

RESOLUTION

CITY OF ROCK HILL, SOUTH CAROLINA

AUTHORIZING THE EXECUTION AND DELIVERY OF A FIRST AMENDMENT TO THE INTERGOVERNMENTAL AGREEMENT BETWEEN THE CITY OF ROCK HILL AND ROCK HILL SCHOOL DISTRICT NO. 3 OF YORK COUNTY; AND OTHER MATTERS RELATING THERETO.

Section 1. Findings. The City Council (the "City Council") of Rock Hill, South Carolina (the "City") hereby finds and determines:

(a) Pursuant to the Section 31-6-10 et seq. of the South Carolina Code of Laws, 1976, as amended (the "TIF Act"), the City Council adopted a redevelopment plan entitled "City of Rock Hill Downtown Redevelopment Plan" dated December 1988, as amended by the "City of Rock Hill Downtown Redevelopment Plan" dated August 1991 (collectively, the "Original Downtown Redevelopment Plan").

(b) Pursuant to the TIF Act, the City adopted an "Amended Downtown Redevelopment Plan" dated March 2004 (the "Amended Downtown/Textile Corridor Redevelopment Plan") by Ordinance No. 2004-60 enacted by the City Council on December 13, 2004. The City provided written notice of its intent to adopt the Amended Downtown/Textile Corridor Redevelopment Plan to Rock Hill School District No. 3 of York County, South Carolina (the "School District"), and the School District objected thereto.

(c) Pursuant to an Intergovernmental Agreement Relating to Red River Area Redevelopment Plan, Downtown Redevelopment Plan and Manchester Village Redevelopment Plan executed by the School District on December 17, 2004 and executed by the City on December 22, 2004 (approved by a resolution of the School District adopted by the Board of Trustees of the School District on November 22, 2004), the City and the School District agreed, among other things, to certain conditions with respect to the Amended Downtown/Textile Corridor Redevelopment Plan.

(d) The City has advised the School District that it proposes to amend the Original Downtown Redevelopment Plan and the Amended Downtown/Textile Corridor Redevelopment Plan pursuant to a Second Amended Downtown Redevelopment Plan dated October 2011 (the "Second Amended Downtown Redevelopment Plan").

(e) By letter dated December 13, 2011, the City provided to the School District, among other things, a copy of the Second Amended Downtown Redevelopment Plan, notice of a public hearing to be held by the City in connection with the Second Amended Downtown Redevelopment Plan, and notice of the City's intent to adopt the Second Amended Downtown Redevelopment Plan.

(f) The City and the School District have discussed matters relating to the Second Amended Downtown Redevelopment Plan, and have reached certain agreements relating thereto, as set forth in a First Amendment to the Intergovernmental Agreement Relating to Red River Area Redevelopment Plan, Downtown Redevelopment Plan and Manchester Village Redevelopment Plan (the "First Amendment"), in the form attached hereto as Exhibit A.

(g) By this Resolution, the City desires to approve and authorize the execution and delivery of the First Amendment.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROCK HILL, SOUTH CAROLINA:

SECTION 1. The form, terms and provisions of the First Amendment now before this meeting be and hereby are approved. The City Manager of the City is hereby authorized, empowered and directed to execute, acknowledge and deliver the First Amendment in the name of and on behalf of the City.

SECTION 2. The Mayor of the City (or in the absence of the Mayor for any reason, the Mayor Pro-Tempore of the City), the City Manager of the City, the Municipal Clerk of the City, and the City Attorney are fully empowered and authorized to take such further action and to execute and deliver such additional documents as may be reasonably requested to effect the execution and delivery of the First Amendment, and the transactions contemplated hereby and thereby, and the action of such officials in executing and delivering any of such documents, in such form as the officers executing such documents shall approve, is hereby fully authorized.

[EXECUTION PAGE FOLLOWS]

Adopted this ____ day of January, 2012.

CITY OF ROCK HILL, SOUTH CAROLINA

Mayor

(SEAL)

ATTEST:

Municipal Clerk,
City of Rock Hill, South Carolina

Exhibit A

Form of First Amendment

**FIRST AMENDMENT TO THE
INTERGOVERNMENTAL AGREEMENT RELATING TO
RED RIVER AREA REDEVELOPMENT PLAN,
DOWNTOWN REDEVELOPMENT PLAN AND
MANCHESTER VILLAGE REDEVELOPMENT PLAN**

(City of Rock Hill and Rock Hill School District No. 3 of York County)

This First Amendment (the "First Amendment") to the Intergovernmental Agreement Relating to Red River Area Redevelopment Plan, Downtown Redevelopment Plan and Manchester Village Redevelopment Plan (the "School District Agreement"), is made and entered into as of the ____ day of January, 2012 by and between Rock Hill School District No. 3 of York County, South Carolina (the "School District"), a body politic and corporate with such government, rights, privileges, and liabilities as other school districts possess under the provisions of the general school laws of the State of South Carolina (the "State") and the City of Rock Hill, South Carolina (the "City"), an incorporated municipality located in a portion of the School District with such powers granted to municipalities by the Constitution and general laws of the State.

WITNESSETH:

(a) Pursuant to Section 31-6-10 *et seq.* of the South Carolina Code of Laws, 1976, as amended (the "TIF Act"), the governing bodies of the incorporated municipalities are vested with all powers consistent with the Constitution necessary, useful, and desirable to enable them to accomplish redevelopment in areas which are or threaten to become blighted.

(b) Pursuant to the TIF Act, the City Council of the City (the "Council") adopted a redevelopment plan entitled "City of Rock Hill Downtown Redevelopment Plan" dated December 1988, as amended by the "City of Rock Hill Downtown Redevelopment Plan" dated August 1991 (collectively, the "Original Downtown Redevelopment Plan"), by Ordinance No. 47-88 enacted by the Council on December 27, 1988, as amended by Ordinance No. 26-91 enacted by the Council on September 23, 1991. The Original Downtown Redevelopment Plan: (i) designated an area of the City as a "redevelopment project area" under the TIF Act (the "Original Downtown Redevelopment Project Area"); (ii) authorized the issuance of tax increment bonds ("TIF Bonds") in the principal amount of up to \$7,000,000 with a term not to exceed 15 years; (iii) provided for the City to undertake certain publicly-owned redevelopment projects (the "Original Downtown Projects") to encourage redevelopment within the Original Downtown Redevelopment Project Area; and (iv) provided for the redevelopment plan to expire in September of 2016.

(c) Pursuant to Ordinance No. 24-93 enacted by the Council on July 1, 1993, the City previously issued its \$1,335,000 original principal amount Tax Increment Bonds (Downtown Redevelopment Project Area), Series 1993 (the "Series 1993 Bonds") to finance a portion of the Original Downtown Projects. The Series 1993 Bonds matured on May 1, 2008.

(d) Pursuant to the TIF Act, the City adopted an "Amended Downtown Redevelopment Plan" dated March 2004 (the "Amended Downtown/Textile Corridor Redevelopment Plan") by Ordinance No. 2004-60 enacted by the Council on December 13, 2004. The Amended Downtown/Textile Corridor Redevelopment Plan: (i) added an area of the City commonly known as the "Textile Corridor" as a "redevelopment project area" under the TIF Act (the "Textile Corridor Redevelopment Project Area");

(ii) authorized the issuance of TIF Bonds in one or more series in the aggregate principal amount of not exceeding \$40,000,000 with a term not to exceed beyond the earlier of (a) 20 years from the date of issuance or (b) September 23, 2029; (iii) added certain publicly-owned redevelopment projects to be undertaken in the Textile Corridor Redevelopment Project Area (the "Textile Corridor Projects"); and (iv) provided that the Original Downtown Redevelopment Plan, as amended by the Amended Downtown/Textile Corridor Redevelopment Plan, would continue to and expire on September 23, 2029.

(e) The City provided written notice of its intent to adopt the Amended Downtown/Textile Corridor Redevelopment Plan to York County, South Carolina (the "County") and Rock Hill School District No. 3 of York County (the "School District") on March 11, 2004, and the County and the School District objected thereto.

(f) Pursuant to an Intergovernmental Agreement By and Between City of Rock Hill and York County Relating to the Textile Corridor Redevelopment Plan, the Amended Downtown Redevelopment Plan, the Red River Redevelopment Plan, the Manchester Village Redevelopment Plan and Other Matters (the "County Agreement") executed by the County on December 5, 2005 and executed by the City on December 20, 2006 (approved by a resolution of the County adopted by the County Council of the County on October 24, 2005), the City and the County agreed, among other things, to certain conditions with respect to the Amended Downtown/Textile Corridor Redevelopment Plan.

(g) Pursuant to the School District Agreement, executed by the School District on December 17, 2004 and executed by the City on December 22, 2004 (approved by a resolution of the School District adopted by the Board of Trustees of the School District on November 22, 2004), the City and the School District agreed, among other things, to certain conditions with respect to the Amended Downtown/Textile Corridor Redevelopment Plan.

(h) Pursuant to the County Agreement and the School District Agreement, the City, the County and the School District agreed, among other things, that: (i) the Textile Corridor Redevelopment Project Area would be added as a "redevelopment project area" under the TIF Act, but incremental tax revenues attributable to millage levied by or on behalf of the County and the School District would not be collected by the City for certain properties located in the Textile Corridor Redevelopment Project Area; (ii) incremental tax revenues attributable to the Original Downtown Redevelopment Project Area would be collected by the City until June 30, 2014, after which the Original Downtown Redevelopment Project Area would be terminated as a "redevelopment project area" under the Act; (iii) incremental tax revenues attributable to the Textile Corridor Redevelopment Project Area, subject to the limitations described in (i) above, would be collected by the City until December 13, 2029; (iv) TIF Bonds in the aggregate principal amount of up to \$40,000,000 may be issued in connection with the Textile Corridor Redevelopment Project Area; (v) Textile Corridor Projects to be undertaken would be subject to certain limitations set forth in Exhibit B to the agreement between the City and the County; and (vi) incremental tax revenues attributable to the Textile Corridor Redevelopment Project Area could be used to pay TIF Bonds or redevelopment project costs for Textile Corridor Projects, but could not be used to pay TIF Bonds or redevelopment project costs for Original Downtown Projects.

(i) Pursuant to Ordinance No. 2006-68 enacted by the Council on November 13, 2006, the City issued its \$1,650,000 original principal amount Tax Increment Bond, Series 2007 (the "Series 2007 Bond") to finance a portion of the Original Downtown Projects. The Series 2007 Bond has a final maturity of May 1, 2014.

(j) Pursuant to Ordinance No. 2010-24 enacted by the Council on May 24, 2010, the City issued its \$3,500,000 original principal amount Tax Increment Bond (Textile Corridor Redevelopment Projects), Series 2011A (the "Series 2011A Bond") and its \$3,000,000 original principal amount Tax

Increment Bond (Textile Corridor Redevelopment Projects), Series 2011B (the "Series 2011B Bond") to finance a portion of the Textile Corridor Projects. The Series 2011A Bond has a final maturity of May 1, 2029, and the Series 2011B Bond has a final maturity of May 1, 2014.

(k) The City now desires to amend the Original Downtown Redevelopment Plan and the Amended Downtown/Textile Corridor Redevelopment Plan pursuant to a Second Amended Downtown Redevelopment Plan dated October 2011 (the "Second Amended Downtown Redevelopment Plan") in order to: (a) add certain parcels of real property (the "New Downtown Redevelopment Project Area") to the Original Downtown Redevelopment Project Area (as expanded, the "Expanded Downtown Redevelopment Project Area"); (b) add certain redevelopment projects to be undertaken in the Expanded Downtown Redevelopment Project Area (together with the Original Downtown Projects, the "Expanded Downtown Redevelopment Project Area Projects"); (c) extend the duration of the Original Downtown Redevelopment Plan with respect to the Expanded Downtown Redevelopment Project Area (but not the Textile Corridor Redevelopment Project Area) to December 31, 2039; and (d) provide for the issuance of TIF Bonds in one or more series in the aggregate principal amount of up to \$20,000,000 (exclusive of the Series 1993 Bonds, the Series 2007 Bond, any TIF Bonds issued in connection with the Textile Corridor Redevelopment Project Area (including the Series 2011A Bond and the Series 2011B Bond), and any refunding TIF Bonds) for the Expanded Downtown Redevelopment Project Area Projects, such TIF Bonds to have a term not to extend beyond the earlier of 25 years from their respective date of issuance or December 31, 2039.

(l) By letter dated December 13, 2011, the City provided to the School District a copy of the Second Amended Downtown Redevelopment Plan and notice of its intent to adopt the Second Amended Downtown Redevelopment Plan.

(m) The City and the School District have discussed matters relating to the School District Agreement and the Second Amended Downtown Redevelopment Plan, and have reached certain agreements relating thereto, as set forth in this First Amendment. By resolution adopted by the Board of Trustees of the School District on January ___, 2012, and by resolution adopted by the Council of the City on January ___, 2012, the School District and the City, respectively, have authorized the execution and delivery of this First Amendment.

NOW THEREFORE, in consideration of the mutual agreements between the City and the School District as set forth herein and other good and valuable consideration, the parties hereto agree as follows:

Section 1. New Downtown Redevelopment Project Area. The School District consents to the expansion of the Original Downtown Redevelopment Project Area to include the New Downtown Redevelopment Project Area. The parcels of property which comprise the New Downtown Redevelopment Project Area are described in the attached Exhibit A.

Section 2. Duration of Second Amended Downtown Redevelopment Plan. The School District consents to the extension of the duration of the Second Amended Downtown Redevelopment Plan so that the designation of the Expanded Downtown Redevelopment Project Area as a "redevelopment project area" under the TIF Act will extend until December 31, 2039. Accordingly, incremental real property tax revenues in the Expanded Downtown Redevelopment Project Area attributable to millage levied by or on behalf of the School District (the "School TIF Revenues") will: (a) continue to be collected by the City with respect to the Original Downtown Redevelopment Project Area based on the "initial equalized assessed value" (as defined in the TIF Act) of the property located therein (as previously certified to be \$785,248) until December 31, 2039; and (b) be collected by the City with respect to the New Downtown Redevelopment Project Area based on the "initial equalized assessed value" of the property located therein (when such initial equalized assessed value is so established) until

December 31, 2039. Notwithstanding the foregoing, the designation of the Textile Corridor Redevelopment Project Area as a “redevelopment project area” under the TIF Act will expire on December 13, 2029, as previously agreed.

Section 3. Expanded Downtown Redevelopment Project Area Projects. The School District consents to the Expanded Downtown Redevelopment Project Area Projects identified in the Second Amended Downtown Redevelopment Plan to be undertaken in connection with the Expanded Downtown Redevelopment Project Area.

Section 4. Issuance of TIF Bonds for Expanded Downtown Redevelopment Project Area Projects. The School District consents to the City’s issuance of TIF Bonds, in one or more series, in the aggregate principal amount of not exceeding \$20,000,000 (exclusive of the Series 1993 Bonds, the Series 2007 Bond, any TIF Bonds issued in connection with the Textile Corridor Redevelopment Project Area (including the Series 2011A Bond and the Series 2011B Bond), and any refunding TIF Bonds) for the Expanded Downtown Redevelopment Project Area Projects. Such TIF Bonds shall have a term not to extend beyond the earlier of 25 years from their respective date of issuance or December 31, 2039. The proceeds of such TIF Bonds may be applied to: (a) defray the costs of any Expanded Downtown Redevelopment Project Area Projects; and (b) pay costs of issuance of such TIF Bonds. Nothing in this Section 4 shall alter or amend the City’s ability to issue TIF Bonds, in one or more series, in the aggregate principal amount of not exceeding \$40,000,000 in connection with the Textile Corridor Projects and the Textile Corridor Redevelopment Project Area, on the terms previously agreed to between the City and the School District as set forth in the School District Agreement.

Section 5. School TIF Participation. Notwithstanding any other provision of this First Amendment, the City’s collection and use of School TIF Revenues shall be subject to the following limitation. School TIF Revenues may be collected and used by the City to pay debt service on TIF Bonds issued from time to time in connection with the Expanded Downtown Redevelopment Project Area, and to pay for redevelopment project costs (as defined in the TIF Act) for Expanded Downtown Redevelopment Project Area Projects from time to time until December 31, 2039 (the “Pay As You Go Projects”). However, the cumulative amount of (i) School TIF Revenues used for Pay As You Go Projects and (ii) principal amount of TIF Bonds attributable to the School District’s pro-rata share of the total millage of taxing districts which consent to the Second Amended Downtown Redevelopment Plan (based on the millage rates in effect in the fiscal year in which such TIF Bonds are issued), shall not exceed \$11,500,000.¹ The foregoing limitation on the use of School TIF Revenues shall not apply to: (i) payment of interest on any TIF Bonds issued in connection with the Expanded Downtown Redevelopment Project Area; (ii) any refunding TIF Bonds in connection with the Expanded Downtown Redevelopment Project Area; and (iii) debt service on the Series 2007 Bond.

Section 6. Owner-Occupied Residential (4%) Real Property. The City agrees to hold the School District harmless from payment of any sums as reimbursement or substitution for amounts the City would have otherwise collected as School TIF Revenues but for the provisions of Act No. 388 of the 2006 legislative session of the General Assembly (now codified as Section 4-10-730, Section 4-10-780,

¹ For example, if School TIF Revenues are utilized in fiscal years 2013 and 2014 in the amounts of \$500,000 each year (for a total of \$1,000,000) for Pay As You Go Projects, and if the City issues TIF Bonds in March of 2014 in the principal amount of \$10,000,000, and the School District’s millage in the fiscal year ending June 30, 2014 is 60% of the total millage for all taxing districts which consent to the Second Amended Downtown Redevelopment Plan (resulting in a principal allocation of \$6,000,000 to the School District), then the City would thereafter be permitted to: (a) utilize \$4,500,000 of School TIF Revenues for Pay as You Go Projects, or (b) issue TIF Bonds with \$4,500,000 in principal thereof allocable to the School District based on its pro-rata share of the total millage, or (c) a combination thereof, subject to the \$4,500,000 limit.

and Section 11-11-156 of the South Carolina Code of Laws 1976, as amended). To the extent the City receives such sums, the City agrees to pay to the School District the same amount so received within 30 days of the City's receipt thereof.

Section 7. School Resource Officers. The City shall continue to provide qualified police officers to serve as School Resource Officers at the locations currently served. All aspects and manner of service at these locations shall continue as currently agreed, except that the City shall now provide these services without reimbursement from the School District for salaries or other costs or expenses. The City further agrees to provide one (1) School Resource Officer for all new middle and high schools of the School District within the corporate limits of the City which open, or are incorporated by annexation, on or after the date of this First Amendment. The City's obligation to provide such School Resource Officers under this Section shall end on December 31, 2039.

Section 8. Effect of First Amendment. The School District Agreement is amended only to the extent set forth in this First Amendment. All remaining representations, warranties and agreements set forth in the School District Agreement (including, but not limited to the provisions of Section 11 thereof), to the extent not amended by this First Amendment, remain in full force and effect.

Section 9. No Action Regarding TIF Bonds. The School District expressly acknowledges that the City will be issuing TIF Bonds in connection with the Expanded Downtown Redevelopment Project Area and the Expanded Downtown Redevelopment Project Area Projects in reliance upon the agreements of the School District set forth herein, and provided that the City meets the requirements of the School District Agreement as amended by this First Amendment, the School District will not at any time institute or cause to be instituted any action, suit or proceeding challenging the City's right, power or authority to issue such TIF Bonds.

[Execution Page Follows]

IN WITNESS WHEREOF, the parties hereto, each after due authorization, have executed this Agreement on the respective dates indicated below.

CITY OF ROCK HILL, SOUTH CAROLINA

By: _____
Its: City Manager

(SEAL)

ATTEST:

By: _____
Its: Municipal Clerk

Date: _____, 2012

ROCK HILL SCHOOL DISTRICT NO. 3
OF YORK COUNTY, SOUTH CAROLINA

By: _____
Its: Superintendent

(SEAL)

ATTEST:

By: _____
Its: _____

Date: _____, 2012

Exhibit A

New Downtown Redevelopment Project Area Parcels

Tax Map Nos.
598-23-01-001
598-23-01-019
598-23-01-020
627-16-02-001
627-16-02-002
627-16-02-003
627-16-02-004
627-16-02-005
627-16-02-014
627-16-02-015
627-16-02-016
627-16-02-018
627-16-02-019
627-16-02-020
627-16-02-021
627-16-02-022
627-16-03-002
627-16-03-003
627-16-03-016
627-16-03-017
627-17-01-001
627-17-02-002
627-17-02-003
627-17-02-004
627-17-02-005
627-17-04-002
627-17-04-003
627-17-04-009

ACKNOWLEDGEMENT AND AGREEMENT

The undersigned, Treasurer of York County, South Carolina, hereby acknowledges receipt of an executed, duplicate original of this First Amendment and further agrees to comply with the provisions thereof.

TREASURER OF YORK COUNTY, SOUTH CAROLINA

Dated: _____, 2012