

NEWBERRY COUNTY
ORDINANCE NO. 08-12-19

FILED
NEWBERRY COUNTY
2019 OCT 17 PM 2:41
ELIZABETH P. FOLK
CLERK OF SUPERIOR COURT

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF A FEE-IN-LIEU OF *AD VALOREM* TAX AND SPECIAL SOURCE REVENUE CREDIT AGREEMENT BY AND BETWEEN NEWBERRY COUNTY, SOUTH CAROLINA, AND HECATE ENERGY WEST NEWBERRY, LLC TO PROVIDE FOR PAYMENT OF A FEE-IN-LIEU OF TAXES; AUTHORIZING THE INCLUSION OF A PROJECT SITE IN A MULTI-COUNTY BUSINESS PARK; AUTHORIZING CERTAIN SPECIAL SOURCE REVENUE CREDITS; AND OTHER RELATED MATTERS.

WHEREAS, Newberry County, South Carolina ("County"), acting by and through its County Council ("County Council") is authorized pursuant to the provisions of Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended ("FILOT Act"), to encourage manufacturing and commercial enterprises to locate in the State of South Carolina or to encourage manufacturing and commercial enterprises now located in the State to expand their investments and thus make use of and employ the manpower, products, and other resources of the State by entering into an agreement with a sponsor, as defined in the FILOT Act, that provides for the payment of a fee-in-lieu of *ad valorem* tax ("FILOT Payments"), with respect to economic development property, as defined in the FILOT Act;

WHEREAS, pursuant to Article VIII, Section 13 of the South Carolina Constitution and Title 4, Section 1, Code of Laws of South Carolina, 1976, as amended (collectively, "MCIP Act"), the County is authorized to jointly develop multicounty parks with counties having contiguous borders with the County and, in the County's discretion, include property within the boundaries of such multicounty parks. Under the authority provided in the MCIP Act, the County has created a multicounty park with Greenwood County ("Park") according to the Master Agreement Governing the Greenville-Newberry Industrial Park dated as of December 31, 2012 (as may be amended, modified, and supplemented, the "Master Agreement");

WHEREAS, pursuant to the FILOT and MCIP Acts, the County is authorized to provide special source revenue credits ("Infrastructure Credits") against FILOT Payments derived from economic development property to pay costs of designing, acquiring, constructing, improving or expanding (i) infrastructure serving a project or the County and (ii) improved and unimproved real estate and personal property used in the operation of a commercial enterprise or manufacturing facility (collectively, "Infrastructure");

WHEREAS, Hecate Energy West Newberry, LLC, a Delaware limited liability company, previously identified as Project Kickoff ("Sponsor"), desires to establish a photovoltaic solar facility in the County ("Project") consisting of an investment in real and personal property of not less than \$5,500,000; and

WHEREAS, at the request of the Sponsor and as an inducement to locate the Project in the County, the County desires to enter into a Fee-in-Lieu of *Ad Valorem* Taxes Agreement with the Sponsor, as sponsor and one or more landowners, as sponsor affiliate(s), through the Joinder Agreement ("Joinder Agreement"), in substantially final forms of which are attached as Exhibit A ("Fee Agreement"), pursuant to which the County will provide certain incentives to the Sponsor with respect to the Project, including (i) providing for FILOT Payments, to be calculated as set forth in the Fee Agreement, with respect to the portion of the Project which constitutes economic development property; (2) providing Infrastructure Credits, as described in the Fee Agreement, to assist in paying the costs of certain Infrastructure.

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

Section 1. Statutory Findings. Based on information supplied to the County by the Sponsor, County
PPAB 5111550v3

Council has evaluated the Project based on relevant criteria, including the purposes the Project is to accomplish, the anticipated dollar amount and nature of the investment, and the anticipated costs and benefits to the County, and finds:

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

(b) The Project gives rise to no pecuniary liability of the County or incorporated municipality or a 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 are greater than the costs.

Section 2. *Approval of Incentives; Authorization to Execute and Deliver Fee Agreement.* The incentives as described in this Ordinance (“Ordinance”), and as more particularly set forth in the Fee Agreement, with respect to the Project are approved. The form, terms and provisions of the Fee Agreement that is before this meeting are approved and all of the Fee Agreement’s terms and conditions are incorporated in this Ordinance by reference. The Chair of County Council (“Chair”) is authorized and directed to execute the Fee Agreement in the name of and on behalf of the County, subject to the approval of any revisions or changes as are not materially adverse to the County by the County Administrator and counsel to the County, and the Clerk to County Council is authorized and directed to attest the Fee Agreement and the Joinder Agreement and to deliver the Fee Agreement and the Joinder Agreement to the Sponsor.

Section 3. *Inclusion within the Park.* The creation of a multi-county park to include the Project Site, as more particularly described on Exhibit B, or the expansion of the Park boundaries to include the Project Site, is authorized and approved. The Chair, the County Administrator and the Clerk to County Council are each authorized to execute such documents and take such further actions as may be necessary to complete the establishment or expansion of the Park boundaries. Pursuant to the MCIP Act and the terms of the Master Agreement governing the Park, the creation of or expansion of the Park’s boundaries is complete on adoption of this Ordinance by County Council and providing notice to Greenwood County of the same.

Section 4. *Further Assurances.* The County Council confirms the authority of the Chair, the County Administrator, the Clerk to County Council, and various other County officials and staff, acting at the direction of the Chair, the County Administrator, or Clerk to County Council, as appropriate, to take whatever further action and to negotiate, execute and deliver whatever further documents as may be appropriate to effect the intent of this Ordinance and the incentives offered to the Sponsor under this Ordinance and the Fee Agreement.

Section 5. *General Repealer.* Any prior ordinance, resolution, or order, the terms of which are in conflict with this Ordinance, is, only to the extent of that conflict, repealed.

Section 6. *Effectiveness.* This Ordinance is effective after its third reading and public hearing.

[SIGNATURE PAGE AND TWO EXHIBITS FOLLOW]
[REMAINDER OF PAGE INTENTIONALLY BLANK]

NEWBERRY COUNTY, SOUTH CAROLINA

By: Henry Livingston
Name: Henry Livingston
Title: Chairman County Council

[SEAL]

Attest:

By: Susan C. Fellers
Name: Susan Fellers
Title: Clerk to County Council

First Reading: August 21, 2019
Second Reading: September 18, 2019
Public Hearing: October 2, 2019
Third Reading: October 2, 2019

EXHIBIT A
FORM OF FEE IN-LIEU OF TAXES AGREEMENT

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EXHIBIT B
DESCRIPTION OF PROJECT SITE

TMS Parcels 294 – 3 and 293 – 13
[To Be Substituted with survey description when available]

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CLERK OF COURT

**FEE-IN-LIEU OF AD VALOREM TAXES AND
SPECIAL SOURCE REVENUE CREDIT AGREEMENT**

BETWEEN

HECATE ENERGY WEST NEWBERRY, LLC

AND

NEWBERRY COUNTY, SOUTH CAROLINA

EFFECTIVE AS OF OCTOBER 2, 2019

FILED
NEWBERRY COUNTY
2019 OCT 17 PM 2:41
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CLERK OF COURT

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**SUMMARY OF CONTENTS OF
FEE AGREEMENT**

The parties have agreed to waive the requirement to recapitulate the contents of this Fee Agreement pursuant to Section 12-44-55 of the Code (as defined herein). However, the parties have agreed to include a summary of the key provisions of this Fee Agreement for the convenience of the parties. This summary is included for convenience only and is not to be construed as a part of the terms and conditions of this Fee Agreement.

PROVISION	BRIEF DESCRIPTION
Sponsor Name	Hecate Energy West Newberry, LLC
Project Location	W. Highway 121 @ 34
Tax Map No.	All or portions of 294-3 and 293-13
FILOT	
• Phase Exemption Period	30 years
• Investment Commitment	\$5,000,000 in taxable property
• Jobs Commitment	-0-
• Investment Period	5 years
• Assessment Ratio:	6%
• Millage Rate	382
• Fixed or Five-Year Adjustable millage:	Fixed
• Claw Back information	Statutory clawback for failure to reach statutory minimum investment
Multicounty Park	Greenwood - Newberry
Infrastructure Credit	
• Brief Description	75% SSRC for 30 years, level payment structure using 2.5% discount rate
• Credit Term	30 years
• Claw Back information:	Pro rata clawback in the event the Sponsor fails to meet the Contract Minimum Investment Commitment
Other information	

**FEE-IN-LIEU OF AD VALOREM TAXES
AND SPECIAL SOURCE REVENUE CREDIT AGREEMENT**

THIS FEE-IN-LIEU OF AD VALOREM TAXES AND SPECIAL SOURCE REVENUE CREDIT AGREEMENT ("*Fee Agreement*") is entered into, effective, as of October 2, 2019, between Newberry County, South Carolina ("*County*"), a body politic and corporate and a political subdivision of the State of South Carolina ("*State*"), acting through the Newberry County Council ("*County Council*") as the governing body of the County, and Hecate Energy West Newberry, LLC, a limited liability company organized and existing under the laws of the State of Delaware ("*Sponsor*").

WITNESSETH:

(a) Title 12, Chapter 44, ("*Act*") of the Code of Laws of South Carolina, 1976, as amended ("*Code*"), authorizes the County to induce manufacturing and commercial enterprises to locate in the State or to encourage manufacturing and commercial enterprises currently located in the State to expand their investments and thus make use of and employ the manpower, products, and other resources of the State by entering into an agreement with a sponsor, as defined in the Act, that provides for the payment of a fee-in-lieu of *ad valorem* tax ("*FILOT*") with respect to Economic Development Property, as defined below;

(b) Sections 4-1-170, 4-1-175, 4-29-68 and 12-44-70 of the Code authorize the County to (i) create multi-county industrial parks in partnership with contiguous counties; (ii) include the property of eligible companies within such parks as an inducement to locate within the County, which inclusion under the terms of Section 13 of Article VIII of the Constitution of the State of South Carolina makes such property exempt from ad valorem property taxes, therefore changing the character of the annual receipts from such properties from ad valorem property taxes to FILOT payments; and (iii) grant an annual tax credit against such FILOT payments in order to assist a company in paying the cost of designing, acquiring, constructing, improving, or expanding the infrastructure serving the property of any company located within such multi-county industrial parks or for improved or unimproved real estate and personal property including machinery and equipment used in the operation of a commercial enterprise located within such multi-county parks in order to enhance the economic development of the County;

(c) The Sponsor has committed to to establish a commercial enterprise to establish a photovoltaic solar facility ("*Facility*") in the County, consisting of investment in real and personal property of not less than \$5,000,000 in taxable property; and

(d) By an ordinance enacted on October 2, 2019, County Council authorized the County to enter into this Fee Agreement with the Sponsor to provide for a FILOT and the other incentives as more particularly described in this Fee Agreement to induce the Sponsor to locate its Facility in the County, and the Sponsor has committed to make the investment in the Facility and otherwise to perform as more particularly described in this Fee Agreement as requirements for the County to offer the various incentives as contained in this Fee Agreement.

NOW, THEREFORE, AND IN CONSIDERATION of the respective representations and agreements hereinafter contained, parties agree as follows:

**ARTICLE I
DEFINITIONS**

Section 1.1. Terms. The defined terms used in this Fee Agreement have the meaning given below, unless the context clearly requires otherwise.

From time to time herein, reference is made to the term taxes or ad valorem taxes. All or portions

of the Project are or will be located in a Multicounty Park and, as such, are or will be exempt from ad valorem taxation under and by virtue of the provisions of Paragraph D of Section 13 of Article VIII of the South Carolina Constitution and the MCIP Act (as defined herein). With respect to facilities located in a Multicounty Park, references to taxes or ad valorem taxes means the fees-in-lieu of ad valorem taxes provided for in the MCIP Act.

“**Act**” means Title 12, Chapter 44 of the Code, as the Act may be amended from time to time and all future acts successor or supplemental thereto.

“**Act Minimum Investment Requirement**” means an investment of at least \$2,500,000 in the Project by the Sponsor or a Sponsor Affiliate within five years of the Commencement Date, or a combined total investment of at least \$5,000,000 in the Project by the Sponsor and one or more Sponsor Affiliates, regardless of the amount invested by each such party, within five years of the Commencement Date.

“**Administration Expenses**” means the reasonable out-of-pocket expenses incurred by the County in the negotiation, approval and execution of this Fee Agreement, for reasonable attorney’s fees. Administration Expenses do not include any costs, expenses, including attorney’s fees, incurred by the County (i) after execution of this Fee Agreement, (ii) in defending challenges to the FILOT Payments, Infrastructure Credits or any other incentives provided by this Fee Agreement brought by any third parties; or (ii) any actions by the Sponsor or its affiliates and related entities; or (iii) in connection with matters arising prior to execution at the request of the Sponsor outside of the immediate scope of this Fee Agreement.

“**Code**” means the Code of Laws of South Carolina, 1976, as the same may be amended from time to time.

“**Commencement Date**” means the last day of the property tax year during which Economic Development Property is placed in service. The Commencement Date shall 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 Sponsor enter into this Fee Agreement. For purposes of this Fee Agreement, the Commencement Date is expected to be December 31, 2020.

“**Contract Minimum Investment Requirement**” means a taxable investment in real and personal property at the Project of not less than \$5,000,000.

“**County**” means Newberry County, South Carolina, a body politic and corporate and a political subdivision of the State, its successors and assigns, acting by and through the County Council as the governing body of the County.

“**County Council**” means the Newberry County Council, the governing body of the County.

“**Credit Term**” means the years during the Fee Term in which the Infrastructure Credit is applicable, as described in Exhibit C.

“**Department**” means the South Carolina Department of Revenue.

“**Diminution in Value**” means a reduction in the fair market value of Economic Development Property, as determined in Section 4.1(a)(i) of this Fee Agreement, which may only be caused by (i) the removal or disposal of components of the Project pursuant to Section 4.3 of this Fee Agreement; (ii) a casualty as described in Section 4.4 of this Fee Agreement; or (iii) a condemnation as described in Section 4.5 of this Fee Agreement.

“Economic Development Property” means those items of real and tangible personal property of the Project placed in service not later than the end of the Investment Period that (i) satisfy the conditions of classification as economic development property under the Act, and (ii) are identified by the Sponsor in its annual filing of a PT-300S or comparable form with the Department (as such filings may be amended from time to time).

“Equipment” means all of the machinery, equipment, furniture, office equipment, and fixtures, together with any and all additions, accessions, replacements, and substitutions.

“Event of Default” means any event of default specified in Section 7.1 of this Fee Agreement.

“Fee Agreement” means this Fee Agreement.

“Fee Term” means the period from the effective date of this Fee Agreement until the Final Termination Date.

“FILOT Payments” means the amount paid or to be paid in lieu of *ad valorem* property taxes by the Sponsor and all Sponsor Affiliates as provided in Section 4.1 (including any amounts representing the millage rates of taxing entities other than the County) and before taking into account any Infrastructure Credit. For the avoidance of doubt, should any part or all of the Project not be eligible as Economic Development Property, the FILOT Payment shall also mean, in such case, the payments in lieu of taxes made as a result of the Project being located in a Multicounty Park.

“Final Phase” means the Economic Development Property placed in service during the last year of the Investment Period.

“Final Termination Date” means the date on which the last FILOT Payment or Net FILOT Payment or with respect to the Final Phase is made, or such earlier date as the Fee Agreement is terminated in accordance with the terms of this Fee Agreement. Assuming the Phase Termination Date for the Final Phase is December 31, 2054 [Note: This assumes first Phase is placed in service in 2020 and Final Phase is placed in service in 2025], which means the Final Termination Date is expected to be no later than January 15, 2056, which is the due date of the last FILOT Payment or Net FILOT Payment with respect to the Final Phase.

“Fixed FILOT Payment” has the meaning as described on Exhibit C.

“Improvements” means all improvements to the Real Property, including buildings, building additions and improvements, roads, sewer lines, and infrastructure, together with all additions, fixtures, accessions, replacements, and substitutions.

“Infrastructure” means (i) the infrastructure serving the County or the Project, (ii) improved and unimproved real estate, and (iii) personal property, including machinery and equipment, used in the operation of a manufacturing or commercial enterprise, and such other items as may be described in or permitted under Section 4-29-68 of the Code.

“Infrastructure Credit” means the special source revenue credit provided to the Sponsor pursuant to Section 4-1-175 of the MCIP Act and Section 5.1 of this Fee Agreement, with respect to the Infrastructure. Infrastructure Credits are to be used for the payment of the costs of the Infrastructure.

“Investment Period” means the period beginning with the first day of any purchase or acquisition of Economic Development Property and ending five years after the Commencement Date, as may be extended pursuant to Section 12-44-30(13) of the Act. For purposes of this Fee Agreement, the

Investment Period, unless so extended, is expected to end on December 31, 2025.

"MCIP Act" means Article VIII, Section 13(D) of the Constitution of the State of South Carolina, and Sections 4-1-170, 4-1-172, 4-1-175, and 4-29-68 of the Code.

"Multicounty Park" means the multicounty industrial or business park governed according to the Master Agreement Governing the Greenville-Newberry Industrial Park dated as of December 31, 2012 (as may be amended, modified, and supplemented).

"Net FILOT Payment" means the FILOT Payment net of the Infrastructure Credit.

"Phase" means the Economic Development Property placed in service during a particular year of the Investment Period.

"Phase Exemption Period" means, with respect to each Phase, the period beginning with the property tax year the Phase is placed in service during the Investment Period and ending on the Phase Termination Date.

"Phase Termination Date" means, with respect to each Phase, the last day of the property tax year which is the 29th year following the first property tax year in which the Phase is placed in service.

"Project" means all the Equipment, Improvements, and Real Property in the County that the Sponsor determines to be necessary, suitable, or useful by the Sponsor in connection with its investment in the County.

"Real Property" means real property that the Sponsor uses or will use in the County for the purposes that Section 2.2(b) describes, and initially consists of all or a portion of the land identified on Exhibit A of this Fee Agreement and includes such land located in the County which shall be noted on schedules or supplements to Exhibit A, as may be provided by the Sponsor, provided that any requirement that the Sponsor provide such schedules or supplements with respect to future land may be satisfied by the Sponsor's filing with the Department of Form PT-300 with Schedule S attached listing such additional land, or such comparable form or schedule as the Department may provide in connection with projects subject to the Act.

"Removed Components" means Economic Development Property which the Sponsor, in its sole discretion, (a) determines to be inadequate, obsolete, worn-out, uneconomic, damaged, unsuitable, undesirable, or unnecessary pursuant to Section 4.3 of this Fee Agreement or otherwise; or (b) elects to be treated as removed pursuant to Section 4.4(c) or Section 4.5(b)(iii) of this Fee Agreement.

"Replacement Property" means any property which is placed in service as a replacement for any Removed Component regardless of whether the Replacement Property serves the same functions as the Removed Component it is replacing and regardless of whether more than one piece of Replacement Property replaces a single Removed Component.

"Sponsor" means Hecate Energy West Newberry, LLC, a South Carolina limited liability company previously identified as Project Kickoff, and any surviving, resulting, or transferee entity in any merger, consolidation, or transfer of assets; or any other person or entity which may succeed to the rights and duties of the Sponsor under this Fee Agreement.

"Sponsor Affiliate" means an entity that participates in the investment at the Project and, following receipt of any required County approval pursuant to Section 9.1 of this Fee Agreement, joins this Fee Agreement by delivering a Joinder Agreement, the form of which is attached as Exhibit B to this

Fee Agreement.

“*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 include any and all amendments, supplements, addenda, and modifications to such agreement or document.

The term “investment” or “invest” as used in this Fee Agreement includes not only investments made by the Sponsor, but also to the fullest extent permitted by law, those investments made by or for the benefit of the Sponsor in connection with the Project through federal, state, or local grants, in cash or in kind, to the extent such investments are or, but for the terms of this Fee Agreement, would be subject to *ad valorem* taxes to be paid by the Sponsor.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. *Representations and Warranties of the County.* The County represents and warrants as follows:

(a) The County is a body politic and corporate and a political subdivision of the State and acts through the County Council as its governing body. The Act authorizes and empowers the County to enter into the transactions that this Fee Agreement contemplates and to carry out its obligations under this Fee Agreement. The County has duly authorized the execution and delivery of this Fee Agreement and all other documents, certificates or other agreements contemplated in this Fee Agreement and has obtained all consents from third parties and taken all actions necessary or that the law requires to fulfill its obligations under this Fee Agreement.

(b) Based solely on representations by the Sponsor, County Council evaluated the Project based on certain criteria including the purposes the Project is to accomplish, the anticipated dollar amount and nature of the investment resulting from the Project, and the anticipated costs and benefits to the County and following the evaluation, the County determined that (i) the Project is anticipated to benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise adequately provided locally; (ii) the Project gives rise to no pecuniary liability of the County or any incorporated municipality and to no charge against the County’s 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 are greater than the costs.

(c) The County identified the Project, as a “project” by adopting an inducement resolution, as defined in the Act, on August 21, 2019.

(d) The County is not in default of any of its obligations (contractual or otherwise) as a result of entering into and performing its obligations under this Fee Agreement.

(e) The County has located or will take all reasonable action to locate and maintain the Project in the Multicounty Park.

Section 2.2. *Representations and Warranties of the Sponsor.* The Sponsor represents and warrants as follows:

(a) The Sponsor is in good standing under the laws of the State of its organization, is duly authorized to transact business in the State (or will obtain such authority prior to commencing business in

the State), has power to enter into this Fee Agreement, and has duly authorized the execution and delivery of this Fee Agreement.

(b) The Sponsor intends to operate the Project as a photovoltaic solar facility, and for such other purposes that the Act permits as the Sponsor may deem appropriate.

(c) The Sponsor's execution and delivery of this Fee Agreement, and its compliance with the provisions of this Fee Agreement do not result in a default under any agreement or instrument to which the Sponsor is now a party or by which it is bound.

(d) The Sponsor will use commercially reasonable efforts to achieve the Contract Minimum Investment Requirement.

(e) The execution and delivery of this Fee Agreement by the County and the availability of the FILOT Payments and other incentives provided by this Fee Agreement has been instrumental in inducing the Sponsor to locate the Project in the County.

(f) The Sponsor has retained legal counsel to confirm, or has had a reasonable opportunity to consult legal counsel to confirm, its eligibility for the FILOT and other incentives granted by this Fee Agreement and has not relied on the County, its officials, employees or legal representatives with respect to any question of eligibility or applicability of the FILOT and other incentives granted by this Fee Agreement.

ARTICLE III THE PROJECT

Section 3.1. *The Project.* The Sponsor intends and expects to (i) construct or acquire the Project and (ii) meet the Contract Minimum Investment Requirement within the Investment Period. The Sponsor anticipates that the first Phase of the Project will be placed in service during the calendar year ending December 31, 2020. Notwithstanding anything contained in this Fee Agreement to the contrary, the Sponsor is not obligated to complete the acquisition of the Project. However, if the Contract Minimum Investment Requirement is not met, the benefits provided to the Sponsor, or Sponsor Affiliate, if any, pursuant to this Fee Agreement may be reduced, modified or terminated as provided in this Fee Agreement.

Section 3.2 *Leased Property.* To the fullest extent that State law allows or is revised or construed to permit leased assets including real property, a building, or personal property to be installed in a building, to constitute Economic Development Property, then any property leased by the Sponsor is, at the election of the Sponsor, deemed to be Economic Development Property for purposes of this Fee Agreement.

Section 3.3. *Filings and Reports.*

(a) The Sponsor shall file a copy of this Fee Agreement and a completed PT-443 with the County's Economic Development Director, the Department and the Auditor, Treasurer and Assessor of the County and partner county to the Multicounty Park.

(b) Annually, the Sponsor shall remit, and shall cause any Sponsor Affiliate to remit, to the County copies of such records related to the calculation of the FILOT Payments and the Net FILOT Payments due hereunder sufficient for the County, in its reasonable discretion, to verify the applicable calculations.

**ARTICLE IV
FILOT PAYMENTS**

Section 4.1. FILOT Payments.

(a) The FILOT Payment due with respect to each Phase through the Phase Termination Date is calculated as follows:

- (i) The fair market value of the Phase calculated as set forth in the Act (for the Real Property portion of the Phase, the County and the Sponsor have elected to use the fair market value established in the first year of the Phase Exemption Period which fair market value is set forth on Exhibit A attached hereto), multiplied by
- (ii) An assessment ratio of six percent (6%), multiplied by
- (iii) A fixed millage rate equal to the cumulative millage rate levied by or on behalf of all the taxing entities within which the Project is located as of June 30, 2019, which the parties agree is 382 mills.

The calculation of the FILOT Payment must allow all applicable property tax exemptions except those excluded pursuant to Section 12-44-50(A)(2) of the Act. The Sponsor acknowledges that (i) the calculation of the annual FILOT Payment is a function of the Department and is wholly dependent on the Sponsor timely submitting the correct annual property tax returns to the Department, (ii) the County has no responsibility for the submission of returns or the calculation of the annual FILOT Payment, and (iii) failure by the Sponsor to timely submit the correct annual property tax return to the Department could lead to a loss of all or a portion of the FILOT and other incentives provided by this Fee Agreement.

(b) If a final order of a court of competent jurisdiction from which no further appeal is allowable declares the FILOT Payments invalid or unenforceable, in whole or in part, for any reason, the parties shall negotiate, in accordance with and subject to the terms of Section 10.8, the reformation of the calculation of the FILOT Payments to most closely afford the Sponsor with the intended benefits of this Fee Agreement.

Section 4.2. FILOT Payments on Replacement Property. If the Sponsor elects to place Replacement Property in service, then, pursuant and subject to the provisions of Section 12-44-60 of the Act, the Sponsor shall make the following payments to the County with respect to the Replacement Property for the remainder of the Phase Exemption Period applicable to the Removed Component of the Replacement Property:

(a) FILOT Payments, calculated in accordance with Section 4.1, on the Replacement Property to the extent of the original income tax basis of the Removed Component the Replacement Property is deemed to replace.

(b) Regular *ad valorem* tax payments to the extent the income tax basis of the Replacement Property exceeds the original income tax basis of the Removed Component the Replacement Property is deemed to replace.

Section 4.3. Removal of Components of the Project. The Sponsor is entitled to remove and dispose of components of the Project in its sole discretion. Components of the Project are deemed removed when scrapped, sold or otherwise permanently removed from the Project with the intent that it no longer be used for the Project. If the components removed from the Project are Economic Development Property, then the Economic Development Property is a Removed Component, no longer

subject to this Fee Agreement and is subject to *ad valorem* property taxes to the extent the Removed Component remains in the State and is otherwise subject to *ad valorem* property taxes. In case Economic Development Property is removed, the Fixed FILOT Payment shall be adjusted downward pro rata.

Section 4.4. *Damage or Destruction of Economic Development Property.*

(a) *Election to Terminate.* If Economic Development Property is damaged by fire, explosion, or any other casualty, then the Sponsor may terminate all or part of this Fee Agreement. In the property tax year in which the damage or casualty occurs and continues, the Sponsor is obligated to make FILOT Payments with respect to the damaged Economic Development Property only to the extent property subject to *ad valorem* taxes would have been subject to such taxes under the same circumstances for the period in question.

(b) *Election to Restore and Replace.* If Economic Development Property is damaged by fire, explosion, or any other casualty, and the Sponsor does not elect to terminate this Fee Agreement, then the Sponsor may restore and replace the Economic Development Property. All restorations and replacements made pursuant to this subsection (b) are deemed, to the fullest extent permitted by law and this Fee Agreement, to be Replacement Property.

(c) *Election to Remove.* If Economic Development Property is damaged by fire, explosion, or any other casualty, and the Sponsor elects not to terminate this Fee Agreement pursuant to subsection (a) and elects not to restore or replace pursuant to subsection (b), then the damaged portions of the Economic Development Property are deemed Removed Components and the Fixed FILOT Payment shall be reduced to reflect the loss in revenue from the Removed Components.

Section 4.5. *Condemnation.*

(a) *Complete Taking.* If at any time during the Fee Term title to or temporary use of the Economic Development Property is vested in a public or quasi-public authority by virtue of the exercise of a taking by condemnation, inverse condemnation, or the right of eminent domain; by voluntary transfer under threat of such taking; or by a taking of title to a portion of the Economic Development Property which renders continued use or occupancy of the Economic Development Property commercially unfeasible in the judgment of the Sponsor, the Sponsor has the option to terminate this Fee Agreement by sending written notice to the County within a reasonable period of time following such vesting.

(b) *Partial Taking.* In the event of a partial taking of the Economic Development Property or a transfer in lieu, the Sponsor may elect: (i) to terminate all or part of this Fee Agreement; (ii) to restore and replace the Economic Development Property, with such restorations and replacements deemed, to the fullest extent permitted by law and this Fee Agreement, to be Replacement Property; or (iii) to treat the portions of the Economic Development Property so taken as Removed Components with a corresponding pro rata downward adjustment of the Fixed FILOT Payment.

(c) In the year in which the taking occurs, the Sponsor is obligated to make FILOT Payments with respect to the Economic Development Property so taken only to the extent property subject to *ad valorem* taxes would have been subject to taxes under the same circumstances for the period in question.

Section 4.6. *Calculating FILOT Payments on Diminution in Value.* If there is a Diminution in Value, the FILOT Payments due with respect to the Economic Development Property or Phase so diminished shall be calculated by substituting the diminished value of the Economic Development Property or Phase for the original fair market value in Section 4.1(a)(i) of this Fee Agreement. For the avoidance of doubt, the Infrastructure Credit shall remain applicable to such adjusted FILOT Payment; however, the Fixed FILOT Payment shall be reduced to reflect the loss in revenues resulting from the

Diminution in Value.

Section 4.7. Payment of Ad Valorem Taxes. If Economic Development Property becomes subject to *ad valorem* taxes as imposed by law, pursuant to this Fee Agreement, the Act, or otherwise, then the calculation of any *ad valorem* taxes due with respect to the Economic Development Property in a particular property tax year shall: (i) include the property tax reductions and exemptions that would have applied to the Economic Development Property as if it were not Economic Development Property; and (ii) include a credit for any FILOT Payments, Net FILOT Payments, or Fixed FILOT Payments the Sponsor has made with respect to the Economic Development Property.

Section 4.8. Place of FILOT Payments. All Net FILOT Payments shall be made directly to the County in accordance with applicable law.

ARTICLE V ADDITIONAL INCENTIVES

Section 5.1. Infrastructure Credits. To assist in paying for costs of Infrastructure, the Sponsor is entitled to claim an Infrastructure Credit as described in Exhibit C to reduce any FILOT Payments due and owing from the Sponsor to the County under this Fee Agreement. The term, amount and calculation of the Infrastructure Credit is described in Exhibit C. In no event may the Sponsor's aggregate Infrastructure Credit claimed pursuant to this Section exceed the aggregate expenditures by the Sponsor on Infrastructure.

During the Credit Term, upon receipt of the information described in Exhibit C, the County shall prepare and issue the annual bills with respect to the Project showing the Net FILOT Payment, calculated in accordance with Exhibit C. Following receipt of the bill, the Sponsor shall timely remit the Net FILOT Payment to the County in accordance with applicable law.

ARTICLE VI CLAW BACK

Section 6.1. Act Minimum Investment Requirement Claw Back. If the Sponsor together with any Sponsor Affiliate fails to reach the Act Minimum Investment Requirement, then this Agreement shall be terminated, and the Sponsor and any Sponsor Affiliate is subject to the claw backs as described in the Act, subject to the provisions of Exhibit C with respect to Infrastructure Credits.

Section 6.2. Contract Minimum Investment Requirement Claw Back. If the Sponsor fails to meet the Contract Minimum Investment Requirement, the Infrastructure Credit shall be reduced prospectively by the Claw back Percentage and the Fixed FILOT Payment shall be recalculated for the remainder of the Term. The Claw back Percentage shall be calculated as follows:

Claw Back Percentage = 100% - Investment Achievement Percentage

Investment Achievement Percentage = Actual Investment Achieved / Contract Minimum Investment Requirement

For example, and by way of example only, if the Sponsor and any Sponsor Affiliate invested \$4,950,000 at the Project by the end of the Investment Period, the Claw Back Percentage would be calculated as follows:

Investment Achievement Percentage = \$4,500,000 / \$5,000,000 = 90%

Claw Back Percentage= 100% - 90% = 10%

The Sponsor shall pay any amounts described in or calculated pursuant to this Section 6.2 within 30 days of receipt of a written statement from the County. If not timely paid by the Sponsor, the amount due is subject to the minimum amount of interest that the law may permit with respect to delinquent *ad valorem* tax payments. The repayment obligation described in this Section 6.2 survives termination of this Fee Agreement.

ARTICLE VII DEFAULT

Section 7.1. *Events of Default.* Subject in all events to Section 10.9 hereof, the following are "Events of Default" under this Fee Agreement:

(a) Failure by the Sponsor to make any FILOT Payments, Fixed FILOT Payments or Net FILOT Payments due under this Agreement, which failure has not been cured within 30 days following receipt of written notice from the County specifying the delinquency in such payments and requesting that it be remedied;

(b) A Cessation of Operations. For purposes of this Fee Agreement, a "*Cessation of Operations*" means a publicly announced closure of the Facility, a layoff of a majority of the employees working at the Facility, or a substantial reduction in production that continues for a period of twelve (12) months;

(c) (i) A representation or warranty made by the Sponsor which is materially incorrect when made or deemed made; or (ii) a failure by the Sponsor to perform any of the material terms, conditions, obligations, or covenants under this Fee Agreement (other than those under (a), above), which failure under (i) or (ii) has not been cured within 30 days after written notice from the County to the Sponsor specifying such failure and requesting that it be remedied, unless the Sponsor has instituted corrective action within the 30-day period and is diligently pursuing corrective action until the default is corrected, in which case the 30-day period is extended to include the period during which the Sponsor is diligently pursuing corrective action;

(d) A representation or warranty made by the County which is materially incorrect when made or deemed made; or

(e) Failure by the County to perform any of the material terms, conditions, obligations, or covenants hereunder, which failure has not been cured within 30 days after written notice from the Sponsor to the County specifying such failure and requesting that it be remedied, unless the County has instituted corrective action within the 30-day period and is diligently pursuing corrective action until the default is corrected, in which case the 30-day period is extended to include the period during which the County is diligently pursuing corrective action.

Section 7.2. *Remedies on Default.*

(a) If an Event of Default by the Sponsor has occurred and is continuing, then the County may take any one or more of the following remedial actions:

(i) bring an action for collection of any amounts due hereunder; and/or terminate this Fee Agreement, upon another 30 days written notice, in the case of an Event of Default under Section 7.1(a);

(ii) take whatever action at law or in equity that may appear necessary or desirable to

remedy the Event of Default under Section 7.1(b) but the County's damages under this Agreement for an Event of Default shall always be limited to and never exceed under any circumstance the amount of FILOT Payments, Fixed FILOT Payments or Net FILOT Payments (whichever is less) due plus legal fees and expenses under Section 7.3 hereof, and any penalty and interest required by statute. Under no circumstances will the Sponsor ever be liable to the County for any other damages hereunder or any other penalty or other interest; or

(iii) terminate this Fee Agreement.

(b) If an Event of Default by the County has occurred and is continuing, the Sponsor may take any one or more of the following actions:

(i) bring an action for specific enforcement;

(ii) terminate this Fee Agreement; or

(iii) take such other action as is appropriate, including legal action, to recover its damages, to the extent allowed by law. For purposes of this Agreement, the Sponsor and any Sponsor Affiliate's damages under this Agreement for an Event of Default shall be limited to and never exceed, under any circumstance, the actual savings to be realized by the Sponsor and/or the Sponsor Affiliate provided for in this Agreement, plus any legal fees and expenses under Section 7.3 hereof, plus interest at the same rate as provided under (a)(ii) above. Under no circumstances will the County ever be liable for any other damages hereunder or penalty or other interest.

Section 7.3. Reimbursement of Legal Fees and Other Expenses. On the occurrence of an Event of Default, if a party is required to employ attorneys or incur other reasonable expenses for the collection of payments due under this Fee Agreement or for the enforcement of performance or observance of any obligation or agreement, the prevailing party is entitled to reimbursement of the reasonable fees of such attorneys and other reasonable expenses so incurred.

Section 7.4. Remedies Not Exclusive. Unless expressly provided otherwise, no remedy described in this Fee Agreement is intended to be exclusive of any other remedy or remedies described in this Agreement, and each and every such remedy is cumulative and in addition to every other remedy given under this Fee Agreement.

ARTICLE VIII PARTICULAR RIGHTS AND COVENANTS

Section 8.1. Right to Inspect. Subject to the Sponsor's safety policies and requirements, this Agreement does not limit any otherwise existing legal right of the County and its authorized agents, at any reasonable time on prior notice, to enter and examine and inspect the Project for the purposes of permitting the County to carry out its duties and obligations in its sovereign capacity (such as, without limitation, for such routine health and safety purposes as would be applied to any other manufacturing or commercial facility in the County).

Section 8.2. Confidentiality. The County acknowledges that the Sponsor may utilize confidential and proprietary processes and materials, services, equipment, trade secrets, and techniques ("Confidential Information") and that disclosure of the Confidential Information could result in substantial economic harm to the Sponsor. The Sponsor may clearly label any Confidential Information delivered to the County pursuant to this Fee Agreement as "**Confidential Information.**" Except as required by law, the County, or any employee, agent, or contractor of the County, shall not disclose or otherwise divulge any labeled Confidential Information to any other person, firm, governmental body or agency. The Sponsor

acknowledges that the County is subject to the South Carolina Freedom of Information Act, and, as a result, must disclose certain documents and information on request, absent an exemption. If the County is required to disclose any Confidential Information to a third party, the County will use its best efforts to provide the Sponsor with as much advance notice as is reasonably possible of such disclosure requirement prior to making such disclosure, and to cooperate reasonably with any attempts by the Sponsor to obtain judicial or other relief from such disclosure requirement.

Section 8.3. Indemnification Covenants.

(a) Except as provided in paragraph (d) below, the Sponsor shall indemnify and save the County, its employees, elected officials, officers and agents (each, an "*Indemnified Party*") harmless against and from all liability or claims arising from the County's execution of this Fee Agreement, performance of the County's obligations under this Fee Agreement or the administration of its duties pursuant to this Fee Agreement, or otherwise by virtue of the County having entered into this Fee Agreement.

(b) The County is entitled to use counsel of its choice and the Sponsor shall reimburse the County for all of its reasonably incurred costs, including reasonable attorneys' fees, incurred in connection with the response to or defense against such liability or claims as described in paragraph (a), above. The County shall provide a statement of the costs incurred in the response or defense, and the Sponsor shall pay the County within 30 days of receipt of the statement. The Sponsor may request reasonable documentation evidencing the costs (and the reasonableness thereof) shown on the statement. However, the County is not required to provide any documentation which may be privileged or confidential to evidence the costs.

(c) The County may request the Sponsor to resist or defend against any claim on behalf of an Indemnified Party. On such request, the Sponsor shall resist or defend against such claim on behalf of the Indemnified Party, at the Sponsor's expense. The Sponsor is entitled to use counsel of its choice, manage and control the defense of or response to such claim for the Indemnified Party; provided the Sponsor is not entitled to settle any such claim without the consent of that Indemnified Party.

(d) Notwithstanding anything in this Section or this Fee Agreement to the contrary, the Sponsor is not required to indemnify any Indemnified Party against or reimburse the County for costs arising from any claim or liability (i) occasioned by the acts of that Indemnified Party, which are unrelated to the execution of this Fee Agreement, performance of the County's obligations under this Fee Agreement, or the administration of its duties under this Fee Agreement, or otherwise by virtue of the County having entered into this Fee Agreement; or (ii) resulting from that Indemnified Party's own negligence, bad faith, fraud, deceit, or willful misconduct or illegal activity.

(e) An Indemnified Party may not avail itself of the indemnification or reimbursement of costs provided in this Section unless it provides the Sponsor with prompt notice, reasonable under the circumstances, of the existence or threat of any claim or liability, including, without limitation, copies of any citations, orders, fines, charges, remediation requests, or other claims or threats of claims, in order to afford the Sponsor notice, reasonable under the circumstances, within which to defend or otherwise respond to a claim.

Section 8.4. No Liability of County Personnel. All covenants, stipulations, promises, agreements and obligations of the County contained in this Fee Agreement are binding on members of the County Council or any elected official, officer, agent, servant or employee of the County only in his or her official capacity and not in his or her individual capacity, and no recourse for the payment of any moneys under this Fee Agreement may be had against any member of County Council or any elected or appointed official, officer, agent, servant or employee of the County and no recourse for the payment of any moneys or performance of any of the covenants and agreements under this Fee Agreement or for any claims based

on this Fee Agreement may be had against any member of County Council or any elected or appointed official, officer, agent, servant or employee of the County except solely in their official capacity.

Section 8.5. *Limitation of Liability.* Subject to section 7.2(b)(iii), the County is not liable to the Sponsor for any costs, expenses, losses, damages, claims or actions in connection with this Fee Agreement, except from amounts received by the County from the Sponsor under this Fee Agreement. Notwithstanding anything in this Fee Agreement to the contrary, any financial obligation the County may incur under this Fee Agreement is deemed not to constitute a pecuniary liability or a debt or general obligation of the County.

Section 8.6. *Assignment.* The Sponsor may assign this Fee Agreement in whole or in part with the prior written consent of the County or a subsequent written ratification by the County, which may be done by resolution, and which consent or ratification the County will not unreasonably withhold; provided, however, that the County hereby expressly consents in advance to any such assignment of this Fee Agreement, in whole or in part, by the Sponsor to any entity, now existing or to be formed in the future, which controls, is controlled by, or is under common control with, the Sponsor. The Sponsor agrees to notify the County and the Department of the identity of the proposed transferee within 60 days of the transfer. In case of a transfer, the transferee assumes the transferor's basis in the Economic Development Property for purposes of calculating the FILOT Payments.

Section 8.7. *No Double Payment; Future Changes in Legislation.* Notwithstanding anything contained in this Fee Agreement to the contrary, and except as expressly required by law, the Sponsor is not required to make a FILOT Payment in addition to a regular *ad valorem* property tax payment in the same year with respect to the same piece of Economic Development Property. The Sponsor is not required to make a FILOT Payment on Economic Development Property in cases where, absent this Fee Agreement, *ad valorem* property taxes would otherwise not be due on such property.

Section 8.8. *Administration Expenses.* The Sponsor will reimburse the County for its Administration Expenses in an amount that shall in any event be capped at and limited in the aggregate to \$5,000 on receipt of a written request from the County or at the County's direction, which request shall include a statement of the amount and general nature of the Administration Expense. The Sponsor shall pay the Administration Expense as set forth in the written request no later than 60 days following receipt of the written request from the County. The County does not impose a charge in the nature of impact fees or recurring fees in connection with the incentives authorized by this Fee Agreement. The payment by the Sponsor of the County's Administration Expenses shall not be construed as prohibiting the County from engaging, at its discretion, the counsel of the County's choice.

Section 8.9. *Multicounty Park.* By December 31, 2019, the County will use its best efforts to cause the Real Property to be placed in the Multicounty Park (if not already in the Multicounty Park) and to maintain the Real Property in the Multicounty Park or in some other multicounty industrial or business park within the meaning of the MCIP Act for at least as long as the Infrastructure Credit is to be provided to the Sponsor under this Fee Agreement.

ARTICLE IX SPONSOR AFFILIATES

Section 9.1. *Sponsor Affiliates.* The Sponsor may designate Sponsor Affiliates from time to time, including at the time of execution of this Fee Agreement, pursuant to and subject to the provisions of Section 12-44-130 of the Act. To designate a Sponsor Affiliate, the Sponsor must deliver written notice to the County identifying the Sponsor Affiliate and requesting the County's approval of the Sponsor Affiliate. Except with respect to a Sponsor Affiliate designated at the time of execution of this Fee Agreement, which may be approved in the County Council ordinance authorizing the execution and

delivery of this Fee Agreement, approval of the Sponsor Affiliate may be given by the County Administrator delivering written notice to the Sponsor and Sponsor Affiliate to allow the Sponsor Affiliate to join in the investment at the Project; provided, however, that the County hereby expressly consents to any future designation by the Sponsor as a Sponsor Affiliate (i) any entity, now existing or to be formed in the future, which controls, is controlled by, or is under common control with, the Sponsor, and (ii) the landowner(s) of the Real Property. The Sponsor Affiliate's joining in the investment at the Project will be effective on delivery of a Joinder Agreement, the form of which is attached as Exhibit B, executed by the Sponsor Affiliate to the County.

Section 9.2. Primary Responsibility. Notwithstanding the addition of a Sponsor Affiliate, the Sponsor acknowledges that it has the primary responsibility for the duties and obligations of the Sponsor and any Sponsor Affiliate under this Fee Agreement, including the payment of FILOT Payments or any other amount due to or for the benefit of the County under this Fee Agreement, arising and due as a result of the Project. For purposes of this Fee Agreement, "primary responsibility" means that if the Sponsor Affiliate fails to make any FILOT Payment or remit any other amount due under this Fee Agreement, the Sponsor shall make such FILOT Payments or remit such other amounts on behalf of the Sponsor Affiliate. The Sponsor Affiliate's obligation to make FILOT Payments under this Fee Agreement to the County shall be limited to the FILOT Payments due on the Sponsor Affiliate's Economic Development Property.

ARTICLE X MISCELLANEOUS

Section 10.1. Notices. Any notice, election, demand, request, or other communication to be provided under this Fee Agreement is effective when delivered to the party named below or when 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 has previously furnished in writing to the other party), except where the terms of this Fee Agreement require receipt rather than sending of any notice, in which case such provision shall control:

IF TO THE SPONSOR:

Hecate Energy West Newberry, LLC
621 W. Randolph St.
Chicago IL 60661

WITH A COPY TO (does not constitute notice):

Nelson Mullins Riley & Scarborough, LLP
Attn: Edward Kluiters
1320 Main Street, 17th Floor (29201)
PO Box 11070
Columbia, SC 29211

IF TO THE COUNTY:

Newberry County, South Carolina
Attn: Newberry County Administrator
P. O. Box 156
Newberry, South Carolina 29108

WITH A COPY TO (does not constitute notice):

Parker Poe Adams & Bernstein LLP
Attn: Ray E. Jones
1221 Main Street, Suite 1100 (29201)
Post Office Box 1509
Columbia, South Carolina 29202-1509

Section 10.2. Provisions of Agreement for Sole Benefit of County and Sponsor. Except as otherwise specifically provided in this Fee Agreement, nothing in this Fee Agreement expressed or implied confers on any person or entity other than the County and the Sponsor and any Sponsor Affiliates any right, remedy, or claim under or by reason of this Fee Agreement, this Fee Agreement being intended to be for the sole and exclusive benefit of the County and the Sponsor and any Sponsor Affiliates.

Section 10.3. Counterparts. This Fee Agreement may be executed in any number of counterparts, and all of the counterparts together constitute one and the same instrument.

Section 10.4. Governing Law. South Carolina law, exclusive of its conflicts of law provisions that would refer the governance of this Fee Agreement to the laws of another jurisdiction, governs this Fee Agreement and all documents executed in connection with this Fee Agreement.

Section 10.5. Headings. The headings of the articles and sections of this Fee Agreement are inserted for convenience only and do not constitute a part of this Fee Agreement.

Section 10.6. Amendments. This Fee Agreement may be amended only by written agreement of the parties to this Fee Agreement.

Section 10.7. Agreement to Sign Other Documents. From time to time, and at the expense of the Sponsor, to the extent any expense is incurred, the County agrees to execute and deliver to the Sponsor such additional instruments as the Sponsor may reasonably request and as are authorized by law and reasonably within the purposes and scope of the Act and this Fee Agreement to effectuate the purposes of this Fee Agreement.

Section 10.8. Interpretation; Invalidity; Change in Laws.

(a) If the inclusion of property as Economic Development Property or any other issue is unclear under this Fee Agreement, then the parties intend that the interpretation of this Fee Agreement be done in a manner that provides for the broadest inclusion of property under the terms of this Fee Agreement and the maximum incentive permissible under the Act, to the extent not inconsistent with any of the explicit terms of this Fee Agreement. It is expressly agreed that the Sponsor may add Economic Development Property, whether real or personal, by including such property on the Sponsor's PT-300 Schedule S or successor form during the Investment Period to the fullest extent permitted by law.

(b) If any provision of this Fee Agreement is declared illegal, invalid, or unenforceable for any reason, the remaining provisions of this Fee Agreement are unimpaired, and the parties shall reform such illegal, invalid, or unenforceable provision to effectuate most closely the legal, valid, and enforceable intent of this Fee Agreement so as to afford the Sponsor with the maximum benefits to be derived under this Fee Agreement, it being the intention of the County to offer the Sponsor the strongest inducement possible, within the provisions of the Act, to locate the Project in the County.

(c) The County agrees that in case the FILOT incentive described in this Fee Agreement is found

to be invalid and the Sponsor does not realize the economic benefit it is intended to receive from the County under this Fee Agreement as an inducement to locate in the County, the County agrees negotiate in good faith with the Sponsor to provide a special source revenue or Infrastructure Credit to the Sponsor (in addition to the Infrastructure Credit explicitly provided for above) to the maximum extent permitted by law, to allow the Sponsor to recoup all or a portion of the loss of the economic benefit resulting from such invalidity.

Section 10.9. Force Majeure. Notwithstanding Section 7.1 hereof or any other provision of this Fee Agreement to the contrary, the Sponsor is not liable or responsible for any delays or non-performance caused in whole or in part, directly or indirectly, by strikes, accidents, freight embargoes, fires, floods, inability to obtain materials, conditions arising from governmental orders or regulations, war or national emergency, acts of God, natural disasters, and any other cause, similar or dissimilar, beyond the Sponsor's reasonable control.

Section 10.10. Termination; Termination by Sponsor.

(a) Unless first terminated under any other provision of this Fee Agreement, this Fee Agreement terminates on the Final Termination Date.

(b) The Sponsor is authorized to terminate this Fee Agreement at any time with respect to all or part of the Project on providing the County with 30 days' notice.

(c) Any monetary obligations due and owing at the time of termination and any provisions which are intended to survive termination, survive such termination.

(d) In the year following termination, all Economic Development Property is subject to *ad valorem* taxation or such other taxation or payment in lieu of taxation that would apply absent this Fee Agreement. The Sponsor's obligation to make FILOT Payments under this Fee Agreement terminates to the extent of and in the year following the year the Sponsor terminates this Fee Agreement pursuant to this Section.

Section 10.11. Entire Agreement. This Fee Agreement expresses the entire understanding and all agreements of the parties, and neither party is bound by any agreement or any representation to the other party which is not expressly set forth in this Fee Agreement or in certificates delivered in connection with the execution and delivery of this Fee Agreement.

Section 10.12. Waiver. Either party may waive compliance by the other party with any term or condition of this Fee Agreement only in a writing signed by the waiving party.

Section 10.13. Business Day. If any action, payment, or notice is, by the terms of this Fee Agreement, required to be taken, made, or given on any Saturday, Sunday, or legal holiday in the jurisdiction in which the party obligated to act is situated, such action, payment, or notice may be taken, made, or given on the following business day with the same effect as if taken, made or given as required under this Fee Agreement, and no interest will accrue in the interim.

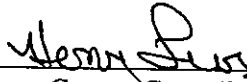
Section 10.14. Agreement's Construction. Each party and its counsel have reviewed this Fee Agreement and any rule of construction to the effect that ambiguities are to be resolved against a drafting party does not apply in the interpretation of this Fee Agreement or any amendments or exhibits to this Fee Agreement.

[Signature pages follow]

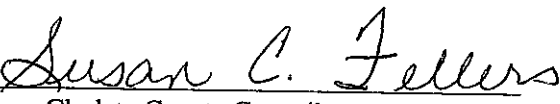
IN WITNESS WHEREOF, the County, acting by and through the County Council, has caused this Fee Agreement to be executed in its name and on its behalf by the Chair of County Council and to be attested by the Clerk of the County Council; and the Sponsor has caused this Fee Agreement to be executed by its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

NEWBERRY COUNTY, SOUTH CAROLINA

(SEAL)

By: 
County Council Chair
Newberry County, South Carolina

ATTEST:

By: 
Clerk to County Council
Newberry County, South Carolina

[Signature Page 1 to Fee in Lieu of Ad Valorem Taxes Agreement]

HECATE ENERGY WEST NEWBERRY, LLC

Signature: _____

By: _____

Its: _____

[Signature Page 2 to Fee in Lieu of Ad Valorem Taxes Agreement]

EXHIBIT A
PROPERTY DESCRIPTION; FAIR MARKET VALUE

All or portions TMS Parcels: 294-3 and 293-13
Sponsor will provide a survey to the County which describes the more precisely the portions of such parcel(s) to be occupied by the Project

Total fair market value of the Real Property is established at \$308,000.

FILED
NEWBERRY COUNTY
2019 OCT 17 PM 2:41
ELIZABETH P. FOLK
CLERK OF COURT

**EXHIBIT B
FORM OF JOINDER AGREEMENT**

JOINDER AGREEMENT

FILED
NEWBERRY COUNTY
2019 OCT 17 PM 2:41
ELIZABETH P. FOLK
CLERK OF COURT

Reference is hereby made to the Fee-in-Lieu of *Ad Valorem* Taxes and Special Source Revenue Credit Agreement, effective _____ (“Fee Agreement”), between Newberry County, South Carolina (“County”), and Hecate Energy West Newberry, LLC (“Sponsor”).

1. Joinder to Fee Agreement.

[_____], a [STATE] [corporation]/[limited liability company]/[limited partnership] authorized to conduct business in the State of South Carolina, hereby (a) joins as a party to, and agrees to be bound by and subject to all of the terms and conditions of, the Fee Agreement applicable to Sponsor Affiliates; (b) shall receive the benefits as provided under the Fee Agreement with respect to the Economic Development Property placed in service by the Sponsor Affiliate as if it were a Sponsor; (c) acknowledges and agrees that (i) according to the Fee Agreement, the undersigned has been designated as a Sponsor Affiliate by the Sponsor for purposes of the Project; and (ii) the undersigned qualifies or will qualify as a Sponsor Affiliate under the Fee Agreement and Section 12-44-30(20) and Section 12-44-130 of the Act.

2. Capitalized Terms.

Each capitalized term used, but not defined, in this Joinder Agreement has the meaning of that term set forth in the Fee Agreement.

3. Representations of the Sponsor Affiliate.

The Sponsor Affiliate represents and warrants to the County as follows:

(a) The Sponsor Affiliate is in good standing under the laws of the state of its organization, is duly authorized to transact business in the State (or will obtain such authority prior to commencing business in the State), has power to enter into this Joinder Agreement, and has duly authorized the execution and delivery of this Joinder Agreement.

(b) The Sponsor Affiliate’s execution and delivery of this Joinder Agreement, and its compliance with the provisions of this Joinder Agreement, do not result in a default, not waived or cured, under any agreement or instrument to which the Sponsor Affiliate is now a party or by which it is bound.

(c) The execution and delivery of this Joinder Agreement and the availability of the FILOT and other incentives provided by this Joinder Agreement has been instrumental in inducing the Sponsor Affiliate to join with the Sponsor in the Project in the County.

4. Request of and Consent Sponsor.

The Sponsor has requested and consents to the addition of _____ as Sponsor Affiliate to the Fee Agreement. The Sponsor Affiliate owns the real Property which constitutes a

part of the Project.

5. Filings by Sponsor Affiliate.

Sponsor shall use its best efforts to cause the Sponsor Affiliate each year to file the South Carolina Department of Revenue's PT-300 Property Tax Return with completed Schedules attached (the "Return"), listing the Sponsor Affiliate's Project property as Economic Development Property to the extent permitted or required by law. Sponsor Affiliate agrees to provide Sponsor with a copy of the completed Return upon filing.

6. Consent of County.

The County, through approval as authorized in the Fee Agreement, hereby consents to the addition of _____ as Sponsor Affiliate to the Fee Agreement.

7. Governing Law.

This Joinder Agreement is governed by and construed according to the laws, without regard to principles of choice of law, of the State of South Carolina.

8. Notice.

Notices to Sponsor Affiliate under Section 10.1 of the Fee Agreement shall be sent to:

[]

All notices to Sponsor Affiliate shall also be sent to Sponsor.

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

Date

SPONSOR AFFILIATE:

Name of Entity:

Signature: _____

Name: _____

Its: _____

IN WITNESS WHEREOF, the County acknowledges it has consented to the addition of the above-named entity as a Sponsor Affiliate under the Fee Agreement effective as of the date set forth above.

NEWBERRY COUNTY, SOUTH CAROLINA

Henry Livingston III
By: Newberry County Council Chairman
Name: Henry Livingston, III
Its: Chairman

EXHIBIT C
DESCRIPTION OF INFRASTRUCTURE CREDIT

The Project shall be entitled to the Infrastructure Credit each year for a period of thirty (30) consecutive years, to commence with the first FILOT Payment to be made with respect to the Project after it is placed in service, unless the Sponsor requests a different starting date by notice to the County no later than June 30 of the property tax year in which the Infrastructure Credit is to commence. For the avoidance of doubt, should any part or all of the Project not be eligible as Economic Development Property, the FILOT Payment shall also mean, in such case, the payments in lieu of taxes made as a result of the Project being located in a Multicounty Park so that the Infrastructure Credit and Negative Infrastructure Credit provided for below can be utilized to reduce or increase, as appropriate, such FILOT Payments to the Fixed FILOT Payment (as defined below).

The Infrastructure Credit shall be equal to 75% of the FILOT Payment each year (the "Net FILOT Payment"), subject to further adjustment as described hereafter. The Sponsor agrees to calculate and certify to the County no later than August 1 of each year the Net FILOT Payments remaining for the Fee Term (the "Remaining FILOT Payments") and determine the amount of an equal annual fixed payment (the "Fixed FILOT Payment") with a total net present value that equals the net present value of the Remaining FILOT Payments, using a discount rate of 2.5%. The Infrastructure Credit shall then be adjusted upward or downward as needed, to arrive at such Fixed FILOT Payments for the year. The Sponsor shall provide the calculation of the Fixed FILOT Payment each year to the County together with a copy of the annual property tax return filed by the Sponsor with the Department.

The Fixed FILOT Payment is subject to adjustments after the Project is placed in service as provided in sections 4.3, 4.4, and 4.5 of this Agreement. Should the FILOT Payment for any year be less than the Fixed FILOT Payment due for such year, the Sponsor agrees to pay an amount in addition to the FILOT Payment due for such year (the "Negative Infrastructure Credit") to make the Sponsor's total payment to the County for that year equal to the Fixed FILOT Payment (as may be adjusted pursuant to the first sentence of this paragraph).

The Infrastructure Credit may be allocated among the Sponsor and any Sponsor Affiliates' cost of Infrastructure as determined from time to time by Sponsor as the Project components owned by each of the Sponsor and the Sponsor Affiliates constitute one integrated Project. To the extent a Sponsor Affiliate is not able to use or apply an Infrastructure Credit due to a lack of Infrastructure costs, such Infrastructure Credit shall be applied to the Sponsor's Infrastructure costs so as to put the Sponsor in the same economic position as if the Sponsor Affiliate had been able to use such Infrastructure Credit.

FILED
NEW JERSEY COUNTY
2019 OCT 17 PM 2:41
ELIZABETH P. FOLK
CLERK OF COURT