



The Town of Hilton Head Island
Finance & Administrative Committee

Tuesday, July 16, 2:00 p.m.

Conference Room 3

AGENDA

As a courtesy to others please turn off / silence ALL mobile devices during the Finance & Administrative Committee Meeting. Thank You.

1. Call to Order

2. FOIA Compliance - Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act and the requirements of the Town of Hilton Head Island.

3. Approval of Minutes

a. Finance & Administrative Committee, May 21, 2019

4. Unfinished Business

a. General Discussion of Town Manager Performance Review Process & Procedure.

5. New Business

- a. Discussion of an Ordinance providing for the Advance Refunding of 2011 Hospitality Bonds Series A & B.
- b. Discussion of an Ordinance Authorizing the Town Manager to enter into a Lease Agreement with the Beaufort County Sheriff's Office for 70 Shelter Cove Lane.
- c. Discussion of a Request for Proposals for Designated Marketing Organization as identified in South Carolina Code of Laws Section 6-4-10.

6. Adjournment

Please note that a quorum of Town Council may result if four (4) or more of their members attend this meeting



Town of Hilton Head Island
**Finance & Administrative
Committee Meeting**

Tuesday, May 21, 2019 at 3:00 pm
Conference Room 3

MEETING MINUTES

Present From the Committee: Tom Lennox, *Chairman*; William Harkins, Tamara Becker;
Council Members

Present from Town Council: David Ames, Glen Stanford

Present from Town Staff: Josh Gruber, *Assistant Town Manager*; Brian Hulbert, *Staff Attorney*; Angie Stone, *Director of Human Resources*; Steven Markiw, *Deputy Finance Director*; Cindaia Ervin, *Finance Assistant*

Present from Media: Katherine Kokal

1. Call to Order

The Chairman called the meeting to order at 3:00 pm.

2. FOIA Compliance

Public notification of this meeting has been published, posted and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.

3. Approval of Minutes

- a. Finance & Administrative Committee Meeting, May 21, 2019

Mr. Harkins moved to approve the minutes from May 21, 2019. Mrs. Becker seconded. The motion was approved by a vote of 3-0.

4. Unfinished Business - NONE

5. New Business

- a. General discussion of Town Manager Performance Review Process & Procedure.

Angie Stone, Director of Human Resources, spoke with the Committee regarding the previous meeting recommended changes and additions for the Town Managers Performance form. She indicated that based on the recommended changes that she did see room for clarification and further discussion. The revision recommended by the Committee members were for Competency 3 and Goal 6. Bill Harkins, Committee Member, previously suggested that the criteria for Competency 3 reference how the organizations effectiveness is evident to Town Council Members. Upon further discussion among the Committee, it was explained that those

suggestions were addressed in Competency 3 and 4. The Committee felt that with the further discussion and explanation it helped them understand what was to be expected as a response.

Tamara Becker, Committee Member, asked for further clarification of what was to be evaluated in Goal 6, Infrastructure. Mrs. Stone proposed adding additional wording from the fiscal year 2018 evaluation form to help clarify what each goal was intended to measure. All goals are meant to flow and be evaluated separately in order to tell the narrative of the past year. The overall consensus of the committee was that Goal 6 would have additional wording to assist when the Council Members fill out the evaluations for the Town Manager.

Mr. Harkins made a motion to approve the Town Managers Performance Review Form and schedule as outlined in the Finance & Administrative Committee Meeting. Mrs. Becker seconded. The motion passed with a vote of 3-0.

Mrs. Stone indicated that she would distribute the fiscal year 2019 evaluation form and schedule to all of Town Council to review and begin the process. Mr. Lennox thanked Mrs. Stone for her time and clarification provided.

6. Executive Session – NONE

7. Adjournment

At 3:34 p.m., Mr. Lennox adjourned the meeting.

Cindaia Ervin, Secretary

Approved: _____

Tom Lennox, Chairman



MEMORANDUM

TO: Town Council

FROM: John M. Troyer, CPA, Director of Finance

VIA: Joshua A. Gruber, Assistant Town Manager

VIA: Stephen G. Riley, ICMA-CM, Town Manager

DATE: July 3, 2019

RE: First Reading of Proposed Ordinance No. 2019-18; Special Obligation Bond Ordinance Hospitality Fee. Second Supplemental Ordinance – providing for the issuance and sale of Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Hospitality Fee Pledge), in one or more series, in the principal amount not exceeding \$ 17,000,000; delegating the authority to the Town Manager to determine certain matters with respect to the bonds; prescribing the form and details of such bonds; other matters relating thereto; and providing for the severability and effective date.

Recommendation:

Staff recommends Council approve first reading of Proposed Ordinance No. 2019-18. The ordinance provides for the authorization to issue special obligation bonds to refund special obligation bonds Series 2011 A and Series 2011 B to achieve savings and improve the Town's cash flow. The Town has previously directed the Financial Advisor and Bond Counsel to seek to take advantage of market opportunities to save the Town money on its outstanding debt. This recommendation is a result of those efforts.

Summary:

In 2011, the Town issued Special Obligation Bonds Series 2011A and Series 2011B. These bonds are supported by Hospitality fees. Market conditions at the time dictated not only an interest rate structure, but also a reserve requirement. Current market conditions have reduced rates and afforded a substitute for the reserve funds to a reasonably-priced surety. The Town's Financial Advisor and the Town's Bond Counsel both recommend the action to save money, improve cash flow, and improve the Town's portfolio of outstanding bonds.

Details:

Included with these materials is a detailed report on the current market conditions and savings opportunities. Among the highlights of the report on the following page (and page references to amounts):

Original Issue amounts:

Series 2011 A	\$15,250,000
Series 2011 B	<u>\$ 8,250,000</u>
Total	\$23,500,000

Bonds outstanding (and bonds to be refunded):

Series 2011 A	\$ 11,965,000	(page 1)
Series 2011 B	<u>\$ 4,770,000</u>	(page 2)
Total	\$ 16,735,000	

Average coupon of existing bonds:

Series 2011 A	4.200%	(page 8)
Series 2011 B	<u>3.569%</u>	(page 9)
Total	4.096%	(page 10)

Bonds expected to be issued: \$16,030,000 (page 10)

Expected interest rate (TIC) 3.0662% (taxable) (page 10)

Expected Cash Flow improvement \$2,360,765 (page 13)

Reserve Funds released:

Series 2011 A	\$1,061,140	-- otherwise would have been released in 2036	(page 11)
Series 2011 B	<u>\$ 574,060</u>	-- otherwise would have been released in 2028	(page 12)
Total	\$ 1,635,200		(page 13)

Expected Savings \$725,565 – Cash flow improvement \$2,360,765 less reserves released \$1,635,200.

Present Value Expected Savings \$274,393 (page 13)

Additional refunding details attached.

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Taxable Rates as of June 17, 2019

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PRIOR BOND DEBT SERVICE

Town of Hilton Head Island, SC
Advance Refunding of 2011A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020	485,000	4.000%	256,834.38	741,834.38	741,834.38
12/01/2020			247,134.38	247,134.38	
06/01/2021	505,000	4.500%	247,134.38	752,134.38	999,268.76
12/01/2021			235,771.88	235,771.88	
06/01/2022	530,000	4.500%	235,771.88	765,771.88	1,001,543.76
12/01/2022			223,846.88	223,846.88	
06/01/2023	555,000	5.000%	223,846.88	778,846.88	1,002,693.76
12/01/2023			209,971.88	209,971.88	
06/01/2024	580,000	5.000%	209,971.88	789,971.88	999,943.76
12/01/2024			195,471.88	195,471.88	
06/01/2025	610,000	4.000%	195,471.88	805,471.88	1,000,943.76
12/01/2025			183,271.88	183,271.88	
06/01/2026	635,000	5.000%	183,271.88	818,271.88	1,001,543.76
12/01/2026			167,396.88	167,396.88	
06/01/2027	665,000	5.000%	167,396.88	832,396.88	999,793.76
12/01/2027			150,771.88	150,771.88	
06/01/2028	700,000	4.000%	150,771.88	850,771.88	1,001,543.76
12/01/2028			136,771.88	136,771.88	
06/01/2029	725,000	4.000%	136,771.88	861,771.88	998,543.76
12/01/2029			122,271.88	122,271.88	
06/01/2030	755,000	4.000%	122,271.88	877,271.88	999,543.76
12/01/2030			107,171.88	107,171.88	
06/01/2031	785,000	4.000%	107,171.88	892,171.88	999,343.76
12/01/2031			91,471.88	91,471.88	
06/01/2032	815,000	4.125%	91,471.88	906,471.88	997,943.76
12/01/2032			74,662.50	74,662.50	
06/01/2033	850,000	4.125%	74,662.50	924,662.50	999,325.00
12/01/2033			57,131.25	57,131.25	
06/01/2034	885,000	4.125%	57,131.25	942,131.25	999,262.50
12/01/2034			38,878.13	38,878.13	
06/01/2035	925,000	4.125%	38,878.13	963,878.13	1,002,756.26
12/01/2035			19,800.00	19,800.00	
06/01/2036	960,000	4.125%	19,800.00	979,800.00	999,600.00
	11,965,000		4,780,428.26	16,745,428.26	16,745,428.26

PRIOR BOND DEBT SERVICE

Town of Hilton Head Island, SC
Advance Refunding of 2011B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020	465,000	** %	82,990.63	547,990.63	547,990.63
12/01/2020			74,265.63	74,265.63	
06/01/2021	480,000	** %	74,265.63	554,265.63	628,531.26
12/01/2021			67,028.13	67,028.13	
06/01/2022	495,000	3.125%	67,028.13	562,028.13	629,056.26
12/01/2022			59,293.75	59,293.75	
06/01/2023	510,000	3.250%	59,293.75	569,293.75	628,587.50
12/01/2023			51,006.25	51,006.25	
06/01/2024	525,000	3.400%	51,006.25	576,006.25	627,012.50
12/01/2024			42,081.25	42,081.25	
06/01/2025	545,000	3.500%	42,081.25	587,081.25	629,162.50
12/01/2025			32,543.75	32,543.75	
06/01/2026	560,000	3.600%	32,543.75	592,543.75	625,087.50
12/01/2026			22,463.75	22,463.75	
06/01/2027	585,000	3.750%	22,463.75	607,463.75	629,927.50
12/01/2027			11,495.00	11,495.00	
06/01/2028	605,000	3.800%	11,495.00	616,495.00	627,990.00
	4,770,000		803,345.65	5,573,345.65	5,573,345.65

PRIOR BOND DEBT SERVICE

Town of Hilton Head Island, SC
Special Obligation Refunding Bonds (Hospitality Fee Pledge)
Taxable Rates as of June 17, 2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020	950,000	** %	339,825.01	1,289,825.01	1,289,825.01
12/01/2020			321,400.01	321,400.01	
06/01/2021	985,000	** %	321,400.01	1,306,400.01	1,627,800.02
12/01/2021			302,800.01	302,800.01	
06/01/2022	1,025,000	** %	302,800.01	1,327,800.01	1,630,600.02
12/01/2022			283,140.63	283,140.63	
06/01/2023	1,065,000	** %	283,140.63	1,348,140.63	1,631,281.26
12/01/2023			260,978.13	260,978.13	
06/01/2024	1,105,000	** %	260,978.13	1,365,978.13	1,626,956.26
12/01/2024			237,553.13	237,553.13	
06/01/2025	1,155,000	** %	237,553.13	1,392,553.13	1,630,106.26
12/01/2025			215,815.63	215,815.63	
06/01/2026	1,195,000	** %	215,815.63	1,410,815.63	1,626,631.26
12/01/2026			189,860.63	189,860.63	
06/01/2027	1,250,000	** %	189,860.63	1,439,860.63	1,629,721.26
12/01/2027			162,266.88	162,266.88	
06/01/2028	1,305,000	** %	162,266.88	1,467,266.88	1,629,533.76
12/01/2028			136,771.88	136,771.88	
06/01/2029	725,000	4.000%	136,771.88	861,771.88	998,543.76
12/01/2029			122,271.88	122,271.88	
06/01/2030	755,000	4.000%	122,271.88	877,271.88	999,543.76
12/01/2030			107,171.88	107,171.88	
06/01/2031	785,000	4.000%	107,171.88	892,171.88	999,343.76
12/01/2031			91,471.88	91,471.88	
06/01/2032	815,000	4.125%	91,471.88	906,471.88	997,943.76
12/01/2032			74,662.50	74,662.50	
06/01/2033	850,000	4.125%	74,662.50	924,662.50	999,325.00
12/01/2033			57,131.25	57,131.25	
06/01/2034	885,000	4.125%	57,131.25	942,131.25	999,262.50
12/01/2034			38,878.13	38,878.13	
06/01/2035	925,000	4.125%	38,878.13	963,878.13	1,002,756.26
12/01/2035			19,800.00	19,800.00	
06/01/2036	960,000	4.125%	19,800.00	979,800.00	999,600.00
	16,735,000		5,583,773.91	22,318,773.91	22,318,773.91

SUMMARY OF BONDS REFUNDED

Town of Hilton Head Island, SC
Special Obligation Refunding Bonds (Hospitality Fee Pledge)
Taxable Rates as of June 17, 2019

Bond	Maturity Date	Interest Rate	Par Amount	Call Date	Call Price	
Special Obligation Bonds (Hospitality Fee Pledge), Series 2011A, 2011A:						
SERIAL	06/01/2020	4.000%	485,000.00			
	06/01/2021	4.500%	505,000.00			
	06/01/2022	4.500%	530,000.00	06/01/2021	100.000	
	06/01/2023	5.000%	555,000.00	06/01/2021	100.000	
	06/01/2024	5.000%	580,000.00	06/01/2021	100.000	
	06/01/2025	4.000%	610,000.00	06/01/2021	100.000	
	06/01/2026	5.000%	635,000.00	06/01/2021	100.000	
	06/01/2027	5.000%	665,000.00	06/01/2021	100.000	
	TERM31	06/01/2028	4.000%	700,000.00	06/01/2021	100.000
		06/01/2029	4.000%	725,000.00	06/01/2021	100.000
06/01/2030		4.000%	755,000.00	06/01/2021	100.000	
TERM36	06/01/2031	4.000%	785,000.00	06/01/2021	100.000	
	06/01/2032	4.125%	815,000.00	06/01/2021	100.000	
	06/01/2033	4.125%	850,000.00	06/01/2021	100.000	
	06/01/2034	4.125%	885,000.00	06/01/2021	100.000	
	06/01/2035	4.125%	925,000.00	06/01/2021	100.000	
	06/01/2036	4.125%	960,000.00	06/01/2021	100.000	
			11,965,000.00			
Special Obligation Refunding Bonds, Series 2011B, 2011B:						
SERIAL	06/01/2020	3.000%	115,000.00			
	06/01/2020	4.000%	350,000.00			
	06/01/2021	3.250%	230,000.00			
	06/01/2021	2.800%	250,000.00			
	06/01/2022	3.125%	495,000.00	06/01/2021	100.000	
	06/01/2023	3.250%	510,000.00	06/01/2021	100.000	
	06/01/2024	3.400%	525,000.00	06/01/2021	100.000	
	06/01/2025	3.500%	545,000.00	06/01/2021	100.000	
	06/01/2026	3.600%	560,000.00	06/01/2021	100.000	
	06/01/2027	3.750%	585,000.00	06/01/2021	100.000	
	06/01/2028	3.800%	605,000.00	06/01/2021	100.000	
				4,770,000.00		
				16,735,000.00		

ESCROW REQUIREMENTS

Town of Hilton Head Island, SC
Advance Refunding of 2011A

Period Ending	Principal	Interest	Principal Redeemed	Total
06/01/2020	485,000.00	256,834.38		741,834.38
12/01/2020		247,134.38		247,134.38
06/01/2021	505,000.00	247,134.38	10,975,000.00	11,727,134.38
	990,000.00	751,103.14	10,975,000.00	12,716,103.14

ESCROW REQUIREMENTS

Town of Hilton Head Island, SC
Advance Refunding of 2011B

Period Ending	Principal	Interest	Principal Redeemed	Total
06/01/2020	465,000.00	82,990.63		547,990.63
12/01/2020		74,265.63		74,265.63
06/01/2021	480,000.00	74,265.63	3,825,000.00	4,379,265.63
	945,000.00	231,521.89	3,825,000.00	5,001,521.89

ESCROW REQUIREMENTS

Town of Hilton Head Island, SC
Special Obligation Refunding Bonds (Hospitality Fee Pledge)
Taxable Rates as of June 17, 2019

Period Ending	Principal	Interest	Principal Redeemed	Total
06/01/2020	950,000.00	339,825.01		1,289,825.01
12/01/2020		321,400.01		321,400.01
06/01/2021	985,000.00	321,400.01	14,800,000.00	16,106,400.01
	1,935,000.00	982,625.03	14,800,000.00	17,717,625.03

SUMMARY OF REFUNDING RESULTS

Town of Hilton Head Island, SC
Advance Refunding of 2011A

Dated Date	12/01/2019
Delivery Date	12/01/2019
Arbitrage yield	3.035320%
Escrow yield	1.915438%
Value of Negative Arbitrage	194,261.90
Bond Par Amount	11,655,000.00
True Interest Cost	3.150621%
Net Interest Cost	3.153397%
Average Coupon	3.112754%
Average Life	9.217
Par amount of refunded bonds	11,965,000.00
Average coupon of refunded bonds	4.200266%
Average life of refunded bonds	9.512
PV of prior debt to 12/01/2019 @ 3.035320%	13,080,732.64
Net PV Savings	308,315.46
Percentage savings of refunded bonds	2.576811%
Percentage savings of refunding bonds	2.645349%

SUMMARY OF REFUNDING RESULTS

Town of Hilton Head Island, SC
Advance Refunding of 2011B

Dated Date	12/01/2019
Delivery Date	12/01/2019
Arbitrage yield	3.035320%
Escrow yield	1.920486%
Value of Negative Arbitrage	73,492.72
Bond Par Amount	4,375,000.00
True Interest Cost	2.659125%
Net Interest Cost	2.672022%
Average Coupon	2.854968%
Average Life	4.676
Par amount of refunded bonds	4,770,000.00
Average coupon of refunded bonds	3.569632%
Average life of refunded bonds	4.718
PV of prior debt to 12/01/2019 @ 3.035320%	4,877,726.82
Net PV Savings	-33,922.45
Percentage savings of refunded bonds	-0.711162%
Percentage savings of refunding bonds	-0.775370%

SUMMARY OF REFUNDING RESULTS

Town of Hilton Head Island, SC
Special Obligation Refunding Bonds (Hospitality Fee Pledge)
Taxable Rates as of June 17, 2019

Dated Date	12/01/2019
Delivery Date	12/01/2019
Arbitrage yield	3.035320%
Escrow yield	1.916828%
Value of Negative Arbitrage	267,754.62
Bond Par Amount	16,030,000.00
True Interest Cost	3.066191%
Net Interest Cost	3.076392%
Average Coupon	3.071516%
Average Life	7.978
Par amount of refunded bonds	16,735,000.00
Average coupon of refunded bonds	4.096153%
Average life of refunded bonds	8.146
PV of prior debt to 12/01/2019 @ 3.035320%	17,958,459.46
Net PV Savings	274,393.01
Percentage savings of refunded bonds	1.639636%
Percentage savings of refunding bonds	1.711747%

SAVINGS

Town of Hilton Head Island, SC
Advance Refunding of 2011A

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/01/2019 @ 3.0353196%
06/01/2020	741,834.38	687,333.75	54,500.63	53,685.86
06/01/2021	999,268.76	894,367.50	104,901.26	101,390.02
06/01/2022	1,001,543.76	897,717.50	103,826.26	97,341.41
06/01/2023	1,002,693.76	895,467.50	107,226.26	97,467.40
06/01/2024	999,943.76	892,767.50	107,176.26	94,464.71
06/01/2025	1,000,943.76	894,617.50	106,326.26	90,871.41
06/01/2026	1,001,543.76	895,867.50	105,676.26	87,605.06
06/01/2027	999,793.76	891,517.50	108,276.26	87,004.42
06/01/2028	1,001,543.76	894,357.50	107,186.26	83,484.21
06/01/2029	998,543.76	890,997.50	107,546.26	81,222.20
06/01/2030	999,543.76	891,537.50	108,006.26	79,094.35
06/01/2031	999,343.76	895,802.50	103,541.26	73,538.71
06/01/2032	997,943.76	893,602.50	104,341.26	71,857.44
06/01/2033	999,325.00	895,042.50	104,282.50	69,635.06
06/01/2034	999,262.50	894,922.50	104,340.00	67,556.98
06/01/2035	1,002,756.26	898,192.50	104,563.76	65,645.93
06/01/2036	999,600.00	894,842.50	104,757.50	63,770.42
	16,745,428.26	14,998,953.75	1,746,474.51	1,365,635.58

Savings Summary

PV of savings from cash flow	1,365,635.58
Less: Prior funds on hand	-1,061,140.00
Plus: Refunding funds on hand	3,819.88
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Net PV Savings	308,315.46

SAVINGS

Town of Hilton Head Island, SC
Advance Refunding of 2011B

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/01/2019 @ 3.0353196%
06/01/2020	547,990.63	513,755.00	34,235.63	33,723.82
06/01/2021	628,531.26	554,010.00	74,521.26	71,479.15
06/01/2022	629,056.26	555,810.00	73,246.26	68,166.46
06/01/2023	628,587.50	557,160.00	71,427.50	64,494.38
06/01/2024	627,012.50	553,060.00	73,952.50	64,768.94
06/01/2025	629,162.50	558,660.00	70,502.50	59,901.46
06/01/2026	625,087.50	553,660.00	71,427.50	58,858.91
06/01/2027	629,927.50	558,360.00	71,567.50	57,194.48
06/01/2028	627,990.00	554,580.00	73,410.00	56,875.53
	5,573,345.65	4,959,055.00	614,290.65	535,463.11

Savings Summary

PV of savings from cash flow	535,463.11
Less: Prior funds on hand	-574,060.00
Plus: Refunding funds on hand	4,674.44
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Net PV Savings	-33,922.45

SAVINGS

Town of Hilton Head Island, SC
 Special Obligation Refunding Bonds (Hospitality Fee Pledge)
 Taxable Rates as of June 17, 2019

Date	Prior Debt Service	Refunding Debt Service	Savings	Present Value to 12/01/2019 @ 3.0353196%
06/01/2020	1,289,825.01	1,201,088.75	88,736.26	87,409.68
06/01/2021	1,627,800.02	1,448,377.50	179,422.52	172,869.16
06/01/2022	1,630,600.02	1,453,527.50	177,072.52	165,507.87
06/01/2023	1,631,281.26	1,452,627.50	178,653.76	161,961.78
06/01/2024	1,626,956.26	1,445,827.50	181,128.76	159,233.65
06/01/2025	1,630,106.26	1,453,277.50	176,828.76	150,772.86
06/01/2026	1,626,631.26	1,449,527.50	177,103.76	146,463.96
06/01/2027	1,629,721.26	1,449,877.50	179,843.76	144,198.90
06/01/2028	1,629,533.76	1,448,937.50	180,596.26	140,359.74
06/01/2029	998,543.76	890,997.50	107,546.26	81,222.20
06/01/2030	999,543.76	891,537.50	108,006.26	79,094.35
06/01/2031	999,343.76	895,802.50	103,541.26	73,538.71
06/01/2032	997,943.76	893,602.50	104,341.26	71,857.44
06/01/2033	999,325.00	895,042.50	104,282.50	69,635.06
06/01/2034	999,262.50	894,922.50	104,340.00	67,556.98
06/01/2035	1,002,756.26	898,192.50	104,563.76	65,645.93
06/01/2036	999,600.00	894,842.50	104,757.50	63,770.42
	22,318,773.91	19,958,008.75	2,360,765.16	1,901,098.69

Savings Summary

PV of savings from cash flow	1,901,098.69
Less: Prior funds on hand	-1,635,200.00
Plus: Refunding funds on hand	8,494.32
Net PV Savings	274,393.01

SOURCES AND USES OF FUNDS

Town of Hilton Head Island, SC
Special Obligation Refunding Bonds (Hospitality Fee Pledge)
Taxable Rates as of June 17, 2019

Sources:	Dated Date 12/01/2019	Delivery Date 12/01/2019	Advance Refunding of 2011A	Advance Refunding of 2011B	Total
Bond Proceeds:					
Par Amount			11,655,000.00	4,375,000.00	16,030,000.00
Net Premium			2,958.70	54,926.15	57,884.85
			<u>11,657,958.70</u>	<u>4,429,926.15</u>	<u>16,087,884.85</u>
Other Sources of Funds:					
Transfer of 2011A DSRF			1,061,140.00		1,061,140.00
Transfer of 2011B DSRF				574,060.00	574,060.00
			<u>1,061,140.00</u>	<u>574,060.00</u>	<u>1,635,200.00</u>
			12,719,098.70	5,003,986.15	17,723,084.85
Uses:					
Refunding Escrow Deposits:					
Cash Deposit			0.71	0.74	1.45
SLGS Purchases			12,373,812.00	4,871,133.00	17,244,945.00
			<u>12,373,812.71</u>	<u>4,871,133.74</u>	<u>17,244,946.45</u>
Delivery Date Expenses:					
Cost of Issuance			272,652.84	102,347.16	375,000.00
Underwriter's Discount			46,620.00	17,500.00	64,120.00
Surety Bonds @ 2.1% of 3 Prong Test			22,193.27	8,330.81	30,524.08
			<u>341,466.11</u>	<u>128,177.97</u>	<u>469,644.08</u>
Other Uses of Funds:					
Additional Proceeds			3,819.88	4,674.44	8,494.32
			12,719,098.70	5,003,986.15	17,723,084.85

BOND PRICING

Town of Hilton Head Island, SC
Advance Refunding of 2011A

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Jason's Taxable Rates as of 17jul19:						
	06/01/2020	510,000	3.000%	2.240%	100.375	1,912.50
	06/01/2021	555,000	3.000%	2.270%	101.070	5,938.50
	06/01/2022	575,000	3.000%	2.290%	101.715	9,861.25
	06/01/2023	590,000	3.000%	2.320%	102.273	13,410.70
	06/01/2024	605,000	3.000%	2.410%	102.501	15,131.05
	06/01/2025	625,000	3.000%	2.470%	102.710	16,937.50
	06/01/2026	645,000	3.000%	2.600%	102.378	15,338.10
	06/01/2027	660,000	2.600%	2.700%	99.325	-4,455.00
	06/01/2028	680,000	2.700%	2.800%	99.248	-5,113.60
	06/01/2029	695,000	2.800%	2.900%	99.174	-5,740.70
	06/01/2030	715,000	2.900%	3.000%	99.104	-6,406.40
	06/01/2031	740,000	3.000%	3.100%	99.038	-7,118.80
	06/01/2032	760,000	3.100%	3.200%	98.976	-7,782.40
	06/01/2033	785,000	3.200%	3.300%	98.917	-8,501.55
	06/01/2034	810,000	3.300%	3.400%	98.862	-9,217.80
	06/01/2035	840,000	3.375%	3.480%	98.750	-10,500.00
	06/01/2036	865,000	3.450%	3.550%	98.759	-10,734.65
		11,655,000				2,958.70

Dated Date	12/01/2019	
Delivery Date	12/01/2019	
First Coupon	06/01/2020	
Par Amount	11,655,000.00	
Premium	2,958.70	
Production	11,657,958.70	100.025386%
Underwriter's Discount	-46,620.00	-0.400000%
Purchase Price	11,611,338.70	99.625386%
Accrued Interest		
Net Proceeds	11,611,338.70	

BOND PRICING

Town of Hilton Head Island, SC
Advance Refunding of 2011B

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Jason's Taxable Rates as of 17jul19:						
	06/01/2020	450,000	3.000%	2.240%	100.375	1,687.50
	06/01/2021	440,000	3.000%	2.270%	101.070	4,708.00
	06/01/2022	455,000	3.000%	2.290%	101.715	7,803.25
	06/01/2023	470,000	3.000%	2.320%	102.273	10,683.10
	06/01/2024	480,000	3.000%	2.410%	102.501	12,004.80
	06/01/2025	500,000	3.000%	2.470%	102.710	13,550.00
	06/01/2026	510,000	3.000%	2.600%	102.378	12,127.80
	06/01/2027	530,000	2.600%	2.700%	99.325	-3,577.50
	06/01/2028	540,000	2.700%	2.800%	99.248	-4,060.80
	06/01/2029		2.800%	2.900%	99.174	
	06/01/2030		2.900%	3.000%	99.104	
	06/01/2031		3.000%	3.100%	99.038	
	06/01/2032		3.100%	3.200%	98.976	
	06/01/2033		3.200%	3.300%	98.917	
	06/01/2034		3.300%	3.400%	98.862	
	06/01/2035		3.375%	3.480%	98.750	
	06/01/2036		3.450%	3.550%	98.759	
		4,375,000				54,926.15

Dated Date	12/01/2019	
Delivery Date	12/01/2019	
First Coupon	06/01/2020	
Par Amount	4,375,000.00	
Premium	54,926.15	
Production	4,429,926.15	101.255455%
Underwriter's Discount	-17,500.00	-0.400000%
Purchase Price	4,412,426.15	100.855455%
Accrued Interest		
Net Proceeds	4,412,426.15	

BOND PRICING

Town of Hilton Head Island, SC
 Special Obligation Refunding Bonds (Hospitality Fee Pledge)
 Taxable Rates as of June 17, 2019

Bond Component	Maturity Date	Amount	Rate	Yield	Price	Premium (-Discount)
Jason's Taxable Rates as of 17jul19:						
	06/01/2020	960,000	3.000%	2.240%	100.375	3,600.00
	06/01/2021	995,000	3.000%	2.270%	101.070	10,646.50
	06/01/2022	1,030,000	3.000%	2.290%	101.715	17,664.50
	06/01/2023	1,060,000	3.000%	2.320%	102.273	24,093.80
	06/01/2024	1,085,000	3.000%	2.410%	102.501	27,135.85
	06/01/2025	1,125,000	3.000%	2.470%	102.710	30,487.50
	06/01/2026	1,155,000	3.000%	2.600%	102.378	27,465.90
	06/01/2027	1,190,000	2.600%	2.700%	99.325	-8,032.50
	06/01/2028	1,220,000	2.700%	2.800%	99.248	-9,174.40
	06/01/2029	695,000	2.800%	2.900%	99.174	-5,740.70
	06/01/2030	715,000	2.900%	3.000%	99.104	-6,406.40
	06/01/2031	740,000	3.000%	3.100%	99.038	-7,118.80
	06/01/2032	760,000	3.100%	3.200%	98.976	-7,782.40
	06/01/2033	785,000	3.200%	3.300%	98.917	-8,501.55
	06/01/2034	810,000	3.300%	3.400%	98.862	-9,217.80
	06/01/2035	840,000	3.375%	3.480%	98.750	-10,500.00
	06/01/2036	865,000	3.450%	3.550%	98.759	-10,734.65
		16,030,000				57,884.85

Dated Date	12/01/2019	
Delivery Date	12/01/2019	
First Coupon	06/01/2020	
Par Amount	16,030,000.00	
Premium	57,884.85	
Production	16,087,884.85	100.361103%
Underwriter's Discount	-64,120.00	-0.400000%
Purchase Price	16,023,764.85	99.961103%
Accrued Interest		
Net Proceeds	16,023,764.85	

BOND DEBT SERVICE

Town of Hilton Head Island, SC
Advance Refunding of 2011A

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020	510,000	3.000%	177,333.75	687,333.75	687,333.75
12/01/2020			169,683.75	169,683.75	
06/01/2021	555,000	3.000%	169,683.75	724,683.75	894,367.50
12/01/2021			161,358.75	161,358.75	
06/01/2022	575,000	3.000%	161,358.75	736,358.75	897,717.50
12/01/2022			152,733.75	152,733.75	
06/01/2023	590,000	3.000%	152,733.75	742,733.75	895,467.50
12/01/2023			143,883.75	143,883.75	
06/01/2024	605,000	3.000%	143,883.75	748,883.75	892,767.50
12/01/2024			134,808.75	134,808.75	
06/01/2025	625,000	3.000%	134,808.75	759,808.75	894,617.50
12/01/2025			125,433.75	125,433.75	
06/01/2026	645,000	3.000%	125,433.75	770,433.75	895,867.50
12/01/2026			115,758.75	115,758.75	
06/01/2027	660,000	2.600%	115,758.75	775,758.75	891,517.50
12/01/2027			107,178.75	107,178.75	
06/01/2028	680,000	2.700%	107,178.75	787,178.75	894,357.50
12/01/2028			97,998.75	97,998.75	
06/01/2029	695,000	2.800%	97,998.75	792,998.75	890,997.50
12/01/2029			88,268.75	88,268.75	
06/01/2030	715,000	2.900%	88,268.75	803,268.75	891,537.50
12/01/2030			77,901.25	77,901.25	
06/01/2031	740,000	3.000%	77,901.25	817,901.25	895,802.50
12/01/2031			66,801.25	66,801.25	
06/01/2032	760,000	3.100%	66,801.25	826,801.25	893,602.50
12/01/2032			55,021.25	55,021.25	
06/01/2033	785,000	3.200%	55,021.25	840,021.25	895,042.50
12/01/2033			42,461.25	42,461.25	
06/01/2034	810,000	3.300%	42,461.25	852,461.25	894,922.50
12/01/2034			29,096.25	29,096.25	
06/01/2035	840,000	3.375%	29,096.25	869,096.25	898,192.50
12/01/2035			14,921.25	14,921.25	
06/01/2036	865,000	3.450%	14,921.25	879,921.25	894,842.50
	11,655,000		3,343,953.75	14,998,953.75	14,998,953.75

BOND DEBT SERVICE

Town of Hilton Head Island, SC
Advance Refunding of 2011B

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020	450,000	3.000%	63,755	513,755	513,755
12/01/2020			57,005	57,005	
06/01/2021	440,000	3.000%	57,005	497,005	554,010
12/01/2021			50,405	50,405	
06/01/2022	455,000	3.000%	50,405	505,405	555,810
12/01/2022			43,580	43,580	
06/01/2023	470,000	3.000%	43,580	513,580	557,160
12/01/2023			36,530	36,530	
06/01/2024	480,000	3.000%	36,530	516,530	553,060
12/01/2024			29,330	29,330	
06/01/2025	500,000	3.000%	29,330	529,330	558,660
12/01/2025			21,830	21,830	
06/01/2026	510,000	3.000%	21,830	531,830	553,660
12/01/2026			14,180	14,180	
06/01/2027	530,000	2.600%	14,180	544,180	558,360
12/01/2027			7,290	7,290	
06/01/2028	540,000	2.700%	7,290	547,290	554,580
	4,375,000		584,055	4,959,055	4,959,055

BOND DEBT SERVICE

Town of Hilton Head Island, SC
Special Obligation Refunding Bonds (Hospitality Fee Pledge)
Taxable Rates as of June 17, 2019

Period Ending	Principal	Coupon	Interest	Debt Service	Annual Debt Service
06/01/2020	960,000	3.000%	241,088.75	1,201,088.75	1,201,088.75
12/01/2020			226,688.75	226,688.75	
06/01/2021	995,000	3.000%	226,688.75	1,221,688.75	1,448,377.50
12/01/2021			211,763.75	211,763.75	
06/01/2022	1,030,000	3.000%	211,763.75	1,241,763.75	1,453,527.50
12/01/2022			196,313.75	196,313.75	
06/01/2023	1,060,000	3.000%	196,313.75	1,256,313.75	1,452,627.50
12/01/2023			180,413.75	180,413.75	
06/01/2024	1,085,000	3.000%	180,413.75	1,265,413.75	1,445,827.50
12/01/2024			164,138.75	164,138.75	
06/01/2025	1,125,000	3.000%	164,138.75	1,289,138.75	1,453,277.50
12/01/2025			147,263.75	147,263.75	
06/01/2026	1,155,000	3.000%	147,263.75	1,302,263.75	1,449,527.50
12/01/2026			129,938.75	129,938.75	
06/01/2027	1,190,000	2.600%	129,938.75	1,319,938.75	1,449,877.50
12/01/2027			114,468.75	114,468.75	
06/01/2028	1,220,000	2.700%	114,468.75	1,334,468.75	1,448,937.50
12/01/2028			97,998.75	97,998.75	
06/01/2029	695,000	2.800%	97,998.75	792,998.75	890,997.50
12/01/2029			88,268.75	88,268.75	
06/01/2030	715,000	2.900%	88,268.75	803,268.75	891,537.50
12/01/2030			77,901.25	77,901.25	
06/01/2031	740,000	3.000%	77,901.25	817,901.25	895,802.50
12/01/2031			66,801.25	66,801.25	
06/01/2032	760,000	3.100%	66,801.25	826,801.25	893,602.50
12/01/2032			55,021.25	55,021.25	
06/01/2033	785,000	3.200%	55,021.25	840,021.25	895,042.50
12/01/2033			42,461.25	42,461.25	
06/01/2034	810,000	3.300%	42,461.25	852,461.25	894,922.50
12/01/2034			29,096.25	29,096.25	
06/01/2035	840,000	3.375%	29,096.25	869,096.25	898,192.50
12/01/2035			14,921.25	14,921.25	
06/01/2036	865,000	3.450%	14,921.25	879,921.25	894,842.50
	16,030,000		3,928,008.75	19,958,008.75	19,958,008.75

BOND SUMMARY STATISTICS

Town of Hilton Head Island, SC
Advance Refunding of 2011A

Dated Date	12/01/2019
Delivery Date	12/01/2019
Last Maturity	06/01/2036
Arbitrage Yield	3.035320%
True Interest Cost (TIC)	3.150621%
Net Interest Cost (NIC)	3.153397%
All-In TIC	3.486571%
Average Coupon	3.112754%
Average Life (years)	9.217
Duration of Issue (years)	7.822
Par Amount	11,655,000.00
Bond Proceeds	11,657,958.70
Total Interest	3,343,953.75
Net Interest	3,387,615.05
Total Debt Service	14,998,953.75
Maximum Annual Debt Service	898,192.50
Average Annual Debt Service	909,027.50
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	4.000000
	<hr/>
Total Underwriter's Discount	4.000000
Bid Price	99.625386

Bond Component	Par Value	Price	Average Coupon	Average Life
Jason's Taxable Rates as of 17jul19	11,655,000.00	100.025	3.113%	9.217
	11,655,000.00			9.217

	TIC	All-In TIC	Arbitrage Yield
Par Value	11,655,000.00	11,655,000.00	11,655,000.00
+ Accrued Interest			
+ Premium (Discount)	2,958.70	2,958.70	2,958.70
- Underwriter's Discount	-46,620.00	-46,620.00	
- Cost of Issuance Expense		-272,652.84	
- Other Amounts		-22,193.27	-22,193.27
Target Value	11,611,338.70	11,316,492.59	11,635,765.43
Target Date	12/01/2019	12/01/2019	12/01/2019
Yield	3.150621%	3.486571%	3.035320%

BOND SUMMARY STATISTICS

Town of Hilton Head Island, SC
Advance Refunding of 2011B

Dated Date	12/01/2019
Delivery Date	12/01/2019
Last Maturity	06/01/2028
Arbitrage Yield	3.035320%
True Interest Cost (TIC)	2.659125%
Net Interest Cost (NIC)	2.672022%
All-In TIC	3.256653%
Average Coupon	2.854968%
Average Life (years)	4.676
Duration of Issue (years)	4.334
Par Amount	4,375,000.00
Bond Proceeds	4,429,926.15
Total Interest	584,055.00
Net Interest	546,628.85
Total Debt Service	4,959,055.00
Maximum Annual Debt Service	558,660.00
Average Annual Debt Service	583,418.24
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	4.000000
	<hr/>
Total Underwriter's Discount	4.000000
Bid Price	100.855455

Bond Component	Par Value	Price	Average Coupon	Average Life
Jason's Taxable Rates as of 17jul19	4,375,000.00	101.255	2.855%	4.676
	4,375,000.00			4.676

	TIC	All-In TIC	Arbitrage Yield
Par Value	4,375,000.00	4,375,000.00	4,375,000.00
+ Accrued Interest			
+ Premium (Discount)	54,926.15	54,926.15	54,926.15
- Underwriter's Discount	-17,500.00	-17,500.00	
- Cost of Issuance Expense		-102,347.16	
- Other Amounts		-8,330.81	-8,330.81
Target Value	4,412,426.15	4,301,748.18	4,421,595.34
Target Date	12/01/2019	12/01/2019	12/01/2019
Yield	2.659125%	3.256653%	3.035320%

BOND SUMMARY STATISTICS

Town of Hilton Head Island, SC
 Special Obligation Refunding Bonds (Hospitality Fee Pledge)
 Taxable Rates as of June 17, 2019

Dated Date	12/01/2019
Delivery Date	12/01/2019
Last Maturity	06/01/2036
Arbitrage Yield	3.035320%
True Interest Cost (TIC)	3.066191%
Net Interest Cost (NIC)	3.076392%
All-In TIC	3.446773%
Average Coupon	3.071516%
Average Life (years)	7.978
Duration of Issue (years)	6.885
Par Amount	16,030,000.00
Bond Proceeds	16,087,884.85
Total Interest	3,928,008.75
Net Interest	3,934,243.90
Total Debt Service	19,958,008.75
Maximum Annual Debt Service	1,453,527.50
Average Annual Debt Service	1,209,576.29
Underwriter's Fees (per \$1000)	
Average Takedown	
Other Fee	4.000000
Total Underwriter's Discount	4.000000
Bid Price	99.961103

Bond Component	Par Value	Price	Average Coupon	Average Life
Jason's Taxable Rates as of 17jul19	16,030,000.00	100.361	3.072%	7.978
	16,030,000.00			7.978

	TIC	All-In TIC	Arbitrage Yield
Par Value	16,030,000.00	16,030,000.00	16,030,000.00
+ Accrued Interest			
+ Premium (Discount)	57,884.85	57,884.85	57,884.85
- Underwriter's Discount	-64,120.00	-64,120.00	
- Cost of Issuance Expense		-375,000.00	
- Other Amounts		-30,524.08	-30,524.08
Target Value	16,023,764.85	15,618,240.77	16,057,360.77
Target Date	12/01/2019	12/01/2019	12/01/2019
Yield	3.066191%	3.446773%	3.035320%

SECOND SUPPLEMENTAL ORDINANCE

PROVIDING FOR THE ISSUANCE AND SALE OF TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, SPECIAL OBLIGATION REFUNDING BONDS (HOSPITALITY FEE PLEDGE), IN ONE OR MORE SERIES, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$17,000,000; DELEGATING THE AUTHORITY TO THE TOWN MANAGER TO DETERMINE CERTAIN MATTERS WITH RESPECT TO THE BONDS; PRESCRIBING THE FORM AND DETAILS OF SUCH BONDS; OTHER MATTERS RELATING THERETO; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Town Council (the “Council”) of the Town of Hilton Head Island, South Carolina (the “Town”), enacted an Ordinance (the “General Bond Ordinance”) on September 6, 2011 to authorize generally the issuance of Bonds (as defined in the General Bond Ordinance); and

WHEREAS, pursuant to the General Bond Ordinance, the Bonds are payable from and secured by a pledge of Hospitality Fees (as defined in the General Bond Ordinance); and

WHEREAS, the Town has heretofore issued \$15,250,000 original principal amount of its Special Obligation Bonds (Hospitality Fee Pledge), Series 2011A (the “Bonds of 2011A”), and \$8,250,000 original principal amount of its Special Obligation Bonds (Hospitality Fee Pledge), Series 2011B (the “Bonds of 2011B” and, together with the Bonds of 2011A, the “Bonds of 2011”); and

WHEREAS, the Town desires to issue not exceeding \$17,000,000 principal amount of its Special Obligation Refunding Bonds (Hospitality Fee Pledge), in one or more series (the “New Bonds”) to refinance all or a portion of the Bonds of 2011 (the “Bonds to be Refunded”); and

WHEREAS, the Town Council has been advised that in order to refinance the Bonds to be Refunded, the Town Council must enact an appropriate ordinance supplemental to the General Bond Ordinance authorizing the issuance of the New Bonds.

BE IT ORDERED AND ORDAINED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AND IT IS ORDAINED BY AUTHORITY OF THE SAID COUNCIL:

Section 1. Definitions. The terms in this Section 1 and all words and terms defined in the General Bond Ordinance (such General Bond Ordinance as from time to time amended or supplemented by Supplemental Ordinances being defined in the General Bond Ordinance as the

“Ordinance”) (except as herein otherwise expressly provided or unless the context otherwise requires), shall for all purposes of this Second Supplemental Ordinance have the respective meanings given to them in the Ordinance and in Section 1 hereof.

“Bonds of 2011” shall mean the Bonds of 2011A and the Bonds of 2011B.

“Bonds of 2011A” shall mean the \$15,250,000 original principal amount Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Hospitality Fee Pledge), Series 2011A, outstanding as of the date hereof in the principal amount of \$11,965,000.

“Bonds of 2011B” shall mean the \$8,250,000 original principal amount Town of Hilton Head Island, South Carolina, Special Obligation Bonds (Hospitality Fee Pledge), Series 2011B, outstanding as of the date hereof in the principal amount of \$4,770,000.

“Beneficial Owner” shall mean any purchaser who acquires beneficial ownership interest in any Initial Bond held by the Depository. In determining any Beneficial Owner the Town, the Trustee, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the Town, the Trustee, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any New Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

“Bond Purchase Agreement” shall mean one or more Bond Purchase Agreements relating to the sale of the New Bonds, to be dated the date of execution and delivery thereof between the Underwriter and the Town, as amended or supplemented thereto.

“Bonds to be Refunded” shall mean all or a portion of the Bonds of 2011 (or any Series thereof) selected by the Town Manager pursuant to Section 11 hereof, to be refinanced with a Series of the New Bonds.

“Book-Entry Form” or “Book-Entry System” shall mean with respect to the New Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the New Bonds may be transferred only through a book-entry and (b) physical bond certificates in fully registered form are registered only in the name of a Depository or its nominee as Holder, with the physical bond certificates “immobilized” in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the New Bonds, when subject to the Book-Entry System.

“Business Day” shall mean, with respect to the New Bonds issued pursuant to this Second Supplemental Ordinance, any day other than a Saturday, a Sunday or a day which shall be in the State or the state in which the respective office of the Trustee, the Paying Agent and the Registrar is located a legal holiday or a day on which banking institutions are authorized by law or executive order to close.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Continuing Disclosure Certificate” shall have the meaning given that term in Section 15 hereof.

“Depository” shall mean any securities depository that is a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, as amended, operating and maintaining, with its participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the New Bonds, and to effect transfers of the New Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited-purpose trust company), New York, New York.

“Escrow Agent” shall mean Wells Fargo Bank, N.A., or such other bank or financial institution selected by the Town Manager pursuant to Section 11 hereof, in each case its capacity as Paying Agent for the Bonds of 2011.

“Escrow Agreement” shall mean the Escrow Agreement dated the date of its execution between the Town and the Escrow Agent.

“Escrow Fund” shall mean the fund of that name created pursuant to the Escrow Agreement.

“First Supplemental Ordinance” shall mean Ordinance No. 2011-20 duly enacted by the Town Council on September 6, 2011, authorizing the Bonds of 2011.

“General Bond Ordinance” shall mean Ordinance No. 2011-17 duly enacted by the Town Council on September 6, 2011, authorizing the issuance from time to time of Bonds.

“Initial Bonds” shall mean the New Bonds initially issued in Book-Entry Form as provided in Section 4 hereof.

“Insurer” shall mean each insurance company providing a Surety Bond, or any successor thereto or assignee thereof.

“Insurer Default” shall mean there shall exist a default in the payment by the Insurer of principal of or any interest on any New Bond when required to be made by the applicable Surety Bond.

“Interest Payment Date” shall mean any June 1 and December 1 of each year, commencing December 1, 2019, or such other date as the Town Manager may determine pursuant to Section 11 hereof.

“Letter of Credit” shall mean, subject to Section 8 hereof, a letter of credit (if any) issued by a bank or other financial institution satisfactory to the Town, to satisfy all or a portion of the Series Reserve Fund Requirement.

“New Bonds” shall mean the Town of Hilton Head Island, South Carolina, Special Obligation Refunding Bonds (Hospitality Fee Pledge), issuable in one or more series, in the aggregate principal amount of not exceeding \$17,000,000 authorized to be issued hereunder.

“Paying Agent” shall mean the bank, trust company or other financial institution selected by the Town Manager pursuant to Section 11 hereof to act as Paying Agent for the New Bonds.

“Principal Payment Date” shall have the meaning given to such term in Section 3(a).

“Registrar” shall mean the bank, trust company or other financial institution selected by the Town Manager pursuant to Section 11 hereof to act as Registrar for the New Bonds.

“Second Supplemental Ordinance” shall mean shall mean this Ordinance enacted by the Town Council, authorizing the New Bonds.

“Series Costs of Issuance Account” shall mean one or more accounts established pursuant to Section 9 hereof into which a portion of the proceeds of a Series of the New Bonds will be deposited and from which such proceeds will be disbursed to pay the Costs of Issuance applicable to such Series of New Bonds. Pursuant to Section 9, each Series Costs of Issuance Account shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Debt Service Fund” shall mean one or more funds established pursuant to Section 7 hereof to provide for the payment of the principal of and interest on the Series of the New Bonds related thereto. Pursuant to Section 7, each Series Debt Service Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Debt Service Reserve Fund” shall mean one or more funds, if any, established pursuant to Section 8 hereof (a) to insure the timely payment of the principal and interest on the New Bonds related thereto; and (b) to provide for the redemption of the Series of the New Bonds related thereto. Pursuant to Section 8, each Series Debt Service Reserve Fund shall be further identified or designated to relate to the specific Series of the New Bonds issued hereunder.

“Series Reserve Fund Requirement” shall mean the amount, if any, established pursuant to Section 8 hereof.

“Surety Bond” shall mean, subject to Section 8, the reserve policy or surety bond, if any, issued by the Insurer in connection with the New Bonds and payable to the Paying Agent.

“Trustee” shall mean Wells Fargo Bank, N.A., or any bank, trust company or other financial institution selected by the Town Manager pursuant to Section 11 hereof to act as successor Trustee pursuant to the General Bond Ordinance.

“Underwriter” shall mean such bank or financial institution selected by the Town Manager pursuant to Section 11 hereof.

“Value” or “Values” means, if a Surety Bond is in effect for a Series of New Bonds, with respect to any Permitted Investments for the Series Debt Service Fund and Series Debt Service Reserve Fund established for such Series of New Bonds, the amount calculated under the Ordinance determined as of any date of calculation as follows:

- (a) the bid price published by a nationally recognized pricing service as selected by the Town in its sole discretion;
- (b) as to certificates of deposit and bankers acceptances: the face amount thereof, plus accrued interest; and
- (c) as to any investment not specified above: the value thereof established by prior agreement between the Town and the Insurer.

Section 2. Certain Findings and Determinations.

The Town hereby finds and determines:

(a) The Ordinance, the Bond Act and the Hospitality Fee Act authorize the Town to issue Bonds in order to refinance some or all of the Bonds of 2011. This Second Supplemental Ordinance supplements the Ordinance, constitutes and is a “Supplemental Ordinance” within the meaning of such quoted term as defined and used in the Ordinance, and is enacted under and pursuant to the Ordinance.

(b) The New Bonds constitute and are “Bonds” within the meaning of the quoted word as defined and used in the Ordinance.

(c) The Hospitality Fees pledged under the Ordinance are or will not be encumbered by any lien and charge thereon or pledge thereof, other than: (i) the pledge thereof created by the General Bond Ordinance and the First Supplemental Ordinance for payment and security of the Bonds of 2011, if any remain outstanding after the issuance of the New Bonds; and (ii) the pledge thereof created by the General Bond Ordinance and this Second Supplemental Ordinance for the payment and security of the New Bonds.

(d) There does not exist an Event of Default (as defined in the General Bond Ordinance), nor does there exist any condition which, after the passage of time or the giving of notice, or both, would constitute such Event of Default.

(e) The estimated cost of refunding the Bonds to be Refunded does not exceed \$18,057,450.

(f) The Town proposes to issue the New Bonds, in one or more Series (as defined in the General Bond Ordinance), for one or more of the principal purposes: (1) refinancing the Bonds to be Refunded, (2) funding the Series Debt Service Reserve Fund (if any) in an amount equal to the Series Reserve Fund Requirement through the deposit of cash, the purchase of a Surety Bond, the provision of a Letter of Credit or any combination thereof, and (3) paying the costs of issuing the New Bonds.

(g) It is necessary and in the best interest of the Town to authorize the issuance of the New Bonds in the principal amount of not exceeding \$17,000,000 in accordance with the Bond Act, the Hospitality Fee Act, the Ordinance and this Second Supplemental Ordinance for the purposes set forth above.

Section 3. Authorization of the New Bonds.

(a) There is hereby authorized to be issued one or more Series of Bonds designated “Town of Hilton Head Island, South Carolina, Special Obligation Refunding Bonds (Hospitality Fee Pledge), Series (year)”, including such further words, numbers or letters as may be necessary or desirable to identify individual series thereof, the purposes thereof, or the taxable status thereof, in the aggregate principal amount of not exceeding \$17,000,000. The proceeds of the New Bonds shall be used for the purposes set forth in Section 2(f) hereof.

Unless otherwise determined by the Town Manager pursuant to Section 11 hereof, the New Bonds shall mature on June 1 in each of the years (the “Principal Payment Dates”) and in the principal amounts, and bear interest at the rates per annum (calculated on the basis of a 360-day year comprised of twelve 30-day months), as determined by the Town Manager, pursuant to Section 11 hereof.

(b) Such of the New Bonds as the Town Manager shall determine pursuant to Section 11 hereof shall be subject to mandatory redemption at a redemption price equal to the principal amount of the New Bonds to be redeemed, together with interest accrued from the date of redemption, in the years and in the amounts determined by the Town Manager, pursuant to Section 11 hereof.

At its option, to be exercised on or before the sixtieth (60th) day prior to any mandatory redemption date, the Town may (i) deliver to the Trustee for cancellation New Bonds which are subject to mandatory redemption in any aggregate principal amount desired or (ii) receive a credit in respect of its mandatory redemption obligation for any such New Bonds which, prior to such date, have been purchased or redeemed (otherwise than through the operation of the mandatory redemption requirement) by the Town and cancelled by the Trustee and not theretofore applied as a credit against any mandatory redemption obligation. Each New Bond so delivered or previously purchased or redeemed shall be credited by the Trustee, at one hundred percent (100%) of the principal amount thereof, to the obligation of the Town on those respective mandatory redemption obligations in chronological order or such other manner as directed in writing by the Town to the Trustee, and the principal amount of the New Bonds to be redeemed by operation of the mandatory redemption requirement shall be accordingly reduced.

(c) The Trustee, without further authorization or direction from the Town, shall give notice of all mandatory redemptions within the time periods and in the manner specified in Article V of the General Bond Ordinance.

(d) The New Bonds shall originally be dated the date of delivery of the New Bonds, or such other date as the Town Manager shall determine pursuant to Section 11 hereof, and shall be issued as fully registered Bonds in the denominations of \$5,000 and integral multiples of \$5,000. The New Bonds shall be numbered and lettered in such a fashion as to maintain a proper record thereof.

(e) Principal of and redemption premium, if any, on the New Bonds shall be payable at the designated corporate trust office of the Paying Agent. Interest on the New Bonds shall be payable on each Interest Payment Date, in each case to the Holders as of the immediately preceding Record Date, such interest to be paid by the Paying Agent by check or draft mailed to each Holder at the address as it appears on the Books of Registry maintained at the designated corporate trust office of the Paying Agent, and in the case of a Holder of \$1,000,000 or more in principal amount of New Bonds, by wire transfer to an account within the continental United States upon the timely receipt of a written request of such Holder. Payment of the principal of and interest on such New Bonds may be payable to the Holder thereof without presentation and surrender of such New Bonds.

(f) The New Bonds shall be in substantially the form set forth in Exhibit A hereto, with such necessary or appropriate variations, omissions and insertions as are incidental to the series, numbers, denominations, maturities, dates, interest rate or rates, redemption provisions, the purpose of issuance and other details thereof or as are otherwise permitted or required by law or by the Ordinance, including this Second Supplemental Ordinance. The New Bonds shall be executed in the name and on behalf of the Town by the manual or facsimile signatures of the Mayor and Town Clerk.

(g) A copy of the approving opinion to be rendered on the New Bonds shall be printed on such New Bonds, preceding the same a certificate shall appear, which shall be signed on behalf of the Town by a facsimile signature of the Town Clerk. Such certificate shall be in the form substantially as follows:

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the approving opinion of Burr & Forman LLP d/b/a Burr Forman McNair, Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with the Town.

THE TOWN OF HILTON HEAD, SOUTH CAROLINA

By: _____
Town Clerk

Section 4. Book-Entry System; Recording and Transfer of Ownership of the New Bonds.

The Initial Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Initial Bonds shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of \$5,000 principal amount of Initial Bonds of the same Series and maturity or any integral multiple of \$5,000.

The Initial Bonds will be issued in fully-registered form, as a single bond representing the entire principal amount of each Series of the New Bonds or one New Bond for each of the maturities

of each Series of the New Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Initial Bonds becomes due, the Town shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Initial Bonds so registered for all purposes of this Second Supplemental Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the Beneficial Owners of the New Bonds or their nominees in accordance with its rules and regulations.

Notices of redemption of the Initial Bonds or any portion thereof shall be sent to the Depository in accordance with the provisions of the General Bond Ordinance.

The Depository is expected to maintain records of the positions of Participants in the Initial Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Initial Bonds. The Town, the Trustee, the Registrar and the Paying Agent make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the Town, the Trustee, the Registrar and the Paying Agent shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

The Town, the Trustee, the Paying Agent and the Registrar may treat the Depository (or its nominee) as the sole and exclusive owner of the New Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the New Bonds, giving any notice permitted or required to be given to Bondholders under the General Bond Ordinance or this Second Supplemental Ordinance, registering the transfer of the New Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The Town, the Trustee, the Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the New Bonds under or through the Depository or any Participant, or any other person which is not shown on the Books of Registry of the Town maintained by the Registrar as being a Bondholder, with respect to: the accuracy of any records maintained by the Depository or any Participant or the maintenance of any records; the payment by the Depository or any Participant of any amount in respect of the principal of, interest or premium, if any, on the New Bonds; the sending of any transaction statements; the delivery or timeliness of delivery by the Depository or any Participant of any notice which is permitted or required to be given to Bondholders thereunder; the selection of Bondholders to receive payments upon any partial redemption of the New Bonds; or any consent given or other actions taken by the Depository as a Bondholder.

If (a) the Depository determines not to continue to act as securities depository for the New Bonds, and gives reasonable notice to the Registrar or the Town, or (b) the Town has advised the Depository of the Town's determination that the Depository is incapable of discharging its duties, then the Town shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the Town or the Registrar of the Initial Bonds together with an assignment duly executed by the Depository, the Town shall execute and deliver to the successor depository, the New

Bonds of the same principal amount, interest rate and maturity. If the Town is unable to retain a qualified successor to the Depository, or the Town has determined that it is in its best interest not to continue the Book-Entry System of transfer or that interests of the Beneficial Owners of the New Bonds might be adversely affected if the Book-Entry System of transfer is continued (the Town undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the New Bonds by mailing an appropriate notice to the Depository, upon receipt by the Town of the Initial Bonds together with an assignment duly executed by the Depository, the Town shall execute, authenticate and deliver to the Depository Participants the New Bonds in fully-registered form, in authorized denomination; provided, however, that the discontinuation of the Book-Entry System of registration and transfer with respect to the New Bonds or the replacement of the Depository or any successor depository shall be subject to the applicable rules and procedures of the Depository or such successor depository on file or otherwise approved by the Securities and Exchange Commission.

Section 5. Optional Redemption of New Bonds. Such of the New Bonds as may be determined by the Town Manager pursuant to Section 11 hereof shall be subject to redemption prior to maturity, at the option of the Town, in whole or in part at any time in such order of their maturities as the Town shall determine and by lot within a maturity, at the respective redemption prices with respect to each New Bond, expressed as a percentage of principal amount of the New Bonds to be redeemed, as shall be determined by the Town Manager pursuant to Section 11 hereof, together, in each such case, with the interest accrued on such principal amount to the date fixed for redemption. The Trustee shall give notice of redemption of the New Bonds by first-class mail, postage prepaid, to the Holders thereof as shown on the Books of Registry of the Town not less than five (5) Business Days prior to the date fixed for the redemption thereof.

Section 6. Payment of the New Bonds. The New Bonds, together with the interest thereon, shall be payable, in such coin or currency of the United States of America which at the time of such payment is legal tender for public and private debts, solely from the Hospitality Fees of the Town in accordance with the provisions of the Ordinance and this Second Supplemental Ordinance. The New Bonds shall be secured by a pledge of Hospitality Fees on a parity with the pledge of Hospitality Fees securing the payment of the Bonds of 2011, if any, remaining outstanding after the issuance of the New Bonds, and any other Bonds issued in compliance with the provisions of the General Bond Ordinance.

The New Bonds do not constitute an indebtedness of the Town within any State constitutional provisions (other than Article X, Section 14, Paragraph 10 of the South Carolina Constitution authorizing obligations payable solely from special sources not involving revenues from any tax or license) or statutory limitation. The New Bonds shall not be a debt of the Town, nor a charge, lien or encumbrance, legal or equitable, upon any property of the Town or upon any income, receipts or revenues thereof, other than the aforesaid Hospitality Fees of the Town. No recourse shall be had for the payment of the New Bonds or the interest thereon against the general fund of the Town, nor shall the credit or taxing power of the Town be deemed to be pledged thereto. The full faith, credit and taxing powers of the Town are not pledged to the payment of the principal of or interest on the New Bonds.

Section 7. Establishment of Series Debt Service Fund. In accordance with Section 6.6 of the General Bond Ordinance, the Series Debt Service Fund is hereby directed to be established by the Trustee on the date of the original delivery of the New Bonds for the benefit of the Holders of the New Bonds; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for the payment of debt service on such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the “Series Debt Service Fund” with respect to the related Series of New Bonds.

Section 8. Establishment of the Series Reserve Fund Requirement and Series Debt Service Reserve Fund.

In accordance with Section 6.7 of the Ordinance, the Town Manager may determine whether it is necessary or desirable to establish a Series Debt Service Reserve Fund for the benefit of the Holders of one or more Series of New Bonds (if any) and the amount of the applicable Series Reserve Fund Requirement, and, if so, such Series Debt Service Reserve Fund shall be established on the date of the original delivery of such Series of New Bonds and held by the Trustee, all as provided in the Ordinance; provided, however, that (1) upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established (if at all) for each Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the “Series Debt Service Reserve Fund” with respect to the related Series of New Bonds; and (2) in the event of any full or partial defeasance of a Series of New Bonds under Article X of the Ordinance, then the Series Reserve Fund Requirement established for such Series of New Bonds shall be recalculated based on the then Outstanding principal amount of such Series. If the Series Debt Service Reserve Fund is established, the Series Reserve Fund Requirement initially will be satisfied by the Town by the deposit of cash into the Series Debt Service Reserve Fund, with the purchase of a Surety Bond, the provision of a Letter of Credit or any combination of the foregoing, in each case for the benefit of the Holders of the New Bonds.

Section 9. Series Costs of Issuance Account. There is hereby created and established the Series Costs of Issuance Account, which fund shall be held by the Town or by a Custodian; provided, however, that upon the issuance of one or more Series of New Bonds, separate funds or accounts may be established for such Series of New Bonds, with such additional numbers or letters to identify its relevance, but each such separate fund or account will be considered the “Series Costs of Issuance Account” with respect to the related Series of New Bonds. The Series Costs of Issuance Account established for a particular Series of New Bonds shall be accounted for as a single fund, however the moneys on deposit therein may be held by one or more banks or other financial institutions designated by the Town. The moneys on deposit in the Series Costs of Issuance Account shall be used and applied to pay Costs of Issuance incidental to the issuance and sale of the New Bonds.

Moneys held for the credit of the Series Costs of Issuance Account shall be invested to the fullest extent practicable and reasonable, in Permitted Investments, maturing at such times and in such amounts as shall be required to provide moneys to make the payments required to be made from such fund.

Withdrawals from the Series Costs of Issuance Account shall be made in the manner withdrawals from other funds of the Town are made.

If any moneys remain in the Series Costs of Issuance Account after the payment in full (or after adequate provision has been made therefor) of all Costs of Issuance, such excess shall be paid into the related Series Debt Service Fund and shall be used only for the payment of the principal of and interest on the related Series of New Bonds or, in the alternative, to acquire Outstanding New Bonds at a price (exclusive of accrued interest) not exceeding the face amount thereof.

Section 10. Designation of Trustee, Registrar and Paying Agent. Pursuant to the Ordinance, the Trustee is Wells Fargo Bank, N.A. The Town Manager is hereby authorized and empowered to remove the Trustee pursuant to Section 8.3 of the General Bond Ordinance and select another bank or financial institution as successor thereto, to select the Custodian, if any, and the Registrar and Paying Agent, respectively, for the New Bonds and to remove and/or select (as applicable) the Registrar and Paying Agent for the Bonds of 2011 and the Escrow Agent, pursuant to Section 11 hereof. Any successor Trustee, the Custodian, if any, and the Registrar and Paying Agent shall each signify its acceptance of its respective duties upon delivery of the New Bonds.

Section 11. Sale and Issuance of New Bonds.

(a) The Town Manager, upon the advice of the Town's bond counsel and financial advisor, is hereby authorized and empowered to undertake any one or more of the following actions: (a) determine the original issue dates of each Series of the New Bonds; (b) determine the aggregate principal amount of the New Bonds, if less than authorized by this Second Supplemental Ordinance, and each Series thereof (including the portions thereof to be issued on a taxable or tax-exempt basis); (c) determine the principal amount of each maturity of each Series of the New Bonds; (d) determine the Interest Payment Dates, including the initial Interest Payment Dates, and the Principal Payment Dates for each Series of the New Bonds; (e) determine the optional redemption dates and terms of redemption of each Series of the New Bonds; (f) determine the interest rates for each Series of the New Bonds; (g) determine the New Bonds to be subject to mandatory and optional redemption; (h) determine the redemption prices of the New Bonds subject to optional redemption; (i) determine the Custodian, if any, for the Series Costs of Issuance Fund; (j) determine whether the Series Debt Service Reserve Fund will be established and funded with regard to each Series of New Bonds and, if so, the amount of the applicable Series Reserve Fund Requirement and manner in which it will be satisfied; (k) determine whether any Series of the New Bonds will be sold publicly (and, if so, designate the Underwriter therefor) or directly to one or more purchasers in a private offering or private placement transaction); (l) determine the successor Trustee (if any) under the General Bond Ordinance, the Custodian (if any), Registrar and Paying Agent for each Series of the New Bonds, the Registrar and Paying Agent for the Bonds of 2011 and the Escrow Agent; (m) determine any original issue discount or original issue premium at which each Series of the New Bonds will be sold, or whether any Underwriter's discount or other fee will be paid to the purchasers of the New Bonds; (n) determine the Bonds to be Refunded; and (o) agree to any other terms, provisions and matters necessary or advisable to effect the issuance of each Series of the New Bonds.

(b) Each Series of the New Bonds shall either be sold publicly, following a private sale to the Underwriter, or directly to one or more purchasers in a private offering or private placement transaction. In connection with a public offering, the Town Manager is hereby authorized and directed to approve the form of Bond Purchase Agreement, together with such amendments and

modifications to the form thereof as the Town Manager shall negotiate and approve, and to execute the Bond Purchase Agreement, as so modified and amended, and deliver the same to the Underwriter, the Town Manager's execution and delivery of the Bond Purchase Agreement constituting conclusive evidence of approval of the matters therein contained; that, if executed, the New Bonds contemplated by the Bond Purchase Agreement shall be sold to the Underwriter upon the terms and conditions set forth in the Bond Purchase Agreement and upon the basis of the representations therein set forth, and that all conditions precedent to or concurrent with the acceptance of the Bond Purchase Agreement by the Town will be met prior to the Town's execution thereof. Notwithstanding the foregoing, the Town Manager is hereby authorized to take all actions, including the preparation and dissemination of requests for proposals and the preparation, publication and/or distribution of information, offering documents or private placement memoranda (which may be in the respective forms of the Bond Purchase Agreement and/or hereinafter defined Preliminary Official Statement, as applicable, together with such amendments and modifications as may be approved by the Town Manager), all relating to the Town, each Series of the New Bonds and the Hospitality Fees, to solicit interest and receive offers from financial institutions to purchase one or more Series of the New Bonds in a private offering, and to accept such offer which is in the best interest of the Town and execute such documents as may be necessary in connection therewith.

(c) The Town Manager is hereby authorized and directed to prepare a Preliminary Official Statement, relating to a public offering of each Series of the New Bonds (the "Preliminary Official Statement"), and to take such actions necessary to "deem final" the Preliminary Official Statement for purposes of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended.

(d) The Town hereby authorizes the Final Official Statement of the Town to be dated on or about the date of the execution and delivery of the Bond Purchase Agreement, relating to each Series of the New Bonds substantially in the form of the Preliminary Official Statement, with such modifications as the Town Manager approves; the Town Manager of the Town is hereby authorized and directed to execute copies of the Final Official Statement and deliver the same to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any such modifications; and the Town hereby authorizes the use of the Preliminary Official Statement and Final Official Statement and the information contained therein in connection with the public offering and sale of each Series of the New Bonds by the Underwriter.

(e) The Town Council hereby ratifies, confirms and approves the actions of the Town Manager heretofore undertaken, if any, with regard to applications for Surety Bonds, Letters of Credit, other credit enhancements, and liquidity arrangements relating to the New Bonds from municipal bond insurance companies or other financial institutions, and to enter into, execute and deliver on behalf of the Town, such loan, insurance, reimbursement or guaranty or other agreements as shall be necessary and advisable, with advice of counsel, in connection with the transactions and other matters referred to herein; provided, however, that the representations and covenants contained in such agreements may be incorporated in this Second Supplemental Ordinance as if fully set forth herein.

(f) A copy of this Second Supplemental Ordinance shall be filed with the minutes of the meeting at which this Second Supplemental Ordinance was enacted.

(g) The Town Council hereby authorizes and directs all of the officers and employees of the Town to carry out or cause to be carried out all obligations of the Town hereunder and to perform such other actions as they shall consider necessary or advisable in connection with the issuance, sale and delivery of the New Bonds.

(h) The Town Council hereby authorizes the Town Manager or his designee to negotiate the terms of, and execute, in the name and on behalf of the Town, and deliver investment agreements, forward delivery agreements, repurchase agreements and other agreements in connection with the New Bonds, to prepare and solicit bids for providers of such agreements and to execute, in the name and on behalf of the Town, written confirmations of any such agreements and other documents as may be necessary in connection therewith. Further, the Town Manager or his designee is hereby authorized to take any and all actions and execute any and all documents, upon the advice of its Bond Counsel, necessary to cause the termination of any forward delivery, repurchase or other investment agreement related to the Bonds of 2011.

Section 12. Authorization to Effect Refunding; Redemption of the Bonds to be Refunded.

If a Series of the New Bonds are issued for the purpose of refinancing the Bonds to be Refunded, such proceeds shall be used, together with amounts on deposit in the debt service or debt service reserve funds for the Bonds to be Refunded, for the payment of the principal of such Bonds to be Refunded as and when such Bonds to be Refunded mature or are called for redemption in accordance with the provisions of the General Bond Ordinance and the First Supplemental Ordinance, together with accrued interest on such Bonds to be Refunded.

The Town Manager is hereby authorized and directed for and on behalf of the Town to execute such agreements and give such directions as shall be necessary to carry out the provisions of this Second Supplemental Ordinance, including the execution and delivery of the Escrow Agreement. The Escrow Agreement shall be dated the date of delivery of the applicable Series of the New Bonds issued therefor.

Section 13. Disposition of Proceeds of New Bonds and Certain Other Moneys. The proceeds derived from the sale of the New Bonds, net of any original issue discount or premium (or both), any Underwriter's discount or fees payable to the purchaser thereof and any premiums paid to providers of Surety Bonds or Letters of Credit (if any), shall be deposited with (or at the order of) the Town, the Trustee, the Escrow Agent or the Custodian, as applicable, and used for the following purposes:

(a) If the Town Manager determines that a Series Debt Service Reserve Fund shall be established for a Series of New Bonds and the Series Reserve Fund Requirement shall be funded with a portion of the proceeds of a Series of the New Bonds, there shall be deposited with the Trustee for deposit into such Series Debt Service Reserve Fund an amount equal to the applicable Series Reserve Fund Requirement.

(b) With respect to a Series of the New Bonds issued to refinance the Bonds to be Refunded, proceeds thereof shall be deposited with the Escrow Agent pursuant to the Escrow Agreement.

(c) The remainder of the proceeds of any Series of the New Bonds shall be deposited with the Town or the Custodian (if any) into the Series Costs of Issuance Fund established in Section 9 hereof.

The respective amounts specified in this Section 13 shall be determined by the Town upon delivery of any Series of the New Bonds.

Section 14. Federal Tax Covenants. The Town hereby covenants and agrees with the Holders of the New Bonds issued as tax-exempt obligations (the “Tax-Exempt Bonds”) that it will not take any action which will, or fail to take any action which failure will, cause interest on the Tax-Exempt Bonds to become includable in the gross income of the Bondholders thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of the Tax-Exempt Bonds and that no use of the proceeds of the Tax-Exempt Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Tax-Exempt Bonds would have caused the Tax-Exempt Bonds to be “arbitrage bonds,” as defined in the Code; and to that end the Town hereby shall:

(a) comply with the applicable provisions of Section 103 and Sections 141 through 150 of the Code and any regulations promulgated thereunder so long as the Tax-Exempt Bonds are Outstanding;

(b) establish such funds, make such calculations and pay such amounts, if necessary, in the manner and at the times required in order to comply with the requirements of the Code relating to required rebate of certain amounts to the United States; and

(c) make such reports of such information at the times and places required by the Code.

Section 15. Continuing Disclosure. So long as and to the extent required pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended (“Section 11-1-85”), the Town covenants that it will file with a central repository for availability in the secondary bond market when requested:

(i) An annual independent audit, within 30 days of the Town's receipt of the audit;
and

(ii) Event-specific information within 30 days of an event adversely affecting more than 5% percent of Hospitality Fees or the Town's tax base.

The only remedy for failure by the Town to comply with the covenant of this Section 15 shall be an action for specific performance of this covenant; and failure to comply shall not constitute a default or an “Event of Default” under the Ordinance or this Second Supplemental Ordinance. The Trustee shall have no responsibility to monitor the Town’s compliance with this covenant. The Town specifically reserves the right to amend or delete this covenant in order to reflect any change in Section 11-1-85, without the consent of the Trustee or any Holder of any New Bonds.

In addition, the Town Manager is hereby authorized and directed to approve the form of, and execute and deliver, a Continuing Disclosure Certificate of the Town, related to one or more Series of the New Bonds as required by applicable law, and the Town hereby covenants and agrees that it will comply with and carry out all of the provisions of such Continuing Disclosure Certificate. Notwithstanding any other provisions of this Second Supplemental Ordinance, failure of the Town to comply with the Continuing Disclosure Certificate shall not be considered an Event of Default, and no liability for damages shall attach therefor. The sole remedy for such failure to comply shall be that any New Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Town to comply with its obligations under this paragraph.

Section 16. Modification of Ordinance.

The following provisions of the General Bond Ordinance are hereby amended, which amendments shall become effective upon obtaining the requisite consent of the Holders of the Bonds (as such terms are defined in the General Bond Ordinance) pursuant to Section 9.1 of the General Bond Ordinance; provided, however, that the Holders of the New Bonds, by their acceptance thereof, are deemed to have consented to the following amendments. Any Bonds (as defined in the General Bond Ordinance), including the New Bonds, issued after the date of enactment of this Second Supplemental Ordinance shall contain a reference to the amendments herein made:

(1) Section 6.7(d) of the General Bond Ordinance is hereby amended by deleting the last sentence thereof in its entirety and replacing it with the following text:

Any such budgetary appropriation shall be subject in all respects to the discretion of Council, and any failure to make such an appropriation, notwithstanding any provision of this Ordinance to the contrary, shall not constitute a default or Event of Default under this Ordinance.

(2) Section 12.1 of the General Bond Ordinance is hereby amended by deleting paragraph (A) of the first paragraph thereof in its entirety and replacing it with the following text:

A. Such Bond or Series of Bonds shall have been purchased by the Town and surrendered to the Town, the Trustee or the Registrar for cancellation or otherwise surrendered to the Town, the Trustee or the Registrar, and is canceled or subject to cancellation by the Town, the Trustee or the Registrar, or

Section 17. Further Actions. The Mayor, the Town Manager, the Finance Director of the Town, and the Town Clerk are hereby authorized and directed to take any and all such further actions as shall be deemed necessary or desirable in order to effectuate the issuance of the New Bonds, including the election to purchase Surety Bonds or obtain Letters of Credit (if any), and the refunding of the Bonds to be Refunded.

Section 18. Headings. The headings and titles of the several sections hereof shall be solely for convenience of reference and shall not affect the meaning, construction, interpretation or effect of this Second Supplemental Ordinance.

Section 19. Notices. All notices, certificates or other communications hereunder or under the Ordinance shall be sufficiently given and shall be deemed given when mailed by registered mail, postage prepaid, or given when dispatched by telegram addressed as follows:

If to the Town:

Hilton Head Island, South Carolina
Attn: Town Manager
One Town Center Court
Hilton Head Island, South Carolina 29928

The Town may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 20. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the Town, and any part of any ordinance or resolution, inconsistent with this Second Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 21. Severability. If any sections, phrase, sentence or portion of this Second Supplemental Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct and independent provision, and such holding shall not attest the validity of the remaining portions thereof.

Section 22. Effective Date. This Second Supplemental Ordinance shall be effective upon its adoption by the Town Council for the Town of Hilton Head Island, South Carolina.

PASSED, APPROVED, AND ADOPTED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS _____ DAY OF _____ 2019.

John J. McCann, Mayor

ATTEST:

Krista M. Wiedmeyer, Town Clerk

First Reading: _____

Second Reading: _____

APPROVED AS TO FORM:

Curtis Coltrane, Town Attorney

Introduced by Council Member: _____

FORM OF NEW BOND

[DTC Legend]

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA
[TAXABLE] SPECIAL OBLIGATION REFUNDING BONDS
(HOSPITALITY FEE PLEDGE), SERIES _____

No. R-____

Interest Rate

Maturity Date

Issue Date

CUSIP

Registered Holder:

Principal Amount:

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA (the “Town”) a public body corporate and politic and a political subdivision of the State of South Carolina (the “State”), created and existing by virtue of the laws of the State, acknowledges itself indebted and for value received hereby promises to pay, solely as hereinafter provided, to the Registered Owner named above or registered assigns, the Principal Amount set forth above on the Maturity Date stated above, unless this Bond be subject to redemption and shall have been redeemed prior thereto as hereinafter provided, upon presentation and surrender hereof at the corporate trust office of _____ in _____, as trustee (the “Trustee”), and to pay interest on such Principal Amount at the annual Interest Rate stated above (calculated on the basis of a 360-day year of twelve (12) 30-day months), until the obligation of the Town with respect to the payment of such Principal Amount shall be discharged. Interest on this Bond shall be payable in semiannual installments on _____ 1 and _____ 1 of each year beginning _____, _____ (each, an “Interest Payment Date”), until maturity or earlier redemption. All payments shall be paid to the person in whose name this Bond is registered at the close of business on the fifteenth day of the calendar month (each, a “Record Date”) preceding each Interest Payment Date or Principal Payment Date (as defined in the hereinafter defined Ordinances). The payments shall be payable by check or draft mailed at the times provided herein to the person in whose name this Bond is registered at the address shown on the registration books of the Town held by _____, as registrar (the “Registrar”), or, in the case of a Registered Holder of \$1,000,000 or more in principal amount of this Bond, by wire transfer to on account within the continental United States upon the timely receipt of a written request of such Registered Holder. The payments are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

THIS BOND HAS BEEN ISSUED UNDER THE PROVISIONS OF TITLE 6, CHAPTER 21 AND CHAPTER 1, ARTICLE 7, CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED (COLLECTIVELY, THE "ACT"); THE BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE TOWN WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION (EXCEPT ARTICLE X, SECTION 14(10) OF THE STATE CONSTITUTION AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A SOURCE OF REVENUE DERIVED OTHER THAN A TAX OR LICENSE) OR STATUTORY LIMITATION. THE TOWN IS NOT OBLIGATED TO PAY ANY OF THE BONDS OR THE INTEREST THEREON EXCEPT FROM HOSPITALITY FEES (AS DEFINED IN THE ORDINANCES). THE BONDS ARE NOT GENERAL OBLIGATIONS OF THE TOWN, THE STATE, OR ANY POLITICAL SUBDIVISION THEREOF AND NEITHER THE FULL FAITH AND CREDIT NOR THE GENERAL CREDIT NOR TAXING POWERS OF THE TOWN, THE STATE OR ANY POLITICAL SUBDIVISION THEREOF.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

This Bond is one of an issue of bonds of the Town in the aggregate principal amount of _____ Million Dollars (\$ _____) (the "Bonds") of like tenor, except as to number, rate of interest, date of maturity and redemption provides, issued pursuant to and in accordance with the Constitution and statutes of the State, including particularly the Act, Ordinance No. 2011-17 duly enacted by the Town Council of the Town (the "Council") on September 6, 2011 (the "General Bond Ordinance"), and Ordinance No. _____ duly enacted by the Town Council on _____, 2019 (the "Second Supplemental Ordinance") (the General Bond Ordinance and the Second Supplemental Ordinance are herein collectively referred to as the "Ordinances") for the purpose of providing moneys, to (i) refinance the Bonds to be Refunded, (ii) satisfy the Series Reserve Fund Requirement (if any) with respect to the Bonds, and (iii) pay all costs of issuing the Bonds.

Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Ordinances. Certified copies of the Ordinances are on file in the office of the Trustee and in the office of the Clerk of Court for Beaufort County, South Carolina.

The Ordinances contain provisions defining terms, set forth the revenues pledged for the payment of the principal of and interest on this Bond and the Bonds of other series herewith which may hereafter be issued on a parity herewith under the Ordinances; set forth the nature, extent and manner of enforcement of the security of this Bond and of such pledge, and the rights and remedies of the Holder hereof with respect thereto; set forth the terms and conditions upon which and the extent to which the Ordinances may be altered, modified and amended; set forth the terms and conditions upon which this Bond is issued upon which other bonds may be hereinafter issued payable as to principal, premium, if any, and interest on a parity with this Bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the Town thereunder; and set forth the terms and conditions upon which the pledge made in the Ordinances for the security of this Bond and upon which the covenants, agreements and other obligations of the Town made therein may be discharged at or prior to the maturity or redemption of this Bond with provisions for the payment thereof in the manner set forth in the Ordinances. Reference is hereby made to the Ordinances to all of the

provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Act and the Ordinances shall be a contract with the holder of this Bond.

This Bond and the series of Bonds of which it is one and the interest thereon are special obligations of the Town and are secured by and payable solely from, and secured equally and ratably by a pledge of and lien upon, the Hospitality Fees imposed and collected by the Town, which pledge is on a parity with the pledge thereof securing the payment and security of the Bonds of 2011, if any, remaining outstanding after the issuance of this Bond, and any other Bonds (as defined in the General Bond Ordinance) issued hereafter.

The General Bond Ordinance authorizes the issuance of additional bonds on a parity with the Bonds of this issue which, when issued in accordance with the provisions of the General Bond Ordinance, will rank equally and be on a parity herewith.

This Bond and the interest hereon are exempt from all State, county, municipal, school district, and all other taxes or assessments imposed within the State, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise, except inheritance, estate, transfer and certain franchise taxes.

This Bond is transferable, as provided in the Ordinances, only upon the registration books of the Town kept for that purpose and maintained by the Registrar, by the Holder hereof in person or by his duly authorized attorney, upon (a) surrender of this Bond and an assignment with a written instrument of transfer satisfactory to the Registrar, duly executed by the Holder hereof or his duly authorized attorney and (b) payment of the charges, if any, prescribed in the Ordinances. Thereupon a new Bond of the same aggregate principal amount, maturity and interest rate shall be issued to the transferee in exchange therefor as provided in the Ordinances. The Town, the Trustee and the Registrar may deem and treat the person in whose name this Bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal or redemption price hereof and interest due hereon and for all other purposes.

For every exchange or transfer of this Bond, the Town or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer.

[Redemption Provisions]

If less than all the Bonds of any maturity are called for redemption, the Bonds of such maturity to be redeemed shall be selected at random by the Trustee. In the event any of the Bonds or portions thereof are called for redemption, the Trustee shall give notice, in the name of the Town, of redemption of Bonds by first-class mail, postage prepaid, to the Holder thereof as shown on the Books of Registry of the Town not less than thirty (30) days and not more than sixty (60) days prior to the date fixed for the redemption thereof. If this Bond be redeemable and shall have been duly called for redemption and notice of the redemption hereof mailed as aforesaid, and if on or before the date fixed for such redemption, payment thereof shall be duly made or provided for, interest hereon shall cease or accrue from and after the redemption date hereof.

It is hereby certified and recited that all conditions, acts and things required by the Constitution and statutes of the State to exist, be performed or happen precedent to or in the issuance of this Bond, exist, have been performed and have happened, that the amount of this Bond, together with all other indebtedness of the Town, does not exceed any limit prescribed by such Constitution or statutes.

This Bond shall not be valid or obligatory for any purpose until the Certificate of Authentication hereon shall have been duly executed by the Trustee.

IN WITNESS WHEREOF, THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA has caused this Bond to be signed by the manual or facsimile signature of its Mayor, its corporate seal to be reproduced hereon and the same to be attested by the manual or facsimile signature of its Town Clerk.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

By: _____
Town Clerk

FORM OF CERTIFICATE OF AUTHENTICATION

This Bond is one of the Bonds of the issue described in the within mentioned Ordinance.

_____, as Trustee

By: _____
Its: _____

Date: _____

IT IS HEREBY CERTIFIED that the following is a true and correct copy of the approving opinion of Burr & Forman LLP d/b/a Burr Forman McNair, Columbia, South Carolina, the original of which was manually executed, dated and issued as of the date of the delivery of and payment for the bonds, and a copy of which is on file with the Town.

THE TOWN OF HILTON HEAD, SOUTH CAROLINA

By: _____
Town Clerk

FORM OF ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto

(please print or type name and address of Transferee and Social Security or other identifying
number of Transferee)

the within Bond and all rights and title thereunder, and hereby irrevocably constitutes and appoints attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

STAMP Language

Signature Guaranteed: _____

NOTICE: Signature(s) must be guaranteed
By an institution which is a participant in the
Securities Transfer Agent Medallion Program
(STAMP) or similar program.

NOTICE: The signature to this assignment
must correspond with name as it appears
upon the face of the within bond in every
particular, without alteration or enlargement
or any change whatever.

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO.: 2019-__

PROPOSED ORDINANCE NO. 2019-16

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AUTHORIZING THE EXECUTION AND DELIVERY OF A LEASE OF REAL PROPERTY OWNED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, WITH THE BEAUFORT COUNTY SHERIFF'S OFFICE, PURSUANT TO THE AUTHORITY OF S.C. CODE ANN. § 5-7-40 (SUPP. 2011), AND § 2-7-20, CODE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, (1983); AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Town of Hilton Head Island, South Carolina, owns a parcel of real property which is located at 70 Shelter Cove Lane, Hilton Head Island, South Carolina; and

WHEREAS, The Town of Hilton Head Island, South Carolina, purchased the property located at 70 Shelter Cove Lane, in part, to provide a location for the Hilton Head Island Office of the Beaufort County Sheriff's Office; and

WHEREAS, the Town Council for the Town of Hilton Head Island, South Carolina has determined that it is in the best interests of the Town to enter into a Lease Agreement with the Beaufort County Sheriff's Office.

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; AND IT IS ORDAINED BY THE AUTHORITY OF THE TOWN COUNCIL:

Section 1 Execution of Lease.

- (a) The Mayor and Town Manager are hereby authorized to execute and deliver the "Lease" which is attached hereto as Exhibit "A"; and
- (b) The Mayor and Town Manager are hereby authorized to take such other and further actions as may be necessary to complete the fulfillment of the Town's obligations under the Lease which is authorized hereby.

Section 2 Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such

portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 3 Effective Date. This Ordinance shall be effective upon adoption thereof by the Town Council for the Town of Hilton Head Island, South Carolina.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS ____ DAY OF _____, 2019.

By: _____
John McCann, Mayor

ATTEST:

By: _____
Krista Wiedmeyer, Town Clerk

First Reading: _____, 2019

Revised First Reading _____, 2019

Second Reading: _____

APPROVED AS TO FORM:

Curtis L. Coltrane, Town Attorney

Introduced by Council Member: _____

LEASE OF SUITES B, C, D, E, F, G, I, J and K OF

70 SHELTER COVE LANE

BY AND BETWEEN

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA,

AND

THE BEAUFORT COUNTY SHERIFF'S OFFICE

DATED THIS ____ DAY OF _____, 2019.

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STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) LEASE

This Lease Agreement (herein, the “Lease”), is made and entered into on this ____ day of _____, 2019, between the Town of Hilton Head Island, South Carolina (herein, the “Town”) and the Beaufort County Sheriff’s Office (herein, the “BCSO”).

For and in due and fair consideration hereunder, and the full and faithful performance of the following terms and conditions, the Town and BCSO (herein, the “Parties”), hereto mutually understand and agree as follows:

1. LEASED PREMISES:

(a) The Town hereby leases to the BCSO, and the BCSO hereby lease from the Town, 17,011 square feet of office space plus 74 square feet (which equals BCSO’s pro-rata share of the Common Area of the Building) for a total of 17,085 square feet and all other improvements contained within the building located at 70 Shelter Cove Lane, Suites B, C, D, E, F, H, I, J and K, Hilton Head Island, South Carolina (herein, the “Building”), the floor plan of which is shown on the attached Exhibit “A” (herein, “the Leased Premises”). For the purposes of this Lease, the total square feet of the Leased Premises has been determined by measuring from the outside of any exterior walls and from the middle of any interior walls. The BCSO shall have the non-exclusive right in common with the Town and any other tenant, to those areas in the Building, including the building entrances, lobbies, corridors, loading docks, trash removal areas, grounds, roads, driveways, sidewalks, parking areas and facilities, and other similar areas, which enable the BCSO to obtain the use and enjoyment of the Leased Premises for its Permitted Use (hereinafter, the “Common Areas”).

2. TERM:

(a) The BCSO shall have and hold the Leased Premises for a term (herein, the “Lease Term”) beginning on the date of execution (herein, the “Commencement Date”), and ending when and if the BCSO shall cease to provide the primary law enforcement services for the Town (herein, the “Expiration Date”) as provided for in any Memorandum of Agreement between the Town and the BCSO. During this period of time, the BCSO shall also maintain this facility as the headquarters of their Southern Command. Either Party

shall be required to provide a minimum of ninety days written notice to terminate the lease due to ceasing to the providing of primary law enforcement services.

(b) The BCSO's entry into, and taking possession of, the Leased Premises shall constitute BCSO acknowledgment that the Leased Premises are in a good and tenantable condition as of the beginning of the Lease Term. At the time of execution of this Lease or at any time thereafter, the Town shall be under no duty to make alterations or repairs to the Leased Premises that are not expressly set forth in this Lease.

(c) If the Town is unable to deliver possession of the Leased Premises upon the Commencement Date, then neither the Town nor its agents shall be liable for any damages caused to the BCSO by reason of the delay, nor shall this Lease become void or voidable; however, except as otherwise expressly provided, BCSO shall not be liable for the payment of Rent until the Town delivers possession of the Leased Premises.

(d) If the BCSO shall be in possession of the Leased Premises after the Expiration Date (herein, the "Holdover Period"), and in the absence of any written agreement extending the Lease Term hereof, or the Town's demand to the BCSO to sooner vacate the Leased Premises, the tenancy under this Lease shall become one from month to month terminable by either Party on 30 days prior written notice. Such tenancy shall be subject to all other conditions, provisions and obligations of this Lease.

3. RENT:

The BCSO shall not be required to pay any Rent during the term in which they are the primary provider of law enforcement services for the Town and are utilizing this facility as the headquarters for the BCSO Southern Command.

4. USE AND COMPLIANCE:

(a) **PERMITTED USE:** The BCSO shall continuously occupy and use the Leased Premises as the Hilton Head Island Headquarters of the Beaufort County Sheriff's Office" (herein the "Permitted Use"), to include all normal daily operations of the Beaufort County Sheriff's Office, including the installation of a short term holding cell within the confines for the Leased Premises, unless the written consent of the Town is first obtained for any other use. The Leased Premises shall not be used for any use other than the Permitted Use, or which is disreputable, creates extraordinary fire hazards, results in an increased rate of insurance on the Building, or the contents therein, or for the storage of any Hazardous Materials as defined herein (other than those which might be used in the ordinary course of the BCSO's Permitted Use, and then only in compliance with all applicable laws related thereto).

(b) **COMPLIANCE WITH APPLICABLE LAWS AND REGULATIONS:** The BCSO shall comply with all applicable statutes, ordinances, rules, covenants, restrictions and regulations relating to the use, condition, access to and occupancy of the Leased

Premises and shall maintain the Leased Premises free of trash, litter and debris, and in a clean and sightly condition.

5. MAINTENANCE AND REPAIR:

(a) MAINTENANCE AND REPAIR OF LEASED PREMISES: The BCSO shall keep and maintain the Leased Premises in good order, condition and repair; provided, however, that the obligation of the BCSO to maintain, repair or replace any structural portion of the Leased Premises, the exterior and interior portion of all doors, window glass, plate glass, plumbing fixtures, water and sewage equipment, pipes and lines, mechanical, heating and air-conditioning and electrical systems, sprinkler systems, the foundation, roof, interior and exterior walls, floors and ceilings applicable to or within the Leased Premises, shall be limited to Five Hundred and no/100 (\$500.00) per occurrence. Any repair or replacement, on any occurrence, costing over Five Hundred and no/100 (\$500.00) Dollars shall be paid by the Town, unless the cause of the repair or replacement is any act or omission of the BCSO, upon which the BCSO shall be liable for the total cost of the repair or replacement.

(b) TOWN'S RIGHT OF ENTRY: The Town, including contractors hired by the Town, shall have the right to enter the Leased Premises upon twenty four (24) hours' notice to the BCSO for the purpose of performing repair or replacement work at the Leased Premises, except in the case of emergency. In the event of an emergency, the Town, including contractors hired by the Town, may enter the Leased Premises for the purpose of making repairs with no notice to the BCSO. However, the Town will use its best efforts to provide advance notice when it is practical under the circumstances.

(c) LIMITATION ON TOWN'S OBLIGATION TO REPAIR: The Town shall have no obligation to repair, maintain or replace any installations made by the BCSO under the terms of this Lease, and the BCSO shall be solely responsible for the maintenance, repair and replacement of the same.

(d) TOWN'S CONSENT REQUIRED FOR ALTERATIONS: The BCSO shall not make any alteration of, or addition or improvement to, the Leased Premises without securing the Town's prior written consent. Any and all roof, exterior wall or foundation slab penetrations must first be approved by and coordinated through the Town. The BCSO shall save the Town harmless on account of claims for mechanics or materialmen's liens, or any other lien, in connection with any work performed by the BCSO, and any such liens shall exist only against the BCSO's leasehold interest and shall be discharged, by bond or otherwise, within 30 days of the filing and service of thereof.

(e) ADDITIONAL BCSO OBLIGATIONS: The BCSO shall keep and maintain the Leased Premises in accordance with all directions, rules and regulations of the proper officials of any government or other agency having jurisdiction over the Building, at the sole cost and expense of the BCSO, and the BCSO shall comply with all

requirements of law, statute, ordinance, covenants, restrictions or otherwise, governing the use of the Leased Premises and all appurtenances thereto.

(f) **TOWN NOT LIABLE:** The Town shall not be liable for any loss or damage to the BCSO's personal property, equipment, fixtures and improvements to the Leased Premises.

6. TOWN REPRESENTATIONS:

(a) **ZONING:** The Town hereby warrants and represents that the Leased Premises are properly zoned for the BCSO's proposed use as a Sheriff's Office and that the BCSO's proposed use thereof is permitted upon the Leased Premises.

(b) **QUIET ENJOYMENT:** The Town of warrants and covenants that, if BCSO shall perform all of the covenants and agreements as stipulated in this Lease to be performed on the part of the BCSO, the BCSO at all times during the Lease Term shall have the exclusive, peaceable and quiet enjoyment and possession of the Leased Premises without any manner of hindrance from anyone claiming by, through or under the Town.

7. SURRENDER OF LEASED PREMISES:

On or before the Expiration Date, or upon earlier termination of its interest in the Leased Premises as provided herein, the BCSO shall peaceably surrender possession of the Leased Premises to the Town with all improvements located therein, in good repair and in the same condition in which delivered to the BCSO, ordinary wear and tear excepted, and the BCSO shall deliver to the Town all keys to the Leased Premises. Regardless of the foregoing, at any time prior to the expiration of the Lease Term, the BCSO may, at its cost and expense, remove in a careful manner any unattached trade fixtures, furniture and personal property placed within the Leased Premises by the BCSO during the Lease Term, and prior to such expiration shall repair any damage caused to the Leased Premises by such removal. All items not so removed shall, at the Town's option, be deemed to have been abandoned by the BCSO and may be destroyed or otherwise disposed of by the Town without notice to the BCSO, and without any obligation to account for such items, or liability to the BCSO therefore. The provisions of this Article 7 of the Lease shall survive the expiration or termination of this Lease.

8. TOWN'S RIGHT OF ENTRY:

The Town or its employees and agents may enter the Leased Premises at any mutually agreeable time for the purpose of inspecting or maintaining the Leased Premises. In the event of an emergency, however, the Town or its employees and agents may enter the Leased Premises without consent or agreement of the BCSO; provided,

however, that the Town's Right of Entry does not include the portion of the Leased Premises where the BCSO maintains and holds evidence for pending and ongoing investigations and prosecutions. Keys for this purpose must be held by the Town or its agent, and in the event that the BCSO installs keypads, the BCSO must provide the Town key code to permit access. In the event that the BCSO desires to change or alter any locks to the Leased Premises, the BCSO will notify the Town of the BCSO's request, and the Town or the Town's agent will have the locks changed or altered at the BCSO's expense.

9. UTILITIES:

(a) UTILITY CONNECTIONS. The Town shall at all times cause or make available to the Building for the use of the BCSO, connections for adequate water, electric, gas, telephone and sewage.

(b) ARRANGEMENT AND PAYMENT FOR UTILITIES: The BCSO shall arrange for the provision of all utilities to be furnished to the Leased Premises during the term of this Lease. The BCSO shall pay for its own telephone, internet, janitorial, cable TV, water, sewage, garbage disposal and electricity services for the Leased Premises. The Town shall have no obligation to provide or pay for any utility service in connection with the Leased Premises.

10. SIGNS:

The BCSO shall not erect any signs or advertisements on any exterior door, wall or window of the leased premises, building or the "On Premises" sign located near U. S. 278 without the prior written consent of the Town. If the Town approves any such signage, all related costs for the installation and fabrication for the signage shall be the sole financial responsibility of the BCSO. The BCSO agree to maintain such signs as approved by the Town in good condition and repair. Any such sign shall comply all requirements of any law, statute, ordinance, covenants, restrictions or otherwise, governing the use of the Leased Premises.

11. CONTROL OF LEASED PREMISES:

(a) THE BCSO'S EXCLUSIVE CONTROL: The BCSO warrant and represent that during any Term of this Lease, the daily operations, use and occupancy of the Leased Premises shall be under the sole and exclusive control of the BCSO.

(b) BCSO DUTY TO INSURE: The BCSO shall insure any their equipment, furniture, fixtures, contents of any description and installations made pursuant to this Lease, at the expense of the BCSO.

(c) SURVIVAL: The warranty and representation set forth in this Article 11 shall survive the expiration, cancellation or termination of this Lease.

12. DAMAGE OR DESTRUCTION OF LEASED PREMISES:

(a) DESTRUCTION OF LEASED PREMISES: In the event that the Leased Premises are destroyed, or that damage to the leased premises is so extensive that restoration or repairs cannot be accomplished within 90 days, as certified by the opinion of the Building Official of the Town of Hilton Head Island, South Carolina, then the BCSO or the Town may terminate this Lease by giving the other written notice before any restoration or repair is commenced, and in that event, any applicable insurance proceeds shall be paid to the Town.

(b) DAMAGE TO LEASED PREMISES: In the event of an insured loss and subject to the termination provisions set forth herein, the Town shall repair or restore the Building to as good a condition as existed before such damage occurred, to the extent of any available insurance proceeds. Should the Town provide the BCSO with the opinion of an experienced insurance adjuster that such insurance proceeds will not be sufficient to pay for such repairs or restoration, then the Town or the BCSO may terminate this Lease by written notice, in which event all insurance proceeds will be paid to the Town.

13. EMINENT DOMAIN:

(a) TERMINATION OF LEASE: If any portion of the Leased Premises is taken for any public or quasi-public use under any governmental law, ordinance or regulation, or by right of eminent domain, or by private purchase under threat or initiation of exercise of the right of eminent domain, this Lease shall terminate upon the election of either Party, effective on the date possession of the Leased Premises, or any portion thereof, is taken by the condemning authority or private purchaser as aforesaid. In the case of such partial condemnation and an election by the Parties hereto not to terminate this Lease, then the Rent payable hereunder shall, during the unexpired portion of the Lease, shall be pro-rated, based upon percentage of square feet of the Leased Premises so taken, of the whole of the Leased Premises stated in this Lease. The Town shall promptly provide the BCSO a copy of any and all notices from any such condemning authority, or private purchaser as mentioned above, respecting any requirement that the Town surrendered its right to all or any portion of the Leased Premises pursuant to this Article 13 (a).

(b) NOTICE OF ELECTION: Any notice of election by the BCSO to terminate this Lease as provided in this Article 13 shall be given by the BCSO to the Town within 30 days after written notice by the Town to the BCSO as provided in Article 13 (a) above, or within 30 days after receipt by BCSO of actual knowledge of any requirement that the Town surrendered its right to possession to all or any part of the Leased Premises, whichever shall first occur. In the event this lease is not terminated pursuant to this article 13, after a taking of a portion of the leased premises, the Town shall make such reasonable repairs or alterations as may be necessary to make the

structure of the leased premises and architectural whole, and this lease shall thereafter be in full force and effect, as provided herein.

(c) CONDEMNATION AWARD: Any payment or award from the condemning authority shall be the property of the Town.

14. SUBLETTING PROHIBITED:

BCSO shall not sublet all or any portion of the Leased Premises, or assign or otherwise transfer any of its rights under this lease, in whole or in part, to any third party without the prior written consent of the Town. Any and all documents utilized by the BCSO to evidence any subletting or assignment to which the Town has consented shall be subject to prior written approval by the Town and its counsel.

15. DEFAULT OF BCSO:

Occurrence of any of the following shall constitute a Default under the Terms of this Lease:

(a) FAILURE TO PAY RENT OR MONEY DUE: If the BCSO shall fail to pay any sum of money due and payable under this Lease, whether to the Town or otherwise, when due and payable, and such failure shall continue for a period of Ten (10) days from the due date thereof;

(b) VIOLATION OF LEASE: If the BCSO shall violate any term of this Lease, or fail to perform any term, condition, covenant, obligation or agreement to be performed or observed by the BCSO under this Lease, and such failure shall continue for a period of Thirty (30) days after the delivery of written notice thereof;

(c) ABANDONMENT OF LEASED PREMISES: If the BCSO shall desert, vacate or not regularly use the Leased Premises for a period of 30 days or more;

(d) INSOLVENCY: Any of the following occur with respect to the BCSO: (i) the BCSO become insolvent as such term is defined in the United States bankruptcy code or under the insolvency laws of any state, district, commonwealth or territory of the United States; (ii) the appointment of a receiver or custodian of any or all of BCSO's property or assets or the institution of a foreclosure action upon any of the BCSO's real or personal property as pertains to the Leased Premises and such receiver or custodian or such foreclosure action is not dismissed within 60 days; (iii) the BCSO's filing or consenting in writing to any petition under the provisions of the United States Bankruptcy code, or the insolvency laws of any State, district, commonwealth or territory of the United States; (iv) the filing of a petition against the BCSO as the subject debtor under the United States bankruptcy code, or any insolvency laws of any

state, district, commonwealth or territory of the United States, and which results in an order of relief in favor of the BCSO; (v) the BCSO's making or consenting, whether in writing or not, to a voluntary assignment for the benefit of creditors or a common-law composition of creditors; (vi) a court order dissolution of the BCSO or court ordered liquidation of substantially all of the BCSO's assets;

(e) **FAILURE TO BUDGET FOR PAYMENTS:** If BCSO shall fail to include amounts sufficient to pay any amounts due under this Lease for any fiscal year during the Term of this Lease in its budget, or if the County shall fail to approve any budget for the BCSO that include amounts sufficient to pay any amounts due under this Lease for any fiscal year during the Term of this Lease.

(f) **DISSOLUTION:** The dissolution of the BCSO for any reason; or,

(g) **WARRANTIES AND REPRESENTATIONS:** Any of the representations or warranties of BCSO as set forth in this Lease are or become untrue or incorrect in any material respect during the term of this Lease.

16. **DEFAULT OF THE TOWN:**

Occurrence of any of the following shall constitute a Default under the Terms of this Lease:

(a) If the Town should fail to perform or observe any of the conditions or terms of this Lease, and such failure to perform or observe shall continue for a period of Thirty (30) days after written notice to the Town by the BCSO of such.

17. **RIGHTS OF THE PARTIES ON DEFAULT:**

(a) **ALL REMEDIES PRESERVED:** Upon Default of the other Party, the Town or the BCSO, as the case may be, shall be entitled to pursue any remedy at law or in equity available to it.

(b) **ATTORNEY'S FEES AND COSTS:** If any legal action or other proceeding is brought for the enforcement of this Lease, or because of a dispute, breach, default or misrepresentation in connection with all or any of the provisions of this Lease, the successful or prevailing party shall be entitled to recover its reasonable attorney's fees and any costs incurred as a result of any such legal action or other proceeding, whether incurred before the institution of suit or after the commencement of suit, including appellate proceedings, in addition to any other relief to which the prevailing party may be entitled.

18. **INTERPRETATION:**

The BCSO acknowledge that the BCSO has reviewed and agreed to all of the terms and provisions of this Lease and that the BCSO has had a full opportunity to consult with an attorney of the BCSO's choosing concerning the legal consequences of entering into this Lease with the Town. As a result of the foregoing, it is the intent of the Parties hereto that this lease shall not be construed or interpreted against either Party in any dispute concerning any term or provision of this Lease.

19. NO WAIVER:

No waiver by the Town of any violation or breach of any of the terms contained in this Lease shall waive the Town's rights regarding any future violation of such term, or any violation of any other term contained within this Lease.

20. MECHANIC'S OR OTHER LIENS:

The BCSO shall have no power to subject the Leased Premises or the Town's interest in the Leased Premises to any mechanic's or any other lien. If any mechanic's or any other lien or order for the payment of money shall be filed against the Leased Premises by reason of or arising out of any labor or material furnished or alleged to have been furnished or to be furnished to or on behalf of the BCSO at the Leased Premises, or for or by reason of any change, alteration, or addition or the cost or expense thereof or any contract relating thereto, the BCSO shall cause the same to be discharged of record against the Leased Premises by bond or otherwise as allowed by law at the sole expense of the BCSO, within Thirty (30) days after written demand therefor by the Town, and shall also defend on behalf of the Town at the BCSO's sole cost and expense, any action, suit or proceeding that may be brought thereon or for the enforcement of any such lien or order, and the BCSO shall save the Town harmless from any judgment, claim or damage resulting therefrom.

21. ESTOPPEL CERTIFICATES:

The BCSO agree that at any time and from time to time upon not less than Ten (10) days prior written request by the Town, to execute, acknowledge and deliver to the Town a statement in writing certifying that this Lease is unmodified and is in full force and effect (or if there have been modifications that this Lease is in full force and effect as modified and stating the modifications), and the dates to which the charges have been paid in advance, if any, it being intended that any such statement delivered pursuant to this Article 21 may be relied on by any prospective purchaser or purchasers of the Town's interest in the Building or the Leased Premises.

22. WAIVER OF JURY TRIAL:

TO THE EXTENT PERMITTED BY LAW, THE TOWN AND THE BCSO EACH AGREED TO WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION ARISING IN CONNECTION WITH THIS LEASE, OR TO HAVE A JURY PARTICIPATE IN

RESOLVING ANY DISPUTE ARISING OUT OF OR WITH RESPECT TO THIS LEASE OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH, OR THE TRANSACTIONS RELATED HERETO.

23. HAZARDOUS MATERIALS:

(a) HAZARDOUS MATERIALS PROHIBITED: The BCSO shall not cause or permit any hazardous materials to be brought upon, kept or used in or about the Leased Premises (other than in the ordinary course of the BCSO's Permitted Use, and then only in compliance with any and all applicable laws) without the prior written consent of the Town, which consent may be withheld by the Town for any reason. "Hazardous Materials" shall mean any substance, material or waste which is now or hereafter classified were considered to be hazardous, toxic, or dangerous, under any law or regulation relating to pollution or the protection or regulation of human health, natural resources or the environment, or which poses or threatens to pose a hazard to the health or safety of any person on or about the Leased Premises, or the Building.

(b) TOWN'S RIGHTS: If the BCSO breaches its obligations under this Article 23, the Town may, but is not obligated to, immediately take, at the BCSO's expense, any and all action reasonably appropriate to remedy the same, including taking any appropriate action to clean up or remediate any contamination resulting from the BCSO's use, generation, storage or disposal of any Hazardous Materials.

(c) INDEMNIFICATION: The BCSO shall indemnify the Town and pay the cost of any cleanup or remediation and shall defend the Town, and hold the Town harmless from any claims, judgments, damages, penalties, fines or losses which arise during or after the Term of this Lease from or in connection with the presence or suspected presence of any Hazardous Materials in, on or under the Leased Premises, or within the Building, which Hazardous Materials were brought upon, kept or used in or about the Leased Premises or the Building, by the BCSO. This indemnity provision shall survive the termination or expiration of this Lease.

(d) SURVIVAL: The obligations of the BCSO set forth in this Article 23 shall survive the expiration, cancellation or termination of this Lease.

24. MISCELLANEOUS:

(a) BINDING EFFECT: This Lease shall inure to the benefit of and shall be binding upon the Town, the BCSO and their respective successors and assigns, if any are permitted hereunder.

(b) **ENTIRE AGREEMENT/AMENDMENT AND MODIFICATIONS:** This Lease supersedes all prior discussions and agreements between the Parties with respect to the Leased Premises and all other matters contained herein and constitutes the sole and entire agreement and understanding between the Town and the BCSO with respect to the Lease of the Leased Premises. This Lease shall not be modified or amended except by an instrument in writing signed by both the Town, the BCSO.

(c) **SEVERABILITY:** In the event that any provision of this Lease shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

(d) **EXECUTION IN COUNTERPARTS:** This Lease may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

(e) **APPLICABLE LAW:** This Lease shall be governed by and construed in accordance with the laws of the State of South Carolina.

(f) **CAPTIONS:** The captions or headings herein are for convenience only and in no way define, limit or describe the scope or intent of any provisions or Articles of this Lease.

(g) **RECORDING PROHIBITED:** The parties hereto may not record this Lease in the Office of the Register of Deeds for Beaufort County, South Carolina.

(h) **PLURAL/SINGULAR:** Where appropriate, the use of the singular herein shall include and be deemed to be the plural, and the use of the plural herein shall be deemed to include the singular.

(i) **NO THIRD PARTY BENEFICIARIES:** The Parties hereto affirmatively represent that this Lease is made solely for the benefit of the Parties hereto and their respective successors and assigns and not for the benefit of any third party who is not a signature party hereto. No party other than the signature parties and their respective successors and assigns hereto shall have any enforceable rights hereunder, or have any right to the enforcement hereof, or any claim for damages as a result of any alleged breach hereof.

(j) **NOTICES:** All notices, applications, requests, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered in person, or mailed by regular first class mail, postage prepaid (in such case, delivery shall be deemed complete upon mailing), addressed as follows, or to such other place as may be designated in writing by the Parties:

To the Town: THE TOWN OF HILTON HEAD ISLAND
 Stephen G. Riley, Manager

One Town Center Court
Hilton Head Island, SC 29928

To BCSO: BEAUFORT COUNTY SHERIFF'S OFFICE
Honorable P. J. Tanner
Post Office Box 1758
Beaufort, SC 29901

(k) SURVIVAL: The obligations of the BCSO set forth in this Lease shall survive the expiration, cancellation or termination of this Lease, whether or not expressly stated with respect to any specific obligation.

(l) FURTHER ASSURANCES AND CORRECTIVE DOCUMENTS: The Town and BCSO agree to do, execute, acknowledge, deliver or cause to be done all such further acts as may be reasonably determined to be necessary to carry out this Lease and give effect hereto. The Town, the BCSO agree that each shall, upon request, execute and deliver such other or corrective documents as may be reasonably determined to be necessary, either before or after the execution delivery of this Lease. The obligations of this Article 24(l) shall survive the expiration, cancellation or termination of this Lease.

IN WITNESS WHEREOF, The Town of Hilton Head Island, South Carolina, and Beaufort County Sheriff's Office, have, or have caused their duly authorized officers and representatives to execute this Lease as of the date and year first above written.

WITNESSES:

**THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA**

By: _____
John McCann, Mayor

Attest: _____
**Stephen G. Riley, ICMA-CM
Town Manager**

WITNESSES:

**BEAUFORT COUNTY SHERIFF'S
OFFICE**

By: _____


P. J. Tanner

TOWN OF HILTON HEAD ISLAND

Qualifications Transmittal Page

Date Advertised: [REDACTED], 2019

Offerors Shall Complete All Information Requested On This Page and Submit It As The Cover To Their Qualifications

 <p style="font-size: 1.2em; font-weight: bold;">REQUEST FOR QUALIFICATIONS (RFQ)</p>	<p>Deliver Qualifications To: Town of Hilton Head Island Attn: Procurement Officer 70 Shelter Cove Lane, Unit H Hilton Head Island, SC 29928</p> <ul style="list-style-type: none"> Qualifications should be hand carried or delivered by traceable means (i.e. FedEx or other similar courier) Qualifications will not be accepted by fax or email Solicitation number below shall be shown on outside of submittal package/envelope
<p>*Qualifications Submittal Deadline: 3:00 P.M. Eastern Time On [REDACTED], 2019</p> <p>Qualifications will be publically opened on the date above immediately after the time deadline at: 70 Shelter Cove Lane, Unit H Hilton Head Island, SC 29928</p>	<p>Solicitation Number: RFP 2019-0019</p> <p>Description/Title: Designated Marketing Organization Services</p> <p>Town Procurement Website: http://www.hiltonheadislandsc.gov/government/procurement/</p>
<p>Pre-Qualifications Conference Information: N/A</p>	
<p>Town Contact: Richard Groth, Procurement Officer richg@hiltonheadislandsc.gov (843) 341-4711</p>	<p>Deadline For Questions: No later than 4:00 pm Eastern Time on [REDACTED], 2019.</p> <p>E-Mail Questions To: richg@hiltonheadislandsc.gov</p>
<p>Offeror Name:</p>	<p>Offeror Contact Name:</p>
<p>Offeror Mailing Address:</p>	<p>Offeror Contact Phone:</p>
<p>City-State-Zip-Code:</p>	<p>Offeror Contact Email Address:</p>
<p>By signature below, I certify that this submission is made and submitted without prior understanding, agreement, or connection with any corporation, firm or any corporation, firm, or person submitting qualifications for the same materials, supplies, equipment or services, and is in all respects fair and without collusion or fraud. I agree to abide by all conditions of this solicitation and certify that I am authorized to sign this document on behalf of the Offeror.</p>	
<p>Offeror Authorized Signature:</p> <p>_____</p> <p>Signature Date</p>	<p>Name and Title of Signator:</p> <p>Name: _____</p> <p>Title: _____</p>

A LISTING OF RESPONDENTS TO THIS SOLICITATION WILL BE POSTED TO THE TOWN'S WEBSITE SOON AFTER THE SUBMITTAL DEADLINE

* Qualifications received after this time and date shall be rejected and will not be considered for contract award, without exception. If Offeror intends to hand deliver their qualifications on the day of the qualifications opening, please be aware that Offeror accepts sole and complete risk if their qualifications cannot be delivered on time due to unforeseen circumstances such as travel delays, weather or illness.

**TOWN OF HILTON HEAD ISLAND
REQUEST FOR QUALIFICATIONS: RFQ 2019-0019
DESIGNATED MARKETING ORGANIZATION SERVICES**

I. GENERAL INFORMATION AND SUBMITTAL INSTRUCTIONS

The Town of Hilton Head Island, South Carolina (“Town”) is soliciting sealed qualifications from qualified organizations (“Offerors” or “Contractors”) to serve as the Town’s Designated Marketing Organization (“DMO”). The DMO shall provide advertising and promote tourism for Hilton Head Island in accordance with the specifications provided herein.

Please submit five (5) paper copies and one (1) electronic copy (on a USB drive) by the Qualifications Submittal Deadline identified on the transmittal page of this RFP.

Sealed qualifications should be delivered in accordance with the instructions provided on the transmittal page of this RFP. A copy of this solicitation can be obtained online at the Town’s Procurement Website as provided on the transmittal page of this RFP.

A public opening of qualifications will be held on the date and time indicated on the transmittal page of this RFP, where only Offeror names shall be read.

All questions regarding this solicitation must be submitted in writing in accordance with the instructions on the transmittal page of this RFP. Questions will be responded to in writing, and all inquiries received and responses to them will be posted in one or more addendums to this solicitation on the Town’s Procurement Website. **It is the Offeror’s responsibility to check the Town’s Procurement Website after the deadline for questions and prior to the Qualifications Submittal Deadline to ensure they have reviewed any and all addendums issued for this solicitation.**

The Town reserves the right to accept or reject any or all qualifications received as a result of this solicitation, or to negotiate with all qualified Offerors, or to cancel in part or in its entirety this solicitation, if it is in the best interests of the Town. The Town reserves the right to refuse any and all qualifications and to waive any technicalities and formalities. The Town reserves the right to waive any requirement in this solicitation if such requirement is unmet by all Offerors, and, such a waiver is determined to be in the best interest of the Town.

This solicitation does not commit the Town to award a contract or to procure for any articles of goods or services. The Town shall not incur or pay for any costs associated with the preparation of Offeror qualifications.

Qualifications must be signed by an official of Offeror authorized to bind Offeror.

The Town does not discriminate on the basis of race, color, national origin, sex [including pregnancy and childbirth (or related medical conditions)], religion, age or disability in employment or in the provision of goods and services.

The Town recognizes that small businesses enterprises as well as businesses enterprises owned and operated by women and/or minority persons (collectively "disadvantaged business") have historically faced challenges resulting in less than full participation in the free enterprise system to a degree disproportionate to other businesses. Therefore, the Town is committed to ensuring that such disadvantaged business enterprises are afforded every opportunity to fully and fairly participate in the Town's procurement process for goods and services. In the event of a tie after the scoring of qualifications involving a certified disadvantaged Offeror and a non-disadvantaged Offeror, the Town will award the contract to the certified disadvantaged Offeror. Tied qualifications involving two certified disadvantaged Offerors will be settled by selecting the qualifications having the lowest total cost to the Town. It is the obligation of the disadvantaged Offeror to submit proof of current certification from a governmental entity in the United States at the time they submit their qualifications in order for the certification to be considered by the Town in determining an award as described above. Tied qualifications involving two non-disadvantaged Offerors will be settled by selecting the qualifications having the lowest total cost to the Town.

II. BACKGROUND

Title 6, Chapter 4, Section 6-4-10 of the South Carolina Code of Laws requires funds received by a municipality or a county in county areas collecting more than fifty thousand dollars (\$50,000) from the local accommodations tax must be allocated in a specific manner.

The first twenty five thousand dollars (\$25,000) must be allocated to the general fund of the municipality or county. Thirty percent (30%) of the balance must be allocated to a special fund and used only for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity ("Promotional Fund"). For the last three years this thirty percent allocation has consisted of a \$XXX.00, \$XXX.00 and \$XXX.00 distribution per year respectively to the Designated Marketing Organization.

To manage and direct the expenditure of these tourism promotion funds, the municipality or county shall select one or more organizations, such as a chamber of commerce, visitor and convention bureau, or regional tourism

commission, which has an existing, ongoing tourist promotion program.

To be eligible for selection, the organization must be organized as a nonprofit organization, and shall demonstrate to the municipality or county that it has an existing, ongoing tourism promotion program, or that it can develop an effective tourism promotion program.

III. SCOPE OF WORK / SPECIFICATIONS

The DMO shall manage and direct the expenditure of the Town's Promotional Fund for the purpose of marketing Hilton Head Island as tourism destination.

In providing the services described herein, the DMO shall:

- a. Submit for Town approval a budget of planned expenditures for the Promotional Fund ("Budget") and a marketing plan ("MP") for each fiscal year. The Budget and MP shall be delivered to the Town by November 15th of the year preceding the applicable fiscal year.
- b. Provide the Town with certain metrics and/or reports to include but not be limited to:
 1. Revenue per available room;
 2. Occupancy rates;
 3. Visitor spending studies;
 4. Return on investment of visitor spending per advertisement dollar;
 5. Local tax revenues generated by visitors
 6. Number of visitors with seasonal and type breakdown
 7. Number of referrals made to area businesses and number of website clicks made to area businesses
 8. Numbers related to mail fulfillment and other contacts
 9. Industry awards received for marketing and public relations efforts
 10. Number of jobs created by tourism
 11. Events held and the participants in those events

The above list is subject to change during contract negotiations as well as over the term of the contract upon mutual agreement of the parties.

- c. Adopt policies and procedures and operate in a manner which satisfies the applicable standards set forth by Destination Marketing Association International.

- d. Adhere to all applicable laws governing the services to be provided to Town.
- e. Provide an independent auditor's report to the Town on an annual basis with regard to each of its fiscal years (July 1st to June 30th). Such audit report shall be delivered to the Town no later than November 15th following the applicable fiscal year end. Such audit reports shall be in conformity with the American Institute of Certified Public Accountants and generally accepted auditing standards.
- f. Produce and deliver to the Town a schedule of revenues and expenses ("Report") prepared by an independent auditor for each fiscal year. The Report shall be delivered to the Town no later than November 15th following the applicable fiscal year end;
- g. Have federal and state tax returns prepared and filed by a professional tax preparer as defined by the Internal Revenue Code, the South Carolina tax code, and/or their regulations.
- h. Upon reasonable notice, allow the Town Manager or his/her designee to inspect and/or audit all records, financial or otherwise, pertaining to services provided to the Town by the DMO.
- i. Be eligible to apply for annual supplemental grants from the accommodation tax pool and the emergency reserve fund established by the Town.
- j. Select and retain a law firm, subject to the consent and approval of the Town, to deliver a third-party opinion that all expenditures from the Promotional Fund are in full compliance with Title 6, Chapter 4, Section 6-4-10(3) of the South Carolina Code of Laws; and, that the DMO is a valid non-profit organization.
- k. Provide public presentations to the Town's Accommodations Tax Advisory Committee no less than twice each fiscal year. Additional presentations may be requested at the discretion of the Town.

IV. QUALIFICATIONS REQUIREMENTS AND FORMATTING

Offerors are REQUIRED to submit all requested information and/or documentation outlined in this section of the solicitation. Any Offeror failing to do so may have their submission rejected as being non-responsive and making them ineligible for contract award. Offeror must complete and return with their qualifications the "Checklist of Qualifications Submittal Requirements", a copy of which is included in this solicitation as Exhibit A. Offeror shall submit their

qualifications in a format and sequence that follows the section numbering and layout provided in this solicitation to assist the Town in its evaluation of qualifications.

The Qualifications shall be formatted as follows:

Section 1: General Background

Provide a clear and concise summary of your organization, its structure, purpose/mission and core values. Provide documentation of your organization's not-for-profit status.

Section 2: Experience of Organization

Describe your organization's experience in providing tourism promotional services as outlined in this RFP. Provide a list of up to five (5) clients to whom you have provided similar services, and identify if they are current clients or past clients.

For each identified client, provide a summary of the scope of services, key accomplishments achieved and how long they have been a client. Include any challenges or obstacles faced by your clients that were overcome or resolved through the services provided by your organization.

For each client listed, provide a point of contact for reference purposes. Please provide contact person's name, title, phone number, and email address. The Town reserves the right to only check references for those Offerors deemed to be finalists after an initial scoring of qualifications based on the criteria stated herein.

Provide a summary of your organization's current workload and how that may impact your availability or ability to perform the services requested by the Town.

Section 3: Experience of Key Personnel

Identify the key personnel that will be assigned to provide the contracted services for the Town, and provide a detailed biography or resume for each of them. Identify any unique accomplishments or specialized skills. Include the number of years' experience each has in providing such services, as well as the number of years they have been employed by your organization.

Section 4: Proposed Marketing Plan

Assuming a hypothetical budget of one million dollars (\$1,000,000), provide a proposed marketing plan that will promote Hilton Head Island as a premier destination for both leisure and business travelers.

In preparing this hypothetical budget submission the applicant should describe

its approach and process to digital marketing strategies, print and social media. Identify key demographics for visitors to Hilton Head Island and tailor the marketing approach (digital, magazine, other) to each demographic. Provide data on who is visiting Hilton Head Island and why in the context of your marketing offerings. Offer specific tactics across various marketing channels. Describe tools used for measurement of successful digital marketing strategies, print and social media, particularly in the context of the case studies/past performance provided above as such tools may likely be incorporated as performance measurement indicators within the contract between the Town and the applicant. The qualifications response will also include a line item budget to support the marketing plan and approach discussed in the qualifications response.

Qualifications should be no more than 50 pages, printed on one side only with an 11 point font size or larger. The 50-page limitation excludes the Qualifications Transmittal Page, Exhibit A, Exhibit C, Certificate of Insurance, business license, documentation of your organization's not-for-profit status, and resumes of key personnel.

Section 5: Other Marketing Services

a. Stakeholder/Advocacy

Provide a description of how the applicant would support the Town in its ability to identify key stakeholders associated with destination marketing and the maintenance of the Hilton Head Island brand as a premier destination as well as associated advocacy roles to further these interests.

b. Brand Management

Describe how the vendor would collaborate with the Town on brand guidelines, overall messaging, and the ability to address current events that might impact the Town's brand management.

c. Visitor Services

Describe how the vendor would utilize its role as the Town's Designated Marketing Organization to provide services to the Island's visitors and tourists.

d. Disaster Communications and Marketing

Because of the Town's geographic location along the Atlantic coastline, please describe how the vendor would approach public communications and marketing of the Town both prior to, during, and subsequently

following a natural disaster such as a hurricane or other similar event.

V. EVALUATION CRITERIA AND CONTRACT AWARD

If a contract is awarded as result of this solicitation, such award shall be made to the responsive and responsible Offeror with the highest rated qualifications based on the stated evaluation criteria. Contract award, as well as contract continuation of the contract in subsequent fiscal periods, is subject to availability of Town funds. In the event that contract negotiations with the highest rated Offeror are unsuccessful, the Town reserves the right to begin contract negotiations with next highest rated Offeror.

Qualifications will be evaluated using the following criteria:

1. Proposed Marketing Plan (60%)
2. Experience and Qualifications of Firm and Project Team (40%)

After initial scoring of the above criteria, the Town reserves the right to select a short list of finalists for a presentation/interview. Results of the interview process shall factor into the final scoring for contract award.

VI. STANDARD CONTRACT TERMS AND CONDITIONS

Offeror acknowledges it has read and understands the terms and conditions provided in the Town's standard contract clauses attached hereto as Exhibit B, and Offeror also agrees that such clauses shall substantially form the basis for a contract between Offeror and Town. Offeror also acknowledges that terms and conditions provided in this RFP, either in their entirety or relevant portions thereof, may be included and become part of any resulting contract.

The term of the resulting DMO agreement shall be for a period of five (5) years.

EXHIBIT A

RFP 2019-0019
Designated Marketing Organization Services

Checklist of Qualifications Submittal Requirements

The following checklist is intended to advise the Offeror of all items or information that must be submitted with their qualifications. Offerors shall provide:

1. A completed Qualifications Transmittal Page (first page of this RFP)
2. A qualifications that addresses all the required elements and formatting as specified in this RFP.
3. Signed Offeror Acknowledgement on this Exhibit A below.
4. Completed Affidavit acknowledging the requirements of the South Carolina Illegal Immigration Reform Act, Exhibit C.
5. Certificate of Insurance as evidence that Contractor meets the insurance requirements specified in Exhibit B of this RFP. Town of Hilton Head Island and shall be added as an Additional Insured on Contractor's Insurance upon contract award.
6. Offeror shall include current Town business license with their sealed bid if they have one. If not, Offeror will be required to obtain one prior to commencing any work if awarded the contract.

Offeror Acknowledgement:

I have read the above checklist of qualifications requirements as well as this solicitation in its entirety, and understand that failure to submit any item, document, form or information identified as being required in either document, may result in the rejection of our qualifications and eliminate our company from consideration for contract award.

Signature: _____

Name: _____

Title: _____

EXHIBIT B

STATE OF SOUTH CAROLINA)
)
COUNTY OF BEAUFORT) AGREEMENT

THIS AGREEMENT ("Agreement") is made this <<Date>> between <<Company Name>> (hereinafter called "Contractor") and the Town of Hilton Head Island (hereinafter called "Town"), a municipal corporation organized and existing under the laws of the State of South Carolina.

WHEREAS, the Town has a requirement to <<list service or supply>>;

WHEREAS, the Town and the Contractor desire to enter into an Agreement wherein the Contractor shall provide such services as set forth herein below.

NOW, THEREFORE, for and in consideration of the mutual promises, undertakings and covenants set forth herein, the receipt and sufficiency of which is acknowledged and affirmed by the Town and the Contractor, the parties hereto agree as follows:

- 1. The Contractor shall <<list task or services to be provided>>.
2. The total cost of this Agreement shall not exceed <<List total cost>>.
3. The term of this Agreement shall be for a period of ____ (#) years, commencing on the date of execution and expiring on <<date>>. [include following if applicable] This Agreement may be renewed for ____ (#) additional ____ (#) year periods.
4. The contractor is required to maintain appropriate levels of insurance for both workers compensation coverage and for auto liability. The Contractor is required to maintain One Million dollars of general liability insurance. The contractor must provide the Town with a Certificate of Workers Compensation and general liability coverage that names the Town as an additional insured. The contractor is required to immediately contact the Town should any change to these policies occur during the course of the performance of this contract. Failure to maintain these policies is grounds for termination.
5. The Town may terminate this Agreement in whole or in part at any time for the convenience of the Town. If the Agreement is terminated for the convenience, the Town will pay the contractor for costs incurred to that date of termination. The Town may also terminate this Agreement when funds are not appropriated or otherwise made available to support continuation of this Agreement in subsequent fiscal periods.
6. Should any part of this Agreement be rendered void, invalid, or unenforceable by any court of law, such a determination shall not render void, invalid, or unenforceable any other part of this Agreement.
7. This Agreement has been made and entered into in the State of South Carolina, and the laws of South Carolina shall govern the validity and interpretation of this

EXHIBIT B

Agreement in the performance due hereunder.

8. This Agreement may not be modified unless such modification is in writing and signed by both parties.
9. The Contractor may not assign this Agreement without the prior written approval of the Town.
10. The Contractor shall defend, indemnify, and hold harmless the Town, its officers, directors, agents, and employees from and against any and all actions, costs, claims, losses, expenses, and/or damages, including attorney's fees, whether incurred prior to the institution of litigation, during litigation, or on appeal arising out of or resulting from the conduct of any activity hereby authorized or the performance of any requirement imposed pursuant by this Agreement, however caused or occasioned, unless caused by the willful misconduct or gross negligence of the Town.
11. The parties hereto intend that no master/servant, employer/employee, or principal/agent relationship will be created by this Agreement. Nothing contained herein creates any relationship between the Town and the Contractor other than that which is expressly stated herein. The Town is interested only in the results to be achieved under this Agreement, and the conduct and control of the agents and employees of the Contractor and the methods utilized by the Contractor in fulfilling its obligations hereunder shall lie solely and exclusively with the Contractor and its agents and employees shall not be considered agents or employees of the Town for any purpose. No person employed by the Contractor shall have any benefits, status, or right of employment with the Town.
12. The Contractor, by signing this Agreement, hereby certifies that Contractor shall comply with all applicable requirements of the South Carolina Illegal Immigration Reform Act, S.C. Code Ann. §41-8-10 (2007) et seq., (the "Act"), and that Contractor covenants and agrees as follows:
 - 12.1. Contractor shall not knowingly or intentionally employ any unauthorized alien and, unless excluded from coverage of the "Act", shall verify the work authorization of newly hired employees performing work under the Agreement by registering and participating in the Federal Work Authorization Program (E-verify) and verifying the work authorization of every new hired employee within three (3) business days after employing employee.
 - 12.2. Contractor agrees to provide to the Town all documentation requested by it to establish either:
 - (a) the applicability of the South Carolina Illegal Immigration Reform Act to Contractor; or
 - (b) compliance with the South Carolina Illegal Immigration Reform Act by Contractor.
 - 12.3. Contractor agrees to include in any contracts with its sub-contractors language requiring its sub-contractors to:

EXHIBIT B

(a) comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina Code of Laws; and

(b) include in their contracts with the sub-subcontractors language requiring the sub-subcontractors to comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina Code of Laws.

12.4. Contractor acknowledges and agrees that it shall comply with requirements of the Immigration Reform and Control Act of 1986 including the non-discrimination provisions thereof, and shall complete all required I-9 documentation for all workers employed by it.

12.5. Contractor certifies it shall comply with all state, federal, and local laws, rules, regulations and orders applicable to it in performance of work under the contract.

IN WITNESS WHEREOF, the parties hereto have affixed their signatures hereto the date first written hereinabove.

WITNESSES:

<< CONTRACTOR'S FULL NAME >>

By: _____

Its: _____

WITNESSES:

TOWN OF HILTON HEAD ISLAND

By: _____

Joshua A. Gruber

Its: Assistant Town Manager

EXHIBIT C

**CONTRACTOR AFFIDAVIT
SOUTH CAROLINA ILLEGAL IMMIGRATION REFORM ACT**

In accordance with the requirements of the South Carolina Illegal Immigration Reform Act, _____ ("Contractor") hereby certifies that it is currently in compliance with the requirements of Title 8, Chapter 14 of the South Carolina Code Annotated and will remain in compliance with such requirements throughout the term of its contract with the Town of Hilton Head Island, South Carolina

The Contractor hereby acknowledges that in order to comply with requirements of S. C. Code Annotated Section 8-14-20(B), it will register and participate in the federal work authorization program (E-verify) to verify the employment authorization of all new employees; and require agreement from its subcontractors, and through the subcontractors, the sub-subcontractors, to register and participate in the federal verification employment authorization of all new employees.

The Contractor agrees to provide to the Town of Hilton Head Island upon request any documentation required to establish the applicability of the South Carolina Illegal Immigration Reform Act to the contractor, subcontractor or sub-subcontractor. The Contractor further agrees that it will, upon request, provide the Town of Hilton Head Island with any documentation required to establish that the contractor and any subcontractors or sub-subcontractors are in compliance with the requirements of Title 8, Chapter 14 of the S. C. Code Annotated.

Date: _____

By: _____
Contractor

Title: _____

EXHIBIT C

Construction

By signing its bid or qualifications, Contractor certifies that it will comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina Code of Laws and agrees to provide to the Town of Hilton Head Island upon request any documentation required to establish either: (a) that Title 8, Chapter 14 is inapplicable both to Contractor and its subcontractors or sub-subcontractors; or (b) that Contractor and its subcontractors or sub-subcontractors are in compliance with Title 8, Chapter 14. Pursuant to Section 8-14-60, "A person who knowingly makes or files any false, fictitious, or fraudulent document, statement, or report pursuant to this chapter is guilty of a felony, and, upon conviction, must be fined within the discretion of the court or imprisoned for not more than five years, or both." Contractor agrees to include in any contracts with its subcontractors language requiring its subcontractors to (a) comply with the applicable requirements of Title 8, Chapter 14, and (b) include in their contracts with the sub-subcontractors language requiring the sub-subcontractors to comply with the applicable requirements of Title 8, Chapter 14.

Non-Construction

By signing your offer, you certify that you will comply with the applicable requirements of Title 8, Chapter 14 of the South Carolina Code of Laws and agree to provide to the Town of Hilton Head Island upon request any documentation required to establish either: (a) that Title 8, Chapter 14 is inapplicable to you and your subcontractors or sub-subcontractors; or (b) that you and your subcontractors or sub-subcontractors are in compliance with Title 8, Chapter 14. Pursuant to Section 8-14-60, "A person who knowingly makes or files any false, fictitious, or fraudulent document, statement, or report pursuant to this chapter is guilty of a felony, and, upon conviction, must be fined within the discretion of the court or imprisoned for not more than five years, or both." You agree to include in any contracts with your subcontractors language requiring your subcontractors to (a) comply with the applicable requirements of Title 8, Chapter 14, and (b) include in their contracts with the sub-subcontractors language requiring the sub-subcontractors to comply with the applicable requirements of Title 8, Chapter 14.