

AN ORDINANCE

AUTHORIZING THE EXECUTION AND DELIVERY OF A FEE IN LIEU OF TAX AGREEMENT BY AND AMONG CHARLESTON COUNTY, INGEVITY CORPORATION AND INGEVITY SOUTH CAROLINA, LLC, PREVIOUSLY IDENTIFIED COLLECTIVELY AS "PROJECT TREE", WHEREBY CHARLESTON COUNTY WILL ENTER INTO A FEE IN LIEU OF TAX AGREEMENT WITH THE COMPANIES PROVIDING FOR PAYMENT BY THE COMPANIES OF CERTAIN FEES IN LIEU OF *AD VALOREM* TAXES; PROVIDING FOR SPECIAL SOURCE REVENUE CREDITS; PROVIDING FOR THE ALLOCATION OF FEES IN LIEU OF TAXES PAYABLE UNDER THE AGREEMENT FOR THE ESTABLISHMENT OF A MULTI-COUNTY INDUSTRIAL/BUSINESS PARK; AND OTHER MATTERS RELATING THERETO

WHEREAS, Charleston County, South Carolina (the "County") desires to enter into a Fee in Lieu of Tax Agreement with Ingevity Corporation, a Delaware corporation (the "Employer Company"), and Ingevity South Carolina, LLC, a Delaware limited liability company (the "Investment Company," and together with the Employer Company, the "Companies"), which Companies were previously identified collectively as "Project Tree" (such agreement, the "FILOT Agreement"), as one or more of the Companies has expressed an intent to the County to make a capital investment in the County;

WHEREAS, as a result of one or more of the Companies' desire to undertake such investment, the Companies have asked the County to enter into the FILOT Agreement in order to encompass the terms of the Negotiated FILOT Project (as defined below);

WHEREAS, 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 payments in lieu of taxes ("Negotiated FILOT Payments") for a project qualifying under the FILOT Act;

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 of Laws of South Carolina 1976, as amended (the "MCIP Act") to provide for payments in lieu of taxes ("FILOT Payments") with respect to property located in a multi-county business or industrial park created under the MCIP Act and to permit investors to claim special source credits against their FILOT Payments (including Negotiated FILOT Payments) 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 manufacturing or 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 special source or infrastructure improvement credits;

WHEREAS, one or more of the Companies proposes to expand its existing facility in the County through the acquisition, construction and installation of land, buildings, improvements, fixtures, machinery, equipment, furnishings and other real and/or tangible personal property (the "Negotiated FILOT Project");

WHEREAS, the Companies intend to collectively invest at least Fifty-Three Million Three Hundred Thousand Dollars (\$53,300,000.00) in connection with the Negotiated FILOT Project; and

WHEREAS, the Companies intend to collectively maintain employment for approximately 460 employees at the Companies' existing facilities;

WHEREAS, the Negotiated FILOT Project is located entirely within the County and will be included in and subject to the multi-county park and fee in lieu of tax arrangements as described herein;

WHEREAS, the County has made specific proposals, including proposals to offer certain economic development incentives set forth herein, for the purpose of inducing one or more of the Companies to invest its funds to acquire and equip the Negotiated FILOT 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 and the MCIP Act that the County Council provide approval for qualifying the Negotiated FILOT Project under the FILOT Act and the MCIP Act for the Incentives;

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

Section 1. Evaluation of the Negotiated FILOT Project. The County Council has evaluated the Negotiated FILOT Project on the following criteria based upon the advice and assistance of the South Carolina Revenue and Fiscal Affairs Office and the South Carolina Department of Revenue:

- (a) whether the purposes to be accomplished by the Negotiated FILOT 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 Companies, the County Council's investigation of the Negotiated FILOT Project, including the criteria described in Section 1 above, and the advice and assistance of the South Carolina Revenue and Fiscal Affairs Office and the South Carolina Department of Revenue, as required, the County Council hereby find that:

- (a) the Negotiated FILOT Project constitutes a "project" as that term is defined in the FILOT Act;
- (b) the Negotiated FILOT Project will serve the purposes of the FILOT Act;
- (c) the Negotiated FILOT Project will likely consist of collective capital investment by the Companies of at least Fifty-Three Million Three Hundred Thousand Dollars (\$53,300,000.00) within five (5) years from the end of the property tax year in which the initial portion of the Negotiated FILOT Project is placed in service under the FILOT Agreement;

- (d) the Negotiated FILOT Project will be located entirely within the County;
- (e) the Negotiated FILOT Project will benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise adequately provided locally;
- (f) the Negotiated FILOT Project will neither give rise to a pecuniary liability of the County or any municipality thereof nor a charge against the general credit or taxing power of the County or any municipality thereof;
- (g) the purposes to be accomplished by the Negotiated FILOT Project are proper governmental and public purposes;
- (h) the inducement of the location of the Negotiated FILOT Project is of paramount importance; and
- (i) the benefits of the Negotiated FILOT Project to the public are greater than the costs to the public.

Section 3. Fee in Lieu of Taxes Arrangement. Pursuant to the authority of the FILOT Act, the Negotiated FILOT 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 Companies, which will provide Negotiated FILOT Payments to be made with respect to each company's portion of the Negotiated FILOT Project based upon a 6% assessment ratio and a millage rate which shall be fixed for the full term of the FILOT Agreement and shall be the lower of the cumulative property tax millage rate levied on behalf of all taxing entities within which the Project is to be located on either (1) the June 30 preceding the year in which the FILOT Agreement is executed, or (2) the June 30 of the year in which the FILOT Agreement is executed, for a term of thirty (30) years, all as more fully set forth in FILOT Agreement.

Section 4. Special Source Revenue Credits.

(a) After the identification of qualifying Infrastructure Improvements located solely within the County and the costs thereof to the satisfaction of the County, the County will provide to the Companies special source revenue or infrastructure improvement credits ("SSRCs") in an amount equal to 70% of each annual Fee Payment to be made by the Companies pursuant to the FILOT Agreement for a period of ten years, but subject to a cumulative cap of Two Million Eight Hundred Twenty-Seven Thousand Eight Hundred and Thirty-Three Dollars (\$2,827,833.00).

(b) Pursuant to the terms of the MCIP Act and the Agreement for Development of Joint County Industrial Park between the County and Colleton County, South Carolina, effective as of September 1, 1995 (the "MCIP Agreement"), the County hereby provides that for the term of the FILOT Agreement, commencing with the first tax year in which the Negotiated FILOT Payments are generated by the Project and payable to the County, Negotiated FILOT Payments 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 SSRCs to be provided in such year pursuant to Section 4(a) of this Ordinance; and

(ii) After making the allocations under paragraph (i) of this subsection, the balance is to be distributed among the taxing districts in Charleston County in accordance with the applicable provisions of Section 9 of the MCIP Agreement.

Section 5. Execution of the FILOT 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 Chair of the County Council and the Clerk of the County Council are hereby authorized, 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 Companies. 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 6. Miscellaneous.

(a) The Chair of County Council and all other appropriate officials of the County are hereby authorized, empowered and directed 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 authorized 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; and

(e) All ordinances, resolutions and parts thereof in conflict herewith are, to the extent of the conflict, hereby repealed.

Enacted this 10th day of December 2024.



CHARLESTON COUNTY, SOUTH CAROLINA

By: 
Herbert R. Sass, III
Chairman of County Council

ATTEST:

By: 
Kristen L. Salisbury
Clerk to County Council

First Reading: November 12, 2024
Second Reading: November 21, 2024
Public Hearing: December 10, 2024
Third Reading: December 10, 2024