



Town of Hilton Head Island

Town Council Meeting

Tuesday, November 4, 2025, 3:00 PM

**1 Town Center Court, Hilton Head Island, SC
Benjamin M. Racusin Council Chambers**

The meeting can be viewed on the [Town's YouTube Channel](#), the [Beaufort County Channel](#), and Spectrum Channel 1304.

- 1. Call to Order**
- 2. Pledge to the Flag**
- 3. Invocation – Rev. Jonathan Tompkins, St. Andrew By-The-Sea**
- 4. Adoption of the Agenda**
- 5. Approval of the Minutes**
 - a. Regular Meeting Minutes of October 21, 2025
- 6. Presentations and Recognitions**
 - a. Report of the Town Manager
 - b. Beaufort County School District Student of the Month - Mayor Perry
 - c. Smoke-Free and Vape-Free Awareness Month Proclamation - Mayor Alan Perry
 - d. Community Thanksgiving Proclamation - Mayor Alan Perry
 - e. Hilton Head Island Airport Update - Jon Rembold, Beaufort County Airports Director
 - f. Beaufort County Single-Use Plastic Bag Survey Results - Juliana Zadik, Environmental Long Range Planner, Beaufort County
 - g. Discussion of the Beaufort County 250th Revolutionary War Anniversary - Angie Stone, Assistant Town Manager
- 7. Reports from Members of Town Council**
 - a. General Reports from Town Council

- b. Report of the Lowcountry Area Transportation Study – Councilmember Tamara Becker
- c. Report of the Lowcountry Council of Governments – Councilmember Steve Alfred
- d. Report of the Beaufort County Airports Board – Councilmember Melinda Tunner
- e. Report of the Southern Lowcountry Regional Board – Councilmember Patsy Brison
- f. Report of the Island Recreation Association Board – Mayor ProTempore Alex Brown
- g. Report of the Beaufort County Economic Development Corporation - Mayor Alan Perry
- h. Report of the Gullah Geechee Historic Neighborhoods Community Development Corporation - Mayor ProTempore Alex Brown
- i. Report of the Community Development and Public Services Committee – Councilmember Tamara Becker
- j. Report of the Finance and Administrative Committee – Mayor ProTempore Alex Brown

8. Consent Agenda

- a. Consideration of an Ordinance of the Town of Hilton Head Island to Amend Municipal Code Title 10, Section 10-1-250, the Business License Ordinance, to Update the Business License Class Schedule as Required by Act 176 of 2020 for the Town of Hilton Head Island, South Carolina and Providing for Severability and an Effective Date - Second Reading - April Akins, Interim Revenue Manager
- b. Consideration of an Ordinance Providing for the Issuance and Sale of the Town of Hilton Head Island Special Obligation Bonds (Beach Preservation Fee Pledge), in One or More Series, in the Principal Amount of Not Exceeding \$19,000,000; 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 Severability and an Effective Date - Second Reading - Dave Byrd, Finance Director

9. Public Comment - Non Agenda Items

10. Executive Session

- a. Discussion Incident to Proposed Contractual Arrangements (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 [a][2]) related to:
 - 1. Town of Hilton Head Island Destination Marketing Organization Request for Qualifications

- b.** Discussion of Negotiations Incident to Proposed Contractual Arrangements and Discussions for the Proposed Sale or Purchase of Property (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 [a][2]) related to:
 - 1. Main Street
 - 2. Stoney Area
 - 3. Shell Midden Lane
 - 4. Indigo Park
- c.** Discussion Incident to Proposed Contractual Arrangements (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 [a][2]) related to:
 - 1. Northpoint Ground Lease and Escrow Agreement
 - 2. Northpoint Hilton Head Public Service District Easement
- d.** Discussion of Appointment to Boards, Commissions, and Committees [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 (a)(1)] related to:
 - 1. Land Management Ordinance Task Force
- e.** Discussion of Personnel Matters Relating to Town Manager Performance Evaluation [Pursuant to South Carolina Freedom of Information Act 30-4-70 (a)(1)]

11. Action from Executive Session

12. Adjournment

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.

In accordance with the requirements of Title II of the Americans with Disabilities Act of 1990 ("ADA"), the Town of Hilton Head Island will not discriminate against qualified individuals with disabilities on the basis of disability in its services, programs, or activities. Auditory accommodations are available. Any person requiring further accommodation should contact the Town of Hilton Head Island ADA Coordinator as soon as possible but no later than 48 hours before the scheduled event.

Municipal Association of South Carolina (MASC) Civility Pledge:
"I pledge to build a stronger and more prosperous community by advocating for civil engagement, respecting others and their viewpoints, and finding solutions for the betterment of my city or town."



Town of Hilton Head Island TOWN COUNCIL MEETING Tuesday, October 21, 2025, 3:00 PM Minutes

Call to Order

Mayor Pro Tempore Brown called the meeting to order at 3:00 p.m.

Council Members present: Alan Perry, Mayor (arrived at 3:22 p.m.); Alex Brown, Ward 1, Mayor Pro Tempore; Patsy Brison, Ward 2; Steve DeSimone, Ward 3; Tammy Becker, Ward 4; Steve Alfred, Ward 5; Melinda Tunner, Ward 6

Others Present: Marc Orlando, Town Manager; Curtis Coltrane, Town Attorney; Kim Gammon, Town Clerk

Invocation – Father Christopher Loester, Holy Family Church

Father Loester delivered the invocation.

Adoption of the Agenda

Ms. Brison moved to amend the agenda by removing Item 8.a. from the consent agenda. She stated there were changes made during the first reading which warrant discussion. **Ms. Becker seconded. Motion carried 6-0-1 (Perry was not present for the vote).**

Approval of the Minutes

Workshop Meeting Minutes of September 30, 2025

Mr. Alfred moved to approve. Ms. Becker seconded. Motion carried 6-0-1 (Perry was not present for the vote).

Regular Meeting Minutes of October 7, 2025

Mr. Alfred moved to approve. Ms. Becker seconded. Motion carried 6-0-1 (Perry was not present for the vote).

Special Meeting Minutes of October 13, 2025

Mr. Alfred moved to approve. Ms. Becker seconded. Motion carried 6-0-1 (Perry was not present for the vote).

Presentations and Recognitions

Report of the Town Manager

Mr. Orlando thanked the Community for attending the Annual Fire Rescue Fire Prevention Pancake Breakfast held on October 5. He reminded all that Fire Rescue will be holding their 2nd Annual Trunk or Treat on Saturday, October 25 from 4pm-6pm. He provided an update on the upcoming Crescendo Kick-Off and announced that Natalie Harvey, Director of Cultural Affairs has been appointed to the Board of Directors of the South Carolina Arts Foundation. He provided updates regarding items of interest regarding Town operations.

Parks and Recreation Commission Annual Report - William Zurilla, Board Chair

Mr. Zurilla provided the Council with the Annual Report and encouraged them to continue to improve parks and provide pickle ball courts for public use.

Lowcountry Regional Transportation Authority (LRTA/ Palmetto Breeze) Annual Update — Brian Sullivan, Executive Director

Mr. Sullivan provided an annual update, with an Overview of Services, a Summary of the 2025 Trolley Season and Coordinated Services. He spoke in detail regarding the projected financials of the Authority while providing available options to reduce or assist with any projected deficits.

Reports from Members of Town Council

General Reports from Town Council

Ms. Brison reported on various art and cultural experiences available on the Island and noted that for a community this size, the options are many and very well presented.

Mr. DeSimone reported he has been observing the beach renourishment project and it is progressing well.

Mayor Perry noted the Crescendo Kick-Off went well and it speaks volume to how great the arts and cultural community is on Hilton Head Island.

Report of the Lowcountry Area Transportation Study – Councilmember Tamara Becker

No report.

Report of the Lowcountry Council of Governments – Councilmember Steve Alfred

No report.

Report of the Beaufort County Airports Board – Councilmember Melinda Tunner

Ms. Tunner provided updates regarding the FAA inspection regarding trees and safety hazards, how the Federal shutdown is affecting the Airport, and the addition of FAA software.

Report of the Southern Lowcountry Regional Board – Councilmember Patsy Brison

Ms. Brison stated the Board met and received presentations regarding the University of South Carolina Beaufort's expansion plans and the City of Hardeeville's housing initiatives.

Report of the Island Recreation Association Board – Mayor ProTempore Alex Brown

Mr. Brown stated the Jeep Island/Chili Cook-off and Pumpkin Patch events were held and very successful. He stated registration for the winter sports programs is now available and the Mac & Cheese Festival will be held on Saturday, October 25 at Lincoln and South from 5pm-8pm.

Report of the Beaufort County Economic Development Corporation - Mayor Alan Perry

No report.

Report of the Gullah Geechee Historic Neighborhoods Community Development Corporation - Mayor ProTempore Alex Brown

Mr. Brown reported the CDC will be holding a *Money Talks Educational Seminar* tonight at 5:30 p.m. at the Island Recreation Center. He stated this is an overview of non-traditional lending options available to small businesses.

Report of the Community Development and Public Services Committee – Councilmember Tamara Becker

Ms. Becker stated the Committee met on October 20 and covered one topic and voted to move it on to Town Council for consideration of approval.

Report of the Finance and Administrative Committee – Mayor ProTempore Alex Brown

Mr. Brown stated the meeting scheduled for October 30 at 10:00 a.m. has been canceled and the next meeting is scheduled for November 18 at 10:00 a.m.

Unfinished Business

Consideration of an Ordinance to Repeal and Replace Title 10, Chapter 2 of the Municipal Code of the Town of Hilton Head Island Entitled Short-Term Rentals; and Providing for Severability and an Effective Date - Second Reading - Shawn Leininger, Deputy Town Manager

Mayor Perry stated this item was approved by a vote of 6-1 at 1st reading held on October 13 and there have been no changes since approval.

Ms. Becker moved to approve. Ms. Tunner seconded.

Mayor Perry asked for public comment.

Charlie Clark addressed Council thanking them for the pause and encouraged them to stay

the course set forth at the October 13 Special meeting.

It was the consensus of Council that the Town Manager report back on enforcement efforts on a regular basis.

Concluding discussion, **Ms. Brison moved to amend the motion to include and replace the previously deleted items resulting from the October 13 Town Council meeting, which are 10-2-30, 10-2-60 and 10-2-70. Mr. Alfred seconded.**

Mayor Perry asked for public comment.

Chet Williams addressed Council stating they should not adopt regulations that cannot be enforced.

Cathie Rasch addressed Council stating she was offended with the proposed change. She stated she felt it is ridiculous to add the change.

Beth Petro addressed Council inquiring as to how this would be enforced. She questioned this procedure.

Kate McCullion addressed Council stating the amended motion was surprising and unexpected. She inquired how this would be enforced.

Dru Brown addressed Council questioning how this would be enforced and questioned Council's efforts on good will toward the short-term rental community.

Mayor Perry called for a vote on the amendment. The amendment to the motion failed 2-5 (Perry, Brown, Tunner, DeSimone, Alfred opposed).

Mayor Perry called for a vote on the original motion. Motion carried 6-1 (Brison opposed).

New Business

Consideration of an Ordinance of the Town of Hilton Head Island to Amend Municipal Code Title 10, Section 10-1-250, the Business License Ordinance, to Update the Business License Class Schedule as Required by Act 176 of 2020 for the Town of Hilton Head Island, South Carolina and Providing for Severability and an Effective Date - First Reading - April Akins, Interim Revenue Manager

SC General Assembly passed Act 176, the Business License Standardization Act, in September 2020. The law required every local government levying a business license tax to administer the tax in the same way across the state starting January 1, 2022. The Municipal Association of South Carolina (MASC) created the Business License Model Ordinance to ensure compliance with Act 176. Town Council adopted the Business License Model Ordinance in September 2021 so that the Town could administer the business license tax

according to state law.

Every odd year, Act 176 requires every taxing jurisdiction levying a business license tax to adopt by ordinance the latest Standardized Business License Class Schedule as recommended by MASC and adopted by the Revenue and Fiscals Affair Office. MASC shall determine and revise the Standardized Business License Class Schedule every even year using the latest available nationwide Internal Revenue Service profitability statistics. MASC published the latest Standardized Business Class Schedule in the spring of 2025. Town staff completed a detailed business license revenue analysis in July 2025 to determine the impact of the class schedule changes on the Town and on the business community. The revenue analysis revealed that by applying the new class schedule changes, the total business license tax revenue loss to the Town is \$348,745. Staff recommend rebalancing the Town's business license tax rates to ensure revenue neutral results with a rate increase across all business license class rates of 4.9%

Mr. Brown moved to approve. Ms. Becker seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Consideration of an Ordinance Providing for the Issuance and Sale of the Town of Hilton Head Island Special Obligation Bonds (Beach Preservation Fee Pledge), in One or More Series, in the Principal Amount of Not Exceeding \$19,000,000; 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 Severability and an Effective Date - First Reading - John McGowan, Assistant Finance Director

Mr. McGowan conducted a presentation regarding the item providing the information below.

The Town's 14 miles of beaches are at the heart of our tourist-driven economy. Every seven to ten years, depending on storm activity, the Town has engaged outside contractors to renourish its beaches. The Town has issued debt in 2017 (\$30,075,000), 2011 (\$11 million), and 2006 (\$19 million) to support these past Beach Renourishment projects. These previous bond issues have all been fully paid through the Beach Preservation Fee collections.

The Town is currently undergoing a beach renourishment project. The Town selected Marinex Construction in May 2025 to carry out the majority of the Beach Renourishment Project. In addition, the Town selected Cape Romain Contractors, Inc. in September of 2025 for an additional portion of shoreline renourishment, including Pine Island. The total renourishment project is expected to cost approximately \$50 million.

Town Council considered funding options at the Beach Renourishment workshops on 10/30/24 and 2/25/25, as well as at the most recent CIP workshop of 8/26/25. At the 9/30/26 Finance & Administration Committee meeting, the Committee voted 3-0 to recommend Town Council adopt an Ordinance authorizing the \$19 million in Special Obligation (Beach Preservation

Pledge) Bonds.

The consensus from these public meetings was that the best way for the Town to pay for the needed beach renourishment project would be via a combination of Beach Preservation Fee cash reserves and borrowing via a bond issue. The proposed \$19 million in bonds would be paid back over 7 years through collections of the Beach Preservation Fees.

The Town will seek competitive bids for the proposed bond financing via a Request for Proposal and will select the most optimal proposal for the Town. Upon execution of the bond documents, the Town will receive from the selected financial institution approximately \$19,000,000 in bond proceeds, which will be distributed to the Beach Preservation Fee Fund to be used to fund a portion of the Town's ongoing Beach Preservation Project.

The Town will repay the bondholders from Beach Preservation Fees through our Bond Trustee, Regions Bank, over a 7-year term, which aligns with the anticipated useful life of the Beach Renourishment Project. This bond issue will allow the Town to:

- a) Maintain a strong Beach Preservation Fee fund balance, in excess of the minimum fund balance policy of \$20 million
- b) Provide additional financial flexibility in the event of a natural disaster
- c) Support compliance with Beach Preservation Fee Fund minimum fund balance policy of \$20 million
- d) Align its 7 years of annual beach preservation fee principal and interest payments with the Beach renourishment project's expected minimum useful life of 7 years, thus offering a more equitable and financially sustainable approach relative to funding the entire capital project via past-accumulated cash balances
- e) The proposed bond issue will not count against the Town's 8% General Obligation Bond capacity. The proposed issue will remain as a long-term financial obligation of the Town until fully repaid.

Key Dates & Milestones:

- October 21 — Town Council Meeting: First Reading of the Supplemental Ordinance
- October 22 — Send RFP to Bidders
- November 4 — Town Council Meeting: Second Reading of the Ordinance
- November 12 — Bid Submission Deadline; Call with Financing Team to Review Bids
- December 3 — Formal Bid Award and Financial Closing

Following discussion, comments and questions from Council, Ms. Brison moved to approve. Ms. Becker seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Public Comment - Non Agenda Items

Mark Smith addressed Council introducing himself. He is a member of the South Carolina

House of Representatives serving the 99th District. He stated he is proud to represent his constituents and complimented the Town on how well they handle beach renourishment. He stated he looks forward to working with the Town regarding federal funding for beach renourishment.

Executive Session

At 4:46 p.m. Mr. Orlando stated the need to enter Executive Session for the reasons listed above.

Mr. Alfred moved to enter Executive Session for the reasons cited by the Town Manager. Ms. Becker seconded. Motion carried 7-0.

Discussion Incident to Proposed Contractual Arrangements (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 [a][2]) related to:

1. Town of Hilton Head Island Destination Marketing Organization Request for Qualifications

Discussion of Negotiations Incident to Proposed Contractual Arrangements and Discussions for the Proposed Sale or Purchase of Property (Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 [a][2]) related to:

1. Main Street
2. Old Wild Horse Road
3. Fire Rescue Headquarters

Discussion of Appointment to Boards, Commissions, and Committees [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70 (a)(1)] related to:

1. Land Management Ordinance Task Force

Discussion of Legal Updates from the Town Attorney on Matters Covered Under the Attorney-Client Privilege [Pursuant to the South Carolina Freedom of Information Act Section 30-4-70(a)(2)]

Consideration to Move into Executive Session

Action from Executive Session

At 7:35 p.m. Mr. Alfred moved to end the Executive Session and return to the regular meeting. Mr. Brown seconded. Motion carried 7-0.

Consideration of a Resolution to Authorize the Mayor and Town Manager to Execute and Deliver the Proposed Contract by and between the Town of Hilton Head Island, South Carolina, and Dorothy W. Taylor and Harold Taylor, for the Purchase and Sale of 0.79 Acres, More or Less, at the Corner of U. S. Highway 278 and Old Wild Horse Road, and to take such

other and further actions as may be necessary to complete the Transaction described in the Contract

Mr. Brown moved to approve. Ms. Brison seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Consideration of a Resolution to Authorize the Mayor and Town Manager to Execute and Deliver the Proposed Contract by and between the Town of Hilton Head Island, South Carolina, and Della Royster, Melvin Johnson, Leslie Johnson, Valdez Hart, John Munroe, Earl O. Smith, Sr., Earl O. Smith, Jr., and Niquana Smith, for the Purchase and Sale of 0.75 Acres, More or Less, at the Corner of U. S. Highway 278 and Old Wile Horse Road, and to take such other and further actions as may be necessary to complete the Transaction described in the Contract

Mr. Brown moved to approve. Ms. Brison seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Consideration of a Resolution to Authorize the Mayor and Town Manager to Execute and Deliver the Proposed Contract by and between the Town of Hilton Head Island, South Carolina and SP4 Land Co., LLC, for the Purchase and Sale of 1.49 Acres, More or Less, of Improved Real Property, Located at 9 Park Lane, Hilton Head Island, South Carolina, and to take such other and further actions as may be necessary to complete the transaction described in the contract

Mr. Brown moved to approve. Ms. Becker seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Consideration of a Resolution to authorize the Mayor and Town Manager to Execute and Deliver the Proposed Contract by and between the Town of Hilton Head Island, South Carolina and Corner Bar Holdings, LLC, for the Purchase and Sale of 1.676 Acres, More or Less, of Improved Real property, Located at 10 Park Lane, Hilton Head Island, South Carolina, and to take such other and further actions as may be necessary to complete the transaction described in the contract

Mr. Brown moved to approve. Ms. Becker seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Consideration of Appointment of the following Town Council Members to the Land Management Task Force:

Steve DeSimone

Tammy Becker

Patsy Brison

Mr. Brown moved to approve. Mr. Alfred seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Consideration of Appointment of Steve DeSimone as Chair and Tammy Becker as Vice-Chair of the Land Management Task Force

Mr. Brown moved to approve. Ms. Tunner seconded.

Mayor Perry asked for public comment. There was none.

Motion carried 7-0.

Adjournment

Ms. Brison moved to adjourn. Ms. Becker seconded. The meeting was adjourned at 7:39 p.m.

Kimberly Gammon, Town Clerk

Alan R. Perry, Mayor

The full recording and a transcript of this meeting can be found on the Town's website at www.hiltonheadislandsc.gov

The Town of Hilton Head Island



Smoke-Free and Vape-Free Awareness Month Proclamation

WHEREAS, smoking remains the leading cause of preventable death in the United States; and many youth who start smoking by age 11 are addicted by age 14; and

WHEREAS, e-cigarette use, also called vaping, has become increasingly common among youth and adults and has increased among all adolescent demographic groups; and

WHEREAS, e-cigarettes contain nicotine and other harmful substances to the developing brain leading to negative impacts on attention and learning and nicotine exposure during adolescence can harm brain development and lead to addiction.

WHEREAS, many of the e-cigarette particles contain toxic chemicals, which have been linked to heart and respiratory diseases and cancer; and

WHEREAS, the American Heart Association, American Lung Association, and the American Cancer Association have proclaimed vaping a serious public health issue; and

WHEREAS, the e-cigarette use epidemic created an urgent need for education and resources to prevent and reduce youth and adult vaping; and

WHEREAS, the LowCountry Alliance for Healthy Youth and Teens for Healthy Youth are working to educate and increase awareness about the dangers of youth vaping; and

Whereas, in June 2024, through a proposal by Teens for Healthy Youth, the Town Council of Hilton Head Island voted unanimously to amend the Town's smoking regulations by adding electronic smoking devices; and

WHEREAS, together we can effect change to prevent and reduce smoking and vaping use and be the best advocates for promoting positive choices and healthy lifestyles for our youth.

NOW. THEREFORE, I Alan R. Perry, Mayor of the Town of Hilton Head Island, South Carolina, do hereby proclaim (Month and day, year, as Soke-Free and Vape-Free Awareness Month

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hilton Head Island to be affixed on this fourth day of November, in the year of our Lord, two thousand and twenty-five.



Alan R. Perry, Mayor

Attest:

Kimberly Gammon, Town Clerk

The Town of Hilton Head Island



Annual Thanksgiving Community Dinner Proclamation

WHEREAS, the Annual Thanksgiving Community Dinner held on Hilton Head Island, South Carolina is celebrating its 26th anniversary; and

WHEREAS, the Annual Community Thanksgiving Dinner celebrates and offers a free community family-style dinner, with over 300 volunteers serving more than 1500 guests; and

WHEREAS, the Dinner provides comfort and a sense of belonging on Thanksgiving Day. In the true spirit of the holidays, donations collected and distributed to Deep Well, Bluffton Self Help, and Second Helpings provide resources to those who need them most; and

WHEREAS, this wonderful day could not happen if it weren't for the founding partners and hosts, giving their love to this project – St. Andrew By-the-Sea United Methodist Church and Hudson's Seafood House on the Docks.

NOW. THEREFORE, I, Alan R. Perry, Mayor of the Town of Hilton Head Island, South Carolina, do hereby proclaim November 27, 2025, as a day of appreciation for the founders, sponsors, volunteers and participants at the **Annual Thanksgiving Community Dinner**.

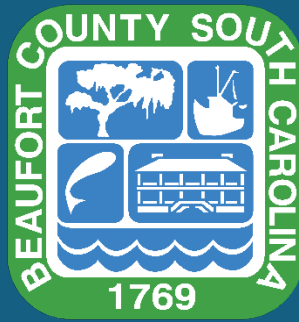
IN TESTIMONY WHEREOF, I have hereunto set my hand and caused this seal of the Town of Hilton Head Island to be affixed on this 4th day of November in the year of our Lord, two-thousand and twenty-five.



Alan R. Perry, Mayor

Attest:

Kimberly Gammon, Town Clerk



Single-Use Plastics Survey Results

April 2025

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Executive Summary

In May 2024, County Council asked staff to explore whether Beaufort County should improve and expand its 2018 Plastic Bag Ordinance. To guide this work, an ad-hoc committee of experts and community partners—including Keep Beaufort County Beautiful, the Coastal Conservation League, the Port Royal Sound Foundation, and multiple County departments, Planning & Zoning, Stormwater, Solid Waste and Recycling, and Communications and Accountability—was formed.

The committee designed two surveys (see *Appendix*) to test community and business support for regulating five common single-use plastics: thick plastic bags, Styrofoam take-out containers, Styrofoam cups, plastic utensils, and plastic straws. The surveys ran from January to April 2025 and during that time, the committee launched a countywide outreach campaign with media coverage, social media posts, chamber and business association partnerships, and door-to-door engagement in business districts. This effort produced 6,200 responses (6,062 residents and 138 businesses).

Results show strong public appetite for action:

- **Ban:** thick plastic bags, Styrofoam take-out containers, Styrofoam cups
- **By request only:** plastic utensils, plastic straws

The findings send a clear message—residents and businesses support reducing single-use plastics, with tailored strategies depending on the item.

Survey Results

Participation and Representation

Survey responses were well distributed across Beaufort County, suggesting the results reflect a region-wide perspective.

- **6,062 Residents (Figure 1):** One-third of responses came from Hilton Head/Daufuskie, one-third from Bluffton/Okatie, and one-third from communities north of the Broad River (Beaufort, Port Royal, Lady's Island, and surrounding areas).
- **138 Businesses (Figure 2):** Roughly two-thirds of responses came from south of the Broad and one-third from the north, generally mirroring county population trends.

Figure 2. Resident Survey Participants by Region

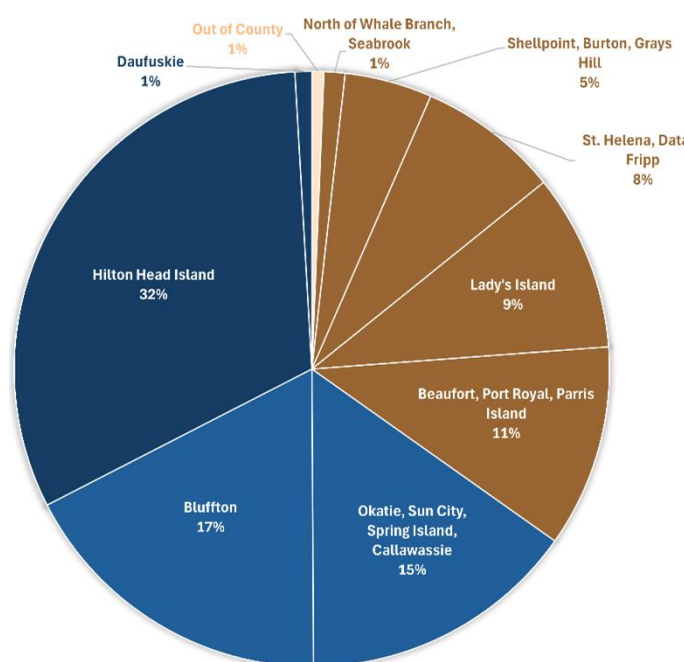
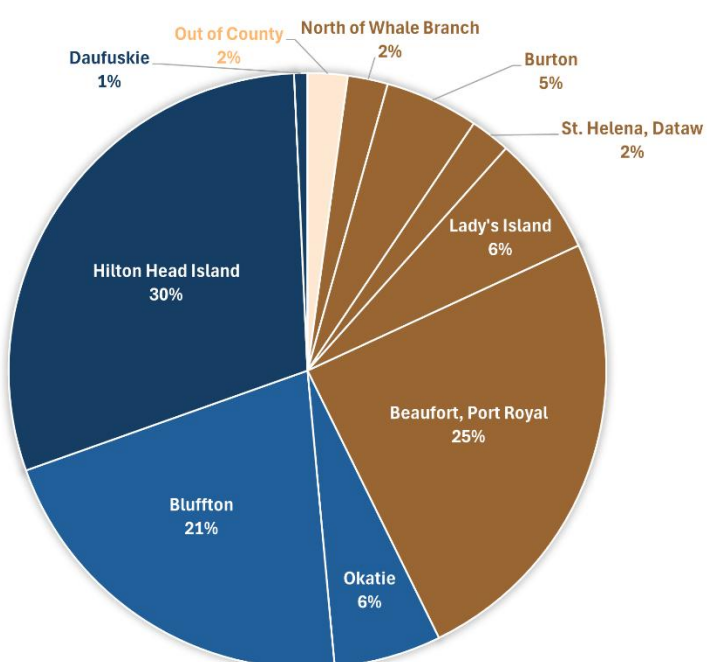


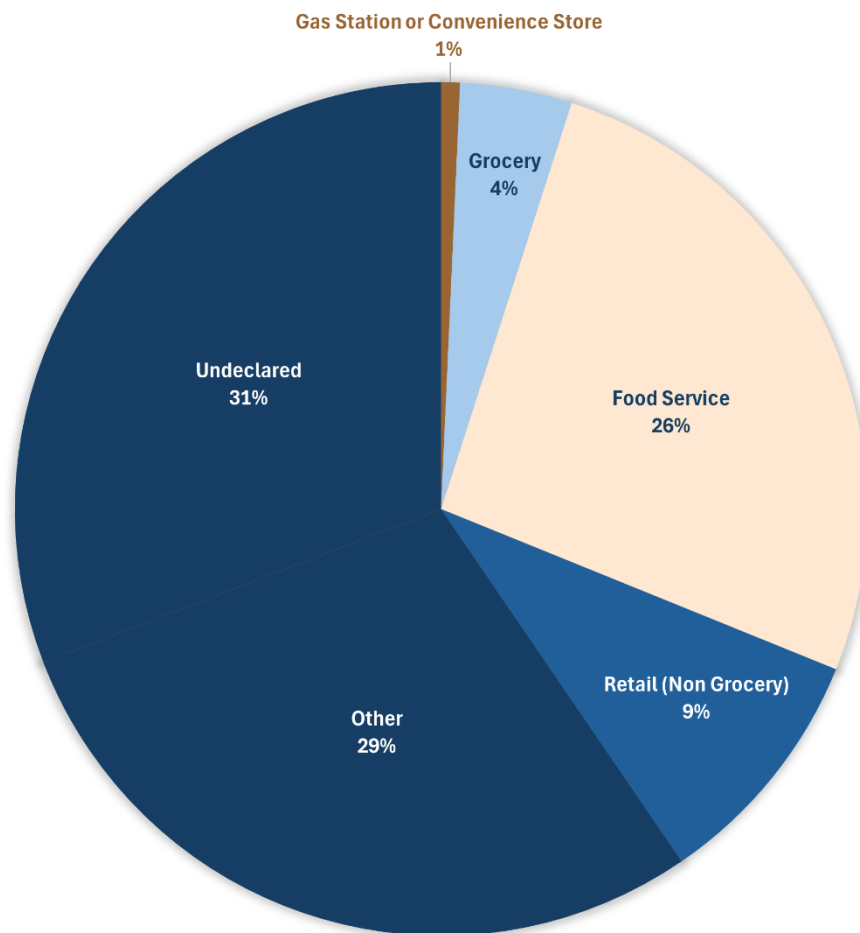
Figure 1. Business Survey Participants by Region



Business Participation

To better understand how impacts might differ across industries, a question identifying business type was added one month after launch. Of the 138 business participants, 69% reported their type: food service, grocery, gas/convenience, retail, or other. The remaining 31% did not specify and are grouped as “Undeclared”. (**Figure 3**).

Figure 3. Business Survey Participants by Type



Support for Regulating Single-Use Plastics

Both residents and businesses were asked about support for a complete ban on the five single-use plastics: thick plastic bags, Styrofoam containers, Styrofoam cups, plastic utensils, and plastic straws.

Figure 4. “How supportive are you of a *COMPLETE BAN* on the following plastic items?”

Figure 5. “How supportive would your business be for a *COMPLETE BAN* on the following plastic items?”

Participants could select from one of five options for each item: 1) Strong Support, 2) Moderate Support, 3) Neutral, 4) Moderate Opposition, and 5) Strong Opposition.

Results show:

- **Strongest support:** Styrofoam containers and cups. Residents supported bans by a 5:1 margin; businesses by a 3:1 margin.
- **Substantial support:** Plastic bags. Residents supported bans by a 4:1 margin; businesses by a 2:1 margin.
- **Mixed views:** Plastic utensils and straws. Residents favored bans roughly 2:1, but businesses were nearly evenly divided.

Figure 4. Residents' level of support for a complete ban on each of the single-use plastics.

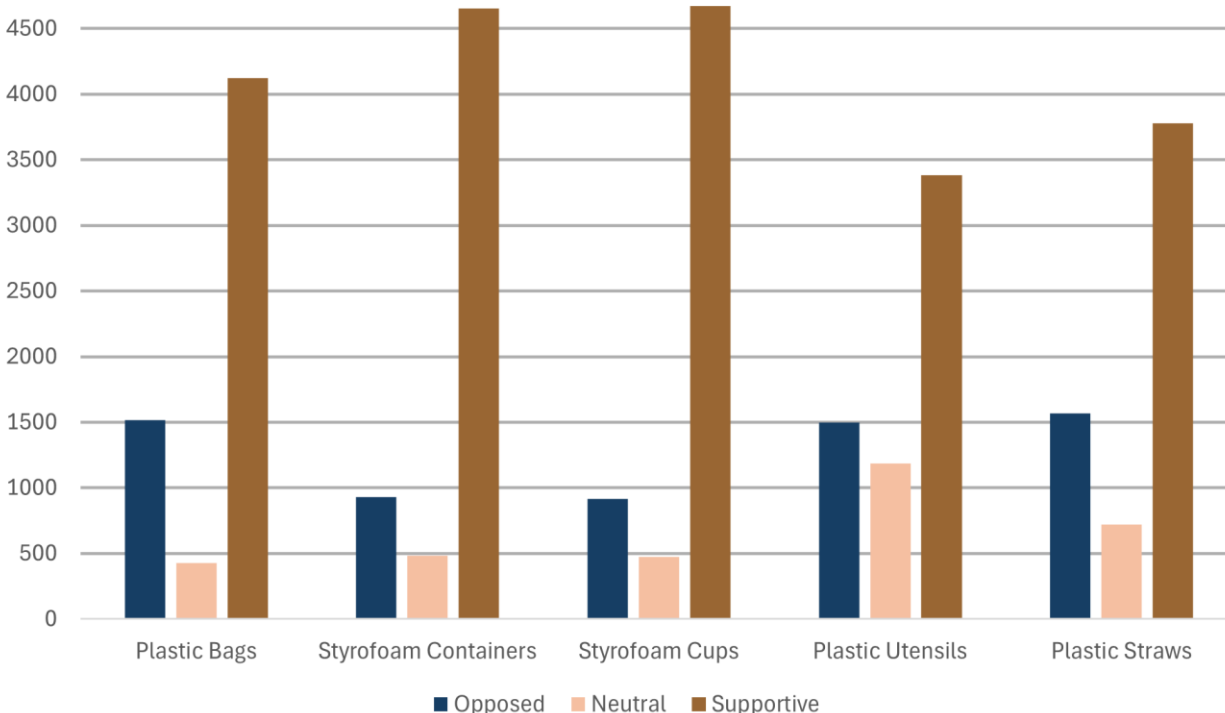
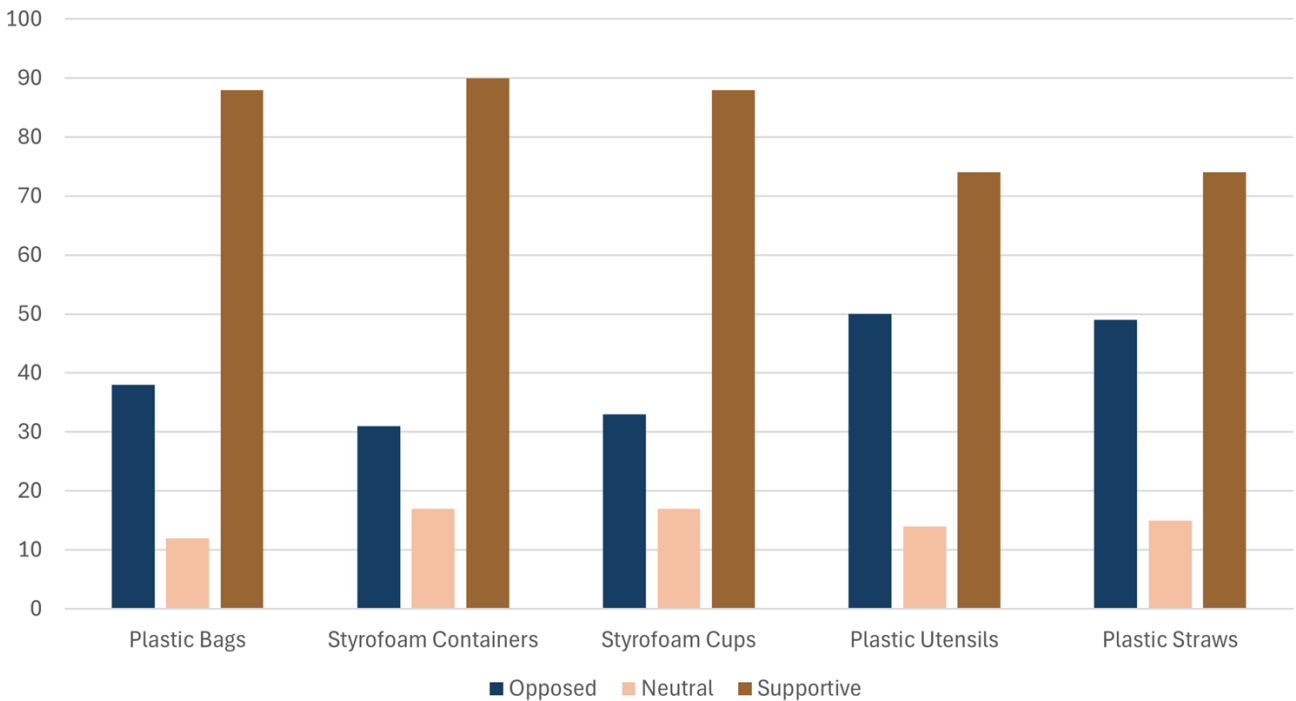


Figure 5. Businesses' level of support for a complete ban on each of the single-use plastics.



See appendix for breakdown of support/opposition responses.

Preferred Regulatory Strategies

Participants were then asked to choose the most effective approach for regulating single-use plastics—ban, customer fee, by request only, or no action.

Figures 6 and 7. “Which approach do you think would be most effective for reducing these non-biodegradable items from Beaufort County’s landfill and environment?”

- A **ban** legislatively outlaws these items.
- A **customer fee** charges customers a fee to receive these items.
- **By request only** means these items would only be provided if a customer requests them.”

Participants provided one preferred regulatory action for each of the single-use plastics from the following four options: 1) ban, 2) customer fee, 3) by request only, and 4) none of these.

Results show:

- **Bans:** Strongly preferred for plastic bags, Styrofoam containers, and Styrofoam cups.

- **By request only:** Preferred for utensils and straws. Residents and businesses leaned toward this option for utensils, but residents were split between by request only and bans for straws, where businesses favored bans.
- **Customer fees/no action:** Consistently the least supported strategies.

Figure 7. Resident recommendations for regulatory actions.

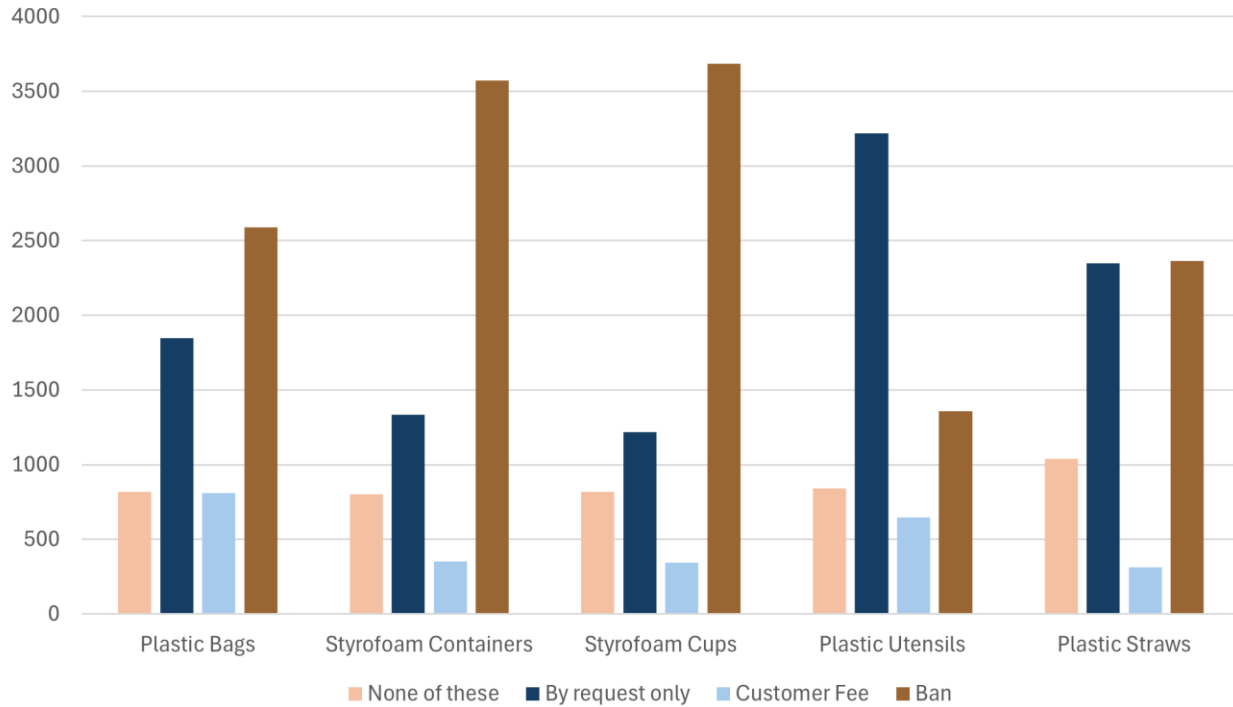
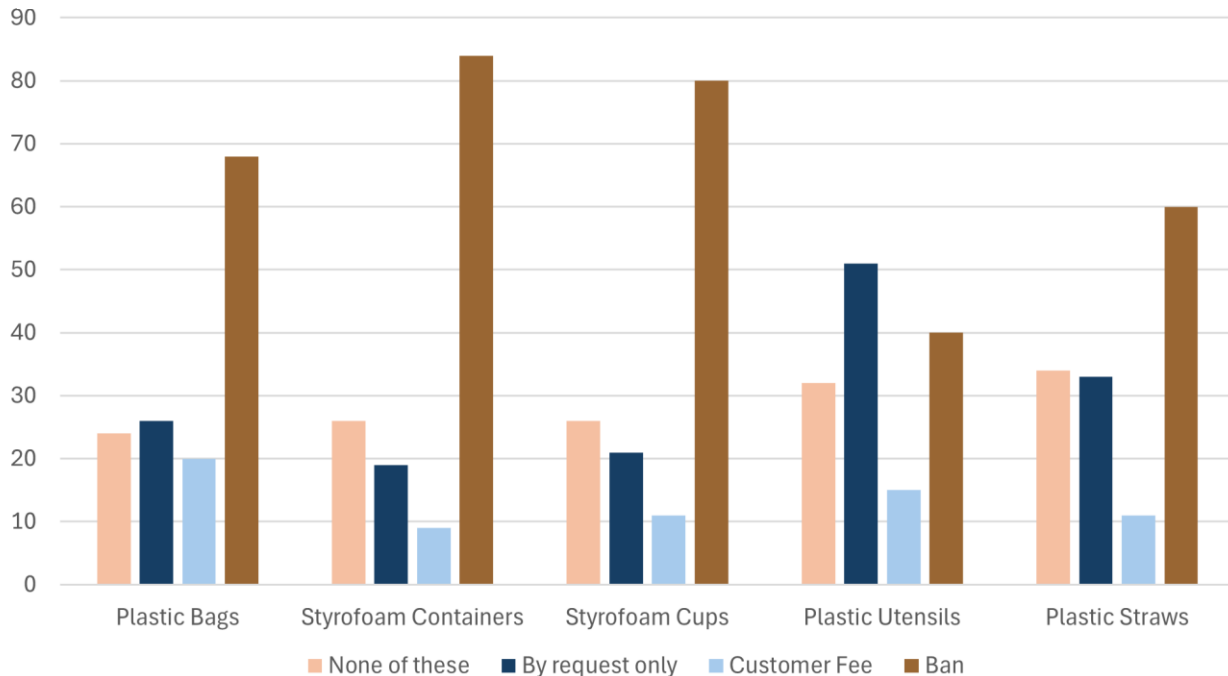


Figure 6. Business recommendations for regulatory actions.



Food-Related Business Responses

Given that food-related businesses will be most affected, their responses were analyzed separately (**Figures 8 and 9**). Food-related businesses represent Gas Station/Convenience, Grocery, and Food Service businesses. Of the 138 business responses, 44 (31%) were food-related.

- Food-related businesses supported bans on plastic bags and Styrofoam products at levels similar to the general business community.
- Opinions diverged on utensils and straws. Food-related business respondents were nearly evenly split between bans and opposition, with more resistance to banning these items compared to survey participants overall.
- Food-related businesses supported regulatory action similarly to survey participants for plastic bags and Styrofoam products, but were nearly evenly split between bans and by request only for plastic utensils, and bans, no action, and by request only for straws.

Figure 8. Food-related businesses' level of support for a complete ban on each of the single-use plastics.

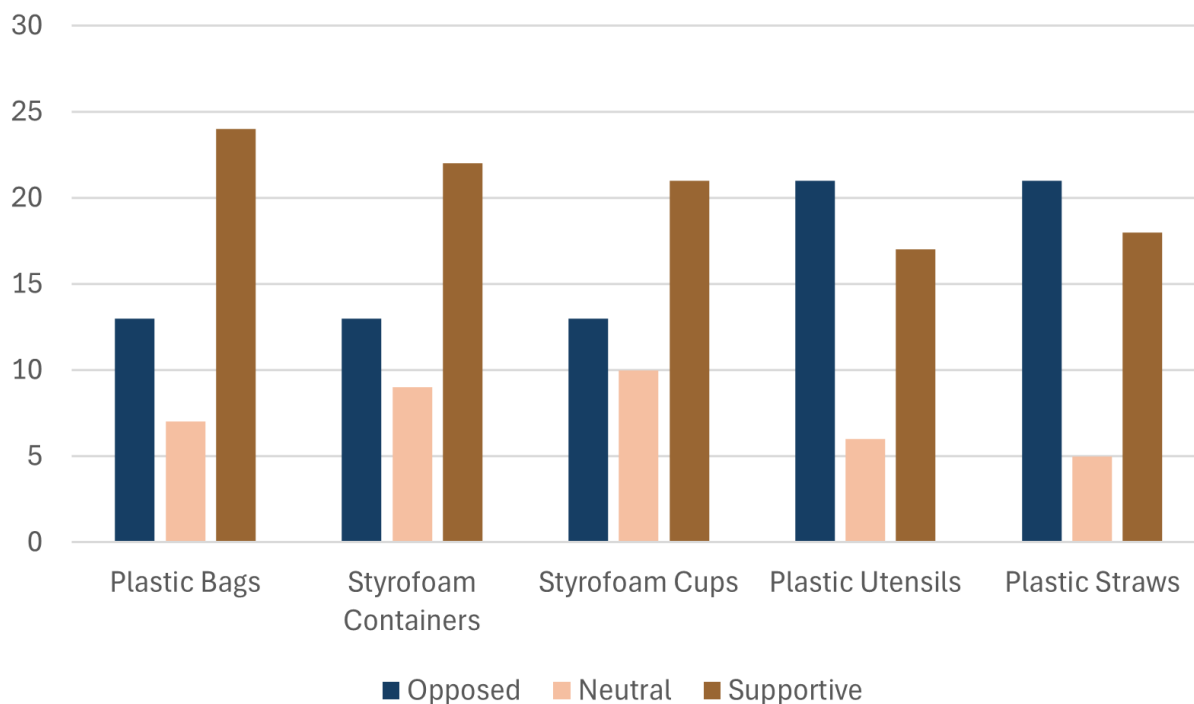
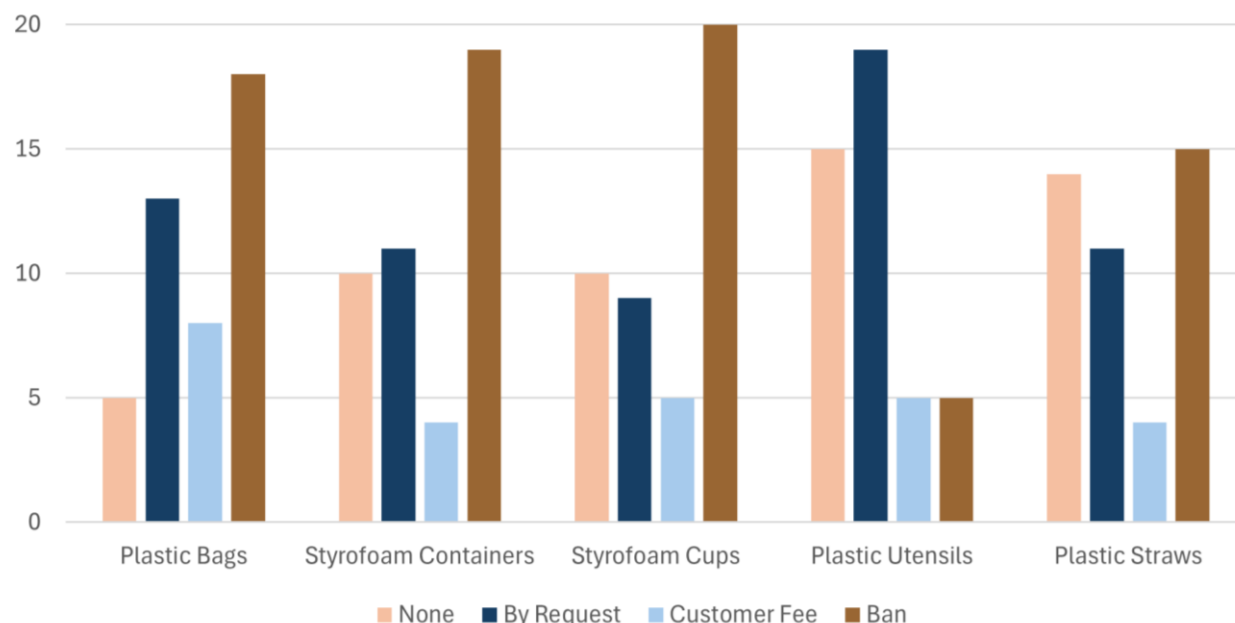


Figure 9. Food-related businesses' recommendations for regulatory actions.



Current Use of Single-Use Plastics

Survey questions also assessed how frequently these items are distributed or received.

Figure 10. Residents were asked “*How often do you receive the following items from food service businesses in Beaufort County?*” Participants could select from one of five options: 1) Always, 2) Often, 3) Sometimes, 4) Rarely, and 5) Never.

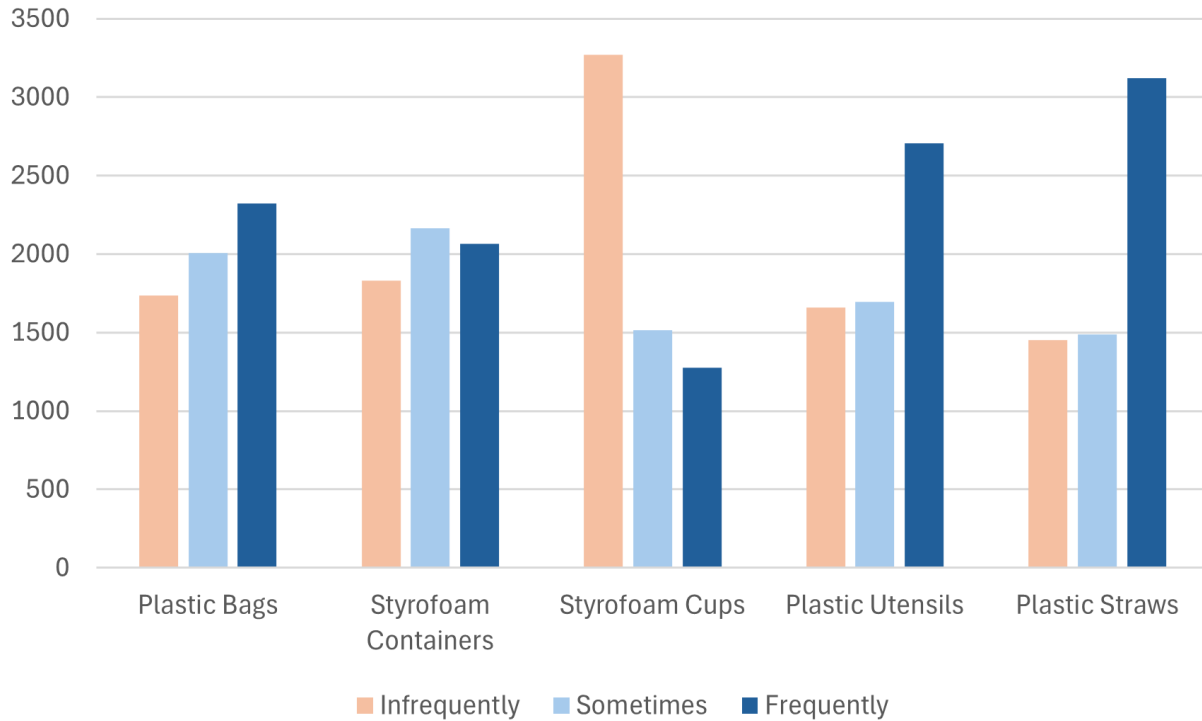
Figures 11 and 12. Businesses were asked “*How many of the following plastic items does your business distribute in a typical day?*” Participants could select from one of the following four options: 1) None, 2) Less than 150, 3) 150 – 500, and 4) More than 500.

Results show:

- **Residents:** Reported receiving utensils and straws most often, while Styrofoam cups were least common.
- **Businesses:** Confirmed these trends, with many not distributing plastic bags or Styrofoam products at all. In fact, the majority of businesses reported they do not distribute the five items, suggesting limited economic impact from regulation.

- **Food-related businesses:** Most frequently provide plastic utensils and straws. Distribution of plastic bags and Styrofoam cups is less frequent but more businesses provide them than don't. Styrofoam cups were evenly split, about as many businesses provide them as don't.

Figure 10. Frequency of receiving single-use plastics for Residents.



See Appendix for breakdown of frequency of receipt.

Figure 11. Daily distribution amounts of single-use plastics for all business participants.

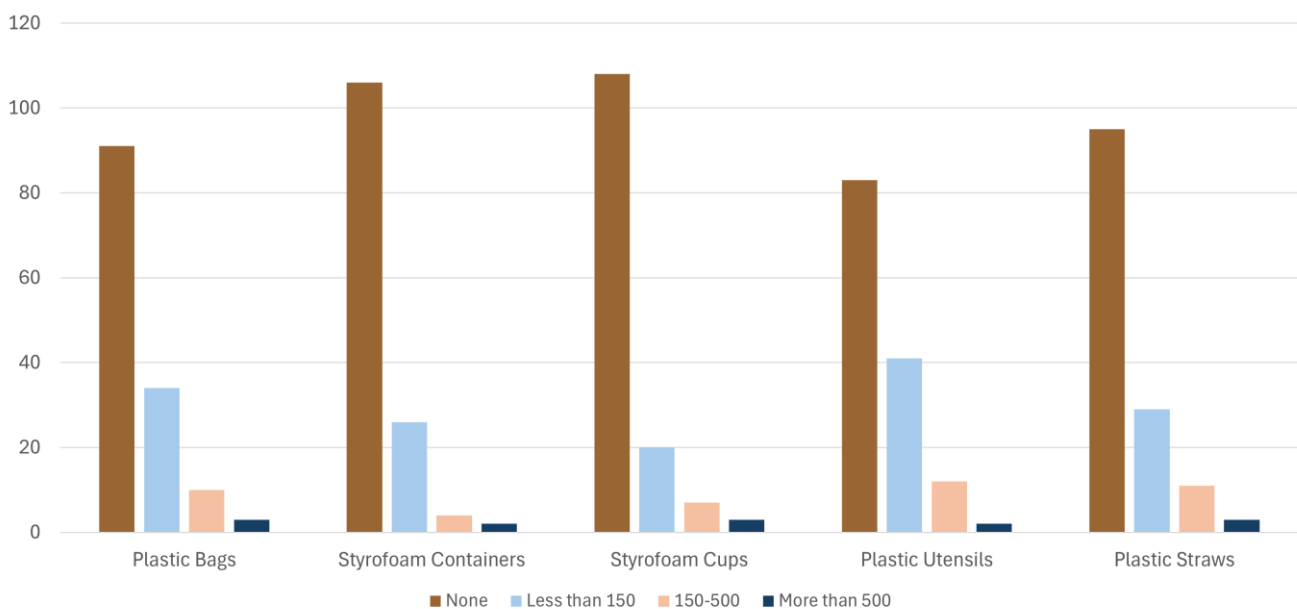
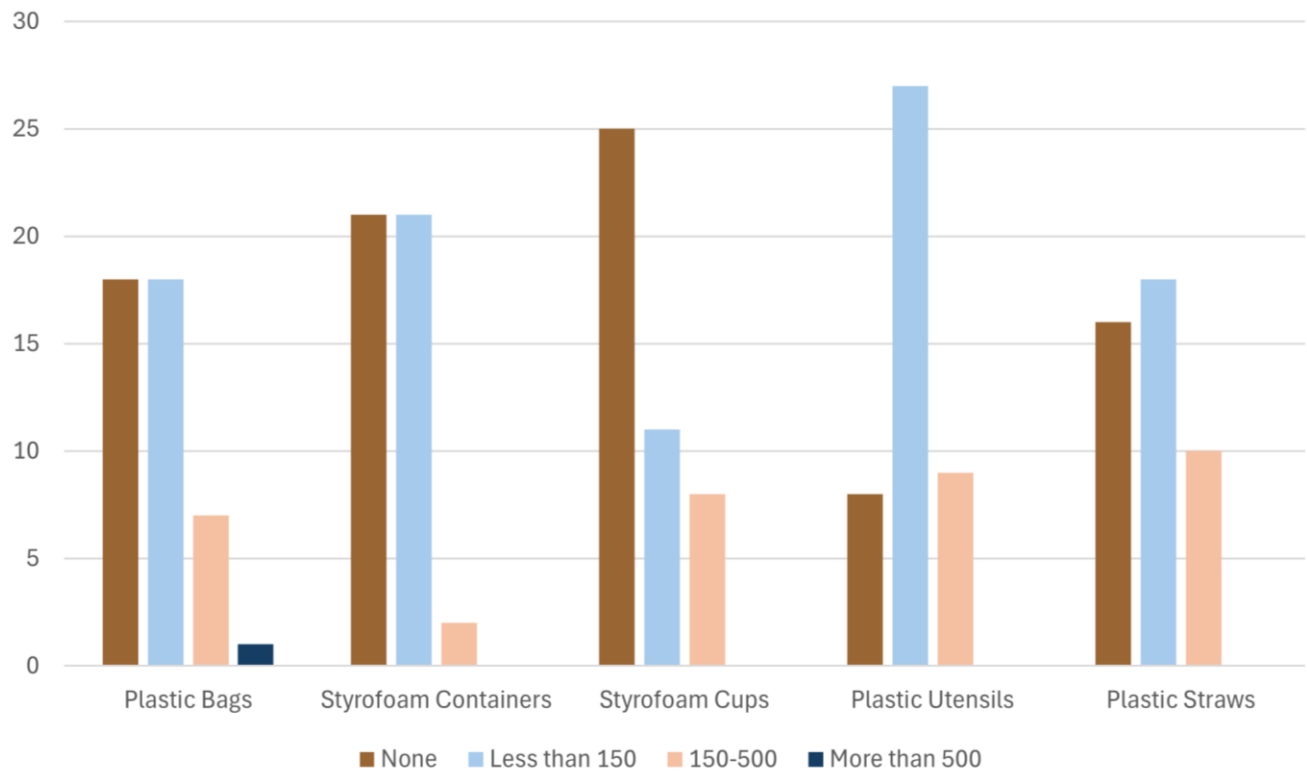


Figure 12. Daily distribution amounts of single-use plastics for food-related businesses.



Disposal and Reuse

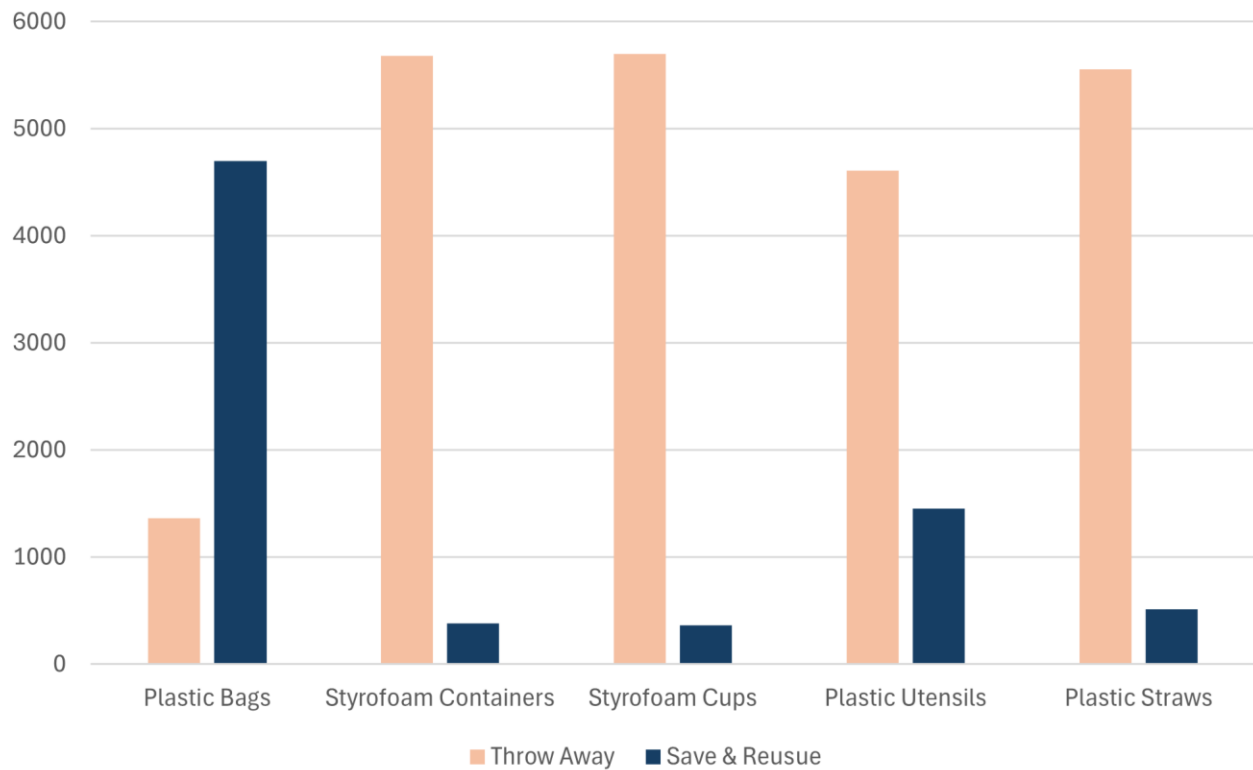
The survey also determined what happens to these items once received by residents.

Figure 13. Residents were asked “*What do you normally do with each of the following items after you get them?*” Participants could select from one of two choices: 1) Throw Away and 2) Save & Reuse. Because none of these items are accepted in the Municipal Solid Waste curbside-recycling system, “Recycle” was not offered as an option. Plastic bags can be recycled, but only at select drop-off locations.

Results indicate:

- **Primarily discarded:** Styrofoam containers and cups, straws, and utensils are overwhelmingly thrown away, with minimal reuse.
- **Some reuse:** Plastic bags are most likely to be saved, typically for a single secondary use (e.g., trash liners), before disposal.

Figure 13. Resident's disposal and reuse of single-use plastics



Summary

Overall, survey results reveal broad public and business support for stronger regulation of single-use plastics. The majority favor **bans on plastic bags and Styrofoam products** and **by-request-only policies for straws and utensils**.

Appendix – Additional breakdown of results.

Figure 15. Breakdown of Resident levels of support or opposition.

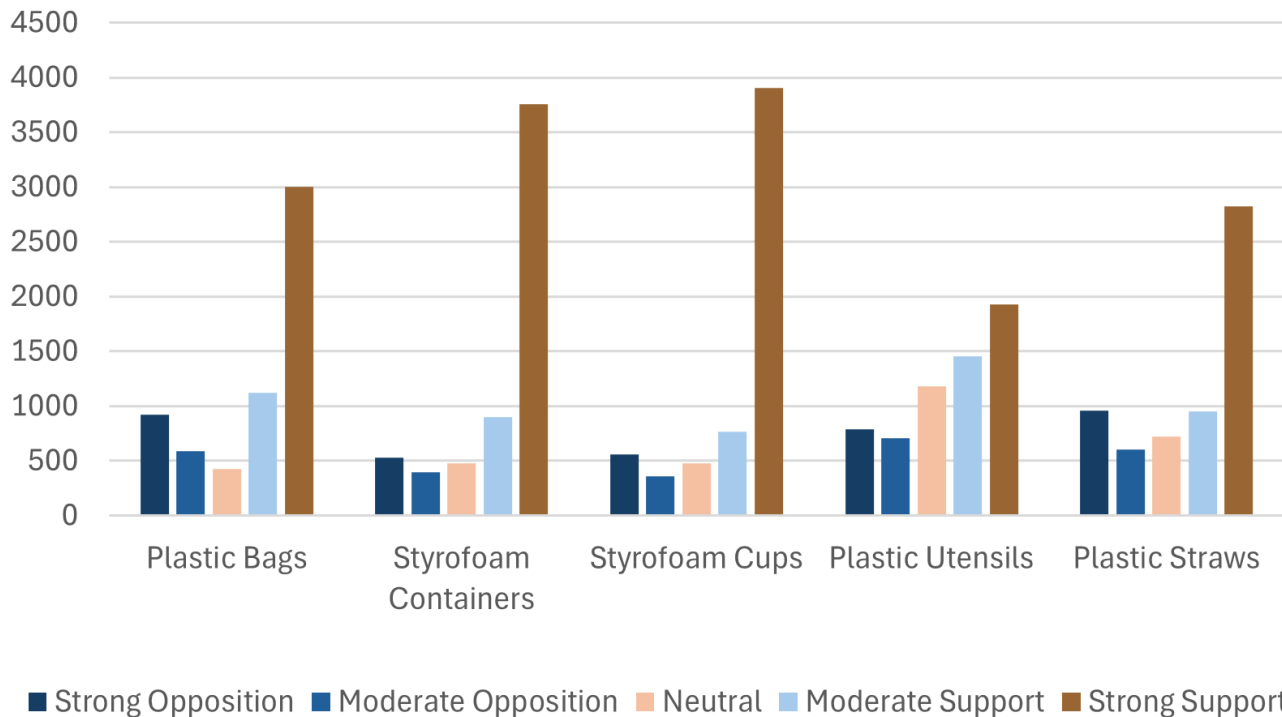


Figure 14. Breakdown of Business levels of support or opposition.

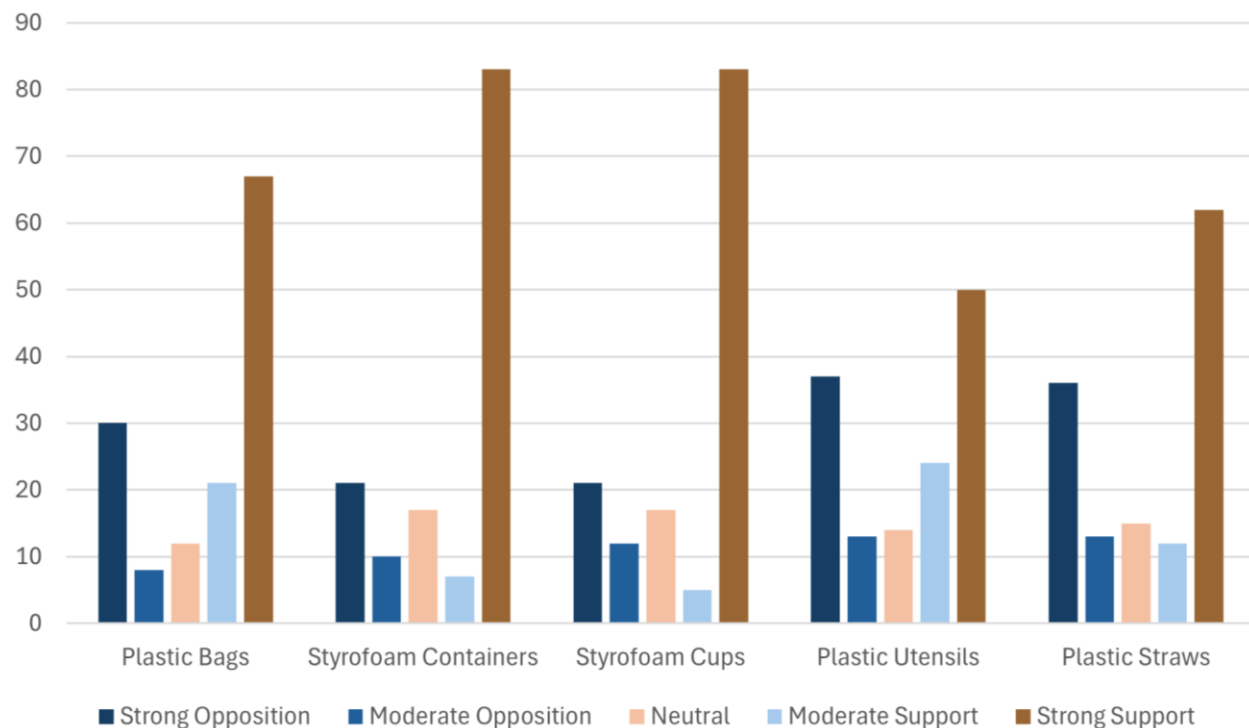


Figure 17. Breakdown of Food-related business levels of support or opposition.

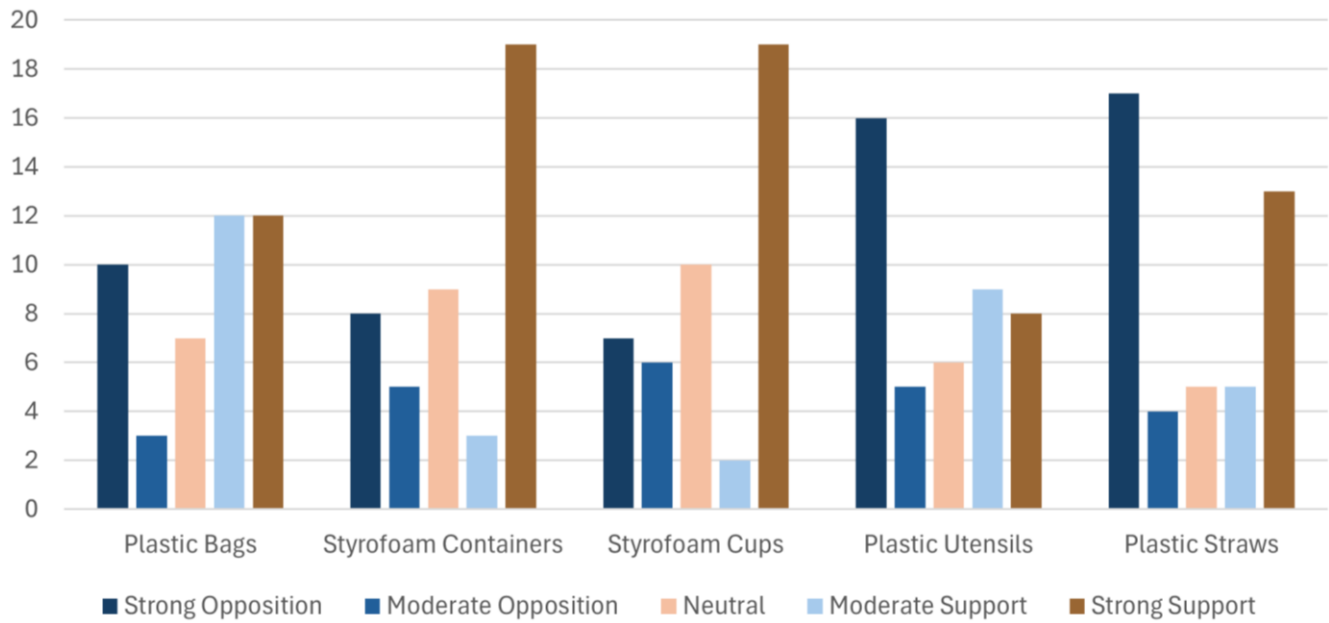
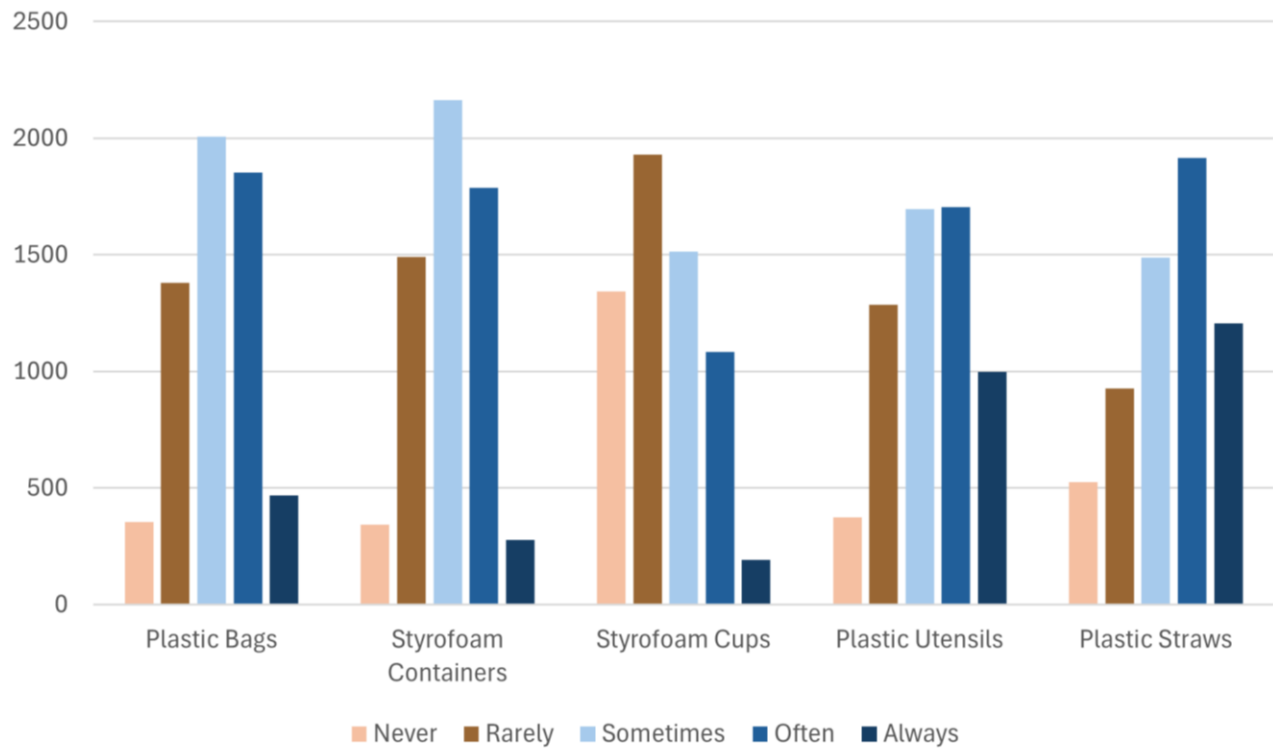


Figure 16. Breakdown of frequency of receiving single-use plastics for Residents.



Plastic Reduction Survey for Consumers

In 2018, Beaufort County passed an ordinance that limits the use of thin, plastic, single-use bags. Since then, there has been an increase in the use of non-biodegradable items such as heavier plastic bags, plastic utensils and straws, and styrofoam cups and carry-out containers, which pose significant long-term threats to our environment. The County is evaluating the issue and considering ways to alleviate the negative impact on our community. The following survey will help us make an informed decision for the future of Beaufort County, its businesses and residents.

1. How often do you receive the following items from food service businesses in Beaufort County? *

Plastic Bags

- ☐ Always ☐ Often ☐ Sometimes ☐ Rarely ☐ Never

Styrofoam Containers

- ☐ Always ☐ Often ☐ Sometimes ☐ Rarely ☐ Never

Styrofoam Cups

- ☐ Always ☐ Often ☐ Sometimes ☐ Rarely ☐ Never

Plastic Utensils

- ☐ Always ☐ Often ☐ Sometimes ☐ Rarely ☐ Never

Plastic Straws

- ☐ Always ☐ Often ☐ Sometimes ☐ Rarely ☐ Never

2. What do you normally do with each of the following items after you get them? *

Plastic Bags

- ☐ Save & Reuse ☐ Throw Away

Styrofoam Containers

- ☐ Save & Reuse ☐ Throw Away

Styrofoam Cups

- ☐ Save & Reuse ☐ Throw Away

Plastic Utensils

- ☐ Save & Reuse ☐ Throw Away

Plastic Straws

- ☐ Save & Reuse ☐ Throw Away

3. Which approach do you think would be most effective for reducing these non-biodegradable items from Beaufort County's landfill and environment?

- A **ban** legislatively outlaws these items.
- A **customer fee** charges the customer a fee to receive these items.
- **By request only** means these items would only be provided if a customer requests them. *

Plastic Bags

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None of These

Styrofoam Containers

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None of These

Styrofoam Cups

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None of These

Plastic Utensils

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None of These

Plastic Straws

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None of These

4. How supportive are you of a COMPLETE BAN on the following plastic items? *

Plastic Bags

- ☐ Strong Support ☐ Moderate Support ☐ Neutral ☐ Moderate Opposition ☐ Strong Opposition

Styrofoam Containers

- ☐ Strong Support ☐ Moderate Support ☐ Neutral ☐ Moderate Opposition ☐ Strong Opposition

Styrofoam Cups

- ☐ Strong Support
- ☐ Moderate Support
- ☐ Neutral
- ☐ Moderate Opposition
- ☐ Strong Opposition

Plastic Utensils

- ☐ Strong Support
- ☐ Moderate Support
- ☐ Neutral
- ☐ Moderate Opposition
- ☐ Strong Opposition

Plastic Straws

- ☐ Strong Support
- ☐ Moderate Support
- ☐ Neutral
- ☐ Moderate Opposition
- ☐ Strong Opposition

5. ZIP Code *

Select option

6. Do you have any additional comments? (optional)

7. Email (optional)

name@example.com

8. Would you like to receive additional communications regarding this topic? Beaufort County will never share or sell your information.

☐ Yes

☐ No

Submit

Plastic Reduction Survey for Business Owners

In 2018, Beaufort County passed an ordinance that limits the use of thin, plastic, single-use bags. Since then, there has been an increase in the use of non-biodegradable items such as heavier plastic bags, plastic utensils and straws, and Styrofoam cups and carry-out containers, which pose significant long-term threats to our environment. The county is evaluating the issue and considering ways to alleviate the negative impact on our community. The following survey will help us make an informed decision for the future of Beaufort County, its businesses and residents.

1. How many of the following plastic items does your business distribute in a typical day? *

Plastic Bags

- ☐ None ☐ Less than 150 ☐ 150 - 500 ☐ More than 500

Styrofoam Containers

- ☐ None ☐ Less than 150 ☐ 150 - 500 ☐ More than 500

Styrofoam Cups

- ☐ None ☐ Less than 150 ☐ 150 - 500 ☐ More than 500

Plastic Utensils

- ☐ None ☐ Less than 150 ☐ 150 - 500 ☐ More than 500

Plastic Straws

- ☐ None ☐ Less than 150 ☐ 150 - 500 ☐ More than 500

2. Which approach do you think would be most effective for reducing these non-biodegradable items from Beaufort County's landfill and environment?

- A **ban** legislatively outlaws these items.
- A **customer fee** charges the customer a fee to receive these items.
- **By request only** means these items would only be provided if a customer requests them. *

Plastic Bags

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None Of These

Styrofoam Containers

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None Of These

Styrofoam Cups

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None Of These

Plastic Utensils

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None Of These

Plastic Straws

- ☐ Ban ☐ Customer Fee ☐ By Request Only ☐ None Of These

3. How supportive would your business be for a COMPLETE BAN on the following plastic items? *

Plastic Bags

- ☐ Strong Support ☐ Moderate Support ☐ Neutral ☐ Moderate Opposition ☐ Strong Opposition

Styrofoam Containers

- ☐ Strong Support ☐ Moderate Support ☐ Neutral ☐ Moderate Opposition ☐ Strong Opposition

Styrofoam Cups

- ☐ Strong Support ☐ Moderate Support ☐ Neutral ☐ Moderate Opposition ☐ Strong Opposition

Plastic Utensils

- ☐ Strong Support ☐ Moderate Support ☐ Neutral ☐ Moderate Opposition ☐ Strong Opposition

Plastic Straws

- ☐ Strong Support ☐ Moderate Support ☐ Neutral ☐ Moderate Opposition ☐ Strong Opposition

4. If your business already uses plastic or styrofoam reduction strategies, please describe them here. (optional)

5. Do you have any additional comments? (optional)

6. Your Business Name (optional)

Maximum 255 characters

0/255

7. Business ZIP Code *

Select option

8. Email (optional)

name@example.com

9. Which of the following categories describes your business? (Check all that apply) *

☐ Gas / Convenience Store

☐ Grocery

☐ Food Service

☐ Retail (Non Grocery)

☐ Other

Submit



SINGLE-USE PLASTICS SURVEY RESULTS

and Next Steps

November 2025 – HHI Town Council

Photo by Juliana Zadik

WASTE REDUCTION IS NECESSARY



TABLE 7.20: Beaufort County MSW Recycling Data in Tons in FY24

COMMODITIES	RESIDENTIAL	COMMERCIAL/ INSTITUTIONAL	INDUSTRIAL (office/ packaging)	TOTAL
Glass	685.71	0.10	0.00	685.81
Metal	112.15	5.67	259.80	377.62
Paper	2,063.91	3,225.67	77.04	5,366.62
Plastic	378.66	0.26	0.00	378.92
Organics	4,881.58	0.00	0.00	4,881.58
Banned	2,241.10	604.15	48.53	2,893.78
Miscellaneous	145.67	328.88	2.91	477.46
Commingled	5,766.09	134.93	0.00	5,901.02
TOTAL	16,274.87	4,299.66	388.28	20,962.81

TABLE 7.21: Beaufort County Facilities List for FY24

FACILITY TYPE	NO. OF FACILITIES	FACILITY TYPE	NO. OF FACILITIES
Class 1 Landfills	0	C&D Debris Recyclers	2
Class 2 Landfills	1	Transfer Stations	4
Class 3 Landfills	0	Structrual Fills	0
Waste Tire Facilities	1	Solid Waste Processing Facilities	1
Used Oil Facilities	0	Composting and Wood Grinding	2
Incinerators	3	Other Permitted Solid Waste Facilities	0

Estimated
Remaining
Life of
Landfill

6 yrs

[Source](#)



THEY'RE IN OUR ENVIRONMENT

Over 197,000 lbs of litter removed from roads in Beaufort county as of May 2025. Source: Solid Waste and Recycling Board meeting 5-22-25 [Source](#)



The Island Packet

<https://www.islandpacket.com> > local > article250465186

Horseshoe crabs tangled in bag on Hilton Head beach

Apr 7, 2021 — Three horseshoe crabs were stuck in a thick plastic mesh bag on the beach near Port Royal Plantation. Millen said the bag reminded her of the bags that onions ...

[Source](#)



The Island Packet

<https://www.islandpacket.com> > local > article247286479

Marine animals off Hilton Head, SC coast eat plastic

Nov 24, 2020 — The study compiled 1,792 reports of animals swallowing or becoming entangled in plastic trash between 2009 and 2018. It showed that in those ...

[Source](#)

Microplastics and Tire Wear Particles in South Carolina Coastal Waters: Sources, Pathways, and Toxicity

John E. Weinstein^{a*}

Journal of the South Carolina Academy of Science, [2023], 21(1)

^aDepartment of Biology, The Citadel, Military College of South Carolina, 171 Moultrie St., Charleston, South Carolina 29409, USA

[Source](#)

Effects of microplastics and nanoplastics in shrimp: Mechanisms of plastic particle and contaminant distribution and subsequent effects after uptake

Volume 894, 10 October 2023, 164999

Anil Timilsina^a, Kaushik Adhikari^b, Amit K. Yadav^c, Pabitra Joshi^d, Grace Ramena^e,

Kailash Bohara^e  

[Source.](#)

Microplastic Content in Oysters (*Crassostrea virginica*) from South Carolina, USA

[Blosser, Brooke Caroline](#). College of Charleston ProQuest Dissertations Publishing, 2022. 29213218.

[Source](#)

Microplastic contamination in fish: A systematic global review of trends, health risks, and implications for consumer safety

Marine Pollution Bulletin Volume 219, October 2025, 118279

Himanshu Jangid^a, Joydeep Dutta^a, Arun Karnwal^b, Gaurav Kumar^{a c}  

[Source](#)

THEY'RE IN OUR FOOD

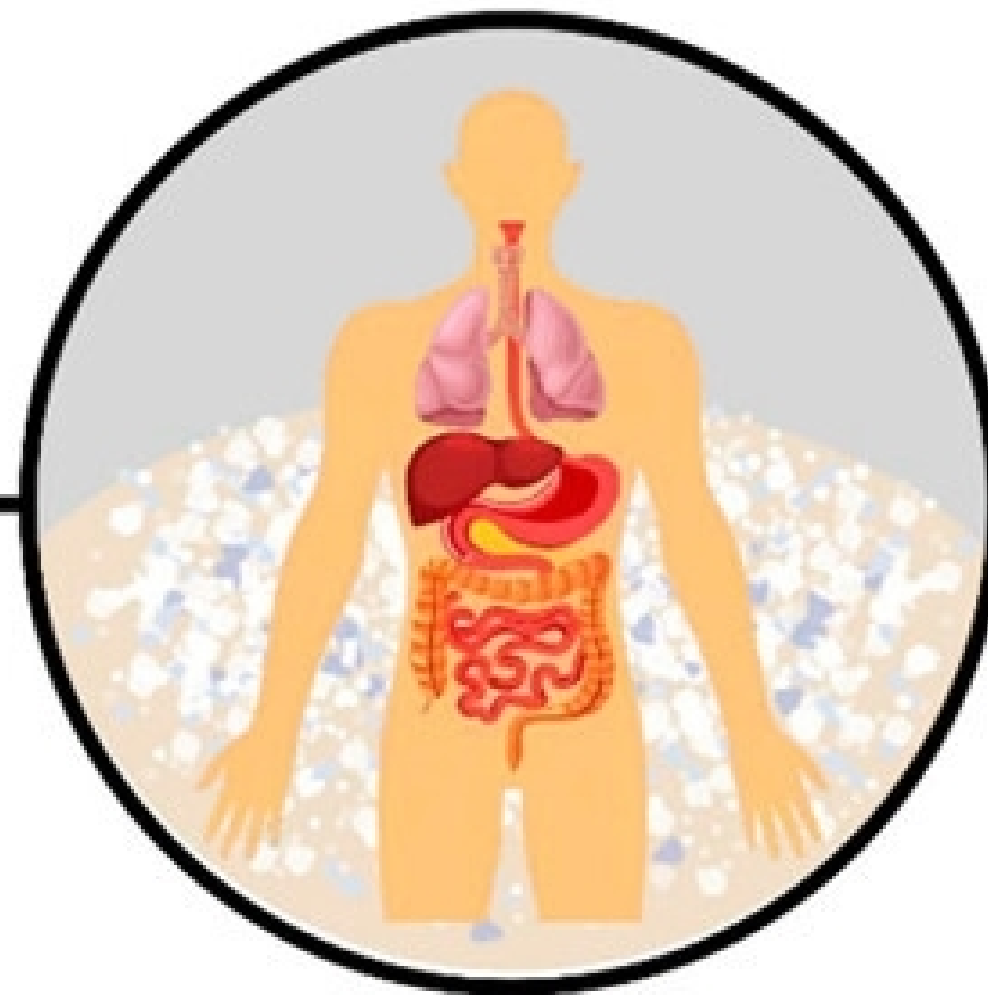
Microplastics are found in 1,600 species, including 1,300 ocean dwellers.

[Source.](#)

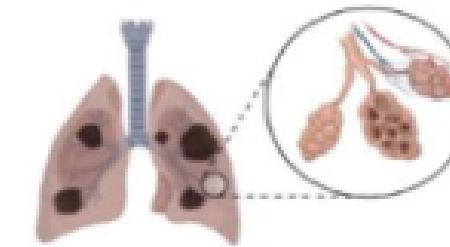
THEY'RE IN OUR BODIES

MICROPLASTIC

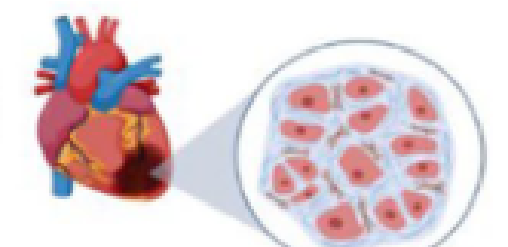
Exposure



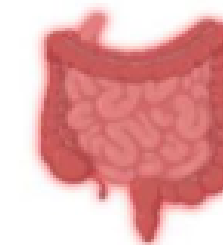
Toxicity



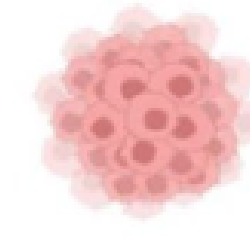
Pulmonary diseases



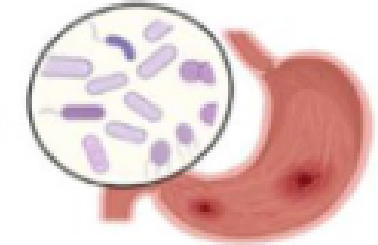
Cardiovascular diseases



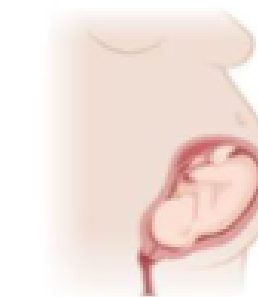
Inflammatory diseases



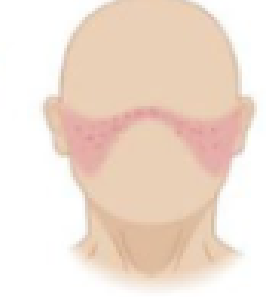
Cancer



Infectious diseases



Pregnancy and maternal exposure to progeny



Immunotoxicity

[Source.](#)

[Source.](#)

A photograph of a beach scene. In the foreground, a light-colored crab with white claws is positioned on a sandy surface, surrounded by a large pile of dry, brown driftwood sticks. In the background, tall green grasses are visible against a clear blue sky. A white rectangular box is overlaid on the upper portion of the image, containing the text 'LOCAL ACTION = GREAT IMPACT' in a bold, dark blue, distressed font.

LOCAL ACTION = GREAT IMPACT

Photo by Juliana Zadorik

A multi-disciplinary working group developed and deployed surveys

QUICK RECAP



January 13, 2025 – April 3, 2025



Two Survey Types



Regulatory Preferences



Media & Business Outreach Campaign

PLASTIC REDUCTION EFFORTS IN BEAUFORT COUNTY

IN 2018, BEAUFORT COUNTY COUNCIL PASSED AN ORDINANCE THAT WAS INTENDED TO LIMIT THE NUMBER OF PLASTIC BAGS THAT END UP IN OUR FRAGILE ENVIRONMENT. THE COUNTY IS EVALUATING THE ISSUE AND CONSIDERING WAYS TO ALLEVIATE THE NEGATIVE IMPACT ON OUR COMMUNITY.

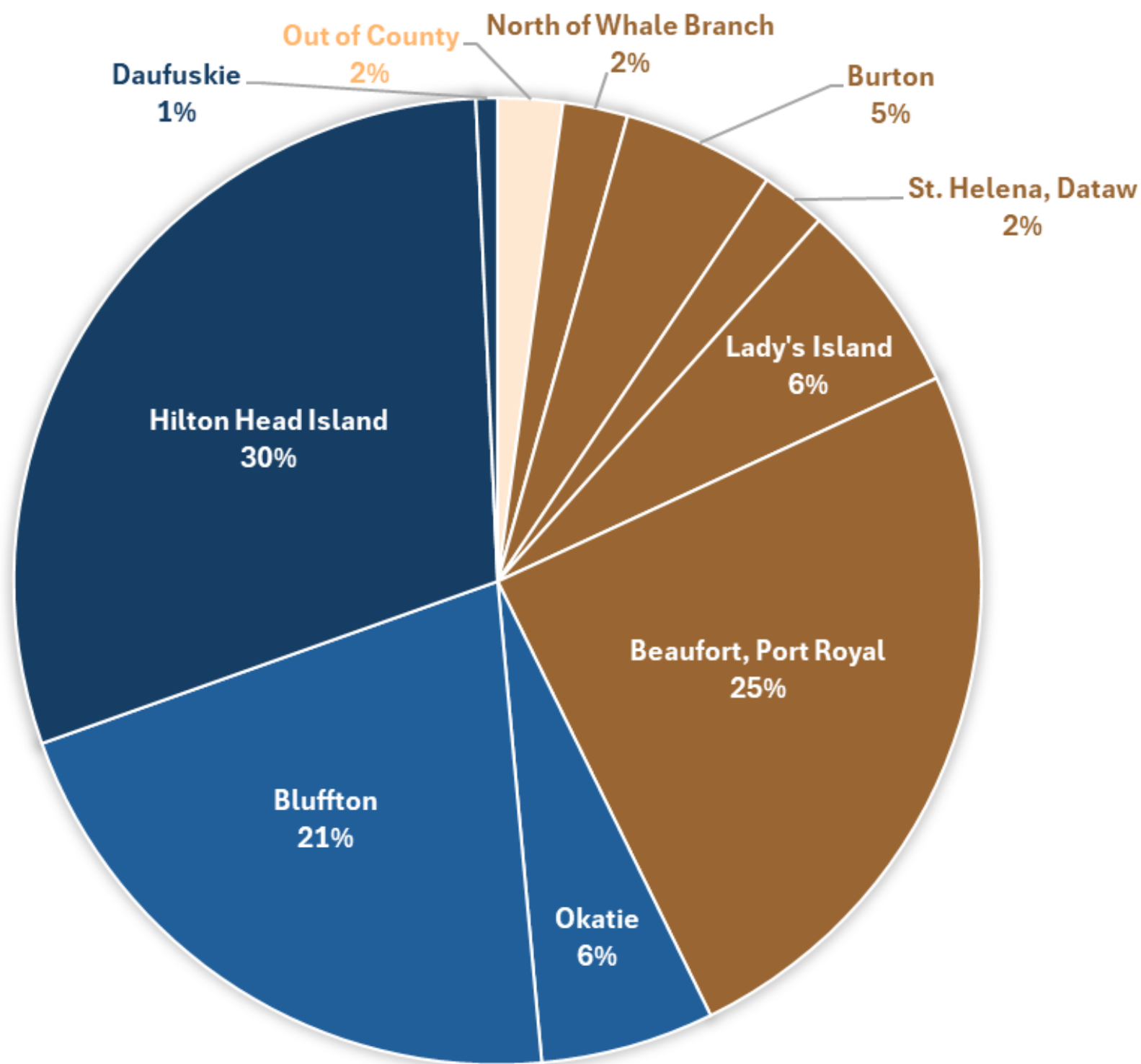
How can you help?

TAKE A MOMENT TO FILL OUT THIS SURVEY TO HELP US MAKE AN INFORMED DECISION FOR THE FUTURE OF BEAUFORT COUNTY, ITS BUSINESSES AND RESIDENTS.



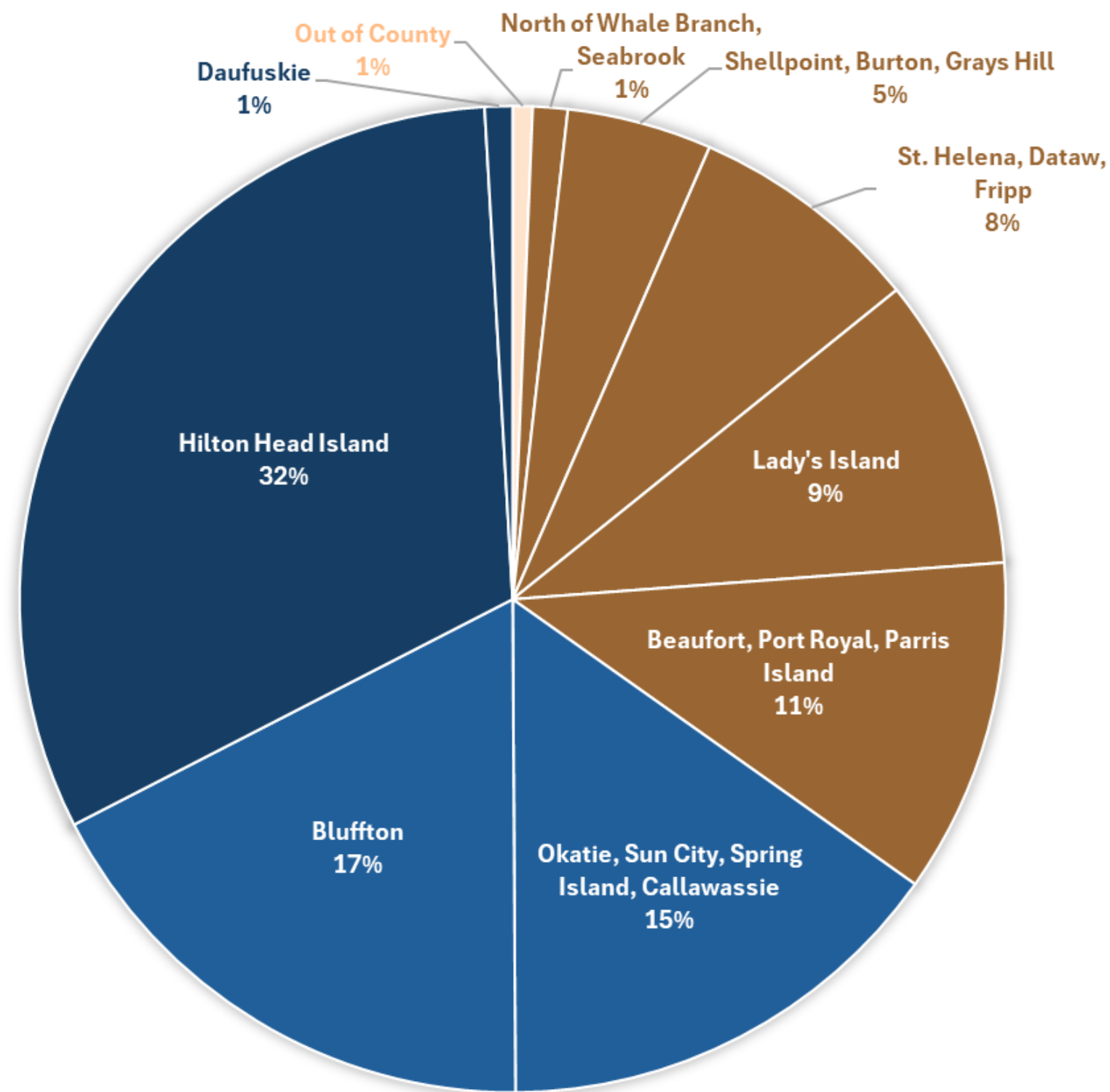
WHO RESPONDED?

BUSINESSES

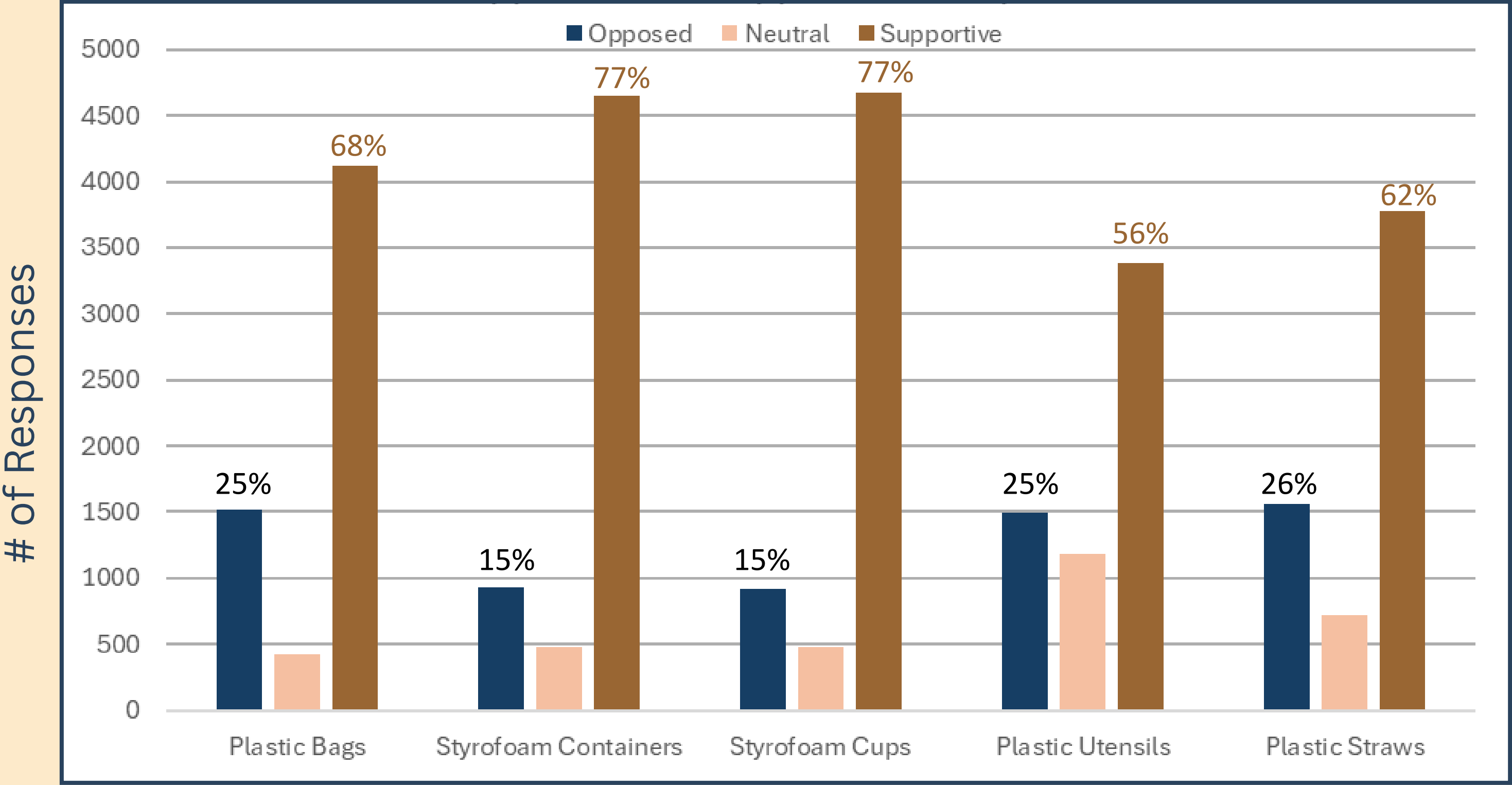


138 Business Responses
6,062 Resident Responses

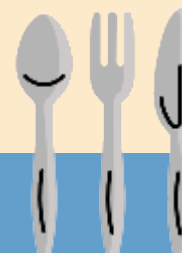
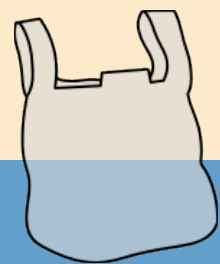
RESIDENTS



RESIDENTS SUPPORT SINGLE-USE PLASTIC REGULATION

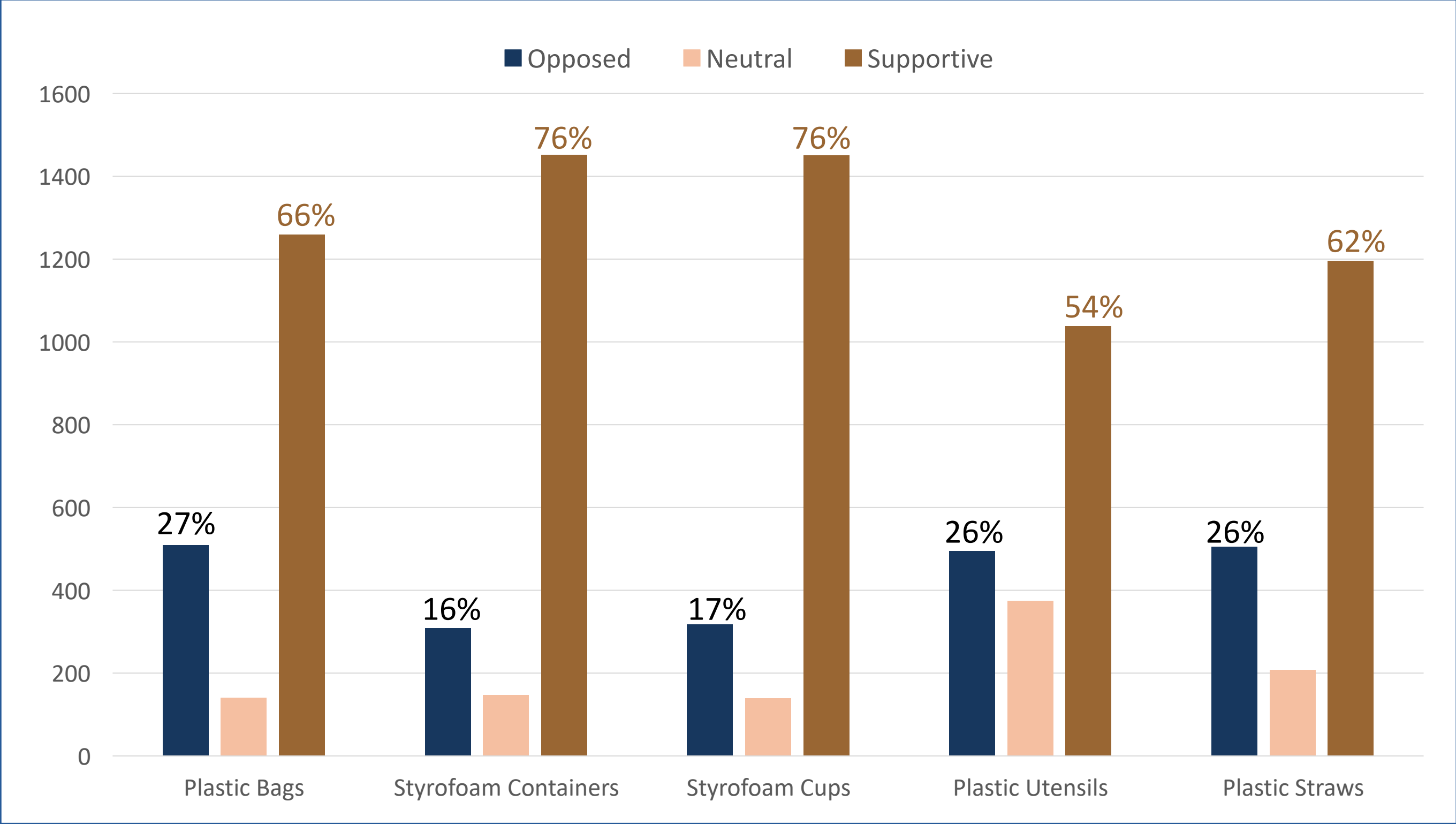


“All plastic needs to be tapered down and eventually eliminated as waste. There are alternative... products that can adequately be used.” – Resident Participant



HHI RESIDENTS FEEL THE SAME

of Responses

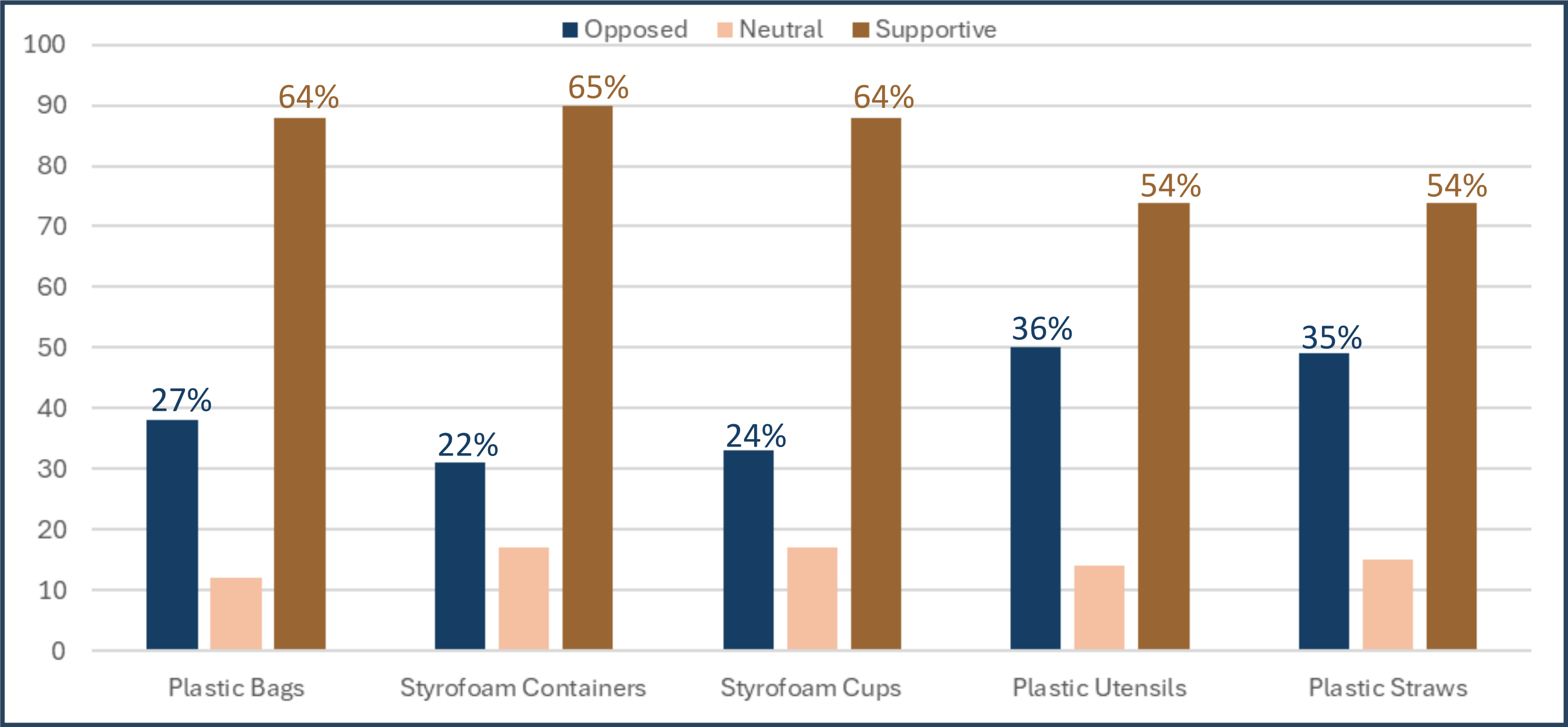


“Banning
plastics - it’s the
right things to
do.”
– HHI Resident
Participant

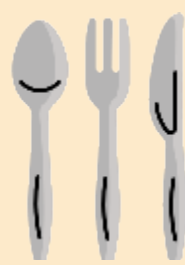
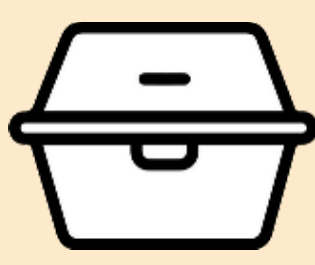
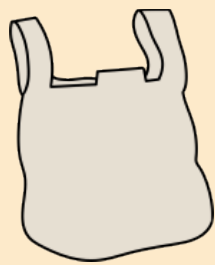


BUSINESSES SUPPORT SINGLE-USE PLASTIC REGULATION

of Responses

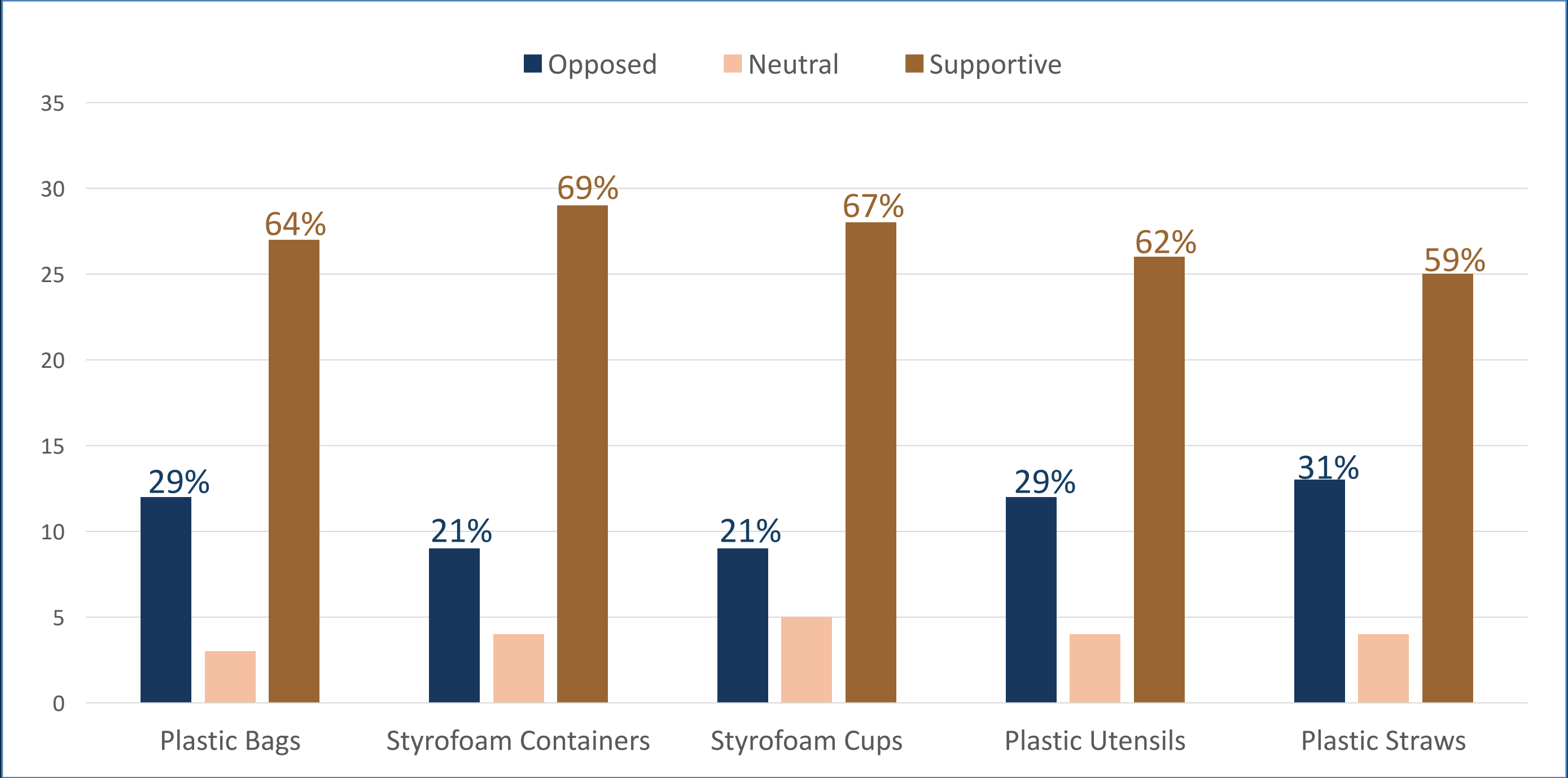


“The fact that aggressive recycling and bans on plastic and Styrofoam is not in place is appalling. We can do better!”
– HHI Business Participant



HHI BUSINESS SUPPORT FOR REGULATION

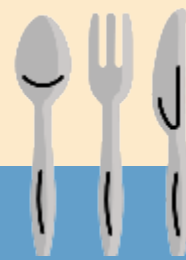
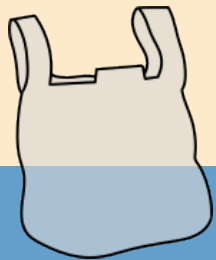
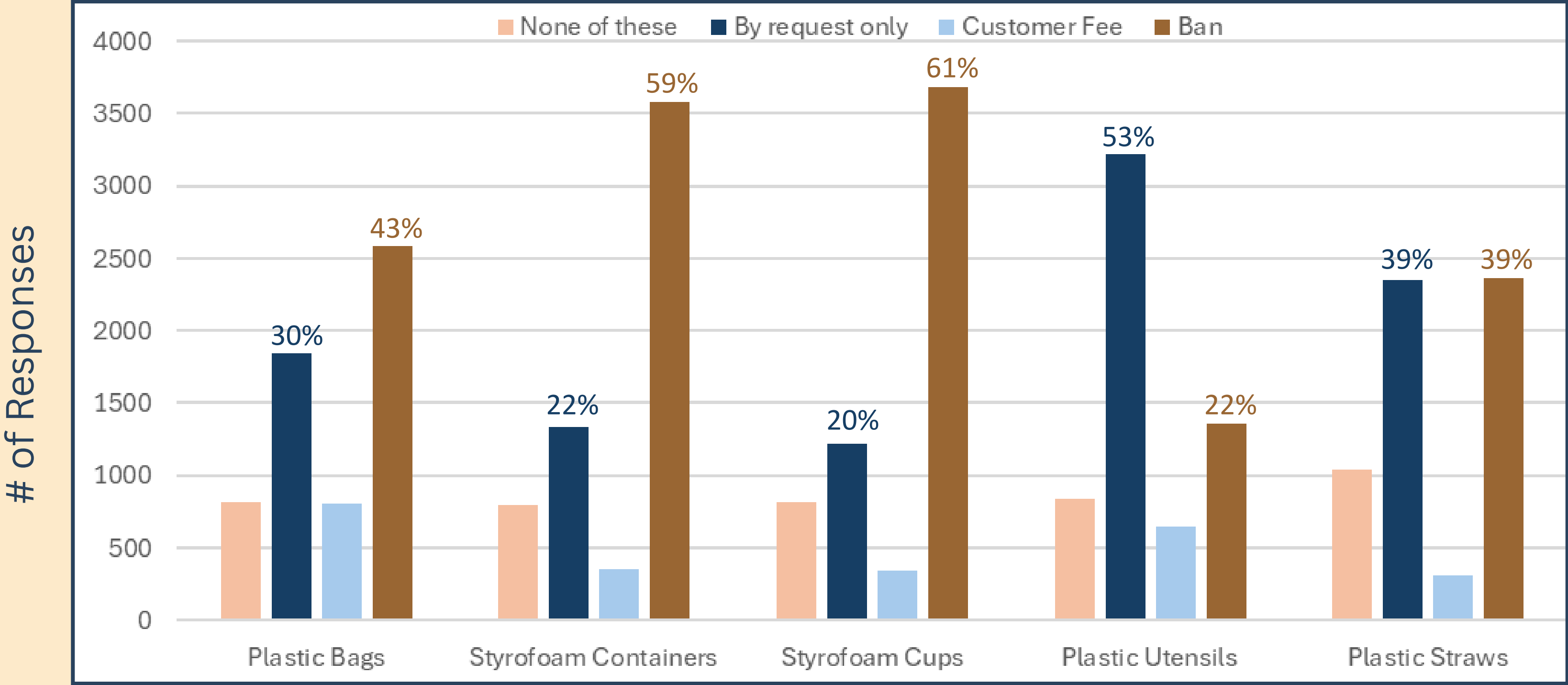
of Responses



“Time to make plastic history!”
– HHI Business Participant

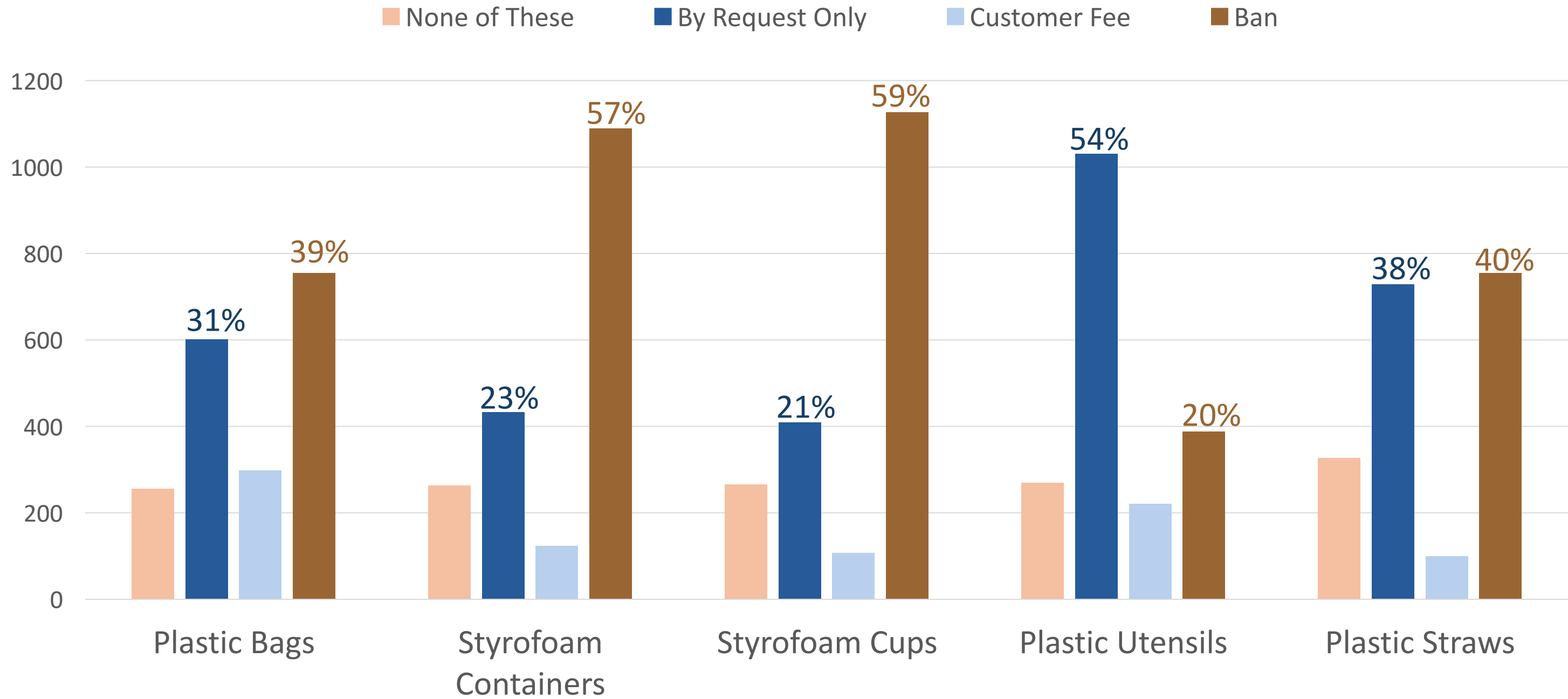


OUR RESIDENTS PREFER...

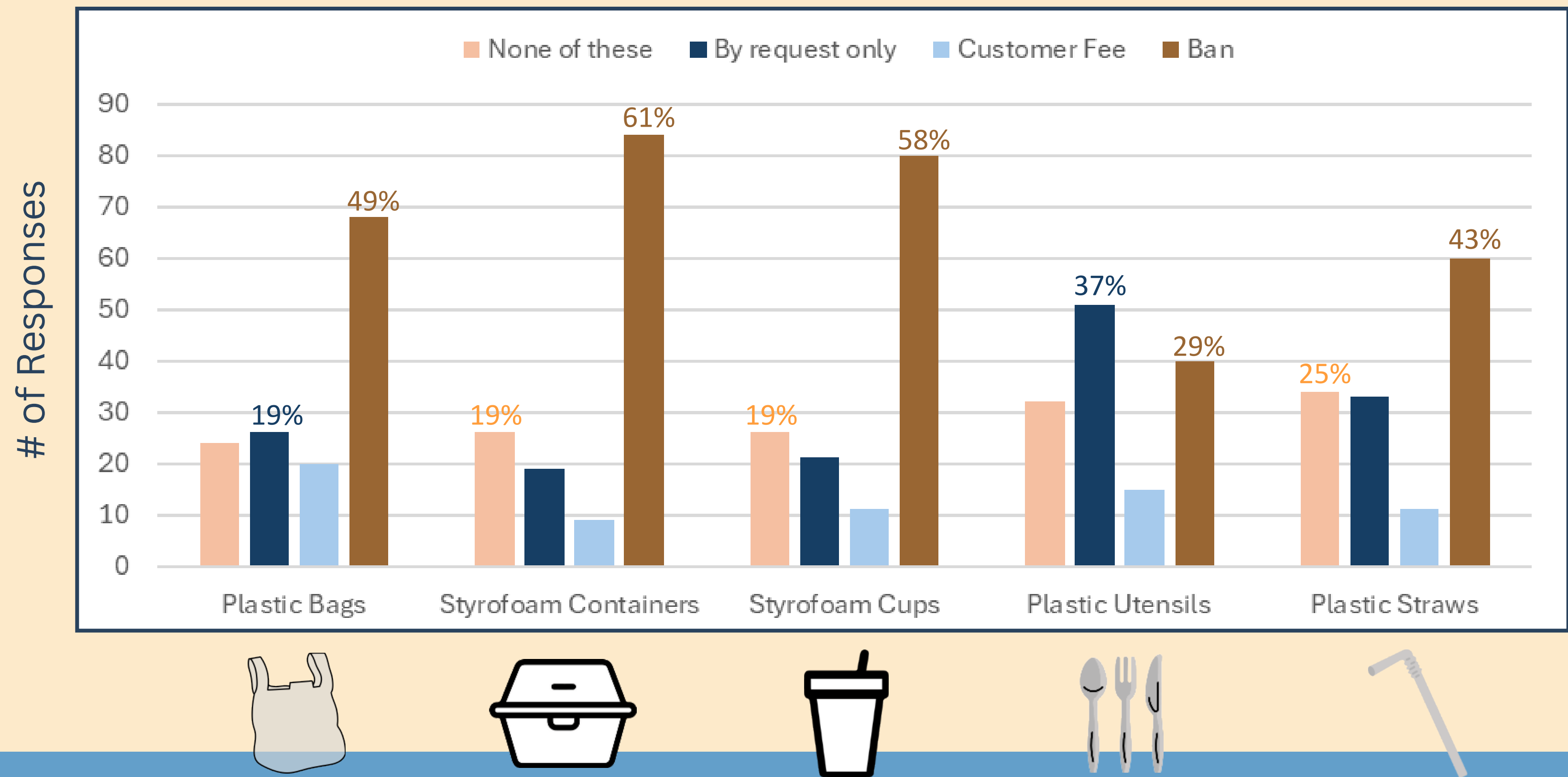


HHI RESIDENTS PREFER...

of Responses

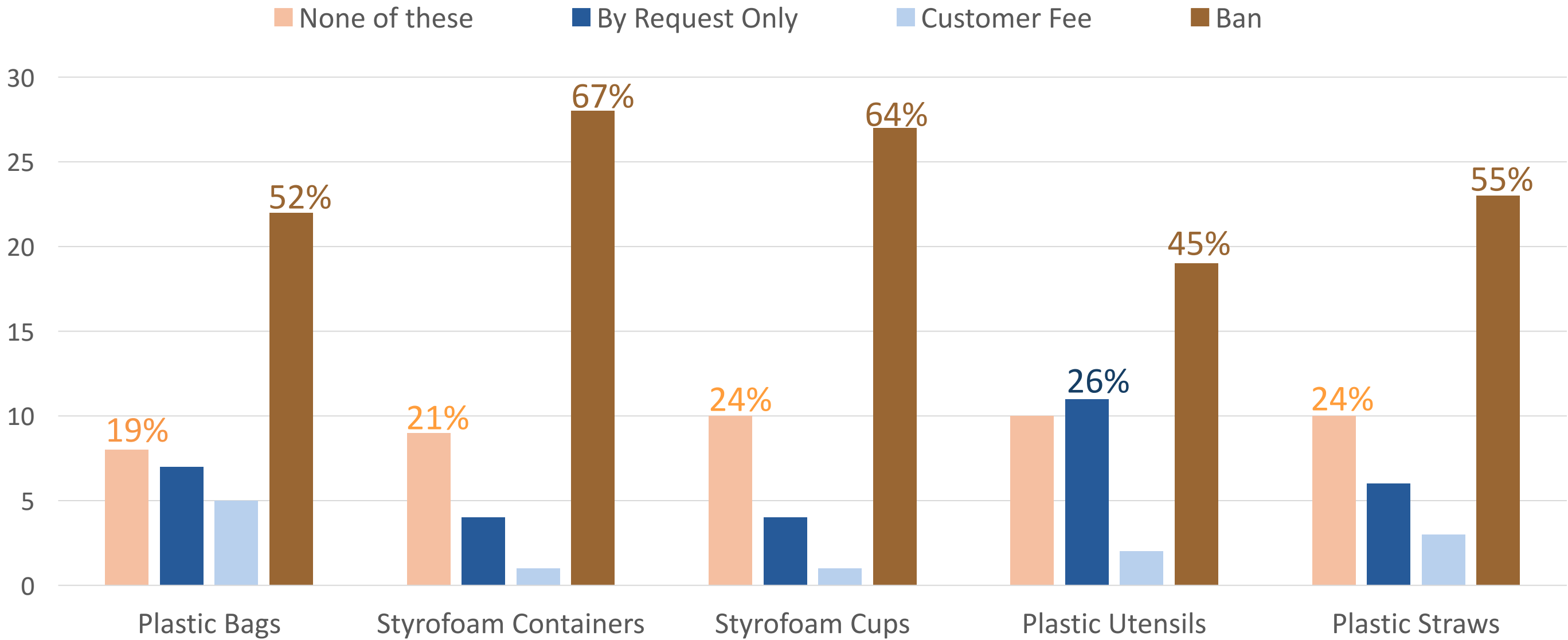


...AND SO DO OUR BUSINESSES.



...AND SO DO HHI BUSINESSES.

of Responses



BROAD LOCAL EFFORTS

What's managed where in Charleston Area

	 Banned	 Single-use plastic bags	 Extra thick plastic bags	 Straws	 Disposable cutlery	 Plastic foam
	 Not banned or no regulation in place					
City of Charleston					ON REQUEST	
Isle of Palms						
Mount Pleasant						
James Island					ON REQUEST	
Seabrook Island						
Kiawah Island						
Folly Beach					ON REQUEST	
Charleston County						
Edisto Island						
Sullivan's Island						

BRANDON LOCKETT AND TOBY COX/STAFF

[Source.](#)

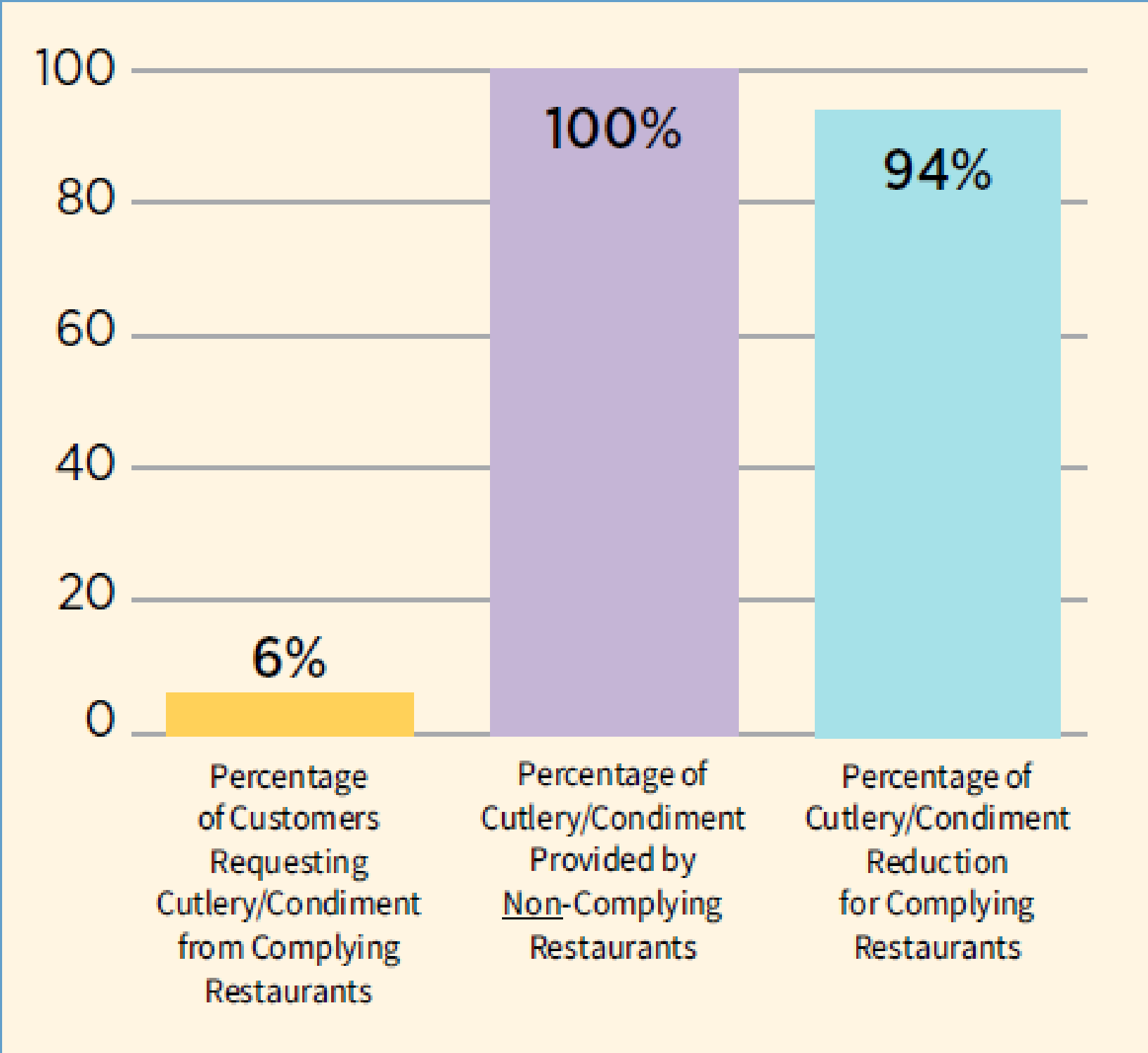
2025 Eco Tableware Costs are Very Competitive with Plastic - Only Pennies More

Eco tableware prices in 2025 vary based on **material type, design complexity, order volume, certification requirements, and region of purchase**. While the **per-unit price** for compostable products is still slightly higher than traditional plastics, the gap is narrowing due to **scaling, innovation, and policy-driven adoption**.

Product Type	Traditional Plastic (per unit)	Eco Tableware – Global Average (per unit)	Material & Notes
9"x6" Single-Compartment Clamshell	\$0.045	\$0.055–\$0.065	Bagasse pulp; compostable; PFAS-free
9"x6" 2-Compartment Clamshell	\$0.048	\$0.060–\$0.072	Bagasse; portion control; export-certified
9"x9" 3-Compartment Clamshell	\$0.052	\$0.068–\$0.080	Bagasse; catering-grade durability
16oz Salad Bowl with Lid	\$0.035	\$0.045–\$0.055	Kraft paper with PLA lining; leak-resistant
24oz Soup Container	\$0.038	\$0.050–\$0.062	Kraft or bagasse; heat-safe
Cutlery Set (Fork, Spoon, Knife)	\$0.025	\$0.035–\$0.045	CPLA/cornstarch; 100% compostable
Sauce Cup (2oz) with Lid	\$0.020	\$0.030–\$0.038	Bagasse or PLA; ideal for condiments

Source: BioLeader - Updated Global Prices <https://www.bioleaderpack.com/eco-tableware-vs-traditional-plastic-a-true-cost-analysis-for-2025/>

BY REQUEST ONLY REDUCES COSTS



1,578,769 pieces
of toxic plastic cutlery
(over 10,000 lbs)
annually reduced
from the waste stream
as a result of 16
compliant restaurants
in Red Bank

94% reduction
in single-use cutlery
and condiments for
all businesses
following Skip the
Stuff, equating to
money saved

RECOMMENDATIONS

Eliminate & Replace



By Request Only

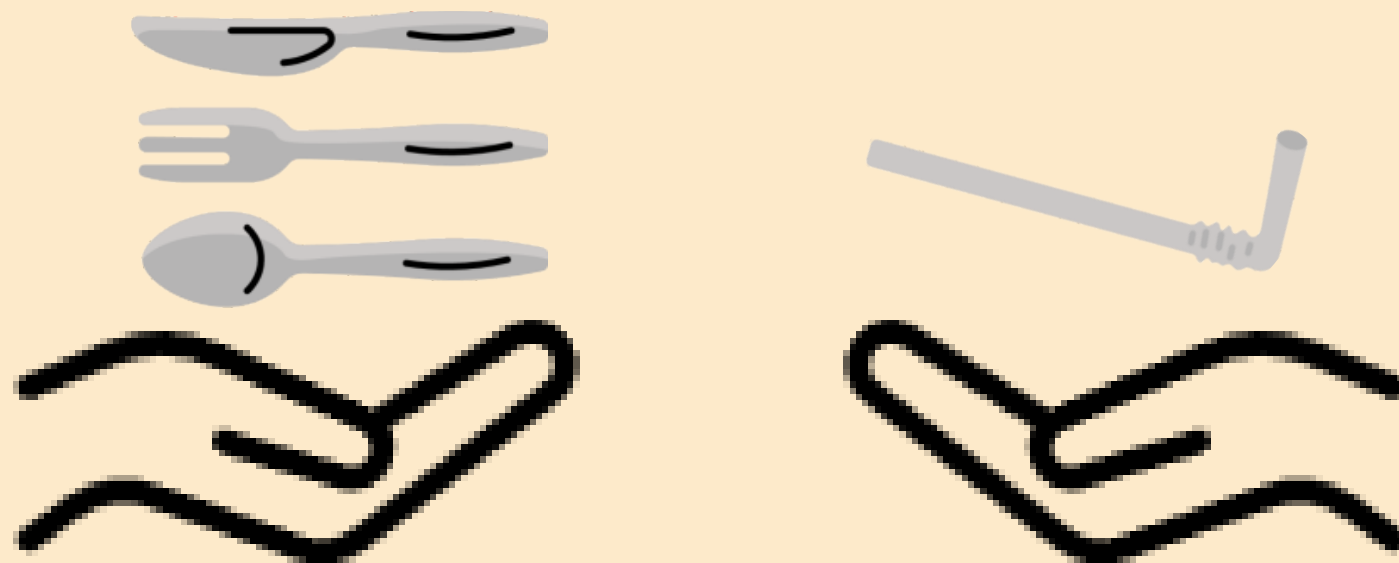


Photo by Courtney Kimmel



Photos by Juliana Zadik

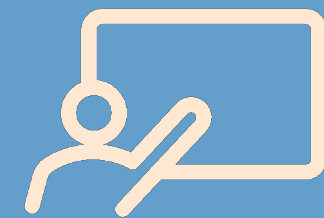
NEXT STEPS



Finish Analysis



Bring back final results



Update Municipalities



Develop amendment language.



Create Implementation Plan

SOURCES

**Beaufort County Single Use Plastics Survey
Results – Final Report (April 2025):**

<http://bit.ly/48S2ACq>

Slide 2: <https://des.sc.gov/sites/des/files/Documents/BLWM/Recycling/OR-2660.pdf>

Slide 3: <https://beaufortcountysc.new.swagit.com/videos/343802>
<https://www.islandpacket.com/news/local/news-columns-blogs/untamed-lowcountry/article250465186.html>
<https://www.islandpacket.com/news/local/article247286479.html>

Slide 4: <https://scholarcommons.sc.edu/cgi/viewcontent.cgi?article=1266&context=jscas>
<https://www.sciencedirect.com/science/article/pii/S0048969723036227>
<https://repository.library.cofc.edu/items/9677ba1f-c49a-4a46-9a2b-c51ab0b9c7b3>
<https://www.sciencedirect.com/science/article/abs/pii/S0025326X25007544?via%3Dihub>

Slide 5: <https://pubs.acs.org/doi/10.1021/envhealth.3c00052>
<https://link.springer.com/article/10.1007/s10311-023-01593-3>
<https://www.nejm.org/doi/full/10.1056/NEJMoa2309822>

Slide 17: https://www.postandcourier.com/rising-waters/extra-thick-plastic-bag-ban-charleston-microplastics-environment/article_7f89d7ec-242c-11ef-99ef-eb31f40d66dd.html

Slide 18: <https://www.bioleaderpack.com/eco-tableware-vs-traditional-plastic-a-true-cost-analysis-for-2025/>

Slide 19: https://cleanwater.org/sites/default/files/2025-04/CS_STS_Red_Bank_03.06.25a.pdf



QUESTIONS?

Photo by Juliana Zadik



TOWN OF HILTON HEAD ISLAND

Town Council

TO: Town Council
FROM: April Akins, Interim Revenue Manager
VIA: John Troyer, Interim Finance Director
CC: Marc Orlando, ICMA-CM, Town Manager
DATE: November 4, 2025
SUBJECT: Consideration of an Ordinance of the Town of Hilton Head Island to Amend Municipal Code Title 10, Section 10-1-250, the Business License Ordinance, to Update the Business License Class Schedule as Required by Act 176 of 2020 for the Town of Hilton Head Island, South Carolina and Providing for Severability and Effective Date

RECOMMENDATION:

Consideration of second reading to amend the Current Business License Ordinance, Title 10, Section 10-1-250 of the Municipal Code of the Town of Hilton Head Island to update the Business License Class Schedule as required by Act 176 of 2020. The Finance and Administrative Committee reviewed and recommended this amendment on September 30, 2025. Town Council's first reading for this amendment passed on October 21, 2025.

In addition, Town Council's consideration of second reading to amend the Current Business License Ordinance, Title 10, Section 10-1-250 of the Municipal Code of the Town of Hilton Head Island to adopt the updated Business License Rate Schedule to rebalance the Town's business license tax rates to ensure revenue neutral results.

BACKGROUND:

SC General Assembly passed Act 176, the Business License Standardization Act, in September 2020. The law required every local government levying a business license tax to administer the tax in the same way across the state starting January 1, 2022. The Municipal Association of South Carolina (MASC) created the Business License Model Ordinance to ensure compliance with Act 176. Town Council adopted the Business License Model Ordinance in September 2021 so that the Town could administer the business license tax according to state law.

SUMMARY:

Every odd year, Act 176 requires every taxing jurisdiction levying a business license tax to adopt by ordinance the latest Standardized Business License Class Schedule as recommended by MASC and adopted by the Revenue and Fiscal Affairs Office. MASC shall determine and revise the Standardized Business License Class Schedule every even year using the latest available nationwide Internal Revenue Service profitability statistics. MASC published the latest Standardized Business Class Schedule in the spring of 2025. Town staff completed a detailed business license revenue analysis in July 2025 to determine the impact of the class schedule changes on the Town and on the business community. The revenue analysis revealed that by applying the new class schedule changes, the total business license tax revenue loss to the Town is \$348,745. Staff recommend rebalancing the Town's business license tax rates to ensure revenue neutral results with a rate increase across all business license class rates of 4.9%.

ATTACHMENTS:

1. Amended Business License Ordinance Title 10, Section 10-1-250
2. Text Amendment of Ordinance
3. FY 2025 Business License Revenue Analysis
4. PowerPoint Presentation- Business License Class Schedule Update

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

ORDINANCE NO.:2025-_____

**AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND TO AMEND
MUNICIPAL CODE TITLE 10, SECTION 10-1-250, THE BUSINESS LICENSE
ORDINANCE, TO UPDATE THE CLASS SCHEDULE AS REQUIRED BY ACT 176 OF
2020 FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA AND
PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

WHEREAS, the Town of Hilton Head Island (the “Municipality”) is authorized by S.C. Code Section 5-7-30 and Title 6, Chapter 1, Article 3 to impose a business license tax on gross income;

WHEREAS, by Act No. 176 of 2020, known as the South Carolina Business License Tax Standardization Act and codified at S.C. Code Sections 6-1-400 to -420 (the “Standardization Act”), the South Carolina General Assembly imposed additional requirements and conditions on the administration of business license taxes;

WHEREAS, the Standardization Act requires that by December thirty-first of every odd year, each municipality levying a business license tax must adopt, by ordinance, the latest Standardized Business License Class Schedule as recommended by the Municipal Association of South Carolina (the “Association”) and adopted by the Director of the Revenue and Fiscal Affairs Office;

WHEREAS, following the enactment of the Standardization Act, the Municipality enacted Ordinance No. 2021-16 on September 21, 2021, in order to comply with the requirements of the Standardization Act (the “Current Business License Ordinance”);

WHEREAS, the Town of Hilton Head Island Council of the Municipality (the “Council”) now wishes to amend the Current Business License Ordinance to adopt the latest Standardized Business License Class Schedule, as required by the Standardization Act;

NOW, THEREFORE, BE IT ORDERED AND ORDAINED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AND IT HEREBY ORDERED AND ORDAINED BY AND UNDER AUTHORITY OF SAID TOWN COUNCIL, AS FOLLOWS:

SECTION 1. Amendments to Appendix A. Appendix A to the Current Business License Ordinance, the “Business License Rate Schedule,” is hereby amended and restated as set forth on the attached Exhibit A.

SECTION 2. Amendments to Appendix B. Appendix B to the Current Business License Ordinance, the “Business License Class Schedule,” is hereby amended as follows:

- (a) Classes 1 through 8 in Appendix B to the Current Business License Ordinance, the “Business License Class Schedule,” are hereby amended and restated as set forth on the attached Exhibit B.
- (b) Class 9 in Appendix B to the Current Business License Ordinance, the “Business License Class Schedule,” shall remain in full force and effect as set forth in the Current Business License Ordinance.

SECTION 3. Repealer, Effective Date. All ordinances in conflict with this ordinance are hereby repealed. This ordinance shall be effective with respect to the business license year beginning on May 1, 2026.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS _____ DAY OF _____, 2025.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

Alan R. Perry, Mayor

ATTEST:

Kimberly Gammon, Town Clerk

First Reading:

Second Reading:

APPROVED AS TO FORM:

Curtis L. Coltrane, Town Attorney

**Exhibit A: Amendment to the Business License Rate Schedule in Appendix A of
the Current Business License Ordinance**

**APPENDIX A
BUSINESS LICENSE RATE SCHEDULE**

	Income: \$0—\$2,000	Income Over \$2,000
Rate Class	Base Rate	Rate Per \$1,000 or Fraction Thereof
1	\$48.60	\$.80
2	\$56.70	\$1.10
3	\$64.60	\$1.20
4	\$72.80	\$1.40
5	\$80.90	\$1.50
6	\$89.00	\$1.60
7	\$97.00	\$1.80
8.1	\$64.60	\$1.20
8.2	Set by state statute-Railroad Companies	
8.3	MASC Telecommunications	
8.4	MASC Insurance	
8.51	\$12.50 + \$12.50 per machine	
8.52	\$12.50 + \$180.00 per machine	
8.6	\$64.60 plus \$5.00 -OR- \$12.50 per table	\$1.20
9.10	\$187.50	\$3.24
9.30	\$56.70	\$1.10
9.70	\$113.20	\$1.80

Exhibit B: Amendment to Classes 1 – 8 in Appendix B of Attachment 1
the Current Business License Ordinance

APPENDIX B
Classes 1 – 8: Business License Class Schedule by NAICS Codes

NAICS Sector/Subsector	Industry Sector	Class
11	Agriculture, forestry, hunting and fishing	1
21	Mining	3
22	Utilities	1
31 - 33	Manufacturing	3
42	Wholesale trade	1
44 - 45	Retail trade	1
48 - 49	Transportation and warehousing	2
51	Information	4
52	Finance and insurance	7
53	Real estate and rental and leasing	6
54	Professional, scientific, and technical services	4
55	Management of companies	7
56	Administrative and support and waste management and remediation services	3
61	Educational services	3
62	Health care and social assistance	3
71	Arts, entertainment, and recreation	3
721	Accommodation	1
722	Food services and drinking places	2
81	Other services	3
Class 8	Subclasses	
23	Construction	8.1
482	Rail Transportation	8.2
517111	Wired Telecommunications Carriers	8.3
517112	Wireless Telecommunications Carriers (except Satellite)	8.3
517122	Agents for Wireless Telecommunications Services	8.3
5241	Insurance Carriers	8.4
5242	Insurance Brokers for non-admitted Insurance Carriers	8.4
713120	Amusement Parks and Arcades	8.51
713290	Non-Payout Amusement Machines	8.52
713990	All Other Amusement and Recreational Industries (pool tables)	8.6

2025 Class Schedule is based on a three-year average (2019 - 2021) of IRS statistical data.

Sec. 10-1-250. Classification and rates.

- (a) The business license tax for each class of businesses subject to this chapter shall be computed in accordance with the current business license rate schedule, designated as appendix A to this chapter, which may be amended from time to time by the council.
- (b) The current business license class schedule is attached hereto as appendix B. Hereafter, no later than December 31 of each odd year, the municipality shall adopt, by ordinance, the latest standardized business license class schedule as recommended by the Municipal Association of South Carolina and adopted by the Director of the South Carolina Revenue and Fiscal Affairs Office. Upon adoption by the municipality, the revised business license class schedule shall then be appended to this chapter as a replacement appendix B.
- (c) The classifications included in each rate class are listed with NAICS codes, by sector, subsector, group, or industry. The business license class schedule (appendix B) is a tool for classification and not a limitation on businesses subject to a business license tax. The classification in the most recent version of the business license class schedule adopted by the council that most specifically identifies the subject business shall be applied to the business. The license official shall have the authority to make the determination of the classification most specifically applicable to a subject business.
- (d) A copy of the class schedule and rate schedule shall be filed in the office of the municipal clerk.

(Ord. No. 2021-16, 9-21-21)

**APPENDIX A
BUSINESS LICENSE RATE SCHEDULE**

	Income: \$0—\$2,000	Income Over \$2,000
Rate Class	Base Rate	Rate Per \$1,000 or Fraction Thereof
1	\$46.30 \$48.60	\$1.75 \$1.80
2	\$54.00 \$56.70	\$1.00 \$1.10
3	\$61.60 \$64.60	\$1.10 \$1.20
4	\$69.40 \$72.80	\$1.30 \$1.40
5	\$77.10 \$80.90	\$1.40 \$1.50
6	\$84.80 \$89.00	\$1.50 \$1.60
7	\$92.50 \$97.00	\$1.70 \$1.80
8.1	\$61.60 \$64.60	\$1.10 \$1.20
8.2	Set by state statute-Railroad Companies	
8.3	MASC Telecommunications	
8.4	MASC Insurance	
8.51	\$12.50 + \$12.50 per machine	
8.52	\$12.50 + \$180.00 per machine	
8.6	\$61.60 \$64.60 plus \$5.00 -OR- \$12.50 per table	\$1.10 \$1.20
9.10	\$187.50	\$3.24
9.30	\$54.00 \$56.70	\$1.00 \$1.10
9.70	\$107.90 \$113.20	\$1.70 \$1.80

NON-RESIDENT RATES

Unless otherwise specifically provided, all taxes and rates shall be doubled for nonresidents and itinerants having no fixed principal place of business within the municipality.

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(Supp. No. 34)

CLASS 8 RATES

Each NAICS number designates a separate subclassification. The businesses in this section are treated as separate and individual subclasses due to provisions of state law, regulatory requirements, service burdens, tax equalization considerations, and other factors that are deemed sufficient to require individually determined rates. In accordance with state law, the municipality also may provide for reasonable subclassifications for rates, described by an NAICS sector, subsector, or industry, that are based on particularized considerations as needed for economic stimulus or for the enhanced or disproportionate demands on municipal services or infrastructure.

Non-resident rates do not apply except where indicated.

8.1 NAICS 230000—Contractors. Construction. All types [non-resident rates apply].

Resident rates, for contractors having a permanent place of business within the municipality:

Minimum on first \$2,000 ~~\$61.60~~ **\$64.60** PLUS

Per \$1,000, or fraction, over \$2,000 ~~\$1.10~~ **\$1.20**

Non-resident rates apply to contractors that do not have a permanent place of business within the municipality. A trailer at the construction site or structure in which the contractor temporarily resides is not a permanent place of business under this ordinance.

No contractor shall be issued a business license until all state and municipal qualification examination and trade license requirements have been met. Each contractor shall post a sign in plain view on each job identifying the contractor with the job.

Sub-contractors shall be licensed on the same basis as general or prime contractors for the same job. No deductions shall be made by a general or prime contractor for value of work performed by a sub-contractor.

No contractor shall be issued a business license until all performance and indemnity bonds required by the Building Code have been filed and approved. Zoning permits must be obtained when required by the zoning ordinance.

Each prime contractor shall file with the license official, or its designee, a list of sub-contractors furnishing labor or materials for each project.

For licenses issued on a per-job basis, the total tax for the full amount of the contract shall be paid prior to commencement of work and shall entitle the contractor to complete the job without regard to the normal license expiration date. An amended report shall be filed for each new job and the appropriate additional license fee per one thousand (\$1,000.00) dollars of the contract amount shall be paid prior to commencement of new work. Only one (1) base tax shall be paid in a license year. Licensees holding a per-job license shall file, by each April 30 during the continuation of the construction project, a statement of compliance, including but not limited to a revised estimate of the value of the contract. If any revised estimate of the final value of such project exceeds the amount for which the business license was issued, the licensee shall be required to pay a license fee at the then-prevailing rate on the excess amount.

8.2 NAICS 482—Railroad companies (see S.C. Code § 12-23-210).

8.3 NAICS 517111, 517112—Telephone companies.

With respect to "retail telecommunications services" as defined in S.C. Code § 58-9-2200, the municipality participates in a collections program administered by the Municipal Association of South Carolina. The municipality has approved participation in the collections program with the rates, terms, conditions, dates, penalties, appeals process, and other details of the business license applicable to retail telecommunications services as set forth in this chapter.

8.4 NAICS 5241, NAICS 5242—Insurance companies/brokers premium tax:

Independent agents, brokers, and their employees are subject to a business license tax based on their natural class. With respect to insurers subject to license fees and taxes as defined in S.C. Code 1996, §§ 38-45-10 and 38-45-60, the municipality participates in a collections program administered by the Municipal Association of South Carolina. The municipality has approved participation in the collections program with the rates, terms, conditions, dates, penalties, appeals process, and other details of the business license applicable to insurers and brokers are set forth in this ordinance.

8.51 NAICS 713120—Amusement machines, coin operated (except gambling).

Music machines, juke boxes, kiddie rides, video games, pin tables with levers, and other amusement machines with or without free play feature licensed by SC Department of Revenue pursuant to S.C. Code § 12-21-2720(A)(1) and (A)(2) [Type I and Type II]. For operation of all machines (not on gross income), pursuant to S.C. Code § 12-21-2746:

Per machine \$12.50 PLUS

Business license \$12.50

Distributors that sell or lease machines and are not licensed by the state as an operator pursuant to § 12-21-2728 are not subject to subclass 8.51.

8.52 NAICS 713290—Amusement machines, coin operated, non-payout.

Amusement machines of the non-payout type or in-line pin game licensed by SC Department of Revenue pursuant to S.C. Code § 12-21-2720(A)(3) [Type III].

For operation of all machines (not on gross income), pursuant to S.C. Code § 12-21-2720(B):

Per machine \$180.00 PLUS

Business license \$12.50

Distributors that sell or lease machines and are not licensed by the state as an operator pursuant to § 12-21-2728 are not subject to subclass 8.52.

8.6 NAICS code varies—Billiard or pool tables.

A business that offers the use of billiard or pool tables shall be subject to business license taxation under its natural class for all gross income of the business excluding the gross income attributable to the billiard or pool tables. In addition, the billiard or pool tables shall require their own separate business licenses pursuant to SC Code § 12-21-2746, and shall be subject to a license tax of five dollars (\$5.00) per table measuring less than three and one-half (3½) feet wide and seven (7) feet long, and twelve dollars and fifty cents (\$12.50) per table longer than that.

CLASS 9 RATES

9.10 NAICS 561599—All other travel arrangement and reservation services.

Establishments primarily engaged in providing travel arrangements and reservation services (except travel agencies, tour operators, and convention and visitors bureaus).

Minimum on first \$2,000 \$187.50 PLUS

Per \$1,000, or fraction, over \$2,000 \$3.24

9.30 NAICS 441100—Automobile dealers [non-resident rates apply].

Establishments primarily engaged in retailing new and used automobiles and light trucks, such as sport utility vehicles, and passenger and cargo vans.

Minimum on first \$2,000 ~~\$54.00~~ **\$56.70** PLUS

Per \$1,000, or fraction, over \$2,000 ~~\$1.00~~ **\$1.10**

9.31 NAICS 4412000—Other motor vehicle dealers [non-resident rates apply].

Establishments primarily engaged in retailing new and used vehicles (except automobiles, light trucks, such as sport utility vehicles, and passenger and cargo vans).

Minimum on first \$2,000 ~~\$54.00~~ **\$56.70** PLUS

Per \$1,000, or fraction, over \$2,000 ~~\$1.00~~ **\$1.10**

9.40 NAICS 454390—Other direct selling establishments (peddlers).

The NAICS codes corresponding to Classes 9.40 have been eliminated. Businesses that were previously classified into 9.40 shall be required to apply and pay for a business license in their natural class.

9.70 NAICS 722410—Drinking places (alcoholic beverages).

Establishments known as bars, taverns, nightclubs, or drinking places primarily engaged in preparing and serving alcoholic beverages for immediate consumption. These establishments may also provide limited food services.

Minimum on first \$2,000 ~~\$107.90~~ **\$113.20** PLUS

Per \$1,000, or fraction, over \$2,000 ~~\$1.70~~ **\$1.80**

(Ord. No. 2021-16, 9-21-21; Ord. No. 2023-21, § 2, 10-17-23)

APPENDIX B
Classes 1 - 8: Business License Class Schedule by NAICS Codes

NAICS Sector/Subsector	Industry Sector	Class
11	Agriculture, forestry, hunting and fishing	1
21	Mining	2 3
22	Utilities	1
31-33	Manufacturing	3
42	Wholesale trade	1
44-45	Retail trade	1
48-49	Transportation and warehousing	1 2
51	Information	4
52	Finance and insurance	7
53	Real estate and rental and leasing	7 6
54	Professional, scientific, and technical services	5 4
55	Management of companies	7
56	Administrative and support and waste management and remediation services	3
61	Educational services	3
62	Health care and social assistance	4 3
71	Arts, entertainment, and recreation	3
721	Accommodation	1
722	Food services and drinking places	2
81	Other services	4 3
Class 8	Subclasses	

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(Supp. No. 34)

23	Construction	81
482	Rail Transportation	8.2
517111	Wired Telecommunications Carriers	8.3
517112	Wireless Telecommunications Carriers (except Satellite)	8.3
517122	Agents for Wireless Telecommunications Services	8.3
5241	Insurance Carriers	8.4
5242	Insurance Brokers for non-admitted Insurance Carriers	8.4
713120	Amusement Parks and Arcades	8.51
713290	Non-Payout Amusement Machines	8.52
713990	All Other Amusement and Recreational Industries (pool tables)	8.6
Class 9	Subclasses	
561599	All other travel arrangement and reservation services	9.10
4411	Automobile Dealers	9.30
4412	Other Motor Vehicle Dealers	9.30
722410	Drinking Places	9.70

~~2023 Class Schedule is based on a three-year average (2017—2019) of IRS statistical data.~~

2025 Class Schedule is based on a three-year average (2019-2021) of IRS statistical data.

(Ord. No. 2021-16, 9-21-21; Ord. No. 2023-21, § 2, 10-17-23)

TOWN OF HILTON HEAD ISLAND: FY25 BUSINESS LICENSE REVENUE ANALYSIS

NAICS Sector/Subsector	Industry Sector	Current Class Rate	FY 2025 Actual Business License Revenue Collected	New Class Rate	Business License Revenue Based on New Class Rate	Revenue Impact to Town	Average Revenue loss or Gain in Sector/Subsector for Town	Percentage of Businesses Impacted by Reclassification
Class 1-7								
11	Agriculture, Forestry, Hunting and Fishing	Class 1	\$ 319	Class 1	\$ 319	\$ -	0.0%	
21	Mining	Class 2	\$ -	Class 3	\$ -	\$ -	0.0%	0%
22	Utilities	Class 1	\$ 100	Class 1	\$ 100	\$ -	0.0%	
31-33	Manufacturing	Class 3	\$ 56,546	Class 3	\$ 56,546	\$ -	0.0%	
42	Wholesale Trade	Class 1	\$ 89,948	Class 1	\$ 89,948	\$ -	0.0%	
44-45	Retail Trade	Class 1	\$ 704,285	Class 1	\$ 704,285	\$ -	0.0%	
48-49	Transportation and Warehousing	Class 1	\$ 41,691	Class 2	\$ 54,359	\$ 12,668	24.7%	1%
51	Information	Class 4	\$ 20,127	Class 4	\$ 20,127	\$ -	0.0%	
52	Finance and Insurance	Class 7	\$ 131,357	Class 7	\$ 131,357	\$ -	0.0%	
53	Real Estate and Rental and Leasing	Class 7	\$ 2,376,652	Class 6	\$ 2,123,281	\$ (253,371)	-9.7%	60%
54	Professional, Scientific, and Technical Services	Class 5	\$ 391,650	Class 4	\$ 362,081	\$ (29,569)	-8.6%	4%
55	Management of Companies Administrative and Support Waste Management	Class 7	\$ 9,105	Class 7	\$ 9,105	\$ -	0.0%	
56	Remediation Services	Class 3	\$ 466,897	Class 3	\$ 466,897	\$ -	0.0%	
61	Educational Services	Class 3	\$ 13,214	Class 3	\$ 13,214	\$ -	0.0%	
62	Health Care and Social Assistance	Class 4	\$ 303,044	Class 3	\$ 257,055	\$ (45,989)	-14.2%	1.0%
71	Arts, Entertainment, and Recreation	Class 3	\$ 189,405	Class 3	\$ 189,405	\$ -		
721	Accommodation	Class 1	\$ 123,313	Class 1	\$ 123,313	\$ -		
722	Food Services and Drinking Places	Class 2	\$ 533,489	Class 2	\$ 533,489	\$ -		
81	Other Services	Class 4	\$ 226,699	Class 3	\$ 194,216	\$ (32,483)	-12.6%	6.0%
Class 8								
23	Construction	Class 8.1	\$ 1,541,345	Class 8.1	\$ 1,541,345	\$ -	0.0%	
482	Rail Transportation	Class 8.2	\$ -	Class 8.2	\$ -	\$ -	0.0%	
5171	MASC Telecommunications	Class 8.3	\$ -	Class 8.3	\$ -	\$ -	0.0%	
524	MASC Insurance	Class 8.4	\$ -	Class 8.4	\$ -	\$ -	0.0%	
7131	Amusement Machines, Coin Operated	Class 8.51	\$ 973	Class 8.51	\$ 973	\$ -	0.0%	
7132	Amusement Machines, Non-Payout	Class 8.52	\$ -	Class 8.52	\$ -	\$ -	0.0%	
7139	Pool Tables	Class 8.6	\$ 30	Class 8.6	\$ 30	\$ -	0.0%	
Class 9								
5615	All Other Travel Arrangement and Reservation Services	Class 9.10	\$ 200,063	Class 9.10	\$ 200,063	\$ -	0.0%	
4411	Automobile Dealers	Class 9.30	\$ 54	Class 9.30	\$ 54	\$ -	0.0%	
4412	Other Motor Vehicle Dealers	Class 9.31	\$ 1,171	Class 9.31	\$ 1,171	\$ -	0.0%	
7224	Drinking Places	Class 9.70	\$ 2,378	Class 9.70	\$ 2,378	\$ -	0.0%	
			\$ 7,423,855	Total	\$ 7,075,111	\$ (348,745)		72%



TOWN OF HILTON HEAD ISLAND

Business License Class Schedule Update

Town Council Meeting
November 4, 2025



Business License Ordinance

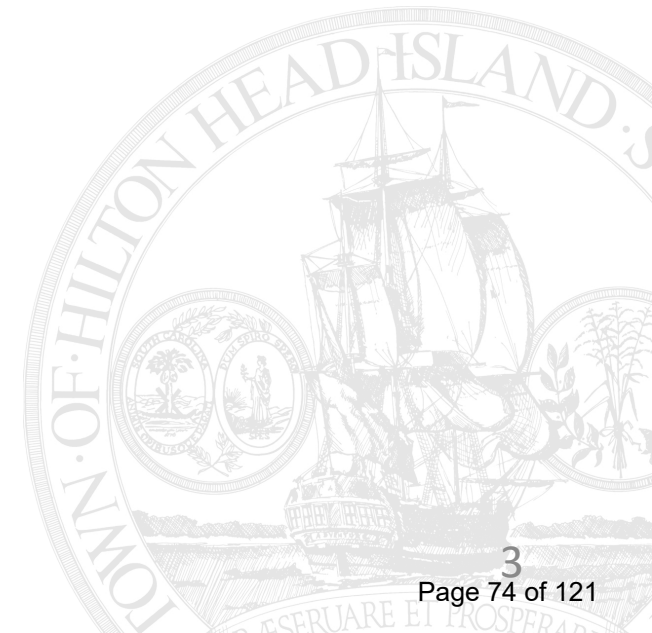
- SC General Assembly passed Act 176, the Business License Standardization Act, in September 2020. The law required every local government levying a business license tax to administer the tax in the same way across the state beginning January 1, 2022.
- The Municipal Association of South Carolina (MASC) created the Business License Model Ordinance to ensure compliance with Act 176 requirements.
- Town Council adopted the new Business License Model Ordinance in September 2021. The Town currently administers business license taxes according to the standardized state law and model ordinance.





Standardized Business License Class Schedules

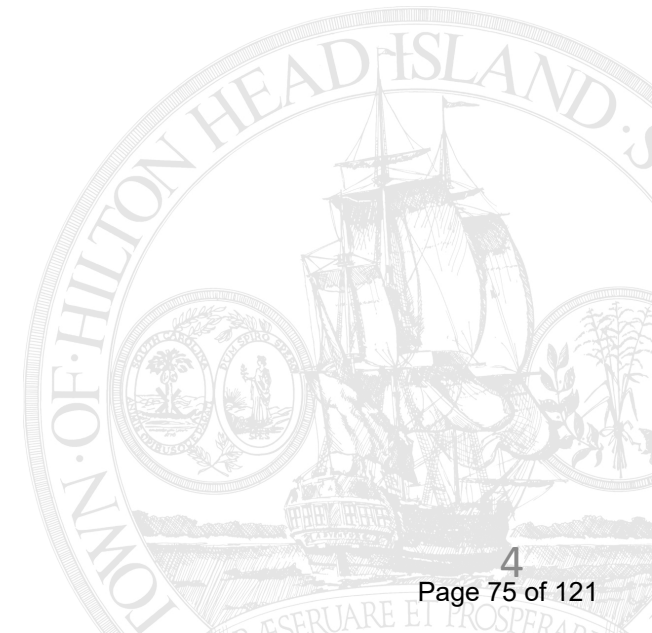
- Act 176 requires jurisdictions with business licenses to use a standard class schedule for categorizing businesses accurately.
- A standardized class schedule promotes clarity by providing businesses with the understanding of their licensing requirements based on their specific business activity.
- Act 176 established an ongoing process that municipalities must maintain to keep their business license practices compliant with state law.
- While the business license class schedules are determined at the state level, the Town's business license rate schedule is determined at the local level by Town Council.





Standardized Business License Class Updates

- Act 176 requires the Town to adopt through an ordinance the latest Standardized Business License Class Schedule as recommended by MASC and approved by the SC Revenue and Fiscals Affairs Office **every odd year**.
- MASC determines and revises the Standardized Business License Class Schedule every even year using a three-year average of the latest available nationwide IRS profitability statistics.
- The 2025 Class Schedule is based on tax years 2019-2021.
- The goal of the process is to stabilize and limit large fluctuations in business classes.

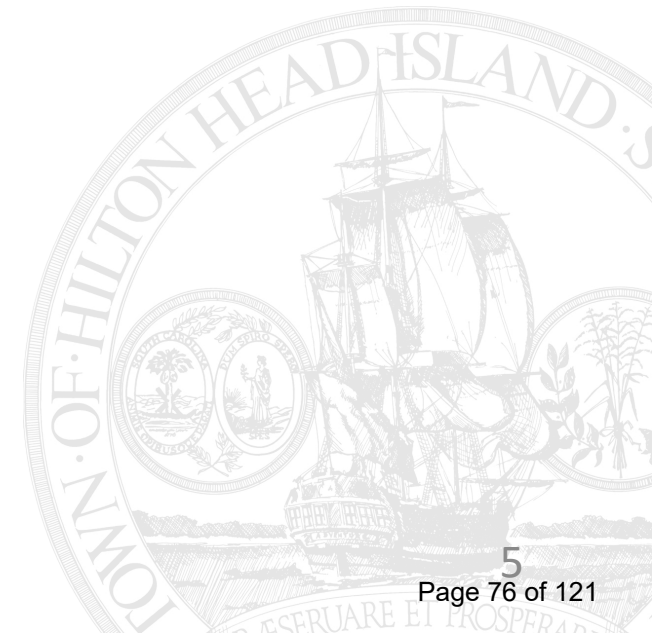




Standardized Business License Class

Previous Framework

- In **2021**, the Town completed a business license revenue analysis based on the required class schedule changes .
 - The analysis revealed the reclassifications caused a shortfall of **\$339,892** in business license tax revenue.
 - Business license tax rates were increased by **7.2%** to offset the shortfall and achieve a revenue neutral result as required by law.
-
- In **2023**, the Town completed a business license revenue analysis based on the required class schedule changes.
 - The analysis revealed the reclassifications caused a shortfall of **\$32,834** or less than 1% of the Town's business license revenue.
 - The Town maintained its current business license tax rates with ***no adjustments to rates.***





2025 Business License Revenue Analysis

- The Town completed a detail revenue analysis on approximately 14,000 business license accounts in July 2025 to determine the impact of the class schedule changes on the Town and on the business community.
- There are thirty (30) industry sectors in the class schedule.
- Five (5) industries will be impacted by the class schedule changes in the 2026 business license tax year.
- Four (4) industries or 71% of the Town's businesses will have a tax rate reduction.
- One (1) industry or 1% of the Town's businesses will have a tax rate increase.
- By applying the new class schedule changes, the total business license tax revenue loss for the Town is **\$348,745.**



Standardized Business License Class Schedule

TOWN OF HILTON HEAD ISLAND: FY25 BUSINESS LICENSE REVENUE ANALYSIS



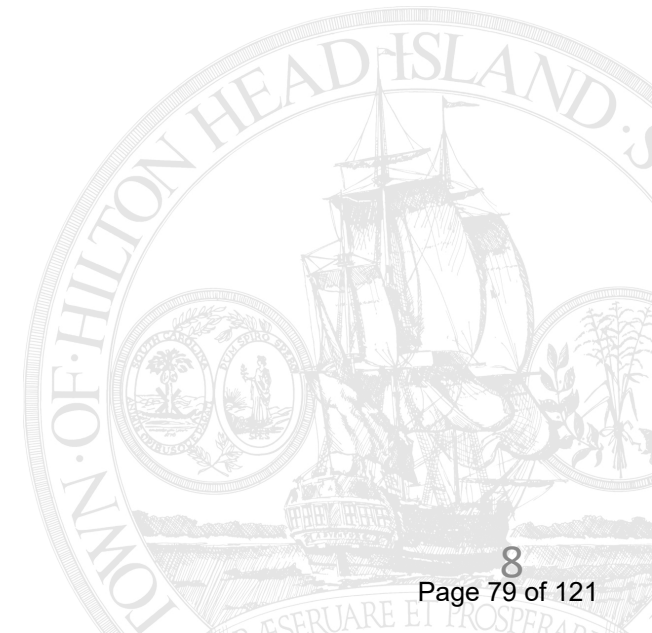
NAICS Sector/Subsector	Industry Sector	Current Class Rate	FY 2025 Actual Business License Revenue Collected	New Class Rate	Business License Revenue Based on New Class Rate	Revenue Impact to Town	Average Revenue loss or Gain in Sector/Subsector for Town	Percentage of Businesses Impacted by Reclassification
Class 1-7								
11	Agriculture, Forestry, Hunting and Fishing	Class 1	\$ 319	Class 1	\$ 319	\$ -	0.0%	
21	Mining	Class 2	\$ -	Class 3	\$ -	\$ -	0.0%	0%
22	Utilities	Class 1	\$ 100	Class 1	\$ 100	\$ -	0.0%	
31-33	Manufacturing	Class 3	\$ 56,546	Class 3	\$ 56,546	\$ -	0.0%	
42	Wholesale Trade	Class 1	\$ 89,948	Class 1	\$ 89,948	\$ -	0.0%	
44-45	Retail Trade	Class 1	\$ 704,285	Class 1	\$ 704,285	\$ -	0.0%	
48-49	Transportation and Warehousing	Class 1	\$ 41,691	Class 2	\$ 54,359	\$ 12,668	24.7%	1%
51	Information	Class 4	\$ 20,127	Class 4	\$ 20,127	\$ -	0.0%	
52	Finance and Insurance	Class 7	\$ 131,357	Class 7	\$ 131,357	\$ -	0.0%	
53	Real Estate and Rental and Leasing	Class 7	\$ 2,376,652	Class 6	\$ 2,123,281	\$ (253,371)	-9.7%	60%
54	Professional, Scientific, and Technical Services	Class 5	\$ 391,650	Class 4	\$ 362,081	\$ (29,569)	-8.6%	4%
55	Management of Companies Administrative and Support Waste Management	Class 7	\$ 9,105	Class 7	\$ 9,105	\$ -	0.0%	
56	Remediation Services	Class 3	\$ 466,897	Class 3	\$ 466,897	\$ -	0.0%	
61	Educational Services	Class 3	\$ 13,214	Class 3	\$ 13,214	\$ -	0.0%	
62	Health Care and Social Assistance	Class 4	\$ 303,044	Class 3	\$ 257,055	\$ (45,989)	-14.2%	1.0%
71	Arts, Entertainment, and Recreation	Class 3	\$ 189,405	Class 3	\$ 189,405	\$ -		
721	Accommodation	Class 1	\$ 123,313	Class 1	\$ 123,313	\$ -		
722	Food Services and Drinking Places	Class 2	\$ 533,489	Class 2	\$ 533,489	\$ -		
81	Other Services	Class 4	\$ 226,699	Class 3	\$ 194,216	\$ (32,483)	-12.6%	6.0%
Class 8								
23	Construction	Class 8.1	\$ 1,541,345	Class 8.1	\$ 1,541,345	\$ -	0.0%	
482	Rail Transportation	Class 8.2	\$ -	Class 8.2	\$ -	\$ -	0.0%	
5171	MASC Telecommunications	Class 8.3	\$ -	Class 8.3	\$ -	\$ -	0.0%	
524	MASC Insurance	Class 8.4	\$ -	Class 8.4	\$ -	\$ -	0.0%	
7131	Amusement Machines, Coin Operated	Class 8.51	\$ 973	Class 8.51	\$ 973	\$ -	0.0%	
7132	Amusement Machines, Non-Payout	Class 8.52	\$ -	Class 8.52	\$ -	\$ -	0.0%	
7139	Pool Tables	Class 8.6	\$ 30	Class 8.6	\$ 30	\$ -	0.0%	
Class 9								
5615	All Other Travel Arrangement and Reservation Services	Class 9.10	\$ 200,063	Class 9.10	\$ 200,063	\$ -	0.0%	
4411	Automobile Dealers	Class 9.30	\$ 54	Class 9.30	\$ 54	\$ -	0.0%	
4412	Other Motor Vehicle Dealers	Class 9.31	\$ 1,171	Class 9.31	\$ 1,171	\$ -	0.0%	
7224	Drinking Places	Class 9.70	\$ 2,378	Class 9.70	\$ 2,378	\$ -	0.0%	
			\$ 7,423,855 Total	\$ 7,075,111	\$ (348,745)		72%	



Standardized Business License Class Schedule

Staff Recommendations

1. Adopt the Standardized Business License Class Schedule as required by Act 176.
2. Rebalance the Town's business license tax rates to ensure revenue neutral results with a rate increase across all business license class rates of 4.9%.
3. Request the Town Council to amend the Current Business License Ordinance to update the Business License Class Schedule as required by Act 176 of 2020.

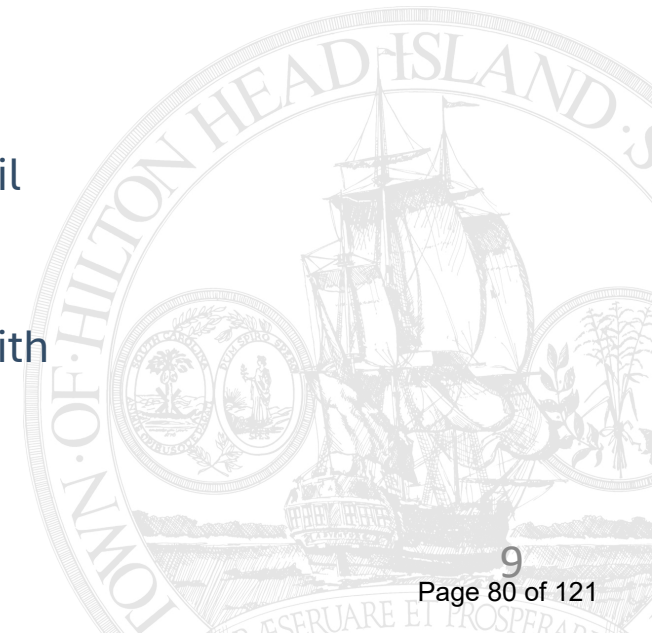




Standardized Business License Class Schedule

Timeline of Events

- **September 30, 2025:** Presentation to the Finance & Administration Committee.
- **October 21, 2025:** First reading of the ordinance by Town Council.
- **November 4, 2025:** Second and final reading of the ordinance by Town Council.
- **November 2025:** Business license software system will be updated with new class schedules to prepare for 2026 business license tax year.
- **December 2025:** Process 2026 business license renewals and prepare to mail renewals to businesses.
- **January 2026:** New Business License Class Schedule will be implemented with notification to businesses of class schedule changes.



Questions?





TOWN OF HILTON HEAD ISLAND

TOWN COUNCIL

TO: Town Council
FROM: John McGowan, Assistant Finance Director
CC: Marc Orlando, ICMA-CM, Town Manager
David Byrd, Finance Director
DATE: November 4, 2025
SUBJECT: Consideration of an Ordinance Providing for the Issuance and Sale of the Town of Hilton Head Island Special Obligation Bonds (Beach Preservation Fee Pledge), in One or More Series, in the Principal Amount of Not Exceeding \$19,000,000; 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 Severability and an Effective Date - Second Reading

RECOMMENDATION:

Town Staff recommends Town Council pass the Second Reading of an Ordinance authorizing the issuance of Special Obligation (Beach Preservation Fee Pledge) Bonds in the amount of \$19 million to support partial funding of the current Beach Renourishment Project.

BACKGROUND:

The Town's 14 miles of beaches are at the heart of our tourist-driven economy. Every seven to ten years, depending on storm activity, the Town has engaged outside contractors to renourish its beaches. The Town has issued debt in 2017 (\$30,075,000), 2011 (\$11 million), and 2006 (\$19 million) to support these past Beach Renourishment projects. These previous bond issues have all been fully paid through the Beach Preservation Fee collections.

The Town is currently undergoing a beach renourishment project. The Town selected Marinex Construction in May 2025 to carry out the majority of the Beach Renourishment Project. In addition, the Town selected Cape Romain Contractors, Inc. in September of 2025 for an additional portion of shoreline renourishment, including Pine Island. The total renourishment project is expected to cost approximately \$50 million.

Town Council considered funding options at the Beach Renourishment workshops on 10/30/24 and 2/25/25, as well as at the most recent CIP workshop of 8/26/25. At the 9/30/26 Finance & Administration Committee meeting, the Committee voted 3-0 to

recommend Town Council adopt an Ordinance authorizing the \$19 million in Special Obligation (Beach Preservation Pledge) Bonds. At the 10/21/25 Town Council Meeting's First Reading of the Ordinance, Town Council voted 7-0 to adopt the Ordinance.

SUMMARY:

The consensus from these public meetings was that the best way for the Town to pay for the needed beach renourishment project would be via a combination of Beach Preservation Fee cash reserves and borrowing via a bond issue. The proposed \$19 million in bonds would be paid back over 7 years through collections of the Beach Preservation Fees.

The Town, via First Tryon Advisors, released a Request for Proposal on 10/22/25, seeking competitive bids for the proposed bond financing. If the Second Reading of the Supplemental Bond Ordinance is passed by Town Council on 11/4/25, the Town Manager will select the most optimal proposal for the Town on 11/12/25. Upon execution of the bond documents, on 12/3/25 the Town will receive from the selected financial institution approximately \$19,000,000 in bond proceeds, which will be distributed to the Beach Preservation Fee Fund to be used to fund a portion of the Town's ongoing Beach Preservation Project.

The Town will repay the bondholders from Beach Preservation Fees through our Bond Trustee, Regions Bank, over a 7-year term, which aligns with the anticipated useful life of the Beach Renourishment Project.

This bond issue will allow the Town to:

- a) Maintain a strong Beach Preservation Fee fund balance, in excess of the minimum fund balance policy of \$20 million
- b) Provide additional financial flexibility in the event of a natural disaster
- c) Support compliance with Beach Preservation Fee Fund minimum fund balance policy of \$20 million
- d) Align its 7 years of annual beach preservation fee principal and interest payments with the Beach renourishment project's expected minimum useful life of 7 years, thus offering a more equitable and financially sustainable approach relative to funding the entire capital project via past-accumulated cash balances
- e) The proposed bond issue will not count against the Town's 8% General Obligation Bond capacity. The proposed issue will remain as a long-term financial obligation of the Town until fully repaid

Key Dates & Milestones:

October 21 - Town Council Meeting: First Reading of the Supplemental Ordinance (completed)

October 22 - Send RFP to Bidders (completed)

November 4 - Town Council Meeting: Second Reading of the Supplemental Ordinance

November 12 - Bid Submission Deadline; Call with Financing Team to Review Bids

December 3 - Formal Bid Award and Financial Closing

ATTACHMENTS:

1. Town of Hilton Head Island Third Supplemental Ordinance (2025 Beach Preservation Fee)
2. Request for Proposal (RFP) to be distributed to Financial Institutions
3. Supplemental Information, including potential Bond Issue Debt Service Schedule and potential Beach Preservation Fee Fund FY2026 Cash Flow
4. Calculations of Anticipated Future Cash Flows and Annual Fund Balances

ORDINANCE NO. _____

PROPOSED ORDINANCE NO. _____

THIRD SUPPLEMENTAL ORDINANCE

PROVIDING FOR THE ISSUANCE AND SALE OF TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, SPECIAL OBLIGATION BONDS (BEACH PRESERVATION FEE PLEDGE), IN ONE OR MORE SERIES, IN THE PRINCIPAL AMOUNT OF NOT EXCEEDING \$19,000,000; 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 Beach Preservation Fees (as defined in the General Bond Ordinance); and

WHEREAS, the Town is presently undertaking, and contemplating the future undertaking, of the New Projects (as defined herein); and

WHEREAS, the Town desires to issue not exceeding \$19,000,000 principal amount of its Special Obligation Bonds (Beach Preservation Fee Pledge), in one or more series (the "New Bonds") to finance, among other things, the Costs of Acquisition and Construction of the New Projects; and

WHEREAS, the Council has been advised that in order to finance the New Projects, the 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 COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, IN COUNCIL ASSEMBLED:

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

"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.

“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 Third 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.

“Custodian” shall mean one or more banks or financial institutions to hold the Series Construction Fund, if any, as selected by the Town Manager pursuant to Section 11 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).

“General Bond Ordinance” shall mean Ordinance No. 2011-18 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 February 1 and August 1 of each year, commencing February 1, 2026, 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 Bonds (Beach Preservation Fee Pledge), issuable in one or more series, in the aggregate principal amount of not exceeding \$19,000,000 authorized to be issued hereunder.

“New Projects” shall mean, collectively, any of the following Projects (as defined in the General Bond Ordinance) which may be financed in whole or in part with the proceeds of the New Bonds, including

South Beach/South Island, Central Island, The Heel, Fish Haul Creek and Pine Island, and such other Projects as may be approved by the Town Manager and permitted by the Beach Preservation Fee Ordinance.

“Paying Agent” shall mean the bank or financial institution appointed by the Town Manager as Paying Agent under the Ordinance.

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

“Purchaser” shall mean the respective original purchasers of such New Bonds that are issued on a private placement basis, and their successors or assignees.

“Registrar” shall mean the bank or financial institution appointed by the Town Manager as Registrar under the Ordinance.

“Series Construction Fund” shall mean one or more Funds 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 Acquisition and Construction of the New Projects (including the Costs of Issuance). Pursuant to Section 9, each Series Construction Fund 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.

“Third Supplemental Ordinance” shall mean shall mean this Third Supplemental Ordinance enacted by the Town Council authorizing the New Bonds, which amends and restates the Prior Ordinance in its entirety.

“Trustee” shall mean Regions Bank, or any bank or financial institution appointed by the Town Manager as successor Trustee under the Ordinance.

“Underwriter” shall mean such bank or financial institution selected by the Town Manager pursuant to Section 11 hereof, if the New Bonds are issued through a public offering, and their successors or assignees.

“Value” or “Values” means, if a Surety Bonds 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 Accommodations Fee Act authorize the Town to issue Bonds in order to finance Projects (as defined in the General Bond Ordinance). This Third 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. As of the date hereof, there are no other Bonds Outstanding (as such terms are defined in the Ordinance) under the Ordinance.

(c) The Beach Preservation Fees pledged under the Ordinance are or will not be encumbered by any lien and charge thereon or pledge thereof, other than the pledge thereof created by the General Bond Ordinance and this Third 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 Costs of Acquisition and Construction (as defined in the General Bond Ordinance) of the New Projects are \$47,500,000.

(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) financing all or a portion of the Costs of Acquisition and Construction of the New Projects, (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 Issuance of the New Bonds.

(g) The period of usefulness of the New Projects will be in excess of seven (7) years from the date of the acquisition thereof.

(h) 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 \$19,000,000 in accordance with the Bond Act, the Accommodations Fee Act, the Ordinance and this Third Supplemental Ordinance for the purposes set forth above.

Section 3. Authorization of 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 Bonds (Beach Preservation Fee Pledge), Series (year)” (the “New Bonds”), 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 \$19,000,000. 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 August 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 thereof, or in such other denominations determined by the Town Manager pursuant to Section 11 hereof. 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 Third 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 the back of 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, 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 Third 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 Third 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 denominations; 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 thirty (30) 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 Beach Preservation Fees of the Town in accordance with the provisions of the Ordinance and this Third Supplemental Ordinance. The New Bonds shall be secured by a pledge of Beach Preservation Fees on a parity with the pledge of Beach Preservation Fees securing the payment of any Bonds hereafter 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 Beach Preservation 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. In accordance with Section 6.6(a), (b) and (c) of the General Bond Ordinance, there is hereby directed to be established within each respective Series Debt Service Fund an Interest Account, a Principal Account and, if applicable, a Bond Redemption Account for the payment of interest, principal and sinking fund installment requirements of Term Bonds, respectively, on the New Bonds as the same become due and payable.

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. A Series Reserve Fund Requirement shall be deemed permanently satisfied to the extent a Surety Bond or Letter of Credit is deposited with the Trustee for the benefit of the Holders of the applicable Series of New Bonds notwithstanding any downgrade to bond insurer ratings to the provider of such Surety Bond or Letter of Credit.

Section 9. Series Construction Fund.

There is hereby created and established the Series Construction Fund, 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 Construction Fund" with respect to the related Series of New Bonds. If the Series Construction Fund is held by a Custodian, the Town Manager is authorized and directed to negotiate, execute and deliver such construction fund agreements or other agreements with such bank or other financial institution as may be necessary or desirable in connection therewith. The Series Construction Fund 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 Custodians. The moneys on deposit in the Series Construction Fund shall be used and applied to pay all or a portion of the Costs of Acquisition and Construction of the New Projects, including all Costs of Issuance related to the New Bonds.

Moneys held for the credit of the Series Construction Fund 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 Construction Fund shall be made in the manner withdrawals from other funds of the Town are made.

If after the payment in full of all costs of the New Projects and Costs of Issuance or after adequate provision has been made for such payment any moneys remain in the Series Construction Fund, 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. It is hereby desired that Regions Bank be appointed to serve as Trustee, Registrar and Paying Agent under the Ordinance and Town Council hereby delegates to the Town Manager the authority to execute such documents and take such actions as necessary in connection therewith, and to designate or appoint a successor bank or financial institution (as applicable) as the Trustee, Registrar and Paying Agent under the terms and conditions provided in the Ordinance. The Trustee, Registrar and Paying Agent shall signify their acceptances of their respective duties upon delivery of the New Bonds.

Section 11. Sale and Issuance of New Bonds.

- (a) Without further authorization, the Council hereby authorizes the Town Manager to:
 - (i) determine the respective sale date, original issue date and date of delivery for each Series of the New Bonds;
 - (ii) determine whether to issue the New Bonds in one or more series;
 - (iii) determine the aggregate principal amounts and authorized denominations of each Series of New Bonds;
 - (iv) determine the principal repayment schedule for the applicable New Bonds and the Principal Payment Dates of the applicable New Bonds if different from that set forth herein;

(v) determine the Interest Payment Dates and initial Interest Payment Date for the applicable New Bonds if different from that set forth herein;

(vi) determine the optional and mandatory redemption terms for the applicable New Bonds, and determine whether all or a portion of a Series of New Bonds shall be issued as term bonds and, if so, the principal amounts and maturity dates of the bonds subject to mandatory sinking fund redemption;

(vii) determine the Trustee, Paying Agent, Registrar with respect to the New Bonds and the Custodian, if any, for the Series Construction Fund;

(viii) determine whether a Series Debt Service Reserve Fund will be established and funded with respect to each respective Series of New Bonds and, if so, the amount of the Series Reserve Fund Requirement and the manner in which the Series Reserve Fund Requirement will be satisfied (including, but not limited to, whether to purchase a Surety Bond);

(ix) determine whether a Letter of Credit will be procured with respect to the respective Series of New Bonds;

(x) determine whether a portion of the proceeds of a Series of New Bonds shall be used to pay a portion of the interest due and payable on such Series of New Bonds;

(xi) determine the manner of sale of the applicable Series of New Bonds (i.e., whether such New Bonds shall be sold through a private placement transaction with a bank or other financial institution, or sold to an Underwriter pursuant to one or more Bond Purchase Agreements (as such term is defined below)), and determine whether the Book-Entry System of transfer will apply to such New Bonds;

(xii) in the event a Series of New Bonds is not sold to an Underwriter:

1. negotiate the sale of the applicable Series of New Bonds with one or more prospective Purchasers on such terms as the Town Manager may determine to be most advantageous to the Town, or, in the alternative, approve the forms of one or more Requests for Proposals with respect to the applicable New Bonds and the distribution of such Requests for Proposals to various banks and other financial institutions in the Town and other areas as the Town Manager or Finance Director of the Town determines;

2. determine the dates and times for receipt of bids under the applicable Request for Proposals;

3. award the sale of the applicable New Bonds to the bidder or bidders providing the most advantageous proposals therefor in accordance with the terms of the applicable Request for Proposals, or reject all bids and negotiate the sale of the applicable Series of New Bonds directly with one or more prospective Purchasers (without regard to whether such prospective Purchasers submitted proposals in response to a Request for Proposals) and award the sale of the applicable Series of New Bonds to one or more Purchasers on such terms as the Town Manager may determine to be most advantageous to the Town;

(xiii) in the event a Series of New Bonds is sold to an Underwriter:

1. determine the date and time of sales of the respective New Bonds and the interest rates for each Series of New Bonds;

2. approve any original issue discount or original issue premium at which each Series of New Bonds will be sold, or whether any Underwriter's discount or other fee will be paid to the purchasers of such Series of New Bonds;

3. enter into, on behalf of the Town, one or more bond purchase agreements (each a "Bond Purchase Agreement") to be dated the date of their execution. Upon the submission of any such Bond Purchase Agreement by the applicable Underwriter, the Town Manager shall further determine that the Bond Purchase Agreement is fair and reasonable and in the best interest of the Town; that the applicable Series of New Bonds shall be sold to the applicable Underwriter upon the terms and conditions set forth in such 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 have been met. The Town Manager is authorized and directed to execute such Bond Purchase Agreement, and deliver such executed Bond Purchase Agreement to the applicable Underwriter, the execution and delivery of the Bond Purchase Agreement constituting conclusive evidence of the Town Manager's approval of the matters therein contained;

4. negotiate and approve one or more Preliminary Official Statements relating to one or more Series of New Bonds. The Town Manager is hereby authorized to "deem final" the Preliminary Official Statement for purposes of complying with the requirements set forth in Rule 15c2-12 of the Securities and Exchange Commission promulgated under the Securities Exchange Act of 1934, as amended;

5. approve a final Official Statement of the Town to be dated of even date with the execution and delivery of the applicable Bond Purchase Agreement relating to the Series of New Bonds substantially in the form of the Preliminary Official Statement, with such modifications as the Town Manager may approve. The Town Manager is hereby authorized and directed to execute copies of the final Official Statement and deliver the same to the applicable 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, the final Official Statement, the General Bond Ordinance, this Fifth Supplemental Ordinance, and the information contained herein and therein in connection with the public offering and sale of a Series of New Bonds by the applicable Underwriter;

(xiv) negotiate the terms of, execute in the name and on behalf of the Town, and deliver any escrow agreements, investment agreements, forward delivery agreements, repurchase agreements, guaranteed investment contracts, agreements related to Surety Bonds or Letters of Credit, and any other agreements in connection with each Series of 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;

(xv) determine whether any Series of New Bonds shall be issued on a federal tax-exempt basis and, if issued on a federal tax-exempt basis, whether any Series of New Bonds shall be designated as a "qualified tax-exempt obligation" under Section 265(b)(3) of the Code;

(xvi) determine whether the provisions of Section 6.11 of the General Bond Ordinance

shall be applicable to the payment of the New Bonds; and

(xvii) agree to any other covenants, terms, provisions and matters necessary or advisable to effect the issuance of the New Bonds, including such terms as may be requested by the respective Purchasers or Underwriter.

In the event any of the foregoing items (i) through (xvii) have already been determined or undertaken by the Town Manager, such actions are hereby ratified by the Council.

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

(c) 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.

Section 12. 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 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) The remainder of the proceeds of any Series of the New Bonds shall be deposited into the Series Construction Fund established in Section 9 hereof to pay all or a portion of the Costs of Acquisition and Construction for the New Projects, including Costs of Issuance, for such Series of New Bonds.

The respective amounts specified in this Section 12 shall be determined by the Town upon delivery of any Series of the New Bonds.

Section 13. Federal Tax Covenant. 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.

The Town Manager shall be authorized and directed to prepare and adopt written procedures with respect to tax-exempt debt, including but not limited to the Tax-Exempt Bonds.

To the extent that the Town Manager determine that a Series of New Bonds will be designated as a “qualified tax-exempt obligation” as defined in Section 265 of the Code, the Town Manager are authorized and directed to make and deliver all necessary or desirable certifications and determinations on behalf of the Town in connection with such designation.

This Third Supplemental Ordinance shall constitute the Town’s declaration of official intent pursuant to Regulation §1.150-2 of the Code to reimburse the Town from a portion of the proceeds of the New Bonds for expenditures the Town anticipates incurring (the “Expenditures”) with respect to the Projects prior to the issuance of the Series of New Bonds relating thereto. Expenditures which may be reimbursed are limited to Expenditures which are: (a) properly chargeable to capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Regulation §1.150-2 of the Code) under general federal income tax principles; or (b) certain *de minimis* or preliminary Expenditures satisfying the requirements of Regulation §1.150-2(f) of the Code. The sources of funds for the Expenditures with respect to the Projects will be available Beach Preservation Fees and general funds of the Town. To be eligible for reimbursement of the Expenditures, the reimbursement allocation must be made not later than 18 months after the later of (a) the date on which the Expenditures were paid; or (b) the date the applicable Projects were placed in service, but in no event more than three (3) years after the original Expenditures.

Section 14. 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 Beach Preservation Fees or the Town's tax base.

The only remedy for failure by the Town to comply with the covenant of this Section 14 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 Third 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 Third 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 15. Modification of General Bond Ordinance. The following provisions of the General Bond Ordinance are hereby amended, which amendments to the General Bond Ordinance hereinafter set forth below shall not become effective until the earlier of: (1) all the Outstanding Bonds (other than the New Bonds) shall cease to be Outstanding; or (2) the Holders of 66 2/3% in principal amount of the Bonds (as defined in the General Bond Ordinance) then Outstanding assent to and authorize any modification or amendment to the General Bond Ordinance as amended in accordance with Article IX of the General Bond Ordinance; provided, that the holders of the New Bonds are deemed to have consented to such amendments by their purchase and acceptance of such New Bonds. Any Bonds (as defined in the General Bond Ordinance), including the New Bonds, issued after the date of enactment of this Third Supplemental Ordinance shall contain a reference to the amendments herein made:

(1) Section 1.1 of the General Bond Ordinance shall be amended by:

(a) inserting the following text at the end of the definition of “Debt Service”:

; and provided further, that, in the case of Bonds which have been or shall be issued as obligations for which the Town has or shall be entitled to receive a payment or other form of credit that effectively reduces the Town’s debt service payment obligation therefor, the amount to be paid or set aside in the applicable Debt Service Fund in each Fiscal Year for such payment of Debt Service shall be reduced by the payment that the Town has or shall be entitled to receive for such purpose.

(b) inserting the following text at the end of the definition of “Maximum Debt Service”:

and, in the case of Bonds which have been or shall be issued as obligations for which the Town has or shall be entitled to receive a payment or other form of credit that effectively reduces the Town’s debt service payment obligation therefor, the amount to be paid or set aside in the applicable Debt Service Fund in each Fiscal Year for such payment of Debt Service shall be reduced by the payment that the Town has or shall be entitled to receive for such purpose.

(2) Section 3.3 of the General Bond Ordinance shall be amended by deleting paragraph (C) in its entirety and replacing it with the following text:

C. For the issuance of Bonds to finance the Costs of Acquisition and Construction, or a portion thereof, of any Projects (other than the Series 2011 Bonds issued pursuant to this Ordinance and the First Supplemental Ordinance), there shall be delivered a certificate or report from the Town Manager or the Finance Director of the Town, which report need not be based upon audited financial statements of the Town, stating that the amount of the Beach Preservation Fees collected by the Town during any consecutive twelve (12) month period out of the last twenty-four (24) month period prior to the date on which the Bonds are proposed to be issued is not less than 120% of the sum of the Maximum Annual Payments (as defined in the 2006 Installment Sale Agreement) relating to the 2006 Certificates and the Maximum Debt Service on Bonds then Outstanding and the Bonds then proposed to be issued.

(3) Section 4.1 of the General Bond Ordinance shall be amended by replacing “Mayor of the Town” with the language “Mayor of the Town (or in his or her absence the Mayor Pro Tempore).”

(4) Section 6.6 of the General Bond Ordinance shall be amended by deleting paragraphs (a), (b), (c) and (d) thereof in their entirety and replacing them with the following text:

(a) *Interest Account.* There shall be established and maintained for the purpose of paying the interest on each Series of Bonds as the same becomes due and payable an Interest Account in the respective Debt Service Funds. Unless and except as is otherwise set forth herein or in a Supplemental Ordinance, not later than the tenth (10th) Business Day preceding an Interest Payment Date, the Town shall transfer or cause to be transferred to the Trustee for deposit into the respective Debt Service Funds and ratably with respect to separate Series of Bonds to the credit of the Interest Account Beach Preservation Fees in an amount which will, together with any other funds on deposit from whatever source in the Interest Account of the respective Debt Service Fund, on such date be equal to the installment of interest then falling due on the respective Series of Bonds then Outstanding. In making any of the deposits to the Interest Account required by this paragraph (a), consideration shall be given to and allowance made for accrued interest received upon delivery of each Series of Bonds to the initial purchasers and for any other credits (including but not limited to capitalized interest with respect to each Series of Bonds) otherwise made to such Interest Account. To the extent moneys derived from other sources have been transferred or allocated for credit to the Interest Account on or before ten (10) Business Days prior to the Interest Payment Date as described above, the amount of Beach Preservation Fees to be transferred or allocated for credit to such Interest Account shall be reduced or eliminated by the amount of such moneys transferred or allocated for credit to the Interest Account. To the extent the provisions of Section 6.11 hereof are incorporated into the Supplemental Ordinance relating to a particular Series of Bonds, if at any time the Finance Director of the Town determines that sufficient Beach Preservation Fees or other amounts will not be available for transfer to the Trustee for deposit into the applicable Interest Account relating to such Series of Bonds by the tenth (10th) Business Day prior to an Interest Payment Date, the Finance Director of the Town or the Town Manager shall request Council to make a budgetary appropriation from sources or funds lawfully available in the amount of the insufficiency and, subject to the provisions of Section 6.11 hereof, the Town shall, on or before the fifth (5th) Business Day prior to such Interest Payment Date, transfer amounts to the Trustee for deposit into the applicable Interest Account (until the moneys on deposit therein equal the amount needed) such that the aggregate of the amounts so paid and credited to the Interest Account would on such Interest Payment Date be equal to the installment of interest then falling due.

(b) *Principal Account.* There shall be established and maintained for the purpose of paying the principal of each Series of Bonds as they mature a Principal Account in the respective Debt Service Funds. Unless and except as is otherwise set forth herein or in a Supplemental Ordinance, not later than the tenth (10th) Business Day preceding any Principal Payment Date, the Town shall transfer or cause to be transferred to the Trustee for deposit into the respective Debt Service Funds and ratably with respect to separate Series of Bonds to the credit of the Principal Account Beach Preservation Fees in an amount which will, together with any other funds on deposit from whatever source in the Principal Account of the respective Debt Service Fund, provide sufficient funds to pay the aggregate amount of the principal of Bonds coming due on such Principal Payment Date. In making any of the deposits to the Principal Account required by this paragraph (b), consideration shall be given to and allowance made for any other credits otherwise made to such Principal Account. To the extent moneys derived from other sources have been transferred or allocated for credit to the Principal Account on or before ten (10) Business Days prior to the Principal Payment Date as described above, the amount of Beach Preservation Fees to be transferred or allocated for credit to such Principal Account shall be reduced or eliminated by the amount of such moneys transferred or allocated for credit to the

Principal Account. To the extent the provisions of Section 6.11 hereof are incorporated into the Supplemental Ordinance relating to a particular Series of Bonds, if at any time the Finance Director of the Town determines that sufficient Beach Preservation Fees or other amounts will not be available for transfer to the Trustee for deposit into the applicable Principal Payment Account relating to such Series of bonds by the tenth (10th) Business Day prior to a Principal Payment Date, the Finance Director of the Town or the Town Manager shall request Council to make a budgetary appropriation from sources or funds lawfully available in the amount of the insufficiency and, subject to the provisions of Section 6.11 hereof, the Town shall, on or before the fifth (5th) Business Day prior to such Principal Payment Date, transfer amounts to the Trustee for deposit into the applicable Principal Account (until the moneys on deposit therein equal the amount needed) such that the aggregate of the amounts so paid and credited to the Principal Account would on such Principal Payment Date be equal to the installment of principal then falling due.

(c) *Bond Redemption Account.* There shall be established and maintained, in order to meet the specified sinking fund installment requirements of Term Bonds and to otherwise retire Term Bonds prior to maturity, a Bond Redemption Account in the respective Debt Service Fund. Unless and except as is otherwise set forth herein or in a Supplemental Ordinance, not later than the tenth (10th) Business Day preceding the date a sinking fund installment of Term Bonds of each Series falls due the Town shall transfer or cause to be transferred to the Trustee for deposit into the respective Debt Service Fund and ratably with respect to separate Series of Bonds to the credit of the Bond Redemption Account Beach Preservation Fees in an amount that would be equal to the sinking fund installment of principal then falling due on the respective Series of Term Bonds then Outstanding. The Trustee shall apply the moneys credited to the Bond Redemption Account as sinking fund installments to the retirement of the Term Bonds of each respective Series by redemption in accordance with the Supplemental Ordinance providing for the issuance of such Series of Bonds, without further authorization or direction, on each date upon which a sinking fund installment is due with respect to the Term Bonds of such Series. The Trustee shall keep and retain accurate records of application of each deposit of funds under this paragraph (c). The Trustee shall give notice of all such redemptions in the name and on the behalf of the Town in accordance with the provisions of Article V hereof. In making any of the deposits to the Bond Redemption Account required by this paragraph (c), consideration shall be given to and allowance made for any other credits otherwise made to such Bond Redemption Account. To the extent moneys derived from other sources have been transferred or allocated for credit to the Bond Redemption Account on or before ten (10) Business Days prior to the date a sinking fund installment of Term Bonds of each Series falls due as described above, the amount of Beach Preservation Fees to be transferred or allocated for credit to such Bond Redemption Account shall be reduced or eliminated by the amount of such moneys transferred or allocated for credit to the Bond Redemption Account. To the extent the provisions of Section 6.11 hereof are incorporated into the Supplemental Ordinance relating to a particular Series of Bonds, if at any time the Finance Director of the Town determines that sufficient Beach Preservation Fees or other amounts will not be available for transfer to the Trustee for deposit into the applicable Bond Redemption Account relating to such Series of Bonds by the tenth (10th) Business Day preceding the date a sinking fund installment is due, the Finance Director of the Town or the Town Manager shall request Council to make a budgetary appropriation from sources or funds lawfully available in the amount of the insufficiency and, subject to the provisions of Section 6.11 hereof, the Town shall, on or before the fifth (5th) Business Day prior to the date such sinking fund installment is due, transfer amounts to the Trustee for deposit into the applicable Bond Redemption Account (until the moneys on deposit therein equal the amount

needed) such that the aggregate of the amounts so paid and credited to the Bond Redemption Account would on the date such sinking fund installment is due be equal to the sinking fund installment then falling due on the respective Series of Bonds then Outstanding.

(d) If, on the dates when the payments required by paragraphs (a), (b) and (c) of this Section are to be made, the aggregate of (i) the payments actually made pursuant to said paragraphs (a), (b) and (c), and (ii) the remaining payments to be made prior to the next succeeding date on which principal or interest, or both, as the case may be, will be due and payable, are less than the sum required to be transferred to a Debt Service Fund to effect the payment of the succeeding installment of principal or interest, or both, as the case may be, moneys in the applicable Debt Service Reserve Fund, if any, equal to such deficiency shall be added to the payment to be made pursuant to said paragraphs (a), (b) and (c). In the event of such transfer, the Trustee shall promptly give telephonic notice of such transfer to the Town and, within ten days after making the transfer, provide written notice to the Town of the amount and date of such transfer.

(5) Section 6.7 of the General Bond Ordinance shall be amended by adding the language “following such partial redemption” at the end of paragraph (b)(3) thereof and by deleting paragraph (d) thereof in its entirety and replacing it with the following text:

(d) Unless otherwise provided in a Supplemental Ordinance, if the Trustee sends written notice to the Town stating that a deficiency exists in the applicable Debt Service Reserve Fund (whether due to a transfer therefrom pursuant to Section 6.6(d) or a valuation thereof determined as of the valuation dates and in accordance with the method specified in Section 6.10 hereof), then there shall be deposited from available Beach Preservation Fees (remaining after required deposits have been made into the Debt Service Funds) into the applicable Debt Service Reserve Fund over the next succeeding twelve (12) months, successive equal monthly installments of the amount necessary to re-establish in the applicable Debt Service Reserve Fund its respective Reserve Fund Requirement (upon receipt of each of which installments, the Trustee shall promptly send an updated written notice to the Town as to the remaining deficiency therein). To the extent the provisions of Section 6.11 hereof are incorporated into the Supplemental Ordinance relating to a particular Series of Bonds, in the event sufficient Beach Preservation Fees or other amounts have not been transferred to the Trustee for deposit into the applicable Debt Service Reserve Fund relating to such Series of Bonds by the end of the twelve (12) month period set forth above, the Finance Director of the Town or the Town Manager shall request Council to make a budgetary appropriation from sources or funds lawfully available in the amount of the insufficiency and, subject to the provisions of Section 6.11 hereof, the Town shall, within thirty (30) Business Days of the end of such twelve (12) month period, transfer sufficient amounts to the Trustee for deposit into the applicable Debt Service Reserve Fund so that the moneys on deposit therein equal the applicable Reserve Fund Requirement relating thereto.

(6) Section 6.10 of the General Bond Ordinance shall be amended by:

(a) deleting the first two sentences of the second paragraph in their entirety and replacing them with the following text:

The Trustee shall evaluate on an annual basis Permitted Investments in the Debt Service Reserve Fund, if any, established by this Ordinance and forward such valuation to the Town. Until changed pursuant to written instructions from the Town, such valuation shall be made not less than one time each calendar year.

(b) deleting the last sentence of the second paragraph in its entirety and replacing it with the following text:

Deficiencies in the amount on deposit in the Debt Service Reserve Funds resulting from a decline in market value shall be restored in equal, successive monthly installments within twelve (12) months of such shortage.

(c) deleting the third paragraph in its entirety and replacing it with the following text:

The value of Permitted Investments (except investment agreements) shall be determined by the Trustee or the Custodian or other depository at the market value or the amortized cost thereof, whichever is lower, exclusive of accrued interest, provided, however, Permitted Investments in any Debt Service Reserve Fund shall be valued at the original cost thereof if the maturity thereof is one year or less and shall be valued at market value and marked to market annually if the maturity thereof is longer than one (1) year.

(7) The following text will be added as a new Section 6.11 of the General Bond Ordinance:

Section 6.11. Appropriation of Moneys for Debt Service. A Supplemental Ordinance may incorporate by reference the provisions of this Section 6.8. If prior to any Interest Payment Date or Principal Payment Date, or both, there are insufficient Beach Preservation Fees to make the transfers required by Section 6.6 hereof to any Debt Service Fund or required by Section 6.7 hereof to any Debt Service Reserve Fund, subject to appropriation by Council, by ordinance duly enacted, from sources or funds lawfully available therefor, the Town shall transfer to the Trustee, on or prior to the date a payment is due to such Debt Service Fund or Debt Service Reserve Fund, an amount equal to such shortfall, for further credit or allocation by the Trustee to the appropriate accounts in the applicable Debt Service Funds or Debt Service Reserve Funds. The payment obligation described in this Section 6.11 shall constitute a current expense of the Town and shall not in any way be construed to be a debt of the Town in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness of the Town, nor shall anything contained herein constitute a pledge of the general tax revenues, funds, moneys or credit of the Town. 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 or a Supplemental Ordinance to the contrary, shall not constitute a default or Event of Default under this Ordinance or a Supplemental Ordinance.

(8) Section 9.1(B) of the General Bond Ordinance shall be amended by adding the following text prior to the last sentence of such paragraph:

The Town expressly authorizes the underwriter or purchaser of any Series of Bonds, or provider of bond insurance for any Series of Bonds, to assent to and consent to such amendments to this General Bond Ordinance as contemplated by this paragraph in the same manner as the Holders of the Bonds.

Section 16. 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 issuance of the New Bonds, to elect to purchase the Surety Bond and to carry out the intentions of this Third Supplemental Ordinance.

Section 17. 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 Third Supplemental Ordinance.

Section 18. 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

If to the Paying Agent, the Registrar or the Trustee, the address so designated by them to the Town Manager when the New Bonds are issued.

The Town, the Paying Agent, the Registrar and the Trustee 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 19. Repeal of Inconsistent Ordinances and Resolutions. All ordinances and resolutions of the Town, and any part of any ordinance or resolution, inconsistent with this Third Supplemental Ordinance are hereby repealed to the extent of such inconsistency.

Section 20. Severability. If any sections, phrase, sentence or portion of this Third 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 21. Effective Date. This Third 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, SOUTH CAROLINA ON THIS ____ DAY OF _____, 2025.

Alan Perry, Mayor

ATTEST:

Kimberly Gammon
Town Clerk

APPROVED AS TO FORM:

Curtis L. Coltrane, Town Attorney

First Reading:
Second Reading:

Introduced by Council Member:

[Signature page]

FORM OF NEW BOND

[DTC Legend]

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA
SPECIAL OBLIGATION BONDS (BEACH PRESERVATION FEE PLEDGE),
SERIES _____

No. R-____

Interest RateMaturity DateIssue DateCUSIP

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 Regions Bank, in Atlanta, Georgia, 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 February 1 and August 1 of each year beginning February 1, 2026 (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 Regions Bank, 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, TITLE 6, CHAPTER 1, ARTICLE 5, AND SECTION 6-1-760, 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 BEACH PRESERVATION 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. 2011-18 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 Council on _____, 2025 (the "Third Supplemental Ordinance") (the General Bond Ordinance and the Third Supplemental Ordinance are herein collectively referred to as the "Ordinances") for the purpose of providing moneys, to (i) finance a portion of all or a portion of the New Projects, (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; 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; and sets forth certain amendments to the General Bond Ordinance, including specifically such amendments set forth in Section 18 of the Third Supplemental Ordinance. 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 Beach Preservation Fees imposed and collected by the Town, which pledge is on a parity with the pledge thereof securing any Bonds (as defined in the General Bond Ordinance) issued from time to time hereafter. [In addition, subject to the limitations and provisions in Section 6.11 of the General Bond Ordinance, in the event there are insufficient Beach Preservation Fees to make the transfers required by the Ordinances to the Series Debt Service Fund [or the Series Debt Service Reserve Fund] established in connection with this Bond, subject to appropriation by Council, by ordinance duly enacted, from sources or funds lawfully available therefor, the Town has agreed to transfer to the Trustee an amount equal to such shortfall, for further credit or allocation by the Trustee to the appropriate accounts in the Series Debt Service Fund [or the Series Debt Service Reserve Fund]. Such payment obligation constitutes a current expense of the Town and shall not in any way be construed to be a debt of the Town in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness of the Town, and such obligation shall not constitute a pledge of the general tax revenues, funds, moneys or credit of the Town. Any such budgetary appropriation shall be subject in all respects to the discretion of the Council, and any failure to make such an appropriation shall not constitute a default or Event of Default under this Bond or the Ordinances.]

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.

REGIONS BANK, 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, 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.

Request for Proposals
\$19,000,000*
Town of Hilton Head Island, South Carolina
Special Obligation Bond (Beach Preservation Fee Pledge), Series 2025

Bid Date: Wednesday, November 12, 2025
Bid Time: 12:00 pm

The Town of Hilton Head Island, South Carolina (the "Town"), is requesting proposals from financial institutions with respect to a commercial loan to be evidenced by its \$19,000,000* Special Obligation Bond (Beach Preservation Fee Pledge), Series 2025 (the "Bond"). Your response to this Request for Proposals ("RFP") would be greatly appreciated. The following key assumptions and information are to be utilized in preparing your proposal:

- Issuer:* Town of Hilton Head Island, South Carolina.
- Use of Proceeds:* Proceeds of the Bond, together with other funds of the Town, will be used to (a) finance the renourishment of beaches adjacent to certain areas within the Town as well as such other projects as may be approved by the Town Manager and permitted by the Beach Preservation Fee Ordinance (as defined below) and (b) pay cost of issuance of the Bond.
- Tax Treatment:* Tax-Exempt.
- Bank Qualified:* No.
- Authorization:* The Bond will be issued by the Town pursuant to the provisions of Title 6, Chapter 21, Title 6, Chapter 1, Article 5, and Section 6-1-760 of Code of Laws of South Carolina 1976, as amended, and pursuant to a General Bond Ordinance enacted by the Town Council of the Town (the "Council") on September 6, 2011 (the "General Bond Ordinance"), as amended and supplemented by a Third Supplemental Ordinance to be enacted by the Council on or about November 4, 2025 (the "Supplemental Ordinance" and together with the General Bond Ordinance, the "Ordinance"). Certain capitalized terms used herein and not otherwise defined shall have the meaning ascribed thereto in the Ordinance. The General Bond Ordinance and a draft of the Supplemental Ordinance are provided under separate cover.
- Security:* The Bond shall be secured by a pledge of the Town's Beach Preservation Fee (as further described in "Beach Preservation Fee" below). In addition, pursuant to certain amendments to the General Bond Ordinance contained in and effected pursuant to the Supplemental Ordinance, the Ordinance provides that if sufficient Beach Preservation Fee revenues are not available to make the debt service payments on the Bond, Council may, in its discretion, appropriate funds from other lawfully available sources to make such payments. Any such budgetary appropriation shall be subject in all respects to the discretion of Council and any failure to make such an appropriation shall not constitute an event of default. The full faith, credit and taxing powers of the Town are not pledged for the payment of the Bond and the interest thereon.
- The winning bidder (the "Bank") will be the holder of the Bond and therefore a bondholder under the Ordinance. The Town will not grant the Bank any special or additional rights that are not otherwise provided to bondholders in the Ordinance.**
 By its acceptance of the Bond, the Bank will be deemed to consent to the

amendments to the General Bond Ordinance contained in the Supplemental Ordinance.

Beach Preservation Fee:

South Carolina law authorizes the governing bodies of municipalities, upon compliance with certain terms, conditions, and limitations, to impose a local accommodations tax, not to exceed three percent (3.00%).

Pursuant to such authorization, the Council enacted an ordinance in November 1993, as amended by ordinances enacted in May 1994 and June 2006 (collectively, the "Beach Preservation Fee Ordinance"), providing for the imposition, collection and disbursement of a uniform fee of two percent (2%) on gross proceeds derived from the rental of rooms (excluding meeting rooms), campground spaces, recreational vehicle spaces, lodging or sleeping accommodations furnished to transients by any hotel, inn, condominium, motel, "bed and breakfast," residence or any other place in which rooms, lodgings or sleeping accommodations are furnished to transients for a consideration within the Town, said fee being known as the "Beach Preservation Fee." The Beach Preservation Fee Ordinance provides that the gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person for a period of 90 continuous days or more are not considered proceeds from transients.

The following table sets forth the Town's Beach Preservation Fee revenue for the past five fiscal years (FY2021-2025). **As of August 1, 2025, the Town has no outstanding debt secured by the Beach Preservation Fee.**

Fiscal Year (6/30)	Beach Preservation Fees
2021	11,123,801
2022	14,053,062
2023	13,896,931
2024	13,889,049
2025*	14,668,782

*Unaudited

Additional Bonds Test: While the Town does not currently have any outstanding debt secured by the Beach Preservation Fee, pursuant to the Ordinance, the Town may from time to time issue additional Bonds provided that Beach Preservation Fee revenues collected by the Town during the Fiscal Year prior to the Fiscal Year in which the Bonds are proposed to be issued are not less than 120% of the sum of the Maximum Debt Service on Bonds then Outstanding and the Bonds (as such terms are defined in the Ordinance) then proposed to be issued.

Par Amount: \$19,000,000*.

Amortization: The Town has provided a preliminary amortization below which should be used in preparation of your bid. The Town reserves the right to adjust the borrowing amount or adjust the principal structure to generate its desired repayment structure. **A single fixed rate for the entire term of the amortization is required.**

Principal Payment Date	Principal Amount*
8/1/2026	\$ 2,380,000
8/1/2027	2,485,000
8/1/2028	2,590,000
8/1/2029	2,705,000
8/1/2030	2,820,000
8/1/2031	2,945,000
8/1/2032	3,075,000
Total	\$ 19,000,000
Avg. Life	3.887 Years

- Principal Payments:* Annual principal payments on August 1, beginning August 1, 2026.
- Interest Payments:* Semi-annual interest payments (calculated on a 30/360 basis) on February 1 and August 1, beginning February 1, 2026.
- Optional Prepayment:* The Town is flexible with respect to redemption provisions. Proposals with multiple redemption options, including non-callable options or make-whole/prepayment premiums, are permitted.
- Audit:* The Town's annual comprehensive financial reports and budgets are available on the Town's website at the following link: <https://hiltonheadislandsc.gov/finance/>
- Rating:* No credit rating is expected to be obtained for the Bond. However, the Town's Special Obligation Bonds (Beach Preservation Fee Pledge), Series 2017 that were redeemed in full on August 1, 2025 carried ratings of Aa2 and AA+ from Moody's and S&P, respectively. In addition, the Town currently maintains General Obligation Bond ratings of Aaa / AAA / AAA from Moody's, S&P and Fitch, respectively.
- Closing Costs:* None anticipated to be paid to or on behalf of the Bank. Please specify any exceptions.
- Annual/Ongoing Costs:* None anticipated to be paid to or on behalf of the Bank. Please specify any exceptions.
- Closing:* Closing is anticipated to take place on December 3, 2025. The interest rate bid must be held firm until at least this date.
- Ongoing Disclosure:* In accordance with its customary practice, the Town will post its annual financial statements to its website when available. The Town expects these filings will satisfy all financial reporting requirements. If additional information will be requested beyond these filings, describe the specific level, type and frequency of such additional requirements.
- Award:* *The Town expects to accept the successful proposal by the close of business on Thursday, November 13, 2025 (the "Award Date").* The Town reserves the right to request additional information from the bidders and to waive any irregularity or informality and to negotiate provisions and covenants directly with any bidder. The Town also reserves the right to reject all proposals for any reason. Although the selection will be based substantially on lowest total financing cost (including both interest cost and upfront fees and expenses), the Town reserves the right to award the Bond to the bidder that best meets the needs of the Town in the Town's sole and absolute discretion.

Bids containing rates of interest which may adjust upon the occurrence of specified events, including changes in the Internal Revenue Code of 1986, as amended, changes in the bidder's capital requirements or cost of capital or loss of tax exemption (other than due solely to the actions or inactions of the Town), will be rejected. In the event of a tie bid and absent other factors favoring one proposal over another in the Town's sole and absolute discretion, the Bond will be awarded to the bidder whose bid was received first in the Town's sole and absolute discretion.

*Bond Counsel /
Documentation:*

Burr & Forman LLP ("Burr"), Columbia, South Carolina, will serve as Bond Counsel to the Town in connection with the Bond. The legal documentation necessary for the Bond will be prepared by Burr, subject to the review and approval by the Bank and its counsel (if any).

Delivery:

The Bond is expected to be delivered on December 3, 2025. The purchase price then due must be paid in federal funds or other immediately available funds. All proceeds from the purchase of the Bond will be disbursed in accordance with a closing memo distributed prior to closing.

Representations:

The Bank will be required to execute and deliver at closing a letter addressed to the Town and Burr acknowledging, among other things, that (1) no official statement or other offering material has been furnished other than this Request for Proposals ("RFP"); (2) the Bank had an opportunity to make inquiries of, and receive answers from such officials, employees, agents and attorneys of the Town; (3) the Bank has knowledge and experience in financial and business matters, is capable of evaluating the merits and risks of making the loan to be evidenced by the Bond and is financially able to bear the economic risk of holding the Bond; (4) the Bank is acquiring the Bond as a vehicle for making a commercial loan and without a present view to the distribution or resale thereof (subject, nevertheless, to any requirement of law that the disposition of its property shall at all times be under its control) within the meaning of the Federal securities laws; and (5) the Bank is acquiring the Bond solely for its own account and no other person now has any direct or indirect beneficial ownership or interest therein.

The Bank will also be required to covenant that it will not voluntarily dispose of all or any portion of the Bond unless it procures from each assignee thereof representations and covenants in form and content substantially the same as those made by the Bank.

LOAN TREATMENT:

BY SUBMITTING A BID IN RESPONSE TO THIS RFP, EACH BIDDER ACKNOWLEDGES AND REPRESENTS TO THE TOWN AND ITS PROFESSIONAL ADVISORS THAT (1) NO OFFICIAL STATEMENT OR OTHER OFFERING MATERIAL WILL BE FURNISHED OTHER THAN THIS RFP; (2) THE BIDDER HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS, IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF MAKING THE COMMERCIAL LOAN TO BE EVIDENCED BY THE BOND AND IS FINANCIALLY ABLE TO BEAR THE ECONOMIC RISK OF HOLDING THE BOND; (3) NO CUSIP NUMBER WILL BE OBTAINED FOR THE BOND; AND (4) THE BIDDER INTENDS TO ACQUIRE THE BOND SOLELY FOR ITS OWN ACCOUNT AS A VEHICLE FOR MAKING A COMMERCIAL LOAN AND WITH NO PRESENT INTENTION TO DISTRIBUTE OR RESELL THE BOND OR ANY PORTION THEREOF.

Confidentiality:

If requested by a bidder, the Town and its professional advisors will maintain the confidentiality of such bid and the contents therein beginning from the Town's receipt of such bid until the Award Date; however, neither the Town nor its professional advisors shall be subject to any term or provision relating to the confidentiality of any bid or the contents therein following the Award Date. Notwithstanding anything to

the contrary, in no event shall any confidentiality term or provision contained in any bid prevent any disclosure by the Town required by any applicable law or regulation (including continuing disclosure undertakings by the Town required thereby) or as a result of any legal or administrative procedure.

To be considered, a proposal must be received by 12:00 pm on Wednesday, November 12, 2025. Email submission of the proposal to the following individuals is preferred:

johnmc@hiltonheadislandsc.gov
johntr@hiltonheadislandsc.gov
mseezen@burr.com
fheizer@burr.com
dcheatwood@firsttryon.com
asmith@firsttryon.com

Proposals should include: the name, address, telephone number of your institution; the primary contact; and identity of legal counsel, if any.

Questions may be addressed to the Town through its bond counsel or municipal advisor:

Bond Counsel
Frannie Heizer / Michael Seezen
Burr & Forman LLP
(803) 753-3232 / (803) 753-3257
mseezen@burr.com
fheizer@burr.com

Municipal Advisor
David Cheatwood / Andy Smith
First Tryon Advisors
(704) 926-2447 / (704) 703-3747
dcheatwood@firsttryon.com
asmith@firsttryon.com

No questions may be directed to, or contacts made, with the Mayor, other members of Council or any Town staff not identified in this Request for Proposals as points of contacts during the period of time that this Request for Proposals is made public until the final selection is made, except as otherwise provided for herein. Violation of this prohibition may disqualify the bidder from further consideration.



Proposed Series 2025 Special Obligation Bonds

(Beach Preservation Fee Pledge)

Supplemental Information
November 4, 2025 Town Council Meeting

Beach Renourishment: Review of Funding Option

- Approximately \$47.5M in Expected Capital Expenditures
- Cash Financed: Approximately \$28.5M (60%)
- Debt Financed: Approximately \$19M (40%)
- Source of Repayment: Future Beach Preservation Fee Revenues
- Term: 7 Years
- Approximate Annual Payment: \$3.1M
- Series 2017 Beach Preservation Fee Bonds (retired):
\$30,075,000 in Principal, 10 Year Term, Annual Payments of \$4.0M
- FY2024 Annual Beach Preservation Fee Revenues are more than double FY2017 Fees:
 - FY2017: \$6,860,758
 - FY2024: \$13,889,049
- Closing Date: Early December 2026



Beach Renourishment: Anticipated Bond Issuance Schedule

- **9/23/25:** Finalize Supplemental Ordinance/Bank RFP
- **9/30/25:** F&A Committee: Review Plan of Finance/Ordinance
- **10/21/25:** Town Council Meeting: 1st Reading of Ordinance
- **10/22/25:** Send RFP to Bidders
- **11/4/25:** Town Council Meeting: 2nd Reading of Ordinance
- **11/12/25:** Bank Bids Due
- **12/3/25:** Closing
- **2/1/26:** First Interest-only Payment Due
- **8/1/26:** First Principal & Interest Payment Due

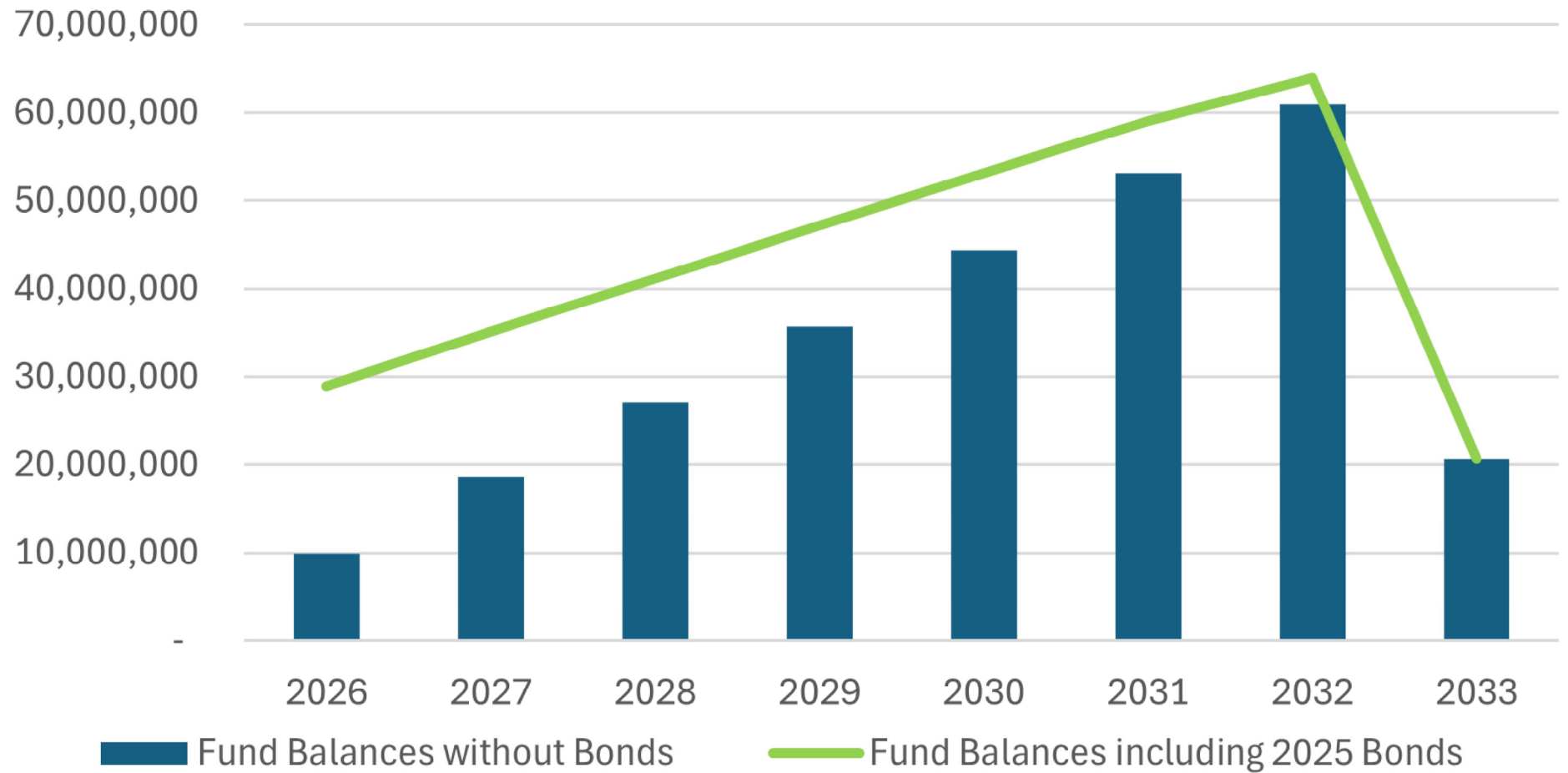




Potential Series 2025 Special Obligation Bonds
(Beach Preservation Fee Pledge): Debt Service & FY2026 Cash Flow

Potential Bond Debt Service									
Town of Hilton Head Island									
Delivery Date: 12/3/2025									
Period Ending	Principal	Interest	Debt Service		FY 2026 Beach Preservation Fee Fund Balance Cash Flow				
06/30/2026		\$ 122,444	\$ 122,444		July 1, 2025 Fund Balance:				\$ 55,324,863
06/30/2027	\$ 2,400,000	\$ 712,000	\$ 3,112,000		August 1, 2025 Payment of 2017 Bond Issue:				\$ (3,567,000)
06/30/2028	\$ 2,500,000	\$ 614,000	\$ 3,114,000		Retirement of 2017 Bonds:				\$ (7,495,000)
06/30/2029	\$ 2,600,000	\$ 512,000	\$ 3,112,000		Expected FY26 Revenues:				\$ 13,625,000
06/30/2030	\$ 2,705,000	\$ 405,900	\$ 3,110,900		FEMA Estimated Past Storm Reimbursements*:				\$ -----
06/30/2031	\$ 2,815,000	\$ 295,500	\$ 3,110,500		Budgeted Operating & Non-Beach Renourishment CIP:				\$ (968,548)
06/30/2032	\$ 2,930,000	\$ 180,600	\$ 3,110,600		Beach Renourishment CIP:				\$ (47,500,000)
06/30/2033	\$ 3,050,000	\$ 61,000	\$ 3,111,000		Series 2025 Bond Proceeds:				\$ 18,750,000
	\$ 19,000,000	\$ 2,903,444	\$ 21,903,444		February 1, 2026 Scheduled Payment on New Bonds:				\$ (122,444)
					FY2025 CIP Carry Forward Adjustment:				\$ (266,694)
Estimated True Interest cost (TIC): 4.00%									
The debt will be competitively bid					FYE Estimated Fund Balance**:				\$ 27,780,177
Principal & Interest due annually on August 1					Minimum Fund Balance Policy:				\$ 20,000,000
Interest only payment due annually on February 1									
					*Pending FEMA Response				
					*FYE Fund Balance is above the minimum fund balance policy amount				
Estimated Coverage Ratio*: 4.38x					to provide Town Council flexibility for possible future priorities, including				
*Estimated FY2026 Revenues/Estimated Debt Service					storm-related emergencies.				

Expected Beach Preservation Fee Funds Available



Preliminary Beach Fee Projections

		-----AUDITED-----			Unaudited	Projection	Projection	Projection	Projection	Projection	Projection	Projection	
		2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Beginning Fund Balance		18,617,746	27,582,260	36,168,444	42,985,989	55,324,863	28,920,989	35,065,705	41,126,484	47,151,628	53,139,356	59,087,797	63,994,987
Revenues	Beach Fees	14,053,062	13,896,931	13,889,049	17,268,782	13,889,049	13,889,049	13,889,049	13,889,049	13,889,049	13,889,049	13,889,049	13,889,049
	Interest	-	360,758	1,812,601	2,054,291	500,000	100,000	50,000	50,000	50,000	50,000	50,000	50,000
Total Revenues		14,053,062	14,257,689	15,701,650	19,323,073	14,389,049	13,989,049	13,939,049	13,939,049	13,939,049	13,939,049	13,939,049	13,939,049
Bond Proceeds						19,000,000							
Total Revenues and Bond Proceeds		14,053,062	14,257,689	15,701,650	19,323,073	33,389,049	13,989,049	13,939,049	13,939,049	13,939,049	13,939,049	13,939,049	13,939,049
Expenditures		(30,790)	(37,170)	(35,500)	(38,350)	(75,000)	(78,750)	(82,688)	(86,822)	(91,163)	(95,721)	(100,507)	(105,533)
Transfers In(Out)	General Fund	(487,629)	(652,923)	(1,983,508)	(1,983,508)	(248,548)	(600,000)	(630,000)	(661,500)	(694,575)	(729,304)	(765,769)	(804,057)
	CIP	(611,004)	(1,029,037)	(2,916,722)	(1,015,716)	(48,220,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)	(5,000,000)	(53,220,000)
	Debt Svc	(3,959,125)	(3,952,375)	(3,948,375)	(3,946,625)	(11,249,375)	(3,165,583)	(3,165,583)	(3,165,583)	(3,165,583)	(3,165,583)	(3,165,583)	(3,165,583)
Net Transfers In(Out)		(5,057,758)	(5,634,335)	(8,848,605)	(6,945,849)	(59,717,923)	(7,765,583)	(7,795,583)	(7,827,083)	(7,860,158)	(7,894,887)	(8,931,352)	(57,189,640)
Total Expenditures, Bond PMTS and Trans		(5,088,548)	(5,671,505)	(8,884,105)	(6,984,199)	(59,792,923)	(7,844,333)	(7,878,271)	(7,913,905)	(7,951,321)	(7,990,608)	(9,031,859)	(57,295,173)
Net Change		8,964,514	8,586,184	6,817,545	12,338,874	(26,403,874)	6,144,716	6,060,779	6,025,144	5,987,728	5,948,441	4,907,190	(43,356,124)
Ending Fund Balance		27,582,260	36,168,444	42,985,989	55,324,863	28,920,989	35,065,705	41,126,484	47,151,628	53,139,356	59,087,797	63,994,987	20,638,863

With the current expectations, the Town will be able to comfortably perform another renourishment of the same amount in 2033.