

EXHIBIT B
to CITY OF HARTSVILLE ORDINANCE 4346

**MASTER AGREEMENT
GOVERNING THE
CANAL DISTRICT BUSINESS PARK**

BETWEEN

DARLINGTON COUNTY, SOUTH CAROLINA

AND

LEE COUNTY, SOUTH CAROLINA

**DATED AS OF
[], 2018**

**INSTRUCTIONS
FOR
COUNTY AUDITOR AND COUNTY TREASURER**

ALL PROPERTY LOCATED IN THIS MULTI-COUNTY INDUSTRIAL/BUSINESS PARK (THE "PARK") IS EXEMPT FROM *AD VALOREM* TAXES AND IS SUBJECT INSTEAD, UNDER THE TERMS OF THE CONSTITUTION OF SOUTH CAROLINA 1895, AS AMENDED, TO FEES EQUAL TO WHAT THE *AD VALOREM* PROPERTY TAXES WOULD HAVE BEEN, BUT FOR THE EXISTENCE OF THE PARK. HOWEVER, THE FEE-IN-LIEU PAYMENTS FOR PROPERTY IN THE PARK MAY BE BELOW NORMAL *AD VALOREM* TAX RATES IF THE PARK IS SUBJECT TO A NEGOTIATED FEE-IN-LIEU OF TAXES ARRANGEMENT ("FILOT") OR SPECIAL SOURCE REVENUE CREDIT ("SSRC"). WHEN PREPARING THE FEE BILLS FOR ALL PROPERTY LOCATED IN THIS PARK, PLEASE REFERENCE ALL RECORDS FOR PROPERTY IN THE PARK, INCLUDING, WITHOUT LIMITATION, THE FILOT AND SSRC RECORDS TO ENSURE THE CORRECT MILLAGE RATE AND ASSESSMENT RATIO ARE USED, OR TO DETERMINE ANY APPLICABLE CREDIT.

ONCE A FEE BILL FOR PROPERTY IN THE PARK HAS BEEN PAID, THE PROVISIONS OF THIS MASTER AGREEMENT GOVERN HOW THE FEE RECEIVED IS TO BE DISTRIBUTED BETWEEN THE COUNTIES AND THEN AMONG THE VARIOUS TAXING ENTITIES IN EACH COUNTY. EACH COUNTY MAY ALTER THE CUSTOMARY DISTRIBUTION OF REVENUES WITHIN THAT COUNTY, AND MAY CHANGE THE DISTRIBUTION STATED HEREIN WITHIN THAT COUNTY, BUT DISTRIBUTION BETWEEN THE COUNTIES AS STATED HEREIN CAN ONLY BE CHANGED BY AMENDMENT OF THIS MASTER AGREEMENT.

THIS MASTER AGREEMENT (this “Master Agreement”), is dated and effective as of _____, 2018 (“Effective Date”), between Darlington County, South Carolina (“Darlington County”), a political subdivision of the State of South Carolina (“State”), and Lee County, South Carolina (“Lee County” and together with Darlington County, the “Counties” or, each, a “County”), a political subdivision of the State, is entered into pursuant to Article VIII, Section 13(D) of the Constitution of South Carolina 1895, as amended, and Section 4-1-170 of the Code of Laws of South Carolina, 1976, as amended (collectively, the “MCIP Law”).

RECITALS

WHEREAS, the Counties are permitted by the MCIP Law to create one or more multi-county industrial/business parks;

WHEREAS, as provided under the MCIP Law, to promote the economic welfare of their citizens by encouraging new and expanding industrial or commercial development to be located in the Counties, thereby expanding the Counties’ tax base and creating opportunities for employment, the Counties desire to jointly develop the “Canal District Business Park” (the “Park”);

WHEREAS, by Darlington County Ordinance No. [] and Lee County Ordinance No. [], the Counties authorized the creation of the Park, the location of certain property in the Park, and the execution and delivery of this Master Agreement to govern the operation of the Park, including the sharing of expenses and revenues of the Park, the percentage of revenues allocated to each of the Counties, and the manner in which the revenue is to be distributed to each of the taxing entities within each County; and

WHEREAS, because property located in the Park is geographically situated in the City of Hartsville, South Carolina (the “City”), the Counties have obtained the consent of the City prior to the creation of the Park, as evidenced by the City’s acknowledgment to this Master Agreement; and

WHEREAS, the City has entered into an Intergovernmental Agreement with Darlington County (the “Intergovernmental Agreement”) setting forth certain conditions under which the City’s consent to the creation of the Park is given, including certain distributions of the fees-in-lieu-of-taxes that are attributable to the properties included within the Park; and

NOW, THEREFORE, on the basis of the mutual covenants in this Master Agreement, the sufficiency of which consideration the Counties acknowledge, the Counties agree:

ARTICLE I PARK BOUNDARIES

Section 1.01. Park Boundaries.

(A) The Park shall consist of those parcels listed in Exhibit A hereto (individually or collectively, “Park Property”). Any parcel of Park Property that is classified as an owner-occupied legal residence subject to an assessment-ratio of four percent as provided for in Section 1(3) of

Article X of the South Carolina Constitution (“Residential Property”) shall be temporarily removed from the Park for the period of time in which such parcel is determined to be Residential Property. A list of the parcels of Park Property classified as Residential Properties as of the Effective Date is attached hereto at Exhibit B. A list of the parcels of Park Property that are categorized other than as Residential Property (the “Eligible Property”) is attached hereto at Exhibit C.

(B) As limited to only those parcels included in the list of Park Properties in Exhibit A, by no later than August 1 of each year, Darlington County shall determine whether there has occurred any change in the classification of any parcel of Park Property to or from Residential Property. Without requiring any further action by either of the Counties, when a parcel’s classification is changed from Residential Property to some other assessment classification, the parcel shall be added to the list of Park Properties, and when a parcel’s classification is changed to Residential Property from some other assessment classification, the parcel shall be removed from the list of Park Properties. Upon any such change in the list of Park Properties, this Master Agreement shall be deemed amended and there shall be attached a revised Exhibit B and Exhibit C, respectively, and only those Eligible Properties listed in Exhibit C shall be included in the Park for such year.

(C) In the event of any enlargement or diminution of the Park Property other than as set forth in Sections 1.01(A) and (B), on enactment by each County Council of its authorizing ordinance, this Master Agreement shall be deemed amended and the attached Exhibits A, B, and C shall be revised accordingly to reflect the addition to or the removal of Park Property. Each County shall file in its respective ordinance books either a copy or an original (depending on County practice) of the ordinance enactment by the County Council of such County pursuant to which such enlargement or diminution was authorized.

ARTICLE II TAX STATUS OF PROPERTIES LOCATED IN THE PARK

Section 2.01. Constitutional Exemption from Taxation. Under the MCIP Law, so long as the Park Property is located in the Park, the Park Property is exempt from all *ad valorem* taxation. The Park Property, exclusive of any Residential Property, shall be deemed as located in the Park so long as this Master Agreement is in effect.

Section 2.02. Park Fee-in-Lieu of Taxes. Except as provided in Section 2.03, the owners or lessees of Park Property shall pay an amount equivalent to the *ad valorem* property taxes or other in lieu of payments that would have been due and payable but for the location of Park Property in the Park.

Section 2.03. Negotiated Fee-in-Lieu of Taxes. The amount of the annual payments due from the owner or lessee under Section 2.02 may be altered by virtue of any negotiated incentive with either County, including a negotiated fee-in-lieu of *ad valorem* taxes incentive or special source revenue credit as provided in Sections 12-44-10, et seq., 4-1-175, 4-12-30, or 4-29-67 of the Code of Laws of South Carolina 1976, as amended, or any successor or similar provisions thereto as may be provided under South Carolina law (collectively the revenues described in Sections 2.02 and 2.03 are referred to herein as the “Fees”).

ARTICLE III
SHARING OF FEE REVENUE AND EXPENSES OF THE PARK

Section 3.01. Expense Sharing. The Counties shall share all expenses related to the Park. If the parcel of Park Property is located in Darlington County, then Darlington County shall bear 100% of the expenses. If the parcel of Park Property is located in Lee County, then Lee County shall bear 100% of the expenses. Notwithstanding the foregoing, if any Park Property is privately-owned, the owner or developer of such Park Property can be required to bear 100% of the expenses related to that Park Property in the Park on behalf of the host County.

Section 3.02. Fee Revenue Sharing.

(A) For revenue generated in the Park from a source other than Fees, the County in which the revenue is generated may retain such revenue, to be expended in any manner as that County deems appropriate and is in accordance with State law.

(B) The Counties shall share all Fees according to the following distribution method:

(i) For Park Property located in Darlington County: Darlington County, after making any reductions required by State law, shall retain 99% of the remaining Fee revenue and transmit 1% of the remaining Fee revenue to Lee County in accordance with Section 3.04.

(ii) For Park Property located in Lee County: Lee County, after making any reductions required by law, shall retain 99% of the remaining Fee revenue and transmit 1% of the remaining Fee revenue to Darlington County in accordance with Section 3.04.

Section 3.03. Fee Revenue Distribution in Each County.

(A) After distribution of Fee revenue as provided by Section 3.02(B), for Park Property located in Darlington County, the remaining Fee revenue (the “Residual Fee Revenue”) shall be distributed as follows:

(i) For Park Property located in Darlington County, the Residual Fee Revenue shall be distributed as follows: 70% to the City (the “City’s Fee Revenue”), and the remainder shall be distributed to the taxing entities in Darlington County (excepting the City) on a pro-rata basis in accordance with the respective tax millages that Darlington County and the other taxing entities within Darlington County would have levied on the Park Property in the tax year in which the Residual Fee Revenue is received had the Park Property not been located in the Park. Any school district receiving a distribution of Residual Fee Revenue shall divide its respective distribution of Residual Fee Revenue on a pro-rata basis between operational and debt service millage levied in such school district or collected on behalf of such school district in the tax year in which the Residual Fee Revenue is received.

(ii) For Park Property located in Lee County, the Residual Fee Revenue shall be distributed to the taxing entities in Lee County on a pro-rata basis in accordance with the tax millage Lee County and the other taxing entities in Lee County would have levied on the Park

Property in the tax year in which Residual Fee Revenue is received had the Park Property not been located in the Park. Any school district receiving a distribution of Residual Fee Revenue shall divide its respective distribution of Residual Fee Revenue on a pro-rata basis between operational and debt service millage levied in such school district or collected on behalf of such school district in the tax year in which the Residual Fee Revenue is received.

(iii) Each County elects to retain 100% of the 1% of the Fees received from the other County.

(B) Excluding the City's Fee Revenue to be paid to the City under Section 3.03(A)(i) above, each County, by enactment of an ordinance in that County, may unilaterally amend its internal distribution method of any Residual Fee Revenue that it receives. Any change to the City's Fee Revenue may only be accomplished through the amendment provisions in Section 4.08 of this Agreement.

Section 3.04. Annual Report and Disbursement. Not later than July 15 of each year, starting July 15 of the first year in which either County receives Fees, each County shall prepare and submit to the other County a report detailing the Fees owed under this Master Agreement. Each County shall deliver a check for the amount reflected in that report at the same time to the other County.

ARTICLE IV MISCELLANEOUS

Section 4.01. Jobs Tax Credit Enhancement. Business enterprises locating in the Park are entitled to whatever enhancement of the regular jobs tax credits authorized by South Carolina Code Annotated Section 12-6-3360, or any successive provisions, as may be provided under South Carolina law.

Section 4.02. Assessed Valuation. For the purpose of bonded indebtedness limitation and computing the index of taxpaying ability pursuant to Section 59-20-20(3) of the Code of Laws of South Carolina 1976, as amended, allocation of the assessed value of Park Property to each County is identical to the percentage of Fee Revenue retained and received by each County in the preceding fiscal year.

Section 4.03. Records. Each County shall, at the other County's request, provide a copy of each record of the annual tax levy and the fee-in-lieu of *ad valorem* tax invoice for the Park Property and a copy of the applicable County Treasurer's collection records for the fee-in-lieu of *ad valorem* taxes so imposed, as these records became available in the normal course of each County's procedures.

Section 4.04. Applicable Law. To avoid any conflict of laws between the Counties, the county law of the County in which a parcel of Park Property is located is the reference for regulation of that parcel of Park Property in the Park. Nothing in this Master Agreement purports to supersede State or federal law or regulation. Subject to any limitations and restrictions in the Intergovernmental Agreement, the County in which a parcel of Park Property is located is permitted to adopt restrictive covenants and land use requirements for that part of the Park.

Section 4.05. Law Enforcement. If not located within a municipality, the Sheriff's Department for the County in which a parcel of Park Property is located has initial jurisdiction to make arrests and exercise all authority and power with respect to that parcel. If located within a municipality, the police department wherein a parcel of Park Property is located has initial jurisdiction to make arrests and exercise all authority and power with respect to that parcel. Fire, sewer, water and EMS service for each parcel of Park Property in the Park is provided by the applicable municipality, service district, or other political unit in the applicable County in which that Park Property is located.

Section 4.06. Binding Effect of Master Agreement. This Master Agreement is binding after execution by both of the Counties is completed.

Section 4.07. Severability. If (and only to the extent) that any part of this Master Agreement is unenforceable, then that portion of the Master Agreement is severed from the Master Agreement and the remainder of this Master Agreement is unaffected.

Section 4.08. Complete Agreement: Amendment. This Master Agreement is the entire agreement between the Counties with respect to this subject matter and supersedes all agreements, representations, warranties, statements, promises and understandings, whether oral or written, with respect to the Park and the Park Property therein and neither County is bound by any oral or written agreements, statements, promises, or understandings not set forth in this Master Agreement. The City's consent to the creation of the Park is expressly conditioned upon the absence of any amendment to this Master Agreement without the express written consent of the City.

Section 4.09. Counterpart Execution. The Counties may execute this Master Agreement in multiple counterparts, all of which, together, constitute but one and the same document.

Section 4.10. Termination. Notwithstanding any part of this Master Agreement to the contrary, this Master Agreement terminates automatically on the termination of the Intergovernmental Agreement.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the Counties have each executed this Master Agreement, effective on the Effective Date.

DARLINGTON COUNTY, SOUTH CAROLINA

By: _____
Chair of County Council

(SEAL)

ATTEST:

Clerk to County Council

LEE COUNTY, SOUTH CAROLINA

By: _____
Chair of County Council

(SEAL)

ATTEST:

Clerk of County Council

ACKNOWLEDGED AND CONSENTED TO BY
THE CITY OF HARTSVILLE, SOUTH CAROLINA:

City Manager

(SIGNATURE PAGE)

EXHIBIT A

LIST OF PARK PROPERTIES BY TMS NUMBER

056-06-02-042	056-06-02-109	056-11-01-011
056-06-02-094	056-06-02-051	056-11-01-012
056-06-02-045	056-06-02-052	056-11-01-013
056-06-02-112	056-06-02-053	056-11-01-014
056-06-02-069	056-06-02-054	056-11-01-015
056-06-02-093	056-11-01-001	056-11-01-048
056-06-02-087	056-11-01-002	056-11-01-016
056-06-02-098	056-11-01-003	056-11-01-017
056-06-02-097	056-11-01-047	056-11-02-001
056-06-02-105	056-11-01-004	056-11-02-002
056-06-02-099	056-11-01-005	056-11-02-005
056-06-02-106	056-11-01-046	056-11-02-004
056-06-02-058	056-11-01-018	056-11-02-003
056-06-02-100	056-11-01-045	056-11-02-066
056-06-02-095	056-11-01-019	056-11-04-001
056-06-02-096	056-11-01-020	056-10-02-027
056-10-02-021	056-11-01-021	056-10-02-017
056-10-02-022	056-11-01-022	056-10-02-018
056-10-02-023	056-06-02-055	056-10-02-019
056-10-02-025	056-06-02-086	056-10-02-028
056-10-02-020	056-06-02-056	056-10-02-031
056-06-02-110	056-06-02-085	056-10-02-032
056-06-02-092	056-06-02-057	056-11-01-024
056-06-02-091	056-06-02-084	056-11-01-023
056-06-02-071	056-07-01-039	056-11-01-025
056-06-02-046	056-07-01-040	056-11-01-027
056-06-02-047	056-07-01-081	056-10-03-019
056-06-02-048	056-07-01-042	056-10-03-020
056-07-01-051	056-07-01-084	056-10-03-021
056-07-01-052	056-07-01-038	056-10-03-103
056-07-01-053	056-07-01-036	056-10-03-023
056-07-01-054	056-07-01-065	056-10-03-024
056-07-01-055	056-11-01-007	056-10-03-030
056-07-01-050	056-11-01-051	056-11-01-044
056-07-01-048	056-11-01-008	056-11-01-029
056-06-02-104	056-11-01-009	056-11-01-030
056-06-02-070	056-11-01-010	056-11-01-036
056-06-02-900	056-11-01-006	056-11-01-054
		056-11-01-053

EXHIBIT B

LIST OF RESIDENTIAL PROPERTIES

[TO BE UPDATED ACCORDING TO ARTICLE I OF THE AGREEMENT]

EXHIBIT C

LIST OF ELIGIBLE PROPERTIES

[TO BE UPDATED ACCORDING TO ARTICLE I OF THE AGREEMENT]