

WHEREAS, as provided under Section 12-44-170 under the Simplified Fee Act, the Company desires to and has elected to transfer the Project from the Original Fee Act to a FILOT arrangement under the Simplified Fee Act (“Conversion”) subject to the following conditions: (i) a continuation of the same fee payments required under the 1995 Lease; (ii) a continuation of the same fee in lieu of tax payments for the time required for payments under the 1995 Lease plus an additional ten (10) years, as permitted by Section 12-44-30(21) of the Simplified Fee Act; (iii) a carryover of minimum investment or employment requirements of the Original Fee to the new FILOT; and (iv) the entering into of appropriate agreements and amendments between the Company and the County continuing the provisions and limitations of the 1995 Lease;

WHEREAS, pursuant to section 12-44-30(21) of the Simplified Fee Act, a company may apply to the applicable county prior to the expiration of the FILOT arrangement for an extension of the term of the

FILOT arrangement for up to ten (10) years and the applicable county council may approve the requested extension by resolution on a finding of substantial public benefit;

WHEREAS, because the FILOT arrangement between the County and the Company has not yet expired, the Company further desires to and has applied to the County for an extension of the term of its FILOT arrangement with the County for ten (10) years; and

WHEREAS, the Company requests the County (i) consent to the Conversion, (ii) approve the extension of the term of its FILOT arrangement, and (iii) execute a simplified fee agreement, the substantially final form of which is attached as Exhibit A (“Agreement”), to (A) achieve the Conversion, (B) cancel, terminate or amend certain documents by and between the Company and the County relating to the Original Fee, including the 1995 Lease; and (C) extend the term of the FILOT arrangement.

NOW THEREFORE, BE IT ORDAINED, by the County Council as follows:

**Section 1. *Consent to Conversion; Authorization to Execute and Deliver Agreement.*** The County approves the Conversion and the appropriate cancellation, termination or amendment of any documents, including the 1995 Lease relating to the Original Fee as may be appropriate to effect the Transfer. The Chairman of County Council, or the Vice-Chairman in the absence of the Chairman, are authorized and directed to execute the Agreement in the name of and on behalf of the County, subject to any revisions as are not materially adverse to the County as may be approved by the Chairman on receipt of advice from counsel to the County, and the Clerk to Council is hereby authorized and directed to attest the Agreement; and the Chairman is hereby further authorized and directed to deliver the Agreement to the Company.

**Section 2. *Approval of Extension.*** Based on representations by the Company to the County, the County finds that the substantial investment by the Company in the County and the potential for additional investment by the Company in the future provides a substantial public benefit and the County hereby approves the extension of the FILOT arrangement between the County and Company for ten (10) years.


**Section 3. *Further Assurances.*** The Chairman and the County Administrator are hereby authorized and directed to take whatever further action and execute whatever further documents as may be necessary or appropriate to effect the intent of this Ordinance.

**Section 4. *Severability.*** If any portion of this Ordinance is deemed unlawful, unconstitutional or otherwise invalid, the validity and binding effect of the remaining portions shall not be affected thereby.

**Section 5. *General Repealer.*** All ordinances, resolutions, and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

This Ordinance takes effect and is in full force only after the County Council has approved it following three readings and a public hearing.

DORCHESTER COUNTY, SOUTH CAROLINA



C. David Chinnis, Chairman  
Dorchester County Council

(SEAL)  
ATTEST:



Sally K. Hebert, Clerk to Council  
Dorchester County Council

READINGS:

First Reading: January 20, 2015  
Second Reading: February 2, 2015  
Third Reading: February 17, 2015  
Public Hearing: February 17, 2015

**EXHIBIT A**  
**FORM OF**  
**SIMPLIFIED FEE AGREEMENT**