

INTERGOVERNMENTAL AGREEMENT

THIS INTERGOVERNMENTAL AGREEMENT (this “Agreement”), made and entered into as of the [___] day of June, 2024 by and between **EFFINGHAM COUNTY INDUSTRIAL DEVELOPMENT AUTHORITY**, a public body corporate and politic of the State of Georgia (the “Authority”), **EFFINGHAM COUNTY, GEORGIA**, a political subdivision of the State of Georgia (the “County”), and the **EFFINGHAM COUNTY SCHOOL DISTRICT**, a political subdivision of the State of Georgia (the “School District”).

WITNESSETH:

WHEREAS, the Authority has implemented a payment-in-lieu of ad valorem tax (“PILOT”) program that enabled the Authority to enter into payment-in-lieu of ad valorem tax agreements (“PILOT Agreements”) with qualified lessees to create PILOTs, thereby generating a tax abatement for qualified lessees allowing them to make payments-in-lieu of ad valorem taxes (“PILOT Payments”) with the intent to encourage and facilitate investment and development in Effingham County; and

WHEREAS, Article IX, Section III, Paragraph I(a) of the Georgia Constitution authorizes, among other things, any county, municipality, or other political subdivision of the State to contract for a period not exceeding fifty years, with any other public agency, public corporation, or public authority for joint services, for the provision of services, or for the provision or separate use of facilities or equipment, provided that such contract deals with activities, services or facilities which the contracting parties are authorized by law to undertake or provide; and

WHEREAS, Article IX, Section IV, Paragraph IV of the Georgia Constitution authorizes counties and municipalities to enter into contracts with other counties and municipalities for the purpose of allocating the proceeds of ad valorem taxes assessed and collected on property located in such county or municipality with such other counties or municipalities with which the assessing county or municipality has entered into agreements for the development of one or more regional facilities and the allocation of other revenues generated from such regional facilities, and that such a contract shall provide for the manner of development, operation and management of the regional facility and the sharing of expenses among the contracting local governments and shall specify the method of allocation and the percentage of ad valorem taxes and other revenues to be allocated to each contracting local government; and

WHEREAS, the Authority, the County and the School District desire to promote services and complete infrastructure projects within their respective jurisdictions;

WHEREAS, the Authority desires to share the revenue generated by PILOT Payments collected on or in connection to the PILOT Agreements with the County, the School District and, where applicable, one or more Cities (as defined herein), in order to promote and provide services and fund certain infrastructure projects; and

WHEREAS, the parties now desire to enter into this Agreement to, among other things, specify the distribution of PILOT Payments collected on or in connection with the PILOT Agreements for the purposes set forth herein;

NOW THEREFORE, for and in consideration of the premises and undertakings as hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Authority, County, and School District HEREBY AGREE as follows:

Article I. Recitals

The preamble and recitals above make up a part of the terms, conditions and provisions of this Contract.

Article II. Term

This Agreement shall become effective upon execution by all parties and shall continue in effect for ten (10) years.

Article III. Definitions

“**City**” shall mean any city located in the County, including but not limited to the cities of Rincon, Springfield or Guyton (together, the “**Cities**”).

“**Hospital Authority**” shall mean the Effingham County Hospital Authority.

“**PILOT Agreement**” shall mean a lease agreement between a Tenant and the Authority whereby payments are made by the Tenant to or upon the order of the Authority over a certain number of years in lieu of paying ad valorem taxes.

“**PILOT Payments**” shall mean the tax abatement payments paid by Tenants under PILOT Agreements. PILOT Payments are made to or upon the order of the Authority and the Authority or its designee distributes said payments to the County, the School District, and the Cities in accordance with the terms herein; provided, that for purposes hereof, the Authority has designated that the Tax Commissioner will receive and distribute on its behalf the Revenues generated from the PILOT Payments.

“**Revenues**” shall mean revenues generated from PILOT Payments pursuant to any PILOT Agreement entered into by the Authority after December 31, 2018; *provided, however*, that Revenues shall not include (i) any fees specifically allocated to the Authority in connection with a bond issuance, and (ii) PILOT Payments from the following PILOT Agreements: Southern Power Company, Fort Howard Corporation, EFACEC Power Solutions SGPC, S.A., and any PILOT Agreement involving a joint development authority established under the laws of the State of Georgia of which the County is a member.

“**Special Tax District**” shall mean any special taxing district located within the boundaries of unincorporated Effingham County or within the boundaries of Effingham County and any City, as any of them may be established pursuant to Article IX, Section II, Paragraph VI of the Constitution of the State of Georgia.

“**Tax Commissioner**” shall mean the Effingham County Tax Commissioner.

“*Tenant*” shall mean a person or entity which owns, or leases from the Authority, any portion of the property subject to a PILOT Agreement.

“*Tenant Property*” shall mean is the real and personal property owned or leased by a Tenant pursuant to a PILOT Agreement.

Article IV. Authority's Obligations

- (a) The Authority shall collect and deposit in a separate account any and all Revenues (except for such Revenues as may be required to be collected by the Tax Commissioner).
- (b) Except as otherwise may be agreed upon by the parties in accordance with Article V below, the Authority or the Tax Commissioner (as applicable) shall promptly distribute the Revenues for the prior year on or before March 15 of each year to each entity in accordance with the following distribution formula (subject to the example at the end of this paragraph):

1. The County shall receive a distribution of the Revenues equal to the ratio of (i) the millage rate for the current taxable year for each of the County and the Hospital Authority, to (ii) the total millage rate for the current taxable year of the applicable Tenant Property;

2. The Authority shall receive a distribution of the Revenues equal to the ratio of (i) the millage rate for the current taxable year for the Authority, to (ii) the total millage rate for the current taxable year of the applicable Tenant Property;

3. The School District shall receive a distribution of the Revenues equal to the ratio of (i) the millage rate for the current taxable year for the School District, to (ii) the total millage rate for the current taxable year of the applicable Tenant Property; and

4. In the case of a PILOT Agreement for Tenant Property located within the jurisdictional limits of any City, such City shall receive a distribution of the Revenues equal to the ratio of (i) the millage rate for the current taxable year for that City, to (ii) the total millage rate for the current taxable year for the applicable Tenant Property.

5. In the case of a PILOT Agreement for Tenant Property located within the jurisdictional limits of any Special Tax District, the County shall receive a distribution of the Revenues equal to the ratio of (i) the millage rate for the current taxable year for that Special Tax District, to (ii) the total millage rate for the current taxable year for the applicable Tenant Property.

By way of example only and in no way representative of actual millage rates in effect now or in the future, if the millage rate for a taxing entity for a particular year is 16 mills and the total millage rate is 32 mills, the portion of Revenues receivable by such taxing entity from a PILOT Agreement would be equal to 16/32 or 50% of the total Revenues generated under such PILOT Agreement.

- (c) The Authority shall cause to be performed an annual independent audit of its finances. The audit shall be promptly distributed to the County, the School District and the Cities.

Article V. Special Projects

- (a) Notwithstanding the distributions set forth in Article IV of this Agreement, the parties may, by unanimous consent, agree to an alternative distribution of Revenues for certain development projects or Tenant Property governed by a PILOT Agreement (each, a "Special Project").
- (b) As a condition to the alternative distribution of Revenues for a Special Project, the parties shall enter into a separate written agreement to establish mutually agreed upon guidelines and mechanisms for allocating and promptly distributing the Revenues for each contemplated Special Project (a "Special Distribution Agreement"), and such agreement shall be binding on all parties thereto and shall govern with respect to the Special Project and the distribution of Revenues therefrom.
- (c) For any Special Project for which the County and Authority both contribute to the costs, make expenditures or otherwise incur monetary obligations with respect to the Special Project (the "Special Project Costs"), the County and Authority shall be entitled to the reimbursement of each party's pro rata share of the Special Project Costs if *each party* agrees to such reimbursement. The reimbursement of Special Project Costs shall be reflected in any Special Distribution Agreement between the parties.
- (d) Notwithstanding the execution of any Special Distribution Agreement, the distribution schedule and the other terms and conditions set forth under this Agreement shall remain in full force and effect with respect to the distribution of Revenues from all other PILOT Agreements, and constitute valid and binding obligations of all parties hereto.

Article VI. Consent

To the extent permitted by law, the County and School District hereby expressly consent to the terms, provisions, agreements and requirements herein and waive any rights or claims to Revenues other than those specifically referenced herein.

Article VII. Economic Development Negotiations

In order to be competitive in the economic development marketplace, the Authority is hereby authorized to negotiate with prospective business and industrial purchasers or tenants for payments in lieu of ad valorem taxation or tax abatements consistent and in accordance with applicable law(s).

Article VIII. General

- (a) Should any clause, sentence or paragraph herein contained be held invalid or unconstitutional, it shall not affect any of the remaining provisions of this Agreement, all of which shall otherwise remain in full force and effect.

- (b) This Agreement may be executed in several counterparts, each of which shall be an original but all of which shall constitute but one and the same instrument.
- (c) This Agreement may not be assigned by any party hereto.
- (d) This Agreement may be amended or modified only by an express written agreement executed by all parties hereto.
- (e) This Agreement shall be construed and enforced in accordance with the laws of the State of Georgia.

Article IX. Notices

All notices, correspondence, payments and other communications required under this Contract shall be delivered to:

For the Authority:

Chief Executive Officer

For the County:

County Manager

For the School District:

Superintendent

[Signatures on following page]

IN WITNESS WHEREOF, the parties, by action and through their duly organized officers, have caused this Agreement to be executed in multiple counterparts under seal as of the day and year first above written.

**EFFINGHAM COUNTY
INDUSTRIAL DEVELOPMENT AUTHORITY,**
a public body corporate and politic of the State of Georgia

By: _____ (SEAL)
Name: _____
Title: _____

(SEAL)

Attest:

Secretary

EFFINGHAM COUNTY,
a political subdivision of the State of Georgia

By: _____ (SEAL)
Name: _____
Title: _____

(SEAL)

Attest:

County Clerk

EFFINGHAM COUNTY SCHOOL DISTRICT,
a political subdivision of the State of Georgia

By: _____ (SEAL)

Name: _____

Title: _____

(SEAL)

Attest:

Secretary