

AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY OF ONE OR MORE FEE IN LIEU OF TAX AGREEMENTS BETWEEN CHARLESTON COUNTY, SOUTH CAROLINA AND GARCO MILL WEST, LLC AND INGEVITY CORPORATION WHICH WERE PREVIOUSLY IDENTIFIED AS PROJECT GOLDENROD; AND OTHER MATTERS RELATING THERETO INCLUDING, WITHOUT LIMITATION, PAYMENT OF FEES IN LIEU OF TAXES AND THE PROVIDING OF SPECIAL SOURCE REVENUE CREDITS TO GARCO MILL WEST, LLC AND INGEVITY CORPORATION; PROVIDING FOR THE ALLOCATION OF FEE-IN-LIEU OF TAXES PAID BY GARCO MILL WEST, LLC AND INGEVITY CORPORATION UNDER THE MULTI-COUNTY INDUSTRIAL/ BUSINESS PARK AGREEMENTS BETWEEN CHARLESTON COUNTY, SOUTH CAROLINA AND COLLETON COUNTY, SOUTH CAROLINA; 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 (the “Act”) of the Code of Laws of South Carolina, 1976, as amended (the “Code”), to acquire, or cause to be acquired, properties (which such properties constitute “projects” as defined in the Act) and to enter into agreements with any industry to construct, operate, maintain and improve such projects; to enter into or allow financing agreements with respect to such projects; and, to accept any grants for such projects through which powers the industrial development of the State of South Carolina (the “State”) and the County will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate and remain in the State and thus utilize 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 provided locally; and

WHEREAS, the County, acting by and through the County Council, is further authorized and empowered under and pursuant to the provisions of Title 4, Chapter 1 of the Code (the “MCIP Act”) to provide for payments in lieu of taxes with respect to property located in a multi-county business or industrial park created under the MCIP Act and pursuant to Title 4, Chapters 1 and 29 of the Code (together, the “SSRC Act”), to permit investors to claim infrastructure or special source revenue credits against their payments in lieu of taxes to reimburse such investors for expenditures for infrastructure serving the County and improved or unimproved real estate and personal property, including machinery and equipment, used or to be used in the operation of a manufacturing, corporate headquarters, research & development, office or other commercial enterprise in order to enhance the economic development of the County (“Infrastructure Improvements”); and to create, in conjunction with one or more other counties, a multi-county

park in order to afford certain enhanced tax credits to such investors and facilitate the grant of infrastructure or special source revenue credits; and

WHEREAS, GARCo Mill West, LLC and Ingevity Corporation, which were previously identified by the County as Project Goldenrod, including any developer, landlord, tenant, Sponsor or Sponsor Affiliate (as such terms are defined the Act) or assignee related thereto (collectively, the “Company”) has requested the County to participate in executing one or more fee in lieu of tax agreements and/or special source revenue credit agreements (collectively, the “Fee Agreement”) pursuant to the Act related to the Company’s acquisition by purchase, lease and construction of certain real and personal property to be used as corporate headquarters, research & development and office facilities in the County which involve an investment of approximately Twenty Million Dollars (\$20,000,000) and the creation of approximately 100 new jobs (the “Project”), and to that end, the County Council by its Resolution adopted on December 6, 2016 gave preliminary approval thereto; and

WHEREAS, the County has determined on the basis of the information provided to it by the Company 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 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 that the Project would be a “project” as that term is defined in the Act and that the Project would subserve the purposes of the Act; and

WHEREAS, the County Council has caused to be prepared and presented to this meeting the form of the Fee Agreement by and between the County and the Company which includes the agreement for payment of payments-in-lieu of tax and the provision of an infrastructure improvement or special source revenue incentive; and

WHEREAS, it appears that the instrument above referred to, which is now before this meeting, is in appropriate form and is an appropriate instrument to be executed and delivered by the County for the purposes intended.

NOW, THEREFORE, BE IT ORDAINED by the County Council of Charleston County, South Carolina, as follows:

Section 1. In order to promote industry, develop trade and utilize and employ the manpower, agricultural products and natural resources of the State by assisting the Company to locate one or more corporate headquarters, research & development and office facilities in the State and the acquisition by the Company of real and personal property related thereto by purchase, lease and construction, is hereby authorized, ratified and approved.

Section 2. It is hereby found, determined and declared by the County Council, as follows:

(a) Based solely upon representation of the Company, the Project will constitute a “project” as said term is referred to and defined in the Act, and the County’s actions herein will subserve the purposes and in all respects conform to the provisions and requirements of the Act;

(b) The Project and the payments in lieu of taxes set forth herein are beneficial to the County;

(c) The Project will benefit the general public welfare of the County by providing service, employment, recreation or other public benefits not otherwise provided locally;

(d) The Project gives rise to no pecuniary liability of the County or incorporated municipality or a charge against the general credit or taxing power of either;

(e) 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;

(f) The inducement of the location of the Project within the County and State is of paramount importance; and,

(g) The benefits of the Project will be greater than the costs.

Section 3. 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 thirty (30) years from the date of each of the annual capital investments made under the Fee Agreement for the first five years and any extension of the investment period. The amounts of such payments shall be determined by using an assessment ratio of 6%, a millage rate equal to the cumulative property tax millage rate levied on behalf of all taxing entities within which the Project is located on either (1) the June 30 preceding the year in which the Fee Agreement is executed or (2) the June 30 of the year in which the Fee Agreement is executed, which millage rate shall be a fixed rate for the duration of the Fee Agreement, and the fair market value as determined pursuant to the Act and Title 12, Chapter 37, Code of Laws of South Carolina 1976, as amended.

As set forth in the Fee Agreement, following the identification of Infrastructure Improvements located solely within the County and the costs thereof, the County has agreed to provide the Company an infrastructure improvement or special source revenue incentive under the SSRC Act in the form of annual special source revenue credits with respect to certain of the improvements constituting the Project (as identified in the appropriate Fee Agreement) in the amount of 72% of the related payments in lieu of taxes for twelve (12) years in an amount equal to 72% of each such annual payment in lieu of taxes; provided, however, that such special source revenue credits shall not, in the aggregate, exceed \$1,500,000; provided, further however, that such annual percentage and aggregate amount shall be increased or decreased in the event the amount of the capital investment or job creation is greater than or less than expected.

The form, terms and provisions of the Fee Agreement presented to this meeting and filed with the Clerk of the County Council be and they are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Fee Agreement were set out in this Ordinance in its entirety. The Chairman of the County Council is and he is hereby authorized, empowered and directed to execute, acknowledge and deliver the Fee Agreement in the name of and on behalf of the County, and thereupon to cause the Fee Agreement to be delivered to the Sponsors. The Fee Agreement is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of the Fee Agreement now before this meeting.

Section 4.

(A) By separate ordinance (the “MCIP Ordinance”) of the County Council, the County, in cooperation with Colleton County (the “Partner County”) and with consent of the appropriate municipality, will designate the Project sites as a multi-county business park pursuant to Article VIII, Section 13 of the South Carolina Constitution, the MCIP Act, and the terms of the appropriate Multi-County Industrial/Business Park Agreements (collectively, the “MCIP Agreement”).

(B) Pursuant to the terms of the MCIP Act and the MCIP Agreement, the County hereby provides that for the term of the Fee Agreement, commencing with the first tax year in which the payments in lieu of taxes are generated by the Project and payable to the County, such payments in lieu of taxes will be distributed in accordance with the terms of the MCIP Agreement as follows:

- (i) After deducting any amounts distributed to the Partner County in accordance with the MCIP Agreement, to the County an amount equal to the total special source revenue credits to be provided in such year pursuant to Section 3 hereof; and
- (ii) After making the allocations under paragraph (i) of this subsection, the balance is to be distributed among the taxing districts in the County in accordance with the applicable provisions of the MCIP Agreement.

Section 5. The Chairman of the County Council and the County Administrator, for and on behalf of the County, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Fee Agreement and the performance of all obligations of the County under and pursuant to the Fee Agreement.

Section 6. The provisions of this Ordinance are hereby declared to be separable and if any section, phrase or provisions 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. This Ordinance shall become effective immediately upon approval following third reading by the County Council.

Passed and approved this 24<sup>th</sup> day of July, 2018.

CHARLESTON COUNTY, SOUTH CAROLINA

By: \_\_\_\_\_  
Chairman of County Council

ATTEST:

By: \_\_\_\_\_  
Clerk to County Council

First Reading:        June 5, 2018  
Second Reading:     June 19, 2018  
Public Hearing:        July 24, 2018  
Third Reading:        July 24, 2018