

MINUTES
LEXINGTON COUNTY COUNCIL
December 7, 2010

Lexington County Council held a Special Called meeting on Tuesday, December 7, 2010 in Council Chambers beginning at 5:00 p.m. to consider second reading of Ordinance 10-07 and Ordinance 10-08 as well as a public hearing for Project ASAP (Amazon.com). Chairman Kinard presided.

Vice-Chairman Banning gave the invocation and Councilman Davis led the Pledge of Allegiance.

Members attending:	James E. Kinard, Jr.	William B. Banning, Sr.
	William C. Derrick	George H. (Smokey) Davis
	Debra B. Summers	Bobby C. Keisler
	Johnny W. Jeffcoat	John W. Carrigg, Jr.
	M. Todd Cullum	

Also attending: Katherine Hubbard, County Administrator; Joe Mergo, III, Deputy County Administrator; Larry Porth, Finance Director/Assistant County Administrator; John Fachtel, Director of Public Works/Assistant County Administrator; Jeff Anderson, County Attorney; other staff members, citizens of the county and representatives of the media.

In accordance with the Freedom of Information Act, a copy of the agenda was sent to radio and TV stations, newspapers, and posted on the bulletin board located in the lobby of the County Administration Building.

Resolution - Boy Scouts of America - Mr. Davis made a motion, seconded by Mr. Derrick to approve the resolution.

Mr. Kinard opened the meeting for discussion; no discussion occurred.

In Favor:	Mr. Kinard	Mr. Davis
	Mr. Derrick	Ms. Summers
	Mr. Keisler	Mr. Jeffcoat
	Mr. Carrigg	Mr. Banning
	Mr. Cullum	

Ordinances - Ordinance 10-07 - An Ordinance Conveying Approximately 90 Acres of Land in the Saxe Gotha Industrial Park - 2nd Reading - Mr. Banning reported the Economic Development Committee met earlier during the afternoon and voted unanimously in favor to recommend to full Council both Ordinance 10-07 and 10-08 for approval.

Prior to taking action on the above ordinances, Mr. Banning invited Mr. Joe Taylor, Secretary of Commerce, to the podium.

Mr. Taylor publically thanked County Council for working so diligently on the project. The following is the full text for the minutes:

Joe Taylor: "Thank you Mr. Banning. For me, I just wanted to first off come over and say

thanks. I got to tell you the last four to five years working with Lexington County Council have been an absolute pleasure. You understand what businesses need, and you have built some wonderful product here to attract industries, and you really need to be congratulated for it. I would tell you, you are as business friendly group that exists in the state of South Carolina and the citizens of the county really have something to be proud of. I brought a couple of friends with me tonight that wanted to speak, and if you don't mind, Mr. Banning, I did want to personally say thank you to you. You spent a lot of your personal time in my office working with me along with Chuck Whipple and what a great job Chuck has done and the regional alliance, too. Let's don't forget anybody. If you don't mind, I would like to invite the governor to come up and make any comments."

Governor Sanford: "I would just echo what Joe was just saying with regard to the quality and caliber of your teams' effort in pursuit of what amounted to an international competition for jobs, capital, and way of life. I think the Midlands should be proud of the job that you have done, and in turn, I want to also congratulate Joe. These are the waning days of Joe's tenure as Secretary of Commerce. But, if you look at what he and his team have done here over the last 24 months alone, there have been more than eight 1,000+ job announcements, which is a fairly remarkable accomplishment in a state our size. So, I want to compliment what you have done; I want to turn to you, Joe, and compliment what you have done and Fred, if I can call on you Fred and I had the pleasure of getting to know each other over, oddly enough, an economic deal that did not happen, but that is the way these things work, and we had any number of different visits there at the mansion and other places. And, Fred as we may surmise by now is the Senior Executive of a rather little known small company based here in the United States of America and it is without further adieu I introduce Fred Kiga to give you all the details. Thank you again for the decision that you are making, not only for what it means in the Midlands of South Carolina, but what it means, frankly, for the people of the state. Because when you talk about a brand, a global brand of this caliber and this quality, choosing to make the investment they are choosing to make in South Carolina, the Midlands, it has mighty ramifications going forward. So, to your team, to Joe Taylor and his team, and most of all, to the decision you for asking your team are making, again thanks."

Fred Kiga: "Governor Sanford, thank you very much. Thank you for your leadership and wisdom in bringing businesses to the State of South Carolina. Let me also thank you for my great colleague, Joe Taylor, whom I am going to miss immensely. Joe has done a lot during his tenure as the head of Economic Development for the State of South Carolina, and he is a tribute to all the citizens and the elected officials of the state as well, and I don't think I can thank Joe enough. I would also like to thank you, Mr. Chairman and the members of the Lexington County Council. It has been quite a fanatic three months, and I must say you and your colleagues have participated with us all the way. A high degree of trust and respect between the companies as well as with the Council, and I think we have a few hurdles to get through, but we believe we will get this done. And we really appreciate favorable consideration of the fee arrangement as well as the land transfer. And, I pleased to be here before this body today. The company - **Amzaon.com.**"

Mr. Kiga gave a brief overview of **Amazon.com**. "As many of you may know, we are an internet retailer and we are a global company. Our latest quarterly 10Q stated that we

exceed 32,000 employees worldwide. I think our last year's total sales were \$25 billion and if you look at the quarterly returns, and I have to be careful here because of SCC requirements, but it looks as though we are on a good pace to do well this year as well. We are going to build a distribution center here in the Saxe Gotha Park, and we will commence construction, hopefully, shortly within the next month. At full capacity it will have 1249 full-time employees and during the seasonal periods, especially right around the Christmas period, will have another 2,500 temporary employees. We hope to be great neighbors, and we want to provide job opportunities for South Carolinians. Thank you."

Mr. Banning thanked Mike Briggs, Mark Simmons, David King and other staff members with Central SC Alliance who worked with Lexington County to help get the project to where we are, and we are excited about wrapping it up and getting the jobs going.

Mr. Banning made a motion, seconded by Mr. Cullum to approve second reading of Ordinance 10-07.

Mr. Kinard opened the meeting for discussion; no discussion occurred.

In Favor:	Mr. Kinard	Mr. Banning
	Mr. Cullum	Mr. Derrick
	Mr. Davis	Ms. Summers
	Mr. Keisler	Mr. Jeffcoat
	Mr. Carrigg	

Ordinance 10-08 - An Ordinance Authorizing the Execution and Delivery of a Fee Agreement Between Lexington County, South Carolina and Project ASAP - Mr. Banning made a motion, seconded by Mr. Cullum to approve second reading of Ordinance 10-08.

Mr. Kinard opened the meeting for discussion; no discussion occurred.

In Favor:	Mr. Kinard	Mr. Banning
	Mr. Cullum	Mr. Derrick
	Mr. Davis	Ms. Summers
	Mr. Keisler	Mr. Jeffcoat
	Mr. Carrigg	

Old Business/New Business- Ordinance 10-09 - Suspending the Application of the Work Prohibitions Contained in Chapter 1 of Title 53 Pursuant to Section 53-1-160 of the Code of Laws of South Carolina, 1976, as Amended, Commonly Known as Blue Laws, and Other Matters Relating Thereto - Mr. Jeffcoat said as everyone knows, we have had some real trying times in the last couple of years with the great recession going on and we, as a Council, realize that you have to do things differently than we ever had to in the past because we live in a different society today. And to be business friendly, we have to do things differently than before. And as a Council, we have talked about this, which has been before us a number of times in the past

Mr. Jeffcoat made a motion, seconded by Mr. Keisler to give first reading of Ordinance 10-09 that will suspend the application of Blue Laws in Lexington County.

Mr. Kinard opened the meeting for discussion.

Mr. Davis responded that this will require three readings and a public hearing.

Mr. Kinard asked for further comments; none occurred.

In Favor:	Mr. Kinard	Mr. Jeffcoat
	Mr. Keisler	Mr. Derrick
	Mr. Davis	Ms. Summers
	Mr. Carrigg	Mr. Banning
	Mr. Cullum	

Ordinance 10-07 - An Ordinance Conveying Approximately 90 Acres of Land in the Saxe Gotha Industrial Park - 2nd Reading and Ordinance 10-08 - An Ordinance Authorizing the Execution and Delivery of a Fee Agreement Between Lexington County, South Carolina and Project ASAP - 2nd Reading - Mr. Banning made an amendment to the original motion on Ordinance 10-07 and Ordinance 10-08 to allow the County Attorney to make any final legal changes deemed necessary. The amendment was seconded by Mr. Cullum.

Mr. Kinard opened the meeting for discussion; no discussion occurred.

Vote on Amendment

In Favor:	Mr. Kinard	Mr. Banning
	Mr. Cullum	Mr. Derrick
	Mr. Davis	Ms. Summers
	Mr. Keisler	Mr. Jeffcoat
	Mr. Carrigg	

Lexington High School Economic and Government Class - Mr. Kinard recognized students from Lexington High School attending as part of their economic and government class assignment.

Elected Official - Mr. Kinard recognized Senator Nikki Setzler, Lexington Town Mayor Randy Halfacre and Lexington Town Councilman Danny Frasier in attendance.

Ordinance 10-07 - An Ordinance Conveying Approximately 90 Acres of Land in the Saxe Gotha Industrial Park

Vote on Motion as Amended

In Favor:	Mr. Kinard	Mr. Banning
	Mr. Cullum	Mr. Derrick
	Mr. Davis	Ms. Summers
	Mr. Keisler	Mr. Jeffcoat
	Mr. Carrigg	

Ordinance 10-08 - An Ordinance Authorizing the Execution and Delivery of a Fee Agreement Between Lexington County, South Carolina and Project ASAP 2nd Reading.

Vote on Motion as Amended

In Favor:	Mr. Kinard	Mr. Banning
	Mr. Cullum	Mr. Derrick
	Mr. Davis	Ms. Summers
	Mr. Keisler	Mr. Jeffcoat
	Mr. Carrigg	

Recess - Mr. Kinard recessed the County Council meeting until the Public Hearing at 6:00 p.m.

Reconvene - Mr. Kinard reconvened the County Council meeting.

6:00 P.M. - Public Hearings - Council members present: Kinard, Derrick, Davis, Summers, Keisler, Jeffcoat, Banning and Cullum.

Ordinance 10-07 - An Ordinance Conveying Approximately 90 Acres of Land in the Saxe Gotha Industrial Park- Prior to opening the public hearing, Mr. Kinard reviewed the guidelines for public hearings and asked Mr. Mark Simmons with Central SC Alliance to give a brief overview of Ordinance 10-07 and Ordinance 10-08.

Mr. Simmons said Ordinance 10-07 is a land conveyance ordinance that conveys to the company approximately 90 acres of land in which to construct a million square foot facility to house approximately 1,249 employees.

Ordinance 10-08 is a fee agreement. The fee agreement takes into account the company's investment in land, building, machinery and equipment and puts it into a fee-in-lieu of tax agreement as opposed to Ad Valorem tax. It reduces assessment rates, based upon their investment, down to 6 percent and applies the current millage rate to that assessment rate in order to get what their taxes will be in the future.

Mr. Banning said the county is transferring approximately 90 acres of land, which is approximately \$5 million, correct?

Mr. Simmons replied that the cost the county has in the property is approximately \$5 million, of which the County will be reimbursed \$2.5 million by the Department of Commerce.

Mr. Banning replied in the fee-in-lieu agreement, the building will be at 6 percent no matter.

Mr. Simmons replied, correct as a distribution center. Manufacturing properties are assessed at 10 ½ percent, but this is a distribution center. The fee agreement allows for that building to be placed in that fee agreement at 6 percent. If it were outside the fee and being taxed on Ad Valorem basis, it would also be at 6 percent.

Mr. Cullum asked, on that \$2.5 million that the County is investing in this for forgoing the value of land, the fee payments will return that value back to the County over what timeframe?

Mr. Simmons replied, based on the committed invested by the company, we are looking at less than two years - a year and one-half (call it two years). So, in two years, the County will recoup the value of that \$2.5 million in new tax payments by Amazon.com.

Mr. Kinard opened the public hearing for Ordinance 10-07.

Mr. Kinard announced no one signed up in favor or in opposition; therefore, closed the public hearing.

Ordinance 10-08 - An Ordinance Authorizing the Execution and Delivery of a Fee Agreement Between Lexington County, South Carolina and Project ASAP - Mr. Kinard opened the public hearing.

Mr. Kinard announced no one signed up in favor; therefore, closed that portion of the public hearing.

Mr. Kinard opened the public hearing for those in opposition.

Opposed:

Talbert Black, Jr., 234 Hermitage Road, Lexington, SC 29072 - "When I was back there trying to decide what sheet to sign up on, it was hard to decide because we didn't know what any of the agreements were until it was just explained to us.

I am not opposed to Amazon.com coming here. I think it will be good for South Carolina and good for Lexington County and good for the folks that work there. What I am opposed to is preferential treatment given to a company coming in that other companies that have been here in the County for a long time don't get. So, if we are going to drop the capital taxes for Amazon.com why aren't we doing that for the rest of the companies here in South Carolina? Why are we giving a competitive advantage to Amazon? I am opposed to preferential treatment for any company that is moving in. The companies that have been here for a long time are going to be carrying the tax burden that Amazon is going to be relieved of for some period of time. I don't know what the time limit is on the reduction in taxes; I assume there is a time limit and it is not until they decide to leave. I also brought some paperwork that I would like to leave with you. It is a chapter from a study that was created - South Carolina's Tax Incentives: Costly, Inefficient and Distortionary. It is well researched; well documented; lots of charts and things and numbers that make me go to sleep, and I am sure you will enjoy reading through it. But, it gives the information that you need to have to show that tax incentives don't do what most people think they do. So, I would like to leave this with you. Also, in reading over the home rule legislation today as I was preparing to come here, I thought I read that before second reading on a bill that conveyed land from the county that a public hearing had to be held before second reading. Did I misread that? Is that incorrect?

Mr. Jeff Anderson, County Attorney, advised Chairman Kinard that it did not have to be.

Mr. Black said that he would forward to his council representative, Councilman Keisler, of what he read and, hopefully, somebody can explain to him how he read that incorrectly.

Corey Norris, 185 Kerry Gibbons Drive, Chapin, SC 29036 - Like Talbert, I am also very much in favor of Amazon coming here. I think it is a good thing for the county. But, when I went to sign the sheet to speak, I was a little confused as to which to sign up to because I had no idea what the details of the ordinance were, which I find to be a little bit frustrating especially considering there has been some level of self-congratulatory and celebratory situation earlier today before even hearing from the citizens. Seems to me we are getting the cart before the horse if you are representing your citizens. Furthermore, I am not in favor of any preferential treatment for any business. If you have to give away land and give tax breaks to get a business to come here, then perhaps your tax rates are too high and your regulatory structure is

too strict. It's not fair to give tax breaks to certain businesses, small or large, and keep the burden of the taxation on the existing businesses and citizens in the county. I think that if Amazon doesn't want to come here on their own and there is something that should be enticing them, it should be the existing structure and not favorable or preferential treatment for them. It's basically bringing Amazon here on the backs of hardworking families here in the county. It's hard to speak to the details of the ordinance when you don't have them in hand, and I think that is a very unfortunate situation that it was not made public before the public was asked to speak on it.

Mr. Kinard announced no one else signed up to speak in opposition and closed the public hearing.

Motion to Adjourn - Mr. Derrick made a motion, seconded by Ms. Summers to adjourn.

In Favor:	Mr. Kinard	Mr. Derrick
	Ms. Summer	Mr. Davis
	Mr. Keisler	Mr. Jeffcoat
	Mr. Banning	Mr. Cullum

Not Present: Mr. Carrigg

There being no further business, the meeting was adjourned.

Respectfully submitted,
Diana W. Burnett
Clerk

James E. Kinard, Jr.
Chairman