

## INTERLOCAL COOPERATION AGREEMENT

**THIS INTERLOCAL COOPERATION AGREEMENT** (this “*Agreement*”) is made by and between **HANCOCK COUNTY, MISSISSIPPI** (the “*County*”), a political subdivision of the State of Mississippi (the “*State*”), acting by and through its duly elected and serving Board of Supervisors, and the **CITY OF DIAMONDHEAD, MISSISSIPPI** (the “*City*”), a municipal corporation of the State, acting by and through its duly elected and serving Mayor and City Council.

### WITNESSETH:

**WHEREAS**, the City and County are authorized pursuant to Sections 21-45-1 *et seq.*, Mississippi Code of 1972, as amended (the “*TIF Act*”), either separately or jointly through Section 17-13-1 *et seq.*, Mississippi Code of 1972, as amended, (the “*Interlocal Act*” and together with the TIF Act, the “*Act*”) to contract with each other for joint and cooperative action relating to the financing for the construction of infrastructure improvements and facilities and to jointly pledge revenues to fund the debt service of any such indebtedness incurred pursuant to the Act; and

**WHEREAS**, Marshall Land Holdings, LLC (the “*Developer*”), requested the City and County to participate in the construction and development of (1) a new medical care facility in conjunction with Memorial Hospital in the City that is over 20,000 square feet and that will include a cancer care area, a new CT scanning lab, with diagnostic imaging, x-ray imaging, specialty pharmacy, and over twenty (20) exam rooms, (2) an in-house compounding pharmacy that requires a specialized environmentally controlled space and (3) a full-service retail pharmacy including household goods, food products, and other services (the “*Project*”), all as described in the “*Tax Increment Financing Plan Diamondhead Medical Center Project, Diamondhead, Mississippi, 2021*” as approved on May 4, 2021 (the “*City TIF Plan*”) and the *Tax Increment Financing Plan Diamondhead Medical Center Project, Hancock County, Mississippi, 2021*” as approved on April 5, 2021 (the “*County TIF Plan*” and together with the City TIF Plan, the “*TIF Plans*”) by issuing tax increment limited obligation bonds in one or more series in a principal amount not to exceed One Million Dollars (\$1,000,000) for a term of up to fifteen (15) years (the “*Bonds*”), a portion of the proceeds of which have or will be used to pay the costs of constructing infrastructure improvements necessary for the Project, all as described in the TIF Plans and as authorized pursuant to the TIF Act; and

**WHEREAS**, pursuant to the City TIF Plan, the City entered into a Development and Reimbursement Agreement with the Developer, dated May 18, 2021 (the “*Development Agreement*”), memorializing the Developer’s agreement to construct the Infrastructure Improvements (as defined herein) and complete the Project and the City’s intent, acting in concert with the County, to issue the Bonds subject to the conditions set forth in the Development Agreement, in order to fund all or part of the costs of the Infrastructure Improvements, all as are authorized by the TIF Act and as described in the TIF Plans and the Development Agreement (collectively, the “*TIF Documents*”); and

**WHEREAS**, the City and the County, in accordance with the TIF Documents, desire to, and hereby do, enter into this Agreement wherein, in accordance with the TIF Plans, the City and the County agree to pledge certain incremental increases in real and personal property ad valorem

tax revenue (excluding school taxes) generated by the Project as security for debt service and for payment on the Bonds issued by the City for purposes of reimbursing the Developer for the Infrastructure Improvements, all as provided for in the TIF Documents and in accordance with the TIF Act.

**NOW, THEREFORE, FOR AND IN CONSIDERATION** of the above and the mutual covenants and promises contained herein, the City and the County do hereby agree as follows:

1. **DURATION:** This Agreement shall be in force and effect until the principal and interest of the Bonds, including any refunding(s) of the Bonds, issued by the City under the TIF Documents are paid in full, but not to exceed fifteen (15) years from the date of issuance of the Bonds.

2. **PURPOSE:** The purpose of this Agreement is to define the responsibilities of the City and County with respect to the development and redevelopment of the TIF District as described and set forth in the TIF Documents and the financing of certain of the Infrastructure Improvements in connection thereto, through the issuance of the Bonds.

3. **STATUTORY AUTHORITY:** The City and County are authorized to fulfill the terms of this Agreement under the authority of the Act.

4. **PROJECT:** The Project shall be a multi-phase project to be known as the “Diamondhead Medical Center Project” which will be located on the corner of East Aloha Drive and Veterans Avenue and include (1) a new medical care facility in conjunction with Memorial Hospital in the City that is over 20,000 square feet and that will include a cancer care area, a new CT scanning lab, with diagnostic imagining, x-ray imaging, specialty pharmacy, and over twenty (20) exam rooms, (2) an in-house compounding pharmacy that requires a specialized environmentally controlled space and (3) a full-service retail pharmacy including household goods, food products, and other services as described in the TIF Documents.

5. **THE INFRASTRUCTURE IMPROVEMENTS:** The Infrastructure Improvements will consist of eligible improvements, which may include, but are not necessarily limited to, installation, rehabilitation and/or relocation of utilities such as water and sanitary sewer; regional storm water improvements; construction, renovation, or rehabilitation of drainage improvements, roadways, curbs, gutters, sidewalks; site improvements; offsite improvements and infrastructure which may include roads, rights-of-way, utilities, and water and sewer lines; parking; relocation of electrical lines; lighting; signalization; wetlands and stream mitigation payments; storm drainage pipes; culverts; landscaping of rights-of way; costs associated with the acquisition of land for the foregoing improvements; related architectural/engineering fees, attorney's fees, issuance costs, capitalized interest, and other related soft costs (collectively, the “*Infrastructure Improvements*”).

6. **ADMINISTRATION:** This Agreement shall be administered as a joint undertaking of the County and City. A separate entity is not created under this Agreement.

7. **CITY OBLIGATIONS:** The City shall have the following obligations and responsibilities:

(a) The City is designated as the legal entity assigned the responsibility for administration of this joint undertaking, and the City Clerk of the City is hereby designated as the officer to receive, disburse and account for the funds of the undertaking in the manner prescribed by law.

(b) The City shall provide to the County within ten (10) days of the issuance of the Bonds written notification of the issuance of the Bonds, a copy of the amortization schedule of the Bonds, and a summary of the County's participation in the payment of the debt service.

(c) All real or personal property acquired for purposes of the joint undertaking, if any, shall be acquired, leased, or owned by the City and shall be maintained by the City.

(d) Upon the expiration of this Agreement, all interests in any real or personal property acquired for the purpose of the joint undertaking, if any, shall remain with the City.

(e) The City shall send to the County an invoice, no later than sixty (60) days prior to any payment date on the Bonds, stating the amount of the County Share (defined herein) to be paid to the City with such payment to be paid by the County no later than thirty (30) days prior to such payment date.

(f) The City shall provide documentation to the County for any expenditure made with respect to this Agreement.

(g) The City will employ all reasonable efforts to cooperate with the Developer, its successors, and its assigns to process and timely issue permits, approve plans and effect consideration of and performing or taking such other actions as may facilitate and support the Developer in completing the Project. The City will affect such procedures with respect to the sale and issuance of the Bonds, including, without limitation, the adoption of appropriate resolutions and such other procedures and documents as may be required by the Act.

(h) Subject to the City's verification of the lawfully available Tax Increment (as defined hereinafter) available to the City under the TIF Plan and this Agreement; and inspection of the Infrastructure Improvements, as defined in the TIF Documents, to verify that they have been completed in accordance with the City's standards, codes, and resolutions, all of which inspection shall be completed by the City using all reasonable efforts and in a timely and expeditious manner; the City will use its best efforts to sell and issue the Bonds, in one or more series, in an aggregate amount not to exceed One Million Dollars (\$1,000,000), pursuant to the terms of the Act and on such terms, conditions and rates of interest as shall be mutually agreeable to the City and to the purchaser of the Bonds; provided, however, that the Bonds will not be sold and issued until such time as the Developer has complied with the prerequisites to issuance set forth in the TIF Documents.

(i) Pursuant to the resolution or resolutions of the City authorizing the sale and issuance of the Bonds, or other similar debt instruments (collectively, the “**Bond Resolution**”), the proceeds from the sale of the Bonds, or other similar debt instruments will be delivered to the City or to a financial institution selected by the City for handling and distribution according to the terms of the Bond Resolution and the Act.

(j) Payment of the principal and interest on the Bonds will be secured and provided for by a pledge from the City and County of the Tax Increment, as defined below. The City Clerk and the Chancery Clerk of the County shall annually meet, in consultation with the County Tax Assessor, to determine the Tax Increment available from the City and County ad valorem tax revenue and together with the Department of Revenue Sale Tax Diversion Certificate delivered to the City determine the total Tax Increment available for the payment of debt service on the Bonds. As used in this Agreement, “**Tax Increment**” shall mean the (1) one hundred percent (100%) of the incremental increase in ad valorem tax revenue on real and personal property (excluding school taxes) within the TIF District to the City by the Project, (2) fifty percent (50%) of the sales tax rebates generated within the TIF District to the City by the Project, and (3), fifty percent (50%) of the incremental increases in real and personal property ad valorem taxes (excluding school taxes) generated within the TIF District to the County by the Project, as calculated in accordance with the Act and as provided for in the TIF Documents. Together, 1 and 2 above shall be known as the “City Share” and 3 above shall be known as the “County Share.” The principal amount of any series of the Bonds shall be determined by the City and based on that portion of the Tax Increment generated within the TIF District in an amount not to exceed One Million Dollars (\$1,000,000).

(k) Costs of issuance for the Bonds including, but not limited to, the fees and expenses of the City and Bond Counsel, will be paid from the proceeds of the Bonds as provided in the TIF Documents.

(l) The City shall provide for the timely payment of debt service relating to the Bonds utilizing the lawfully available Tax Increment that are held in the Tax Increment Fund, defined below, including the City Share and the County Share.

(m) Pursuant to the Bond Resolution, the City shall establish a separate fund entitled the “Tax Increment Fund, Diamondhead Medical Center Project Fund” (the “**Tax Increment Fund**”) to receive the Tax Increment and receive the proceeds of any other financial assistance received in connection with the TIF Plan. Any funds remaining in the Tax Increment Fund after the Bonds are no longer outstanding shall be reimbursed to the City and County based on the proportionate share that each contributed to the Tax Increment Fund for use by the City and the County for any lawful purpose.

8. **COUNTY OBLIGATIONS:** The County shall have the following obligations and responsibilities:

(a) As set forth in the TIF Documents, the County shall pledge the County Share of the Tax Increment as security for the Bonds. The pledge of the County Share shall not be considered a pledge of the full faith and credit of the County. The pledge of the County Share is the sole obligation of the County with respect to the payment of the debt

service on the Bonds, and any surplus in County incremental tax increase revenues will be deposited by the County into the County general fund or other appropriate fund for use for any lawful County purposes.

(b) The County hereby agrees to execute any security instruments consistent with this Agreement as may be reasonably necessary and required by the City's Bond Resolution for the issuance of the Bonds, including any refunding of the Bonds.

(c) Upon the receipt of the invoice from the City provided for in Section 7(e) hereof, the County shall provide for the timely payment of the County Share, no later than thirty (30) days prior to the payment date on the Bonds, to the City Clerk, so as to enable the City to make timely payment of debt service relating to the Bonds as set forth herein, the Bond Resolution and any other documents and resolutions approved by the City in connection with the sale and issuance of the Bonds.

9. **AMENDMENT:** This Agreement may be amended by mutual written consent of the County and the City. No such amendment shall in any way effect the security for and the payment of debt service on the Bonds.

10. **EFFECTIVE DATE & COUNTERPARTS:** This Agreement shall become effective from and after the date it has been approved by the governing authorities of the County, the City, and the Attorney General of the State as required by Section 17-13-11 of the Interlocal Act and when it has been filed as otherwise provided by the Interlocal Act. This Agreement may be executed by the parties hereto using multiple counterparts.

**THIS AGREEMENT ENTERED** into this the \_\_\_\_ day of May 2021.

**CITY OF DIAMONDHEAD, MISSISSIPPI**

By: \_\_\_\_\_  
**City Manager**

**ATTEST:**

By: \_\_\_\_\_  
**City Clerk**

**HANCOCK COUNTY, MISSISSIPPI**

By: \_\_\_\_\_  
**President, Board of Supervisors**

**ATTEST:**

\_\_\_\_\_  
**Chancery Clerk**