

AN ORDINANCE

AUTHORIZING THE EXECUTION AND DELIVERY OF A FEE IN LIEU OF TAX AGREEMENT AND CERTAIN INSTRUMENTS RELATING THERETO BY AND BETWEEN CHARLESTON COUNTY AND SKF USA INC., WHEREBY, CHARLESTON COUNTY WILL ENTER INTO A FEE IN LIEU OF TAXES ARRANGEMENT WITH SKF USA INC; PROVIDING FOR PAYMENT BY SKF USA INC OF CERTAIN FEES IN LIEU OF AD VALOREM TAXES; AND OTHER MATTERS RELATING THERETO.

WHEREAS, Charleston County, South Carolina (the "County"), acting by and through its County Council (the "County Council") is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44 and Title 4, Chapter 20 of the Code of Laws of South Carolina 1976, as amended (collectively, the "FILOT Act"), to designate real and tangible personal property as "economic development property" and to enter into an arrangement which provides for payment in lieu of taxes ("FILOT Payments") for a project qualifying under the FILOT Act; and

WHEREAS, SKF USA Inc, a Delaware corporation (the "Company"), has entered into an Inducement Agreement, dated 16 December 2003, with the County whereby the Company proposes to expand its manufacturing operations in Charleston County by (i) the acquisition and installation of approximately \$5,500,000 of additional machinery and equipment and (ii) having Landmark Enterprises (the "Landlord"), the owner of the real property upon which the operations are conducted, construct an expansion to the existing building which it leases to the Company at a cost of approximately \$1,000,000, all of which will constitute a project within the meaning of the FILOT Act (and are hereinafter collectively referred to herein as the "Project"); and

WHEREAS, the Project when completed will represent an investment, as defined in the FILOT Act (the "Investment") by the Company of approximately \$5,500,000 and an investment by the Landlord of approximately \$1,000,000; and

WHEREAS, the Company has informed the County that the Company currently employs 19 full-time employees at its existing facility in Charleston County, and the Project is anticipated to employ an additional 61 full-time employees by the time the Project is placed in service.

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

Section 1. Evaluation of the Project. County Council have evaluated the Project on the following criteria based upon the advice and assistance of the

South Carolina Department of Revenue and the Board of Economic Advisors:

(a) the purposes to be accomplished by the Project are proper governmental and public purposes;

(b) the anticipated dollar amount and nature of the investment to be made; and

(c) the anticipated costs and benefits to the County.

Section 2. Findings by County Council. Based upon information provided by and representations of the Company, County Council's investigation of the Project, including the criteria described in Section 1 above, and the advice and assistance of the South Carolina Department of Revenue and the Board of Economic Advisors, as required, County Council hereby find that:

(a) the Project constitutes a "project" as that term is defined in the FILOT Act;

(b) the Project will serve the purposes of the FILOT Act;

(c) the Investment by the Company in the Project will be approximately \$5,500,000 to be invested within five (5) years from the end of the property tax year in which the Company and the County execute a fee agreement;

(d) the Project will be located entirely within Charleston County;

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

(f) the Project gives rise to neither a pecuniary liability of the County nor a charge against its general credit or taxing power;

(g) the purposes to be accomplished by the Project are proper governmental and public purposes;

(h) the inducement of the location of the Project is of paramount importance; and

(i) the benefits of the Project to the public are greater than the cost to the public.

Section 3. Fee-in-Lieu of Taxes Arrangement. (a) Pursuant to the authority of the FILOT Act, those portions of the Project constituting an investment by the Company are designated as "economic development property"

under the FILOT Act and there is hereby authorized a fee-in-lieu of taxes arrangement with the Company which will provide FILOT Payments to be made based upon a 6% assessment ratio with the millage rate to be fixed for the entire term of the fee-in-lieu of taxes arrangement at 273 mils, all as more fully set forth in the Fee-in-Lieu of Tax Agreement or the Lease Agreement (as appropriate) between the County and the Company (the "Agreement"). At the request of the Company, the County agrees to enter into a separate agreement with the Landlord to provide for the designation of portions of the Project constituting an investment by the Landlord as "economic development property" in the event that the investment qualifies under the FILOT Act.

(b) The County agrees to structure the incentives offered hereby under either of the FILOT Acts, as requested by the Company.

Section 4. Multi-County Industrial Park. The County has taken, or agrees to take, sufficient action necessary to place the Project site in a Multi-County Industrial Park established under Title 4, Chapter 1 of the Code of Laws of South Carolina 1976, as amended. The County will diligently take all reasonable acts to ensure that the Project will continuously be included within the boundaries of the Park or another multi-county park in order that the maximum tax benefits afforded by the laws of the State of South Carolina for projects located within multi-county industrial parks will be available to the Company.

Section 5. Execution of the Agreement.

(a) The form, terms, and provisions of the Agreement presented to this meeting and filed with the Clerk of the County Council be and hereby are approved, and all of the terms, provisions, and conditions thereof are hereby incorporated herein by reference as if such Agreement were set out in this Ordinance in its entirety. The Chairman of the County Council and the Clerk of the County Council be and they are hereby authorized, empowered, and directed to execute, acknowledge, and deliver the Agreement in the name and on behalf of the County, and thereupon to cause the Agreement to be delivered to the Company. The Agreement is to be in substantially the form now before this meeting and hereby approved, or with any changes therein as shall not materially adversely affect the rights of the County thereunder and as shall be approved by the County Attorney and the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of all changes therein from the form of Agreement now before this meeting.

(b) The County covenants to file a copy of the fully executed Agreement within 30 days of the date of execution thereof with (i) the South Carolina Department of Revenue, (ii) the Charleston County Assessor, (iii) the Charleston County Auditor, (iv) the Colleton County Assessor, and (v) the Colleton County Auditor, all in accordance with the FILOT Act.

Section 6. Miscellaneous.

(a) The Chairman and all other appropriate officials of the County are hereby authorized to execute, deliver, and receive any other agreements and documents as may be required by the County in order to carry out, give effect to, and consummate the transactions authorized by this Ordinance.

(b) This Ordinance shall be construed and interpreted in accordance with the laws of the State of South Carolina.

(c) This Ordinance shall become effective immediately upon approval following third reading by the County Council.

(d) The provisions of this Ordinance are hereby declared to be severable and if any section, phrase, or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, that declaration shall not affect the validity of the remainder of the sections, phrases, and provisions hereunder.

(e) All ordinances, resolutions, and parts thereof in conflict herewith are, to the extent of the conflict, hereby repealed.

COUNTYCOUNCIL

CHARLESTON

Leon E. Stavrinakis, Chairman

ATTEST:
Beverly T. Craven, Clerk