

**BARNWELL COUNTY  
RESOLUTION**

A RESOLUTION AUTHORIZING (1) THE EXECUTION AND DELIVERY OF A FEE IN LIEU OF TAX AND INCENTIVE AGREEMENT BY AND BETWEEN BARNWELL COUNTY, SOUTH CAROLINA (THE "COUNTY") AND KRONOTEX SC, LLC, ACTING FOR ITSELF, ONE OR MORE AFFILIATES, AND/OR OTHER PROJECT SPONSORS (THE "COMPANY"), PURSUANT TO WHICH THE COUNTY SHALL COVENANT TO ACCEPT CERTAIN NEGOTIATED FEES IN LIEU OF AD VALOREM TAXES ("FILOT") WITH RESPECT TO THE ESTABLISHMENT AND/OR EXPANSION OF CERTAIN FACILITIES IN THE COUNTY (THE "EXPANSION PROJECT"); (2) CERTAIN SPECIAL SOURCE REVENUE CREDITS WITH RESPECT TO THE EXPANSION PROJECT; (3) THE EXECUTION AND DELIVERY OF A SECOND AMENDMENT TO AN EXISTING FEE IN LIEU OF TAX AND INCENTIVE AGREEMENT BY AND BETWEEN THE COUNTY AND THE COMPANY WITH RESPECT TO CERTAIN EXISTING FACILITIES IN THE COUNTY (THE "EXISTING PROJECT") APPROVING (A) AN EXTENSION OF THE FILOT TERM SET FORTH THEREIN AND (B) A TEN-YEAR EXTENSION OF THE SPECIAL SOURCE REVENUE CREDITS ARRANGEMENT SET FORTH THEREIN; (4) THE BENEFITS OF A MULTI-COUNTY INDUSTRIAL OR BUSINESS PARK TO BE MADE AVAILABLE TO THE COMPANY, THE EXPANSION PROJECT, AND THE EXISTING PROJECT; AND (5) OTHER MATTERS RELATING THERETO.

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

to afford certain enhanced income tax credits to such investors and to facilitate the grant of Special Source Credits; and

WHEREAS, Kronotex SC, LLC, a limited liability company organized and existing under the laws of the State of South Carolina, acting for itself, one or more affiliates, and/or other project sponsors (collectively, the "Company") proposes to establish and/or expand certain facilities at one or more locations in the County (the "Expansion Project"); and

WHEREAS, the Company anticipates that, should its plans proceed as expected, it will invest, or cause to be invested, at least \$230,000,000 in the Expansion Project, in the aggregate, and will create, or cause to be created, at least 105 new, full-time jobs, in the aggregate, within the County; and

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

WHEREAS, pursuant to the Act, the County and the Company entered into that certain Fee in Lieu of Tax and Incentive Agreement dated as of November 1, 2004, authorized by an Ordinance duly enacted by the Council on December 7, 2004, as amended by that certain First Amendment to Fee in Lieu of Tax and Incentive Agreement, authorized by a Resolution duly adopted on December 13, 2011 (the "Existing Project Incentive Agreement"), whereby, amongst other things, (i) the Company agreed to make, and the County agreed to accept, certain negotiated FILOT (the "Existing Project Negotiated FILOT") payments with respect to certain existing facilities located within the County (as described herein, and as further defined in the Existing Project Incentive Agreement as the "Project," the "Existing Project"), and (ii) the Company is entitled to claim, and the County agreed to provide, certain Special Source Credits with respect to the Existing Project (the "Existing Project Special Source Credits"), all of which is set forth in greater detail in the Existing Project Incentive Agreement; and

WHEREAS, as a means of further inducing the Company to undertake the Expansion Project in the County, the County has determined to also offer to the Company, with respect to the Existing Project, the benefits of (i) an extension of Existing Project Negotiated FILOT term and (ii) a ten-year extension of the Existing Project Special Source Credits benefit period as set forth herein, all of which shall be further described and documented in a Second Amendment to the Existing Project Incentive Agreement to be entered into by and between the County and the Company (the "Second Amendment").

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

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

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

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

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

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

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

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

Section 2.

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

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

(ii) The Expansion Project Negotiated FILOT shall be calculated as provided in this Section 2(b) for that portion of the Expansion Project consisting of economic development property under the Negotiated FILOT Act. For each annual increment of investment in such economic development property, the annual Expansion Project Negotiated FILOT payments shall be payable for a payment period of thirty (30) years, all in accordance with Section 12-44-30(21) of the Negotiated FILOT Act. Accordingly, if such economic development property is placed in service during more than one year, each year’s investment in such property shall be subject to the Negotiated FILOT for a payment period of thirty (30) years.

(iii) As authorized in, and subject to the provisions of, Section 12-44-50(A)(3) of the Negotiated FILOT Act, the County hereby approves the Company's request to calculate the Expansion Project Negotiated FILOT payments due with respect to the Expansion Project based on an alternative payment method yielding over the thirty-year Expansion Project Negotiated FILOT payment period for each annual increment of investment in the Expansion Project, a payment stream which has the same net present value as the payment stream which would be generated using the standard negotiated FILOT calculation provided under Section 12-44-50(A)(1) of the Negotiated FILOT Act and the factors set forth in Section 2(b)(i) hereof. Such net present value calculations shall be determined using a discount rate which is equivalent to the yield in effect for new or existing United States Treasury bonds of similar maturity as published during the month in which the Expansion Project Incentive Agreement is executed. If no yield is available for the month in which the Expansion Project Incentive Agreement is executed, the last published yield for the appropriate maturity available must be used. If there are no bonds of appropriate maturity available, bonds of different maturities may be averaged to obtain the appropriate maturity.

Section 3. As an additional incentive to induce the Company to undertake the Expansion Project, and as reimbursement for investment in Special Source Improvements and subject to the requirements of the Special Source Act, the County does hereby agree that the Company shall be entitled to receive, and the County shall provide, Special Source Credits against each Expansion Project Negotiated FILOT payment due with respect to the Expansion Project for the entire term of the Expansion Project Negotiated FILOT, as shall be set forth in greater detail in the Expansion Project Incentive Agreement. In accordance with the Special Source Act, the Special Source Credits authorized herein shall not, in the aggregate, exceed the aggregate cost of Special Source Improvements funded from time to time in connection with the Expansion Project.

Section 4. The County hereby finds, in accordance with Section 12-44-30(21) of the Negotiated FILOT Act, that the Existing Project, has resulted, and will result, in a substantial public benefit and, as an additional incentive to induce the Company to undertake the Expansion Project, hereby approves an extension of the term of the Existing Project Negotiated FILOT from a twenty-year term to a thirty-year term, as shall be set forth in greater detail in the Second Amendment; provided, however, during such extension period, negotiated FILOT payments due with respect to the Existing Project shall be determined by utilizing the standard negotiated FILOT calculation methodology provided under Section 12-44-50(A)(1) of the Negotiated FILOT Act, as opposed to the alternative payment method provided under Section 12-44-50(A)(3) of the Negotiated FILOT Act that is presently being utilized to calculate such negotiated FILOT payments.

Section 5. As an additional incentive to induce the Company to undertake the Expansion Project, the County hereby approves a ten-year extension of the Existing Project Special Source Credits benefit period, as shall be set forth in greater detail in the Second Amendment.

Section 6. The County will use its best efforts to insure that the Expansion Project and the Existing Project will be included, if not already included, and will remain, within the boundaries of a multi-county industrial or business park pursuant to the provisions of the Multi-County Park Act and Article VIII, Section 13(D) of the State Constitution on terms which

provide the Company, the Expansion Project, and the Existing Project with any additional jobs creation tax credits afforded by the laws of the State for projects located within multi-county industrial or business parks and on terms, and for a duration, which facilitate the Company's receipt of the Special Source Credits referenced in Sections 3 and 5 hereof.

Section 7. The provisions, terms, and conditions of the Expansion Project Incentive Agreement and the Second Amendment shall be subject to approval by subsequent ordinance of the Council. Each of the Expansion Project Incentive Agreement and the Second Amendment are to be in substantially the forms customarily used by the County for similar transactions with such changes therein as shall be approved by said Ordinance.

Section 8. The Chairman of the Council, the County Administrator, and the Clerk to Council, for and on behalf of the County, are hereby each authorized, empowered, and directed to do any and all things necessary or proper to effect the performance of all obligations of the County under and pursuant to this Resolution.


Section 9. The execution and delivery of each of the Expansion Project Incentive Agreement and the Second Amendment is subject to the enactment by the Council of an ordinance authorizing the same and, in conjunction therewith, compliance with the provisions of the Home Rule Act regarding the procedural requirements for enacting ordinances.

Section 10. All orders, resolutions, and parts thereof in conflict herewith are to the extent of such conflict hereby repealed. This Resolution shall take effect and be in full force upon adoption by the Council.

[End of Resolution]

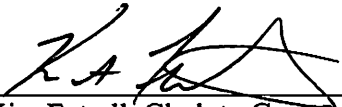
Done in meeting duly assembled this 12<sup>th</sup> day of January, 2016

BARNWELL COUNTY, SOUTH CAROLINA

By:   
David Kenner, Chairman, County Council  
Barnwell County, South Carolina

[SEAL]

Attest:

By:   
Kim Futrell, Clerk to County Council  
Barnwell County, South Carolina