

AN ORDINANCE

AUTHORIZING THE EXECUTION AND DELIVERY OF A FEE-IN-LIEU OF TAX AGREEMENT BY AND AMONG CHARLESTON COUNTY, MEADWESTVACO SOUTH CAROLINA, L.L.C. AND MEADWESTVACO CORPORATION, WHEREBY CHARLESTON COUNTY WILL ENTER INTO A FEE-IN-LIEU OF TAXES ARRANGEMENT WITH MEADWESTVACO SOUTH CAROLINA, L.L.C. AND MEADWESTVACO CORPORATION; PROVIDING FOR PAYMENT BY MEADWESTVACO SOUTH CAROLINA, L.L.C. AND MEADWESTVACO CORPORATION 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 of the Code of Laws of South Carolina 1976, as amended (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 ("Negotiated FILOT Payments") for a project qualifying under the FILOT Act; and

WHEREAS, MeadWestvaco South Carolina, L.L.C., and MeadWestvaco Corporation (collectively referred to herein as the "Company") intend to acquire, construct, equip, and furnish a pilot plant facility for chemical research and development (the "Pilot Plant Project") and to expand its existing chemical production facilities (the "Expansion Project"), and to continue to invest in its facilities in Charleston County to upgrade those facilities to supply the Company's global customer base, all of which will constitute a "project" within the meaning of the FILOT Act (and which are collectively referred to herein as the "Project"); and

WHEREAS, the Project when completed will represent an anticipated "investment" (as defined in the FILOT Act) (the "Investment") by the Company by the end of 2015 of approximately \$9,000,000 for the Expansion Project, and approximately \$6,500,000 for the Pilot Plant Project, and by the end of 2016, of an additional approximately \$2,500,000 to \$3,000,000 for the Pilot Plant Project; and

WHEREAS, the County has been advised that upon the completion of the Pilot Plant Project, the Company is anticipated to employ an additional approximately 22 to 24 full-time employees in addition to the current approximately 400 employees at the Company's facilities in Charleston County; and

WHEREAS, the Project is located entirely within Charleston County and within the incorporated limits of North Charleston and will be subject to the fee-in-lieu of tax arrangements as described herein; and

WHEREAS, the County has made specific proposals, including proposals to offer certain economic development incentives set forth herein, for the purpose of inducing the Company to invest its funds to acquire, construct, and equip the Project (the "Incentives"); and

WHEREAS, it is in the public interest, for the public benefit, and in furtherance of the public purposes of the FILOT Act that the County Council provide final approval for qualifying the Project under the FILOT Act for the Incentives;

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

Section 1. Evaluation of the Project. County Council has 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 \$18,000,000 to \$18,500,000, all to be invested within the "investment period" (as defined in the FILOT Act); and the Company will employ 22 to 24 full-time employees at the Project in addition to maintaining the current approximately 400 employees at the Company's facilities in Charleston County;
- (d) the Project will be located entirely within Charleston County and is located in a multi-county industrial park created pursuant to Code Section §4-1-170;
- (e) the Project is anticipated to benefit the general welfare of Charleston County by providing services, employment, 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. Pursuant to the authority of the FILOT Act, the Project is 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

Negotiated FILOT Payments to be made with respect to the Project based upon a 6% assessment ratio with the millage rate which is the lower of (a) the cumulative property tax millage rate levied on behalf of all taxing entities within which the Project is located on June 30 of the year preceding the calendar year in which the FILOT Agreement is executed or (b) the cumulative property tax millage rate levied on behalf of all taxing entities within which the Project is located on June 30 of the calendar year in which the FILOT Agreement is executed, such rate to be fixed for the entire 20-year term of the fee-in-lieu of taxes, all as more fully set forth in the FILOT Agreement.

Section 4. Execution of the Fee Agreement. The form, terms, and provisions of the FILOT 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 FILOT 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 authorised, empowered, and directed to execute, acknowledge, and deliver the FILOT Agreement in the name and on behalf of the County, and thereupon to cause the FILOT Agreement to be delivered to the Company. The FILOT 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 FILOT Agreement now before this meeting.

Section 5. Miscellaneous.

(a) The Chairman and all other appropriate officials of the County are hereby authorize 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 authorised 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.

CHARLESTON COUNTY, SOUTH CAROLINA

Teddie E. Chairman, Sr. Chairman
Charleston County Council

ATTEST:

Beverly T. Craven

Clerk to Charleston County Council

First reading October 22, 2013

second reading November 7, 2013

Public hearing December 10, 2013

Third Reading: December 10th, 2013