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1 **2021-39 (1<sup>ST</sup> READING): AN ORDINANCE CONCURRING IN AMENDMENTS TO THE**  
 2 **REDEVELOPMENT AND FINANCING PLAN OF THE MYRTLE BEACH AIR FORCE BASE**  
 3 **REDEVELOPMENT AUTHORITY, AS AMENDED; AND OTHER MATTERS RELATING**  
 4 **THERETO.**

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5 **Applicant/Purpose:** Staff/ to concur in the 2021 Amendment to the Air Base Redevelopment  
 6 Plan.

7  
 8 **Brief:**

- 9 • Following the Redevelopment Authority’s adoption of the 2018 Amendment to the Air  
 10 Base Redevelopment Plan, and the City’s concurrence, Horry County and the School  
 11 District of Horry County initiated a lawsuit against the Authority and the City in December  
 12 2018.
- 13 • The lawsuit was resolved by mutual agreement of the parties on July 13, 2021 (the  
 14 “Agreement”).

15  
 16 **Issues:**

- 17 • Pursuant to the SC Redevelopment Act for former military facilities and the Agreement,  
 18 the Authority proposes to adopt the 2021 Amendment at its meeting on the evening of  
 19 October 26, 2021, and the City has agreed to concur in the Amendment.
- 20 • The Amendment provides for:
  - 21 • An Initial Distribution to City, County, and School District of \$\_\_\_\_\_ from  
 22 accumulated incremental taxes (blank to be filled in before 2<sup>nd</sup> reading);
  - 23 • Annual Distributions of \$6 million each year until the dissolution of the District;
  - 24 • Completion of \$28.5 million of capital projects by CY2028/FY2029; and
  - 25 • Defeasance of the remaining debt in 2028/29.
- 26 • New Projects to be completed with the \$28.5 million include, among others:
 

27 • P2 Parking Structure; Addition of a third Level	\$ 3,221,000
28 • Grand Park Improvements	\$ 2,700,000
29 • Rehabilitation, Reconstruction, Repair and Remodeling, including milling, grading, and resurfacing of major arteries	\$ 7,840,000
30 • CCTV Cameras for Public Streets and Parking Lots	\$ 2,500,000
31 • Fire Station #3 Expansion	\$ 4,000,000
32 • Fire Station (former Clemson Tract)	\$ 4,500,000
33 • Warbird Park Surface Parking Lot	\$ 500,000

34  
 35  
 36 **Public Notification:** Normal meeting notification.

37  
 38 **Alternatives:** Any alternative would risk violation of the Settlement Agreement, thus no  
 39 alternative is suggested.

40  
 41 **Financial Impact:** Initial Distribution to City will generate approximately \$\_\_\_ million (TBD); with  
 42 the annual distribution yielding about \$1.2 million/year. Retirement of the remaining AFB TIF  
 43 debt will be accelerated by approximately seven years.

44  
 45 **Manager’s Recommendation:**

- 46 • I recommend 1<sup>st</sup> reading (10.26.21).

47  
 48 **Attachment(s):** Proposed ordinance with attachments. The text of the 2021 Amendment appears  
 49 as Exhibit D.

CITY OF MYRTLE BEACH  
COUNTY OF HORRY  
STATE OF SOUTH CAROLINA

AN ORDINANCE CONCURRING IN AMENDMENTS  
TO THE REDEVELOPMENT AND FINANCING  
PLAN OF THE MYRTLE BEACH AIR FORCE BASE  
REDEVELOPMENT AUTHORITY, AS AMENDED;  
AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF MYRTLE BEACH, SOUTH CAROLINA, AS  
FOLLOWS:

Section 1. Findings.

The City Council ("City Council") of the City of Myrtle Beach, South Carolina (the "City"), hereby  
finds and determines:

(a) The City is a municipality of the State of South Carolina (the "State"), and as such,  
possesses certain powers granted by the Constitution and general laws of the State.

(b) Pursuant to Title 31, Chapter 21 of the Code of Laws of South Carolina 1976, as amended  
(the "Act"), the Myrtle Beach Air Force Base Redevelopment Authority (the "Authority") has heretofore  
adopted a Redevelopment and Financing Plan dated October 7, 1998 prepared by Seamon, Whiteside &  
Associates, Inc. and Communitas, LLC, as amended and supplemented by the Redevelopment and  
Financing Plan for the Former Myrtle Beach Air Force Base dated June 27, 2005 (the "Original  
Redevelopment Plan"). The City Council concurred in the Original Redevelopment Plan by Ordinance  
enacted October 11, 2005.

(c) Pursuant to the Act, the Authority adopted on May 5, 2010 an amendment to the Original  
Redevelopment Plan (the "2010 Amendment"). The City Council concurred in the 2010 Amendment  
by Ordinance enacted October 26, 2010.

(d) The substance of the Original Redevelopment Plan, as amended by the 2010 Amendment  
(the "Original Redevelopment Plan, as Amended"), is set forth in Exhibit A hereto and incorporated  
herein by reference. The Original Redevelopment Plan, as Amended, relates to the Myrtle Beach Air  
Force Base redevelopment project area (the "Redevelopment Project Area"), the real property of which  
Redevelopment Project Area is described in the Original Redevelopment Plan, as Amended.

(e) Pursuant to the Act, the Authority adopted on September 1, 2015 an amendment to the  
Original Redevelopment Plan (the "2015 Amendment"), and on June 19, 2018 adopted an additional  
amendment to the Original Redevelopment Plan, as Amended (the "2018 Amendment"). The 2015  
Amendment and the 2018 Amendment are set forth in Exhibits B and C attached hereto and  
incorporated herein by reference. The City Council concurred in the 2015 Amendment and the 2018  
Amendment on August 14, 2018.

(f) Following the Authority's adoption of the 2018 Amendment, and the City's concurrence  
therein, Horry County and the School District of Horry County initiated a lawsuit against the Authority  
and the City, bearing Civil Action No. 2018-CP-26-07249 (the "Lawsuit"). The Lawsuit was resolved by  
mutual agreement of the parties on July 13, 2021 ("Agreement"). Pursuant to the Act and the  
Agreement, the Authority adopted on \_\_\_\_\_, 2021, an amendment to the Original

1 Redevelopment Plan, as Amended, (the “2021 Amendment” and, together with the 2015 Amendment,  
2 the 2018 Amendment, and the Original Redevelopment Plan, as Amended, including by and through  
3 the 2021 Amendment, being referred to herein as the “Redevelopment Plan”). The 2021 Amendment  
4 is set forth in Exhibit D attached hereto and incorporated herein by reference.  
5

6 Section 2. Concurrence in the Redevelopment Plan.  
7

8 The City Council hereby concurs in the 2021 Amendment.  
9

10 Section 3. Other Actions.  
11

12 The City Manager is hereby authorized and directed to execute and deliver any and all documents  
13 and instruments and to do and to cause to be done any and all acts and things necessary or proper for  
14 carrying out the transactions contemplated by this Ordinance.  
15

16 Section 4. General Repeal; Severability.  
17

18 All rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict  
19 herewith, to the extent of such conflict, are hereby repealed. The provisions of this Ordinance are  
20 hereby declared to be separate and if any section, phrase or provision shall for any reason be declared  
21 by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect  
22 the validity of the remainder of the sections, phrases and provisions hereunder.  
23

24 **THIS ORDINANCE SHALL BE EFFECTIVE IMMEDIATELY UPON FINAL READING.**  
25 **SIGNED, SEALED, AND DELIVERED** as of this \_\_\_\_ day of \_\_\_\_\_ 2021.  
26

27 CITY OF MYRTLE BEACH, SOUTH CAROLINA  
28  
29

30 By: \_\_\_\_\_  
31 Brenda Bethune, Mayor

32 ATTEST:  
33  
34

35 \_\_\_\_\_ (Seal)  
36 Jennifer Adkins, City Clerk  
37

38 First Reading: 10-26-2021  
39 Second Reading:

EXHIBIT D - THE 2021 AMENDMENT

MYRTLE BEACH AIR FORCE BASE REDEVELOPMENT AUTHORITY

**2021 AMENDMENT**

**TO**

**REDEVELOPMENT AND  
FINANCING PLAN**

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*For the Former*

**MYRTLE BEACH AIR FORCE BASE**

(Supplementing and Amending the Redevelopment and Financing Plan  
for the Former Myrtle Beach Air Force Base)

October 26, 2021

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## INTRODUCTION AND PURPOSE

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The former Myrtle Beach Air Force Base was one of the largest employers and economic engines in coastal South Carolina for more than 40 years. The base served the country's military and defense needs through wars in Korea, Vietnam, the Persian Gulf and other smaller engagements. Following the Cold War, the Base was one of many considered expendable and on March 31, 1993 the Myrtle Beach Air Force Base was closed.

Effective June 30, 1994, the State of South Carolina adopted the "Federal Defense Facilities Redevelopment Law," Title 31, Chapter 12 of the Code of South Carolina 1976, as amended (the "Enabling Act") to guide the process of converting the base to non-military uses, both public and private. Pursuant to the Enabling Act, the Myrtle Beach Air Force Base Redevelopment Authority (the "Authority") was created on September 30, 1994. The Enabling Act granted to the Authority the responsibility to plan, finance, acquire and sell properties, and to implement projects designed to "return properties to the tax rolls, replace lost jobs, and integrate the properties back into the community." All of the former military properties were designated as a tax increment finance district (the "District") as of the date the Authority was created.

The statutory redevelopment plan for the District was last amended by the Authority on June 19, 2018 (the "2018 Amendment"). A summary of the resolutions by which the Authority adopted and amended the redevelopment plan for the District prior to June 19, 2018, specifically noting those actions in which the City concurred by ordinance prior to August 14, 2018, appears in the 2018 Amendment. As used in this 2021 Amendment, the terms Original Redevelopment Plan, 2005 Amendment, 2010 Amendment, 2015 Amendment have the meanings given such terms in the 2018 Amendment.

This 2021 Amendment (the "2021 Amendment") further amends and supplements the Original Redevelopment Plan, as amended and supplemented by the 2005 Amendment, the 2010 Amendment, the 2015 Amendment, and the 2018 Amendment (as so amended and supplemented, including by this 2021 Amendment, the "Redevelopment Plan").

The 2018 Amendment added new redevelopment projects while also recognizing that eight of the redevelopment projects listed in the 2015 Amendment, remained unconstructed. The 2018 Amendment proposed the issuance of new tax increment bonds to finance certain of the redevelopment projects. The City Council concurred in the 2015 Amendment and the 2018 Amendment on August 14, 2018.

Following the Authority's adoption of the 2018 Amendment, and the City's concurrence therein, Horry County (the "County") and the School District of Horry County (the "School District") initiated a lawsuit against the Authority and the City, bearing Civil Action No. 2018-CP-26-07249 (the "Lawsuit"), wherein they sought a declaration that redevelopment of the District was complete, a prohibition on the issuance of additional bonded indebtedness by the City in support of the District, and a halt to the construction of existing and future redevelopment projects funded by incremental tax revenue derived from the District. The Lawsuit was resolved by mutual agreement of the parties on July 13, 2021 ("Agreement"), a copy of which is attached hereto and incorporated by reference. As part of the Agreement, the parties agreed to the adoption of this 2021 Amendment, specifying, among other things: (1) the targeted retirement of existing bonded

indebtedness issued by the City in support of the District and dissolution of the District by 2028; (2) the construction/completion of 13 ongoing or new projects from among those included in the 2015 and 2018 Amendments, respectively, utilizing no more than \$28,500,000.00 in incremental tax revenues, comprised of \$15,000,000.00 of on-hand and undesignated funds within the City's Capital Projects Fund,<sup>1</sup> as well as \$13,500,000.00 in additional incremental tax revenues from the District ("New Projects Allocation"); and (3) between now and dissolution, the declaration of an annual surplus pursuant to S.C. Code Ann. § 31-12-210 by the Authority of \$6,000,000.00, subject to specified exceptions ("Surplus Distribution"), to be transferred by the City to the County Treasurer for distribution to the District, the County, and the City (collectively, "Taxing Entities") in the same manner and proportions as the most recent distribution of real property taxes from real property in the redevelopment project area.

As a part of the Agreement, no additional tax increment finance bonds will be issued in support of the remaining redevelopment project costs. Further, on an annual basis the City will retain and accrue funds in the Special Tax Allocation Fund<sup>2</sup> in excess of that required to make the baseline distribution of the baseline equalized assessed value for the District to the Taxing Entities, the annual debt service payments on the existing bonded indebtedness, the Surplus Distribution, and the New Projects Allocation (up to a cumulative total of \$13,500,000.00), in order to retire the existing bonded indebtedness as soon as possible, with a target date for Retirement of November 2028.<sup>3</sup>

The 2021 Amendment limits the total number of redevelopment projects to be undertaken in accordance with the terms of the Agreement. The order that redevelopment projects are listed in this amendment differs from the order in which the same redevelopment projects appeared in the 2018 Amendment. These changes reflect the order in which redevelopment projects are now anticipated to be undertaken, and conforms with the order of their listing in the Agreement.

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<sup>1</sup> The Capital Projects Fund was created and established pursuant to the City's Ordinance No. 2016-66 enacted September 13, 2016 (the "2016 Refunding Bond Ordinance") which provides for the issuance of tax increment bonds under the Enabling Act.

<sup>2</sup> The Special Tax Allocation Fund was also created and established pursuant to the 2016 Refunding Bond Ordinance.

<sup>3</sup> As set forth in the Agreement, dissolution of the Authority and the District is targeted for 2028, subject to the retention of sufficient reserve funds to retire the existing bonded indebtedness issued by the City for redevelopment of the District. Consistent with the Agreement, if a circumstance arises in which there exists sufficient reserve funds to retire the then-existing remaining bonded indebtedness issued by the City, but the \$28,500,000.00 set aside for the remaining projects has not been expended, such remaining and budgeted funds may be transferred to the City for completion of the redevelopment projects after the dissolution of the Authority and the District. In the event that insufficient funds exist in the Special Tax Allocation Fund and Capital Projects Fund to fully pay off the cost of the new projects and retire the existing bonded indebtedness in November 2028, the District shall remain active, and the date for retirement shall be extended for such period as quantifiably required to accrue sufficient tax increment funds from the District in the Capital Projects Fund to fully pay off the cost of the new projects and retire the remaining bonded indebtedness.

Redevelopment project descriptions have been amended, where necessary, to reflect changes in the scope of the remaining New Projects, as that term is defined in the Agreement.

The Redevelopment Plan is intended to satisfy the statutory requirements of the Enabling Act. The purpose of the Redevelopment Plan is to coordinate development plans among various owners of property, establish redevelopment objectives, define redevelopment projects, estimate project costs, identify possible sources of financing, and to provide the basis for tax increment financing as a means for funding redevelopment projects.

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## NEW PROJECTS PER THE AGREEMENT

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1. Meyers Avenue Waste and Recycling Center

Scope: The project involves the development of a waste management and recycling center on Meyers Avenue to accommodate waste generated by the Grand Park sports complex, Crabtree and Base Recreation Centers, and Barc Parc. The center will house a compactor site, recycling center, landscape debris storage and grinding area, bulk debris storage area, and a materials storage area for bulk items landscape mulch, sand, soil, and sports field materials.

2. Swallow Avenue Park

Scope: The Swallow Avenue Park will consist of approximately nine acres, for a passive park to include picnic shelters and a playground, rest room facilities, fencing, and a sidewalk from the parking lot.

3. Grand Park Loading/Unloading Area

Scope: Grand Park Loading/Unloading Area - This project involves the construction of an area adjacent to Farrow Parkway to allow vehicles to exit Farrow Parkway to load and unload equipment necessary for events in the park. This addition will improve safety conditions, as one lane of Farrow Parkway is currently being blocked for this purpose when loading and unloading occurs for events at the Park.

4. Valor Park Restroom Facility

Scope: Construction of a Public Restroom Facility in Valor Park to better accommodate daily activity and special event goers.

5. P2 Parking Structure; Addition of a Third Level

Scope: Construction of an additional parking level at the existing parking structure in parcel P2. The additional floor is expected to add approximately 150 parking stalls.

6. Grand Park Improvements

Scope: Replacement of field turf on fields 1, 2 and 3 in 2020-21 and fields 4 through 9 in 2023-24; addition of picnic shelters, batting cages, bullpens and scoreboards; and, depending upon the availability of funding from incremental revenues or other City sources, the construction of as many as five multi-purpose fields consistent with Phase V work under the Grand Park Master Plan. Parking and restroom facilities will be included. The project may be modified to provide festival grounds or other recreational amenities instead of the five fields described above.

7. Grand Park Linear Extension

Scope: Improvements along the lake running parallel to Farrow Parkway to include bicycle and pedestrian paths into and around the lake, ingress and egress for both automotive equipment and bicycles/pedestrians from both Farrow Parkway and the International Technology and Aerospace Park, an outdoor classroom area, and refurbishment of an existing building to provide restroom facilities.

8. Police Annex Expansion

Scope: Renovations to the Police Annex located on Mustang Avenue would allow for expansion of current investigative and training activities, replacement of indoor shooting range facilities, as well as provision of office space for the additional patrol officers now needed in the former base area. This would give officers generally greater access to south end properties, including those that have developed on the site of the former base.

9. Rehabilitation, reconstruction, repair, and remodeling costs of Redevelopment Projects

- *Public Parking Facilities*

Scope: One-time resurfacing and repair of surface parking lots and structured parking to serve the densely developed urban core.

- *Roadway Milling, Resurfacing and Striping*

Scope: Includes milling, resurfacing, and restriping. This will be a one-time project to rehabilitate roadways at the substantial conclusion of the residential development of the former base, for which the construction traffic since 2005 has caused significant deterioration of the existing roadways. Project includes full depth roadway, sidewalks, bike or walking trails, curb and gutter, drainage, striping, landscaping and a 25% contingency for increased costs and other improvements to Farrow Parkway, Howard Parkway, Interior Roads including Shine Avenue, Interior Roads in the Market Common, Streets to complete the urban grid framework, Phyllis Boulevard, and one-time resurfacing of interior streets in Seagate Village.

- *Storm Water Management System*



Scope: A system of lakes and canals designed to manage the quantity and quality of storm water runoff and serve as an amenity for the development. This will be a one-time project to rehabilitate the storm water infrastructure at the substantial conclusion of the residential development on the former base property. Rehabilitation and repair work will include dredging lakes as canals mature and sediment accumulates.

- *Valor Park and Warbird Park*

Scope: The primary public space and focal point of South Park Village (now the Market Common), was a waterfront park linking the core of the urban village to the water amenities. That park became Valor Park as the Market Common developed. Additional park space has been created in Warbird Park, located at the entrance to the former base property and serving as home to four examples of aircraft that flew from the former base. This project will provide for landscaping and park furniture and fixtures to be rehabilitated and repaired at Valor Park. It will provide for the periodic repainting of the aircraft at Warbird Park.

10. CCTV (Surveillance Cameras and Information Technology Infrastructure) for Public Streets and Parking Lots

Scope: Acquisition and installation of surveillance cameras, including the system infrastructure to allow their connection to the Police Department's surveillance system along Farrow Parkway, Meyers Avenue and other public streets that would be linked to the Police Department's CCTV system.

11. Fire Station #3 Expansion

Scope: Updates to the station and its attendant fire training facilities that would bring the facility up to National Fire Protection Association (NFPA) and Occupational Safety and Health Administration (OSHA) guidelines, allow for the addition of the placement of a ladder truck and a medical squad at the station, and add a decontamination area and larger classrooms that could be used for community meetings and training events for residents and businesses of the south end and the former Air Base.

12. Fire Station (former Clemson Tract)

Scope: The proposed fire station will house a fire engine and first responder vehicles to serve housing and commercial development on the site of the former Air Base and at the former Clemson Tract, for which development is currently underway.

13. Warbird Park Surface Parking Lot

Scope: This project includes a surface parking lot to allow for 23 spaces, four handicapped parking spaces, parallel bus parking adjacent to Warbird Park, and restroom facilities to serve guests to the park.

Consistent with the Agreement, the table appearing on the following page under the title “Estimated Remaining New Project Costs” presents the estimated costs of the remaining New Projects expressed in 2021 dollars. The budget figures shown below are estimates of total costs expected in completing such redevelopment projects. The estimates vary from very preliminary cost estimates for projects for which no actual design has been completed, to construction cost estimates provided by engineers or other professionals for projects for which some design has been undertaken. Actual costs may vary from estimated costs. Further, priorities may change due to circumstances that cannot be foreseen at present, and one or more of the listed New Projects may be foregone in order to complete others.

Consistent with the terms of the Agreement, no more than \$28,500,000.00 in tax increment funds are to be utilized to complete the New Projects. The \$28,500,000.00 will be composed of the undesignated funds currently within the Capital Projects Fund (consisting of \$15,000,000.00), and cumulative additional New Projects allocations of \$13,500,000.00, derived from annual allocations of up to \$2,250,000.00 from the tax increment funds collected in the District and held in the Special Tax Allocation Fund,<sup>4</sup> which will be designated within the Capital Projects Fund for the New Projects. The City may, in its discretion, use funds estimated for one or more listed projects to make up shortfalls in other listed projects, as long as the cumulative total new tax increment funds expended on New Projects does not exceed \$28,500,00.00. The City and the Authority may, in their respective discretions, also contribute funding from other sources to complete any of the New Projects in the event that the total cost to complete the New Projects exceeds \$28,500,00.00. By adopting and concurring in this amendment, respectively, neither the Authority nor the City is obligated to contribute or make available additional moneys towards the New Projects, and any contribution of moneys by either in support of redevelopment project costs is subject to the discretion of the Authority’s Board and any lawful budgetary appropriation of City Council.

In terms of economic impact, these projects will support the creation and sustenance of jobs in the existing retail sector and the emerging medical sector, as the Veterans Administration facility, the Tidelands Health facility and residential development continue in and adjacent to the District, as well as enhancing the viability of existing economic activity in the District.

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ESTIMATED REMAINING NEW PROJECT COSTS

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<u>Project Title</u>	<u>Cost Estimate</u> <sup>5</sup>
Meyers Avenue Waste and Recycling Center	82,000
Swallow Avenue Park	350,000
Grand Park Loading/Unloading Area	100,000
Valor Park Restroom Facility	207,000
P2 Parking Structure; Addition of a Third Level	3,221,000
Grand Park Improvements	2,700,000
Grand Park Linear Extension	500,000
Police Annex Expansion <sup>6</sup>	2,000,000
Rehabilitation, Reconstruction, Repair and Remodeling <sup>7</sup>	7,840,000
CCTV (Surveillance Cameras and Information Technology Infrastructure) for Public Streets and Parking Lots	2,500,000
Fire Station #3 Expansion	4,000,000
Fire Station (former Clemson Tract)	\$ 4,500,000
Warbird Park Surface Parking Lot <sup>8</sup>	<u>500,000</u>
Grand Total	\$ <u>28,500,000</u>

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<sup>5</sup> This 2021 Amendment anticipates that the earmarking of an additional \$13,500,000 from incremental revenues will be necessary for the completion of these redevelopment projects by the end of Fiscal Year 2026.

<sup>6</sup> In the 2018 Amendment, the estimated total project cost for the Police Annex Expansion was \$3,785,000. Construction on the project commenced in 2019 at a contracted construction cost of \$4,003,909, of which \$2,003,909 had already been retained and obligated at the time the parties participated in mediation of the Lawsuit; therefore, the obligated funds (\$2,003,909) were treated differently and are neither a part of the \$28,500,000 New Projects cap nor are subject to the limitations of this 2021 Amendment or the Agreement. The additional \$2,000,000 in tax increment funds shown here represents the remaining contractual obligation to complete the project, which amount is a part of the \$28,500,000 New Projects cap.

<sup>7</sup> The scope and complexity of planned redevelopment projects may require additional and specialized project management capacity to support the existing staff resources of the City, the Authority and other organizations that implement or construct redevelopment projects. Accounting, bookkeeping, inspections, scheduling, contract administration, and construction supervision are examples of project-related services that may be required to complete redevelopment projects in an effective, timely manner. These costs are included in estimates for the Rehabilitation, Reconstruction, Repair and Remodeling, P2 Parking Structure; Addition of a Third Level, Police Annexation Expansion, Fire Station #3 Expansion and other large projects.

<sup>8</sup> This project, which was approved in the 2018 Amendment under the title "South End Parking," has been renamed and reduced in scope.

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ESTIMATE AS TO EQUALIZED ASSESSED VALUATION AFTER REDEVELOPMENT

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The initial equalized assessed valuation of the project area comprising the District as of its creation was \$15,600. At the time the Redevelopment Plan was initially concurred in by the City, following the 2005 Amendment, the baseline equalized assessed value for the District as established by the City was \$4,247,212.00 (“BEAV”). The BEAV is used to calculate the annual baseline distribution to the School District, the County, and the City according to the adopted millage rates (“Baseline Distribution”). It was estimated on December 31, 2017 that the equalized assessed valuation of the project area comprising the District after redevelopment would be \$40,275,000. This estimate was made based on the following:

1. A review of property values as listed in the Horry County tax records for taxable properties as of December 31, 2017, adjusted for actual property tax collections realized annually in the interim;
2. Estimates of the value of other properties based on market activity, lease income and conservative estimates based on available information;
3. The estimated values of prospective private investments as given by owners or developers;
4. Estimates of future development activity and values for all other properties based on the current land use plans; and
5. A build-out period of approximately 22 years, ending between 2026 and 2028.

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POSSIBLE SOURCES OF FUNDS TO PAY COSTS

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The primary source of funding for redevelopment projects has been incremental revenues deposited into the Special Tax Allocation Fund. Other sources have included City funds, approximately \$1,000,000 in grants from private sources, state agencies, and the Authority for the four phases of development of the Linear Park, \$85,000 of developer contributions from the Arbor Glen PUD, and other grants for which the City has applied. Limited amounts of City capital project funding, water and sewer revenues, storm water utility revenues, and discretionary grants from the Authority have also been used and may continue to be available to provide supplemental funding.

Based upon the expiration in December 2020 of the City’s ability to issue additional tax increment debt, and consistent with the Agreement’s acknowledgment that no additional debt would be issued in support of the District, as well as the projected annual debt service coverage (included as Exhibit A to the Agreement), it is estimated that the available annual tax increment revenue will be sufficient to cover the costs of the New Projects on a pay-as-you-go basis, and that

those revenues will also be sufficient to generate \$6,000,000 in surplus revenues annually, subject to specified exceptions, for distribution to the taxing jurisdictions beginning with the end of Bond Year 2021/Fiscal Year 2022.<sup>9</sup> The City will initiate the distribution each year by requesting that the Authority adopt its resolution declaring such funds to be surplus funds to be distributed to the City, County and School District according to their property tax rates in effect at the time.

Moreover, as to the Bond Year 2021/Fiscal Year 2022 Surplus Distribution, the first such declaration contemplated after the execution of the Agreement and adoption of this 2021 Amendment, the Agreement acknowledges that there may exist sufficient undesignated funds in the Capital Projects Fund to allow for an initial, one-time Surplus Distribution in excess of \$6,000,000. According to Section 3.c.-d. of the Agreement, the Chief Financial Officers of the District, the County, and the City (“CFO Group”) will convene their annual meeting to review the record of transactions, fund balances, or accounting entries occurring within the Special Tax Allocation Fund during Fiscal Year 2021 and, if such review results in a determination by the CFO Group that sufficient funds exist to make a Surplus Distribution in excess of \$6,000,000 for Fiscal Year 2022, then the CFO group will make such a recommendation to the Authority for adoption. By and through the Agreement, the Chief Executive Officer of the Authority has agreed to accept and recommend to the Authority’s Board the adoption of the CFO Group’s recommendation for the amount of the Surplus Distribution in Fiscal Year 2022. Based on the Agreement, it is understood and agreed that no such excess Surplus Distribution in Fiscal Year 2022 will be contemplated or allowed unless sufficient funds exist in the Special Tax Allocation Fund to meet the following express obligations: (1) the Fiscal Year 2022 Baseline Distribution; (2) the Annual Debt Service payment on or before October 1, 2021; (3) the New Projects Allocation set aside of \$2,250,000, subject to the calculation exceptions set forth in Section 3.f.ii of the Agreement, to be combined with the \$15,000,000 currently existing in the Capital Projects Fund; (4) the declaration of the normal Surplus Distribution of at least \$6,000,000; and (5) the retention in the Capital Projects Fund of a reasonable amount of additional funds from the available incremental tax revenues as reserve funds.

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<sup>9</sup> The “Bond Year” is established by the Series 2016 Refunding Bond Ordinance. The Bond Year runs from October 1 through September 30. Debt Service payments are made semi-annually with an interest installment due on April 1, and principal and interest on October 1. The City’s fiscal year runs from July 1 of one year through June 30 of the subsequent year, and references in this 2021 Amendment to a Fiscal Year followed by a year (e.g., “Fiscal Year 2022”) mean the City’s fiscal year ended June 30 of the year stated. Subject to sufficient funds being available, the declaration of surplus funds by the Authority and the consequent distribution of those funds, will normally occur during the 60-day period following the end of a Bond Year. Accordingly, both the Baseline Distribution of funds and the distribution of Surplus Funds from the Capital Projects Fund of the Special Tax Allocation Fund for Bond Year 2021 will constitute transactions occurring in the City’s Fiscal Year 2022, and so on.