



**Henry McMaster**  
Governor

**SOUTH CAROLINA**  
DEPARTMENT OF COMMERCE

**Robert M. Hitt III**  
Secretary

**TO: Robert M. Hitt III, Secretary**  
**South Carolina Department of Commerce**

**FROM: Alan D. Young, Executive Director,**  
**South Carolina Coordinating Council for Economic**  
**Development**  
**South Carolina Department of Commerce**

**DATE: May 3, 2021**

**SUBJECT: Revised**  
**Economic Development Set-Aside Fund,**  
**Closing Fund and**  
**Rural Infrastructure Fund Activity for 2020**

On behalf of the South Carolina Coordinating Council for Economic Development, I am submitting a revised 2020 Annual Report of Fund Activity. In accordance with Sections 12-10-85(D) and 12-28-2910(E), this report details activities of the Council regarding the Economic Development Set-Aside Fund, the Closing Fund and the Rural Infrastructure Fund. These funds are managed by the South Carolina Department of Commerce's Grants Administration Division.

The original report was submitted on February 16, 2021. In an effort to show historical perspective on the performance of projects that have received grants, in the original report we provided information about grants issued from 2009 through 2017 that had been closed as of December 31, 2020. We have now added information on all grants issued from 2009 through 2017 that had begun maintenance as of December 31, 2020, because those projects have also provided information regarding performance. As stated in the report, no grants awarded after 2017 have closed or begun maintenance yet. The new information can be found in the language on page 23 and table on page 24 under the heading "Historical Perspective." As you will see, when the new information was added to the previously provided information about grants that had closed, on an aggregate basis, the projects for which the grants have closed or begun maintenance have created 101% of jobs required and 116% of investment.

Please forward to the Governor's Office, the State Fiscal Accountability Authority, the Senate Finance Committee and the House Ways & Means Committee.

I am available at 803-737-0448 should you have questions or need additional information.

cc: The Honorable Robert M. Hitt III, Secretary, SC Department of Commerce  
Chairman, Coordinating Council for Economic Development

Hartley Powell, Director, SC Department of Revenue  
Chairman, Coordinating Council Enterprise Committee  
The Honorable Hugh E. Weathers, Commissioner, SC Department of Agriculture  
Gregory B. Askins, Chairman, State Board for Technical and Comprehensive Education  
Don Herriott, Chairman, SC Research Authority  
Michael W. Nix, Chairman, Jobs Economic Development Authority  
Duane N. Parrish, Director, SC Department of Parks, Recreation and Tourism  
William H. Stern, Chairman, State Ports Authority  
Dan Ellzey, Executive Director, SC Department of Employment and Workforce  
Christie A. Hall, Secretary, SC Department of Transportation

Enclosure

**South Carolina  
Coordinating Council for  
Economic Development**

**2020 Annual Report of  
Economic Development Set-Aside Fund,  
Closing Fund and  
Rural Infrastructure Fund Activity**

**Revised May 2021**

**SC Coordinating Council for Economic Development  
2020 Report of Economic Development Set-Aside Fund,  
Closing Fund and Rural Infrastructure Fund Activity**

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## **OVERVIEW OF THE COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT**

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The South Carolina Coordinating Council for Economic Development (the “Council”) was formed in response to a general need for improved coordination of efforts in the area of economic development by those state agencies involved in the recruitment of new business and the expansion of current enterprises throughout South Carolina (the “State”). Formally established in 1986 by the General Assembly (SC Code § 13-1-1710), the purpose of the Council is to enhance economic growth and development in the State through strategic planning and coordination. As such, the Council is chaired by the Secretary of Commerce. Ten additional members are drawn from other state agencies involved in economic development, and the member agency heads are either board chairmen or cabinet officials.

The Council’s administrative staff is housed in the Grants Administration Division of the South Carolina Department of Commerce (the “Department of Commerce”), which manages the Council’s state grant funds as well as the Enterprise Zone, the International Trade Incentives and the Agricultural Products Increase Tax Credit programs. Grants Administration also manages two federal grant programs, the Community Development Block Grant and Appalachian Regional Commission programs.

The Department of Commerce Division of Small Business and Rural Development assists with non-business development projects that are eligible for the Rural Infrastructure Fund (“RIF”) program. If the Council approves a RIF grant award, the Grants Administration Division administers the funds and the Small Business and Rural Development Division works with the county to ensure successful implementation of the project.

### **COUNCIL RESPONSIBILITIES AND MEMBERSHIP**

By statute, the full body of the Council is required to meet at least quarterly. Its responsibilities include: establishing guidelines and procedures for all Council programs; implementing the State’s strategy for economic development; reviewing and approving all applications for grants from the Economic Development Set-Aside, Rural Infrastructure, Closing and Tourism Infrastructure Funds; and reviewing and approving all applications for Enterprise Zone Job Development Credits, International Trade Incentives and Agricultural Products Increase Tax Credits. The Council also certifies economic development projects as representing “significant economic impact” on areas surrounding them for the purposes of qualifying for income tax apportionment and income tax moratoriums. In addition, the Council provides recommendations to the South Carolina Infrastructure Bank regarding projects that will have a positive impact on economic development in the State.

Following enactment of the Enterprise Zone legislation in 1995, the Council formed a specialized, five-member subcommittee (the “Enterprise Committee”) to handle the substantial volume of new

activity and related policy decisions. This committee meets monthly to review and approve applications for Enterprise Zone incentives and applications for International Trade Incentives, and to respond to issues and recommend policies for adoption by the full Council at its quarterly meetings. Current membership of the Council is shown below.

### **AGENCY MEMBERS OF THE COORDINATING COUNCIL**

SC Department of Commerce	*SC Department of Revenue
Santee Cooper	*SC Department of Agriculture
SC Department of Transportation	*SC Department of Parks, Recreation and Tourism
SC Research Authority	*State Ports Authority
State Board for Technical & Comprehensive Education	* Jobs Economic Development Authority
SC Department of Employment and Workforce	

*\*Denotes Enterprise Committee member*

### **2020 ADMINISTRATION CHANGES**

Robert M. Hitt III was appointed Secretary of Commerce by Governor Nikki Haley in January 2011, and has acted as Chairperson of the Council since then, and throughout 2020. Hartley Powell was appointed Director of the SC Department of Revenue by Governor Haley on November 21, 2016, and has chaired the Enterprise Committee since then, and throughout 2020.

There were no administrative changes in 2020. Council membership, including an unfilled vacant position, was as follows:

Robert M. Hitt III	Secretary, SC Department of Commerce Chairman, Coordinating Council for Economic Development
Hartley Powell	Director, SC Department of Revenue Chairman, Coordinating Council Enterprise Committee
Dan Ellzey	Executive Director, SC Department of Employment and Workforce
Hugh E. Weathers	Commissioner, SC Department of Agriculture
Gregory B. Askins	Chairman, State Board for Technical and Comprehensive Education
Don Herriott	Chairman, SC Research Authority
Michael W. Nix	Chairman, Jobs and Economic Development Authority
Vacant	Chairman, Santee Cooper
William H. Stern	Chairman, State Ports Authority
Duane N. Parrish	Director, SC Department of Parks, Recreation and Tourism
Christie A. Hall	Secretary, SC Department of Transportation

Current Council staff:

Alan D. Young	Executive Director, Coordinating Council
Cynthia S. Turnipseed	Legal Counsel, Coordinating Council
Marcella Forrest	Senior Program Manager, CCED Programs
Beverly Belton	Program Manager, Enterprise Zone Program
Donna Tucker	Data Manager
Feonia Wilson	Grant Administrator
Jennifer Newlands	Office Administrator

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# COORDINATING COUNCIL FOR ECONOMIC DEVELOPMENT STATE GRANT FUNDS

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## OVERVIEW OF STATE GRANT FUNDS

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### ECONOMIC DEVELOPMENT SET-ASIDE

In 1987, the General Assembly passed a bill that provided for an additional 3 cents per gallon tax on the sale of gasoline in the State. The General Assembly charged the Council with administering this new initiative known as the Economic Development Set-Aside Program (“Set-Aside”). The Set-Aside Fund is dedicated to improving the economic well-being of the State by providing funds to local government to develop the infrastructure necessary for new and expanding business. At inception, the fund was created from the first \$10 million received through State gas tax revenues. The annual \$10 million appropriation was later increased to \$18 million, and then in July 2006, to \$20 million. The funding source was also changed to be split between utility and gas tax revenues. By 2008, utility taxes were the sole funding source and Set-Aside revenue was capped at \$20 million.

For Fiscal Year 2019-2020, the Council received \$20 million in utility tax receipts and recaptured \$205,000 as a result of performance agreement repayments. Transfers out of the fund for program administration and GIS totaled \$460,000, which is less than 3% of the 10% the Council can allocate under Proviso 50.2.

### CLOSING FUND

The Closing Fund (“Closing Fund”) was created in 2006 when additional, more flexible funding was needed to assist with high impact economic development projects. Funding was originally dependent on annual appropriations from the General Assembly, which included an initial \$7 million for FY 06-07 and a second \$7 million for FY 07-08, but additional appropriations were limited in some years. To meet the need for adequate funding for economic development projects, and “to provide maximum flexibility to encourage the creation of new jobs and capital investment,” the General Assembly voted to give the Council the authority to “transfer economic development funds at its disposal to the Closing Fund.” This provision was first included in the General Appropriations Bill for Fiscal Year 2009-2010 in Proviso 40.30. Transfers must be approved by a majority vote of the Council members in a public meeting. The Council did not use this authority in 2020.

For Fiscal Year 2019-2020, the Council received \$25 million in appropriations and an additional \$135,474 was recaptured as a result of performance agreement repayments. There is still an outstanding interagency loan to the Department of Commerce’s Division of Public Railways (“Public Railways”) that will be repaid in future years.



## **RURAL INFRASTRUCTURE FUND**

The South Carolina Rural Development Act was enacted by the legislature in 1996 (SC Code § 12-10-80). This act established the Rural Infrastructure Fund (“RIF”) with the purpose of providing financial assistance to local governments, primarily in rural counties, for infrastructure and other economic development activities. The goal of the RIF program is to promote and encourage economic growth and prosperity in the State’s rural areas.

Enabling legislation gave the Council responsibility for funds generated by the provisions of the Rural Development Act, as well as for developing policies and procedures. Funding comes from companies participating in an Enterprise Zone Revitalization Agreement with the Council, which permits companies to claim a refund for a portion of the employee state payroll tax withholding sent to the Department of Revenue each quarter. This refund is designated as a Job Development Credit (“JDC”) and may be used by the company to offset certain eligible company expenses, such as real property expenses, associated with its new or expanded operation.

Participating companies located in Tier IV counties, which are generally the least developed counties in the state, are eligible to claim a refund of 100% of the JDCs to which they are entitled under their Revitalization Agreement. Participating companies in Tier III and II counties may claim only 85% and 70%, respectively, of the JDCs for which they are otherwise eligible, and in the most developed Tier I counties participating companies may claim only 55%.

The JDC funds which participating companies cannot claim as a result of being located in a Tier I, II or III county are the source of funding for the RIF grant program. Quarterly, the Department of Revenue collects and transfers JDC funds that participating companies cannot claim (as a result of location in Tier I, II or III counties) to the Department of Commerce for deposit into RIF . (Note that the first \$12 million of such funds collected by the Department of Revenue are transferred to the RIF fund administered by the Council. The next \$5 million collected by the Department of Revenue are transferred to the RIF fund administered by the Rural Infrastructure Authority. Any funds collected by the Department of Revenue in excess of \$17 million are transferred to the RIF fund administered by the Council.)

During Fiscal Year 2019-2020, deposits received from the Department of Revenue for the RIF fund for grants totaled \$16.4 million, of which \$1.8 million was reserved in what Council refers to as the RIF Reserve Fund. An additional \$770,307 was recaptured as a result of performance agreement repayments, and \$500,000 was transferred out of the fund to satisfy a legislative mandate relating to the routing, planning and construction of I-73. Program administrative funds for 2020 totaled \$500,000.

Generally, only local governments located in counties designated as Tier III or Tier IV for Jobs Tax Credit purposes are eligible for RIF funds. An exception exists when annual deposits exceed \$10 million, in which case up to 25% of the amount over \$10 million is reserved for other purposes. The Council refers to this amount as the RIF Reserve Fund. These RIF Reserve funds must be made available to counties qualified as Tier I or II counties for projects that will benefit underdeveloped areas of those counties, pursuant to SC Code of Laws §12-10-85, or as allowed by Proviso 50.19 in the FY 2019-2020 budget. Proviso 50.19 specifies that the funds appropriated under SC Code § 12-10-85(B) may be utilized toward state-owned rail infrastructure projects. Initially, during 2019, the Council voted to direct current unobligated funds in the RIF Reserve account, as well as current and

future year receipts, to projects under development by Public Railways. The unobligated balance as of the end of FY 2019-2020 was \$259,867 and was directed toward public rail.

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## **TYPES OF PROJECTS FUNDED**

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The purpose of both the Set-Aside and Closing Funds is to assist companies in locating or expanding in South Carolina. Together, these programs provide funding necessary to encourage competitive projects to locate or expand in South Carolina. Generally, “but for” or without Council participation, these projects would not locate or expand in South Carolina. Set-Aside grants are used primarily to fund real property improvements, road improvements, water and sewer infrastructure and site preparation costs related to business location and expansion. Closing Fund grants are more flexible and can be used to meet a wider variety of economic development project needs.

For counties that are eligible for RIF funding, RIF can be used for economic development project assistance, as well as assistance needed to prepare the State’s most rural areas to support economic development. Initially, RIF funds were used primarily for “product development,” but in 2005 the Council adopted a formal investment strategy that broadened the use of RIF funds to other types of activities necessary to improve economic competitiveness.

Accomplishments for RIF are described both in terms of grants used for business development assistance, which are tied to jobs and investment, and for more general community development, encompassing product development activities such as industrial parks and sites, as well as community revitalization and workforce development.

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## **APPLICANT ELIGIBILITY**

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The Council can approve Set-Aside and Closing Fund assistance for projects anywhere in the State, regardless of location or county status. RIF, on the other hand, is geographically targeted according to the program’s enabling legislation. Generally, only local governments located in counties designated as Tier III or Tier IV for Jobs Tax Credit purposes are eligible for RIF funds, except that, as previously stated, when annual deposits exceed \$10 million, up to 25% of the amount over \$10 million must be made available to counties qualified as Tiers I or II for projects that will benefit underdeveloped areas of those counties (SC Code of Laws §12-10-85) or as allowed by Proviso 50.19 to be utilized toward state-owned rail infrastructure projects.

The four-tier “development level” of counties for the “Jobs Tax Credit” is a ranking determined by the Department of Revenue and published at the beginning of each calendar year. The criteria for this determination was established by the legislature (SC Code of Laws §12-6-3360.) The rankings for 2020 are shown below.

## 2020 JOBS TAX CREDIT DESIGNATIONS

TIER IV 100%	TIER III 85%	TIER II 70%	TIER I 55%
Allendale Bamberg Barnwell Chester Clarendon Dillon Lee Marion Marlboro Orangeburg Union Williamsburg	Abbeville Calhoun Cherokee Chesterfield Colleton Darlington Fairfield Hampton Horry Jasper Laurens McCormick	Aiken Edgefield Florence Georgetown Greenwood Kershaw Lancaster Newberry Oconee Pickens Saluda Sumter	Anderson Beaufort Berkeley Charleston Dorchester Greenville Lexington Richland Spartanburg York

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## FUNDING PROCESS

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### FUNDING CONSIDERATIONS

For competitive economic development projects, the Council considers funding for projects on an individual basis and evaluates each of the following when determining whether funding is an appropriate and effective use of state grant funds:

- Competitiveness of the project;
- Number and type of jobs created;
- Type of industry (e.g., manufacturing, distribution, corporate headquarters, research and development);
- Unemployment rate in county where the project locates;
- Total invested dollars (land, building, machinery and equipment costs);
- Cost of the project;
- Cost-effectiveness of the project;
- Future tax revenues anticipated;
- Time frame for completion of construction of the facility;
- Infrastructure needs of the region;
- Funding sought from other sources;
- Financial viability of the company; and
- Company status as a good corporate citizen.

For RIF community development and product development grants, the Council considers a variety of factors, including:

- Economic viability of the project;
- Cost effectiveness of the project activities;
- Benefit to the state/region/county/municipality;
- Ability of local government(s) to carry out and maintain the project; and
- Ability to proceed to completion within a reasonable period of time.

The RIF project must also support the implementation of a county's strategic development plan, or be directly related to economic development in the area, and must demonstrate local political and public support. The Council also looks for significant community financial support and will typically not approve 100% of any request for RIF assistance. To ensure this, projects are considered for RIF funding only once all other available sources of funding have been committed. There generally must be a demonstrable shortfall that cannot be met without RIF assistance.

## **FUNDING GUIDELINES FOR BUSINESS DEVELOPMENT GRANTS**

- Council business development funding approval is tied directly to specific economic development projects with new job creation and capital investment.
- As a general rule, funding is limited to \$10,000 per new job created, but assistance may be higher where more substantial economic benefit is anticipated.
- A Department of Commerce Global Business Development Division project manager must be actively involved in the recruitment of the economic development project for which funding is requested.
- Without Council funding, the project will not locate or expand in South Carolina.
- Performance Agreements are required for all Council grant funds used as economic development tools to help recruit new or expand existing employers in the State. If the company fails to meet either the job or the capital investment guarantee, the use of Performance Agreements provides the Council with the ability to recapture funding by requiring pro-rata repayment of grant funds.

## **FUNDING PROCESS**

For business development grants awarded from any funding source, the process is integrated with the Business Development project activities and functions of the Department of Commerce.

1. The Department of Commerce Global Business Development Division project manager works with local governments to identify specific funding needs for projects. In rural counties where RIF funding may be used for business development purposes, the Small Business and Rural Development Division may liaison with the county. Preliminary details such as cost estimates, project scope, company financials and number of jobs and level of investment expected are submitted to Global Business Development.
2. Preliminary information is reviewed by the Council staff, and if it is determined that the project is consistent with the economic development goals of the State and meets established evaluation criteria, the local government is invited to submit a formal application for funding.

The remainder of the process is similar for both business development and non-business development grants:

3. Applications are submitted to the Department of Commerce Grants Administration Division and processed by staff. The related requests for funding are presented to the Council at its quarterly meetings.
4. The Council has the discretion to approve or disapprove all funding requests and may negotiate funding terms and amounts as it sees fit.
5. If funding is approved, approval letters and grant award agreements are sent to the local government. The grant award agreements must be signed by representatives with the authority to enter into contracts on behalf of the local government. Once signed, the agreement becomes an executed contract between the Council and the local government, containing the specific requirements and provisions associated with the grant award.
6. For business development projects, performance agreements are also required. These are contracts between the company, the local government applicant and the Council, and as such, they must be signed by company representatives that have the legal authority to enter into contracts on behalf of their respective entity. Performance agreements contain specific requirements for job creation and new capital investment.
7. The Council staff reviews all signed agreements and maintains copies in its grant files.
8. Once all agreements have been signed, Council grants may be used to reimburse approved project costs. Cost estimates provided at application serve as the project budget, and only those approved budget items and amounts are eligible for reimbursement.
9. Grant recipients submit paid invoices and evidence of payment to Grants Administration to request reimbursement of approved project costs. Council staff monitors compliance with grant terms and budgets and reserves the right to deny payment for ineligible project costs or for failure to comply with grant requirements.
10. Once the portion of a project to be reimbursed with grant funds is complete, the grant recipient notifies the Council in writing and the Council staff initiates grant financial closeout.
11. For business development grants, final closeout does not occur until the company on whose behalf the project was undertaken submits documentation related to its performance under the grant. Jobs and investment are evaluated to determine whether they are sufficient to satisfy the terms of the agreement, and where appropriate, the Council reserves the right to require pro-rata repayment of grant funds.
12. In all cases, once all required closeout documentation has been submitted to the Council, and has been reviewed and determined to be in compliance with all terms and conditions of the grant award agreement and the performance agreement, if applicable, grants are officially closed.

## **ELIGIBLE AND INELIGIBLE ACTIVITIES**

### ***SET-ASIDE***

Effective July 1, 2001, a proviso defining eligible uses of Set-Aside funds was passed by the legislature. Specifically, the proviso limited the use of Set-Aside funds to road construction improvement projects, water and sewer projects and site preparation, and it further defined allowable

site preparation activities. In July 2006, the legislature passed a second proviso expanding eligible activities to include fiber optic cable, rail spurs and the purchase of land. Next, in 2010, the Economic Development Competitiveness Act added additional eligible activities that went into effect on January 1, 2011. Finally, also effective January 1, 2011, the proviso terms defining eligible activities for Set-aside grants were moved to SC Code § 12-28-2910 (E).

Below is a list of examples of eligible and ineligible activities.

#### **Eligible Activities**

- Public Improvements - Roads, Water and Wastewater Infrastructure
  - Planning
  - Engineering – *limited to 10%*
  - Right-of-way
  - Drainage
  - Curb and gutter – *only when necessary for drainage*
  - Construction
  - Cantilevered flashing light signals and/or gates at railroad crossings *when necessary*
  - Road re-surfacing or widening
  - Turn lanes and acceleration and deceleration lanes
- Site preparation
  - Surveying
  - Environmental and geotechnical study and mitigation
  - Clearing, filling and grading
- Fiber optic cable
- Rail spurs
- Land acquisition
- Relocation expenses for employees paid at least two (2) times the lower of the State or county per capita income
- Acquiring and improving real property
- Pollution control equipment

#### **Activities Not Eligible for Set-Aside Funding**

- Speculative projects
- Opening up access to undeveloped property
- State government funded projects
- Maintenance of industrial/research parks
- Shopping centers/strip malls
- Signage (*except project signs required as part of the grant award agreement or permanent construction signs required by the Department of Transportation*)
- Paving of parking lots or lighting
- Civic centers and/or auditoriums, except that road improvements for civic centers may be funded (up to \$1,000,000) if associated with substantial economic development projects
- Curb and guttering for aesthetic purposes
- Concrete loading docks or pads
- Equipment and moving expenses
- Residential developments

### ***RURAL INFRASTRUCTURE FUND***

Eligible activities are listed in Section 12-10-85(A) and generally include infrastructure and economic development activities. Examples are listed below:

- Engineering – *limited to 10%*
- Right-of-way acquisition
- Drainage
- Roads
- Rail spurs
- Economic development program enhancement
- Speculative building assistance
- Training costs and facilities
- Improvements to regionally planned public and private water and sewer systems
- Fixed transportation facilities including highway, rail, water and air
- Improvements to both public and private electricity, natural gas and telecommunications systems
- Environmental studies
- Feasibility studies
- Community revitalization
- Marketing for counties (studies, materials)
- Small business incubators
- Industrial park development and improvement
- Relocation expenses for employees paid at least two (2) times the lower of the State or county per capita income
- Site preparation
- Acquiring or improving real property

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## 2020 COORDINATING COUNCIL FUNDING ACTIVITY

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### BUSINESS DEVELOPMENT

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During calendar year 2020, the Council awarded 79 new business development grants from the Set-Aside Fund, the Closing Fund and the Rural Infrastructure Fund. A total of \$82.9 million was awarded to 27 county governments. Projected capital investment from the associated projects is \$3.3 billion, and projected new jobs total 10,202. A company generally has up to five years from date of application approval to meet the investment and job creation requirements. Commitments were also made for an additional 95 projects which are not yet decided. If won, these projects will represent over 14,510 additional jobs and \$6.4 billion in additional investment.

On the following pages are tables that outline the distribution of funds awarded between counties of different development status or tiers, project type (i.e., economic development projects associated with companies new to South Carolina or existing companies expanding in South Carolina) and funding source. Also included is a table that provides specifics on all projects approved during calendar year 2020. The totals shown on these charts only represent new grants awarded in 2020 and do not reflect amendments made to previously approved grants or funds committed by the Council.

Funding for business development projects was awarded out of Set-Aside, RIF and the Closing Fund, with the majority awarded out of Set-Aside.

<b>2020 BUSINESS DEVELOPMENT GRANT AWARDS - BY FUNDING SOURCE -</b>		
<b>FUNDING SOURCE</b>	<b># GRANTS</b>	<b>TOTAL AWARDED</b>
Closing Fund	1	\$40,000,000
Set-Aside Fund	50	\$28,325,000
Rural Infrastructure Fund	28	\$14,535,000
<b>TOTALS</b>	<b>79</b>	<b>\$82,860,000</b>



**2020 BUSINESS DEVELOPMENT GRANT AWARDS  
- BY COUNTY CLASSIFICATION -**

<b>COUNTY CLASSIFICATION</b>	<b>NUMBER OF PROJECTS</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>
Tier I	39	\$2,284,589,538	6,419
Tier II	12	\$296,933,000	705
Tier III	14	\$584,056,001	2,142
Tier IV	14	\$172,976,800	936
<b>TOTALS</b>	<b>79</b>	<b>\$ 3,338,555,339</b>	<b>10,202</b>

**2020 BUSINESS DEVELOPMENT GRANT AWARDS  
- BY PROJECT TYPE -**

<b>PROJECT TYPE</b>	<b>FIRMS</b>	<b>PROJECTED INVESTMENT</b>	<b>PROJECTED JOBS</b>
Existing/Expanding	49	\$2,006,801,017	4,840
New	30	\$1,331,754,322	5,362
<b>TOTALS</b>	<b>79</b>	<b>\$3,338,555,939</b>	<b>10,202</b>

**COORDINATING COUNCIL GRANT ACTIVITY  
NEW BUSINESS DEVELOPMENT AWARDS & PROJECTED JOBS & INVESTMENT  
CALENDAR YEAR 2020**

<b>Grant Number</b>	<b>Funding Source</b>	<b>Recipient</b>	<b>Tier</b>	<b>Scope of Work</b>	<b>Award Amount</b>	<b>Jobs Requirement</b>	<b>Investment Requirement</b>
C-18-2884	Setaside	Dorchester County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$5,000,000	1,000	\$220,000,000
C-18-2918	Setaside	Greenwood County	Tier 2	ED - Infrastructure Improvements	\$100,000	31	\$10,480,000
C-18-2919	RIF	Orangeburg County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$200,000	37	\$9,300,000
C-18-2933	Setaside	Spartanburg County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$200,000	85	\$44,800,000
C-18-2947	Setaside	Dorchester County	Tier 1	ED - Building Upfit/Improvements	\$100,000	63	\$9,525,000
C-19-3003	RIF	Marion County	Tier 4	ED - Building Construction	\$1,150,000	120	\$53,594,306
C-19-3012	RIF	Cherokee County	Tier 3	ED - Real Property Improvements (land/building/site/infra)	\$200,000	31	\$15,399,001
C-19-3015	RIF	Calhoun County	Tier 3	ED - Building Upfit/Improvements	\$100,000	60	\$3,004,000
C-19-3018	Setaside	Sumter County	Tier 2	ED - Building Upfit/Improvements	\$100,000	57	\$14,396,000
C-19-3027	RIF	Hampton County	Tier 3	ED - Site Preparation	\$50,000	100	\$30,025,000
C-19-3031	Setaside	Spartanburg County	Tier 1	ED - Building Upfit/Improvements	\$100,000	40	\$8,850,000
C-19-3033	Setaside	Newberry County	Tier 2	ED - Building Upfit/Improvements	\$100,000	34	\$7,000,000
C-19-3036	RIF	Bamberg County	Tier 4	ED - Building Upfit/Improvements	\$50,000	10	\$505,000
C-19-3040	Setaside	Charleston County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$200,000	50	\$34,755,000
C-19-3141	RIF	Chesterfield County	Tier 3	ED - Building Upfit/Improvements	\$50,000	13	\$2,165,000
C-19-3142	Setaside	Richland County	Tier 1	ED - Building Upfit/Improvements	\$100,000	63	\$3,484,000
C-19-3144	RIF	Clarendon County	Tier 4	ED - Building Upfit/Improvements	\$100,000	105	\$2,300,000
C-19-3145	Setaside	York County	Tier 1	ED - Building Upfit/Improvements	\$250,000	700	\$68,000,000
C-19-3150	Setaside	Richland County	Tier 1	ED - Building Upfit/Improvements	\$100,000	275	\$595,000
C-19-3151	Setaside	Spartanburg County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$100,000	20	\$27,945,630
C-19-3152	Setaside	Florence County	Tier 2	ED - Real Property Improvements (land/building/site/infra)	\$700,000	70	\$70,000,000
C-19-3154	Setaside	Berkeley County	Tier 1	ED - Site Preparation	\$400,000	50	\$300,000,000
C-19-3175	Setaside	Richland County	Tier 1	ED - Building Upfit/Improvements	\$200,000	150	\$2,396,702
C-19-3181	Setaside	Dorchester County	Tier 1	ED - Building Upfit/Improvements	\$100,000	80	\$2,800,000
C-19-3182	Setaside	Greenville County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$500,000	250	\$14,756,619

**COORDINATING COUNCIL GRANT ACTIVITY  
NEW BUSINESS DEVELOPMENT AWARDS & PROJECTED JOBS & INVESTMENT  
CALENDAR YEAR 2020**

<b>Grant Number</b>	<b>Funding Source</b>	<b>Recipient</b>	<b>Tier</b>	<b>Scope of Work</b>	<b>Award Amount</b>	<b>Jobs Requirement</b>	<b>Investment Requirement</b>
C-19-3185	RIF	Darlington County	Tier 3	ED - Building Upfit/Improvements	\$100,000	20	\$20,000,000
C-19-3190	RIF	Laurens County	Tier 3	ED - Building Upfit/Improvements	\$100,000	41	\$7,500,000
C-19-3193	Setaside	Greenville County	Tier 1	ED - Building Upfit/Improvements	\$100,000	40	\$18,300,000
C-19-3194	Setaside	Greenville County	Tier 1	ED - Building Upfit/Improvements	\$100,000	47	\$9,550,000
C-19-3197	RIF	Orangeburg County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$500,000	50	\$22,000,000
C-19-3198	Setaside	Berkeley County	Tier 1	ED - Building Construction	\$100,000	30	\$9,792,243
C-19-3199	Setaside	Greenville County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$750,000	225	\$34,610,860
C-19-3200	Setaside	Greenwood County	Tier 2	ED - Building Upfit/Improvements	\$100,000	30	\$13,336,000
C-19-3201	Closing	York County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$40,000,000	150	\$150,000,000
C-19-3204	RIF	Darlington County	Tier 3	ED - Building Upfit/Improvements	\$100,000	-	\$80,000,000
C-19-3209	Setaside	Anderson County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$150,000	50	\$9,500,000
C-19-3214	Setaside	Berkeley County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$100,000	21	\$8,450,000
C-19-3218	Setaside	Lexington County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$4,000,000	380	\$215,799,996
C-19-3222	Setaside	Greenwood County	Tier 2	ED - Building Upfit/Improvements	\$100,000	31	\$5,925,000
C-19-3223	Setaside	Greenville County	Tier 1	ED - Building Upfit/Improvements	\$75,000	31	\$2,200,000
C-19-3225	Setaside	Berkeley County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$100,000	30	\$85,500,000
C-19-3226	Setaside	Greenville County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$200,000	78	\$4,600,900
C-19-3227	Setaside	Greenville County	Tier 1	ED - Building Upfit/Improvements	\$200,000	350	\$1,100,000
C-19-3229A	RIF	Hampton County	Tier 3	ED - Site Preparation	\$7,000,000	1,440	\$266,000,000
C-19-3229B	RIF	Hampton County	Tier 3	ED - Real Property Improvements (land/building/site/infra)	\$1,000,000	107	\$48,000,000
C-19-3232	Setaside	Charleston County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$1,000,000	404	\$104,625,013
C-19-3236	RIF	Bamberg County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$100,000	37	\$6,046,669
C-19-3241	Setaside	Spartanburg County	Tier 1	ED - Building Upfit/Improvements	\$250,000	100	\$17,314,600

**COORDINATING COUNCIL GRANT ACTIVITY  
NEW BUSINESS DEVELOPMENT AWARDS & PROJECTED JOBS & INVESTMENT  
CALENDAR YEAR 2020**

<b>Grant Number</b>	<b>Funding Source</b>	<b>Recipient</b>	<b>Tier</b>	<b>Scope of Work</b>	<b>Award Amount</b>	<b>Jobs Requirement</b>	<b>Investment Requirement</b>
C-19-3242	Setaside	Sumter County	Tier 2	ED - Real Property Improvements (land/building/site/infra)	\$300,000	25	\$14,942,000
C-19-3243	RIF	Laurens County	Tier 3	ED - Building Upfit/Improvements	\$200,000	80	\$7,815,000
C-19-3244	Setaside	Richland County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$250,000	40	\$55,000,000
C-19-3249	Setaside	Greenville County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$100,000	94	\$18,000,000
C-19-3251	Setaside	Pickens County	Tier 2	ED - Real Property Improvements (land/building/site/infra)	\$300,000	35	\$5,602,000
C-19-3252	Setaside	Anderson County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$500,000	100	\$35,000,000
C-19-3254	Setaside	Florence County	Tier 2	ED - Real Property Improvements (land/building/site/infra)	\$100,000	28	\$5,057,000
C-19-3255	RIF	Marion County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$400,000	25	\$3,975,000
C-20-3257	RIF	Marion County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$750,000	150	\$9,145,000
C-20-3260	Setaside	Florence County	Tier 2	Expansion	\$500,000	170	\$12,400,000
C-20-3261	Setaside	Charleston County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$100,000	36	\$34,000,000
C-20-3264	RIF	Marion County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$160,000	52	\$3,905,000
C-20-3270	RIF	Marion County	Tier 4	ED - Building Upfit/Improvements	\$250,000	30	\$5,848,000
C-20-3271	Setaside	Anderson County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$3,500,000	525	\$100,000,000
C-20-3273	RIF	Barnwell County	Tier 4	New	\$150,000	56	\$1,490,000
C-20-3274	RIF	Fairfield County	Tier 3	ED - Real Property Improvements (land/building/site/infra)	\$400,000	94	\$25,900,000
C-20-3279	RIF	Marion County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$250,000	200	\$6,100,000
C-20-3280	Setaside	Charleston County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$750,000	85	\$16,050,000
C-20-3281	Setaside	Sumter County	Tier 2	ED - Real Property Improvements (land/building/site/infra)	\$500,000	164	\$84,095,000
C-20-3286	Setaside	York County	Tier 1	ED - Building Upfit/Improvements	\$500,000	240	\$45,000,000
C-20-3287	Setaside	Richland County	Tier 1	ED - Site Preparation	\$4,600,000	300	\$400,000,000
C-20-3289	RIF	Clarendon County	Tier 4	ED - Building Upfit/Improvements	\$400,000	44	\$24,250,000

**COORDINATING COUNCIL GRANT ACTIVITY  
NEW BUSINESS DEVELOPMENT AWARDS & PROJECTED JOBS & INVESTMENT  
CALENDAR YEAR 2020**

<b>Grant Number</b>	<b>Funding Source</b>	<b>Recipient</b>	<b>Tier</b>	<b>Scope of Work</b>	<b>Award Amount</b>	<b>Jobs Requirement</b>	<b>Investment Requirement</b>
C-20-3292	Setaside	Anderson County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$ 75,000	16	\$8,600,000
C-20-3293	RIF	Cherokee County	Tier 3	ED - Real Property Improvements (land/building/site/infra)	\$500,000	100	\$67,000,000
C-20-3295	Setaside	Berkeley County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$100,000	76	\$55,187,975
C-20-3296	RIF	Orangeburg County	Tier 4	ED - Real Property Improvements (land/building/site/infra)	\$150,000	20	\$24,517,825
C-20-3297	RIF	Horry County	Tier 3	ED - Real Property Improvements (land/building/site/infra)	\$75,000	41	\$2,798,000
C-20-3298	Setaside	Greenville County	Tier 1	ED - Building Upfit/Improvements	\$200,000	105	\$8,500,000
C-20-3300	Setaside	Greenville County	Tier 1	ED - Real Property Improvements (land/building/site/infra)	\$100,000	40	\$100,000,000
C-20-3313	Setaside	Greenwood County	Tier 2	ED - Real Property Improvements (land/building/site/infra)	\$175,000	30	\$53,700,000
C-20-3314	RIF	Darlington County	Tier 3	ED - Site Preparation	\$50,000	15	\$8,450,000
<b>Totals</b>					<b>\$82,860,000</b>	<b>10,202</b>	<b>\$3,338,555,339</b>

*Please note: this table only includes grants that have been formally approved by the Council and accepted by the company involved. Contingent commitments are not included.*

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## RURAL DEVELOPMENT PROJECTS

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### Rural Development

During 2019, the Council allocated funding for specific rural development efforts. Out of the Rural Infrastructure Fund, \$2.5 million was set-aside for “Targeted Rural Strategies” and \$1 million was set aside for “Rural Stabilization” projects. These grants provide funding for specialized efforts to benefit the state’s most rural counties.

Under the Targeted Rural Strategies program, grant funds will be used to assist identified rural counties with expenses related to targeted strategies that will help address the weaknesses of the counties. Department of Commerce staff will work with each county to identify potential projects that include expenses eligible to be reimbursed with RIF funds in accordance with the statute governing the RIF program.

The Rural Stabilization program is an economic development loan program to be used to assist existing businesses in identified rural counties with expenses related to the modernization and improvements of the machinery and equipment at their facility. In conjunction with an approved loan through the Business Development Corporation, the approved companies would be eligible for a loan repayment of up to 25%, not to exceed \$250,000, provided that they held their current level of employment for a period of at least 3 years after the loan is approved.

In 2020, one new grant was awarded out of the Targeted Rural Strategies set-aside, and it was a \$53,515 grant awarded to Marion County for a strategic plan.

The 2020 funding for rural development and other non-business development projects is detailed below.

<b>NEW RURAL DEVELOPMENT &amp; OTHER NON-BUSINESS DEVELOPMENT ACTIVITY CALENDAR YEAR 2020</b>					
<b>Grant Number</b>	<b>Funding Source</b>	<b>Recipient</b>	<b>County Tier</b>	<b>Scope of Work</b>	<b>Award Amount</b>
RIF-TRS-003	RIF	Marion County	Tier IV	Strategic Plan	\$53,515
<b>Totals</b>					<b>\$53,515</b>

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## **GRANT PROGRAM COMPLIANCE**

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Grants from any of the funds managed by the Council, including the Set-Aside Fund, Rural Infrastructure Fund and Closing Fund, are made under and in accordance with the laws of the State of South Carolina. The federal and state courts within South Carolina have exclusive jurisdiction to adjudicate any disputes arising out of or in connection with these grants.

Failure to comply with any of the terms and conditions of the grant can cause the Council to take, in addition to any relief that it is entitled to by law, any or all of the following actions:

- Require repayment of all or a portion of any grant funds provided;
- Cancel, terminate, or suspend the grant, in whole or in part; and or
- Refrain from extending any further assistance or grant funds until such time as the grantee is in full compliance with the terms and conditions of the grant agreement and/or the company is in full compliance with the terms and conditions of the performance agreement.

### **MONITORING**

The portion of projects to be funded in whole or in part with grant funds must generally be completed by the grantee within 18 months of the date of award of the grant. Completion is defined as the final documentation by the grantee to the Council of grant funds expended and issuance by the Council of a notification in writing of the financial closure of the grant. For projects that involve building renovations, once all grant funds have been expended, a Council representative will contact the company and conduct an on-site visit to ensure that grant funds were used as represented by the company. When grant funds are used or site preparation, building construction or improvements to water/sewer, road or rail improvements, it is easier to verify without a visit to the company. The Council may grant extensions to the completion period requirement at its discretion.

All projects must generally begin within three months of the date of award of the grant. If the grantee does not begin the project within three months of the date of award of the grant, the Council reserves the right to rescind the grant, require the repayment of any grant funds provided to the grantee and terminate the agreement.

After financial closeout, final closeout of economic development grants does not occur until the terms of the performance agreement are satisfied.

## **PROCUREMENT**

Records for property purchased totally or partially with grant funds must be retained for a period of three years after its final disposition. The grantee will maintain records relating to procurement matters for the period of time prescribed by applicable procurement laws, regulations and guidelines, but no less than three years. All other pertinent grant and project records including financial records, supporting documents and statistical records will be retained for a minimum of three years after notification in writing by the Council of the closure of the grant.

The grantee will certify, to the best of its knowledge, information and belief, that the work on the project for which reimbursement is requested has been completed in accordance with the terms and conditions of the grant agreement. The grantee will return surplus grant funds that result from project cost underruns and commit and provide monies from its own resources for cost overruns that are required to complete the project.

## **PERFORMANCE REQUIREMENTS**

As described herein, for economic development projects, a company is required to enter into a performance agreement with the Council and the local government grantee pursuant to which the company commits to certain investment and job creation requirements. Generally, a company must satisfy those requirements within five years from the date that the grant application is approved. For grants greater than \$100,000, the company is also required to maintain the investment and jobs for a certain period of time. If the company fails to satisfy the requirements or fails to maintain (if applicable), the company is required to repay a pro rata portion of grant funds disbursed.

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# **LEGISLATIVE AUDIT**

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The Legislative Audit Council (the “LAC”) is part of the legislative branch of government and is composed of five public members, one of whom must be a practicing certified or licensed public accountant and one of whom must be an attorney. In addition, four members of the General Assembly serve as ex officio members. Upon the request of the General Assembly, the Senate Oversight Committee or the House Oversight Committee, the LAC performs audits of state agencies and programs to identify ways to reduce the cost and improve the performance of state agencies. The LAC provides information, analysis, and recommendations to help the General Assembly improve state agencies and to help the citizens of South Carolina oversee state government.

On April 18, 2019, members of the South Carolina General Assembly requested that the LAC conduct an audit of the Department of Commerce regarding incentive packages entered into over the preceding 10 years. The requestors had concerns about the effectiveness and transparency of discretionary economic incentive programs overseen by the Department of Commerce. The audit began in August 2019, and throughout the following months, the auditors reviewed files,



interviewed members of the staff of the Council, and made multiple requests for information. The staff of the Council promptly responded to all requests and answered all questions.

The audit was concluded and the final report was issued by the LAC in June 2020. The final report can be found at <https://lac.sc.gov/reports/reports-agency-a-k/doc-2020>. In its report, the LAC acknowledged that the two primary incentives administered by the Council have been very effective. The LAC stated that for job development credit projects and the grants during the time period reviewed by the auditors, certified job development credit projects have met 100% of their collective job creation goals and that the 248 grants (out of 557 total grants reviewed) that are closed, pending closeout or in maintenance have collectively met 92% of their job creation requirements and exceeded minimum investment requirements by \$1.8 billion. As a result of the audit, the LAC issued 39 recommendations to the Department of Commerce.

The Department of Commerce has evaluated the recommendations and some have already been implemented. Most importantly, the Department of Commerce has updated the cost/benefit model used to evaluate potential projects, and the new model will be implemented this year. Furthermore, in response to the recommendations, several items have been added to this annual report.

- First, the Council has added information about closed projects that illustrates not only the job creation and investment committed, but also the actual job creation and investment achieved. (See Historical Perspective, below, and Economic Development Activity Exhibits A through C.)
- Second, the Council has added information about clawbacks issued during the year, any repayments made and/or amounts still outstanding. (See Exhibit D)
- Lastly, the Council has added information about any repayments deemed uncollectible and written off during 2020 (Exhibit E),<sup>1</sup> as well as performance agreements closed in prior years where the jobs, investment and/or circumstances merited the waiving of repayment (Exhibit F).

None of these items are currently required to be reported by statute, however, the Council is providing these items to increase the information available to the General Assembly and the citizens of the State.

Because this is the first annual report in which such items are provided, it addresses all actions taken from October 1, 2019, which was the first date after the grant period reviewed by the LAC auditors, through December 31, 2020. For future years, the annual report will only address actions taken during that calendar year.

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<sup>1</sup> Please note that grants written off during 2020 included grants that were awarded over the last 13 years.

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## ECONOMIC DEVELOPMENT PERFORMANCE

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When a project reaches the end of the time period during which it must satisfy the investment and job creation requirements set forth in its Performance Agreement, the company must certify to its actual investment and job creation and provide back-up documentation to support its performance. A company generally has five years to meet such requirements, but can certify at any time within the performance period. If a company has not certified prior to the end of such period, the Council provides a reminder the quarter before the end of the performance period. Once the deadline has passed, the Council staff will reach out to the company if it still has not certified.

The Council staff will review all documentation submitted regarding performance and will ask questions or request any additional supporting documentation that is needed. If the requirements have been satisfied, the Council will either close the grant or begin the maintenance period, as applicable. If the requirements have not been met, the Council will evaluate the project and will calculate the amount of a pro rata repayment due or will extend the deadline for performance.

Because the process for obtaining documentation and evaluating performance can take some time, grants often remain open beyond the end of the performance period.

### **HISTORICAL PERSPECTIVE**

Although this report is for the purpose of detailing annual activity, because it can take a company up to five years to meet the investment and job creation requirements and may even take longer for the Council to receive documentation and evaluate performance, demonstrating the value of a company's performance year-to-year is difficult. A project needs to be closed or beginning the maintenance period before actual performance can be measured. Providing information only on Performance Agreements closed during the year does not provide any perspective on overall performance of companies benefiting from Coordinating Council grants. Included herein is a breakdown of the activity during the period October 1, 2019 through December 31, 2020, but in order to show some historical perspective, the table on the following page shows actual jobs and investment for all Performance Agreements for grants awarded from 2009 through 2017 that have been closed or satisfied original requirements and had begun maintenance as of December 31, 2020. No grants awarded after 2017 have closed or begun maintenance yet. On an aggregate basis, the 191 grants that have closed and the 66 grants that have begun maintenance have exceeded both investment and jobs requirements. These projects created 101% of jobs required and 116% of investment.

### Total Jobs & Investment by Year of Award

Year Awarded	Number of Grants	Total Awarded	Total Investment Requirement	Total Actual Investment	Total Jobs Requirement	Total Actual Jobs
2009	23	17,384,983	685,805,000	857,496,773	3,660	3,429
2010	33	21,963,936	1,515,649,000	1,744,099,123	6,064	5,322
2011	42	35,309,125	2,392,511,797	2,634,945,241	4,655	4,895
2012	51	32,437,841	2,372,434,834	2,666,185,431	6,725	6,499
2013	32	15,245,886	611,864,416	865,982,472	2,461	2,854
2014	38	30,369,468	1,676,029,350	1,865,732,859	5,067	5,730
2015	33	30,076,631	1,320,517,621	1,677,473,785	5,337	5,323
2016	1	100,000	5,015,200	7,738,907	29	108
2017	4	1,575,000	87,150,000	89,264,821	396	638
<b>Grand Total</b>	<b>257</b>	<b>184,462,871</b>	<b>10,666,977,218</b>	<b>12,408,919,411</b>	<b>34,394</b>	<b>34,798</b>
				<b>116%</b>		<b>101%</b>

### ACTIVITY OCTOBER 1, 2019 THROUGH DECEMBER 31, 2020

During the time period October 1, 2019 through December 31, 2020, the Council obtained documentation and, upon review of such documentation, was able to close 12 grants, as set forth on Exhibit A, and certify and begin the maintenance period for 22 grants, as set forth on Exhibit B, based on satisfaction of performance requirements that resulted in total investment of \$1,612,832,069 and total job creation of 4,184 jobs, which represents 136% of the investment committed and 122% of the jobs committed. In addition, for 15 companies that were unable to meet both performance requirements as a result of the national pandemic or other unforeseen events, the Council extended the performance period for those grants. The Council's assessment of performance for any other grants that have reached the end of the performance period is still ongoing.

Exhibit C provides information about grants that were terminated because the project did not move forward or because the performance period has expired and no grant funds were disbursed.

For various reasons, some companies have not been able to meet the investment and/or job requirements in full, and the Council has issued notices of repayments due based on the clawback provisions of the Performance Agreements. Exhibit D provides a table that includes information about repayment notifications that have been issued and repayments that were received during the period from October 1, 2019 through December 31, 2020, as well as repayments issued prior to such time that are still outstanding. Note that, where repayments have been received in full, the related Performance Agreement and grant were closed out in 2020.

Sometimes the Council determines the repayment amount is uncollectible. In June of 2017, the Council, for the first time, made the decision to write-off some of these unpaid amounts and close grants dating back as far as 2007. After pursuing grant repayment over a period of years in some cases, Council staff determined that additional amounts were uncollectible or should be reduced or waived given the circumstances of the project. Exhibit E provides a table that includes

information relating to grants that were written off by the Council at its meeting on March 5, 2020.<sup>2</sup> Council staff will continue to evaluate projects and will present to the Council from time to time any projects for which the clawback is deemed to be uncollectible.

Finally, Exhibit F provides information on companies that created significant jobs and investment but still fell short of applicable performance requirements. In many cases, the jobs and/or investment were within 15% of the amount required, or the company fell short on jobs but significantly exceeded investment, or had otherwise made good faith efforts and is continuing to invest in the State and create jobs. There were also, in some cases, issues related to difficulties finding and hiring qualified workers and/or maintaining operations during the COVID-19 pandemic. In these cases, the Council agreed to waive part or all of the repayment and accept the significant performance levels that were achieved. The related Performance Agreements were closed in prior calendar years and presented to the Council at the March 2020 meeting.

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<sup>2</sup> Including the \$473,593 amount written off at the March 2020 Full Council Meeting, as shown on Exhibit E, a total of \$7.4 million has been written off to date. This represents only a fraction, or 3%, of \$240 million awarded to grants where the Performance Agreement has been closed or the project has been certified to begin maintenance.

See PDF for exhibits