

Lancaster County Council Special Meeting Agenda

Thursday, October 29, 2015

County Administration Building
County Council Chambers
101 N. Main Street
Lancaster, SC 29720

1. **Call Special Meeting to Order – Chairman Bob Bundy** 11:45 a.m.
2. **Welcome and Recognition – Chairman Bob Bundy**
3. **Pledge of Allegiance and Invocation – Council Member Larry Honeycutt**
4. **Approval of the Agenda** *[deletions and additions of non-substantive matter]*
5. **Citizen Comments** *[Speakers are allowed approximately 3 minutes. If there are still people on the list who have not spoken at the end of thirty (30) minutes, Council may extend the citizen comments section or delay it until a later time in the agenda]*
6. **2nd Reading of Ordinance 2015-1380 regarding a Infrastructure Credit and Incentive Agreement with Project Seating**
Ordinance Title: An Ordinance to authorize the execution and delivery of an infrastructure credit and incentive agreement by and between Lancaster County, South Carolina, and Project Seating providing for special source revenue credits and the sale to project seating of approximately 15.58 acres of land located at 3888 Chester Highway (S.C. 9), tax parcel no. 0066-00-033.00; and to provide for other matters related thereto. *(Favorable – Administration Committee) 1st Reading was held October 26, 2015. John Weaver*
7. **Adjournment**

Anyone requiring special services to attend this meeting should contact 285-1565 at least 24 hours in advance of this meeting.

Lancaster County Council agendas are posted at the Lancaster County Administration Building and are available on the Website:
www.mylancastersc.org

STATE OF SOUTH CAROLINA)
)
COUNTY OF LANCASTER)

ORDINANCE NO. 2015-

AN ORDINANCE

TO AUTHORIZE THE EXECUTION AND DELIVERY OF AN INFRASTRUCTURE CREDIT AND INCENTIVE AGREEMENT BY AND BETWEEN LANCASTER COUNTY, SOUTH CAROLINA, AND PROJECT SEATING PROVIDING FOR SPECIAL SOURCE REVENUE CREDITS AND THE SALE TO PROJECT SEATING OF APPROXIMATELY 15.58 ACRES OF LAND LOCATED AT 3888 CHESTER HIGHWAY (S.C. 9), TAX PARCEL NO. 0066-00-033.00; AND TO PROVIDE FOR OTHER MATTERS RELATED THERETO.

Be it ordained by the Council of Lancaster County, South Carolina:

Section 1. *Findings and determinations; Purpose.*

(A) The Council finds and determines that:

(1) Lancaster County, South Carolina ("County"), acting by and through its County Council ("Council") is authorized by Sections 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (collectively, the "Infrastructure Credit Act"), to provide special source revenue credits for the purpose of defraying certain costs, including, without limitation, the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the County or the project and for improved and unimproved real estate and personal property, including machinery and equipment, used in the operation of a manufacturing facility or commercial enterprise, all to enhance the economic development of the County;

(2) pursuant to Article VIII, section 13(D) of the South Carolina Constitution and Sections 4-1-170, -172, and -175 of the Code of Laws of South Carolina 1976, as amended (the "MCP Law"), the County is authorized to develop multi-county industrial parks with other

qualifying counties and, in its discretion, include within the boundaries of such parks the property of qualifying industries;

(3) Project Seating, a South Carolina limited liability company, its affiliated and related entities and assigns ("Company"), is planning an investment consisting of the expenditure of approximately \$3,100,000 ("Investment") along with the creation of approximately 100 new, full-time jobs ("Jobs") through the acquisition, construction, lease and purchase of certain land, buildings, furnishings, fixtures and equipment in order to expand its electronic equipment manufacturing facility within the County ("Project");

(4) the County owns the land and building consisting of approximately 15.58 acres located at 3888 Chester Highway (S.C. 9), Tax Parcel No. 0066-00-033.00 ("Project Site");

(5) the Company plans to purchase the Project Site from the County for the sum of \$500,000, for the purpose of undertaking the Project in the County; and

(6) in connection with the Project, the Company has requested the County to enter into one or more agreements, to the extent and subject to the conditions provided in those agreements, to establish the commitments of (i) the Company to make the Investment, create the Jobs and purchase the Project Site, (ii) the County to provide certain special source revenue credits against certain payments in lieu of taxes made in connection with the Project, (iii) the County to sell the Project Site to the Company, and (iv) the County to designate the Project Site as a multi-county park pursuant to the MCP Law.

B. It is the purpose of this ordinance to provide for the approval of the above-referenced requests of the Company.

Section 2. *Additional findings.*

Council finds, based on information provided by the Company, that (i) the Project will benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally, (ii) the Project gives rise to no pecuniary liability of the County or any incorporated municipality and to no charge against its general credit or taxing power, (iii) the purposes to be accomplished by the Project are proper governmental and public purposes, and (iv) the benefits of the Project to the public are greater than the costs to the public.

Section 3. *Cost-benefit findings.*

Council makes the following findings concerning the costs and benefits of the Project:

(a) the benefits of providing the incentives arrangement set forth in the Infrastructure Credit and Incentive Agreement include (i) investment in real and personal property of at least \$3,100,000, (ii) an average annual increase in property taxes (FILOT payments) of approximately \$37,493 after application of incentives, (iii) construction benefit of \$311,874, (iv) facility operation benefit of \$2,316,761, (v) employee benefit of \$18,637, and (vi) visitor benefit of \$0. The total benefit is estimated at \$2,647,272.

(b) the cost of providing the incentives arrangement is estimated at (i) development costs of \$0, (ii) operational costs of \$601,727, and (iii) employee costs of \$76,703. The total cost is estimated at \$678,430.

(c) the benefit to cost ratio in year one is estimated at \$3.63:\$1.00 and after year one at \$3.18:\$1.00.

(d) the value of the FILOT incentive to the Company is estimated at \$0 and the special source revenue credits at \$601,727 (Credit No. 1 -- \$544,491; Credit No. 2 -- \$57,236).

Section 4. *Economic Development Fund.*

(A) Council finds that (i) by passage of Ordinance No. 2014-1260, Council created an Economic Development Fund with the intent to make monies available to the fund from new revenues to the County derived from new and expanded businesses and industry, and (ii) the ability to make monies available to the Economic Development Fund can be difficult because of complexities and legalities applicable to fee-in-lieu of tax arrangements and multi-county parks.

(B) It is the intent of Council, in the annual County budget, to appropriate monies to the Economic Development Fund based on the new revenue that the County receives pursuant to the Infrastructure Credit and Incentive Agreement. Specifically, it is Council's intent to appropriate from the General Fund of the County an amount based on the following formula: Seven percent (7%) times the amount of money received pursuant to the Infrastructure Credit and Incentive Agreement by the County after distribution to other taxing entities in the most recently completed tax year.

Section 5. *Authority to execute Infrastructure Credit and Incentive Agreement; Approval of sale; Termination of authority.*

(A) The form, terms, and provisions of the Infrastructure Credit and Incentive Agreement, attached hereto as **Exhibit A**, are approved, and all of the terms, provisions, and conditions thereof are incorporated herein by reference as if the Infrastructure Credit and Incentive Agreement was set out in this ordinance in its entirety. The Council Chair and Council Secretary are authorized, empowered, and directed to execute and acknowledge the Infrastructure Credit and Incentive Agreement in the name of and on behalf of the County, and thereupon to cause the Infrastructure Credit and Incentive Agreement to be delivered to the Company. The Infrastructure Credit and Incentive Agreement is to be in substantially the form as attached to this ordinance and hereby approved, with such changes therein as shall not be materially adverse to the County and as shall be approved by the officials of the County executing the same, upon the advice of counsel to the County, such officer's execution thereof to constitute conclusive evidence of such officer's approval of any and all changes or revisions therein from the form of the Infrastructure Credit and Incentive Agreement attached to this ordinance.

(B) Included in the Infrastructure Credit and Incentive Agreement are provisions providing for the sale of the Project Site to the Company for \$500,000. Council authorizes and approves the sale of the Project Site to the Company.

Section 6. *Further acts.*

The Council Chair, Council Secretary, Clerk to Council, County Administrator, County Attorney and all other appropriate officials of the County are each authorized and directed to do any and all things necessary to effect the execution and delivery of the Infrastructure Credit and Incentive Agreement and the performance of all obligations of the County under and pursuant to the Infrastructure Credit and Incentive Agreement. The authority of the County Administrator includes the authority to execute and delivery a deed for the Project Site, consistent with the terms of the Infrastructure Credit and Incentive Agreement, to the Company.

Section 7. *Severability.*

If any section, subsection or clause of this ordinance is held to be unconstitutional or otherwise invalid, the validity of the remaining sections, subsections, and clauses shall not be affected thereby.

Section 8. *Controlling provisions.*

To the extent this ordinance contains provisions that conflict with provisions contained elsewhere in the Lancaster County Code or other County ordinances, orders and resolutions, the provisions contained in this ordinance supersede all other provisions and this ordinance is controlling.

Section 9. *Effective date.*

This ordinance is effective upon Third Reading.

And it is so Ordained

Dated this _____ day of November, 2015.

LANCASTER COUNTY, SOUTH CAROLINA

Bob Bundy, Chair, County Council

Steve Harper, Secretary, County Council

Attest:

Debbie C. Hardin, Clerk to Council

First Reading:

Second Reading:

Council Public Hearing:

Third Reading:

Tentative

Tentative

Tentative

Tentative

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Exhibit A to Ordinance No. 2015-_____

**Infrastructure Credit and Incentive Agreement
between
Project Seating and Lancaster County**

See attached.

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FOR COUNCIL CONSIDERATION – OCTOBER 26, 2015

INFRASTRUCTURE CREDIT AND INCENTIVE AGREEMENT

BY AND BETWEEN

PROJECT SEATING

AND

LANCASTER COUNTY, SOUTH CAROLINA

NOVEMBER 9, 2015

**PREPARED BY:
PARKER POE ADAMS & BERNSTEIN LLP
1201 MAIN STREET, SUITE 1450
COLUMBIA, SOUTH CAROLINA 29201
(803) 255-8000**

INFRASTRUCTURE CREDIT AND INCENTIVE AGREEMENT

THIS INFRASTRUCTURE CREDIT AND INCENTIVE AGREEMENT ("**Agreement**") is made and entered into as of November 9, 2015 (the "**Agreement Date**"), by and among Lancaster County, South Carolina ("**County**"), a body politic and corporate and a political subdivision of the State of South Carolina ("**State**"), acting by and through the Lancaster County Council ("**County Council**") as the governing body of the County and Project Seating, a South Carolina limited liability company, its affiliated and related entities and assigns ("**Company**") and any other party that may join as a Project Affiliate as that term is defined in this Agreement (hereinafter, the County, the Company, and any Project Affiliate are referred to collectively as "**Parties**," and individually as a "**Party**").

WITNESSETH:

(a) The County, acting by and through its County Council is authorized (i) by Sections 4-1-175 and 4-29-68 of the Code of Laws of South Carolina 1976, as amended (collectively, the "**Infrastructure Credit Act**"), to provide special source revenue credits for the purpose of defraying certain costs, including, without limitation, the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the County or the Project (defined below) and for improved and unimproved real estate and personal property, including machinery and equipment, used in the operation of a manufacturing facility or commercial enterprise, all to enhance the economic development of the County; and (ii) by Article VIII, Section 13(D) of the Constitution of the State of South Carolina, and Sections 4-1-170, 4-1-172, and 4-1-175 of the Code of Laws of South Carolina 1976, as amended (collectively, the "**MCP Law**") to create and expand, in conjunction with one or more other counties, joint county industrial or business parks in order to facilitate the grant of such special source revenue credits;

(b) The Company, along with any Project Affiliate, is planning to complete by December 31, 2018 (the "**Compliance Date**") an investment consisting of the expenditure of not less than \$3,100,000 ("**Minimum Investment Commitment**") and the creation of not less 100 new, full-time jobs ("**Minimum Jobs Commitment**") in connection with the acquisition by construction, lease and purchase of certain land, buildings, furnishings, fixtures, and equipment, for the purpose of locating a manufacturing facility in the County (collectively, "**Project**");

(c) The Investment may consist of investment made by the Company and any Project Affiliate and shall include the price paid by the Company to the County for the purchase of the Project Site, as that term is defined below, and shall also include grant funds received from the State of South Carolina, which funds are expected to total \$150,000;

(d) The County owns the land and building consisting of approximately 15.58 acres located at 3888 Chester Highway (S.C. 9), Tax Parcel No. 0066-00-033.00 ("**Project Site**");

(e) The Company proposes to purchase the Project Site from the County, pursuant to a Purchase and Sale Agreement, to undertake the Project in the County;

(f) The Project, including the Project Site, will be placed in a multi-county industrial park established pursuant to the MCP Law ("**Park Agreement**");

(g) The term Project Affiliate refers to an affiliate that joins with or is an affiliate of the Company who executes and delivers a Joinder Agreement in a form substantially similar to that attached hereto as **Exhibit B**; and whose investment with respect to the Project shall (i) be considered part of the Investment

for purposes of this Agreement and (ii) be qualified to receive the benefits pursuant to this Agreement and the Infrastructure Credit Act; and

(h) The County proposes to provide to the Company, along with any Project Affiliate, and as an incentive to proceed with the Project and the purchase of the Project Site, infrastructure credits as allowed by the Infrastructure Credit Act.

NOW, THEREFORE, IN CONSIDERATION of the respective representations and agreements contained in this Agreement, the Parties agree to the following:

Article I General

Section 1.01. Incorporation. The above recitals are incorporated into this Agreement as if the recitals were set out in this Agreement in its entirety.

Article II Purchase and Sale Agreement

Section 2.01. Definitions. As used in this Article, “Company” means Project Seating, a South Carolina limited liability company, its affiliated and related entities and assigns.

Section 2.02. Sale of Property. County agrees to convey and Company agrees to accept on the terms hereafter stated, the Project Site, together with any and all improvements thereon and appurtenances thereto, as described in the attached **Exhibit A**. At its option, Company shall have the property surveyed prior to Closing and, subject to County’s reasonable approval, any updated legal description from the survey may be attached in addition to the existing Exhibit A. Notwithstanding the provisions of this Article II, Company’s obligations herein are conditioned upon the Inspection Period, defined below.

Section 2.03. Inspection. Any provision hereof to the contrary notwithstanding, Company shall have until forty-five (45) days after the Agreement Date (the “**Inspection Period**”) to perform development studies, financial analyses, feasibility studies, inspections, utility studies, storm drainage analyses, soil tests, surveys, appraisals, environmental studies, title searches, and such other tests, evaluations and examinations of the Project Site as Company may desire. Within ten (10) days after the Agreement Date, County shall provide to Company copies of any and all outstanding written contracts, agreements, permits, letters of intent, surveys, plans, environmental studies conducted by County, license agreements, title insurance policies, easement agreements, restrictive covenants, other title documents and other such documents concerning the Project Site in County’s possession. In the event the results of Company’s tests, evaluations and analyses are not satisfactory to Company in its sole discretion or if for any other reason Company elects not to purchase the Project Site, Company may on or before the last day of the Inspection Period terminate this Agreement by written notice to County. In such event, this Agreement shall be deemed terminated, and Company shall have no obligation to purchase the Project Site. In the event Company does not terminate this Agreement within said time period, this Agreement shall remain in full force and effect. Company agrees to indemnify and hold harmless the County from all liabilities, claims, damages, liens, costs, and expenses (including reasonable attorneys’ fees) in connection with the inspection of the Project Site.

Section 2.04. Title/Purchase Price. At closing, in exchange for payment of the sum of Five Hundred Thousand Dollars (\$500,000.00) (the “**Purchase Price**”), County shall convey to the Company good and marketable fee simple title to the Project Site by limited warranty deed free and clear of all leases, liens, encumbrances (other than easements and rights of way of record as of the Agreement Date) and mortgages.

Company shall cause the title to the Project Site to be examined prior to Closing. Prior to Closing (hereinafter defined), Company shall submit to County notice in writing of any objections to title, including but not limited to any matters shown on any new survey of the Project Site (the "**Title Objections**"). Subject to the terms herein, the County shall have until the Closing to correct, at County's sole cost and expense, the Title Objections. If, at Closing, County has not corrected all the Title Objections to Company's sole and absolute satisfaction, Company shall have the option to accept such title as County delivers at Closing; or to terminate this Agreement, and this Agreement shall automatically become null and void. Title Objections that are not corrected at Closing and over which Company takes title, in addition to matters of title on the Agreement Date as to which Company did not object, shall be referred to as "**Permitted Encumbrances**."

Section 2.05. Closing. Company and County agree that the closing of the purchase and sale of the Project Site ("**Closing**") will be consummated on or before thirty (30) days following expiration of the Inspection Period, on a date to be selected by Company with no less than ten (10) days prior notice to County, in the office of the Company's counsel in Columbia, South Carolina (the "**Closing Date**"). In any event, Company shall have the option to consummate the Closing on a date prior to the expiration of the Inspection Period. At Closing, the County will deliver or cause to be delivered to the Company such additional documents, including any documents required by Company's title insurer and attorney as may be reasonably required by the Company to consummate the sale of the Project Site to the Company. The County will pay the following costs: the County's attorney's fees, and the preparation of the Deed. The Company will pay the following amounts and costs: the Purchase Price via wire transfer to County at Closing in U.S. dollars, the Company's attorney's fees, recording fee to record the deed, transfer fees and documentary stamps applicable to the deed and costs to obtain any inspections, survey and title insurance desired by the Company. At Closing, County shall deliver the following:

- (i) a duly executed and acknowledged limited warranty deed in recordable form conveying fee simple title to the Project Site using the legal descriptions contained in the deeds into the County and subject to County's reasonable approval, also referencing the description set forth on the Company's survey to be recorded;
- (ii) a duly executed lien affidavit satisfactory for the applicable title company to remove the mechanic's lien exception applicable to the County (but not for liens created by the Company) and free of the rights of parties in possession except as allowed under this Agreement;
- (iii) such other documents as the applicable title company may reasonably request to evidence the County's authority to execute and perform under this Agreement and to execute and deliver all documents conveying the Project Site to Company;
- (iv) a certificate given under penalty of perjury and on a form approved under temporary regulations promulgated under Section 1445 of the Internal Revenue Code of 1986, as amended, that County is not a foreign person; and
- (v) possession of the Project Site free of the rights and claims of others subject to the Permitted Encumbrances.

Section 2.06. Possession. Possession of the Project Site will be delivered to the Company on the Closing Date free from leases and parties claiming any rights to possession in or ownership to the Project Site, subject to the Permitted Exceptions.

Section 2.07. Buyer's acknowledgment. COMPANY ACKNOWLEDGES THAT COMPANY IS PURCHASING THE PROJECT SITE FROM THE COUNTY "AS IS" AND, EXCEPT FOR THE WARRANTY IN SECTION 2.08 AND THE LIMITED WARRANTY DEED, WITHOUT WARRANTY

OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE CONDITION OF THE PROJECT SITE, ITS FITNESS FOR ANY PARTICULAR PURPOSE, OR ITS COMPLIANCE WITH ANY LAWS AND REGULATIONS. COMPANY ACKNOWLEDGES THAT DURING THE INSPECTION PERIOD, COMPANY WILL SATISFY ITSELF ON ALL SUCH MATTERS.

Section 2.08. *Environmental matters.* County warrants that, to the actual knowledge of the County's County Administrator, it has no knowledge of any facts with respect to the environmental condition of the Project Site other than as may be referenced in (1) Phase I Environmental Site Assessment dated April 19, 2012 prepared by Summit Engineering and Construction Services, Inc. (Summit Project No. GE-2321-12) (Engineer: Michael D. Zavislak); (2) Preliminary Wetlands Determination Requests and report by Summit Engineering and Construction Services, Inc. dated February 17, 2012; (3) Phase I Environmental Site Assessment dated November 7, 2008 prepared for the County of Lancaster, South Carolina by ARM Environmental Services, Inc. (ARM Project # 07-615-08); and (4) Property Inspection Reports prepared by LESCO Restorations, Inc. dated November 4 and November 5, 2008. County has delivered copies of the foregoing reports to Company and Company acknowledges that County has no ability to give Company any right to rely upon such reports.

Section 2.09. *Assignment of article.* The right to purchase the Project Site, as provided in this Article, may not be assigned by Company without the consent of County which consent shall not be unreasonably withheld. County hereby consents to an assignment of the provisions of this Article to a third-party affiliate of Company, meaning any party that is controlling, controlled by, or under common control with Company.

Section 2.10. *Temporary Right of First Refusal; Performance Requirement.*

(a) *Temporary Right of First Refusal.* Company agrees that the County has the right to reserve in the deed in which the County conveys title to the Project Site to the Company a right of first refusal (the "**Right of First Refusal**") granting the County the right (subject to the Performance Requirement below), but not the obligation, to cause the Company to reconvey the Project Site to the County for the consideration of FIVE HUNDRED THOUSAND DOLLARS (\$500,000.00) in the event the Company offers to sell the Project Site to any unrelated third party within five (5) years from the date of conveyance of the Project Site from the County to the Company.

(b) *Performance Requirement.* In any event, the Right of First Refusal shall terminate immediately upon the Company's completion of the Performance Requirement. As used in this Section, "**Performance Requirement**" means the expenditure of not less than \$1,000,000 (including the amount of \$500,000 paid as the Purchase Price) for improvements to the Project Site as evidenced by documents including, but not limited to, proof of payment to contractors and suppliers and binding written contracts for the construction or installation of improvements. At any time after the Company has completed the Performance Requirement, the County agrees to execute, within ten (10) business days after requested by the Company, a recordable document acknowledging termination of the Right of First Refusal.

Section 2.11. *Survival.* The covenants and warranties contained in this Article II shall survive the Closing of the Project Site.

Section 2.12. *Termination.* If the Company does not terminate this Agreement during the Inspection Period and Company fails to Close by the Closing Date, then, unless extended by written agreement of the parties, this Agreement shall terminate.

Article III Infrastructure Credits

Section 3.01. *Multi-county park status; Payments in lieu of tax.*

(a) *Multi-county park status.* County agrees to include the Project Site in a multi-county park established pursuant to the MCP Law for the period beginning not later than when the Company receives title to the Project Site and ending not sooner than the date this Agreement is terminated. Company acknowledges and agrees that County's obligation to include the Project Site in a multi-county park is subject to the approval of, and the exercise of discretion by, a governmental entity other than the County and the approval, and exercise of discretion, by the other governmental entity is not controlled by the County.

(b) *Fee payments.* Company agrees that, by virtue of the inclusion of the Project Site in a multi-county park and the exemption from all *ad valorem* taxation for real and personal property having a *situs* in the multi-county park, it shall make annual payments in lieu of taxes to the County in the total amount equivalent to the *ad valorem* property taxes or other fee-in-lieu-of-taxes that would have been due and payable with respect to such real and personal property but for the location of such real and personal property within the multi-county park (each, a "**Fee Payment**"). The Company agrees that the Fee Payments are to be made annually and are to be collected and enforced as provided in Section 12-2-90 of the Code of Laws of South Carolina 1976, as amended.

Section 3.02. *Infrastructure Credits.*

(a) *Infrastructure Credit #1.* Subject to the provisions herein, the County grants an annual infrastructure credit ("**Infrastructure Credit #1**") for a period of twenty (20) years ("**Credit Period #1**") to the Company and any Project Affiliate against each Fee Payment in an amount that would allow the Company's remaining fee payments, after deduction of Infrastructure Credit #1 but before deduction of Infrastructure Credit #2, to be equivalent to an amount calculated using a 6% assessment ratio and a millage rate of 301.1. Infrastructure Credit #1 shall apply to the annual Fee Payments due with respect to the Project in connection with investments made during the remainder of the 2015 calendar year, and in service as of December 31, 2015, and for each year thereafter through December 31, 2020 ("**Investment Period**"). Credit Period #1 shall commence in the first property tax year for which any Fee Payment becomes due. The Parties anticipate that the first year of Credit Period #1 will begin in property tax year 2016 (*i.e.*, since the Fee Payment for investments made in 2015 will be invoiced to the Company and any of the Project Affiliate(s) in property tax year 2016 and payable on January 15, 2017) and that the last year of Credit Period #1 will be the property tax year in which the last Fee Payment against which any Infrastructure Credit is applied, anticipated to be property tax year 2035, as extended.

(b) *Infrastructure Credit #2.* In addition to Infrastructure Credit #1, the County grants an annual infrastructure credit ("**Infrastructure Credit #2**") to the Company and any Project Affiliate against each annual Fee Payment in an amount equal to 25% of the remaining fee payment liability, after deduction of Infrastructure Credit #1, each year for a period of five (5) years ("**Credit Period #2**"). Infrastructure Credit #2 shall apply to the Fee Payments due with respect to the Project beginning with Fee Payments due January 15, 2017 and for each year thereafter through Fee Payments due January 15, 2021.

(c) *Application of Infrastructure Credits.* Any infrastructure credit provided under this Agreement shall be used to reimburse the Company and any Project Affiliate for eligible expenditures, as permitted by the Infrastructure Credit Act, which includes the cost of designing, acquiring, constructing,

improving, or expanding the infrastructure serving the Company's property, for improved or unimproved real estate or for machinery and equipment ("**Eligible Expenditures**"). The infrastructure credit benefits shall be first deemed to be applied to the Eligible Expenditures of the Company, with any remaining infrastructure credit benefit to be applied to the Eligible Expenditures of the Project Affiliate, the allocation of which shall be determined in the sole discretion of the Company. The Company, and each Project Affiliate, agree that, as of any date during the term of this Agreement, the cumulative dollar amount expended by the Company on Eligible Expenditures shall equal or exceed the cumulative dollar amount of Infrastructure Credits #1 and #2 received by the Company and any Project Affiliate.

(d) Payment of Eligible Expenditures. The Company, and any Project Affiliate, agrees to pay for, or cause to be paid, all costs of the Eligible Expenditures as and when due.

(e) Clawbacks; Termination.

(1) If either or both of the Minimum Investment Commitment and the Minimum Jobs Commitments are not satisfied by the Compliance Date, then this Agreement is terminated and neither the Company nor any Project Affiliate is eligible for Investment Credit #1 or Investment Credit #2. Upon such termination, all Fee Payments shall revert retroactively to payments calculated without regard to Investment Credit #1 or Investment Credit #2 (but with regard to any applicable property tax exemptions), and a deficiency payment from each such owing entity shall be due and payable with respect to the Fee Payments theretofore made. The amount of such deficiency payment is the difference between the amount paid by the Company and Project Affiliate as Fee Payments each year as adjusted for Investment Credit #1 and Investment Credit #2 and the amount the Fee Payments would have been without adjustment for Investment Credit #1 or Investment Credit #2. Deficiency payments due to the County from either the Company or a Project Affiliate under this subsection (e)(1) shall be paid within ninety (90) days following receipt by the entity of notice from the County that a deficiency payment is due and the amount due shall be collected and enforced in accordance with Section 12-2-90 of the Code of Laws of South Carolina 1976, as amended. The Company and Project Affiliate each agree that under no circumstance shall the County be required to refund or pay any monies to the Company or Project Affiliate pursuant to this subsection (e)(1).

(2) If both the Minimum Investment Commitment and the Minimum Jobs Commitment are satisfied by the Compliance Date, but following the Compliance Date, the number of new, full-time jobs falls below fifty (50), then this Agreement is terminated and the Project shall prospectively be subject to Fee Payments calculated without Investment Credit #1 or Investment Credit #2, beginning with the Fee Payments due with respect to the Project property as of the end of the property tax year in which such short fall occurs.

(3) Notwithstanding any other provision of this Agreement, the Company acknowledges and agrees that County's obligation to provide Investment Credit #1 and Investment Credit #2 ends, and this Agreement shall terminate prospectively beginning with the Fee Payments due with respect to the Project property as of the end of the property tax year in which the Company or Project Affiliate closes or otherwise ceases operations in the County for a period of at least forty-five (45) consecutive days. The provisions of this subsection (e) relating to deficiency payments apply if this Agreement is terminated in accordance with this subsection (e)(3) prior to the requirements in subsection (e)(1) being satisfied.

(f) Annual Certifications. Each year, the Company shall be deliver to the County, the County Auditor, the County Assessor, and the County Treasurer, a completed Credit Certification Form (attached to this Agreement as **Exhibit C** and incorporated herein as if it were set out in this Agreement in its

entirety) on or before May 31 following the year for which the Credit Certification Form applies, with the first Credit Certification Form being due on or before May 31, 2016, in accordance with the instructions set forth therein. If the Company fails to submit the Credit Certification Form by May 31 of the applicable year, then the Company agrees that it forfeits Infrastructure Credit #1 and Infrastructure Credit #2 for the then current year.

Section 3.03. *Annual filings.* Each year during the term of this Agreement, the Company shall deliver to the County, the County Auditor, the County Assessor, and the County Treasurer, a copy of its most recent annual filings with the South Carolina Department of Revenue (the “SCDOR”) with respect to the Project, not later than 30 days following delivery thereof to the SCDOR.

Section 3.04. *Reliance on SCDOR filings and other Evidence.* For purposes of determining the amount expended on Eligible Expenditures and for determining whether the Company has met or exceeded the Minimum Investment Commitment, the County and Company agree that the County may rely on either (1) the gross costs of property reported by the Company on its most recently filed PT-300 series form (or comparable SCDOR form) or (2) other supporting documentation of amounts expended on Eligible Expenditures as equivalent to the cumulative dollar amount expended by the Company on the applicable item.

Section 3.05. *Addition of Project Affiliates.* Any Project Affiliate may join as a Party to this Agreement, without the approval of County Council, provided that it agrees to be bound by the terms of that Joinder Agreement attached as Exhibit B, a fully executed copy of which will be delivered to the County.

Section 3.06. *Right to inspect; Confidential information.*

(a) *Right to inspect.* The Company agrees that the County and its authorized agents have the right at all reasonable times and upon prior reasonable notice to enter upon and examine and inspect the Project and to have access to and examine and inspect all of the Company’s books and records pertaining to the Project. The right of examination and inspection shall be exercised only upon reasonable and necessary terms and conditions prescribed by the Company to protect the Company’s confidentiality and proprietary rights. Any such entrance upon and examination and inspection of the Project shall be at the County’s expense.

(b) *Confidential information.* The County acknowledges and understands that the Company may have and maintain at the Project certain confidential and proprietary information, including, but not limited to, trade secrets, financial, sales or other information concerning the Company’s operations and processes (“**Confidential Information**”) and that any disclosure of the Confidential Information could result in substantial harm to the Company and could have a significant detrimental impact on the Company’s employees and also upon the County. Except as required by law, including, without limitation, court orders, the County agrees to use its best reasonable efforts to keep confidential, and to cause employees, agents and representatives of the County to keep confidential, the Confidential Information which may be obtained from the Company, its agents or representatives, when the Confidential Information is clearly marked and identified as Confidential Information and known to the County to be Confidential Information. The County shall not knowingly and willfully disclose and shall cause all employees, agents and representatives of the County not to knowingly and willfully disclose the marked and identified Confidential Information to any person or entity other than in accordance with the terms of this Agreement. If a demand is made for the release, under color of law, to a third party of any Confidential Information, the County shall notify the Company and give the Company the opportunity to contest the release.

Article IV
Miscellaneous

Section 4.01. *Administrative expenses.*

(a) *Administrative expenses.* The Company agrees to reimburse the County from time to time for its Administrative Expenses promptly upon written request therefore, but in no event later than thirty (30) days after receiving the written request from the County. The written request shall include a description of the nature of the Administrative Expenses. As used in this section, “**Administrative Expenses**” means the reasonable and necessary out-of-pocket expenses, including attorneys’ fees, incurred by the County with respect to: (i) the preparation, review, approval and execution of this Agreement, (ii) the preparation, review, approval and execution of other documents related to this Agreement and any multi-county park documents; and (iii) the fulfillment of its obligations under this Agreement and any multi-county park documents, and in the implementation and administration of the terms and provisions of the documents after the date of execution thereof. Administrative Expenses does not include the costs that County is to pay pursuant to Section 2.05 of Article II. The Company and the County agree that the Administrative Expenses are not intended to exceed \$4,000 in the aggregate.

(b) *Expense of experts.* The Company agrees to reimburse the County for expenses incurred by the County for accountants and similar experts used by the County in the computation, preparation and verification of the annual Fee Payments and Infrastructure Credit #1 and Infrastructure Credit #2, provided, however, the maximum annual reimbursement pursuant to this subsection is capped at one thousand dollars (\$1,000.00).

Section 4.02. *Notices.* Any notice, election, demand, request or other communication to be provided under this Agreement shall be effective when delivered to the party named below or three business days after deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, addressed as follows (or addressed to such other address as any party shall have previously furnished in writing to the other party), except where the terms hereof require receipt rather than sending of any notice, in which case such provision shall control:

AS TO THE COUNTY: County of Lancaster, South Carolina
 ATTN: Steve Willis, County Administrator
 101 N. Main St. (29720)
 PO Box 1809 (29721-1809)
 Lancaster, South Carolina
 Telephone: (803) 416 - 9300
 Fax: (803) 285 - 3361
 Email: swillis@lancastercountysc.net

WITH A COPY TO: John Weaver
(which shall not County Attorney, Lancaster County
constitute notice) 101 N. Main St. (29720)
 PO Box 1809 (29721-1809)
 Lancaster, South Carolina
 Telephone: (803) 416 - 9426
 Fax: (803) 285 - 3361
 Email: jweaver@lancastercountysc.net

AS TO THE COMPANY: Project Seating
 ATTN: Albert Chen, General Manager
 3888 Chester Highway
 Lancaster, South Carolina 29720
 Telephone: (866) 267-7772
 Fax: (909) 627-4759
 Email: [ADDRESS]

WITH A COPY TO: Parker Poe Adams & Bernstein LLP
(which shall not ATTN: Ray Jones, Esquire
constitute notice) 1201 Main Street, Suite 1450
 Columbia, South Carolina 29201
 Telephone: (803) 255-8000
 Facsimile: (803) 255-8017
 Email: rayjones@parkerpoe.com

Section 4.03. *Binding effect.* This Agreement is binding, in accordance with its terms, upon and inures to the benefit of the Company and its respective successors and assigns. In the event of the dissolution of the County or the consolidation of any part of the County 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 the successors of the County, but only to the extent provided by law applicable to the dissolution, consolidation or transfer to any other political subdivision.

Section 4.04. *Counterparts.* The Parties may execute this Agreement in any number of counterparts, in original or by facsimile or electronic means, and all of the counterparts taken together shall be deemed to constitute one and the same instrument.

Section 4.05. *Governing law.* This Agreement and all documents executed in connection with this Agreement are construed in accordance with and governed by the laws of the State. To the extent of any conflict between the provisions of this Agreement and the Infrastructure Credit Act, the Infrastructure Credit Act controls.

Section 4.06. *Amendments.* The Parties may modify or amend this Agreement only in a writing signed by the Parties.

Section 4.07. *Waiver.* A Party to this Agreement may waive compliance by any other Party with any term or condition of this Agreement. To be effective, the waiver must be in a writing signed by the waiving party.

Section 4.08. *Entire understanding.* This Agreement expresses the entire understanding and all agreements of the parties hereto with each other with respect to its subject matter, and neither party hereto has made or shall be bound by any agreement or any representation to any other party which is not expressly set forth in this Agreement or in certificates delivered in connection with the execution and delivery hereof.

Section 4.09. *Further assurance.* From time to time, and at the expense of the Company, to the extent any expense is incurred, the County agrees to execute and deliver to the Company such additional instruments as the Company may reasonably request and as are authorized by law and reasonably within

the purposes and scope of the MCP Law, the Infrastructure Credit Act, and this Agreement, to effectuate the purposes of this Agreement.

Section 4.10. Severability. If any provision of this Agreement is illegal, invalid or unenforceable for any reason, the remaining provisions remain unimpaired and any illegal, invalid or unenforceable provision are reformed to effectuate most closely the legal, valid and enforceable intent and to afford the Company with the maximum benefits to be derived under this Agreement and the Infrastructure Credit Act, it being the intention of the County to offer the Company the strongest inducement possible to encourage the Investment and the creation of Jobs for or in the Project.

Section 4.11. Assignment. This Agreement may be assigned in whole or in part. To the extent any further consent is required by the Infrastructure Credit Act and requested, the County may grant such consent by adoption of a resolution.

Section 4.12. Limited Obligation. THIS AGREEMENT AND THE INFRASTRUCTURE CREDITS BECOMING DUE HEREUNDER ARE LIMITED OBLIGATIONS OF THE COUNTY PROVIDED BY THE COUNTY SOLELY FROM THE FEE PAYMENTS RECEIVED BY THE COUNTY FROM THE COMPANY FOR THE PROJECT PURSUANT TO THE MCP LAW, AND DO NOT AND SHALL NEVER CONSTITUTE A GENERAL OBLIGATION OR AN INDEBTEDNESS OF THE COUNTY OR ANY MUNICIPALITY WITHIN THE MEANING OF ANY CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION AND DO NOT AND SHALL NEVER CONSTITUTE OR GIVE RISE TO A PECUNIARY LIABILITY OF THE COUNTY OR ANY MUNICIPALITY OR A CHARGE AGAINST THEIR GENERAL CREDIT OR TAXING POWER. THE FULL FAITH, CREDIT, AND TAXING POWER OF THE COUNTY OR ANY MUNICIPALITY ARE NOT PLEDGED FOR THE INFRASTRUCTURE CREDITS.

Section 4.13. Force Majeure. The Company is not responsible for any delays or non-performance caused in whole or in part, directly or indirectly, by strikes, accidents, freight embargoes, fire, floods, inability to obtain materials, conditions arising from government orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the Company's reasonable control. *Provided, however,* the provisions of this section shall in no way relieve the Company from the provisions contained in Section 3.03(e) of Article III of this Agreement.

Section 4.14. State Grants. With respect to state grants offered by the State of South Carolina ("State Grants"), the County agrees to administer the State Grants and to, in good faith, assist the Company in its efforts to qualify and receive the benefits of the State Grants.

Section 4.15. Survival. Unless otherwise provided in this Agreement, the provisions of this Agreement intended to survive its termination shall survive. Provisions that are intended to survive the termination of this Agreement, include, but are not limited to, the Company's obligations to make deficiency payments, Fee Payments, and to indemnify the County.

[REMAINDER OF THIS PAGE LEFT INTENTIONALLY BLANK]
[SIGNATURES PAGES FOLLOW]

IN WITNESS WHEREOF, the County, acting by and through the County Council, has caused this Agreement to be executed in its name and on its behalf by the Council Chair and Council Secretary, to be attested by the Clerk to Council as of the Agreement Date.

LANCASTER COUNTY, SOUTH CAROLINA

Bob Bundy, Chair, County Council

Steve Harper, Secretary, County Council

(SEAL)
ATTEST:

Debbie C. Hardin, Clerk to Council

[COMPANY SIGNATURES FOLLOW ON NEXT PAGE.]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed in its name and on its behalf by its authorized officer as of the Agreement Date.

PROJECT SEATING

By: _____

Its: _____

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Exhibit A to the Infrastructure Credit and Incentive Agreement

Description of Project Site

Approximately 15.58 acres located at 3888 Chester Highway (S.C. 9), Tax Parcel No. 0066-00-033.00.

LEGAL DESCRIPTION FROM DEED RECORDED IN BOOK 671 AT PAGES 267-272:

ALL THAT CERTAIN piece, parcel or tract of land situated in the County of Lancaster, South Carolina lying on the north margin right of way of South Carolina Highway 9 and being more particularly bounded and described as follows:

BEGINNING at an existing number five rebar located on the north margin right of way of South Carolina Highway 9 and being the southeast most corner of Tract No. 3 and the common corner of Tract No. 3 and Tract No. 2 as shown in Plat Book 2003 at page number 349, said point being **N59°47'42"E 271.73'** from National Geodetic Survey benchmark monument "29 021" (PID: AA4143) having South Carolina State Plane NAD83 (CORS96) EPOCH 2002.0000 Grid Coordinates of **1049514.02' ifeet NORTH** and **2046100.29' ifeet EAST**; thence along and with the common boundary of Tract No. 3 and Tract No. 2 **N28°53'10"W 600.05'** to an existing number five rebar; said point being the northeast most corner of Tract No. 3 and the common corner of Tract No. 3 and Tract No. 2; thence along and with the common boundary of Tract No. 3 and Tract No. 2 **S61°05'09"W 550.28'** to an existing number five rebar; said point being the northwest most corner of Tract No. 3 and the common corner of Tract No. 3 and Tract No. 2; thence with a newly created boundary line **N28°54'45"W 131.09'** to a new corner being a number five rebar set; thence with a newly created boundary line **N61°05'09"E 871.64'** to a new corner being a number five rebar set in the common boundary of Tract No. 2 and the Gibson Limited Partnership lands; said point being **S37°41'10"E 702.00'** from an existing 2" angle iron being the northeast most corner of Tract No. 2; thence along and with the common boundary of Tract No. 2 and the Gibson Limited Partnership lands **S37°41'10"E 740.04'** to an existing number five rebar located on the north margin right of way of South Carolina Highway 9; said point being the southeast most corner of Tract No. 2 and the common corner of Tract No. 2 and the Gibson Limited Partnership lands; thence along and with the north margin right of way of South Carolina Highway 9 **S61°07'05"W 434.51'** to the **POINT OF BEGINNING** and containing **8.000 ACRES** and being the property shown on map of "PLAT OF BOUNDARY SURVEY FOR COUNTY OF LANCASTER, SOUTH CAROLINA", file "LYBCAACA" dated February 3rd 2012 as surveyed by Enfinger & Associates Professional Land Surveyors, recorded in the Office of the Register of Deeds for Lancaster County in Plat Book 2012 at page 225.

Derivation: This being the same property conveyed to Lancaster County, South Carolina by deed of Nichols Road Farming and Real Estate Investments, LLC dated June 7, 2012, and recorded with the Register of Deeds for Lancaster County on June 7, 2012 in Book 671 at page 267.

LEGAL DESCRIPTION FROM DEED RECORDED IN BOOK 493 AT PAGES 222-225:

All that certain piece, parcel or lot of land, together with the improvements thereon, lying and being situate on the northern side of S.C. Highway 9 in or near the City of Lancaster, Cane Creek Township, Lancaster County, South Carolina, containing 7.58 acres, more or less, designated as Parcel 3 on that certain "Boundary Survey for Springs Industries, Inc." dated April 14, 2003, prepared by James W. Capps, P.L.S. Registration # 14805, recorded on May 28, 2003, as Plat #2003-349, Office of the Clerk of Court for Lancaster County, South Carolina, to which plat reference is hereby made for a more particular description of the said 7.58 acre parcel.

Derivation: This being the same property conveyed to Lancaster County, South Carolina by deed of Springs Global US, Inc. dated November 18, 2008, and recorded with the Register of Deeds for Lancaster County on November 18, 2008 in Book 493 at page 222.

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EXHIBIT B to the Infrastructure Credit and Incentive Agreement

JOINDER AGREEMENT

Reference is hereby made to that certain Infrastructure Credit and Incentive Agreement, dated [DATE] (“Infrastructure Credit Agreement”), between Lancaster County, South Carolina (“County”) and Project Seating (the “Company”).

1. Joinder to Infrastructure Credit and Incentive Agreement.

The undersigned hereby (a) joins as a party to, and agrees to be bound by and subject to all of the terms and conditions of, the Infrastructure Credit Agreement except the provisions of Article II; (b) acknowledges and agrees that (i) in accordance with the Infrastructure Credit Agreement, the undersigned has been designated as a Project Affiliate by the Company for purposes of the Project; and (ii) the undersigned shall have all of the rights and obligations of a Project Affiliate as set forth in the Infrastructure Credit Agreement, unless otherwise set forth herein. The Project Affiliate agrees that it is bound by this Joinder Agreement to make Fee Payments pursuant to the Infrastructure Credit Agreement and that the provisions of Section 3.02(e) of Article III of the Infrastructure Credit Agreement apply if the Minimum Investment Commitment and the Minimum Jobs Commitment are not satisfied by the Compliance Date.

2. Capitalized Terms.

All capitalized terms used but not defined in this Joinder Agreement shall have the meanings set forth in the Infrastructure Credit Agreement.

3. Governing Law.

This Joinder Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina, without regard to principles of choice of law.

4. Notice.

Notices required to be sent to the Project Affiliate of the Infrastructure Credit Agreement shall be sent to:

[INSERT PROJECT AFFILIATE’S ADDRESS]

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IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement to be effective as of the date set forth below.

Date	Name of Entity
By: _____	
Name: _____	
Its: _____	
Address: _____	

IN WITNESS WHEREOF, the Company consents to the addition of the above-named entity becoming a Project Affiliate under the Infrastructure Credit Agreement effective as of the date set forth above.

By: _____
Name: _____
Its: _____
Date: _____
Address: _____

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EXHIBIT C to the Infrastructure Credit and Incentive Agreement

Credit Certification Form

Infrastructure Credit

Reference is made to the Infrastructure Credit Agreement, dated as of [DATE] (“Agreement”), by and among Lancaster County, South Carolina (“County”) and Project Seating (“Company”). Each capitalized term not defined in this Credit Certification Form (“Certification”) has the meaning contained in the Agreement.

According to the Agreement, the undersigned authorized agent of the Company certifies:

1. The Company has satisfied the requirements to qualify for Infrastructure Credit #1 or Infrastructure Credit #2, or both, property tax year ____.
2. The Company is entitled to claim Infrastructure Credit #1 or Infrastructure Credit #2, or both.
3. Infrastructure Credit #1 or Infrastructure Credit #2, or both, specified in this Certification for the current property tax year, together with the amount of all infrastructure credits previously claimed pursuant to the Agreement, do not, in the aggregate, exceed the total cost of all infrastructure improvements funded by the Company and all Project Affiliates, for which an infrastructure credit is permitted under state law.

IN WITNESS WHEREOF, I have executed this Certification as of _____, 20__.

PROJECT SEATING, LLC,
a South Carolina limited liability company

By: _____

Name: _____

Its: _____

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