

August 27th, 2024 – 1st Reading

1 **2024-54 (1ST READING): APPROVING CONSENT TO THE INCLUSION OF**
 2 **CERTAIN PROPERTY IN A MULTI-COUNTY INDUSTRIAL OR BUSINESS PARK;**
 3 **APPROVING THE PROVISION OF CERTAIN SPECIAL SOURCE REVENUE**
 4 **CREDITS TO IRH MYRTLE BEACH LLC; AUTHORIZING THE EXECUTION AND**
 5 **DELIVERY OF ADDITIONAL DOCUMENTS; AND OTHER RELATED MATTERS.**

6 **Applicant/Purpose:** Staff/ to execute documents to induce the development of purpose built
 7 housing to accommodate J1 Students by IRH Myrtle Beach, LLC at Robert Grissom Parkway
 8 and Mr. Joe White Avenue.
 9

10 **Brief:**

- 11 • The Developer and the County have agreed to terms of a Fee-in-Lieu of Tax (FILOT) and
 12 associated Special Source Revenue Credits (SSRC).
- 13 • The property must be included in a Multi County Business Park in order to qualify for the
 14 FILOT and SSRC.
- 15 • The project will invest \$40,000,000 to construct a dormitory style housing to accommodate
 16 up to 1,200 employees participating in the BridgeUSA J-1 work-travel program, H-2B
 17 participants and U.S. college internship program participants.
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19 **Issues:**

- 20 • Because the project is located within the city, it is required that the counties obtain the
 21 consent of the city prior to the inclusion of the property in the park or any associated
 22 incentives be extended to the developer.
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24 **Public Notification:** Normal meeting notification
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26 **Alternatives:** Deny consent.
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28 **Financial Impact:**

- 29 • The term of the FILOT is no more than 30 years with a fixed total millage of no less than
 30 273.2 mills.
- 31 • The SSRC is structured to provide a credit of 75% back to the developer for the first five
 32 years, and a credit of 50% for years six through twenty.
- 33 • The property is currently undeveloped and generating very little revenue \$30.
- 34 • Assuming a \$40,000,000 investment, the development would generate approximately
 35 \$200,000 in property taxes annually, if not for this agreement.
- 36 • The city will still collect approximately \$50,000 per year in years 1-5, \$100,000 per year
 37 in years 6-20 and \$200,000 thereafter assuming no appreciation.
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39 **Manager's Recommendation:**

- 40 • I recommend -1st Reading (8.27.2024).
 41

42 **Attachment(s):** Proposed ordinance

CITY OF MYRTLE BEACH
COUNTY OF HORRY
STATE OF SOUTH CAROLINA

APPROVING CONSENT TO THE INCLUSION OF CERTAIN PROPERTY IN A MULTI-COUNTY INDUSTRIAL OR BUSINESS PARK; APPROVING THE PROVISION OF CERTAIN SPECIAL SOURCE REVENUE CREDITS TO IRH MYRTLE BEACH LLC; AUTHORIZING THE EXECUTION AND DELIVERY OF ADDITIONAL DOCUMENTS; AND OTHER RELATED MATTERS.

WHEREAS, South Carolina (the "State") law authorizes municipalities to take actions not inconsistent with the Constitution and general laws of the State, regarding any subject the municipality finds necessary and proper for the general welfare and convenience of the municipality, including to execute and deliver contracts, to assist in redeveloping blighted areas, and to expend public funds for economic development;

WHEREAS, IRH Myrtle Beach LLC ("Developer") leases, owns, or intends to purchase, certain real property as described in Exhibit A attached hereto (the "Property") in the City of Myrtle Beach, South Carolina (the "City") and to develop the Property;

WHEREAS, on the Property, Developer intends to construct a commercial development consisting of the dorm style employee housing for BridgeUSA J-1 work-travel participants, H-2B laborers, U.S. college internship program participants, transient workers, or employees of the City and the County, and related activities in the City and the County (collectively, the "Project");

WHEREAS, it is anticipated that Horry County, South Carolina (the "County") and an adjacent county (collectively, the "Counties"), as authorized under Article VIII, Section 13(D) of the South Carolina Constitution and South Carolina Code Annotated Sections 4-1-170, 4-1-172 and 4-1-175 (collectively, the "Act") have created or will create a multi-county industrial or business park (the "Park");

WHEREAS, it is anticipated that the Counties will seek to include the Property within the Park;

WHEREAS, because the Property is located in the City, it is required by the Act that the Counties obtain the consent of the City prior to the inclusion of the Property in the Park;

WHEREAS, the City intends to assist with the Project by: (a) agreeing to certain special source revenue credits ("Special Source Revenue Credits") against the negotiated fee-in-lieu of tax payments ("FILOT Payments") to be paid by the Developer with respect to the Project pursuant to the Act and pursuant to South Carolina Code Annotated Section 12-44-10 et seq. (the "FILOT Act"); and (b) consenting to the inclusion of the Property in the Park;

WHEREAS, it is anticipated that the County and the Developer will memorialize each party's respective commitments with respect to the above-referenced Special Source Revenue Credits in a Fee-In-Lieu of Tax and Special Source Credit Agreement, or other similar agreement (a "Fee Agreement") to be executed and delivered by and between the County and the Developer; and

1 WHEREAS, the City consenting to the inclusion of the Property in the Park in order to
2 facilitate the Special Source Revenue Credits for the Project will advance proper public purposes,
3 and will benefit the City as a whole. The ultimate goals and benefits to the public intended by the
4 Project are multiple, including, but not limited to: the inducement of capital investment in the City
5 by commercial businesses, the creation of jobs in the City by those businesses, the creation of
6 housing facilities in the City and, thereby, the enrichment of the quality of life for the citizens of
7 the City. The significant capital investment and job creation to be facilitated by the Project will
8 enhance the tax base of the City, will create housing in the City, and will promote the development
9 of trade and use of resources in the City. The Project will directly and beneficially affect
10 employment and the economy of the City. The benefits of the Project are not speculative. The
11 undertaking of the Project will, to a great degree of certainty, result in significant capital
12 investment, housing facilities, and job creation. The public interest of the City will be served to a
13 substantial degree by undertaking the Project because the significant capital investment, housing
14 facilities and job creation will enhance the tax base of the City.

15
16 NOW THEREFORE, BE IT RESOLVED BY CITY COUNCIL AS FOLLOWS:
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18 1. The City consents to the inclusion of the Property in the Park; provided, however,
19 that such consent is conditioned upon the satisfaction of and continued compliance with the
20 following terms, failing which the City's consent to the inclusion of the Property in the Park shall
21 be revoked, such revocation to be retroactive to the date of adoption of this Ordinance:

22 A. Any Fee Agreement in connection with the Project shall contain provisions which
23 comply with the following parameters:

- 24 1. FILOT Payments to be paid on behalf of Economic Development Property
25 (as defined in the FILOT Act) must be calculated in accordance with the
26 FILOT Act, with fair market value of Economic Development Property
27 determined in accordance with the FILOT Act, an assessment ratio of not
28 less than 6%, and a fixed millage rate of not less than 273.2 mills.
- 29 2. FILOT Payments may not be payable in excess of thirty (30) years for each
30 phase or year's worth of capital investment in Economic Development
31 Property during the Investment Period (as defined below).
- 32 3. Capital investment in Economic Development Property must equal or
33 exceed \$40,000,000 (the "Contract Minimum"), and must be invested by
34 no later than December 31, 2030 unless extended an additional five (5)
35 years by Horry County Council (the "Investment Period").
- 36 4. Special Source Revenue Credits may be provided as follows:
 - 37 i. not more than 75% for the first five (5) years of FILOT Payments;
 - 38 and
 - 39 ii. not more than 50% for years six (6) through twentieth (20) of FILOT
40 Payments.
- 41 5. Failure to invest the Contract Minimum by the end of the Investment Period
42 shall result in the Special Source Revenue Credits being terminated on a
43 prospective basis.

44 B. With respect to FILOT Payments received and retained by the County after
45 application of Special Source Revenue Credits (the "Net FILOT Payments"), the
46 City must receive from the County a distribution of Net FILOT Payments based on
47 the percentage that the City's millage bears to the total millage applicable to the
48 Property for the applicable tax year, such calculation to be made after payment of
49 a portion (not to exceed 1%) of the Net FILOT Payments by the County to the
50 partner county in accordance with the Counties' agreement to develop the Park.

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Any repayment of Special Source Revenue Credits by the Developer must be allocated to the City in the same manner.

C. The Developer shall not be in default under the Fee Agreement following the expiration of any applicable notice and cure period.

D. The Fee Agreement shall not have reached the end of its term, or shall not have been earlier terminated by either the County or the Developer.

2. The Mayor and the City Manager are, each acting alone or in concert, authorized to take actions necessary to execute and deliver whatever documents as either of them deems appropriate to effect this Ordinance's intent.

3. The provisions of this Ordinance are hereby declared to be separable and if any section, phrase, or provision shall for any reason be declared by a court of competent jurisdiction to be invalid or otherwise unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases, and provisions hereunder.

4. To the extent this Ordinance is in conflict with any other resolution or ordinance of the City, this Ordinance shall control to the extent of such conflict only, and this Ordinance shall take effect and be in full force from and after its passage and approval.

Enacted this ____ day of _____, 2024.

CITY OF MYRTLE BEACH

Brenda Bethune, Mayor

**[SEAL]
ATTEST:**

Jennifer Adkins, City Clerk

1st Reading: August 27, 2024
2nd Reading/Public Hearing: _____, 2024

EXHIBIT A

PROPERTY DESCRIPTION

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5 ALL AND SINGULAR, that certain piece, parcel or tract of land lying, situate and being in the City
6 of Myrtle Beach, Horry County, South Carolina. Said parcel containing 7.62 acres and designated
7 as "332,095 Sq Ft. 7.62 ACRES PIN: 425-13-01-0037 TMS: 181-00-01-083 CURRENT OWNER
8 MYRTLE BEACH FARMS COMPANY INC Deed Book 2109 Deed Page 1028" on a map entitled
9 "BOUNDARY SURVEY OF 0.44 ACRES TMS: 181-00-01-083 / 7.62 ACRES TMS: 181-00-01-083
10 2.08 ACRES LOCATED IN PUBLIC RIGHT OF WAY MYRTLE BEACH, HORRY COUNTY,
11 SOUTH CAROLINA" made by Castles Engineering for Myrtle Beach Farms Company, Inc., dated
12 September 29, 2016 and recorded November 17, 2016 in plat book 272, page 283 in the office of
13 the Register of Deeds for Horry County.

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15 Said tract bearing Horry County PIN: 425-13-01-0080 as of the date of this Agreement.
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