

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that the County Council of Lexington County will conduct a Public Hearing on May 11, 2022 at 6:00 P.M. (or as soon thereafter as can be heard) in the Dorothy K. Black Chambers located on the Second Floor of the County Administration Building, 212 South Lake Drive, Lexington, South Carolina. The purpose of the Public Hearing is to receive public comments on ORDINANCE Number 22-08 – “AN ORDINANCE AUTHORIZING, PURSUANT TO CHAPTER 44 OF TITLE 12 AND CHAPTER 1 OF TITLE 4, SOUTH CAROLINA CODE OF LAWS, 1976, AS AMENDED, (1) THE EXECUTION AND DELIVERY OF A FEE AGREEMENT BETWEEN LEXINGTON COUNTY, SOUTH CAROLINA AND IRON SPORTS PROPERTIES LLC AND/OR SORINEX EXERCISE EQUIPMENT, INC.; (2) THE BENEFITS OF A MULTI-COUNTY INDUSTRIAL AND BUSINESS PARK TO BE MADE AVAILABLE TO THE PROJECT; AND (3) OTHER MATTERS RELATING THERETO.”

In addition, the Public Hearing will be held electronically in a virtual environment. Those wishing to provide written public comments may do so by visiting the Lexington County Council section of the Lexington County website address of www.lex-co.com. Anyone who wishes to submit comments will need to save the form to your device and email the form to countycouncil@lex-co.com. Additionally, comments may be emailed to countycouncil@lex-co.com or mailed to the Clerk of County Council at 212 South Lake Drive, Lexington, SC 29072. All comments should be submitted by 2:00 p.m. on Monday, May 9th. All public comments will be included in the minutes of the County Council meeting. The Public Hearing will be livestreamed on the County’s website by visiting the [Meeting Portal](#). The Public Hearing is also available on Spectrum Cable Channel 1302.

A copy of the Ordinance is available for review at the County from the Clerk of Lexington County Council at 803-785-8103 or by email at BShumpert@lex-co.com. A copy of the Ordinance can also be viewed on the Lexington County Website (www.lex-co.com) under County Council and will be available for viewing the Friday before the Public Hearing.

If special accommodations are needed to participate in the Public Hearing, contact the Lexington County Council office at 803-785-8103 or BShumpert@Lex-co.com.

Scott Whetstone
Chairman
Lexington County Council

ORDINANCE 22-08

AN ORDINANCE AUTHORIZING, PURSUANT TO CHAPTER 44 OF TITLE 12 AND CHAPTER 1 OF TITLE 4, SOUTH CAROLINA CODE OF LAWS, 1976, AS AMENDED, (1) THE EXECUTION AND DELIVERY OF A FEE AGREEMENT BETWEEN LEXINGTON COUNTY, SOUTH CAROLINA AND IRON SPORTS PROPERTIES LLC AND/OR SORINEX EXERCISE EQUIPMENT, INC.; (2) THE BENEFITS OF A MULTI-COUNTY INDUSTRIAL AND BUSINESS PARK TO BE MADE AVAILABLE TO THE PROJECT; AND (3) OTHER MATTERS RELATING THERETO.

WHEREAS, Lexington County, South Carolina (the “County”), a public body corporate and politic under the laws of the State of South Carolina has, by an Inducement Resolution adopted on [April 12], 2022 (the “Inducement Resolution”), taken official action to identify the project (as defined below) for purposes of applicable fee-in-lieu of taxes statutes and otherwise;

WHEREAS, the County desires to enter into a fee agreement (the “Fee Agreement”) with Iron Sports Properties LLC and/or Sorinex Exercise Equipment, Inc. (collectively, the “Company”), which shall provide for payments of fees-in-lieu of taxes for a project qualifying under the provisions of Title 12, Chapter 44 of the Code of Laws of South Carolina 1976, as amended (the “Act”);

WHEREAS, the County and the Company desire to enter into a Fee Agreement concerning a facility in the County which will consist of certain personal property including all equipment, furnishings and other personal property required by the Company and any and all activities relating thereto (which properties constitute a project under the Act and are referred to herein as the “Project”). The Project is expected to provide significant economic benefits to the County and surrounding areas. In order to induce the Company to locate the Project in the County, the County has agreed to charge a fee-in-lieu of taxes with respect to the Project and otherwise make available to the Company the benefits intended by the Act;

WHEREAS, Lexington County Council (the “County Council”) has caused to be prepared and presented to the County Council the Fee Agreement between the County and the Company, which the County shall execute and deliver;

WHEREAS, as further inducement to the Company, the County will include the subject property in an existing Multi-County Industrial Park created by that certain Multi-County Industrial and Business Park Agreement dated December 11, 1995 and all amendments thereto between the County and Calhoun County, South Carolina, which will include the site of the Company’s property that is subject to Fee Agreement (the “MCIP”) under the provisions of Article VIII, Section 13 of the Constitution of the State of South Carolina of 1895, as amended (the “State Constitution”), and Section 4-1-170 of the Code of Laws of South Carolina, 1976, as amended (collectively, the “MCIP Law”);

WHEREAS, it appears that the documents above referred to are appropriate instruments to be executed and delivered or approved by the County for the purposes intended;

NOW, THEREFORE, BE IT ORDAINED by the County Council in meeting duly assembled as follows:

Section 1. Pursuant to the Act and particularly Section 12-44-40(H) and (I) thereof, the County Council has made and hereby makes the following findings:

(a) The Project constitutes a “project” as said 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) It is anticipated that the cost of planning, designing, acquiring, constructing and completing the Project will require expenditures of not less than \$7.04 million, \$3.6 million of which will qualify for the Fee Agreement, and the creation of 35 new jobs.

(e) The benefits of the Project to the public are greater than the costs to the public;

(f) 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; and

(g) 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. In order to promote industry, develop trade and utilize the manpower, agricultural products and natural resources of the State, the form, terms and provisions of the Fee Agreement which is attached hereto and shall be executed and filed with the Clerk to County Council and which comply with the terms of the aforementioned Inducement Resolution are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Fee Agreement was set out in this Ordinance in its entirety. The Chair of County Council and the Clerk to County Council are hereby authorized, empowered and directed to execute, acknowledge and deliver the Fee Agreement to the Company.

Section 3. The Chair of County Council and the Clerk to County Council, for and on behalf of the County, are hereby each authorized and directed to do any and all things necessary to effect the execution and delivery of the Fee Agreement in a form substantially identical to the terms

contemplated herein and the performance of all obligations of the County under and pursuant to the Fee Agreement.

Section 4. The consummation of all transactions contemplated by the Fee Agreement and a Multi-County Industrial and Business Park Agreement are hereby approved.

Section 5. This Ordinance shall be construed and interpreted in accordance with the laws of the State of South Carolina.

Section 6. The provisions of this Ordinance are hereby declared to be separable and if any section, phrase or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

Section 7. All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its passage and approval.

DONE, RATIFIED AND ADOPTED this ____ day of _____, 2022.

LEXINGTON COUNTY, SOUTH CAROLINA

Scott Whetstone, Chairman
Lexington County Council

ATTEST:

By: _____
Brittany Shumpert, Clerk to Council
Lexington County Council

First Reading: April 12, 2022
Second Reading: May 11, 2022
Public Hearing: May 11, 2022
Third & Final Reading: **[May 24, 2022]**
Filed w/ Clerk of Court: _____

FEE AGREEMENT

BETWEEN LEXINGTON COUNTY, SOUTH CAROLINA

AND

**IRON SPORTS PROPERTIES LLC AND/OR SORINEX EXERCISE EQUIPMENT,
INC.**

**DATED AS OF
MAY 24, 2022**

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FEE AGREEMENT

THIS FEE AGREEMENT (“Fee Agreement”) is made and entered into as of May 24, 2022, by and between **LEXINGTON COUNTY, SOUTH CAROLINA** (the “County”), a body politic and corporate and a political subdivision of the State of South Carolina, acting by and through its County Council (the “County Council”) as governing body of the County, and **IRON SPORTS PROPERTIES LLC AND/OR SORINEX EXERCISE EQUIPMENT, INC.** (“the Company”).

WITNESSETH:

WHEREAS, the County is authorized by Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended (the “Act”), to enter into a Fee Agreement with companies meeting the requirements of such Act which identifies certain property of such companies as economic development property to induce such companies to locate in the State and to encourage companies now located in the State to expand their investments and thus make use of and employ manpower and other resources of the State;

WHEREAS, pursuant to the Act, the County finds that (a) it is anticipated that the Project (as defined herein) will benefit the general public welfare of the County by providing services, employment and other public benefits not otherwise adequately provided locally; (b) 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; (c) the purposes to be accomplished by the Project are proper governmental and public purposes; and (d) the benefits of the Project to the public are greater than the costs to the public;

WHEREAS, pursuant to an Inducement Resolution dated April 12, 2022 (the “Inducement Resolution”) the County committed to enter into a fee agreement with the Company which shall provide for payments of fees-in-lieu of taxes for a project qualifying under the Act using an assessment ratio of **6%**, a fixed millage rate of **541.163** for 20 years for each Stage (as defined herein) of the Project; and

WHEREAS, pursuant to an Ordinance enacted on May 24, 2022 (the “Ordinance”), as an inducement to the Company to develop the Project, the County Council authorized the County to enter into a Fee Agreement and to include and maintain the property comprising the Project in a Multi-County Industrial and Business Park (as defined herein) for at least 20 years and subject to the terms and conditions hereof.

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

ARTICLE I

RECAPITULATION AND DEFINITIONS

SECTION 1.1. *Statutorily Required Recapitulation.* Pursuant to Section 12-44-55(B), the County and the Company agree to waive the recapitulation requirements of Section 12-44-55. If the Company should be required to retroactively comply with the recapitulation requirements of Section 12-44-55, then the County agrees to waive all penalties and fees of the County for the Company's noncompliance.

SECTION 1.2. *Rules of Construction; use of Defined Terms.* Unless the context clearly indicates otherwise, in this Fee Agreement words and terms defined in **Section 1.3** hereof are used with the meanings ascribed thereto. The definition of any document shall include any amendments to that document, unless the context clearly indicates otherwise.

From time to time herein, reference is made to the term taxes or *ad valorem* taxes. All or portions of the Project will be located in a Multi-County Industrial and Business Park and are exempt from *ad valorem* taxation under and by virtue of the provisions of Paragraph D of Section 13 of Article VIII of the S.C. Constitution (the "MCIP Provision"). With respect to facilities located in a Multi-County Industrial and Business Park, references to taxes or *ad valorem* taxes means the payments-in-lieu-of-taxes provided for in the MCIP Provision, and, where this Fee Agreement refers to payments of taxes or Payments-in-Lieu-of-Taxes to County Treasurers, such references shall be construed to mean the payments to the counties participating in such a Multi-County Industrial and Business Park.

SECTION 1.3. *Definitions.*

"Act" means Title 12 Chapter 44, Code of Laws of South Carolina 1976, as in effect on the date hereof and, to the extent such amendments are specifically made applicable to this Fee Agreement or the Project, as the same may be amended from time to time; provided that if any such amendment shall be applicable only at the option of the County or the Company, then such amendment shall only be applicable with the consent or at the request of the Company.

"Applicable Governmental Body" means each governmental entity within the State having jurisdiction over or the right to approve or disapprove any or all of the Documents.

"Chair" means the Chair of County Council (or the person or persons authorized to perform the duties thereof in the absence of the Chair).

"Clerk" means the Clerk of County Council (or the person or persons authorized to perform the duties thereof in the absence of the Clerk).

"Commencement Date" means the last day of the property tax year when Project property is first placed in service, except that this date must not be later than the last day of the property tax year which is 3 years from the year in which the County and the Company have entered into this Agreement.

“**Company**” means Sorinex Exercise Equipment, Inc., a South Carolina corporation, and any surviving, resulting, or transferee entity in any merger, consolidation, assignment, or transfer of assets permitted under **Section 8.2** hereof or any other assignee hereunder which is designated by the Company and approved by the County.

“**Company Affiliate**” means Iron Sports Properties LLC, a South Carolina limited liability company.

“**County Council**” means the County Council of the County.

“**County**” means **Lexington County, South Carolina**, and its successors and assigns.

“**Documents**” means the Ordinance, this Fee Agreement and the Multi-County Industrial and Business Park Agreement.

“**DOR**” means the South Carolina Department of Revenue and any successor thereto.

“**Equipment**” means all machinery, apparatus, equipment, fixtures, office facilities, furnishings and other personal property to the extent such property becomes a part of the Project under this Fee Agreement.

“**Event of Default**” shall mean any Event of Default specified in **Section 9.1** of this Fee Agreement.

“**Fee Agreement**” means this Fee Agreement dated as of May 24, 2022, between the County and the Company.

“**Fee Term**” shall mean the duration of this Fee Agreement with respect to each Stage of the Project as specified in **Section 5.3** hereof.

“**Inducement Resolution**” shall mean the Resolution of the County Council adopted on April 12, 2022, committing the County to enter into the Fee Agreement.

“**Investment Period**” shall mean the period beginning with the first day that economic development property is purchased or acquired and ending on the last day of the fifth property tax year following the Commencement Date, subject to an extension for such period as provided in **Section 3.2(b)** hereof.

“**Multi-County Industrial and Business Park**” means an industrial and business park established for inclusion of the Project pursuant to the Multi-County Industrial and Business Park Agreement pursuant to Section 4-1-170 of the Code of Laws of South Carolina 1976, as amended, and Article VIII, Section 13, paragraph D of the Constitution of South Carolina.

“**Multi-County Industrial and Business Park Agreement**” shall mean that certain Multi-County Industrial and Business Park Agreement dated December 11, 1995 and all amendments thereto between the County and Calhoun County, South Carolina and any multi-county industrial

and business park agreement which supersedes or replaces the initial Multi-County Industrial and Business Park Agreement with respect to the Project.

“**Ordinance**” means the Ordinance enacted by the County on May 24, 2022, authorizing this Fee Agreement.

“**Payments-in-Lieu-of-Taxes**” means the payments to be made by the Company pursuant to **Section 5.1** of this Agreement.

“**Project**” shall mean the Equipment together with the acquisition, construction, installation, design and engineering thereof located on the Real Property which is eligible for inclusion as economic development property under the Act and become subject to this Fee Agreement. The parties agree that Project property shall consist of such property so properly identified by the Company in connection with its annual filing with the DOR of a SCDOR PT-300, or such comparable form, and with such schedules as the DOR may provide in connection with projects subject to the Act (as such filing may be amended or supplemented from time to time) for each year within the Investment Period.

“**Real Property**” means the property attached hereto as Exhibit A.

“**Replacement Property**” means any property acquired or constructed after the Investment Period as a replacement for any property theretofore forming a part of the Project and disposed of, or deemed disposed of, as provided in **Section 5.2** hereof.

“**Stage**” in respect of the Project shall mean the year within which Project property, if any, is placed in service during each year of the Investment Period.

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

ARTICLE II

LIMITATION OF LIABILITY; INDUCEMENT

SECTION 2.1 *Limitation of Liability.* Any obligation which the County may incur for the payment of money as a result of the transactions described in the Documents shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under the Documents.

SECTION 2.2. *Inducement.* The County and the Company acknowledge that pursuant to the Act, upon execution of this Fee Agreement, no part of the Project will be subject to ad

valorem property taxation in the State, and that this factor, among others, has induced the Company to enter into this Fee Agreement.

ARTICLE III

REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 3.1 *Representations and Warranties of the County.* The County makes the following representations and warranties to the Company and covenants with the Company as follows:

(a) The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the Act to execute the Documents to which it is a party and to fulfill its obligations described in the Documents. By proper action, the County Council has duly authorized the execution and delivery of the Documents to which the County is a party and has taken all such action as is necessary to permit the County to enter into and fully perform the transactions required of it under the Documents.

(b) Neither the execution and delivery of the Documents, nor the consummation and performance of the transactions described in the Documents, violate, conflict with or will result in a breach of any of the material terms, conditions or provisions of any agreement, restriction, law, rule, order or regulation to which the County is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the County, wherein an unfavorable decision, ruling or finding may or would materially affect the County's obligations hereunder or the consummation of the transactions described in the Documents.

(d) Neither the existence of the County nor the rights of any members of County Council to their offices is being contested and none of the proceedings taken to authorize the execution, delivery and performance of such of the Documents as require execution, delivery and performance by the County has been repealed, revoked, amended or rescinded.

(e) All consents, authorizations and approvals required on the part of the County, State and all other Applicable Governmental Bodies in connection with the execution, delivery and performance by the County of such of the Documents as require execution, delivery and performance by the County have been obtained and remain in full force and effect as of the date hereof or will be obtained.

(f) The Project constitutes a "project" within the meaning of the Act.

(g) By due corporate action, the County has agreed that, subject to compliance with applicable laws, each item of property comprising the Project shall be considered economic development property under the Act.

(h) The Documents to which the County is a party are (or, when executed, will be) legal, valid and binding obligations of the County enforceable against the County under present law in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

SECTION 3.2. *Covenants by the County.* The County covenants with the Company as follows:

(a) The County agrees to do all things deemed reasonably necessary as requested by the Company in writing in connection with the Project including but not limited to the execution, delivery and performance of its obligations in the Documents and in accordance with the Act, all for the purposes of promoting industrial development, developing trade, and utilizing and employing the manpower and natural resources of the County and the State. Except as reasonably believed to be required by the County in the performance of its duties under statute or law, the County will take no action with respect to the Project unless authorized or requested to do so by the Company.

(b) Upon receipt of written request from the Company, the County agrees to consider any request the Company may make for an extension of the Investment Period or the Fee Term in accordance with and up to the limits permitted under Section 12-44-30(13) of the Act. Such extension(s) may be provided by a resolution of County Council. Upon the granting of any such extension the County agrees to cooperate with the Company by filing with the DOR a copy of such extension within 30 days of the date of execution thereof by the County. Such extension may be provided by a resolution of County Council.

SECTION 3.3. *Representations and Warranties of the Company.* The Company makes the following representations and warranties to the County:

(a) The Company is a South Carolina corporation authorized to transact business in South Carolina. The Company has full corporate power to execute the Documents to which it is a party and to fulfill its obligations described in the Documents and, by proper corporate action, has authorized the execution and delivery of the Documents to which it is a party.

(b) Neither the execution and delivery of the Documents to which the Company is a party, nor the consummation and performance of the transactions described in the Documents violate, conflict with, or will, to its knowledge, result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, law, rule, order or regulation to which the Company is now a party or by which it is bound.

(c) There is no action, suit, proceeding, inquiry or investigation at law or in equity before or by any judicial or administrative court or agency, public board or body, pending or threatened, against or affecting the Company wherein an unfavorable decision, ruling or finding would adversely affect the Company or the consummation of the transactions described in the Documents.

(d) All consents, authorizations and approvals required on the part of the Company in connection with the Documents and the transactions contemplated thereby and the acquisition,

construction and installation of the Project have been obtained and remain in full force and effect or will be obtained.

(e) The Documents to which the Company is a party are (or, when executed, will be) legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(f) The cost of the Project will exceed the **\$3.6 million**. In connection with the Project the Company Affiliate will acquire and improve the Real Property, resulting in a cumulative investment of at least **\$7.04 million**. The Company will also create at least **35** new jobs in the County at the Project in addition to the 162 employees the Company employs in the County.

(g) The Company will pay all reasonable costs of the County, including attorney's fees, incurred in connection with the authorization, execution and delivery of this Fee Agreement, not to exceed \$5,000.00.

SECTION 3.4. *Filings and Reports.*

(a) Each year during the term of the Fee Agreement, the Company shall deliver to the County, the County Auditor, the County Assessor, and the County Treasurer, a copy of its most recent annual filings with the DOR with respect to the Project, not later than 30 days following delivery thereof to the DOR. Within 30 days of the annual anniversary date of this Fee Agreement, the Company will furnish to the County of Lexington Department of Economic Development a copy of their most recent quarterly UCE 120 report. Company shall redact the following information from the UCE 120 report: any reference to individual employee's names, street addresses, Social Security Numbers, or payroll. The County requests that employees' resident zip codes not be redacted if provided in the report. Given that the UCE 120 report includes all employees who were paid during the reporting quarter, including former employees that are no longer working for Company.

(b) The Company shall cause the filing of a copy of this Fee Agreement, as well as a copy of the completed Form PT-443 of the DOR, to be filed with the County Auditor and the County Assessor of the County and any partner county, when the Project is placed in a joint county industrial and business park, and the DOR within 30 days after the date of execution and delivery hereof by all parties hereto.

ARTICLE IV

COMMENCEMENT AND COMPLETION OF THE PROJECT

SECTION 4.1. *The Project.* The Company has acquired, constructed and/or installed or made plans for the acquisition, construction and/or installation of certain machinery, equipment, and other personal property which comprise the Project. The Project will consist of machinery and equipment dedicated to manufacturing of strength equipment.

Pursuant to the Act, the Company and the County hereby agree that the property comprising the Project shall be economic development property as defined under the Act, so long as such property meets the requirements of the Act.

Notwithstanding any other provision of this Fee Agreement, the Company may place personal property into service at any time under this Fee Agreement.

SECTION 4.2. *Diligent Completion.* The Company agrees to use its reasonable efforts to cause the acquisition, construction and installation of the Project to be completed; however, notwithstanding anything contained in this Fee Agreement to the contrary, the Company shall not be obligated to complete the acquisition of the Project and may terminate this Agreement with respect to all or portion of the Project as set forth in Article X herein.

SECTION 4.3. *Modifications to Project.* The Company may make or cause to be made from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes.

ARTICLE V

PAYMENTS-IN-LIEU-OF-TAXES; DISPOSITION OF PAYMENTS-IN-LIEU-OF-TAXES

SECTION 5.1. *Payments-in-Lieu-of-Taxes.* The parties acknowledge that under Article I, Section 3 of the South Carolina Constitution, the Project is exempt from ad valorem property taxes assuming a Fee Agreement is signed. However, the Company shall be required to make the Payments-in-Lieu-of-Taxes with respect to the Project as provided in this **Section 5.1**. In accordance with the Act, and unless this Fee Agreement is sooner terminated, the Company shall make annual Payments-in-Lieu-of-Taxes with respect to the Project, said payments being due and payable and subject to penalty assessments in the manner prescribed by the Act. Such amounts shall be calculated and payable as follows:

(a) The Company has agreed to make annual Payments-in-Lieu-of-Taxes with respect to the Project in an amount equal to the property taxes that would be due with respect to such property, if it were taxable, but using an assessment ratio of **6%** and a millage rate of **541.163**.

Subject in all events to the provisions of the Act, the fair market value estimate determined by the DOR will be as follows:

- (i) for real property using the original income tax basis for South Carolina income tax purposes without regard to depreciation; provided, however, if real property is constructed for the fee or is purchased in an arm's length transaction, fair market value equals the original income tax basis; otherwise, the DOR will determine fair market value by appraisal; and
- (ii) for personal property, using the original income tax basis for South Carolina income tax purposes less depreciation allowable for property tax purposes, except that the Company is not entitled to extraordinary obsolescence.

(b) The Payments-in-Lieu-of-Taxes must be made on the basis that the Project property, if it were otherwise subject to ad valorem property taxes, would be subject to no other tax exemptions, including, but not limited to the exemptions allowed under Section 3(g) of Article X of the South Carolina Constitution and Section 12-37-220(B)(32) and (34) of the Code of Laws of South Carolina, as amended.

(c) The Company shall make Payments-in-Lieu-of-Taxes for each year during the term hereof beginning with the tax year following the year property is first placed in service. The Payments-in-Lieu-of-Taxes shall be made to the County Treasurer on the due dates which would otherwise be applicable for ad valorem property taxes for the Project, with the first payment being due on the first date following the delivery of this Fee Agreement when, but for this Fee Agreement, such taxes would have been paid with respect to the Project.

(d) Any property placed in service as part of the Project during the Investment Period shall be included in the calculation of payments pursuant to paragraphs (a), (b) and (c), above, for a period not exceeding 20 years, unless this Fee Agreement is extended pursuant to **Section 3.2(b)** and **Section 5.3** hereof, following the year in which such property was placed in service. Replacement Property shall be included (using its income tax basis) in the calculation of payments pursuant to paragraphs (a), (b) and (c), above, but only up to the original income tax basis of property which is being disposed of in the same property tax year. Replacement Property shall be deemed to replace the oldest property subject to the fee which is disposed of in the same property tax year that the Replacement Property is placed in service. More than one piece of property can replace a single piece of property. Replacement Property does not have to serve the same function as the property it is replacing. To the extent that the income tax basis of the Replacement Property exceeds the original income tax basis of the property which it is replacing, the portion of such property allocable to the excess amount shall be subject to annual payments calculated as if the exemption for economic development property under the Act were not allowed. Replacement Property is entitled to the fee payment pursuant to this **Section 5.1** for the period of time remaining on the 20-year fee period, or the 30-year fee period for the property if the Company and County extend the term of the Fee Agreement pursuant to **Section 3.2(b)** and **Section 5.3** hereof, for the property which it is replacing.

SECTION 5.2. *Disposal of Property; Replacement Property.*

(a) In any instance where the Company in its sole discretion determines that any item or items of property included in the Project have become, in whole or in part, inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company may remove such item (or such portion thereof as the Company shall determine) or items and sell, trade in, exchange or otherwise dispose of it or them (as a whole or in part) without any responsibility or accountability to the County therefor. The loss or removal from the Project of any property, or any portion thereof, as a result of fire or other casualty or by virtue of the exercise or threat of the power of condemnation or eminent domain shall be deemed to be a disposal of such property, or portion thereof, pursuant to this **Section 5.2**. Subject to the provisions of **Section 5.1(d)** and this **Section 5.2** with respect to Replacement Property, the Payments-in-Lieu-of-Taxes required by **Section 5** hereof shall be reduced by the amount thereof applicable to any property included in the Project, or part thereof, disposed of, or deemed disposed of, pursuant to this **Section 5.2**. In the event that such disposal

(without replacement) reduces the Company's and the Company Affiliate's cumulative gross investment below **\$5 million**, then the Project shall revert to ad valorem taxation and this agreement shall terminate pursuant to Section 12-44-140 of the Act.

(b) The Company may, in its sole discretion, replace, renew or acquire and/or install other property in substitution for, any or all property or portions thereof disposed of, or deemed disposed of, pursuant to **Section 5.2(a)** hereof. Any such property may, but need not, serve the same function, or be of the same utility or value, as the property being replaced. Absent a written election to the contrary made at the time of filing the first property tax return that would apply to such property, such property shall be treated as Replacement Property.

SECTION 5.3. Fee Term. The applicable term of this Fee Agreement shall be measured for each Stage beginning from the last day of the property tax year in which the Project is placed in service in that Stage through the last day of the property tax year which is the nineteenth year following such year; provided, that the maximum term of this Fee Agreement shall not be more than 20 years from the end of the last year of the Investment Period unless the term of this Fee Agreement is extended pursuant to **Section 3.2(b)** and this **Section 5.3**. This Fee Agreement shall terminate with respect to the Project or any Stage or part thereof upon the earlier to occur of (a) payment of the final installment of Payments-in-Lieu-of-Taxes pursuant to **Section 5.1** hereof, or (b) exercise by the Company of its option to terminate pursuant to this **Section 5.3**.

From time to time (including without limitation any time during which there may be a subsisting an Event of Default) and at any time upon at least 30 days notice, the Company may terminate this Fee Agreement with respect to the entire Project or any portion thereof. Upon termination of all or part of this Fee Agreement, the Company will become liable for ad valorem property taxes on the Project or such portion thereof as is so terminated from inclusion in the Project, as well as for any amounts already due and owing under this Fee Agreement, which latter amounts, if any, shall be paid to the County with the next installment of Payments-in-Lieu-of-Taxes pursuant **Section 5.1**, or, if the termination is of the entire Project, then within 120 days of termination.

The Company and the County can extend the applicable term of this Fee Agreement an additional 10 years, pursuant to **Section 3.2(b)** hereof.

SECTION 5.4. Minimum Investment. If the Company and Company Affiliate have not invested **\$7.04 million** at the Project (including costs related to the Real Property) or created at least **35** new jobs at the Project during the Investment Period, then the Project may, in the sole discretion of the County, revert retroactively to ad valorem taxation and the Company shall, within 180 days of the end of the Investment Period, make payment to the County of the difference between the Payments-in-Lieu-of-Taxes actually made and the total retroactive amount referred to in this Section; provided however, that if the Company and Company Affiliate have made additional investments in the County and created new jobs in the County at locations other than the Real Property, then such additional investment and new jobs shall be taken into account when determining if the requirements of this paragraph have been satisfied.

SECTION 5.5. *Multi-County Industrial and Business Park.* The County agrees, with the appropriate consent of the Lexington County Council, Calhoun County Council, and the Town of Lexington Council, to amend the existing Multi-County Industrial and Business Park Agreement to include and maintain the Project in such Multi-County Industrial and Business Park, pursuant to Section 13 of Article VIII of the South Carolina Constitution and Section 4-1-170, Code of Laws of South Carolina 1976, as amended, on terms which provide any additional job tax credits afforded by the laws of the State for projects located within multi-county industrial or business parks for all jobs created by the Company during the Investment Period, and to undertake and execute those procedures, instruments, ordinances, resolutions, and documents as may be reasonably required to accomplish the same.

ARTICLE VI

PROPERTY TAX EXEMPTION AND ABATEMENT

SECTION 6.1. *Protection of Tax Exempt Status of the Project.* In order to insure that the Project is not and will not become subject to ad valorem property taxes under the laws of the State of South Carolina or any political subdivision thereof, the County and the Company covenant that:

(a) all right and privileges granted to either party under this Fee Agreement or any other Documents shall be exercised so that if any conflict between this Section and any other provision in any document shall arise, then in that case, this Section shall control;

(b) the County and the Company have not knowingly committed or permitted and will not knowingly commit or permit (as to any act over which either has control) any act which would cause the Project to be subject to ad valorem property taxes by the County or political subdivision of the State of South Carolina in which any part of the Project is located; and

(c) the Company will maintain the identity of the Project as a “Project” in accordance with the Act.

ARTICLE VII

EFFECTIVE DATE

SECTION 7.1. *Effective Date.* This Fee Agreement shall become effective as of the first date written above.

ARTICLE VIII

SPECIAL COVENANTS

SECTION 8.1. *Indemnification Covenants*

(a) The Company shall and agrees to hold the County and its County Council members, officers, agents and employees harmless from all pecuniary liability in connection with those reasons set forth in (i) or (ii) of **Section 8.1(b)** and to reimburse them for all reasonable expenses to which any of them might be subject due to the approval and entering into of the documents or the fulfillment of their obligations under this Fee Agreement in the implementation of its terms and provisions.

(b) Notwithstanding the fact that it is the intention of the parties that neither the County nor any of its members, officers, agents and employees shall incur any pecuniary liability to any third-party (i) by reason of the terms of this Fee Agreement or the undertakings of the County required hereunder, or (ii) by reason of the performance of any act in connection with the entering into and performance of the transactions described in the Documents, if the County or any of its members, officers, agents or employees should incur any such pecuniary liability, then, in that event the Company shall indemnify and hold harmless the County and its members, officers, agents and employees against all pecuniary claims by or on behalf of any person, firm or Company, arising out of the same, and all costs and expenses incurred in connection with any such claim, and upon notice from the County, the Company at its own expense shall defend the County and its officers, agents and employees in any such action or proceeding.

(c) Notwithstanding the foregoing, the Company shall not be obligated to indemnify the County or any of its individual members, officers, agents and employees for expenses, claims, losses or damages arising from the intentional or willful misconduct or negligence of the County or any of its individual officers, agents or employees.

SECTION 8.2. *Assignment and Leasing; Commensurate Benefits.* The County agrees to consent, which shall not be unreasonably withheld and as allowed by the Act, for financing purposes, to: (a) any sale, transfer, disposition or assignment of the Fee Agreement, whether in whole or in part, by the Company or any transferee or assignee; (b) the transfer or assignment of security or other interests in any or all of the Company's interests in the property subject to the Fee Agreement; or (c) the sublease of any property subject to the Fee Agreement. The County further agrees that, if future County consent is required by the Act, the County Council can provide any such consent by a resolution of County Council and such consent will not be unreasonably withheld. The County Administrator and the Clerk to County Council are hereby expressly individually and jointly authorized and directed to evidence the County's consent by timely executing such documents as the Company may reasonably request. Further, for the purposes of this Fee Agreement and as noted in Article 5 herein, a transaction or an event of sale, assignment, leasing, transfer of an interest herein, disposal, or replacement of all or part of the Project shall not be a termination of the Fee Agreement in whole or in part or a basis for changing the fee payments due under Section 12-44-50 of the Act.

The parties acknowledge the intent of this Fee Agreement, in part, is to afford the Company the benefits specified herein in consideration of the Company's decision to locate the Project within the County and this Fee Agreement has been entered into in reliance upon the enactment of the Act and the County's compliance with the requirements thereof. In the event a court of competent jurisdiction holds that the Act is unconstitutional or this Fee Agreement of the Multi-County Industrial and Business Park Agreement are invalid or unenforceable in any material

respect, then at the request of the Company, the County agrees to use its best efforts to extend to the Company the intended benefits of this Fee Agreement.

ARTICLE IX

EVENT OF DEFAULT AND REMEDIES

SECTION 9.1. *Events of Default Defined.* The occurrence of any one or more of the following events shall be an “Event of Default” under this Fee Agreement:

(a) If the Company shall fail to make any Payment-in-Lieu-of-Taxes or any other amount required under this Fee Agreement and such failure shall continue for 30 days after receiving written notice of default from the County; or

(b) If the Company or the County shall fail to observe or perform any covenant, condition or agreement required herein to be observed or performed by the Company or the County (other than as referred to in **Section 9.1(a)** hereof), and such failure shall continue for a period of 30 days after written notice of default has been given to the Company by the County or to the County by the Company; provided if by reason of “force majeure” as hereinafter defined the Company or the County is unable in whole or in part to carry out any such covenant, condition or agreement or if it takes longer than 30 days to cure such default and the Company or the County is diligently attempting to cure such default, there shall be no Event of Default during such inability. The term “force majeure” as used herein shall mean circumstances not reasonably within the control of the parties, such as without limitation, acts of God, strikes, lockouts or other industrial disturbances; war; acts of public enemies; mobilization or military conscription on a large scale; order of any kind of the government of the United States or any State, or any civil or military authority other than the County Council; insurrections; riots; landslides; earthquakes; fires; lightning; storms; droughts; floods; requisitions, confiscation, or commandeering of property; fuel restrictions; general shortages of transport, goods, or energy; or

(c) If any material representation or warranty on the part of the Company or the County made in the Documents, or in any report, certificate, financial or other statement furnished in connection with the Documents or the transactions described in the Documents shall have been false or misleading in any material respect.

SECTION 9.2. *Remedies on Default.* Whenever any Event of Default shall have happened and be subsisting the County and the Company may take whatever action at law or in equity may appear legally required or necessary or desirable to collect the payments and other amounts then due or to enforce performance and observance of any obligation, agreement or covenant of the Company, under the Documents, including the right to terminate this Fee Agreement. Although the parties acknowledge that the Project is exempt from ad valorem property taxes, the County and any other taxing entity affected thereby may, without limiting the generality of the foregoing, exercise the remedies provided by general law (Title 12, Chapter 49 and Title 12, Chapter 51) and the Act relating to the enforced collection of taxes.

SECTION 9.3. *No Additional Waiver Implied by One Waiver.* In the event any warranty, covenant or agreement contained in this Fee Agreement should be breached by the Company or

the County and thereafter waived by the other party to this Fee Agreement, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

ARTICLE X

MISCELLANEOUS

SECTION 10.1. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing and may be delivered personally, or may be sent by facsimile or certified mail, return receipt requested, to the following addresses, unless the parties are subsequently notified of any change of address in accordance with this **Section 10.1**:

If to the Company: Kenny Workman
 Financial Controller
 193 Litton Drive
 Lexington, SC 29073
 Phone: (803) 287-7884

With A Copy (which shall not constitute notice) To:
 John F. Wall, IV
 Burr & Forman LLP
 1221 Main Street, Suite 1800
 Columbia, SC 29201
 Phone: (803) 753-3206
 Facsimile: (803) 933-1447

If to the County: Lexington County Council, South Carolina
 212 South Lake Drive
 Lexington, SC 29072
 Attention: Clerk to Council
 Facsimile: 803-785-8101

With A Copy To: Jeffrey M. Anderson
 Davis Frawley, LLC
 140 E. Main Street
 P.O. Box 489
 Lexington, SC 29071-0489
 Facsimile: 803-359-7478

Any notice shall be deemed to have been received as follows: (1) by personal delivery, upon receipt; (2) by facsimile, 24 hours after confirmed transmission or dispatch; and (3) by certified mail, 3 business days after delivery to the U.S. Postal authorities by the party serving notice.

SECTION 10.2. Binding Effect. This Fee Agreement shall inure to the benefit of and shall be binding upon the County and the Company and their respective successors and assigns.

SECTION 10.3. *Invalidity and Severability.* In the event that the Act or the Payments-in-Lieu-of-Taxes arrangement described in **Section 5.1** hereof is determined to be invalid in its entirety, the parties hereby agree that except as the final judicial decision may otherwise require, the Company shall be entitled to retain any benefits received under or pursuant to this Fee Agreement; otherwise, in the event any provision of this Fee Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, that decision shall not invalidate or render unenforceable any other provision of this Fee Agreement, unless that decision destroys the basis for the transaction, in which event the parties shall in good faith attempt to preserve, to the maximum extent possible, the benefits provided and to be provided to the Company hereunder by either restructuring or reconstituting this Fee Agreement under any then applicable law, including but not limited to Chapter 20 of Title 4 and Chapter 12 of Title 4, Code of Laws of South Carolina, as amended.

SECTION 10.4. *Payments Due on Saturday, Sunday and Holidays.* Whenever any payment to be made hereunder shall be stated to be due on a Saturday, a Sunday or a holiday, such payment shall be made on the next business day.

SECTION 10.5. *Fiscal Year; Property Tax Year.* If the Company's fiscal year changes in the future so as to cause a change in the Company's property tax year, the timing of the requirements set forth in this Fee Agreement shall be revised accordingly.

SECTION 10.6. *Amendments, Changes and Modifications.* Except as otherwise provided in this Fee Agreement, this Fee Agreement may not be amended, changed, modified, altered or terminated without the written consent of the County and the Company. To the maximum extent allowed by law, any such County consent may be provided by a resolution of County Council. This Agreement is the entire agreement between the parties concerning the subject matter of this Agreement.

SECTION 10.7. *Execution of Counterparts.* This Fee Agreement may be executed in several counterparts, only one of which shall be an original for Uniform Commercial Code perfection purposes; provided, however, that any action may be brought upon any counterpart of this Fee Agreement or any counterpart of any document that is attached to this Fee Agreement as an exhibit.

SECTION 10.8. *Law Governing Construction of Agreement.* The laws of the State of South Carolina shall govern the construction of this Fee Agreement.

SECTION 10.9. *Filings.* Whenever the County shall be required to file or produce any reports, notices or other documents during the Fee Term, the Company shall in due time furnish to the County the completed form of such report, notice or other required documents together with a certification by the Company that such document is accurate.

SECTION 10.10. *Headings.* The headings of the articles and sections of this Fee Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Fee Agreement.

SECTION 10.11. *Further Assurance.* From time to time the County agrees to execute and deliver to the Company such additional instruments as the Company may reasonably request to effectuate the purposes of this Fee Agreement.

IN WITNESS WHEREOF, LEXINGTON COUNTY, SOUTH CAROLINA, and the COMPANY, each pursuant to due authority, have duly executed this Fee Agreement, all as of the date first above written.

LEXINGTON COUNTY, SOUTH CAROLINA

Scotty R. Whetstone, Chairman
Lexington County Council

ATTEST:

Brittany Shumpert, Clerk to Council
Lexington County Council

IRON SPORTS PROPERTIES LLC

By: _____
Name: Kenny Workman
Its: Financial Controller

SORINEX EXERCISE EQUIPMENT, INC.

By: _____
Name: Kenny Workman
Its: Financial Controller

EXHIBIT A

LAND DESCRIPTION

ALL THAT CERTAIN PIECE, PARCEL, OR TRACT OF LAND, TOGETHER WITH THE IMPROVEMENTS THEREON, SITUATE, LYING, AND BEING IN THE COUNTY OF LEXINGTON, STATE OF SOUTH CAROLINA, SHOWN AND DESIGNATED AS PLANT 1, CONTAINING 8.32 ACRES, MORE OR LESS, ON A PLAT ENTITLED, "ALTA/ACSM LAND TITLE SURVEY", PREPARED BY COX AND DINKINS, INC. FOR GLASSMASTER PLASTICS COMPANY, DATED MAY 17, 2007, LAST REVISED JUNE 28, 2007, AND RECORDED JUNE 28, 2007 IN THE OFFICE OF THE REGISTER OF DEEDS FOR LEXINGTON COUNTY IN BOOK 12125 AT PAGE 36, SLIDE 963 AT PAGE 9. REFERENCE BEING MADE TO SAID PLAT FOR A MORE COMPLETE AND ACCURATE DESCRIPTION, BE ALL MEASUREMENTS A LITTLE MORE OR LESS

TMS # 005499-01-002