

INDUCEMENT AGREEMENT AND MILLAGE RATE AGREEMENT

THIS INDUCEMENT AND MILLAGE RATE AGREEMENT (the "Agreement") made and entered into by and between Greenville County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County") and Ionic Technologies, Inc. a corporation duly incorporated and existing under the laws of the State of South Carolina (the "Company").

W I T N E S S E T H :

ARTICLE I

RECITATION OF FACTS

Section 1.1. As a means of setting forth the matters of mutual inducement which have resulted in the making and entering into of this Agreement, the following statements of fact are herewith recited:

- (a) The County is authorized and empowered by the provisions of Title 4, Chapter 1, and Title 12, and Chapter 44 Code of Laws of South Carolina, 1976, as amended (the "Act") to acquire, enlarge, improve, expand, equip, furnish, own, lease, and dispose of properties through which the industrial development of the State of South Carolina will be promoted and trade developed by inducing new industries to locate in the State and by encouraging industries now located in the State to expand their investments and thus utilize and employ manpower and other resources of the State and benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally.
- (b) The Company is considering the expansion by acquisition, construction, purchase or lease of its distribution, warehouse and logistics facility (the "Project") in the County. The Project will involve an investment of at least Ten Million Dollars (\$10,000,000) in non-exempt taxable (fee in lieu of tax) investment within the meaning of Section 12-44-10 et seq. of the Act. The Company has requested that the County deliver a fee in lieu of tax agreement by and between the Company and the County (the "Fee Agreement") in order to provide the incentive of a payment in lieu of ad valorem taxes as authorized by Section 12-44-10 et seq. of the Act.
- (c) The County has given due consideration to the economic development impact of the Project and, based on information supplied by the Company, has found that the Project and the payments in lieu of ad valorem taxes set forth herein are beneficial to the Project and that the Project would benefit the general public welfare of the County by providing service, employment, recreation or other public benefits not otherwise provided locally; and, that the Project gives rise to no pecuniary liability of the County or any incorporated municipality or

a charge against the general credit or taxing power of either; and, that the purposes to be accomplished by the Project, i.e., economic development, creation of jobs, and addition to the tax base of the County, are proper governmental and public purposes and that the inducement of the location or expansion of the Project within the County and State is of paramount importance and that the benefits of the Project will be greater than the costs; and, has agreed to effect the issuance and delivery of this Agreement, pursuant to the Act, and on the terms and conditions hereafter set forth.

ARTICLE II

UNDERTAKINGS ON THE PART OF THE COUNTY

Subject in all events to the provisions of Section 4.1 hereof, the County agrees as follows:

Section 2.1. The Project will be constructed or installed by the Company on the sites now owned or hereafter acquired by the Company in the County and will involve a capital expenditure of not less than \$10,000,000 in taxable property. The Fee Agreement will contain suitable provisions for acquisition and construction of the project by the Company.

Section 2.2. The Fee Agreement will be executed at such time and upon acceptable terms to the County, as the Company shall request subject to Section 4.2 herein.

Section 2.3. The terms and provisions of the Fee Agreement by and between the County and the Company shall be substantially in the form generally utilized in connection with the Act as agreed upon by the County and the Company. Such Fee Agreement shall contain, in substance, the following provisions:

(a) The term of the Fee Agreement will be twenty years. The County understands that the Company will invest under and pursuant to the Fee Agreement not less than Ten Million Dollars (\$10,000,000) in qualifying, taxable investment by the end of the fifth (5th) year following the year of execution of the Fee Agreement, such investment to be maintained for the term of the Fee Agreement in accordance with the Act.

(b) The Company will maintain the Project and will (i) keep the Project insured against loss or damage or perils generally insured against by industries or businesses similar to the Company and will carry public liability insurance covering personal injury, death or property damage with respect to the Project; or (ii) self-insure with respect to such risks in the same manner as it does with respect to similar property owned by the Company; or (iii) maintain a combination of insurance coverage and self-insurance as to such risks.

(c) The Fee Agreement shall provide that, in the performance of the agreements contained therein on the part of the County, any obligations the County may incur for the payment of money shall not create a pecuniary liability of the County nor create a

general obligation on its part or by the State of South Carolina or any incorporated municipality, but shall be payable solely from the payments received under such Fee Agreement and, under certain circumstances, insurance proceeds and condemnation awards.

(d) The Fee Agreement shall contain agreements providing for the indemnification of the County, its elected officials and the individual officers, agents and employees of the County for all expenses incurred by them and for any claim of loss suffered or damaged to property or any injury or death of any person occurring in connection with the planning, design, approval, acquisition, construction and carrying out of the Project, including environmental indemnity.

(e) The Fee Agreement shall contain a provision requiring the Company to make payments in lieu of taxes. Pursuant to the Act, such payments shall continue for a period of up to twenty (20) years from the date of the Fee Agreement and each of the annual capital investments made under the Fee Agreement for the first five years, not counting the initial year of the execution of the Fee Agreement. The amounts of such payments shall be determined by using an assessment ratio of 6%, a five-year adjustable millage rate based on the June 30, 2012 millage rate for the Project site (which the parties believe to be 309.5 mils) as provided in Section 12-44-30(D)(2)(a) of the Act, and the fair market value for the Project property (which value is not subject to reassessment as provided in the Act) as determined by using original cost for any real property and original cost less allowable depreciation for any personal property in accordance with Title 12, Chapter 37, Code of Laws of South Carolina 1976, as amended.

(f) The County and the Company agree, to the extent permitted in the Act, that the Company may dispose of property subject to fee payments, as set forth below in this Section.

(1) When the Company disposes of property subject to the fee, the fee payment must be reduced by the amount of the fee payment applicable to that property, subject to an absolute requirement to invest not less than \$10,000,000 in taxable qualifying investment in the Project by the end of the fifth (5th) year following the year of execution of the Fee Agreement and to maintain, within the meaning of the Act, such investment for the term of the Fee Agreement.

(2) Property shall be considered disposed of for purposes of this Section only when it is scrapped or sold in accordance with the Fee Agreement.

(3) The Company will be allowed to replace personal property subject to the Fee Agreement to the full extent provided by law.

Section 2.4. Upon the request of the Company, the County will permit the planning, design, acquisition, construction and carrying out of the Project to commence prior to the execution and

delivery of the Fee Agreement. Contracts for construction and for purchase of machinery, equipment and related real and personal property deemed necessary under the Fee Agreement may be let by the Company.

Section 2.5. Greenville County Council agrees that this Agreement constitutes a Millage Rate Agreement, within the meaning of the Act, providing the Company with the millage rate legally levied and applicable to the Project site on June 30, 2012, which millage rate shall be a five year adjustable rate as to all property subject to the Fee Agreement for the duration of the Fee Agreement.

ARTICLE III

UNDERTAKINGS ON THE PART OF THE COMPANY

Section 3.1. Prior to execution of the Fee Agreement and subsequent to the delivery of this Agreement, the Company may advance any acquisition or construction funds required in connection with the planning, design, acquisition, construction and carrying out of the Project including any infrastructure and be entitled to subject the constructed or acquired property to the Fee Agreement, to the extent permitted by law.

Section 3.2. The County will have no obligation to assist the Company in finding a bank and the Company may endeavor to finance the Project to the extent required to finance the cost of the acquisition and installation of the Project and the costs of the fee in lieu of tax transaction.

Section 3.3. If the Project proceeds as contemplated, the Company further agrees as follows:

- (a) To obligate itself to make the payments required by the Act including, but not limited to, payments in lieu of taxes at rates calculated in accordance with Section 2.3 (e) hereof;
- (b) To indemnify, defend, and hold the County harmless from all actual pecuniary liability reasonably incurred and to reimburse it for all actual expenses, to which it might be put in the fulfillment of its obligations under this Agreement and in its negotiation and execution and in the implementation of its terms and provisions;
- (c) To perform such further acts and adopt such further proceedings as may be required to faithfully implement its undertakings and consummate the proposed financing;
- (d) To apply for, and use its best efforts to obtain, all permits, licenses, authorizations and approvals required by all governmental authorities in connection

with the acquisition, construction, operation and use of the Project;

(e) To indemnify, defend and hold the County and the individual directors, officers, agents and employees thereof harmless against any claim or loss or damage to property or any injury or death of any person or persons occurring directly in connection with the planning, design, approval, acquisition, construction, leasing and carrying out of the Project, including environmental indemnity. The Company also agrees, subject to section 4.3(a) below to reimburse or otherwise pay, on behalf of the County, any and all reasonable out of pocket expenses not hereinbefore mentioned incurred by the County in connection with the Project and the administration of the Fee Agreement, including without limitation reasonable attorneys fees incurred in connection therewith and with respect to the approval and documentation of the matters referred to herein. This indemnity shall be superseded by a similar indemnity in the Fee Agreement; and

(f) To invest not less than Ten Million Dollars (\$10,000,000) in taxable investment in the Project by the end of the fifth (5th) year following the year in which the Fee Agreement is executed and to maintain, within the meaning of the Act, such investment for the term of the Fee Agreement or lose the benefits of this Agreement in accordance with the Act.

ARTICLE IV

GENERAL PROVISIONS

Section 4.1. Notwithstanding anything in this Agreement to the contrary, all commitments of the County under Article II hereof are subject to all of the provisions of the Act and the Home Rule Act, including, without limitation compliance with the procedural provisions for the adoption of ordinances, and that nothing contained or referred to in this Agreement shall constitute or give rise to a pecuniary liability of the County or any incorporated municipality or a charge against the general credit or taxing powers of either.

Section 4.2. All commitments of the County and the Company hereunder are mutually dependent, each on the other, and are subject to the condition that the County and the Company agree on mutually acceptable terms and conditions of all documents, the execution and delivery of which are contemplated by the provisions hereof.

Section 4.3. If for any reason this Agreement is not executed and delivered by the Company on or before December 31, 2012 the provisions of this Agreement shall be cancelled and neither party shall have any rights against the other and no third parties shall have any rights against either party except:

(a) The Company will pay the County for all expenses which have been authorized by the Company and incurred by the County in connection with the

planning, design, acquisition, construction and carrying out of the Project and for all expenses incurred by the County in connection with the authorization and approval of the Fee Agreement and this Agreement; and

(b) The Company will pay the out-of-pocket expenses of officers, agents and employees of the County and counsel for the County incurred in connection with the Project and the execution of this Agreement and the Fee Agreement, and will pay fees for legal services related to the Project and the negotiation, authorization, and execution of the Fee Agreement and this Agreement.

Section 4.4. The parties understand that the Company may choose not to proceed with the Project, in which event this Agreement shall be cancelled and, subject to parties' obligations described in Section 4.3, neither party shall have any further rights against the other, and no third party shall have any rights against either party.

Section 4.5. To the maximum extent allowable under the Act, the Company may, with the prior consent of the County, which consent will not unreasonably be withheld, assign (including, without limitation, absolute, collateral, and other assignments) all or a part of its rights and/or obligations under this Inducement Agreement, the Fee Agreement, or any other Agreement related hereto or thereto, to one or more other entities which are "Related Parties" within the meaning of the Internal Revenue Code without adversely affecting the benefits to the Company or its assignees pursuant to any such Agreement or the Act.

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Inducement Agreement on the respective dates indicated below.

GREENVILLE COUNTY, SOUTH CAROLINA

By: _____
Joseph M. Kernell, Administrator of County
Greenville County, South Carolina

By: _____
Herman G. Kirven Jr., Chairman of County Council
Greenville County, South Carolina

ATTEST:

By: _____
Theresa B. Kizer, Clerk to County Council
Greenville County, South Carolina

Date: February 21, 2012

IONIC TECHNOLOGIES, INC.

By: _____
Its:

Dated: _____, 2012