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1 **2022-25 (1<sup>ST</sup> READING):** AUTHORIZING THE CREATION OF THE  
2 MYRTLE BEACH DOWNTOWN MUNICIPAL IMPROVEMENT DISTRICT  
3 AND APPROVING AN IMPROVEMENT PLAN FOR THE DISTRICT;  
4 PROVIDING FOR THE FINANCING OF IMPROVEMENTS THEREIN BY  
5 ASSESSMENTS AND OTHER REVENUES AS HEREIN DESCRIBED;  
6 PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE UPON THE  
7 ENACTMENT HEREOF; ORDERING THE PREPARATION OF AN  
8 ASSESSMENT ROLL AND THE PUBLISHING OF THE COMPLETION OF  
9 THE ASSESSMENT ROLL AND SENDING OF A NOTICE OF SUCH  
10 ASSESSMENT TO PROPERTY OWNERS; AND OTHER MATTERS  
11 RELATING THERETO.

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12 **Applicant/Purpose:** MBDA, Business Owners, Staff / to authorize the creation of the  
13 Myrtle Beach Downtown Municipal Improvement District (MID), approve the improvement  
14 plan for the District, and establish the basis for a Municipal Improvement District  
15 assessment and funding plan.  
16

17 **Brief:**

- 18 • The purpose of the MID is to provide for the provision and funding of various public  
19 improvements for the benefit of the current and future users of the real property  
20 located within the district as set forth in Resolution 2022-17 adopted on April 12,  
21 2022. Proposed public Improvements consist of:
  - 22 ○ Ambassador Program
  - 23 ○ Events and Marketing
  - 24 ○ Special Projects
  - 25 ○ Planning and Research
- 26 • The Ordinance incorporates, by reference, the Report on Reasonable Basis of  
27 Assessment outlining the purpose of the district and methodology for determining  
28 the assessment rate of \$1.0100 per dollar of assessed value.
- 29 • The Ordinance incorporates, by reference, the Form of Assessment Roll, which  
30 will be prepared upon adoption of the ordinance. Upon adoption, the completed  
31 assessment roll will be mailed, certified, to all property owners of record within the  
32 district  
33

34 **Issues:**

- 35 • Absent the establishment of the District, other funding sources would need to be  
36 identified to provide the public improvements proposed within the district.  
37

38 **Public Notification:** A Public Hearing was held on May 10, 2022 at 10:00am.  
39

40 **Alternatives:**

- 41 • Amend or deny Ordinance.  
42

43 **Financial Impact:** Impact upon participants in the Municipal Improvement District will be  
44 the equivalent of 10 mills. Formal notification of the assessment roll, a public hearing on  
45 the assessment, and then adoption and implementation of the assessment will require two  
46 additional readings of ordinances by Council.  
47

48 **Manager's Recommendation:** I recommend approval.  
49

50 **Attachment(s):** Proposed ordinance, supporting material

CITY OF MYRTLE BEACH  
COUNTY OF HORRY  
STATE OF SOUTH CAROLINA

AUTHORIZING THE CREATION OF THE MYRTLE BEACH DOWNTOWN MUNICIPAL IMPROVEMENT DISTRICT AND APPROVING AN IMPROVEMENT PLAN FOR THE DISTRICT; PROVIDING FOR THE FINANCING OF IMPROVEMENTS THEREIN BY ASSESSMENTS AND OTHER REVENUES AS HEREIN DESCRIBED; PROVIDING FOR THE PUBLICATION OF THIS ORDINANCE UPON THE ENACTMENT HEREOF; ORDERING THE PREPARATION OF AN ASSESSMENT ROLL AND THE PUBLISHING OF THE COMPLETION OF THE ASSESSMENT ROLL AND SENDING OF A NOTICE OF SUCH ASSESSMENT TO PROPERTY OWNERS; 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) Pursuant to Title 5, Chapter 37, Code of Laws of South Carolina 1976, as amended (the “Act”), governing bodies of the municipalities of the State of South Carolina (the “State”) are authorized to acquire, own, construct, establish, install, enlarge, improve, expand, operate, maintain and repair, and sell, lease and otherwise dispose of any improvement and to finance such acquisition, construction, establishment, installation, enlargement, improvement, expansion, operation, maintenance and repair, in whole or in part, including the provision of additional services or functions which the City in accordance with law may provide and things incidental thereto, by the imposition of assessments in accordance with the Act, by special district bonds, by general obligation bonds of the municipality, by revenue bonds of the municipality, or from general revenues from any source not restricted from such use by law, or by any combination of such funding sources.

(b) The City has determined that the real property in the Improvement District would benefit from certain improvements, including the provision of additional services or functions which the City in accordance with law may provide and things incidental thereto, that will serve the property in the Improvement District (collectively, the “Improvements,” as such term is more particularly defined in the Improvement Plan).

(c) As set forth in Resolution R2022-17, adopted by City Council on April 12, 2022 (the “Resolution”), the City has caused to be prepared an “improvement plan” (within the meaning of Section 5-37-20(4) of the Act), entitled “Improvement Plan for the Myrtle Beach Downtown Municipal Improvement District” (the “Improvement Plan”), which Improvement Plan contemplates the creation of the Myrtle Beach Downtown Municipal Improvement District (the “Improvement District”), comprising those parcels of land in the City identified in Exhibit A of the Improvement Plan (the “Land”), and the implementation of the Improvements as described in the Improvement Plan with respect to the Improvement District. The Resolution

1 and the Exhibits thereto, including the Improvement Plan, which are hereby incorporated by  
2 reference as if set forth herein, are on file in the office of the City Manager and are available  
3 for inspection during normal business hours.  
4

5 (d) Pursuant to Section 5-37-50 of the Act and the provisions of the Resolution, a  
6 public hearing concerning the Resolution was held on May 10, 2022, which date was neither  
7 sooner than 20 days nor more than 40 days following the adoption of the Resolution and  
8 neither less than ten days nor more than 120 days before the second reading and passage of  
9 this Ordinance.

10  
11 (e) Pursuant to Section 5-37-60 of the Act, the entire text of the Resolution was  
12 published once a week for two successive weeks in the *Myrtle Beach Herald*, which is a  
13 newspaper of general circulation in the City. The last date of publication was not less than  
14 ten days prior to the date of the public hearing concerning the Resolution.

15  
16 (f) Pursuant to Section 5-37-40 of the Act, the City Council hereby finds that: (1)  
17 the Improvements will be beneficial within the Improvement District, (2) the Improvements  
18 will preserve or increase property values within the Improvement District, (3) the  
19 Improvements are likely to encourage development in the Improvement District, (4) the  
20 general welfare and tax base of the areas within the Improvement District and the City will  
21 be maintained or likely improved by the creation of the Improvement District within the City,  
22 and (5) it would be fair and equitable to finance all or part of the cost of the Improvements  
23 by an assessment upon the real property located within the Improvement District.  
24

25 Section 2. Approval of the Improvement Plan and Creation of Improvement District.

26  
27 The Improvement Plan is hereby approved, and the Improvement District as described  
28 above and more fully in the Improvement Plan is hereby created. The implementation of the  
29 Improvement Plan is hereby authorized.  
30

31 Section 3. Funding of Improvements.

32  
33 The estimated cost of the Improvements is approximately \$13,906,000. A portion of  
34 the costs of the Improvements will be funded with the assessment upon the real property  
35 within the Improvement District (the "Assessment") as further described in Section 4 hereof.  
36 To the extent required and as set forth in the Improvement Plan, the City may utilize any  
37 other permitted funding source, including other governmental entities and private parties, to  
38 fund the remaining cost of the Improvements. No portion of the Improvements will be funded  
39 with bonds.  
40

41 Section 4. Approval of Assessments and of Assessment Roll.

42  
43 The Report on the Reasonable Basis of the Assessment dated May \_\_, 2022 provided by  
44 Municap, Inc. (the "Basis Report"), which has been presented to City Council and is  
45 incorporated herein by reference, is hereby approved. The form of Assessment Roll (the  
46 "Assessment Roll") which has been presented to City Council and is hereby incorporated  
47 herein by reference as if set forth herein, and the Assessment reflected therein are hereby  
48 approved and shall be the basis for the actual Assessment on each parcel of property listed  
49 thereon if not altered or amended by City Council ordinance pursuant to the hearings and the  
50 final City Council meeting pursuant to Section 5 hereof. City Council hereby determines that

1 such basis for the Assessment as set forth in the Assessment Roll is appropriate and included  
2 in the authorized methods set forth in Section 5-37-20(1) of the Act. The form of the  
3 Assessment Roll and Basis Report shall be filed in the offices of the City Manager and  
4 available for inspection during normal business hours.  
5

6 The City Manager is hereby authorized and directed to prepare and complete the  
7 Assessment Roll, with such changes to the form thereof as the City Manager shall approve,  
8 and to enter thereon the names of the persons whose properties are to be assessed and the  
9 Assessment against their respective properties with a brief description of the lots or parcels  
10 of land assessed. Upon completion, the final Assessment Roll shall be filed in the office of the  
11 City Manager and made available for inspection during normal business hours.  
12

13 Section 5. Hearing of Objections to Assessment Roll.  
14

15 (a) The City Manager is hereby authorized and directed to publish notice of  
16 completion of the Assessment Roll at least once in the *Myrtle Beach Herald*, which is a  
17 newspaper of general circulation in the City, setting forth a description in general terms of  
18 the Improvements, and stating the time and place fixed for the hearing of objections in  
19 respect to the Assessment and that a property owner who fails to file with the City Council a  
20 written objection to the Assessment against his property before such hearing shall be deemed  
21 to have consented thereto. The hearing of objections to the Assessment is scheduled for  
22 \_\_\_\_\_, 2022, at \_\_\_\_\_ a.m. or at such other date and time as shall be set by the City  
23 Manager.  
24

25 (b) All persons who file written objections to the Assessment Roll within the time  
26 prescribed shall have an opportunity to appear either in person or by their attorney at the  
27 hearing held by the City Council for such purposes, but the final decision on each objection  
28 shall be made by a vote of the City Council at a public session thereof. At the session(s) held  
29 to make a final decision on the objections, City Council may make such corrections to the  
30 Assessment Roll as it deems proper and confirm the same or set it aside and provide for a new  
31 Assessment.  
32

33 (c) Whenever City Council shall confirm an Assessment, either as originally  
34 prepared or as thereafter corrected, a copy thereof shall be certified by the Clerk of the City  
35 Council and filed in the office of the Clerk of Court for Horry County, and from the time of  
36 filing the Assessment impressed in the Assessment Roll constitutes and is a lien on the real  
37 property against which it is assessed superior to all other liens and encumbrances, except the  
38 lien for property taxes, and must be annually assessed and collected with the property taxes  
39 on such real property.  
40

41 Section 6. Notice of Assessment Roll.  
42

43 The City Manager is hereby authorized and directed to cause in the name and on  
44 behalf of the City Council to be mailed, as soon as practicable but prior to the publication of  
45 notice of completion of the Assessment Roll pursuant to Section 5 hereof, by registered or  
46 certified mail, return receipt requested, to the owner or owners of each lot or parcel of land  
47 against which the Assessment is to be levied, at the address appearing on the records of the  
48 City or Horry County Treasurer, a notice stating the nature of the Improvements, the total  
49 proposed cost thereof, the amount to be assessed against the particular property and the  
50 basis upon which the Assessment is made, together with the terms and conditions upon which

1 the Assessment may be paid. The notice must contain a brief description of the particular  
2 property involved, together with a statement that the amount assessed constitutes a lien  
3 against the property superior to all other liens except property taxes. The notice also must  
4 state the time and place fixed for the hearing of objections in respect to the Assessment  
5 contemplated by Section 5(a) hereof. A property owner who fails to file with the City Council  
6 a written objection to the Assessment against his property before such hearing takes place  
7 shall be considered to have consented to the Assessment, and the notices published pursuant  
8 to Section 5(a) and sent pursuant to this Section 6 shall so state.  
9

10 **Section 7. General Repealer; Severability.**

11  
12 All rules, regulations, resolutions and parts thereof, procedural or otherwise, in  
13 conflict herewith, to the extent of such conflict, are hereby repealed. The provisions of this  
14 Ordinance are hereby declared to be separate and if any section, phrase or provision shall for  
15 any reason be declared by a court of competent jurisdiction to be invalid or unenforceable,  
16 such declaration shall not affect the validity of the remainder of the sections, phrases and  
17 provisions hereunder.  
18

19 **THIS ORDINANCE SHALL BE EFFECTIVE ON THE SEVENTH DAY AFTER THIS ORDINANCE**  
20 **HAS BEEN PUBLISHED IN THE MYRTLE BEACH HERALD, WHICH IS A NEWSPAPER HAVING**  
21 **GENERAL CIRCULATION IN THE CITY.**

22  
23 **SIGNED, SEALED, AND DELIVERED AS OF THIS \_\_\_\_ DAY OF \_\_\_\_\_ 2022.**

24  
25 **CITY OF MYRTLE BEACH, SOUTH CAROLINA**

26  
27  
28 By: \_\_\_\_\_  
29 Mayor

30  
31 **ATTEST:**

32  
33  
34 \_\_\_\_\_ (Seal)  
35 City Clerk  
36

**MYRTLE BEACH DOWNTOWN MUNICIPAL IMPROVEMENT DISTRICT  
CITY OF MYRTLE BEACH, SOUTH CAROLINA**

**REPORT ON THE REASONABLE BASIS OF ASSESSMENT**

Prepared By:

**MuniCap, Inc.**

May [ ], 2022

# MYRTLE BEACH DOWNTOWN MUNICIPAL IMPROVEMENT DISTRICT CITY OF CHARLESTON, SOUTH CAROLINA

## REPORT ON THE REASONABLE BASIS OF ASSESSMENT

### Introduction and Purpose of Report

The Myrtle Beach Downtown Municipal Improvement District (the “District”) is being created to provide public services (the “Improvements”) for the real property within the geographic boundaries of the District. The Improvements are both meant to and are expected to provide a special benefit to the real property in the District. The Improvements are being provided as set forth in the “Improvement Plan for the Myrtle Beach Downtown Municipal Improvement District,” to be approved by ordinance enacted by City of Myrtle Beach Council on \_\_\_\_\_, 2022 (the “Improvement Plan”).

The City of Myrtle Beach (the “City”) is imposing a special assessment (the “Assessment”) to fund a portion of the costs of the Improvements; the Assessment may also be utilized to fund the costs of administering the District.

The District is being created and the Assessment is being levied pursuant to the Municipal Improvements Act (S. C. Code Section 5-37-10, *et seq.* and, as amended from time to time, (the “Act”). The Act provides that the costs of the Improvements provided to the real property within the District may be assessed in a manner prescribed by the City upon real property benefited by such Improvements.

This report describes the real property in the District, the Improvements to be provided for the real property in the District and the expected funding of the Improvements, and then proceeds to present the reasonable basis of the Assessment.

Pursuant to the provisions of the Assessment Roll, including the Rate and Method of Apportionment of Assessment for the District (which is attached as Appendix A to the Assessment Roll), to be approved in conjunction with this report (the “Rate and Method of Apportionment of Assessment”), the Assessment will be paid by owners of the real property in the District each year to provide funds for the costs of the Improvements, which may include the cost of administration of the District.

Undefined terms used herein shall have the meanings given to such terms in the Rate and Method of Apportionment of Assessment.

### Description of the District

The real property included within the District is fully described and shown in the Improvement Plan and is summarized below.

The real property included within the District is located in the City and is generally bounded by the following:

- The Atlantic Ocean to the southeast;
- 11<sup>th</sup> Avenue South to the southwest (including properties on the southwest side of 11<sup>th</sup> Avenue South);
- Various streets to the northwest, including properties fronting along the northwest side of North Kings Highway between 21st Avenue North and 16th Avenue North, by the combination of North Oak Street, Lumber Street, Alder Street, Broadway Street, and Charlotte Road between 16th Avenue North and 5th Avenue South, and by properties fronting along the northwest side of South Kings Highway between 5th Avenue South and 12th Avenue South; and
- 21<sup>st</sup> Avenue North to the northeast (including properties on the northeast side of 21<sup>st</sup> Avenue North or at the intersection of 21<sup>st</sup> Avenue North and North Ocean Boulevard).

Please note that in many cases, parcels of property along both sides of the roads specified above are within the District.

The acreage of the real property within the District is approximately 689 acres, inclusive of the publicly owned right of way within the District. Real property parcels that qualify as owner-occupied residential property as of the creation of the District have been excluded from the District.

### **Proposed Improvements**

The primary goal of the Improvement Plan is to provide services that will serve the real property in the District. As noted above, the services are identified and described in the Improvement Plan and are defined therein as the “Improvements.” The Improvements identified and described in the Improvement Plan, and summarized in **Table A** below, represent services that are expected to provide a special benefit to the real property parcels in the District. The estimated costs (including an estimate for inflation) of the Improvements are shown in Table A (the actual costs of the Improvements will likely vary from this estimate for various reasons, including the expected impact of inflation).

**Table A**  
**Summary of Improvements and Estimated Costs Thereof**

<b>Improvements</b>	<b>Estimated Total Cost</b>
Ambassador program	\$5,015,000
Events and marketing	\$2,003,000
Special projects	\$1,937,000
Planning and research	\$650,000
Management and overhead costs of the provision of the services	\$4,301,000
<b>Total</b>	<b>\$13,906,000</b>



The estimated costs specified in Table A above shall not serve as limits to the amount of expenditures on any Improvements or category of the Improvements.

The existence of the Improvement Plan and the Assessment shall not limit the City from providing the same services, similar services or other services to the real property within the District by other means.

As typical, each component of the Improvements is part of a larger, integrated plan to provide related services to the District. In particular, certain Improvements are expected to work well together, and to work in conjunction with the broader planning, marketing and economic development efforts included in the Improvements. The expected delivery of the Improvements will bring various services to all of the real property in the District. The needs of the real property in the District are expected to be evaluated on an ongoing basis and the Improvements are expected to be delivered in a non-static manner to address such changing and distinct needs, so as to provide for the greater benefit to all of the real property in the District. Together, the various services will aim to provide a comprehensive solution and broad benefit to all of the real property in the District. In summary, the Improvements have been designed to provide general benefits to all of the real property in the District, not just to specific portions of the District.

## **Funding of the Improvements**

As indicated in the Improvement Plan, the City anticipates obtaining the funds required to provide the Improvements from the following sources:

- Proceeds from the collection of the Assessment;
- Contributions or grants from other parties, including other governmental entities and private parties;
- Revenues from program services;
- Hospitality tax revenues;
- Parking revenues; and
- Other City funds, as needed and available.

As indicated above and explicitly contemplated in the Improvement Plan, sources of funds other than the Assessment are expected to be utilized to help fund the Improvements. Additional sources of funds not mentioned above or within the Improvement Plan but allowed by State law may also be utilized independently or in combination with the revenue sources stated above to execute the Improvement Plan.

## **Determination of Reasonable Basis of the Assessment**

The determination of reasonable basis for the Assessment levied in the District is based on the following:

1. The expected Improvements are being provided to serve the real property in the District, and as a result, provide a special benefit to the real property within the District;
2. The special benefit of the Improvements to the real property subject to the Assessment is

expected to equal or exceed the cost of the Assessment to the real property;

3. The Assessment will be allocated to each parcel within the District on a reasonable basis that is representative of the benefit each property receives from the Improvements; and
4. The Assessment will be billed to each parcel within the District in a manner that is representative of the benefit each property receives from the Improvements.

This section of this report explains how the Assessment, as levied pursuant to the Assessment Roll, including the Rate and Method of Apportionment of Assessment, is consistent with these concepts.

### Special Benefit

For multiple reasons, including the ones described below, the real property in the District on which the Assessment will be levied will receive a special benefit from the Improvements. First, the service nature of the Improvements and the provision of Improvements solely to the real property within the District demonstrate the direct relationship of the Improvements to the real property in the District. The moderate size of the District, the density of the District, the interconnectedness of the real property in the District and the complementary nature of the uses of the real property within the District, all combine to further demonstrate the applicability of the Improvements to the real property in the District, and thus helps to demonstrate the special benefit that the real property in the District will receive from the Improvements. Correspondingly, and in accordance with the goals of the Act, City Council believes that the commercial core area of the City is in need of additional services and is purposely selecting the real property to be included in the District (described above and specified in the Improvement Plan) to represent the area in such need. As such, the correlation between the Improvements and the real property selected to be in the District further supports the expectation that the real property in the District will receive a special benefit from the Improvements.

Second, over the course of the last thirteen years, the City and others has studied, analyzed and crafted comprehensive plans relating to the real property in the District, some of which have included consideration of the delivery of services and enhanced services. Among other such planning efforts, the following plans are notable:

- City's Comprehensive Plan (2021)
- Downtown Master Plan (2019)
- Bicycle and Pedestrian Plan (2018)
- Advanced Master Plan (2020)
- One Grand Strand Downtown Development Framework (2020)
- Oceanfront Redevelopment Plan (Amended 2022)
- Withers Swash District Plan (2010)

The Improvements have been selected to help meet the goals and steps of these and other planning efforts. The Improvements are consistent with the goals indicated in such plans, which helps to demonstrate that the Improvements will provide a special benefit to real property in the District.

Third, the issues and problems that the Improvements are meant to help solve, including the need for ambassador services, public events within the District and marketing efforts for the portion of the City, among others, are well known and often discussed publicly. These issues and problems have been and remain under consideration by property owners in the District, tenants of property owners, regular users of and visitors to the City, City staff and City Council, among others. The Improvements have been selected to directly address certain issues and problems, and generally to enhance the real property within the District. The demonstrated needs and public requests for solutions, which the Improvements are meant to provide, further demonstrates the special benefit that the real property in the District will receive from the Improvements.

Fourth, following the efforts of the City and various private, civic and non-profit stakeholders to publicly describe the City's goals and services expected to be provided, property owners of real property in the District have expressed support for the services that are specified in the Improvement Plan. In particular, written support for the City's use of special assessments to help fund the Improvements has been provided from numerous owners of real property in the District. This public support represents another indication that the Improvements will provide a special benefit to the real property in the District.

Fifth, the Improvements have been designed in part to increase the value of the real property within the District and can reasonably be expected to do so. This expectation is supported by the following:

- Comprehensive, professionally prepared research and analyses have found that designated service districts (often referred to as "business improvement districts", which generally provide services very similar to the Improvements) lead to increases in real property values for the property within such district;
- In efforts to help establish the District, consultants to One Grand Strand presented the "One Grand Strand Downtown Development Framework to City Council in December 2020 which included references to the property value of successful downtowns and the importance of designated service districts in achieving the desired success and property values. The One Grand Strand Downtown Development Framework was adopted by City Council in December 2020 (this presentation has also been made available to other stakeholders in the District).

In conclusion, for the reasons stated above, the Improvements will provide a special benefit to the real property in the District.

#### Special Benefit is Expected to Equal or Exceed the Amount of the Assessment

This subsection explains how the special benefit of the Improvements to be provided can be expected to be equal to or greater than the cost of the Assessment imposed on the real property. This determination (that the special benefit from the Improvements can be expected to be equal to or greater than the cost of the Assessment) results from the expectation that the full delivery of Improvements that will be provided through the Improvement Plan will be greater than the delivery of the Improvements that are funded by the Assessment. The provision of additional Improvements, beyond the level of Improvements that the Assessment can and will fund, generally suggests that the special benefit received from all of the provided Improvements would be greater than the total cost of the Assessment to the property owners.

The expectation that additional Improvements will be provided, beyond the amount that the Assessment can and will provide, results from the following two reasons. First as indicated elsewhere in this report and contemplated explicitly in the Improvement Plan, the City expects that other sources of funds will be utilized and are allowed to be utilized to help fund the Improvements. Second, the expectation for the use of additional sources of fund is supported by the likelihood that the total Assessment will not in itself generate sufficient revenues to fully fund all of the Improvements. In particular, the maximum annual assessment fee rate of \$0.0100 per dollar of taxable assessed value, as indicated in the Improvement Plan and established in the Rate and Method of Apportionment of Assessment, is estimated by the City to generate approximately \$600,000 per year initially (estimated by utilizing the current taxable assessed values of the real property in District), which is less than the estimated annual cost of the Improvements. As such, in establishing a maximum annual assessment fee rate of \$0.0100, as specified in the Assessment Roll, the City is establishing an annual special assessment fee that is estimated to be less than the amount that would be required to fund all of the Improvements.

To the extent that other sources of funds are not available to fund the Improvements, and thus the Assessment becomes the only source of funds for the Improvements, then the level of Improvements provided will need to decrease to the level that can solely be funded by the Assessment. To the extent that this occurs in any given year, the cost of the Improvements will equal the amount of Assessment for this given year.

Based on the reasons provided above, it is reasonable to determine that the special benefit from the Improvements is likely to be equal to or greater than the total Assessment to be imposed on the real property in the District.

### Allocation of Assessment

This subsection explains how the Assessment is allocated to the real property in the District in a reasonable manner through an allocation methodology that is representative of the benefit each property receives from the Improvements that are expected to be provided.

As noted above, the Improvements are a system of public improvements designed to provide benefit generally to all of the real property in the District. The specific Improvements are designed to provide a benefit to all of the real property in the District, as opposed to a distinct benefit to a specific area or a specific parcel within the District. As such, it is reasonable to expect that all of the real property in the District will receive a similar benefit from the Improvements. In accordance with this analysis, the Assessment is being levied on all of the real property in the District in a manner to allow all of parcels to share the cost of all of the Improvements (as opposed to an approach in which the Assessment is levied such that specific parcels fund specific, individual components of the Improvements).

Consistent with the goal for the real property across the District to share the cost of all of the Improvements, the Rate and Method of Apportionment of Assessment establishes an allocation methodology to allow for all of the real property in the District to pay the Assessment in a manner which generally reflects the benefits received by the parcels. It is reasonable to assume that parcels with relatively high taxable assessed values, which tend to result from the large size of the parcel or the significant quantity of developed square footage, will generally obtain greater benefit from

the Improvement than parcels with low taxable assessed value, which would tend to be smaller and or have less square footage. Utilizing this assumed relationship that parcels of greater value will receive greater benefit from the Improvements, the allocation methodology establishes a billing calculation whereby parcels of greater value will pay a higher Assessment. In particular, to accomplish the goals specified above, the Rate and Method of Apportionment of Assessment establishes a billing calculation that will utilize a constant billing rate and the taxable assessed value of each parcel to produce a distinct annual Assessment fee for each parcel, which shall vary directly based on the parcel's taxable assessed value. This approach is one of the allowed allocation methods explicitly specified in the Act. This approach is consistent with the standard "ad valorem" approach used for real property taxes (which generally charges a constant rate against a taxable value that is determined independently for each parcel of real property) and is therefore straightforward and efficient. For the various reasons stated above, this allocation methodology allows for all parcels to share in the cost of the Improvements in a reasonable manner.

Additionally, the Assessment will not be allocated to or imposed on Non-Assessed Property. As further explained in the Rate and Method of Apportionment of Assessment, Non-Assessed Property is property within the District that is publicly owned. Non-Assessed Property will either minimally receive the Improvements (if at all) or minimally obtain utility from the Improvements (if at all).

#### Billing of the Assessment

This subsection explains how the Assessment will be billed to the real property in the District in a reasonable manner that is representative of the benefit each property receives from the Improvements expected to be provided. The billing of the Assessment, to be done on an annual basis as specified in the Rate and Method of Apportionment of Assessment, is established based on the concepts and reasons specified below.

As typical and as specified in the Improvement Plan and the Assessment Roll, the Assessment will be billed on an annual basis for a ten-year period, which correlates with the expected delivery of the Improvements over the same ten-year period. The correlation of the Assessment annual billing to the recurring delivery of the Improvements helps to demonstrate the reasonableness of the Assessment billing process.

As indicated in the Improvement Plan and the Rate and Method of Apportionment of the Assessment, and as typical for special assessment fees, the Assessment is expected to be billed through the annual Horry County real property tax collection process, utilizing a standard calculation mechanism (as explained in the section above). The use of a standard billing process helps to demonstrate the reasonableness of the Assessment billing process.

#### Summary of the Reasonable Basis of Assessment

As indicated above, the Assessment will be imposed on the real property in the District according to the provisions of the Assessment Roll, including the Rate and Method of Apportionment of Assessment, in a reasonable manner. This report explains the reasonable basis of the Assessment. The reasonable basis may be summarized as follows:

1. The expected Improvements are being provided to serve the real property in the District,

and as a result, provide a special benefit to the real property within the District;

2. The special benefit of the Improvements to the real property subject to the Assessment is expected to equal or exceed the cost of the Assessment to the real property;
3. The Assessment will be allocated to each parcel within the District on a basis that is representative of the benefit each property receives from the Improvements; and
4. The Assessment will be billed annually to each parcel within the District in a manner that is representative of the benefit each property receives from the Improvements.

For these reasons, the Assessment is imposed on the real property in the District in a reasonable manner.

**Myrtle Beach Downtown Municipal Improvement District  
City of Myrtle Beach, South Carolina**

**ASSESSMENT ROLL**

<b>Property Identification Number ("PIN")</b>	<b>Acreage</b>	<b>Owner</b>	<b>Co-Owner</b>
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<b>Total Acreage of included property</b>	_____
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The amount assessed against the Parcels listed above is specified in the Rate and Method of Apportionment of Assessment, attached to this Assessment Roll as Appendix A. In particular, as indicated in Appendix A, (1) the maximum assessment fee that may be billed annually to a parcel is equal to the Parcel's Taxable Assessed Value multiplied by \$.0100 and (2) the annual assessment fee may be billed for no more than ten years.

Appendix B-1 attached hereto and incorporated herein shall be updated each Assessment Year to reflect, among other things, the current Parcels in the District, including any new Parcels from subdivisions and other land adjustments, the Annual Payment for the Assessment Year for which the Assessment Roll is being updated and other changes, all as provided for in the Rate and Method of Apportionment of Assessment.

Undefined terms used herein shall have the meaning as given in the Rate and Method of Apportionment of Assessment, attached as Appendix A.  
The information provided above for the ownership of the parcels was made available to the City by Horry County.

May 4, 2022

# MYRTLE BEACH DOWNTOWN MUNICIPAL IMPROVEMENT DISTRICT

City of Myrtle Beach, South Carolina

## Appendix A to Assessment Roll Rate and Method of Apportionment of Assessment

### A. INTRODUCTION

The Assessment (as defined below) shall be imposed on and collected from real property within the Myrtle Beach Downtown Municipal Improvement District, created by the City Council of the City of Myrtle Beach, South Carolina by the Ordinance (as defined below), through the application of the procedures described below. The City Council of the City of Myrtle Beach, South Carolina, or its designee, shall make all determinations in this Rate and Method of Apportionment of Assessment unless stated otherwise.

### B. DEFINITIONS

The terms used herein shall have the following meanings:

"**Act**" means the Municipal Improvements Act (S.C. Code Section 5-37-10, *et. seq.*, as amended from time to time).

"**Administrative Expenses**" means the actual or budgeted costs, as applicable, directly related to the administration of the District, including but not limited to: the costs of the recurring updates to the Assessment Roll; the costs of computing the Annual Payment; the costs of collecting the Annual Payment; the costs of the Administrator (including its legal counsel) in the discharge of their duties; City expenses for the billing, collection and enforcement of the Assessment or in any other way related to the District; and any other costs of the City related to the administration and operation of the District, including, without limitation, the costs of legal counsel and other consultants and advisors, and costs related to commencing foreclosure and pursuing collection of delinquent Annual Payment.

"**Administrator**" means the official or designee of the City who shall be responsible for the updates of the Assessment Roll and such other responsibilities as provided herein or in separate documents or agreements relating to or governing the District.

"**Annual Payment**" for each Parcel of Assessed Property shall be the amount billed to such Parcel each Fiscal Year as determined by the provisions of Section D below.



May 4, 2022

**“Annual Revenue Requirement”** means an amount calculated each Fiscal Year that is equal to (A) the amount required in the Fiscal Year to pay: (1) the total cost estimate for the Improvements indicated in the Fiscal Year Improvement Budget, (2) estimated Administrative Expenses to be incurred in the Fiscal Year and (3) actual Administrative Expenses that were incurred in any previous Fiscal Year for which budgeted funds were not available, less (B) the sum of (1) estimated revenues resulting from the provision of the Improvements, if any, (2) estimated available funds resulting from prior Fiscal Years (excluding any funds within a reserve fund that has been established either by the City or pursuant to an agreement between the City and a separate entity involved in the provision of the Improvements), (3) estimated investment earnings on any account balances, (4) estimated available funds resulting from contributions or grants from other entities, including other governmental entities and private organizations and (5) any other funds available or estimated to be available to apply to the Annual Revenue Requirement as specified and approved by the City. The Annual Revenue Requirement shall be zero if the total cost estimate for the Improvements from the Fiscal Year Improvement Budget is zero.

**“Assessed Property”** means, for any Fiscal Year, Parcels within the District other than Non-Assessed Property.

**“Assessment”** means the special assessment imposed on Assessed Property pursuant to the Ordinance and the provisions herein and as shown on the Assessment Roll, as it may be billed and terminated pursuant to the provisions herein.

**“Assessment Roll”** means the Assessment Roll to which this Rate and Method of Apportionment of Assessment is attached as **Appendix A**, as corrected or confirmed by the Assessment Ordinance, including **Appendix B-1** also attached hereto, as these appendices are updated from time to time by the City in accordance with the procedures set forth herein.

**“Calculated Annual Payment Rate”** means the Annual Revenue Requirement divided by the Total Assessed Value.

**“Chief Financial Officer”** means the chief financial officer of City or the chief financial officer’s designee.

**“City”** means City of Myrtle Beach, South Carolina.

**“City Council”** means the City Council of the City.

**“Date of Classification”** means June 30 of each year.

**“District”** means the Myrtle Beach Downtown Municipal Improvement District.

**“Fiscal Year”** means the City’s annual twelve-month accounting cycle, which currently runs from July 1 to June 30.

May 4, 2022

**"Fiscal Year Improvement Budget"** means the comprehensive budget, prepared on an annual basis, for the costs of the Improvements for a specific Fiscal Year. The Fiscal Year Improvement Budget may reflect estimates and may include contingencies. The Fiscal Year Improvement Budget shall include a total cost estimate for the Improvements. Additionally, the Fiscal Year Improvement Budget shall include a reporting of the collection and use of funds (which may utilize estimates) for the Improvements for the prior Fiscal Years, and will include an estimate of available funds for the coming Fiscal Year. The Fiscal Year Improvement Budget may be prepared by a third party that the City utilizes to provide the Improvements. City Council shall review, and if determined to be appropriate, shall approve the Fiscal Year Improvement Budget in order to allow its use in the annual update to the Assessment Roll pursuant to Section F below. If City Council does not approve a Fiscal Year Improvement Budget by the first day of the Fiscal Year, then the total cost estimate for the Improvements for such Fiscal Year shall equal zero.

**"Improvements"** means the "Improvements" as defined in the Improvement Plan.

**"Improvement Plan"** means the "Improvement Plan for the Myrtle Beach Downtown Municipal Improvement District" approved by the Ordinance.

**"Maximum Annual Payment Rate"** means \$0.01000.

**"Non-Assessed Property"** means Public Property.

**"Ordinance"** means Ordinance No. 2022-\_\_\_\_\_ enacted by City Council on \_\_\_\_\_, 2022, creating the District, approving the Improvement Plan and approving the Assessment Roll, including this Rate and Method of Apportionment of Assessment which is attached to the Assessment Roll as Appendix A.

**"Parcel"** means a lot, parcel or real property in the form of an improvement within the District with a property identification number assigned or to be assigned by Horry County for real property tax collection purposes or as otherwise determined by the City. A parcel of real property created from a subdivision or combination of a Parcel (or Parcels) shall be considered a Parcel and shall be in the District.

**"Public Property"** means Parcels owned by or irrevocably offered for dedication to the federal government, the State of South Carolina, Horry County, the City, a special purpose district, or any other public agency, political subdivision, or other public entity, whether in fee simple or in any other property ownership interest that creates a substantially exclusive use by the public entity in the Parcel. The existence of an easement on a portion of a Parcel does not make the parcel Public Property.

**"Taxable Assessed Value"** means the assessed value used for real property taxes by Horry County for the billing of real property taxes.

May 4, 2022

“**Total Assessed Value**” means the sum of the Taxable Assessed Value for all Parcels.

“**Utilized Annual Payment Rate**” means the lesser of the Maximum Annual Payment Rate and the Calculated Annual Payment Rate, determined annually for each Fiscal Year.

**C. ASSESSMENT**

All Parcels of Assessed Property will be subject to the Assessment as provided for herein.

The portion of the Assessment that is billed annually to a Parcel shall be determined as indicated in Section D below. No Assessment will be imposed on or billed to Non-Assessed Property.

If City Council determines that the estimated or actual costs to be incurred to be paid by the Assessment, including Administrative Expenses, are less than the estimated Assessment resulting from the Maximum Annual Payment Rate, then the Maximum Annual Payment Rate may be reduced such that the adjusted rate equals the estimated costs to be incurred to be paid by the Assessment, including Administrative Expenses.

**D. METHOD OF DETERMINING THE ANNUAL PAYMENT**

Beginning with the Annual Payment to be billed and collected in the Fiscal Year ending June 30, 2023 and for each following Fiscal Year through the Fiscal Year ending June 30, 2032, the Administrator shall calculate and City Council shall confirm the Annual Payment on each Parcel.

The Annual Payment for each Parcel of Assessed Property shall be determined by the following formula:

$$A = (B \times C)$$

Where the terms have the following meaning:

- A = The Annual Payment
- B = The Utilized Annual Payment Rate
- C = The Parcel’s Taxable Assessed Value

For all Parcels of Non-Assessed Property, established as of the Date of Classification, the Annual Payment shall be zero (\$0.00).

**E. MANNER OF COLLECTION OF THE ASSESSMENT**

Annual Payment shall be collected in the same manner and at the same time as ordinary ad valorem real property taxes or in any other manner permitted by law as determined by the City and shall be

May 4, 2022

subject to the same penalties, procedures, sale, and lien priorities in case of delinquencies as are provided for ordinary ad valorem real property taxes of the City.

**F. UPDATING THE ASSESSMENT ROLL**

In order to facilitate the billing and collection of the Assessment, the Administrator shall prepare for approval by City Council an update to the Assessment Roll each Fiscal Year to reflect (i) the Parcels in the District (existing as of the most recent January 1<sup>st</sup>), including an updated indication of whether the Parcel is Non-Assessed Property, (ii) the Annual Revenue Requirement, including the Fiscal Year Improvement Budget, (iii) the Utilized Annual Payment Rate, and (iv) the Annual Payment to be billed and collected from each Parcel, along with other information helpful to the City in the administration of the District.

**G. ADMINISTRATIVE REVIEW**

Prior to seeking any other remedy, an owner of a Parcel claiming that a calculation error has been made in the update of **Appendix B-1** in any Fiscal Year, including the calculation of the Annual Payment, shall appeal the Annual Payment by sending a written notice describing the alleged error to the City not later than thirty (30) calendar days after the date the Annual Payment, which is alleged to be incorrect, is due. Such appeal will not affect the due date of the payment of the Annual Payment. The Administrator shall promptly review the notice, and if necessary, meet with the property owner, consider written and oral evidence regarding the alleged error, and determine whether, in fact, such a calculation error occurred.

If the Administrator determines that a calculation error has been made that requires **Appendix B-1** (including the Annual Payment for a Parcel) to be modified or changed in favor of the property owner, the Administrator shall update Appendix B-1 and submit the updated Appendix B-1 to the Chief Financial Officer for approval.

If the updated Appendix B-1 is approved, the Parcel's Annual Payment shall be considered adjusted. To the extent that the property owner has already paid the previously calculated Annual Payment and is due a refund, the City shall arrange for a refund to be processed. Interest shall not be paid on the refunded amount.

If the updated Appendix B-1 is not approved, the previously calculated Annual Payment for the Parcel shall remain in effect.

The determination of the Administrator or the determination of the Chief Financial Officer may be appealed to City Council. The decision of City Council in response to an appeal regarding a calculation error relating to the Assessment Roll shall be conclusive as long as there is a reasonable basis for the determination.

May 4, 2022

**H. TERMINATION**

Except for any delinquent Annual Payments and related penalties, the Assessment on each Parcel may not be collected after the earlier of (a) the completion of the Fiscal Year ending June 30, 2032 and (b) a determination by City Council that the Improvement Plan has been completed and the District has been terminated.

**I. AMENDMENTS**

Immaterial amendments may be made to this Rate and Method of Apportionment of Assessment by the City Council without further notice under the Act to owners of Assessed Property located within the District. Immaterial amendments shall be those that (i) clarify or correct minor inconsistencies in the matters set forth herein, (ii) provide for lawful procedures as permitted under the Act and for the collection and enforcement of the Assessment and other charges imposed herein so as to assure their efficient collection or (iii) otherwise improve the ability of the City to impose and collect Assessment and charges imposed herein, and to make the collected Assessment available for intended purposes, including the payment of the costs of the Improvements, and Administrative Expenses. The City Council shall not approve such an amendment unless and until it has been found and determined that the amendment is necessary and appropriate.

Amendments may not be made to this Rate and Method of Apportionment of Assessment pursuant to the procedure described above that could increase the Utilized Annual Payment Rate.

Administrative procedures as authorized herein shall not constitute or require an amendment of this Rate and Method of Apportionment of Assessment.

**J. INTERPRETATION OF PROVISIONS**

City Council shall make all interpretations and determinations related to the application of this Rate and Method of Apportionment of Assessment, and as long as there is a rational basis for the determination made by City Council, such determination shall be conclusive.

**K. SEVERABILITY**

If any section or part of a section of this Rate and Method of Apportionment of Assessment is declared invalid or unenforceable, the validity, force, and effect of any other section or part of a section herein shall not thereby be affected or impaired unless such other section or part of a section herein is wholly or necessarily dependent upon the section or part of a section so held to be invalid or unenforceable.

**Myrtle Beach Downtown Municipal Improvement District  
City of Myrtle Beach, South Carolina**

**Appendix B-1 for Fiscal Year Ending June 30, 2023**

<b>Property Identification Number ("PIN")</b>	<b>Assessed Property or Non-Assessed Property</b>	<b>Annual Payment</b>
		<hr/>
<b>Total</b>		<hr/>