

STATE OF SOUTH CAROLINA
COUNTY COUNCIL FOR FAIRFIELD COUNTY
ORDINANCE NO. 578

AUTHORIZING THE CONVERSION OF ONE OR MORE EXISTING LEASE-SALEBACK FEE-IN-LIEU OF TAX ARRANGEMENTS BETWEEN ISOLA USA CORP., AND ONE OR MORE AFFILIATED OR RELATED ENTITIES, AND FAIRFIELD COUNTY, SOUTH CAROLINA, RELATED TO CERTAIN INTERESTS IN REAL PROPERTY WITH IMPROVEMENTS, AND CERTAIN PERSONAL PROPERTY TO ONE OR MORE A SIMPLIFIED FEE-IN-LIEU OF TAX ARRANGEMENTS; AND OTHER RELATED MATTERS.

WHEREAS, Fairfield County, South Carolina ("County"), acting by and through its County Council ("County Council"), is authorized and empowered under and pursuant to the provisions of the South Carolina Constitution ("Constitution") and the provisions of the Code of Laws of South Carolina 1976, as amended, ("Code") and specifically, Title 4, Chapter 29 of the Code ("Original FILOT Act"); Title 4, Chapter 12 of the Code ("Streamlined FILOT Act"); and Title 12, Chapter 44 of the Code ("Simplified FILOT Act") (collectively, the "FILOT Act"), each as amended through the date hereof (collectively, "Act"), and the case law of the courts of the State of South Carolina, to offer and provide certain privileges, benefits, and incentives to prospective and existing industries as inducements for economic development within the County;

WHEREAS, the County is also authorized and empowered under and pursuant to the provisions of the Act to enter into certain agreements with any industry that constructs, operates, maintains, and improves certain properties (which constitute "projects" as defined in the Act) and to accept any grants for such projects;

WHEREAS, through employment of the powers granted by the Act, the County is empowered to promote the economic and industrial development of the State of South Carolina ("State") and develop its trade by inducing manufacturing and commercial enterprises to locate and remain in the State and thus use and employ the manpower, agricultural products, and natural resources of the State and benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise adequately provided locally by providing for the exemption of such project from property taxes and for the payment of a fee in lieu of property taxes ("fee agreement," as defined in the Act);

WHEREAS, Advanced Dielectrics, Inc. (subsequently known as Isola Laminate Systems Corp., and the County entered into a Lease-Purchase Agreement, dated as of November 17, 1995 (as assigned, on or about May 28, 2004, to Isola USA Corp. ("Company"), collectively, "Prior Lease Agreement") whereby the Company agreed to invest in real and personal property in the County for the purpose of acquiring and constructing a facility for manufacturing and producing chemicals and plastics and related products ("Project"), and in return, the County agreed to purchase such real and personal property from the Company and lease it back to the Company. Under the Lease Agreement, the Company agreed to make certain fee-in-lieu of tax payments on behalf of the Project in accordance with the provisions of the Streamlined FILOT Act;

WHEREAS, the Company now desires the transfer of all of the property subject to the Prior Lease Agreement, a sale-leaseback type of fee-in-lieu of tax arrangement with the County pursuant to the Streamlined FILOT Act, to the Company subject to a "Simplified Fee" type of fee-in-lieu of tax

arrangement with the County pursuant to the Simplified FILOT Act, as authorized by Section 12-44-170(B) of the Simplified FILOT Act;

WHEREAS, the County and the Company desire to accomplish the transfer of all of the property subject to the prior fee-in-lieu of tax arrangement and to establish a "Simplified Fee" type of fee-in-lieu of tax arrangement with the County pursuant to the Simplified FILOT Act by: (1) entering into a fee-in-lieu of tax agreement ("Fee Agreement"); (2) conveying legal title in the Project (both real and personal property) (collectively, "Property") from the County to the Company; and (3) terminating the Prior Lease Agreement;

WHEREAS, the Fee Agreement continues the same fee payments required as the Prior Lease Agreement; the Fee Agreement continues the same fee in lieu of tax payments only for the time required for the payments under the Prior Lease Agreement; and the minimum investment requirements of the Prior Lease Agreement have been met;

WHEREAS, the Company intends to complete the acquisition by construction and purchase of the Project as originally contemplated by the Company and the County in the Prior Lease Agreement, which such Project will now be owned and operated by the Company pursuant to the Fee Agreement;

WHEREAS, the parties have determined that the Company is a "sponsor" and the Project constitutes "economic development property" within the meaning of the Simplified FILOT Act;

WHEREAS, the continued acquisition and construction of the Project will serve the intended purposes and in all respects conform to the provisions and requirements of the Simplified FILOT Act; and

WHEREAS, it appears that the drafts of (1) the Fee Agreement; (2) the deed; (3) the bill of sale; and (4) the memorandum of cancellation of the Prior Lease Agreement now before this meeting are in appropriate form and are appropriate instruments to be executed and delivered by the County for the purposes intended (Items No. (1)-(4), along with all other documents reasonably necessary to effect the intent of this Ordinance and the transactions contemplated by this Ordinance, collectively, "Transaction Documents").

THE COUNTY COUNCIL OF FAIRFIELD COUNTY, SOUTH CAROLINA, ORDAINS:

Section 1. Statutory Findings. As contemplated by the Act, based on information provided by the Company, it is hereby found, determined and declared by the County Council, as follows:

- (a) The Project constitutes a "project" as that term is referred to and defined in Section 12-44-30 of the Act;
- (b) It is anticipated that the Project will benefit the general public welfare of the County by providing services, employment and other public benefits not otherwise adequately provided locally;
- (c) The purposes to be accomplished by the Project are proper governmental and public purposes;
- (d) The benefits of the Project to the public are greater than the costs to the public;
- (e) Neither the Project nor any documents or agreements entered into by the County in connection therewith will give rise to any pecuniary liability of the County or incorporated municipality or to any charge against its general credit or taxing power;

(f) The Project will be owned by the Company, and the Fee Agreement will require the Company to make the payments-in-lieu of taxes in accordance with the provisions of the Simplified FILOT Act; and

(g) The fee-in-lieu of tax payments referred to in item (f) above shall be calculated as specified in Section [] of the Fee Agreement.

(h) Having evaluated the purposes to be accomplished by the Project as proper governmental and public purposes, the anticipated dollar amount and nature of the investment to be made, and the anticipated costs and benefits to the County, the County has determined that the Project is properly classified as economic development property.

Section 2. Approval of Transfer/Conversion. The County agrees to transfer all of the property subject to the Prior Lease Agreement to the Company subject to the Fee Agreement in accordance with and pursuant to the Simplified FILOT Act, as authorized by Section 12-44-170(B) of the Simplified FILOT Act.

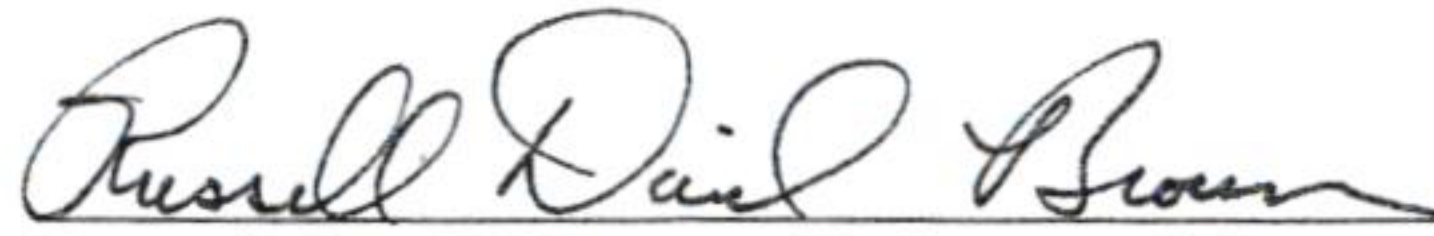
Section 3. Authority to Execute Documents and Approval of Terms. In the name of and on behalf of the County, the Chair of the County Council, and in the event the Chair is unavailable, the Vice-Chair, is authorized and directed to execute the Transaction Documents, each subject to the prior approval by the County Administrator and County Attorney, so as to not be materially adverse to the County, and the Clerk to County Council is authorized and directed to attest the Transaction Documents; and the Chair of the County Council, and in the event the Chair is unavailable, the Vice-Chair, is further authorized and directed to deliver the Transaction Documents, and as reasonably necessary, to provide for recording of the same.

Section 4. Maintenance of Park Boundaries. Nothing in this Ordinance is intended to remove the Property from the Park boundaries. Further, the County Council Chair, or the Vice Chair in the event the Chair is absent, the County Administrator and the Clerk to the County Council are authorized to execute documents and take further actions as may be reasonably necessary to ensure the maintenance of the Park's boundaries with respect to the Property.

Section 5. General Repealer. Any ordinance, resolution, or other order of County Council, 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 third reading and a public hearing.

FAIRFIELD COUNTY, SOUTH CAROLINA



Russell David Brown, Chairman of County Council
Fairfield County, South Carolina

(SEAL)

ATTEST:



Shryll M. Brown, Clerk to County Council
Fairfield County, South Carolina

READINGS:

First Reading: November 22, 2010
Second Reading: November 29, 2010
Public Hearing: December 13, 2010
Third Reading: December 13, 2010