Town of Hilton Head Island

Town Council Meeting

Thursday, December 18, 2025, 11:00 AM
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. **Adoption of the Agenda**

4. **Unfinished Business**

    a. Consideration of an Ordinance of the Town of Hilton Head Island, South Carolina Authorizing the Sale of Three Parcels of Real Property Owned by the Town of Hilton Head Island, South Carolina, Located at 55 Main Street, 1 Automobile Place, and 355 William Hilton Parkway, and Providing for Severability and an Effective Date - Second Reading - Ben Brown, Strategic Initiatives Director

    b. Consideration of an Ordinance of the Town of Hilton Head Island, South Carolina Authorizing the Issuance of General Obligation Debt Bonds and Providing for Severability and an Effective Date - Second Reading - Dave Byrd, Finance Director

5. **New Business**

    a. Consideration of a Resolution Relating to the Declaration of Intent by the Town of Hilton Head Island, South Carolina to Reimburse Certain Expenditures (Related to the Fire Rescue Headquarters) Prior to the Issuance by the Town of Tax-Exempt Bonds - Dave Byrd, Finance Director

    b. Consideration of a Resolution of the Town of Hilton Head Island Approving the Execution of a Contract with the Hilton Head Island-Bluffton Chamber of Commerce for Destination Marketing Organization Services - Angie Stone, Assistant Town Manager

6. **Public Comment - Non Agenda Items**

7. 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

TO: Mayor Alan R. Perry & Town Council Members
FROM: Ben Brown, Director of Strategic Initiatives
CC: Marc Orlando, ICMA-CM, Town Manager
Shawn Leininger, Deputy Town Manager
Curtis Coltrane, Town Attorney
DATE: December 18, 2025
SUBJECT: Consideration of an Ordinance of the Town of Hilton Head Island, South Carolina, Authorizing the Sale of Three Parcels of Real Property Owned by the Town of Hilton Head Island, South Carolina, Located at 55 Main Street, 1 Automobile Place, and 355 William Hilton Parkway, and Providing for Severability and an Effective Date – Second Reading

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RECOMMENDATION:

Consideration of Second Reading of an Ordinance of the Town of Hilton Head Island, South Carolina, Authorizing the Sale of Three Parcels of Real Property Owned by the Town of Hilton Head Island, South Carolina, Located at 55 Main Street, 1 Automobile Place, and 355 William Hilton Parkway, and Providing for Severability and an Effective Date.

Town Council approved First Reading by a vote of 7-0 on December 9, 2025.

BACKGROUND:

In 2019, the Town acquired the former Modern Classic Motors property located at 55 Main Street, 1 Automobile Place, and 355 William Hilton Parkway for $3,650,000 using tax revenue. Since then, the Town has restored the site with funding from Palmetto Electric Utility Tax Credits.

Summary of the Property

- Acres: 4.57
- Purchase Price (07.18.2019): $3,650,000
- Source of Funds: General Fund
- Appraised Value (07.27.2022): $4,220,000
- Zoning: Main Street District (MS)
- Height: 45’ maximum
- Density: 9,000 ft^2 per acre, for a maximum yield of up to 41,130 ft^2

On September 3, 2024, the Town issued a Request for Proposals (RFP) seeking qualified parties interested in purchasing the 4.57-acre property. The RFP emphasized the Town's goal of selecting a buyer who would expand access to healthcare services for Hilton Head Island residents and strategically redevelop the site to create jobs and provide services not currently available on the Island.

In response to the RFP, the Town received a proposal from Novant Health to develop the property into a medical office facility with supporting parking and infrastructure.

<u>Summary of the Proposal from Novant Health</u>

- Purchase 4.57 acres from the Town for $4,341,500
- Develop +/- 25,000 ft^2 with the ability for expansion of another 15,000 ft^2
- Proposed services include, but not limited to:
    - ✓ Urgent Care
    - ✓ Primary Care
    - ✓ Physical Therapy
    - ✓ Urology
- Project cost of $25,336,500 (land, construction, FFE, IT)
- 46 initial jobs created with an average hourly rate of $45.64
- 86 total jobs projected by 2030
- Commitment to subsidized childcare for employees through a local provider

Novant Health's proposal represents a strategic opportunity to expand healthcare services on Hilton Head Island while supporting economic development through job creation and private capital investment. The purchase price provides a favorable return on the Town's original investment.

<u>Summary of Key Terms from the Contract</u>

- Purchase Price: $4,341,500
- Purchaser: Hilton Head Medical Center, LLC (affiliate of Novant Health)
- Due Diligence Period: 120 days
- Closing: 150 days after contract date
- Right of First Refusal (ROFR):
    - ✓ Applies prior to the buyer submitting a building permit application.
    - ✓ Buyer must notify the Town of any proposed sale; the Town may exercise or waive the ROFR.
    - ✓ ROFR binds only the original buyer, not subsequent owners.
- Non-Performance Buy-Back Agreement:
    - ✓ Buyer must submit a complete building permit application for a 25,000 ft^2 medical office building within 3 years of closing.

<u>ATTACHMENTS:</u>

1. Property Map
2. Ordinance and Contract Authorizing the Sale of Three Town-Owned Parcels

Address	355 William Hilton Parkway
PIN	3 Parcels (See map for more information)
Acres	4.57 Total Acres
Zoning	Main Street (MS)
Offer Price	$4,341,500
Appraisal	$4,220,000 (07.27.2022)

TOWN OF HILTON HEAD ISLAND
ONE TOWN CENTER COURT
HILTON HEAD ISLAND, S.C. 29928
PHONE (843) 341- 4600
Date Created:
Project - .mxd

Town of Hilton Head Island
355 William Hilton Parkway
March 2025

ATTACHMENT 1

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The information on this map has been compiled from a variety of sources and is intended to be used only as a guide. It is provided without any warranty or representation as to the accuracy or completeness of the data shown. The Town of Hilton Head Island assumes no liability for its accuracy or state of completion or for any losses arising from the use of the map.

Ordinance 2026-____

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AUTHORIZING THE SALE OF THREE PARCELS OF REAL PROPERTY OWNED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, LOCATED AT 55 MAIN STREET, 1 AUTOMOBILE PLACE AND 355 WILLIAM PARKWAY, AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

BE IT ORDERED AND ORDAINED BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AND IT IS ORDAINED BY THE AUTHORITY OF THE TOWN COUNCIL AS FOLLOWS.

<u>Section 1</u>. <u>Findings and Conclusions</u>.

(a) The Town of Hilton Head Island, South Carolina (the "Town"), is the owner of real property described as:

> All those certain pieces, parcels or lots land lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 4.57 acres, more or less, and which are shown and described as "Parcel 1," "Parcel 2," and "Parcel 3" on a Plat titled "ALTA/ASCM Land Title Survey of Parcels 1, 2 and 3, #355 William Hilton Parkway, A Section of Honey Horn Plantation," prepared by Terry G. Hatchell, SCRLS 11059, dated July 16, 2019, and recorded in the Office of The Register of Deeds for Beaufort County, South Carolina, in Plat Book 152 at Page 66 (the "Town Property").

(b) The Town has a policy of expanding the delivery of health care services for the Town and its citizens, residents and visitors.

(c) On December 9, 2025, the Town adopted a Resolution authorizing the execution and delivery of a contract for the sale of Town Property (the "Contract") to Hilton Head Hospital, LLC ("HH Medical Center"). The Town's willingness to enter into the Contract is conditioned on HH Medical Center's delivery of a project on the Town Property consisting of a 25,000 square foot Medical Office Building housing the following medical services and medical service providers: Urgent Care, Primary Care, Physical Therapy and Urology; and HH Medical Center's commitment to submit a complete application for a building permit for the Medical Office Building within three (3) years of the closing of the transaction described in the Contract.

(d) Under the terms of the Contract and documents to be delivered by HH Medical Center at the closing of the transaction described in the Contract, in the event that HH Medical Center does not meet this commitment, the Town has the option to repurchase the Town Property from HH Medical Center.

(e) The Town finds that the sale of the Town Property under the terms and conditions of the Contract will: (i) promote the Town's policy of expanding healthcare services in the Town; (ii) cause the near-term development of a project that is that will aid in expanding health services in the Town; (iii) provide employment opportunities to a range employment skills; (iii) promote business civic interests in the Town for the reasons stated in (i) and (ii) above; and provide an opportunity for employment in the Town that will encourage employees to live in the Town and become permanent residents in the Town.

(i) For the reasons stated in paragraph (e) above, the Town finds that the sale of the Town Property is in the best interests of the Town, and will promote the health, safety and welfare of the Town's citizens, residents, property owners and businesses.

(j) S. C. Code Ann. § 5-7-40 (Supp. 2025) and § 2-7-20, *Municipal Code of the Town of Hilton Head Island, South Carolina,* (1983), require that any lease, conveyance or granting of an interest in real property owned by the Town of Hilton Head Island, South Carolina, must be authorized by Ordinance.

<u>Section 2</u>. <u>Authority to Sell Town Owned Property</u>.

(a) The Mayor and Town Manager are authorized to take all actions necessary to complete the sale of the Town Property under the terms and conditions of the Contract.

(b) The Mayor and Town Manager are authorized to take all other and further actions as may be necessary to complete the actions authorized under (a) above.

Section 3. Severability.

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

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

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, ON THIS _____ DAY OF JANUARY, 2026.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

____
Alan R. Perry, Mayor

ATTEST:

____
Kimberly Gammon, Town Clerk

APPROVED AS TO FORM:

____
Curtis L. Coltrane

First Reading: December 9, 2025

Second Reading: ________________

CONTRACT FOR PURCHASE AND SALE OF:

4.57 Acres, More or Less on Hilton Head Island, South Carolina

By and Between

The Town of Hilton Head Island, South Carolina,

and

Hilton Head Medical Center, LLC

Dated as of: December 9th, 2025

STATE OF SOUTH CAROLINA	)	
	)	SALE AND PURCHASE AGREEMENT
COUNTY OF BEAUFORT	)	

This Agreement (hereinafter the "Agreement") is made and entered into by and between The Town of Hilton Head Island, South Carolina, (hereinafter, the "Town") and Hilton Head Medical Center, LLC (hereinafter, "Novant") on this __ day of December, 2025.

ARTICLE 1 - SALE AND PURCHASE

1.01 *Sale and Purchase:* For and in consideration of the Purchase Price hereinafter described and agreed to be paid to the Town by Novant, and in further consideration of the full and faithful performance of each of the covenants, conditions and agreements hereinafter set forth to be performed, fulfilled and observed by the Town and Novant, and subject to the fulfillment of the conditions set forth in Article 8 herein, the Town agrees to sell and Novant agrees to purchase from the Town that certain Property located on Hilton Head Island, Beaufort County, South Carolina, and which is defined and described in Article 1.02.

1.02 *Property:* "Property" shall mean, collectively, (i) the real property and any improvements and fixtures located thereon ("Real Property") located at 355 William Hilton Parkway, Hilton Head, South Carolina and being known as Beaufort County, South Carolina PIN R510 008 000 169C 0000, R510 008 000 169B 0000, and R510 008 000 169A 0000 and more particularly described as follows: see legal description of the Real Property attached hereto as Exhibit "A" and incorporated by reference; and (ii) any and all rights, benefits, entitlements, easements and other interests of the Town appurtenant only to the Real Property (the "Appurtenances"). The Real Property and Appurtenances are collectively referenced herein as the "Property."

ARTICLE 2 – TOWN"S DOCUMENTS

2.01 *Delivery of Documents*: Within ten (10) days of the execution and delivery of this Agreement, the Town shall deliver, or cause to be delivered to Novant, copies of the following documents to the extent in the possession of the Town or under reasonable control of the Town:

a. Any existing title insurance policies insuring title to the Property.

b. Copies of any surveys pertaining to the Property.

c. Copies of any environmental studies, SCDES No Further Action letters, and the like pertaining to the Property (the "Existing Environmental

Reports"). Such studies may be given with appropriate disclaimers by the Town.

c. Any contracts or other agreements affecting all or any portion of the Property.

d. Any appraisals or traffic studies prepared with respect to the Property.

e. Any inspection reports (including, without limitation, environmental, soils, geotechnical, etc.), documents, maps, notices and correspondence concerning all or any portion of the Property, in each event to the extent such items exist and are in the possession or control of the Town.

f. Any zoning documentation and other permits and approvals for the Property.

2.04 *Return of Documents*: If this Agreement is terminated for any reason other than default of the Town under the terms of this Agreement, Novant shall, within five (5) business days following such termination, deliver to the Town all documents and materials relating to the Property previously delivered to Novant by the Town. The return of such documents shall not affect the right of either party to seek legal or equitable remedies as provided under Article 7 below.

ARTICLE 3 – INSPECTIONS

3.01 *Property Sold As Is/Where Is:* EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, THE PROPERTY IS SOLD STRICTLY IN ITS AS-IS, WHERE-IS CONDITION, WITH ALL FAULTS, INCLUDING DEFECTS SEEN AND UNSEEN AND ALL CONDITIONS NATURAL AND ARTIFICIAL, WITHOUT RIGHT OF SET-OFF OR REDUCTION IN THE PURCHASE PRICE AND WITHOUT REPRESENTATION OF ANY KIND, EXPRESS OR IMPLIED. NOVANT ACCEPTS ALL RESPONSIBILITY TO INSPECT THE PROPERTY FOR PATENT AND LATENT DEFECTS AND, IN ENTERING INTO THIS AGREEMENT, NOVANT HAS NOT BEEN INDUCED BY, AND HAS NOT RELIED UPON, ANY REPRESENTATIONS, WARRANTIES, OR STATEMENTS, WHETHER EXPRESS OR IMPLIED MADE BY THE TOWN OR ANY AGENT, EMPLOYEE OR OTHER REPRESENTATIVE OF THE TOWN THAT ARE NOT EXPRESSSLY SET FORTH IN THIS AGREEMENT. INSTEAD, NOVANT'S DECISION TO BUY THE PROPERTY IS BASED SOLELY UPON NOVANT'S OWN EXAMINATION, INSPECTION AND ANALYSIS OF THE PROPERTY. THE TOWN SHALL HAVE NO LIABILITY OF ANY NATURE TO NOVANT FOR THE CONDITION OF THE PROPERTY. IN NO EVENT SHALL THE PURCHASE PRICE BE REDUCED IF THE PROPERTY FAILS TO CORRESPOND TO NOVANT'S EXPECTATIONS IN ANY WAY, OR IF

ACTUAL COSTS FOR NOVANT'S USE OF THE PROPERTY EXCEED NOVANT'S PROJECT COSTS.

3.02 *Right of Inspection:* This Agreement is subject to Novant's right to enter the Property to inspect the physical conditions of the Property and Novant shall be permitted to enter the Property for such purposes.

3.03 *Environmental Inspection*: Novant's right of inspection shall include the right of Novant, at Novant's sole expense, to conduct soil borings, and other tests as may be required for a Phase One Environmental Site Assessment (herein, the "Phase 1 ESA") and other testing and surveying as Novant may deem appropriate in its sole discretion (including, without limitation, Phase I and Phase II Environmental Site Assessments).

For purposes of this Agreement, the term "Hazardous Materials" shall mean any one or more of those substances, materials, and wastes, including but not limited to, those substances, materials and wastes listed in the United States Department of Transportation Hazardous Materials Table (49 CFR 172.101) or by the Environmental Protection Agency as hazardous substances (40 CFR Part 302) and amendments thereto, or such substances, materials and wastes, which are under any applicable local, state or federal law, including, without limitation, any material, waste or substance that is (i) petroleum, (ii) asbestos, (iii) polychlorinated biphenyls, (iv) arsenic, (v) barium, (vi) cadmium, (vii) chromium, (viii) lead, (ix) designated as a Hazardous Substance pursuant to Section 331 of the Clean Water Act. 33 U.S.C. Sec. 1251, et. Seq. (33 U.S.C. 1321) or listed pursuant to Section 307 of the Clean Water Act (33 USC § 1371), (x) defined as a "hazardous waste" pursuant to Section 1004 of the Resource Conservation and Recovery Act. 42 USC § 6901 et. Seq. (42 USC § 6903), or (xi) defined as a hazardous substance pursuant to Section 101 of the Comprehensive Environmental Response, Compensation and Liability Act, 42 USC § 9601, et. Seq. (42 USC § 9601). The Town represents and warrants that to its actual knowledge upon reasonable inquiry that: (i) other than as set forth in the Existing Environmental Reports delivered to Buyer, no portion(s) of the Property is/are in violation of any federal, state, local or administrative order or requirement relating to environmental conditions or Hazardous Materials ("Environmental Laws"); (ii) neither the Town nor any third party has used, manufactured, generated, treated, stored, disposed of, or released any Hazardous Materials on, under or about the Property except in accordance with Environmental Laws; (iii) there is/are no storage tank(s) or well(s) (whether existing or abandoned) located on, under or about the Property; (iv) the Property does not contain any building materials that constitute Hazardous Materials in violation of Environmental Laws; and (v) other than as set forth in the Existing Environmental Reports delivered to Buyer, the Town has received no correspondence or notice(s) from any governmental department or agency regarding actual or suspected presence of Hazardous Materials on the Property. The Town shall keep Novant promptly informed at all times during the term of this Agreement with regard to any actual or suspected contamination of the Property by any Hazardous Materials and will promptly forward to Novant any and all correspondence, reports and/or documents that the Town receives with respect to the same. In the event that Novant discovers any Hazardous Materials on the Property prior to Closing, Novant shall have the right to terminate this Agreement and receive a full refund of the Earnest Money Deposit.

3.04 *Novant's Right to Terminate:* If Novant determines that the Property is unsuitable, in Novant's sole discretion, whether or not Novant has performed any inspections, then Novant shall be entitled to terminate this Agreement and Novant shall receive a full refund of the Earnest Money Deposit by delivering a written notice to the Town of Novant's election to terminate (herein, the "Termination Notice"). The preliminary inspections and Phase 1 ESA shall be completed within one hundred twenty (120) days of the Effective Date hereof. Novant shall deliver its notice (if applicable) that it has exercised its option to terminate this Agreement under this Article 3 within one hundred twenty-five (125) days of the Effective Date hereof. If Novant terminates this agreement and such termination is based in whole or in part on the contents of a Phase I ESA report or any other study or inspection report obtained by Novant, then any such notice shall include a copy of the applicable report.

3.05 *Effect of Termination*: Upon Novant's timely delivery of the Termination Notice, the Escrow Agent shall promptly return the Earnest Money Deposit to Novant, this Agreement shall be of no further force or effect and neither party shall have any further rights or obligations under this Agreement.

3.06 *Subsequent Matters:* The Town acknowledges that a period of days will elapse between the delivery of the Phase 1 ESA as required herein and Closing. Acceptance of the Phase 1 ESA by Novant shall not be deemed a waiver of any unsatisfactory environmental or other condition at the Property arising between the date of delivery of the Phase 1 ESA and the date of Closing unless such conditions have been caused by acts or omissions of Novant. In such event, Novant may notify the Town of the existence of any unsatisfactory conditions at the Property arising subsequent to delivery of the Phase 1 ESA and Novant may terminate this Agreement; provided, however, Novant shall deliver its notice (if any) that it has exercised its option to terminate this Agreement under this Article 3.06 prior to Closing (hereinafter, the "Termination Notice"). Any such notice shall specify the reasons for such determination and include a copy of the updated Phase 1 ESA or any other study or inspection report revealing the unsatisfactory conditions. Upon Novant's delivery of the Termination Notice, the Escrow Agent shall promptly return the Deposit to Novant, and this Agreement shall be of no further force or effect and neither party shall have any further rights or obligations under this Agreement.

Novant shall have no right to terminate this Agreement if such unsatisfactory conditions are the result of any act or omission of Novant.

ARTICLE 4 – TITLE AND SURVEY

4.01 *Title:* At Closing, the Town shall convey, and Novant shall accept, title to the Property by Limited/Special Warranty Deed subject to the following:

a. All restrictions, covenants, easements, encumbrances, in each event to the extent recorded in the public records, including rights of way or easements for roads or public utilities;

b. Applicable laws, ordinances, statutes, orders, and regulations to which the Property are subject, including all building and zoning laws, ordinances and regulations, and all applicable environmental laws ordinances or regulations;

c. All matters shown by the Survey or Novant's title search that are not objected to by Novant under Article 4.04 below.

d. The "Right of First Refusal and Non-Performance Buy-Back Agreement" set out in Article 6.02(e) and Article 6.03(b) below.

4.02 *Current Survey:* Within One Hundred Twenty (120) days of the Effective Date (hereinafter defined) hereof, Novant may obtain, at its cost and expense, an up-to-date survey of the Property (the "Survey").

4.03 *Title Evidence:* Within One Hundred Twenty (120) days after the Effective Date hereof, Novant may obtain a title search of the Property.

4.04 *Objections to Title:* Except as provided in Article 4.05 below, if Novant's title search or the Survey reveal that the Property is subject to any easements, clouds on or to the title, encroachments, boundary discrepancies, liens, encumbrances, or any other matter affecting title to which Novant objects, then Novant shall notify the Town in writing, of such title matters and Novant's objection to the same within One Hundred Twenty-Five (125) days from the Effective Date of this Agreement. Upon such notification, the same shall be treated as defects in title (herein, the "Title Defects"). Unless Novant delivers it written objections within One Hundred Twenty-Five (125) days from the Effective Date of this Agreement, it shall be conclusively deemed that Novant has no objection to the title, or the Survey and it has accepted title to the Property in its then existing condition.

4.05 *Monetary Liens*: The text of Article 4.04 notwithstanding, at or before Closing, the Town shall, at the Town's sole cost and expense, satisfy any mortgage, deed of trust, deed to secure debt, or any other monetary lien or encumbrance affecting the Property.

4.06 *The Town's Right to Cure:* Except for any monetary liens described in Article 4.05 above, which the Town must satisfy at or before Closing, on receipt of the Novant's written notice of the Title Defects, the Town shall have the right but not the obligation, on or before the Closing Date, to Cure (defined in Article 4.07) or to cause to be Cured, any Title Defects other any monetary liens as described in Article 4.05 above. Within five (5) business days of its receipt of Novant's written notice of the Title Defects, the Town shall notify Novant of the Town's intention to Cure or not to Cure any or all Title Defects other than any monetary liens described in Article 4.05 above which the Town must satisfy at or before Closing.

4.07 *"Cure" Defined*: As used herein, the terms "Cure" or "Cured" means that the Title Defect(s) has or have been cured in fact and of record.

4.08 *The Town's Election Not to Cure or Failure to Cure:* If the Town:

a. elects not to Cure; or,

b. fails to respond to Novant within five (5) business days of receipt of Novant's written notice of the Title Defects; or

c. elects to Cure, but fails to Cure,

any or all of the Title Defects other than any monetary liens described in Article 4.04 above which the Town must satisfy on or before Closing, then Novant shall have the option of:

i. Closing this transaction in accordance with the terms and conditions hereof, and accepting title to the Property in their then existing condition by deed taking exception to such uncured Title Defects; or,

ii. Terminating this Agreement by delivery of a written notice of Novant's election to terminate to the Town. Upon Novant's delivery of the termination notice, the Escrow Agent shall promptly return the Earnest Money Deposit to Novant, and this Agreement shall be of no further force or effect and neither party shall have any further rights or obligations under this Agreement.

4.09 *Subsequent Matters:* The Town acknowledges that a period of days will elapse between the delivery of the Survey, Novant's title search and Closing. Acceptance of the Survey and title search without objection by Novant shall not be deemed a waiver by Novant of any Title Defect arising between the date of delivery of Survey, Novant's title search and the date of Closing. In such event:

a. Novant shall notify the Town of any Title Defects arising subsequent to the date of the Survey or Novant's title search prior to Closing.

b. Upon notification to the Town by Novant of any Title Defects arising subsequent to the date of the Survey or Novant's title search, the provisions of Article 4.03, 4.04 and 4.05, 4.06 and 4.08 *supra.*, shall become effective.

ARTICLE 5 - PURCHASE PRICE

5.01 *Purchase Price:* The Purchase Price for the Property is Four Million Three Hundred Forty-One Thousand Five Hundred ($4,341,500.00) Dollars (herein, the "Purchase Price").

5.02 *Components of Purchase Price:* The Purchase Price shall be comprised as follows:

1.	Earnest Money Deposit to the Town	$	50,000.00
2.	Cash to the Town at Closing	$	4,291,500.00
	TOTAL	$	4,341,500.00

5.03 *Earnest Money Deposit:* As is shown above, Novant shall deliver the sum of Fifty Thousand and no/100 ($50,000.00) Dollars into escrow with the Escrow Agent (a term hereinafter defined) within ten (10) business days after the Effective Date (hereinafter defined) hereof. The Escrow Agent shall deliver written notification of receipt of the Earnest Money Deposit to the Town.

5.04 *Payment of Purchase Price:* At Closing (hereinafter defined) Novant shall pay the Purchase Price to the Town, by a wire transfer of cleared funds to the account of the Town's attorney at a financial institution which is designated by the Town's attorney. The Town's attorney shall deliver written bank wire instructions specifying the account to which the funds are to be paid to Novant's attorney no later than three (3) business days prior to the Closing Date.

ARTICLE 6 – CLOSING

6.01 *Closing:* This transaction shall be "Closed" and title to the Property shall be conveyed from the Town to Novant by delivery of the Deed and the other documents required herein from the Town to Novant (herein, the "Closing"). Closing shall be completed in escrow with the Escrow Agent on the Closing Date (hereinafter defined) or at such other place as the Town and Novant shall mutually agree in writing. Subject to fulfillment of all of the Town and Novant's obligations and any conditions stated in this Agreement, the Closing, unless otherwise modified or extended by mutual agreement of the Town and Novant in writing, shall occur within One Hundred Fifty (150) days from the Effective Date of this Agreement (herein, the "Closing Date").

6.02 *The Town's Obligations at Closing:* At Closing, the Town shall deliver to Novant, at the Town's sole cost and expense, the following Closing Documents:

a. A good and sufficient Limited Warranty Deed (herein, the "Deed") so as to convey Fee Simple, Marketable Title to the Property to Novant, as provided in Article 4 above. The Deed shall be in recordable form, executed by the duly authorized Officers of the Town and witnessed and acknowledged before a notary public.

b. A mechanic's lien affidavit, in form reasonably acceptable to Novant's title insurer, duly executed by the duly authorized Officers of the Town and acknowledged before a notary public, attesting to the absence, unless otherwise provided for in this Agreement, or unless created by acts of Novant, of any claims of lien or potential lienors and further attesting that there have been no improvements to the Property for ninety five (95) days immediately preceding the Closing Date for which the Cost thereof remains unpaid.

d. An ALTA Statement and title "gap" affidavit and indemnity agreement, in the form attached hereto as Exhibit "B," executed by the duly authorized Officers of the Town and acknowledged before a notary public attesting to the absence of any matters pending which could cause a lien or encumbrance on the Property between the date of Novant's title search and the date of recording of the Deed.

e. A "Right of First Refusal and Non-Performance Buy-Back Agreement" in form and substance similar to the document attached hereto as Exhibit "C." The "Right of First Refusal and Non-Performance Buy-Back Agreement" shall be in recordable form, executed by the duly authorized Officers of the Town and witnessed and acknowledged before a notary public

f. A bill of sale agreement in form reasonably acceptable to the Town and Novant transferring and conveying to Novant all of the Town's transferable rights, title and interest without representation or warranty in and to any portion of the Property deemed to be personal property, if any, and any intangible property applicable to the Property; provided, however, that the bill of sale shall not include any utility tax credits, which both the Town and Novant acknowledge are non-transferable;

g. An assignment of all of the Town's right, title and interest in any unexpired and transferable plans or permits (if applicable) relating to or existing in connection with the Property in form reasonably acceptable to the Town and Novant provided, however, that the assignment shall not include any utility tax credits, which both the Town and Novant acknowledge are non-transferable;

h. A closing certificate in form reasonably acceptable to the Town and Novant reasserting the truth and accuracy of all representations and warranties contained in this Agreement;

i. A non-foreign affidavit, a South Carolina withholding affidavit, and such other documents reasonably requested by Novant or Escrow Agent;

j. Full and complete releases, in recordable form, of any mortgages, liens, leases, tenancies, claims or other encumbrances to the title of the Property.

k. A certified true copy of the ordinance of the Town authorizing the sale of the Property, and a certified true copy of the resolution of the Town authorizing the execution and delivery of this Agreement.

l. An estoppel certificate as to any declaration of covenants, conditions or restrictions applicable to the Property in form reasonably acceptable to Novant and Novant's title insurer, if applicable.

m. A Closing/Settlement Statement executed by executed by the duly authorized Officers of the Town on a form prepared by Escrow Agent.

6.03 *Novant's Obligations at Closing:* At Closing, Novant shall deliver to the Town, at Novant's expense, the following:

a. The Purchase Price.

b. A "Right of First Refusal and Non-Performance Buy-Back Agreement" in form and substance similar to the document attached hereto as Exhibit "C." The "Right of First Refusal and Non-

Performance Buy-Back Agreement" shall be in recordable form, executed by the duly authorized Officer of Novant and witnessed and acknowledged before a notary public. Escrow Agent shall record the "Right of First Refusal and Non-Performance Buy-Back Agreement" simultaneously with the recording of the Deed.

c. A copy of the Resolution of Novant approving this Agreement, authorizing the completion of the transaction contemplated hereby, and authoring the individual signing any documents on behalf of Novant to do so.

d. Executed Closing/Settlement Statement in a form prepared by Escrow Agent.

6.04 *Escrow Agent:* The Escrow Agent shall serve as closing agent for all parties to this Agreement at settlement. The timely deposit with the Escrow Agent of the Purchase Price, the instruments of conveyance and such other funds and/or documents as are required of either party under the terms of this Agreement, and/or Novant's title insurance company, and/or the Escrow Agent shall be deemed to be a good and sufficient tender of performance in accordance with the terms hereof. The "Escrow Agent" shall be Morehead Title Company. If any dispute should arise as to whether Escrow Agent is obligated to deliver the Earnest Money Deposit, or any funds or documents which it holds, Escrow Agent shall not be required to make delivery thereof, but, in such event shall hold the same until receipt, by Escrow Agent, of written authorization from the Town and Novant directing the disposition of the same. In the absence of such written authorization, Escrow Agent may hold the Earnest Money Deposit, or any other funds or documents in connection with this transaction in its possession until a final determination of the rights of the parties to this Agreement by a Court of competent jurisdiction. If such written authorization is not given or proceedings for such determination are not begun and diligently continued, Escrow Agent may institute an appropriate proceeding for leave to place the Earnest Money Deposit, or any other funds or documents in connection with this transaction in its possession with the Clerk of Court for Beaufort County, South Carolina, pending such determination. Escrow Agent shall not be charged with notice of any fact or circumstance unless and until written notice of the same is received by Escrow Agent. Upon making the delivery of the funds or documents which Escrow Agent may hold in accordance with the provisions of this Article 6, Escrow Agent shall have no further obligation or liability to Novant or the Town, and Novant and the Town agree to indemnify and hold Escrow Agent harmless from any such liability.

6.05 *Pre-Closing Documents:* On or before fifteen (15) business days prior to the Closing Date, the Town shall deliver its proposed closing documents required under Article 6.02(a) – (l) to Novant.

6.06 *Approval of Closing Documents:* Novant shall notify the Town of any objections to the proposed closing documents no less than 5 days prior to Closing.

6.07 *Possession:* Possession of the Property shall be delivered to Novant at Closing, provided, however, that the Purchase Price, minus adjustments and prorations, is paid in full by or on behalf of Novant at Closing.

6.08 *Prorations:* Payment of the following are to be pro-rated between the Town and Novant as of the Closing Date:

a. Any governmental fees assessed against the Property, such as Stormwater Utility Fees, shall be pro-rated as of the date of Closing.

6.09 *Ad Valorem Property Taxes:* The Town is exempt from payment of *ad valorem* property taxes on the Property, and any *ad valorem* property taxes for the Property that become due for calendar year 2025 and thereafter for the period from and after the Closing Date as a result of the Closing of the transaction described in this Agreement and Novant's ownership of the Property are solely the responsibility of Novant. Novant shall not be responsible for the payment of any look-back or recapture taxes in connection with its acquisition of the Property.

6.10 *The Town's Closing Costs:* The Town shall be responsible to pay for the cost of:

a. The Town's attorney's fees in connection with the closing of the transaction; and,

b. The Deed Recording Fee set out in S. C. Code Ann. § 12-24-10, *et seq.* (Supp. 2025).

6.11 *Novant's Closing Costs*: Novant shall be responsible to pay the cost of the following:

a. The cost of any title insurance premium chargeable for the Commitment and any policy of title insurance issued therefrom;

b. Recording of the Deed;

c. The Town of Hilton Head Island, South Carolina, Transfer Fee set out in § 4-5-10, *et seq.*, *Municipal Code of the Town of Hilton Head Island, South Carolina* (1983); and

d. Any other buyer's closing costs which are customary in Beaufort County, South Carolina.

ARTICLE 7 - DEFAULT AND REMEDIES

7.01 *Default by the Town:* Except as may be otherwise expressly provided or limited herein with respect to any specific act or omission, if the Town shall default in any of its obligations, covenants, or agreements contained within this Agreement or any of the Exhibits hereto, and shall remain in default after ten (10) business days' written notice specifying the default and demanding that the default be cured, then Novant shall be entitled to (i) compel Seller to perform each and every one of Seller's obligations contained in this Agreement by a suit for specific performance and Buyer shall be entitled to recover all costs and expenses incurred in connection therewith, (ii) Buyer may terminate this Agreement by written notice to Seller, upon which termination Buyer shall be entitled to receive a full refund of, and Escrow Agent is hereby authorized to distribute, the Earnest Money directly to Buyer (notwithstanding any provision of this Agreement to the contrary), and Buyer may recover from Seller all reasonable and verified out-of-pocket due diligence costs and expenses incurred by Buyer hereunder, such as, without limitation, the cost of any survey, title reports, title commitments, legal fees, appraisal fees, loan fees, environmental and soils reports fees, upon which termination the parties hereto shall be released from further liabilities and/or obligations hereunder, or (iii) pursue any other remedy at law or in equity against the Town. Except as may be expressly stated in this Agreement, under no circumstances shall this Agreement be deemed to have automatically terminated. The provisions of this Article 7 shall be binding upon the successors and assigns of the Town, and shall survive the Closing of the transaction contemplated herein.

7.02 *Default by Novant:* Except as may be otherwise expressly provided or limited herein with respect to any specific act or omission, if Novant shall default in any of its obligations, covenants, or agreements contained within this Agreement or any of the Exhibits hereto, and shall remain in default after ten (10) business days' written notice specifying the default and demanding that the default be cured, then the Town shall have the right to terminate this Agreement by written notice to Novant, upon which termination the Town shall be entitled to receive the Earnest Money Deposit as full and agreed upon liquidated damages, and the parties hereto shall be released from further liabilities and/or obligations hereunder. Novant and the Town agree that the Town's actual damages would be impracticable or difficult to fix and that the amount of the Earnest Money Deposit represents the parties' reasonable estimate of such damages. Except as may be expressly stated in this Agreement, under no circumstances shall this Agreement be deemed to have automatically terminated. The Town hereby specifically waives and relinquishes any and all other rights and remedies, at law or in equity, that it may have, including but not limited to specific performance. The provisions of this Article 7 shall be binding upon the heirs, successors and assigns of Novant, and shall survive the Closing of the transaction contemplated herein.

7.03 *Attorney's Fees and Costs:* If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of a dispute, breach, default or misrepresentation in connection with all or any of the provisions of this Agreement, the successful or prevailing party shall be entitled to recover its reasonable, actual and documented attorney's fees and any costs incurred as a result of any such matter, whether incurred before the institution of suit or after the commencement of suit, including appellate proceedings, in addition to any other relief to which the prevailing party is entitled.

ARTICLE 8 - CONDITIONS PRECEDENT

8.01 *Conditions to Town's Obligation to Close:* The obligation of the Town to sell the Property to Novant is subject to satisfaction, no less than forty-five (45) days prior to the Closing Date, of the following conditions if:

a. Approval of the terms of this Agreement and authorization to complete the transaction described in this Agreement by adoption of a Resolution of the Town Council for The Town of Hilton Head Island, South Carolina.

b. Authorization to sell the Property by adoption of an Ordinance of the Town Council for the Town of Hilton Head Island, South Carolina.

In the event the above stated conditions are not satisfied no less than forty-five (45) days prior to the Closing Date, this Agreement shall terminate, any Earnest Money Deposit shall be returned to Novant, and neither party shall have any further obligation or rights with respect to the other.

ARTICLE 9 - REPRESENTATIONS AND WARRANTIES

9.01 *Representations and Warranties of the Town:* The Town represents and warrants (which representations and warranties shall survive the Closing) to Novant as follows:

a. Subject to the Conditions in Article 8 above:

(i) As of the Closing, the Town will have all requisite legal power and authority to sell the Property to Novant; and,

(ii) As of the Closing, the individual or individuals executing this Agreement on behalf of the Town will have express authority and full power on behalf of the Town to execute the Deed and the other documents required by this Agreement.

b. No work will have been performed or will be in process at the Property, and no materials will have been delivered to the Property that might provide the basis for the filing of a Mechanic's, Materialman's or other lien against the Property or any portion thereof. The requirements of this Article 9.01(b) shall be deemed satisfied if Novant's title insurer is willing to provide Novant affirmative mechanic's lien coverage based on the Town's mechanic's lien affidavit.

c. From and after the date of this Agreement, the Town will not have granted any easements encumbering the Property or entered into any covenants or agreements concerning the Property.

d. There is no claim or litigation now pending or threatened against the Town which would materially affect the execution, delivery or enforceability of this Agreement, or the Town's performance of its obligations hereunder.

e. No options, leases or other contracts are still outstanding which give any other party a right to purchase or occupy all or any part of the Property.

f. The Town is not now a party to any litigation affecting the title to the Property or title to the Property.

g. To the Town's actual knowledge upon reasonable inquiry, there is/are no: (i) condemnation(s) affecting or contemplated with respect to the Property; (ii) changes contemplated in any applicable laws, ordinances or restrictions affecting the Property; and/or (iii) governmental special assessments, either pending or confirmed, for sidewalk, paving, water, sewer or other improvements on or adjoining the Property, and no owners' association special assessments.

h. The Town has caused no, and, to Town's actual knowledge upon reasonable inquiry, there has been no, dumping, burial abandonment or other placement of organic debris, man-made materials, and/or refuse on any portion(s) of the Property and there is no fill dirt located on the Property.

9.02 *Representations and Warranties of Novant:* Novant acknowledges, and represents and warrants that all development on the Property is governed by the Town's Land Management Ordinance [§ 16-1-101, et seq., Municipal Code of the

Town of Hilton Head Island, South Carolina (1983)], including all provisions regarding design review and buffers and setbacks.

ARTICLE 10 – BROKERS

10.01 *Brokers:* The Town and Novant warrant and represent that no broker, finder, or other person is entitled to a commission, finder's fee or other compensation in connection with this Agreement, and each party shall indemnify and hold harmless the other party from any and all claims, liabilities, losses, damages, costs and expenses arising from the claim of any other broker, finder or other person for such compensation, arising by, under or through such party. The obligations under this Article 10 shall survive the Closing.

ARTICLE 11 - EFFECTIVE DATE

11.01 Effective Date*:* The "Effective Date" of this Agreement shall be the date upon which Novant and the officials of The Town of Hilton Head Island, South Carolina, execute and deliver this Agreement to one another.

ARTICLE 12 – MISCELLANEOUS

12.01 *Binding Effect:* This Agreement shall inure to the benefit of and shall be binding upon the Town and Novant, their respective successors and assigns, if any are expressly permitted hereunder.

12.02 *Entire Agreement/Amendment, Changes and Modifications:* This Agreement supersedes all prior discussions and agreements between the Town and Novant with respect to the Property and all other matters contained herein and constitutes the sole and entire agreement and understanding between the Town and Novant with respect to the transaction contemplated in this Agreement. This Agreement shall not be modified or amended except by an instrument in writing signed by both the Town and Novant.

12.03 *Severability:* In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

12.04 *Execution in Counterparts:* This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

12.05 *Applicable Law:* This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

12.06 *Captions:* The captions or headings herein are for convenience only and in no way define, limit, or describe the scope or intent of any provisions or Articles of this Agreement.

12.07 *Recording:* The parties hereto shall not record this Agreement, or a short form Memorandum thereof in the Office of the Register of Deeds for Beaufort County, South Carolina.

12.08 *Plural/Singular:* Where appropriate, the use of the singular herein shall include and be deemed to be the plural, and the use of the plural herein shall be deemed to include the singular.

12.09 *No Third Party Beneficiaries:* The parties to this Agreement hereto affirmatively represent that this Agreement is made solely for the benefit of the parties hereto and their respective successors and assigns and not for the benefit of any third party who is not a signature party hereto. No party other than the signature parties and their respective successors and assigns hereto shall have any enforceable rights hereunder, or have any right to the enforcement hereof, or any claim for damages as a result of any alleged breach hereof.

12.10 *Notices:* All notices, applications, requests, certificates, or other communications hereunder shall be deemed given when actually delivered and may be given in person, via overnight courier service, or mailed by regular first class mail, postage prepaid, addressed as follows, or to such other place as may be designated in writing by the parties:

To the Town:	The Town of Hilton Head Island, South Carolina c/o Curtis L. Coltrane COLTRANE & WILKINS, LLC Post Office Drawer 6808 Hilton Head Island, SC 29938
To Novant:	HILTON HEAD MEDICAL CENTER, LLC 2085 Frontis Plaza Boulevard Winston-Salem, NC 27103 Attn: Real Estate (JL)
With Copy to:	Novant Health, Inc 200 Hawthorne Lane Charlotte, NC 28207 Attn: Legal Department (PRJ)

12.11 *No Waiver:* The failure of either party to exercise any right or power given such party hereunder, or to insist on strict compliance by the other party of its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of either party's right to demand exact compliance with the terms hereof.

12.12 *Further Assurances and Corrective Documents:* The Town and Novant agree to do, execute, acknowledge, deliver or cause to be done all such further acts as may be reasonably determined to be necessary to carry out this Agreement and give effect hereto. The Town and Novant agree that each shall, upon request, execute and deliver such other or corrective documents as may be reasonably determined to be necessary, either before or after the Closing. The obligations of this Article 12.12 shall survive the Closing.

12.13 *Electronic Signatures*: The Town and Novant acknowledge and agree that this Agreement may be signed by electronic signature (*Docusign* or similar), by a scanned and emailed copy of any party's signature on the signature page, or by a copy of any party's signature on the signature page that is sent by facsimile, and that any such signature shall be deemed an original signature.

12.14 *Assignment*: Novant may freely assign this Agreement at any time or times to any affiliate of Novant or related entity under common control or controlled by Novant, without the consent of the Town, but no other assignment shall be permitted without the Town's written consent. Any such assignment shall not relieve Novant of any of Novant's obligations under this Agreement.

12.15 *Force Majeure*: In the event that either party shall be delayed, hindered in or prevented from performing any act required hereunder by reason of weather-related delays, natural disasters, strikes, lockouts, inability to procure permits, failure of power, restrictive governmental laws or regulations, civil commotion, riots, epidemic, insurrection, war, acts of God, fire, unavoidable casualty, the discovery and/or removal of any hazardous materials on or from the Property or any other reason not the fault of, or within the reasonable control of, the party seeking extension of time to perform ("Force Majeure"), then performance of such act shall be excused for the period of the delay and the period allowed for the performance of such act shall be extended for a period equivalent to the period of such delay. Provided, further, if Novant's due diligence activities are delayed by an event of Force Majeure, then the time period set forth in this Agreement for Novant to complete such activities shall be extended for a period equivalent to the period of such delay and the Closing Date shall also be extended for a period equivalent to the period of such delay.

12.16. *Patriot Act*: Novant and the Town represent and warrant that neither it nor any of its members or beneficial owners are (i) the target of any sanctions program that is established by Executive Order of the President or published by the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"); (ii) designated by the

President or OFAC pursuant to the Trading with the Enemy Act, 50 U.S.C. App. § 5, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06, the Patriot Act, Public Law 107-56, Executive Order 13224 (September 23, 2001) or any Executive Order of the President issued pursuant to such statutes; or (iii) named on the following list that is published by OFAC: "List of Specially Designated Nationals and Blocked Persons."

12.17. *Condemnation*: In the event of the taking of all or any part of the Property by eminent domain proceedings, or the commencement or bona fide threat of the commencement of any such proceedings, prior to Closing, Novant shall have the right, at Novant's option, to terminate this Agreement by giving written notice thereof to the Town prior to Closing, in which event the Earnest Money Deposit shall be refunded to Novant immediately upon request, all rights and obligations of the Town and Novant under this Agreement shall expire, and this Agreement shall become null and void. If Novant does not so terminate this Agreement, the Purchase Price shall not be reduced by the total of any awards or other proceeds received by the Town prior to Closing with respect to any taking, but, at Closing, the Town shall assign to Novant all rights of the Town in and to any awards or other proceeds to be paid or that may become payable after Closing by reason of any taking. The Town shall notify Novant of eminent domain proceedings within five (5) days after the Town learns thereof.

12.18 *Regulatory Matters*: Novant and the Town hereby acknowledge and agree that it is not a purpose of this Agreement or the transaction contemplated herein to exert influence in any manner over the reason or judgment of any party with respect to the referral of patients or business of any nature whatsoever. It is the intent of the parties hereto that any referrals that may be made directly or indirectly shall be based solely upon the medical judgment and discretion of a patient's physician while acting in the best interests of the patient.

ARTICLE 13 - DAMAGE AND RISK OF LOSS

13.01 *Damage and Risk of Loss:* The risk of loss of complete or partial destruction of the Property shall rest with the Town up to the time that the Closing occurs. If the Property is damaged, but repairable prior to Closing, the Town shall repair the same and proceed to Closing. If the Property is damaged, but un-repairable prior to Closing, Novant shall be entitled to terminate this Agreement by delivery of a written notice to the Town of Novant's election to terminate under this Article 13.01. Upon Novant's delivery of the written termination notice, the Escrow Agent shall promptly return the Earnest Money Deposit to Novant and this Agreement shall be of no further force or effect and neither party shall have any further rights or obligations under this Agreement.

IN WITNESS WHEREOF, the Town and Novant have caused their duly authorized officers and representatives to execute this Agreement as of this 9th day of DECEMBER, 2025.

WITNESSES:

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

By:
Alan R. Perry, Mayor

Attest:
Marc A. Orlando, Town Manager

WITNESSES:

HILTON HEAD MEDICAL CENTER, LLC,
a South Carolina limited liability company

By: DocuSigned by: Matt Stiene
9BCEAC883516459
Matthew H. Stiene

Its: Senior Vice President

EXHIBIT "A" – LEGAL DESCRIPTION OF REAL PROPERTY
This Exhibit Consists of 2 Pages

All those certain pieces, parcels or lots land lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 4.57 acres, more or less, and which are shown and described as "Parcel 1," "Parcel 2," and "Parcel 3" on a Plat titled "ALTA/ASCM Land Title Survey of Parcels 1, 2 and 3, #355 William Hilton Parkway, A Section of Honey Horn Plantation," prepared by Terry G. Hatchell, SCRLS 11059, dated July 16, 2019, and recorded in the Office of The Register of Deeds for Beaufort County, South Carolina, in Plat Book 152 at Page 66, a copy of which follows in the next page.

EXHIBIT "A" – LEGAL DESCRIPTION OF REAL PROPERTY
(continued from prior page)

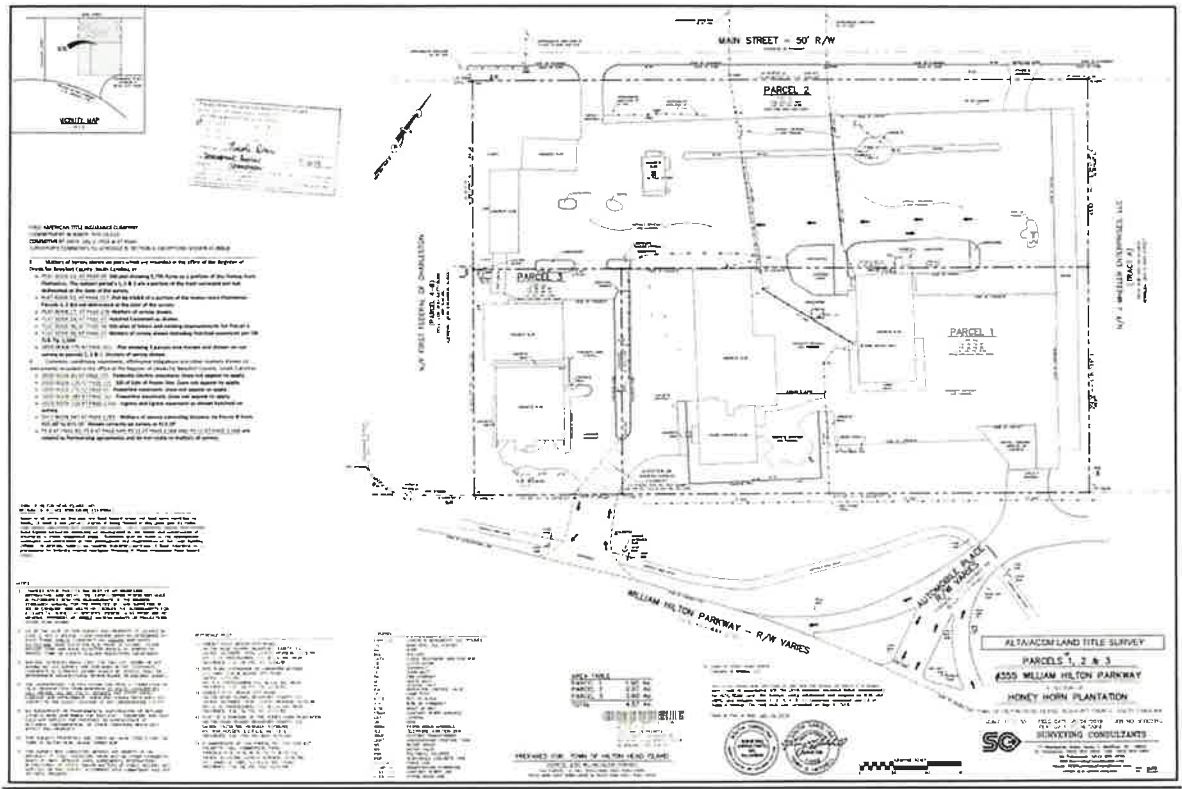

EXHIBIT "B" - FORM OF GAP AFFIDAVIT PERSONAL UNDERTAKING (GAP)

WHEREAS, ______________________________, hereinafter referred to as "the Company," is about to issue its title insurance policy, policies, or commitments therefore, all hereinafter referred to as the "Title Insurance Policy," No. ______________ in respect to the land therein described; and,

WHEREAS, the Company has raised as Exception to Title the following:

Defects, liens, encumbrances, adverse claims, or other matters, if any created, first appearing in the public records or attaching subsequent to ____________, 20___, at _____ A. M. (the "Exceptions to Title").

WHEREAS, the Company has been requested to issue the Title Insurance Policy, and may hereafter in the ordinary course of its business issue title insurance policies or commitments therefore in the forms now or then commonly used by the Company in respect to the land or to some part or parts thereof, or interest therein, all of the foregoing being hereafter referred to as "Future Policies", either free and clear of all mention of the Exceptions to Title or insuring against loss or damage by reason thereof;

NOW THEREFORE, in consideration of the issuance of the Title Insurance Policy and payment of $1.00 to the undersigned by the Company, the sufficiency and receipt of which is hereby acknowledged, the undersigned, jointly and severally, for themselves, their heirs, their personal representatives and their assigns do hereby covenant and agree with the Company:

1. To forever fully protect, defend, and save the Company harmless from and against all the Exceptions to Title or any rights growing out thereof, all loss, costs, damages, attorney's fees, and expenses of every kind and nature which the company may suffer, in consequence of the Title Insurance Policy on account of the Exceptions to Title or any rights growing out thereof, or on account of the assertion or enforcement or attempted assertion or enforcement thereof;

2. To provide for the defense, at their own expense, on behalf of and for the protection of the Company and any parties now or hereafter insured against loss or damage under the Title Insurance Policy (but without prejudice to the right of the Company to defend if it so elects) in all litigation based on any Exceptions to the Title which may be asserted or tempted to be asserted, in respect to the land or any part thereof, or interest therein;

3. To pay, discharge, satisfy or remove all the Exceptions to Title on or before 10 days from the date of notice of the existence of any Exceptions to Title; and

4. That each and every provision herein shall extend and be in force concerning the Future Policies.

The foregoing notwithstanding, it is hereby covenanted and agreed, and expressly made a part of this Agreement, that the liability of the undersigned hereunder shall cease and determine as such time as the Company shall have completed all of its various title searches concerning the insured property through the date of the recording of the documents required in the Commitment required for the issuance of the above policy; provided, however, that:

1) No Exceptions to Title or rights growing out thereof are disclosed by the said various title searches and examination thereof;

2) There is then pending no suit, action, or proceedings, either direct or collateral, to assert, establish, or enforce the said Exceptions to Title or rights growing out thereof;

3) That no judgment, order, or decree rendered in any such proceeding remains unsatisfied; and

4) That the undersigned is not in default in the performance of any of the terms, covenants, and conditions hereof.

IN WITNESS WHEREOF, the undersigned have executed this agreement this _____ day of __________, 202___.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By:_______________________________
Alan R. Perry, Mayor

By:_______________________________
Marc A. Orlando, Town Manager

Sworn to Before Me this ____
Day of _______, 202___.

____
Notary Public for South Carolina
My Commission Expires:____________

EXHIBIT "C" – RIGHT OF FIRST REFUSAL AND NON-PERFORMANCE BUY-BACK AGREEMENT

STATE OF SOUTH CAROLINA	)	RIGHT OF FIRST REFUSAL AND NON-
	)	PERFORMANCE BUY-BACK
COUNTY OF BEAUFORT	)	AGREEMENT

Know all men by these Presents that Hilton Head Medical Center, LLC (herein, "Novant"), and the Town of Hilton Head Island, South Carolina (herein, the "Town") for and in consideration of the sum of Ten ($10.00) Dollars, and other good and valuable consideration, each paid and delivered to the other at and before the execution and delivery of this "Right of First Refusal and Non-Performance Buy-Back Agreement" (herein, the "Agreement"), the receipt and sufficiency of which is acknowledged, Novant agrees as follows:

1. Novant is the owner of real property it has purchased from the Town under the terms of a Contract dated _________, 2025, that is described as follows:

> All those certain pieces, parcels or lots land lying and being on Hilton Head Island, Beaufort County, South Carolina, containing 4.57 acres, more or less, and which are shown and described as "Parcel 1," "Parcel 2," and "Parcel 3" on a Plat titled "ALTA/ASCM Land Title Survey of Parcels 1, 2 and 3, #355 William Hilton Parkway, A Section of Honey Horn Plantation," prepared by Terry G. Hatchell, SCRLS 11059, dated July 16, 2019, and recorded in the Office of The Register of Deeds for Beaufort County, South Carolina, in Plat Book 152 at Page 66 (herein, the "Novant Property").

2. Novant acknowledges and agrees that the Novant Property and Novant's title to the Novant Property is subject to this Agreement.

RIGHT OF FIRST REFUSAL

1. In the event Novant desires to sell the Novant Property or any portion of it during the Term of this Agreement, the Novant Property or portion being sold shall be offered for sale to Town at the same price and upon the same terms as the highest *bona fide* written offer (herein, the "Offer") that has been received by Novant for the Novant Property.

2. Novant shall deliver a copy of the Offer to the Town along with a copy of this Agreement and a request for the Town to notify Novant of the Town's election to exercise or waive its Right of First Refusal (herein, the "ROFR Notice"), by certified mail, return receipt requested, or overnight courier delivery service, addressed as follows:

Town of Hilton Head Island
ATTN: Town Manager
One Town Center Court
Hilton Head Island, SC 29928.

The date of delivery of the ROFR Notice shall be the date of actual delivery (or refusal to accept delivery). The Town and Novant may agree in writing to an alternate method of delivery of the ROFR Notice, provided that any agreement on an alternate method of delivery must include an agreement on what constitutes the date of delivery.

3. The Town shall have fifteen (15) business days from the date of delivery of the ROFR Notice to deliver written notice of the Town's election to exercise or to waive its right of first refusal (the "Election Notice"). The Election Notice shall be delivered to Novant by certified mail, return receipt requested, or overnight courier delivery service, addressed as follows:

HILTON HEAD MEDICAL CENTER, LLC
2085 Frontis Plaza Boulevard
Winston-Salem, NC 27103
Attn: Real Estate (JL)

With Copy to:

Novant Health, Inc
200 Hawthorne Lane
Charlotte, NC 28207
Attn: Legal Department (PRJ)

The date of delivery of the Election Notice shall be the date of actual delivery (or refusal to accept delivery). Novant and the Town may agree on an alternate method of delivery of the Election Notice, provided that any such agreement must be in writing and must include an agreement on what constitutes the date of the delivery of the Election Notice.

If the Town does not deliver its Election Notice within fifteen (15) business days as required hereby, then the Town shall be deemed to have waived its right to exercise the right of first refusal set forth herein.

5. In the event the Town elects to waive its right of first refusal or is deemed to have waived its rights of first refusal, the waiver shall be limited only to the Offer. In the event Novant does not complete the transaction described in the Offer, or if Novant materially changes the financial terms of the Offer from those delivered to the Town in the ROFR Notice, then the Town's right of first refusal shall remain in effect and apply to any future proposed sale of the Novant Property by Novant, or the revised terms of the Offer, on the same terms and conditions described in this Agreement.

6. In the event the Town elects to waive, or is deemed to have waived, its Right of First Refusal, and Novant completes the transaction described in the Offer, then the Town shall, on request of Novant, execute a recordable waiver if its Right of First Refusal.

NON-PERFORMANCE BUY-BACK

1. The Town's willingness to sell the Novant Property to Novant is conditioned on Novant's completion of a project on the Novant Property consisting of a 25,000 square foot Medical Office Building housing the following medical services and medical service providers: Urgent Care, Primary Care, Physical Therapy and Urology (herein, the "MOB").

2. In the event that Novant does not submit a complete application for a building permit for the MOB within three (3) years of the date of the recording of this Agreement, the Town shall have the option of buying the Novant Property back from Novant. The purchase price shall be the greater of (i) the then-current appraised value of the Novant Property as determined by an MAI Appraiser mutually and reasonably chosen by the Town and Novant and (ii) the purchase price paid by Novant pursuant to the Original Contract (defined below), and the other terms of the sale shall be the same terms that are set out in the ______________, 2025 Contract between the Town and Novant for the purchase and sale of the Novant Property (the "Original Contract"), modified only as needed to address the change in any representations set forth therein due to changed facts and circumstances and the changed positions of Novant and the Town in the transaction.

3. In the event Novant does not submit a complete application for a building permit for the MOB within three (3) years of the date of recording of this Agreement and the Town elects as a result thereof to exercise its rights under the Non-Performance Buy-Back terms of this Agreement, the Town shall deliver a written notice its intent (herein, the "Buy-Back Notice") to Novant by certified mail, return receipt requested, or overnight courier delivery service, addressed as follows:

HILTON HEAD MEDICAL CENTER, LLC
2085 Frontis Plaza Boulevard
Winston-Salem, NC 27103

Attn: Real Estate (JL)

With Copy to:

Novant Health, Inc
200 Hawthorne Lane
Charlotte, NC 28207
Attn: Legal Department (PRJ)

The date of delivery of the Buy-Back Notice shall be the date of actual delivery (or refusal to accept delivery). Novant and the Town may agree on an alternate method of delivery of the Buy-Back Notice, provided that any such agreement must be in writing and must include an agreement on what constitutes the date of the delivery of the Buy-Back Notice.

4. The Town shall deliver a signed Contract for the purchase and sale of the Novant Property (the "Contract") and a copy of the current appraisal to Novant within thirty (30) days of the date of the Buy-Back Notice. The Contract shall conform to the requirements of this Agreement. The Contract and copy of the current appraisal shall be delivered to Novant by certified mail, return receipt requested, or overnight courier delivery service, addressed as follows:

HILTON HEAD MEDICAL CENTER, LLC
2085 Frontis Plaza Boulevard
Winston-Salem, NC 27103
Attn: Real Estate (JL)

With Copy to:

Novant Health, Inc
200 Hawthorne Lane
Charlotte, NC 28207
Attn: Legal Department (PRJ)

The date of the delivery of the Contract and copy of the current appraisal shall be the date of actual delivery (or refusal to accept delivery). Novant and the Town may agree on an alternate method of delivery of the Buy-Back Notice, provided that any such agreement must be in writing and must include an agreement on what constitutes the date of the delivery of the Buy-Back Notice.

5. Novant shall review and provide comments or sign, as applicable, and return the Contract to the Town within fifteen (15) business days of the date of delivery of the Contract and copy of the current appraisal, and the parties shall thereafter perform their respective obligations under the terms of the Contact.

TERM

1. The term of this Agreement shall commence on the date of its recording in the Office of The Register of Deeds for Beaufort County, South Carolina, and the term of this Agreement shall end on the date that Novant submits a complete application for a building permit for the MOB. When Novant has submitted its complete application for a building permit for the MOB, the parties shall execute and deliver a written termination of this Agreement ("Termination Agreement"), which shall be recorded by Novant in the Office of The Register of Deeds for Beaufort County, South Carolina. Novant may prepare and deliver the Termination Agreement to the Town and the Town agrees to return the same executed and in recordable form within fifteen (15) business days of receipt thereof. Novant shall deliver the Termination Agreement by certified mail, return receipt requested, or overnight courier delivery service, addressed as follows:

Town of Hilton Head Island
ATTN: Town Manager
One Town Center Court
Hilton Head Island, SC 29928.

The date of delivery of the Termination Agreement shall be the date of actual delivery (or refusal to accept delivery). The Town and Novant may agree in writing to an alternate method of delivery of the Termination Agreement, provided that any agreement on an alternate method of delivery must include an agreement on what constitutes the date of delivery.

DEFAULT AND REMEDIES

1. If the Town shall default in any of its obligations, covenants, or agreements contained within this Agreement, and shall remain in default after ten (10) business days' written notice specifying the default and demanding that the default be cured, then Novant shall be entitled to pursue any remedy at law or in equity against the Town, including an action for specific performance of this Agreement. The provisions of this Agreement shall be binding upon the successors and assigns of the Town.

2. If Novant shall default in any of its obligations, covenants, or agreements contained within this Agreement, and shall remain in default after ten (10) business days' written notice specifying the default and demanding that the default be cured, then the Town shall be entitled to pursue any remedy at law or in equity against Novant, including

an action for Specific Performance of this Agreement. The provisions of this Agreement shall be binding upon the heirs, successors and assigns of Novant.

3. If any legal action or other proceeding is brought for the enforcement of this Agreement, or because of a dispute, breach, default or misrepresentation in connection with all or any of the provisions of this Agreement, the successful or prevailing party shall be entitled to recover its reasonable, actual and documented attorney's fees and any costs incurred as a result of any such matter, whether incurred before the institution of suit or after the commencement of suit, including appellate proceedings, in addition to any other relief to which the prevailing party is entitled.

GENERAL TERMS

1, This Agreement runs with the title to the Novant Property, and is binding on Novant, the Town and their successors and assigns.

2. This Agreement supersedes all prior discussions and agreements between the Town and Novant with respect to the matters contained herein and constitutes the sole and entire agreement and understanding between the Town and Novant with respect to the matters contemplated in this Agreement. This Agreement shall not be modified or amended except by an instrument in writing signed by both the Town and Novant.

3. In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

4. This Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

5. This Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina.

7. Novant shall cause for this Agreement to be recorded, in the Office of the Register of Deeds for Beaufort County, South Carolina, simultaneously with the recording of the deed conveying the Novant Property to Novant in accordance with the terms of the Original Contract.

8. The failure of either party to exercise any right or power given such party hereunder, or to insist on strict compliance by the other party of its obligations hereunder, nor any custom or practice of the parties at variance with the terms hereof shall constitute a waiver of either party's right to demand exact compliance with the terms hereof.

IN WITNESS WHEREOF, the Town has caused its duly authorized officers and representatives to execute this Agreement as of this ___ day of ______, 2025.

WITNESSES:	THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA
____________________________	By:______________________________ Alan R. Perry, Mayor
____________________________	Attest:____________________________ Marc A. Orlando, Town Manager

STATE OF SOUTH CAROLINA	)	
	)	UNIFORM ACKNOWLEDGMENT
COUNTY OF BEAUFORT	)	

I, the undersigned Notary Public do hereby certify that Alan R. Perry, Mayor and Marc A. Orlando, Town Manager, the duly authorized officers of the Town of Hilton Head Island, South Carolina, personally appeared before me on this day and duly acknowledged the execution of the foregoing instrument.

Sworn to and Subscribed before me
on this __________ day of ________, 2025.

____
Notary Public for South Carolina
My Commission Expires:____________

WITNESSES: HILTON HEAD MEDICAL CENTER, LLC

____________________________ By:______________________________
Matthew H. Stiene

____________________________ Its:______________________________
Senior Vice President

STATE OF NORTH CAROLINA)
) UNIFORM ACKNOWLEDGMENT
COUNTY OF _________)

I, the undersigned Notary Public do hereby certify that Matthew H. Stiene, Senior Vice President of Hilton Head Medical Center, LLC, personally appeared before me on this day and duly acknowledged the execution of the foregoing instrument.

Sworn to and Subscribed before me
on this __________ day of ________, 2025.

____
Notary Public for South Carolina
My Commission Expires:____________

TOWN OF HILTON HEAD ISLAND

TO: Town Council
FROM: Dave Byrd, Finance Director
CC: Marc Orlando, ICMA-CM, Town Manager
John McGowan, Assistant Finance Director
DATE: December 18, 2025
SUBJECT: Consideration of an Ordinance of the Town of Hilton Head Island, South Carolina Authorizing the Issuance of General Obligation Debt Bonds and Providing for Severability and an Effective Date - Second Reading

RECOMMENDATION:

Consideration of Second Reading of an Ordinance authorizing the issuance and sale of not to exceed $35,000,000 in General Obligation bonds, Series 2026, or such other appropriate series designation, of the Town of Hilton Head Island, South Carolina; fixing the form and certain details of the bonds, including a final maturity on or before June 1, 2041, with the proceeds being used to fund certain capital projects, including but not limited to the acquisition and renovation of certain land and existing improvements, if any, located at 9 Park Lane and 10 Park Lane for the new headquarters for Fire Rescue and Emergency Operations Center, and land acquisition costs for conservation purposes; authorizing the Town Manager or his lawfully authorized designee to determine certain matters relating to the bonds; providing for the payment of the bonds and the disposition of the proceeds thereof; other matters relating thereto; and providing for severability and an effective date.

Town Council approved First Reading by a vote of 5-2 on December 9, 2025, with the following amendments to the Ordinance:

1. The title of the Ordinance be amended to read "…with the proceeds being used to fund certain capital projects, including but not limited to the acquisition and renovation of certain land and existing improvements, if any, located at 9 Park Lane and 10 Park Lane for the new headquarters for Fire Rescue and Emergency Operations Center, and land acquisition costs for conservation purposes…".

2. The first Whereas statement be similarly amended to read "…the Town intends to undertake certain capital projects, including but not limited to the acquisition and renovation of certain land and existing improvements, if any, located at 9 Park

Lane and 10 Park Lane for the new headquarters for Fire Rescue and Emergency Operations Center, and acquire land for conservation purposes…".

These amendments have been incorporated for Second Reading.

BACKGROUND:

Potential Capital Projects and Property Acquisitions to be Funded and/or Reimbursed with G.O. Bond Issue Proceeds:

- Acquiring and improving 9 Park Lane and 10 Park Lane for a new Fire and Rescue headquarters and Emergency Operations Center, including building an adjacent parking lot for the benefit of the facility (total estimated property acquisition and buildout costs of approximately $9,000,000).

- Acquiring strategic land parcels for conservation purposes, consistent with the Town's ongoing land acquisition policy.

- Undertaking additional capital projects. The specific capital projects and specific dollar amounts devoted to each project would be determined by Town Council.

The Town has historically funded many of its property acquisitions and capital improvement projects via accumulated cash balances from various Town funds. The Town has also issued G.O. bonds to fund strategic property acquisitions and capital projects throughout its history, including "new money" (non-refunding) G.O. Bond issuances in 2010, 2013, 2017, and 2019.

Sources of Payment/Payback of the Potential G.O. Bond Issuance

1) Accumulated Debt Service Fund Balance - The Town's Debt Service Fund can only be used to pay back debt. The Debt Service Fund's balance has grown to $14.2 million (as of 6/30/25) over the past several years due to conservative revenue projections. If the Town was to maintain a minimum future Debt Service Fund Balance of $2.5 million, this would leave approximately $11.7 million in FY2026 to pay back the first G.O. bond debt service payment (due on approximately June 1, 2026) within 2 months of the initial bond issuance.

2) Already Requested Debt Service Millage Collections for FY2026 – Consistent with the FY2026 budget, the Town has already requested that Beaufort County assess 5.1 mils in FY2026 in Debt Service-related property taxes that can only be used to pay back debt. Of the 5.1 mils of Debt Service millage requested for FY2026, the Town has included 2 mils (approximately $2.6 million) to pay for additional anticipated debt to be issued in FY2026.

3) Future annual Debt Service millage, over a payback period totaling approximately 15 years, to pay future years' debt service payments. These anticipated future debt

service payments would allow the Town to maintain all future annual Debt Service millage rates at or below 5.1 mils.

SUMMARY:

The Town has the opportunity to:

- Acquire 9 Park Lane and 10 Park Lane and make significant capital improvements on these properties to build out a Fire & Rescue Headquarters and Emergency Operations Center
- Fund future strategic land acquisitions for conservation purposes
- Fund additional capital projects at the discretion of Town Council

The Town can fund the above via a G.O. bond issuance. The Town would pay back the bond issuance over approximately 15 years, with a large portion of the principal to be paid back within 2 months of issuance. The sources of the first payment ($14.3 million on approximately 6/1/26) would be approximately $11.7 million from the accumulated Debt Service Fund balance + $2.6 million in already-requested FY2026 property tax collection millage. The remaining payments would be made via future annual Debt Service millage collections until the bonds are paid off in approximately 15 years.

The Town's future total annual Debt Service millage (for its existing G.O. bonds and the proposed FY2026 G.O. bonds) would stay at or significantly below FY2026's 5.1 Debt Service millage rate, and would thus give the Town the ability to either 1) reduce Debt Service millage below 5.1 mils after FY2028, 2) undertake addition debt-financed capital projects after FY2028, or, 3) a combination of the two.

The Town, through its Municipal Advisor, First Tryon, would sell this debt competitively in the municipal bond market to ensure the most competitive interest rate results. The Town's AAA G.O. bond ratings from Moody's, S&P, and Fitch would be featured prominently in the bond offering documents. The Town would pay back the debt over approximately 15 years through our bond trustee, Regions Bank.

Funding these land purchases and capital projects with G.O. bond proceeds (instead of with cash currently available in various funds balances) will allow the Town to:

a. Maintain strong General Fund, Real Estate Transfer Fee (RETF) Fund, and other governmental fund balances in excess of the minimum fund balance policy

b. Fund other future capital projects with the additional cash on hand in the General Fund, RETF Fund, and other governmental funds

c. Retain additional financial flexibility in the event of a natural disaster

d. Align the payment of the land acquisitions and related capital improvements more closely with the land acquisition and related capital improvements' expected useful lives, thus offering a more equitable and financially sustainable approach relative to funding the entire capital project via past-accumulated cash balances

Key Future Dates & Milestones (*Dates Approximate*):

December 9, 2025 – Town Council Meeting: First Reading of the Bond Ordinance

December 18, 2025 – Special Town Council Meeting: Second Reading of the Bond Ordinance

January 14, 2026 – 60-day Challenge Period begins

February 16, 2026 – Credit Rating Agency meetings

March 7, 2026 – Publish Notice of Sale to Municipal Bond marketplace

March 14, 2026 – 60-day challenge period ends

March 17, 2026 – Bond Pricing with winning bidder

April 1, 2026 – Financial Closing, funds transfer to Town account

June 1, 2026 – First Principal & Interest Payment

ATTACHMENTS:

1. General Obligation Bond Ordinance
2. General Obligations Bonds – Information and Discussion Points (Power Point)

ORDINANCE NO. _____ PROPOSED ORDINANCE NO. ______

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $35,000,000 GENERAL OBLIGATION BONDS, SERIES 2026, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; FIXING THE FORM AND CERTAIN DETAILS OF THE BONDS, INCLUDING A FINAL MATURITY ON OR BEFORE JUNE 1, 2041, WITH THE PROCEEDS BEING USED TO FUND CERTAIN CAPITAL PROJECTS, INCLUDING BUT NOT LIMITED TO THE ACQUISITION AND RENOVATION OF CERTAIN LAND AND EXISTING IMPROVEMENTS, IF ANY, LOCATED AT 9 PARK LANE AND 10 PARK LANE FOR THE NEW HEADQUARTERS FOR FIRE RESCUE AND EMERGENCY OPERATIONS CENTER, AND LAND ACQUISITION COSTS FOR CONSERVATION PURPOSES; AUTHORIZING THE TOWN MANAGER OR HIS LAWFULLY AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; OTHER MATTERS RELATING THERETO; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

WHEREAS, the Town Council has been advised that the Town intends to undertake certain capital projects, including but not limited to the acquisition and renovation of certain land and existing improvements, if any, located at 9 Park Lane and 10 Park Lane for the new headquarters for Fire Rescue and Emergency Operations Center, and acquire land for conservation purposes (collectively, the "Projects"), and to fund such Projects through the issuance of general obligation bonds; and

WHEREAS, in order to authorize the issuance of general obligation bonds, the proceeds of which would be used to fund the Projects, it is necessary for Town Council to enact an ordinance.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, AS FOLLOWS:

SECTION 1. Findings and Determinations. The Town Council (the "Town Council") of the Town of Hilton Head Island, South Carolina (the "Town"), hereby finds and determines:

(a) The Town is an incorporated municipality located in Beaufort County, South Carolina, and as such possesses all powers granted to municipalities by the Constitution of the State of South Carolina, 1895, as amended (the "Constitution") and laws of the State of South Carolina (the "State").

(b) Article X, Section 14 of the Constitution provides that general obligation debt may be incurred by the governing body of each municipality of the State for any public and corporate purpose in an amount not exceeding eight (8%) percent of the assessed value of all taxable property of such municipality and upon such terms and conditions as the General Assembly may prescribe. Such Article further provides that if general obligation debt is authorized by a majority vote of the qualified electors of the municipality voting in a referendum authorized by law, there shall be no conditions or restrictions limiting the incurring of such indebtedness except as specified in such Article.

(c) Title 5, Chapter 21, Article 5, Code of Laws of South Carolina, 1976, as amended (the "Municipal Bond Act"), provides that the municipal council of any municipality may issue general obligation bonds of such municipality for any corporate purpose of such municipality to any amount not exceeding the constitutional debt limitation applicable to such municipality.

(d) The Municipal Bond Act provides that as a condition precedent to the issuance of bonds an election be held and the result be favorable thereto. Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended (the "S.C. Code"), provides that if an election be prescribed by the provisions of the Municipal Bond Act, but not be required by the provisions of Article X of the Constitution, then in every such instance, no election need be held (notwithstanding the requirement therefor) and the remaining provisions of the Municipal Bond Act shall constitute a full and complete authorization to issue bonds in accordance with such remaining provisions.

(e) The assessed value of all the taxable property in the Town as of June 30, 2025, for purposes of computation of the Town's constitutional debt limit, is $1,327,265,610. Eight percent of such sum is $106,181,249. As of the date hereof, the outstanding general obligation debt of the Town subject to the limitation imposed by Article X, Section 14(7) of the Constitution is $28,490,000. Thus, the Town may incur $77,691,249 of additional general obligation debt within its applicable debt limitation.

(f) Pursuant to Ordinance No. 2013-03 duly enacted by the Town Council on May 7, 2013, the Town has adopted Written Procedures Related to Tax-Exempt Debt.

(g) It is now in the best interest of the Town for the Town Council to provide for the issuance and sale of not to exceed $35,000,000 aggregate principal amount general obligation bonds of the Town to provide funds for the purposes of funding the Projects and paying costs of issuance of the such bonds.

SECTION 2. Authorization and Details of the Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State, there is hereby authorized to be issued not to exceed $35,000,000 general obligation bonds of the Town, Series 2026 or such other appropriate series designation (the "Bonds"), for the purposes listed in Section 1(g) above.

The Bonds shall be issued as fully-registered Bonds; shall be dated their date of delivery; shall be in denominations of $5,000 or any integral multiple thereof not exceeding the principal amount of the Bonds maturing in each year; shall be numbered from R-1 upward; shall bear interest at such times as hereafter designated by the Town Manager or his lawfully authorized designee at such rate or rates as may be determined at the time of the sale thereof; and shall mature serially in successive annual installments as determined by the Town Manager or his lawfully authorized designee. Regions Bank, Atlanta, Georgia, shall serve as Registrar/Paying Agent for the Bonds. The Bonds shall have a final maturity on or prior to June 1, 2041.

SECTION 3. Delegation of Authority to Determine Certain Matters Relating to the Bonds. The Town Council hereby expressly delegates to the Town Manager the authority, with respect to the Bonds, to determine (a) the maturity dates and the respective principal amounts maturing on such dates; (b) the interest payment dates; (c) the redemption provisions, if any; (d) whether to publish notice of the adoption of this ordinance under the provisions of Section 11-27-40(8), of the S.C. Code; (e) the date and time of the sale; (f) whether the Bonds should be publicly traded or placed with a bank and take actions in connection therewith, including receiving bids on behalf of the Town to award the sale of the Bonds in accordance with the terms of the Notice of Sale or Request for Proposals (as applicable) for the Bonds; and (g) such other matters as are necessary or appropriate. The Town Manager is further directed to consult with the Town's municipal advisor and bond counsel in making any such decisions.

The Town Council hereby further delegates to the Town Manager or his lawfully authorized designee the authority to receive bids on behalf of the Town Council and the authority to award the sale of the Bonds to the lowest bidder therefor, in accordance with the terms of the Notice of Sale or Request for Proposals (as applicable) for the Bonds, provided the true interest cost does not exceed 5.00%. After the sale of the Bonds, the Town Manager or his lawfully authorized designee shall submit a written report to the Town Council setting forth the results of the sale of the Bonds.

SECTION 4. Registration, Transfer and Exchange of Bonds. The Town shall cause books (herein referred to as the "registry books") to be kept at the offices of the Registrar/Paying Agent, for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar/Paying Agent shall register or transfer, or cause to be registered or transferred, on such registry books, the Bonds under such reasonable regulations as the Registrar/Paying Agent may prescribe.

Each Bond shall be transferable only upon the registry books of the Town, which shall be kept for such purpose at the principal office of the Registrar/Paying Agent, by the registered owner thereof in person or by his duly authorized attorney upon surrender thereof together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered owner or his duly authorized attorney. Upon the transfer of any such Bond the Registrar/Paying Agent on behalf of the Town shall issue in the name of the transferee a new fully-registered Bond or Bonds, of the same aggregate principal amount, interest rate and maturity as the surrendered Bond. Any Bond surrendered in exchange for a new registered Bond pursuant to this Section shall be canceled by the Registrar/Paying Agent.

The Town and the Registrar/Paying Agent may deem or treat the person in whose name any fully-registered Bond shall be registered upon the registry books as the absolute owner of such Bond, whether such Bond shall be overdue or not, for the purpose of receiving payment of the principal of and interest on such Bond and for all other purposes and all such payments so made to any such registered owner or upon his order shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid, and neither the Town nor the Registrar/Paying Agent shall be affected by any notice to the contrary. In all cases in which the privilege of transferring Bonds is exercised, the Town shall execute and the Registrar/Paying Agent shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. Neither the Town nor the Registrar/Paying Agent shall be obliged to make any such transfer of Bonds during the fifteenth (15th) day of the calendar month preceding an interest payment date on such Bonds.

SECTION 5. Record Date. The Town establishes a record date for the payment of interest or for the giving of notice of any proposed redemption of Bonds, and such record date shall be the fifteenth (15th) day (whether or not a business day) preceding an interest payment date on such Bonds or, in the case of any proposed redemption of Bonds, such record date shall be the fifteenth (15th) day (whether or not a business day) prior to the mailing of notice of redemption of Bonds.

SECTION 6. Mutilation, Loss, Theft or Destruction of Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the owner, the Town shall execute and the Registrar/Paying Agent shall authenticate and deliver at the principal office of the Registrar/Paying Agent, or send by registered mail to the owner thereof at his request, risk and expense a new Bond of the same series, interest rate and maturity and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bond, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the Town and the Registrar/Paying Agent evidence or proof satisfactory to the Town and the Registrar/Paying Agent of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State or such greater amount as may be required by the Town and the Registrar/Paying Agent. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Ordinance as was the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same series issued hereunder.

All expenses necessary for the providing of any duplicate Bond shall be borne by the applicant therefor.

SECTION 7. Form of Bonds. The Bonds shall be in substantially the form attached hereto as Exhibit A and incorporated herein by reference.

SECTION 8. Execution of Bonds. The Bonds shall be executed in the name of the Town with the manual or facsimile signature of the Mayor or Mayor Pro Tempore of the Town attested by the manual or facsimile signature of the Town Clerk under the seal of the Town which shall be impressed, imprinted or reproduced thereon. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Bond shall bear a certificate of authentication manually executed by the Registrar/Paying Agent in substantially the form set forth herein.

SECTION 9. Security for the Bonds. The full faith, credit, taxing power and resources of the Town are hereby irrevocably pledged for the payment of the principal and interest of the Bonds as they respectively mature and for the creation of a sinking fund to aid in the retirement and payment thereof. There shall be levied and collected annually upon all taxable property of the Town an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes. The Town at its option may also utilize any other funds available therefor for the payment of the principal of and interest on the Bonds.

SECTION 10. Defeasance. The obligations of the Town herein made or provided for, shall be fully discharged and satisfied as to any portion of the Bonds, and such Bond or Bonds shall no longer be deemed to be outstanding hereunder when:

(a) such Bond or Bonds shall have been purchased by the Town and surrendered to the Town for cancellation or otherwise surrendered to the Town or the Registrar/Paying Agent and is canceled or subject to cancellation by the Town or the Registrar/Paying Agent; or

(b) payment of the principal of and interest on such Bonds either (i) shall have been made or caused to be made in accordance with the terms thereof, or (ii) shall have been provided for by irrevocably depositing with the Registrar/Paying Agent in trust and irrevocably set aside exclusively for such payment (1) moneys sufficient to make such payment or (2) Government Obligations (hereinafter defined) maturing as to principal and interest in such amounts and at such times as will ensure the availability of sufficient moneys to make such payment and all necessary and proper fees, compensation and expenses of the Registrar/Paying Agent. At such time as the Bonds shall no longer be deemed to be outstanding hereunder, such Bonds shall cease to draw interest from the due date thereof and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

"Government Obligations" shall mean any of the following:

(i) direct obligations of the United States of America or agencies thereof or obligations, the payment of principal or interest on which, in the opinion of the Attorney General of the United States, is fully and unconditionally guaranteed by the United States of America;

(ii) non-callable, U. S. Treasury Securities - State and Local Government Series ("SLGS"); and

(iii) a defeasance obligation as defined in Section 6-5-10 of the S.C. Code as such may be amended from time to time.

(c) Such Bond of Bonds shall be defeased as provided in Section 11-14-110 of the S.C. Code as such may be amended from time to time.

The Town has reserved the right to modify this definition to conform to amendments in State law regarding legal investments of public funds.

SECTION 11. Exemption from State Taxes. Both the principal of and interest on the Bonds shall be exempt, in accordance with the provisions of Section 12-2-50 of the S.C. Code, from all State, county, municipal, Town and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

SECTION 12. Eligible Securities. The Bonds initially issued (the "Initial Bonds") will be eligible securities for the purposes of the book-entry system of transfer maintained by The Depository Trust Company ("DTC"), and transfers of beneficial ownership of the Initial Bonds shall be made only through DTC and its participants in accordance with rules specified by DTC. Such beneficial ownership must be of $5,000 principal amount of bonds of the same maturity or any integral multiple of $5,000.

The Initial Bonds shall be issued in fully-registered form, one Bond for each of the maturities of the Bonds, in the name of Cede & Co., as the nominee of DTC. When any principal of or interest on the Initial Bonds becomes due, the Registrar/Paying Agent, on behalf of the Town, shall transmit to DTC an amount equal to such installment of principal and interest. DTC shall remit such payments to the beneficial owners of the 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 DTC in accordance with the provisions of the Ordinance.

If (a) DTC determines not to continue to act as securities depository for the Bonds, or (b) the Town has advised DTC of its determination that DTC is incapable of discharging its duties, the Town shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the Town of the Initial Bonds together with an assignment duly executed by DTC, the Town shall execute and deliver to the successor securities depository bonds of the same principal amount, interest rate and maturity registered in the name of such successor.

If the Town is unable to retain a qualified successor to DTC 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 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 Bonds by mailing an appropriate notice to DTC, upon receipt by the Town of the Initial Bonds together with an assignment duly executed by DTC, the Town shall execute, authenticate and deliver to the DTC participants bonds in fully-registered form in the denomination of $5,000 or any integral multiple thereof.

Notwithstanding the foregoing, at the request of the purchaser, the Bonds will be issued as one single fully-registered bond and not issued through the book-entry system.

SECTION 13. Sale of Bonds, Form of Notice of Sale. The Bonds shall be sold at public sale. A Notice of Sale shall be distributed to prospective bidders and a summary of such Notice shall be published in a newspaper having general circulation in the State or in a financial publication published in the City of New York, State of New York, or both, not less than seven (7) days prior to the date set for such sale in substantially the form attached hereto as Exhibit B and incorporated herein by reference.

SECTION 14. Preliminary and Final Official Statement. The Town Council hereby authorizes and directs the Town Manager or his lawfully authorized designee to prepare, or cause to be prepared, a Preliminary Official Statement to be distributed to prospective purchasers of the Bonds together with the Notice of Sale. The Town Council authorizes the Town Manager or his lawfully authorized designee to designate the Preliminary Official Statement as "near final" for purposes of Rule 15c2-12 of the Securities Exchange Commission (the "Rule"). The Town Manager or his lawfully authorized designee is further authorized to see to the completion of the final form of the Official Statement upon the sale of the Bonds so that it may be provided to the purchasers of the Bonds.

SECTION 15. Filings with Central Repository. In compliance with Section 11-1-85 of the S.C. Code, as amended, the Town covenants that it will file or cause to be filed with a central repository for availability in the secondary bond market when requested: (a) a copy of an annual independent audit of the Town within thirty (30) days of the Town's receipt thereof; and (b) within thirty (30) days of the occurrence thereof, event specific information of an event which adversely affects more than five (5%) percent of the tax revenues of the Town or the Town's tax base.

SECTION 16. Continuing Disclosure. In compliance with the Rule, the Town covenants and agrees for the benefit of the holders from time to time of the Bonds to execute and deliver prior to closing, and to thereafter comply with the terms of a Continuing Disclosure Certificate in substantially the form attached hereto and incorporated herein by reference as Exhibit C. In the event of a failure of the Town to comply with any of the provisions of the Continuing Disclosure Certificate, an event of default under this Ordinance shall not be deemed to have occurred. In such event, the sole remedy of any bondholder or beneficial owner shall be an action to compel performance by the Town.

SECTION 17. Deposit and Use of Proceeds. The proceeds derived from the sale of the Bonds shall be deposited with the Town in a special fund and shall be applied solely to the purposes for which the Bonds have been issued, including payment of costs of issuance of the Bonds, except that the premium, if any, shall be placed in a sinking fund for the Bonds.

SECTION 18. Tax Covenants. The Town hereby covenants and agrees with the holders of the Bonds that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the holders of the Bonds for federal income tax purposes pursuant to the provisions of the Internal Revenue Code of 1986, as amended, and regulations promulgated thereunder (the "Code") in effect on the date of original issuance of the Bonds. The Town further covenants and agrees with the holders of the Bonds that no use of the proceeds of the

Bonds shall be made which, if such use had been reasonably expected on the date of issue of the Bonds would have caused the Bonds to be "arbitrage bonds," as defined in Section 148 of the Code, and to that end the Town hereby shall:

(i) comply with the applicable provisions of Sections 103 and 141 through 150 of the Code and any regulations promulgated thereunder so long as the Bonds are outstanding;

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

(iii) make such reports of such information at the time and places required by the Code.

SECTION 19. Bank Placement. In the event the Bonds are sold to a bank, the requirements of Sections 12, 14 and 16 hereof shall not be applicable, and the Town may serve as Registrar/Paying Agent as described in Sections 2 and 4 hereof. Also, forms of the attachments to this Ordinance will be revised as necessary and appropriate, including but not limited to the use of a Request for Proposals instead of a Notice of Sale (or a modified version of the Notice of Sale) pursuant to Section 13 hereof.

SECTION 20. Miscellaneous. The Town Council hereby authorizes the Mayor and the Town Clerk, the Town Manager, the Finance Director and any lawfully authorized designee to execute such documents and instruments as may be necessary to effect the issuance of the Bonds or make modifications in any documents including but not limited to the form of the Bonds or Notice of Sale, if necessary. The Town Council hereby retains Burr & Forman, LLP as bond counsel and First Tryon Advisors, as municipal advisor in connection with the issuance of the Bonds. The Town Manager is authorized to execute such contracts, documents or engagement letters as may be necessary and appropriate to effectuate these engagements.

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

SECTION 22. Codification. This Ordinance shall be forthwith codified in the Code of Town Ordinances in the manner required by law.

SECTION 23. Effective Date. This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island, South Carolina.

[Signature Page follows]

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 to Ordinance

62770443 v7

Exhibit A

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
THE TOWN OF HILTON HEAD ISLAND
$________ GENERAL OBLIGATION BOND
SERIES _____

No. R-

INTEREST RATE	MATURITY DATE	ORIGINAL ISSUE DATE	CUSIP
%			

REGISTERED HOLDER:

PRINCIPAL AMOUNT: DOLLARS

KNOW ALL MEN BY THESE PRESENTS, that the Town of Hilton Head Island, South Carolina (the "Town"), is justly indebted and, for value received, hereby promises to pay to the registered holder named above, or registered assigns, the principal amount shown above on the maturity date shown above, upon presentation and surrender of this Bond at the principal office of ___________________ in _______________, as registrar and paying agent (the "Registrar/Paying Agent"), and to pay interest on such principal sum from the date hereof at the interest rate per annum shown above until this Bond matures. Interest on this Bond is payable semiannually on __________ 1 and _____________ 1 of each year commencing ____________ 1, 20__, until this Bond matures, and shall be payable by check or draft mailed to the person in whose name this Bond is registered on the registration books of the Town maintained by the Registrar/Paying Agent, at the close of business on the fifteenth (15th) day of the calendar month next preceding each semiannual interest payment date. The principal and interest on this Bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully-registered Bond shall be paid by check or draft as set forth above.

This Bond shall not be entitled to any benefit under the Ordinance of the Town authorizing the Bonds, nor become valid or obligatory for any purpose, until the Certificate of Authentication hereon shall have been duly executed by the Registrar/Paying Agent.

For the payment of the principal and interest of this Bond as they respectively mature and for the creation of a sinking fund to aid in the retirement and payment hereof, the full faith, credit, taxing power and resources of the Town are hereby irrevocably pledged, and there shall be levied and collected annually upon all taxable property of the Town an ad valorem tax, without limitation as to rate or amount, sufficient for such purposes.

The Bonds are being issued by means of a book-entry system with no physical distribution of bond certificates to be made except as provided in the Ordinance. One bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the securities depository nominee, is being issued and required to be deposited with the securities depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the securities depository's participants, beneficial ownership of the Bonds in the principal amount of $5,000 or any multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the securities depository and its participants pursuant to rules and procedures established by the securities depository and its participants. The Town and the Registrar/Paying Agent will recognize the securities depository nominee, while the registered owner of this bond, as the owner of this bond for all purposes, including payments of principal of and redemption premium, if any, and interest on this bond, notices and voting. Transfer of principal and interest payments to participants of the securities depository will be the responsibility of the securities depository, and transfer of principal, redemption premium, if any, and interest payments to beneficial owners of the Bonds by participants of the securities depository will be the responsibility of such participants and other nominees of such beneficial owners. The Town will not be responsible or liable for such transfers of payments or for maintaining, supervision or reviewing the records maintained by the securities depository, the securities depository nominee, its participants or persons acting through such participants. While the securities depository nominee is the owner of this bond, notwithstanding, the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Registrar/Paying Agent or its successors under the Ordinance and the securities depository.

This Bond is one of a series of Bonds of like date of original issue, tenor and effect, except as to number, date of maturity, denomination, [redemption provisions] and rate of interest, aggregating ____ Dollars issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended; Title 5, Chapter 21 and Title 11, Chapter 27, Code of Laws of South Carolina 1976, as amended, and Ordinance No. _____ duly enacted by the Town Council of the Town.

[Redemption Provisions]

This Bond is transferable as provided in the Ordinance, only upon the books of the Town kept for that purpose at the principal office of the Registrar/Paying Agent by the registered holder in person or by his duly authorized attorney upon surrender of this Bond together with a written instrument of transfer satisfactory to the Registrar/Paying Agent duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully-registered Bond or Bonds of the same aggregate principal amount, interest rate, and maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance. The Town and the Registrar/Paying Agent 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 hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina (the "State"), this Bond and the interest hereon are exempt from all State, county, municipal, Town and other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State to exist, to happen and to be performed precedent to or in the issuance of this Bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the amount of this Bond, together with all other indebtedness of the Town does not exceed the applicable limitation of indebtedness under the laws of the State; and, that provision has been made for the levy and collection of a tax, without limit, on all taxable property in the Town sufficient to pay the principal and interest of this Bond as they respectively mature and to create such sinking fund as may be necessary therefor.

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

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

(SEAL)

____
Mayor

ATTEST:

____
Town Clerk

[FORM OF REGISTRAR/PAYING AGENT'S CERTIFICATE OF AUTHENTICATION]

Date of Authentication:

This Bond is one of the bonds described in the within mentioned Ordinance of the Town of Hilton Head Island, South Carolina.

_____________________________,
as Registrar/Paying Agent

By:___________________________
Authorized Officer

The following abbreviations, when used in the inscription on the face of this Bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common	UNIF GIFT MIN ACT -
TEN ENT - as tenants by the entireties	_____ Custodian _____ (Cust) (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act _____________ (state)

Additional abbreviations may also be used though not in above list.

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(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto ____
(Name and Address of Transferee)

____ the within Bond and does hereby irrevocably constitute and appoint ____________________ ____ attorney to transfer the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated:_______________________

____
Signature Guaranteed

____
Notice: Signature(s) must be guaranteed by an institution which is a a participant in the registered Securities Transfer Agents Medallion Program ("STAMP") or similar program.

____
(Authorized Officer)

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

A copy of the final approving legal opinion to be rendered shall accompany each Bond and preceding the same a certificate shall appear, which shall be signed on behalf of the Town with a manual or facsimile signature of the Town Clerk in the following form:

> IT IS HEREBY CERTIFIED that the following is a true and correct copy of the final legal opinion (except for date and letterhead) of Burr & Forman LLP, Columbia, South Carolina, approving the issue of Bonds of which the within Bond is one, the original of which opinion was manually executed, dated and issued as of the date of delivery of and payment for the Bonds, and a copy of which is on file with the Town of Hilton Head Island, South Carolina.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By____
Town Clerk

Exhibit B

FORM OF NOTICE OF SALE

$________* GENERAL OBLIGATION BONDS, SERIES _____
TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

Date and Time of Sale: Electronic bids for the purchase of $____________* General Obligation Bonds, Series _____, of the Town of Hilton Head Island, South Carolina (the "Bonds") will be received by the Town of Hilton Head Island, South Carolina (the "Town") until **_____ [a][p].m. (South Carolina time) on ________, __________, ____**.

Electronic Bids: Electronic proposals must be submitted through IHS Markit's Parity/BidComp Competitive Bidding System ("Parity"). No electronic bids from any other providers of electronic bidding services will be accepted. Information about the electronic bidding services of Parity may be obtained from Parity, 450 West 33rd Street, 5th Floor, New York, New York 10001, Customer Support, telephone (212) 849-5021.

Book-Entry-Only Bonds: The Bonds will be issued in fully-registered form. One Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), as registered owner of the Bonds and each such Bond will be immobilized in the custody of DTC. DTC will act as securities depository for the Bonds. Individual purchases will be made in book-entry-only form in the principal amount of $5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Bond certificates representing each maturity with DTC.

Interest on the Bonds will be payable semiannually on ______ 1 and _______ 1 of each year, until the Bonds mature, commencing ____________. The Bonds will be dated their date of delivery and will mature serially in successive annual installments on __________ 1 in each of the years and in the principal amounts as follows:

_______1	Principal Amount*	______1	Principal Amount*

Adjustment of Maturity Schedule. The schedule of maturities set forth above (the "Maturity Schedule") represents an estimate of the principal amounts and maturities of the bonds which will be sold. If, after final computation of the proposals, the Town determines in its sole discretion that the funds necessary to accomplish the purposes for which the Bonds are being issued are either more or less than the proceeds of the sale of the amount of the Bonds as shown in this Notice of Sale, it reserves the right either to decrease or increase the principal amount of the Bonds maturing in any year (all calculations to be rounded to the near $5,000), provided that any such decrease or increase shall not exceed 20% of the

* Preliminary, subject to change.

par amount and the aggregate principal amount of the bonds will not exceed $[NTE]. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds.

In the event of any adjustment of the Maturity Schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph.

[Redemption Provisions]

Registrar/Paying Agent: Regions Bank, Atlanta, Georgia, will serve as Registrar/Paying Agent for the Bonds.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/20 or 1/8 of 1% with no greater difference than two percent (2%) between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. A bid for less than all the Bonds or a bid at a price less than par will not be considered.

Award of Bid: The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost ("TIC") to the Town. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount the debt service payment on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the case of a tie bid, the winning bid will be awarded based on the earlier bid time. The Town reserves the right to reject any and all bids or to waive irregularities in any bid. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, the successful bidder will be required to disclose to the Town the price (or yield to maturity) at which the Bonds will be reoffered to the public. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of sale.

Good Faith Deposit: A good faith deposit is not required.

Official Statement: Upon the award of the Bonds, the Town will prepare an official statement (the "Official Statement") in substantially the same form as the preliminary official statement subject to minor additions, deletions and revisions as required to complete the Official Statement. Within seven (7) business days after the award of the Bonds, the Town will deliver the Official Statement to the successful bidder in sufficient quantity to comply with Rule G-32 of the Municipal Securities Rulemaking Board. The successful bidder agrees to supply to the Town within 24 hours after the award of the Bonds all necessary pricing information and any Underwriter identification necessary to complete the Official Statement.

Security: The Bonds shall constitute binding general obligations of the Town, and the full faith, credit, resources and taxing power of the Town are irrevocably pledged for the payment of the principal and interest on the Bonds as they respectively mature and to create a sinking fund to aid in the retirement and payment thereof. There shall be levied and collected annually upon all taxable property of the Town a tax, without limitation as to rate or amount, sufficient for such purposes.

Continuing Disclosure: In order to assist the bidders in complying with S.E.C. Rule 15c2-12(b)(5), the Town will undertake, pursuant to an ordinance and a Continuing Disclosure Certificate, to provide certain annual financial information and notices of the occurrence of certain events, if material. A description of this undertaking is set forth in the Preliminary Official Statement and will also be set forth in the final Official Statement.

Legal Opinion: The Town shall furnish upon delivery of the Bonds the final approving opinion of Burr & Forman LLP, Columbia, South Carolina, which opinion shall accompany each Bond, together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds.

Issue Price Certificate: The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Delivery an "issue price" certificate setting forth the reasonably expected initial offering price to the public, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Town and Bond Counsel. A sample copy of the certificate may be obtained from Burr & Forman LLP.

The Town intends that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "Competitive Sale Requirements") because:

(1) the Town shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;

(2) all bidders shall have an equal opportunity to bid;

(3) the Town may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

(4) the Town anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

In the event that the Competitive Sale Requirements are not satisfied, the Town shall so advise the winning bidder. The Town may determine to treat the initial offering price to the public as of the sale date of the Bonds as the issue price of the Bonds (the "Hold-the-Offering-Price Rule"). The Town shall promptly advise the winning bidder, at or before the time of award of the Bonds, that the Bonds shall be subject to the Hold-the-Offering-Price Rule. Bids will not be subject to cancellation in the event that the Town determines to apply the Hold-the-Offering-Price Rule to the Bonds. Bidders should prepare their bids on the assumption that the Bonds will be subject to the Hold-the-Offering-Price Rule in order to establish the issue price of the Bonds.

By submitting a bid, the winning bidder shall (1) confirm that the underwriters have offered or will offer the Bonds to the public on or before the date of award at the offering price (the "Initial Offering Price"), or at the corresponding yield, set forth in the bid submitted by the winning bidder and (2) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds to which the Hold-the-Offering-Price Rule shall apply to any person at a price that is higher than the Initial Offering Price to the public during the period starting on the sale date and ending on the earlier of the following:

(1) the close of the fifth (5th) business day after the sale date; or

(2) the date on which the underwriters have sold at least 10% of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public (the "10% Test").

The winning bidder shall promptly advise the Town when the underwriters have sold 10% of the Bonds to the public at a price that is no higher than the Initial Offering Price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

The Town acknowledges that, in making the representation set forth above, the winning bidder will rely on (1) the agreement of each underwriter to comply with the Hold-the-Offering-Price Rule, as set forth in an agreement among underwriters and the related pricing wires, (2) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the Hold-the-Offering-Price Rule, as set forth in a selling group agreement and the related pricing wires, and (3) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the Hold-the-Offering-Price Rule, as set forth in the retail distribution agreement and the related pricing wires. The Town further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the Hold-the-Offering-Price Rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the Hold-the-Offering-Price Rule as applicable to the Bonds.

By submitting a bid, each bidder confirms that: (1) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to (a) report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the winning bidder that either the 10% Test has been satisfied as to the Bonds or all Bonds have been sold to the public and (b) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (2) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to (a) report the prices at which it sells to the public the unsold Bonds allotted to it until it is notified by the winning bidder or such underwriter that either the 10% Test has been satisfied as to the Bonds or all Bonds have been sold to the public and (b) comply with the Hold-the-Offering-Price Rule, if applicable, in each case if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

(1) "public" means any person other than an underwriter or a related party,

(2) "underwriter" means (a) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (b) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (a) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

(3) a purchaser of any of the Bonds is a "related party" to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (a) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (b) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (c) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and

(4) "sale date" means the date that the Bonds are awarded by the Town to the winning bidder.

Delivery: The Bonds will be delivered through the facilities of DTC on or about ___________, _______, at the expense of the Town. The balance of the purchase price then due (including the amount of accrued interest) must be paid in federal funds or other immediately available funds.

Municipal Advisor: First Tryon Advisors has acted as Muncipal Advisor to the Town in connection with the issuance of the Bonds. In this capacity, First Tryon Advisors provided technical assistance in the preparation of the offering documents and assisted the Town in preparing for this financing.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be printed on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. The Town's Municipal Advisor will timely apply for CUSIP numbers with respect to the Bonds. However, all expenses related to the CUSIP identification numbers shall be paid for by the successful bidder.

Additional Information: The Preliminary Official Statement and the Official Notice of Sale of the Town with respect to the Bonds are available via the internet at [http://www.idealprospectus.com] and will be furnished to any person interested in bidding on the Bonds upon request to Burr & Forman LLP, Post Office Box 11390, Columbia, South Carolina 29211, attention: Francenia B. Heizer, Esquire, or Michael J. Seezen, Esquire, telephone (803) 799-9800, e-mail: fheizer@burr.com or mseezen@burr.com (as applicable). The Preliminary Official Statement shall be reviewed by bidders prior to submitting a bid. Bidders may not rely on this Official Notice of Sale as to the complete information concerning the Bonds. For additional information, please contact the Town's Bond Counsel, Francenia B. Heizer, Esquire/Michael J. Seezen, Esquire, Burr & Forman LLP, telephone (803) 799-9800, e-mail: fheizer@burr.com and mseezen@burr.com or the Town's Municipal Advisor, David Cheatwood/Andy Smith, First Tryon

Advisors, telephone (704) 926-2447/(704) 703-3747, e-mail: dcheatwood@firsttryon.com and asmith@firsttryon.com.

Town of Hilton Head Island, South Carolina

EXHIBIT C

FORM OF CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Town of Hilton Head Island, South Carolina (the "Town") in connection with the issuance of $______________ General Obligation Bonds, Series ______ (the "Bonds"). The Bonds are being issued pursuant to an Ordinance adopted by the Town Council of the Town (the "Council"). The Town covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the Town for the benefit of the beneficial owners and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below).

SECTION 2. Definitions. The following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Town pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Bonds" shall mean the $______________ General Obligation Bonds, Series _____, of the Town of Hilton Head Island, South Carolina, dated ______________.

"Dissemination Agent" shall mean the Town or any successor Dissemination Agent designated in writing by the Town and which has filed with the Town a written acceptance of such designation.

"Financial Obligation" is defined by the Rule as and for purposes of this Disclosure Certificate shall mean (1) a debt obligation, (2) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (3) a guarantee of either of the foregoing; provided, however, that a "Financial Obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"National Repository" shall mean for purposes of the Rule, the Electronic Municipal Market Access (EMMA) system created by the Municipal Securities Rulemaking Board.

"Official Statement" shall mean that Official Statement prepared in connection with the Bonds.

"Participating Underwriter" shall mean _________________ and any other original underwriter of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each National Repository and each State Depository, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Depository" shall mean any public or private repository or entity designated by the State of South Carolina as a state depository for the purpose of the Rule. As of the date of this Disclosure Certificate, there is no State Depository.

SECTION 3. Provision of Annual Reports.

(a) The Town shall, or shall cause the Dissemination Agent to provide, not later than February 1 following the end of the fiscal year of the Town, commencing with the fiscal year ending June 30, 20__, to the Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. Not later than fifteen (15) business days prior to such date the Town shall provide the Annual Report to the Dissemination Agent, if other than the Town; provided, that if the audited financial statements required pursuant to Section 4 hereof to be included in the Annual Report are not available for inclusion in the Annual Report as of such date, unaudited financial statements of the Town may be included in such Annual Report in lieu thereof, and the Town shall replace such unaudited financial statements with audited financial statements within fifteen (15) days after such audited financial statements become available for distribution. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the Town may be submitted separately from the balance of the Annual Report.

(b) If the Town is unable to provide to the Repository an Annual Report by the date required in subsection (a), the Town shall send a notice to the Municipal Securities Rulemaking Board and State Depository, if any, in substantially the form attached hereto as Exhibit A.

(c) The Dissemination Agent shall:

(1) determine each year prior to the date for providing the Annual Report the name and address of each National Repository and each State Depository, if any; and

(2) if the Dissemination Agent is other than the Town, file a report with the Town and (if the Dissemination Agent is not the Registrar/Paying Agent) the Registrar/Paying Agent certifying whether the Annual Report has been provided pursuant to this Disclosure Certificate, and, if provided, stating the date it was provided, and listing the Repository to which it was provided.

SECTION 4. Content of Annual Reports.

(a) The Town's Annual Report shall contain or incorporate by reference the most recent audited financial statements, which shall be prepared in conformity with generally accepted accounting principles (or, if not in such conformity, to be accompanied by a qualitative discussion of the differences in the accounting principles and the impact of the change in the accounting principles on the presentation of the financial information) applicable to governmental entities such as the Town, and shall, in addition, contain or incorporate by reference the following, for the immediately preceding fiscal year:

(1) Town population;
(2) Total anticipated state appropriations subject to withholding under Article X, Sec. 14, South Carolina Constitution;
(3) Outstanding indebtedness of the Town;
(4) Market value/assessment summary of taxable property in Town;

(5) Tax rates for Town;
(6) Tax collections for Town; and
(7) Five largest taxpayers (including fee-in-lieu-of-tax) for Town.

(b) Audited Financial Statements prepared in accordance with GAAP as described in the Official Statement will be included in the Annual Report.

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the Town is an "obligated person" (as defined by the Rule), which have been previously filed with the National Repository or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Town will clearly identify each such document so incorporated by reference.

SECTION 5. Reporting of Significant Events.

(a) Pursuant to the provisions of this Section 5, the Town shall give, or cause to be given, notice of the occurrence of any of the following events (the "Listed Events"):

(1) Principal and interest payment delinquencies;
(2) Non-payment related defaults;
(3) Unscheduled draws on debt service reserves reflecting financial difficulties;
(4) Unscheduled draws on credit enhancements reflecting financial difficulties;
(5) Substitution of credit or liquidity providers, or their failure to perform;
(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the security;
(7) Modifications to rights of security holders;
(8) Bond calls;
(9) Tender offers;
(10) Defeasances;
(11) Release, substitution, or sale of property securing repayment of the securities;
(12) Rating changes;
(13) Bankruptcy, insolvency, receivership or similar event of the Town;
(14) The consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms;
(15) Appointment of a successor or additional trustee or the change of name of a trustee;
(16) Incurrence of a Financial Obligation of the Town; or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Town, any of which affect security holders; and
(17) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Town, any of which reflect financial difficulties.

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(2), (7), (8), (11), (14), (15) or (16) above, the Town shall as soon as possible determine if such event would be material under applicable federal securities laws. If the Town determines that knowledge of the occurrence of such event would be material under applicable federal securities laws, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(c) Whenever the Town obtains knowledge of the occurrence of a Listed Event described in subsections (a)(1), (3), (4), (5), (6), (9), (10), (12), (13) or (17) above, the Town shall promptly, and no later than 10 days after the occurrence of the event, file a notice of such occurrence with the Repository.

(d) Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8), (9), and (10) above need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to owners of affected Bonds. For the purposes of the event identified in (a)(13) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Town in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Town, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Town.

SECTION 6. Termination of Reporting Obligation. The Town's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Town may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The initial Dissemination Agent shall be the Town.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the Town may amend this Disclosure Certificate and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to the Town, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the Town from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the Town chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Certificate, the Town shall have no obligation under this Disclosure Certificate to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 10. Default. In the event of a failure of the Town, or the Dissemination Agent to comply with any provision of this Disclosure Certificate, any beneficial owner may take such actions as may be necessary and appropriate, including seeking injunctive relief or specific performance by court order, to cause the Town, or the Dissemination Agent, as the case may be, to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Ordinance, and the sole remedy under this Disclosure Certificate in the event of any failure of the Town, or the Dissemination Agent to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties of the Dissemination Agent. The provisions of this Section 11 shall apply if the Issuer is not the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate.

SECTION 12. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the Town, the Dissemination Agent, the Participating Underwriters, and Holders from time to time of the Bonds and shall create no rights in any other person or entity.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By:______________________________
Town Manager

Dated: ______________, 20__

62770443 v7

Exhibit A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Town: Town of Hilton Head Island, South Carolina

Name of Bond Issue: $______________ General Obligation Bonds, Series ____,
Town of Hilton Head Island, South Carolina

Date of Issuance: ______________

NOTICE IS HEREBY GIVEN that The Town of Hilton Head Island, South Carolina (the "Town") has not provided an Annual Report with respect to the above-named Bonds as required by Sections 3 and 4 of the Continuing Disclosure Certificate executed and delivered by the Town as Dissemination Agent. The Town has notified us in writing that the Annual Report will be filed by ________________________.

Dated:__________________

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

TOWN OF HILTON HEAD ISLAND

General Obligation (G.O.) Bonds: Information & Discussion Points

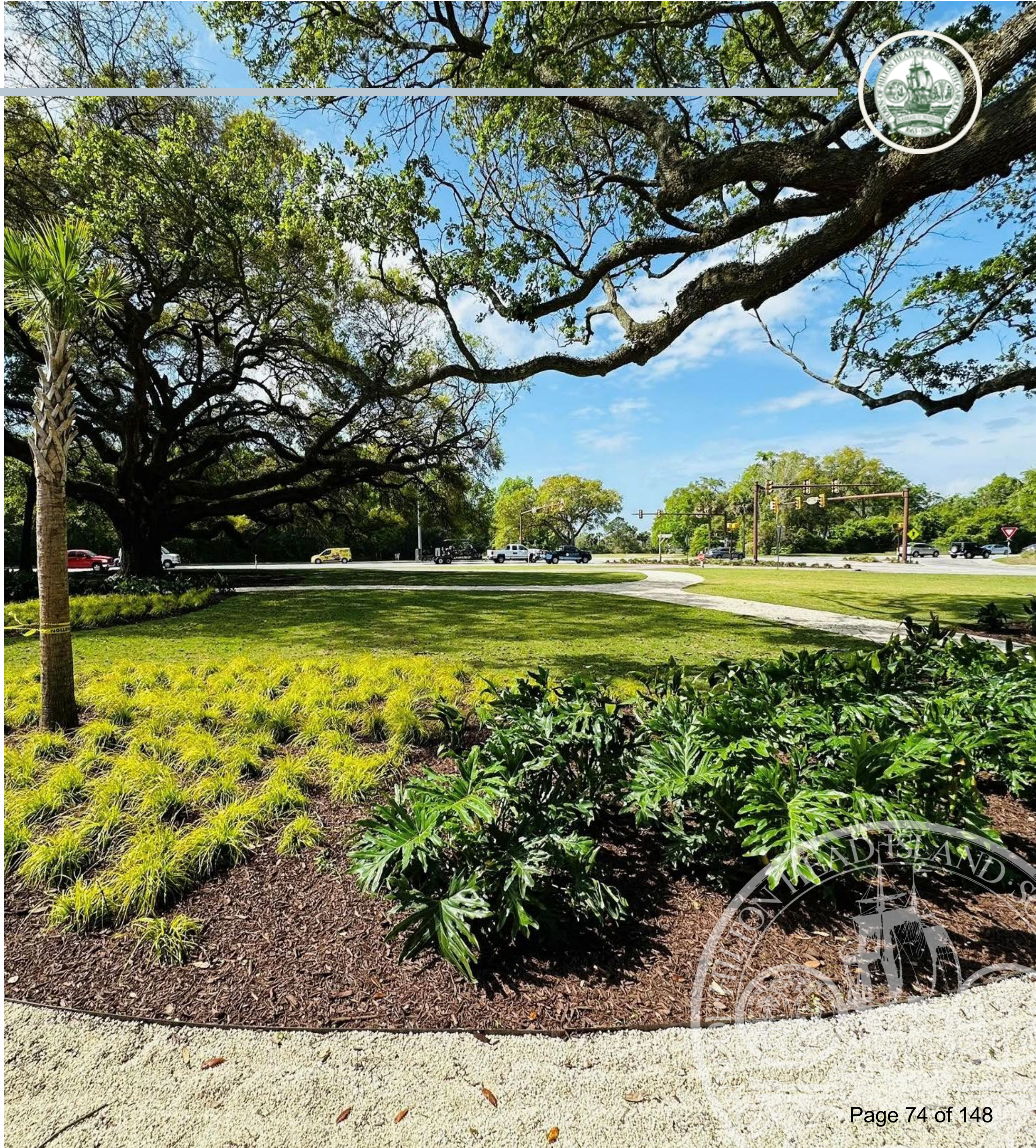
Town Council Meeting December 18, 2025

Overview

- Summary – Why Should the Town Borrow via General Obligation (G.O.) Bonds Now?
- Outstanding G.O. & Special Obligation Debt by Bond Issue/Bonds Outstanding by Year
- Millage Comparison/History
- Town's Assessed Valuation Growth History
- Total Governmental Fund Balances have Grown 64.7% since 2021
- Total Government Revenues Have Grown 39.9% since 2021
- Real Estate Transfer Fee Annual Fund Balances, Revenues, Expenditures
- Debt Service Fund's Accumulated Balance as a Potential Partial Source of a June 1, 2025 G.O. Debt Payment
- Accumulated Debt Service Fund Balances & Already-Requested Debt Service Millage
- Remaining Balance to be Paid Back In Years 2-15 with Future Debt Service Millage

Overview (continued)

- Debt Issuance Capacity Continues to Grow as AV Grows and Total Non-Referendum G.O. Debt Outstanding Decreases
- Potential New Capital Projects to be Financed by G.O. Bond Proceeds
- Past Land Acquisition Program – Summary of Benefits
- FY2027 Potential "Shovel Ready" Capital Projects if Town Council Were to Consider in this Financing
- Final Debt Scenario - Can be Easily Paid Back via Future Years' Annual Debt Service Millage at 2 Mills or Below
- Recommendation- up to $35 million in G.O. bonds to Be Paid back Over Approximately 15 Years
- Drawdown Timing of Tax-Exempt Bond Proceeds
- G.O. Bond Issuance – Possible Calendar Task Schedule
- Potential Series 2025 G.O. Bonds Proposed Sale – Details
- S&P July 3, 2025 G.O. (AAA) & Special Obligation Bonds (AA+) Upgrade Report – Select Excerpts



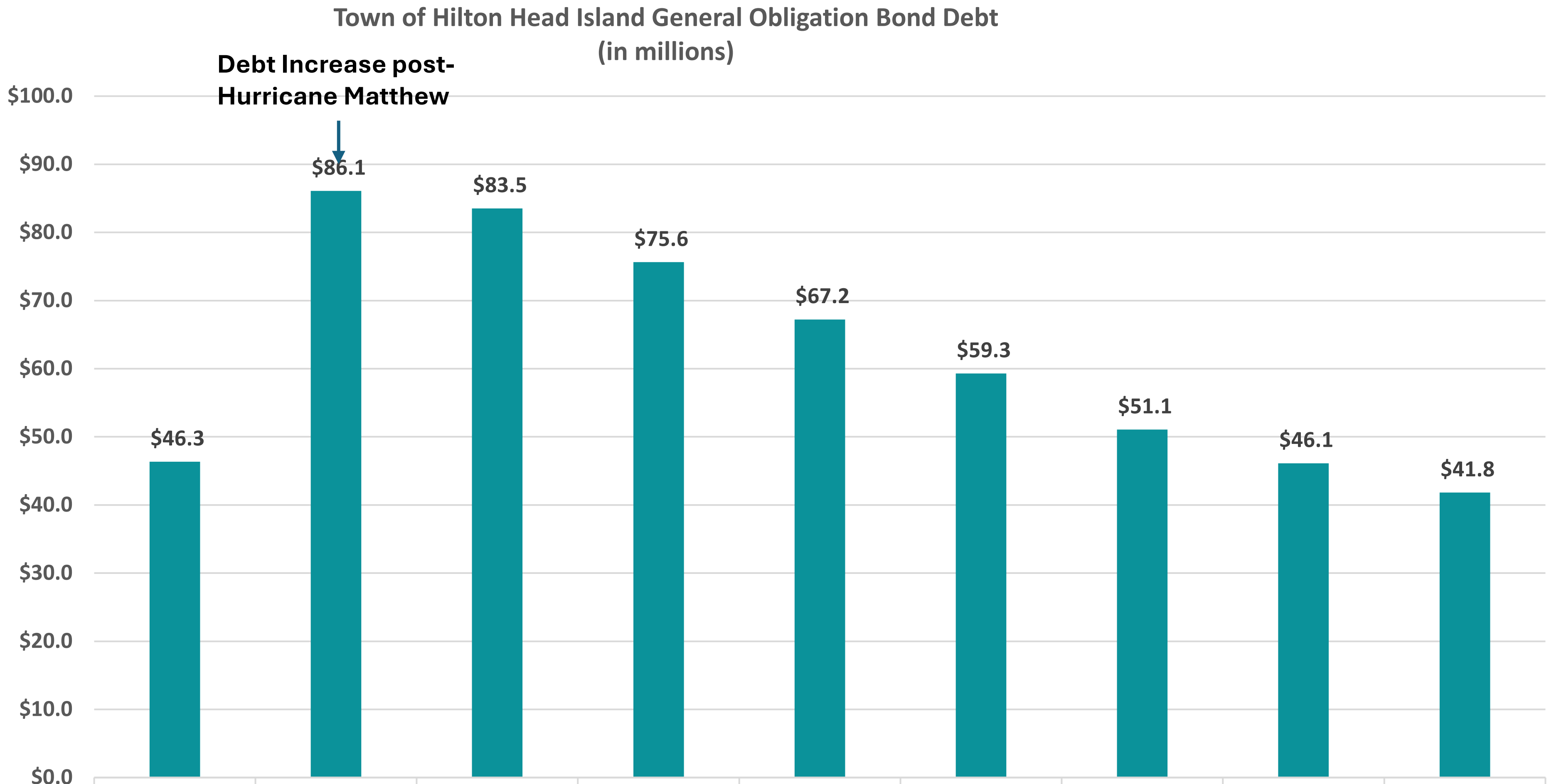
Summary – Why Should the Town Borrow via General Obligation (G.O.) Bonds Now?

- To Fund Land Acquisition Opportunities and Specific Capital Projects now and in the near future
- The Town's FY2026 existing Debt Service property tax request of 5.1 mills, includes 2 mills to pay back debt issued in FY2026
- The One-time Use of approximately $11.7 million in Accumulated Debt Service Fund Balance to quickly pay back (within 2 months) a portion of the bonds
- Low borrowing rates via Town's well-earned triple AAA status + a tax-exempt debt sale into the broad Public Finance Debt Markets
- The Town can borrow without increasing Debt Service Millage, and potentially even reduce millage further in future years
- Financially, the Town can comfortably handle the transaction without threat of a ratings downgrade

Outstanding General Obligation (G.O.) Debt by Bond Issue

G.O. Bond Issue Name	Original Issuance Amount	Counts Against Non-Referendum Debt Limit?	FY of Final Maturity (March 1 payment)	FY of First Redemption Date (March 1)	Outstanding Principal
2016C (Refunding)	$ 9,035,000	No (Referendum-related)	2035	2026	$5,040,000
2017A	$27,310,000	Yes	2047	2027	$24,555,000
2019	$ 5,000,000	Yes	2039	2029	$3,935,000
2020A (Refunding)	$ 5,800,000	No (Referendum-related)	2029	None	$3,185,000
2020B (Refunding)	$ 6,285,000	No (Referendum-related)	2035	2030	$5,100,000
Total	$53,430,000				$41,815,000

G.O. Bonds Outstanding*- FYs 2017-2025



	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Outstanding GO Debt	$46.3	$86.1	$83.5	$75.6	$67.2	$59.3	$51.1	$46.1	$41.8

***Note: Includes Referendum and Non-Referendum Debt.**

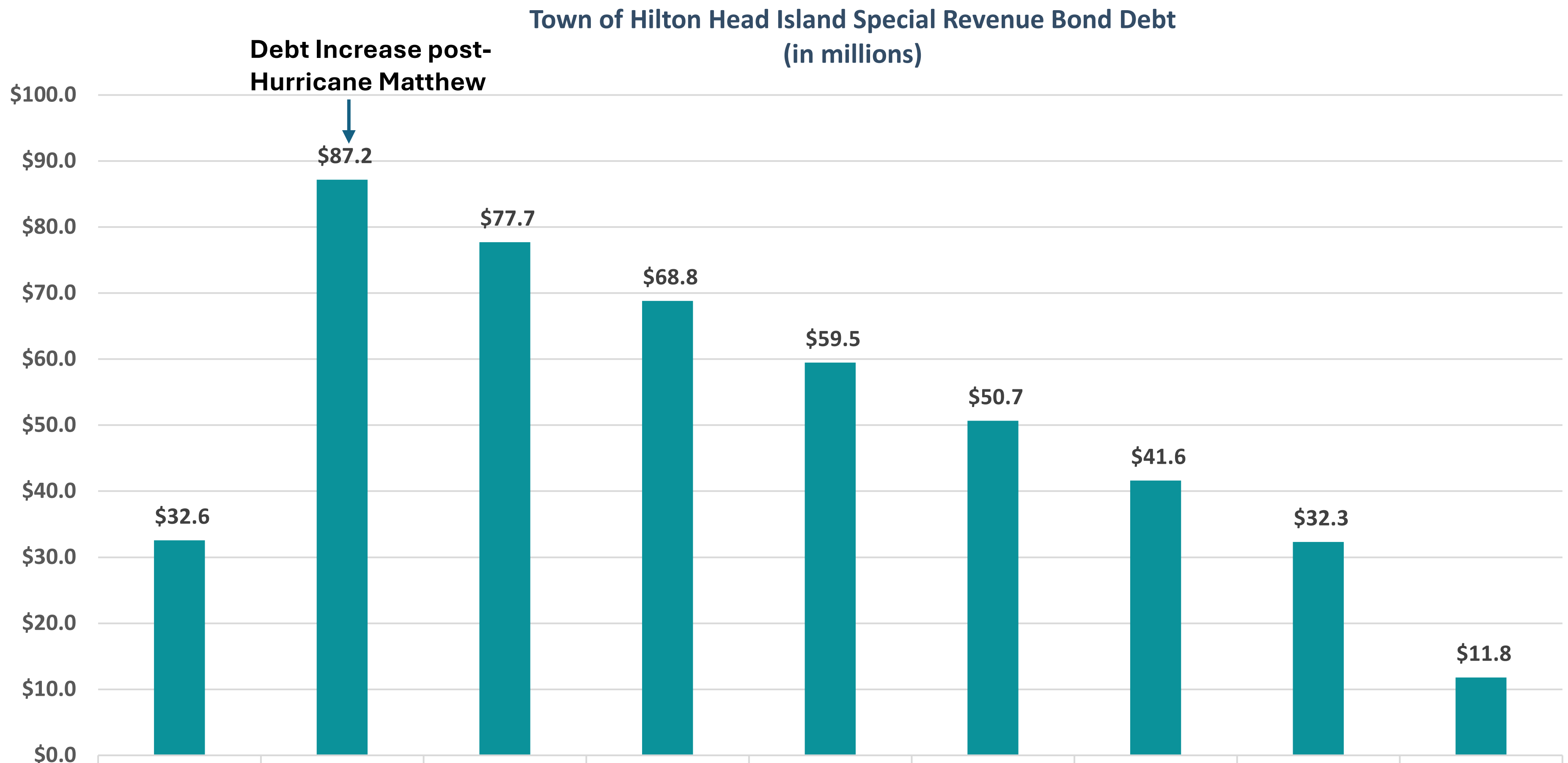
Outstanding Special Revenue Debt by Bond Issue*

Special Revenue Bond Issue Name	Original Issuance Amount	FY of Final Maturity	FY of First Redemption Date	Outstanding Principal
2018A (Stormwater)	$ 3,200,000	2028	2018	$ 1,035,000
2019 (Hospitality)	$16,520,000	2036	2029	$ 9,785,000
2021 (Stormwater) (Refunding)	$ 5,630,000	2026	2021	$ 940,000
2025 (Beach Preservation Fee)**	$19,000,000	2032	----	$19,000,000
Total	$44,350,000			$30,760,000

***Does not include the FY2025 $7,584,000 Fire Truck Lease Purchase Financing, payable through FY2035.**

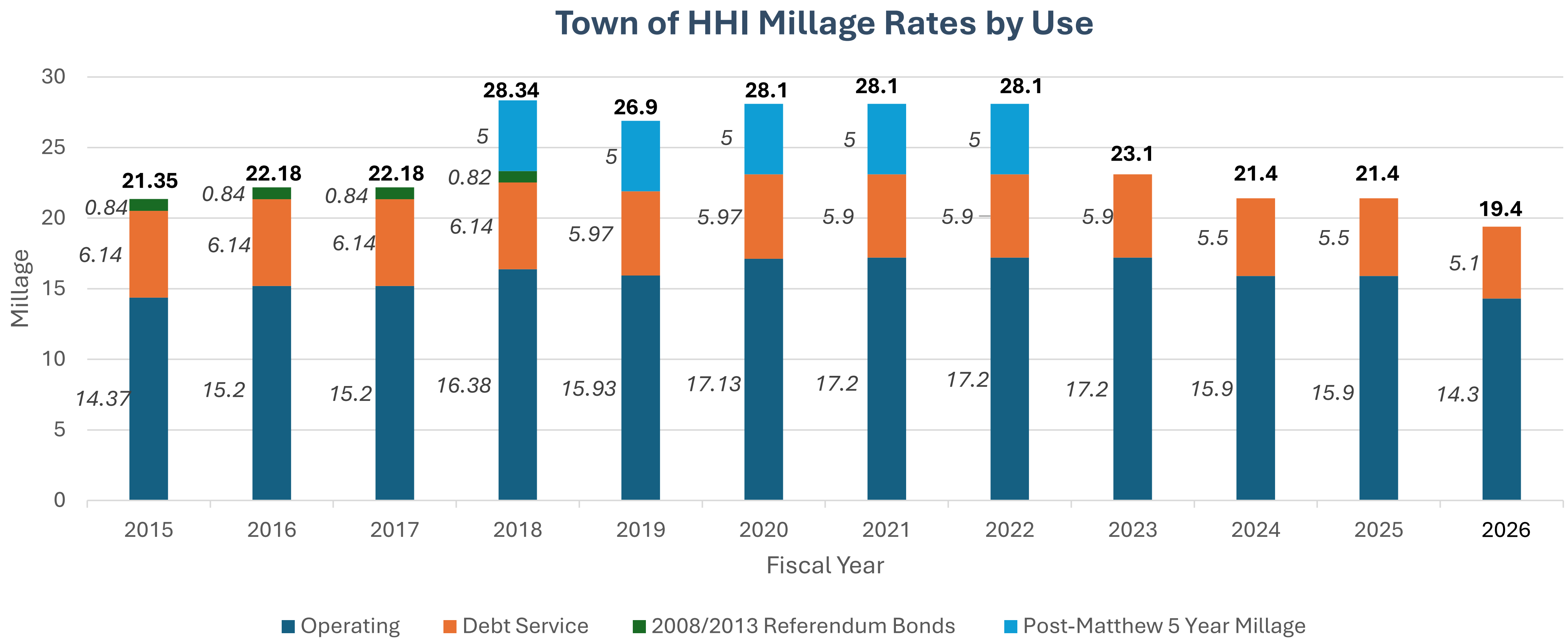
****Note: 2025 Beach Preservation Fee Bond Closing is scheduled for December 3, 2025 (FY2026).**

Special Revenue Bonds Outstanding - FYs 2017-2025



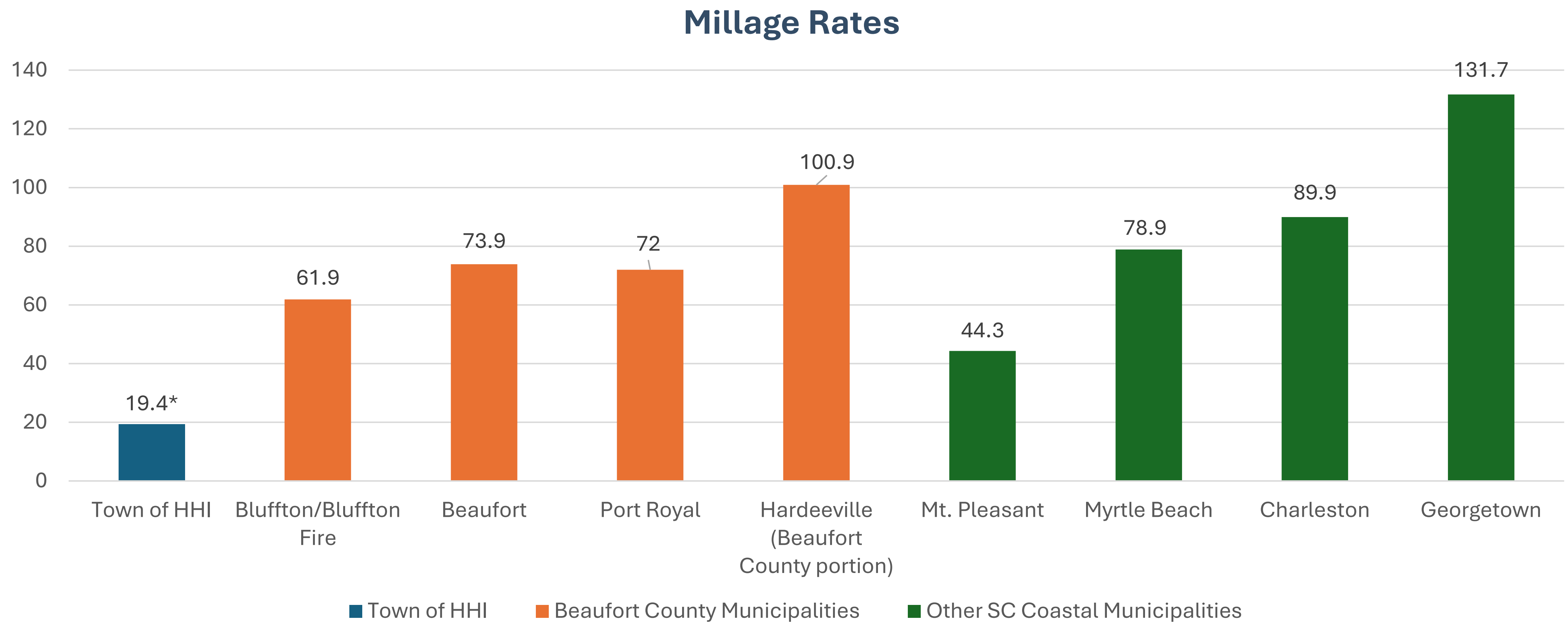
	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Outstanding Special Revenue Debt	$32.6	$87.2	$77.7	$68.8	$59.5	$50.7	$41.6	$32.3	$11.8

The Town of HHI Continues to Lower Annual Millage Rates from 2018 Peak



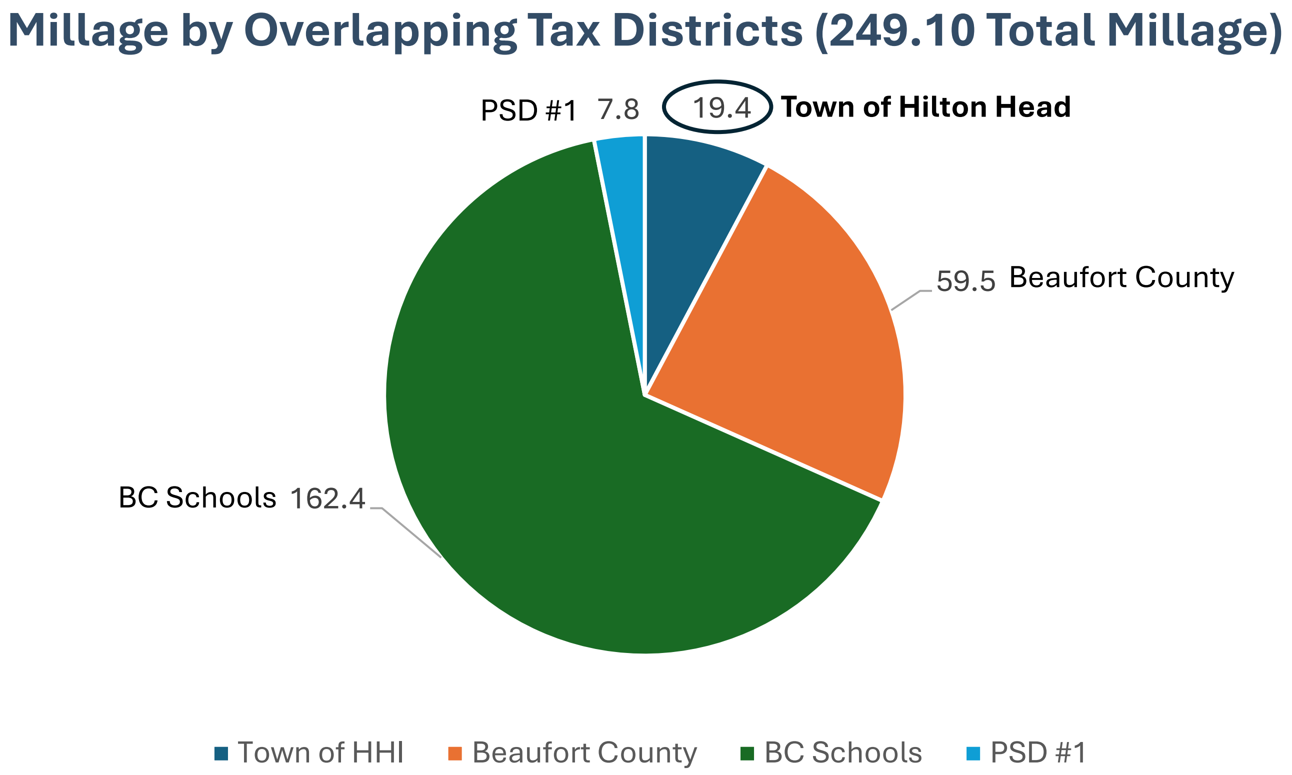
- **Fiscal Year 2026 Millage of 19.4 is lowest rate since records available (FY2000)**

Town of HHI Millage Rates Compare Favorably to Beaufort County Municipalities & Comparable SC Coastal Municipalities



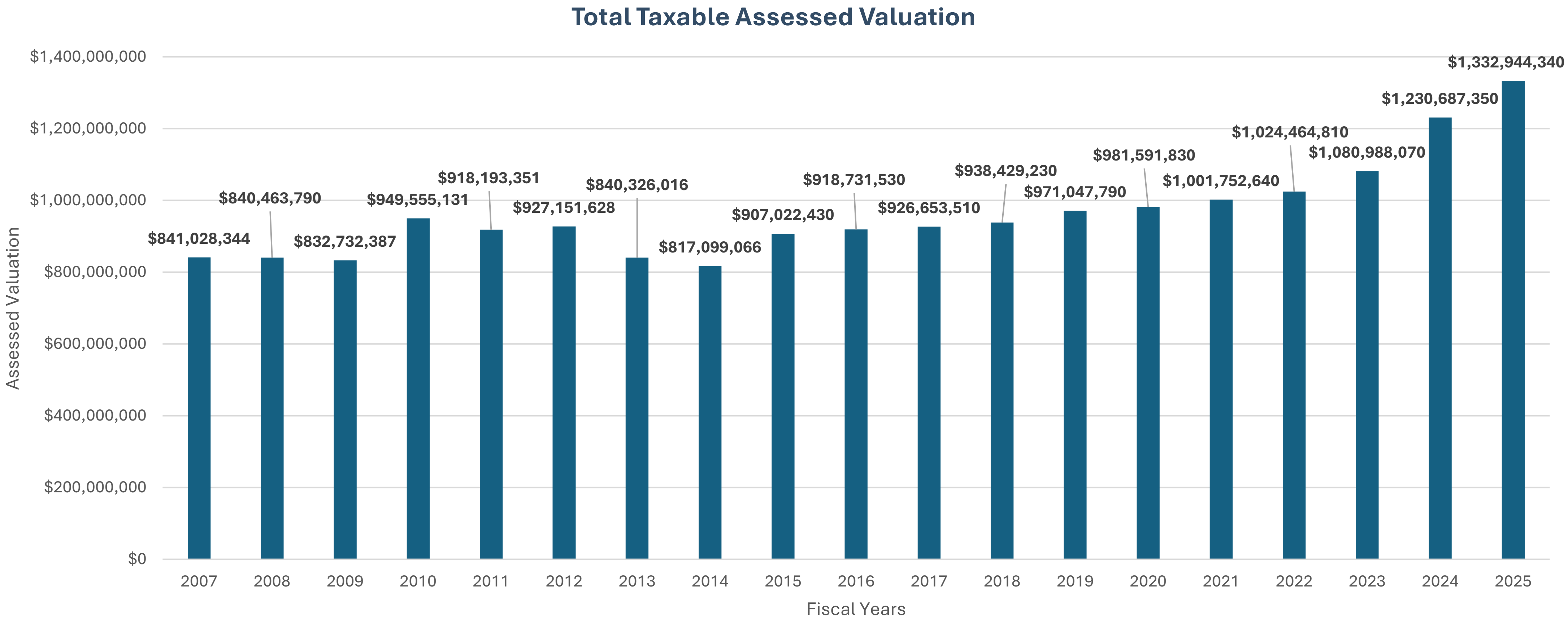
***Note: Town of Hilton Head Island Police Fee is assessed separately.**

Town of Hilton Head Island Total Millage Represents 7.8% of HHI 2024 Property Tax Millage



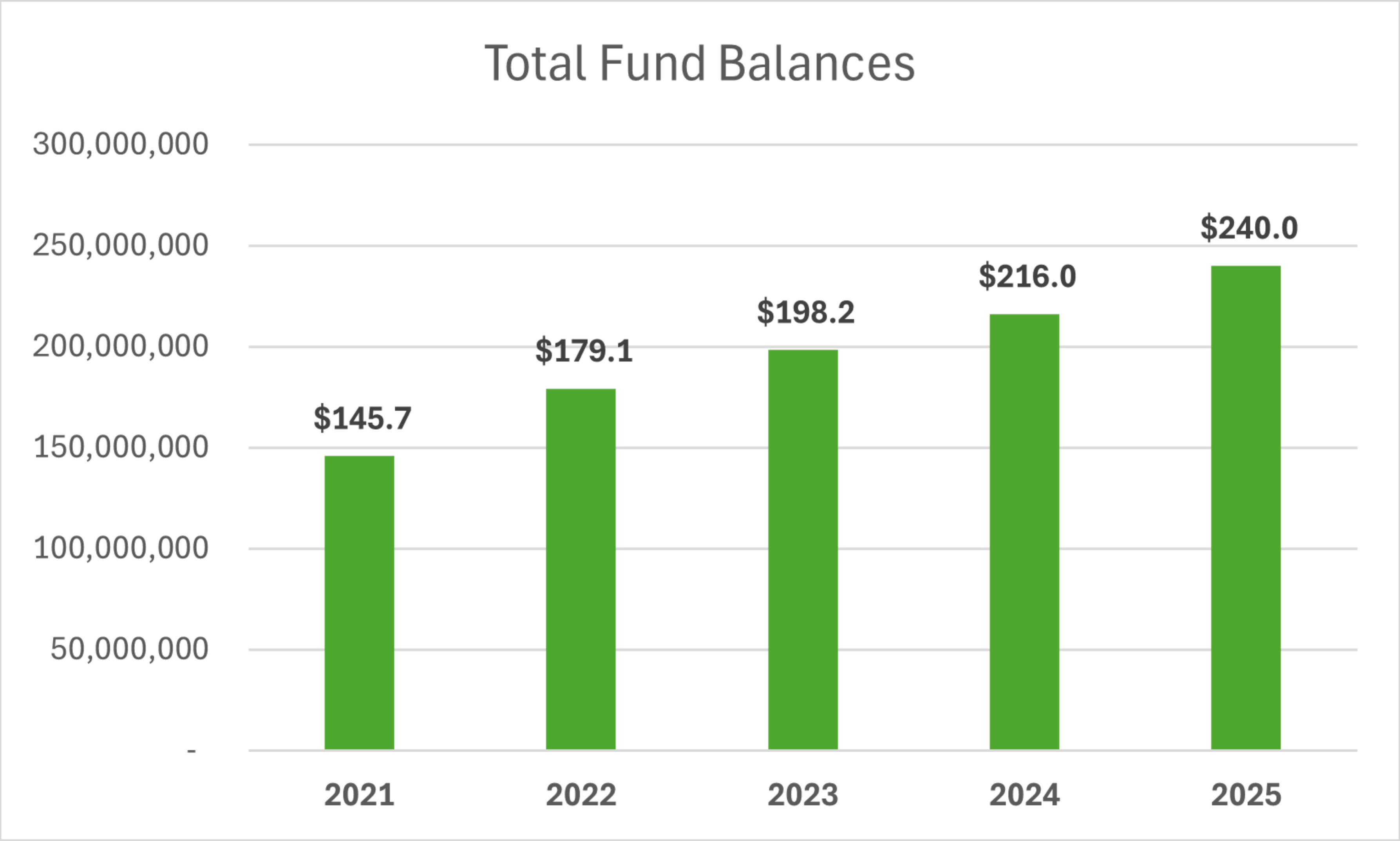
- **The Town of Hilton Head Island's percent of average taxpayer millage declined from 8.65% in FY2025 to 7.8% in FY2026.**

Total Town Assessed Value* has Grown 47% since 2015, increasing Non-Referendum G.O. Borrowing Capacity

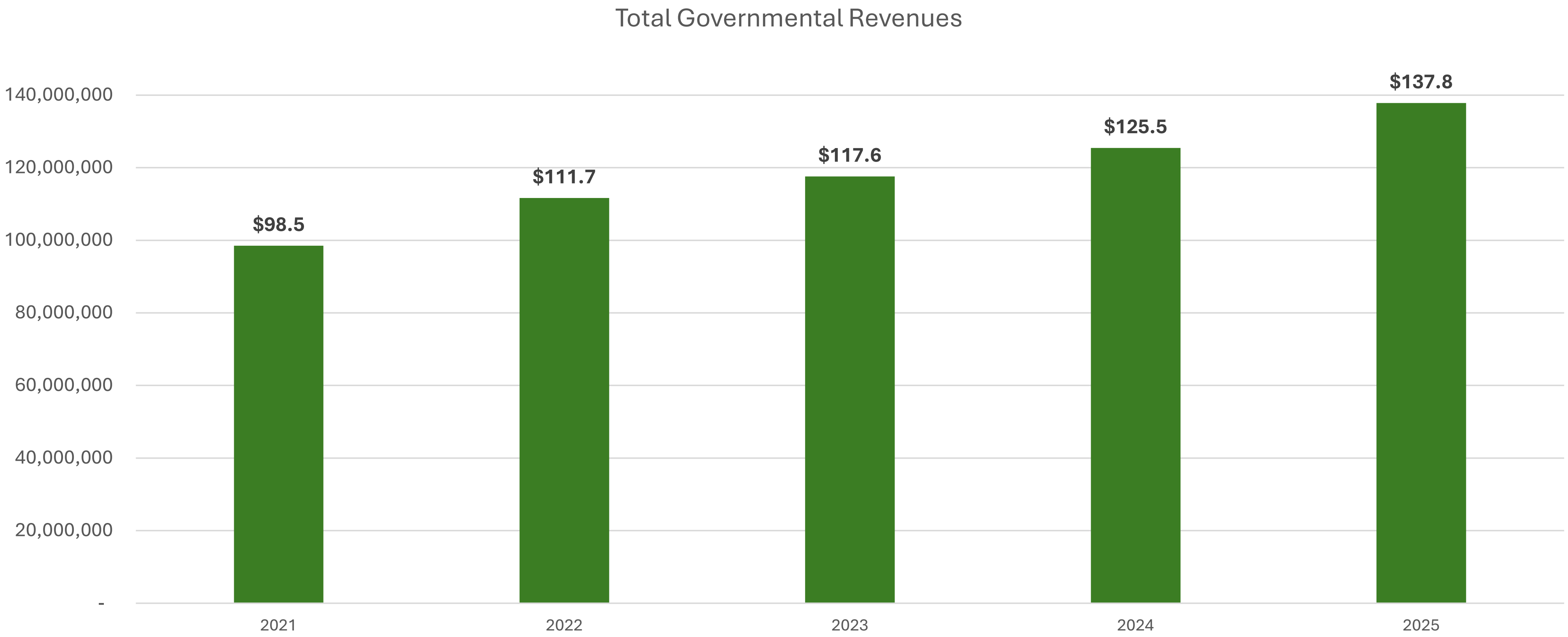


*** Assessed Value is the Estimated Value of all real and personal property and motor vehicles in the Town x Beaufort County determined factor (5.3% in FY2024).**

Total Governmental Fund Balances have Grown 64.7% Since 2021

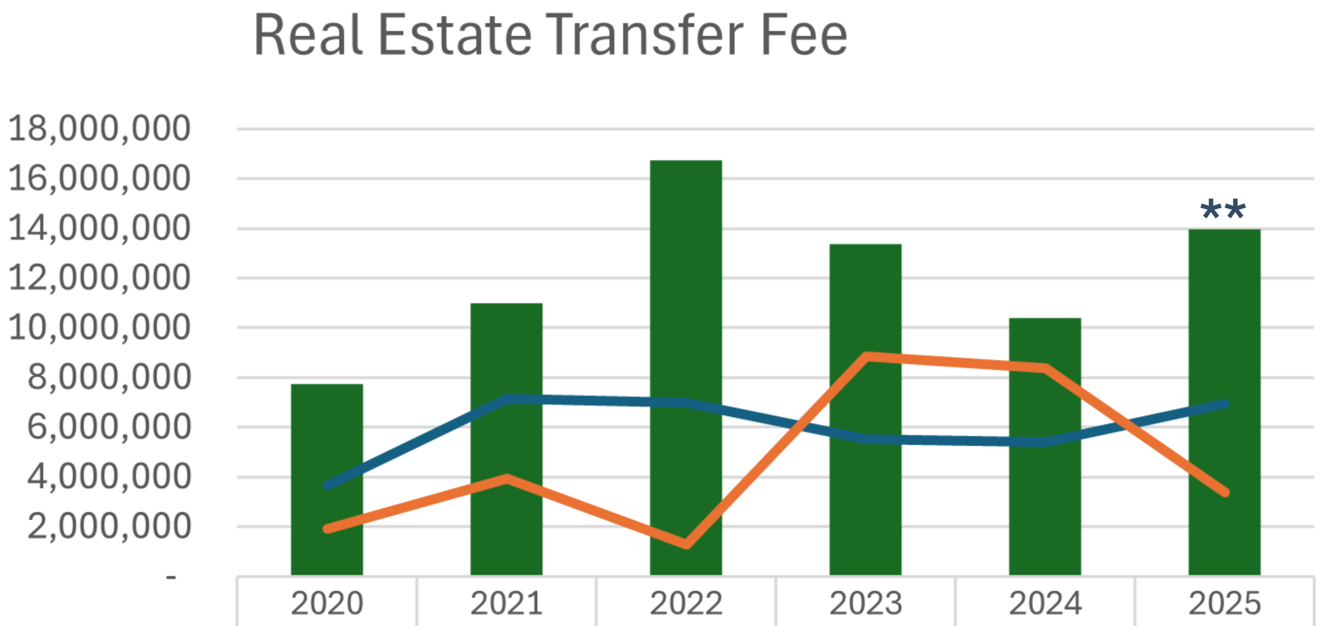


Total Government Revenues Have Grown 39.9% since 2021



Includes major revenue sources, including property taxes, hospitality taxes, beach preservation fees, accommodations tax, interest earned, and multiple other sources.

Real Estate Transfer Fee (RETF)* Annual Fund Balances, Revenues, Expenditures



	2020	2021	2022	2023	2024	2025
Ending Fund Balance	7,746,460	10,975,937	16,722,324	13,379,520	10,402,945	13,976,147
Revenues	3,639,165	7,143,102	7,004,355	5,521,402	5,405,008	6,962,055
Expenditures	1,920,896	3,913,625	1,257,968	8,864,206	8,381,583	3,388,853

Ending Fund Balance Revenues Expenditures

***Note: The Town uses RETF funds for property acquisitions, though in most years the Town also uses other fund sources (TIF, Hospitality Taxes, General Fund) for property acquisitions.**

****Note: RETF Balance as of 11/10/25 is $16,030,162.**

Debt Service Fund’s Accumulated Balance as a Potential Partial Source of a June 1, 2026 G.O. Bond Debt Payment

- Debt Service Fund Balances can only be used to pay back debt
- Debt Service Fund Balance has grown to $14.2 million (as of 6/30/25) over the past several years due to conservative revenue projections
- We recommend the Town set a Minimum Debt Service Fund Balance Policy of $2.5 million to maintain a cushion should future debt service property tax collections come in below estimates
- A possible G.O. Bond Issue (proposed close date of April 1, 2026) can utilize approximately $11.7 million in accumulated Debt Service Fund balance and $2.6 million via 2 mills in FY2026 property tax collections to quickly pay back (proposed first payback date of June 1, 2026) a significant portion of any possible 2026 Debt Issuance

Accumulated Debt Service Fund Balances* & Already-Requested Debt Service Millage Effectively Lowers $35,000,000 Borrowed Amount to $20,700,000 within Two Months of Issuance

Debt Service Fund Balance as of 6/30/25:	$14,243,513
Less: Proposed Fund Reserve Policy**:	$ 2,500,000
Debt Service Funds to be Used for Debt:	$11,743,513
Add: 2 mills Already being Collected by County:	$ 2,600,000
Available Amount to Pay 1st Year Debt Service:	$14,343,513

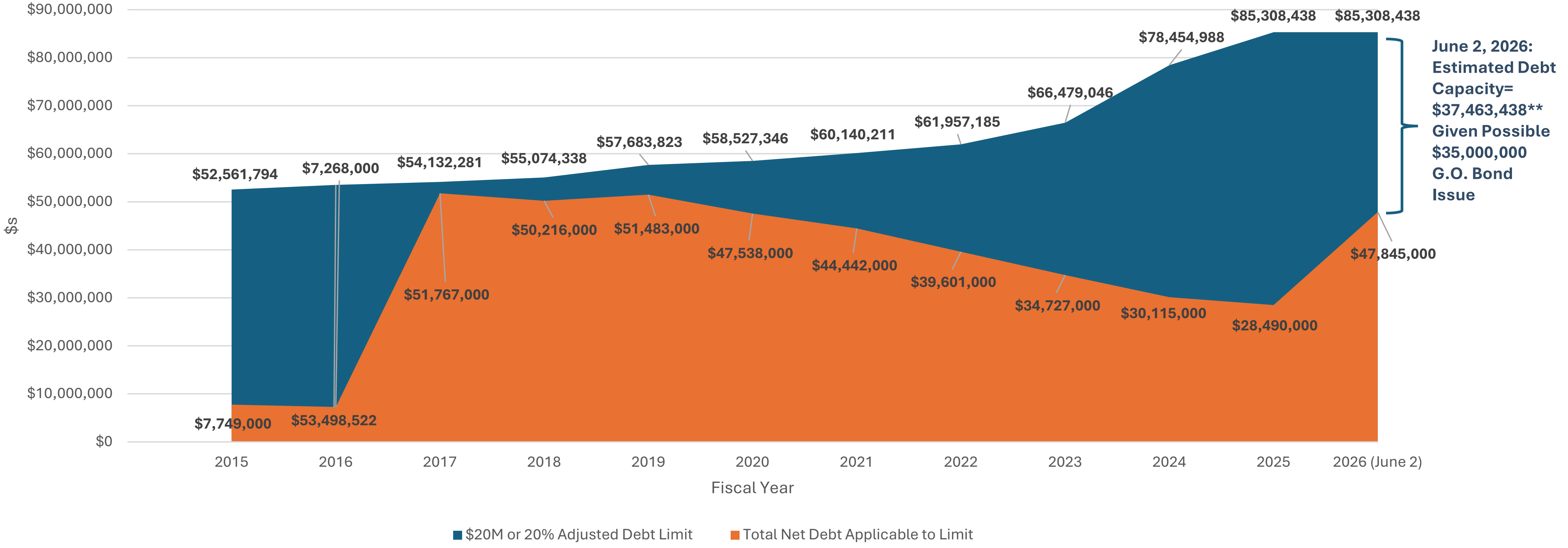
*Note: As discussed at FY2026 Consolidated Budget Preparation & Adoption, Debt Service Funds can only be used to repay debt. These accumulated Debt Service Funds would pay down a significant portion of any Series 2026 G.O. debt issue almost immediately and thus minimize overall interest costs.

**Note: Town staff proposes the Town formalize this policy in FY2027 Budget.

Remaining Balance to be Paid Back In Years 2-15 with Future Debt Service Millage

Total Bond Proceeds:	$35,000,000
Less 1st Year (2 month) Payment (see prior page):	$14,343,513
Remaining “Additional Debt” Balance to Be Paid Back:	$20,656,487

Debt Issuance Capacity* Continues to Grow as AV Grows and Total Non-Referendum G.O. Debt Outstanding Decreases



***Debt Issuance Capacity = 8% of Assessed Value (SC State Limitation) - $20 mil or 20% (HHI Town Council additional limitation)**

****The above illustrates the effect on Debt Issuance Capacity if the Town were to issue a $35 million G.O. Bond Issue on approximately April 1, 2026 and use its accumulated Debt Service Fund balance + already-requested 2 mills of FY2026 property tax collected to pay for the approximately $14.1 million June 1, 2026 initial debt service payment.**

Potential New Capital Projects to be Financed by G.O. Bond Proceeds

- Fire Rescue/Emergency Operations Headquarters
- Land Acquisitions for Conservation Purposes
- Other “Shovel Ready” Capital Projects

Past Land Acquisition Program- Summary of Benefits

- 171 parcels purchased
- 1,353.42 acres
- Total expenditure of $211.37 million
- Reduction of 4.89 million sq. feet of potential commercial development
- Reduction of 1,983 potential hotel/motel rooms
- Reduction of 5,040 potential residential and timeshare units
- Reduction of 45,516 PM potential peak-hour driving trips
- Community support as evidenced by positive feedback received prior to 2023 Town Council actions to extend Real Estate Transfer Fee-funded Land Acquisition Program

FY 2027 “Shovel Ready” Capital Projects If Town Council Were to Consider Including in this Financing

Project	FY27 Shovel Ready Projects
Islanders Beach Park Improvements	$ 5,400,000
Crossings Park Renovation - Phase 1 Pickleball Complex	$ 10,000,000
Crossings Park Renovation - Phase 2 Bristol Sports Arena and Pump Track	$ 6,500,000
Shelter Cove Community Park Expansion Ph 2	$ 5,000,000
Mitchelville Freedom Park	$ 2,300,000
Total	$ 28,200,000

Final Debt Scenario – Can be Easily Paid Back via Future Years' Annual Debt Service Millage at 2 Mills or Below

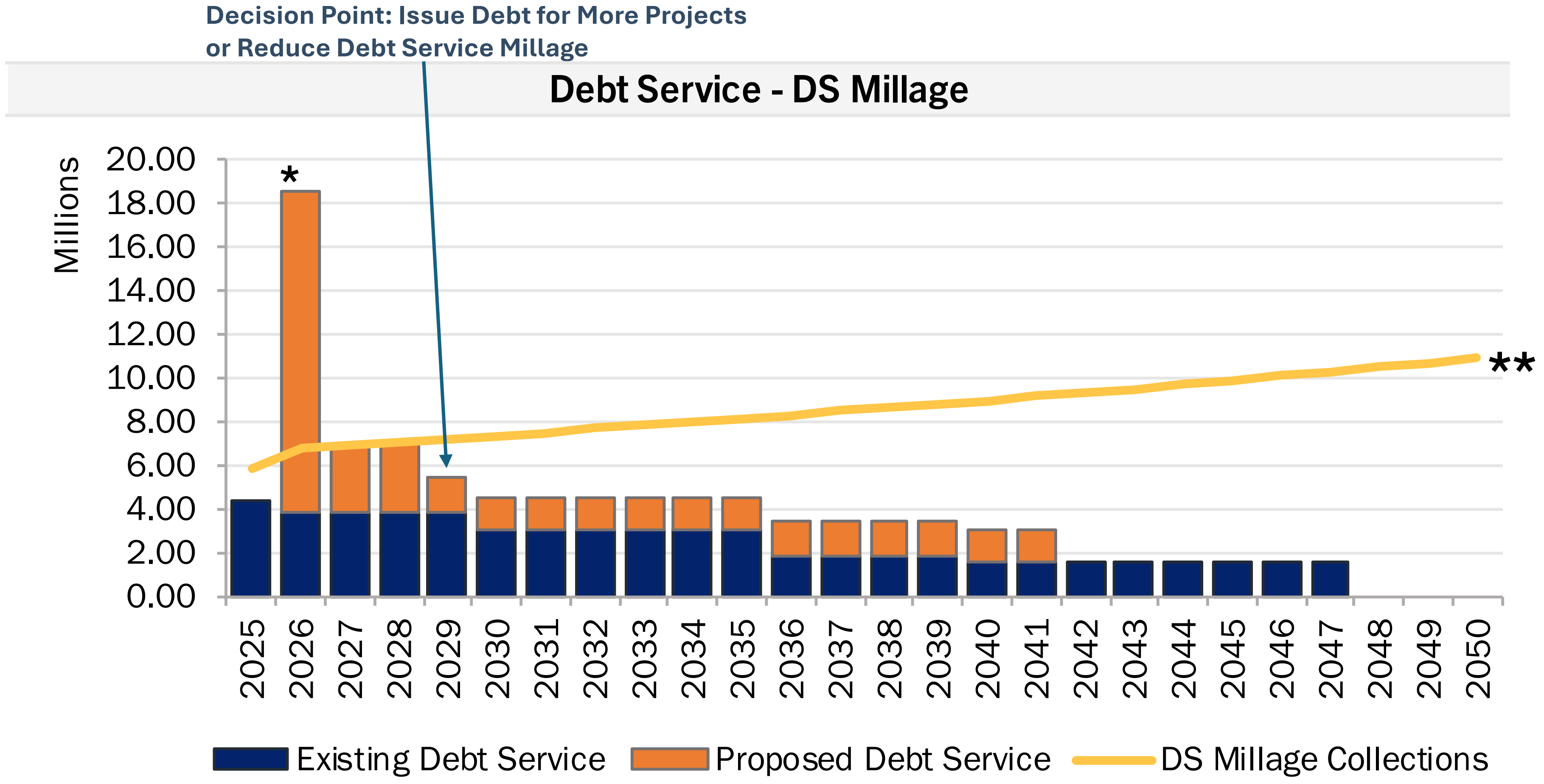
`

Scenario	Proceeds	Payback Period
2B	$35 million	15 years

Scenarios include 1st year debt payment from:

- **Portion of existing Debt Service Fund Accumulated Balance of approximately $11.7 million**
- **FY2026 Debt Service millage of approximately $2.6 million**
- **Total 1st year debt payback of approximately $14.3 million**

Final Scenario (2B): Existing & Possible G.O. Debt Service per Year for Sample $35 mil G.O. Bond with 15 Year Payback



*Note: June 2026 Debt Service payment would be paid via approximately $11.7 million in accumulated Debt Service Fund Balance + approximately $2.6 million from already-requested Debt Service property tax collections.

**Note: Debt Service Millage Collection Line Assumes 2% Annual AV growth and thus 2% Annual Mill Value Increase.

Final Scenario (2B): Potential Sample 15 Year Payback Schedule for $35 million in G.O. Bonds Issued in FY2026

Debt Service				
FY	Principal	Interest	D/S Fund*	Total
2026	15,700,000	289,167	(1,796,011)	14,193,156
2027	2,150,000	950,000		3,100,000
2028	2,400,000	842,500		3,242,500
2029	825,000	722,500		1,547,500
2030	870,000	681,250		1,551,250
2031	915,000	637,750		1,552,750
2032	960,000	592,000		1,552,000
2033	1,010,000	544,000		1,554,000
2034	1,060,000	493,500		1,553,500
2035	1,115,000	440,500		1,555,500
2036	1,175,000	384,750		1,559,750
2037	1,235,000	326,000		1,561,000
2038	1,295,000	264,250		1,559,250
2039	1,360,000	199,500		1,559,500
2040	1,430,000	131,500		1,561,500
2041	1,500,000	60,000		1,560,000
2042	-	-		-
2043	-	-		-
2044	-	-		-
2045	-	-		-
2046	-	-		-
Total	35,000,000	7,559,167		40,763,156

Sources of Funds	
Par Amount	35,000,000
Premium	1,936,011
Total Sources of Funds	**36,936,011**

Uses of Funds	
Project Fund	34,725,000
Debt Service Fund	1,796,011
Cost of Issuance (est.)	275,000
Underwriter's Discount (est.)	140,000
Total Uses of Funds	**36,936,011**

True Interest Cost	3.48%

Principal & Interest Due:	**June 1**
Interest Only Due:	**December 1**

Annual Debt Service after FY2028 of approximately $1,560,000 equals approximately 1.18 mils, given FY2026 mil value of $1,327,265.

Recommendation: The Town Issues up to $35 million in G.O. Bonds to be Paid back over Approximately 15 years

The proposed Bond Ordinance title reads:

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED $35,000,000 GENERAL OBLIGATION BONDS, SERIES 2026, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; FIXING THE FORM AND CERTAIN DETAILS OF THE BONDS, INCLUDING A FINAL MATURITY ON OR BEFORE JUNE 1, 2041, WITH THE PROCEEDS BEING USED TO FUND CERTAIN CAPITAL PROJECTS, INCLUDING BUT NOT LIMITED TO THE ACQUISITION AND RENOVATION OF CERTAIN LAND AND EXISTING IMPROVEMENTS, IF ANY, LOCATED AT 9 PARK LANE AND 10 PARK LANE FOR THE NEW HEADQUARTERS FOR FIRE RESCUE AND EMERGENCY OPERATIONS CENTER, AND LAND ACQUISITION COSTS FOR CONSERVATION PURPOSES; AUTHORIZING THE TOWN MANAGER OR HIS LAWFULLY AUTHORIZED DESIGNEE TO DETERMINE CERTAIN MATTERS RELATING TO THE BONDS; PROVIDING FOR THE PAYMENT OF THE BONDS AND THE DISPOSITION OF THE PROCEEDS THEREOF; OTHER MATTERS RELATING THERETO; AND PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.

Drawdown Timing of Tax-Exempt Bond Proceeds

- The Town is Required to Spend Bond Proceeds by the following milestones, per IRS regulations, or pay Arbitrage Rebates on Interest Earned if the Bond Proceeds' interest rate earned is higher than the bonds borrowing rate:
- At least 10% within 6 months ($3.5M by 10/1/26)
- At least 45% within 12 months ($15.75M by 4/1/27)
- At least 75% within 18 months ($26.25M by 10/1/27)
- 100% within 24 months ($35M by 4/1/28)

G.O. Bond Issue: Possible Calendar Task Schedule

- **11/18/25:** F&A Committee: Review Plan of Finance/Ordinance
- **12/9/25:** Town Council Meeting: 1st Reading of Ordinance
- **12/18/25:** Town Council Meeting: 2nd Reading of Ordinance
- **3/7/26:** Publish Summary Notice of Competitive Sale
- **3/17/26:** Pricing Bonds via Municipal Finance Buyside Market
- **4/1/26:** Closing
- **6/1/26:** First Principal & Interest Payment, including approximately $11.7 million in Principal paid back via Accumulated Debt Service Fund Balance

- **Activities throughout Timeline:** Offering Document Production/ Distribution, Rating Agency Preparation

Potential Series 2026 G.O. Bonds Proposed Sale - Details

- AAA Ratings from Moody's, S&P, & Fitch: Highest Possible Ratings = Low Borrowing Rates
- Tax-exempt Issuance = Low Borrowing Rates
- Public Competitive Sale: Offering document would be made available to all potential bond buyers in U.S. municipal marketplace – broadest market available = low borrowing costs
- Independent Municipal Advisor: First Tryon Advisors – serves 16 of top 20 SC Local Governments by Population Size
- Bond Counsel: Burr & Forman – providing the Town expert bond advice since inception in 1983
- The Town's Internal Finance Team's Bond Issuance Expertise

S&P July 3, 2025 G.O. (AAA) & Special Obligation (AA+) Bonds Upgrade Report – Select Excerpts

- "The raised rating reflects the town's improved reserve levels, which provide it sufficient flexibility if faced with economic slowdowns or emergencies while remaining comparable with its similarly-rated peers."
- "The 'AAA' rating reflects our view of the town's history of operating surpluses, which have raised reserve levels to well above those of its peers, which we view as a credit strength sufficient to offset the potential for deterioration in budget flexibility and reserves during economic downcycles, contingency expenses that may relate to chronic and acute physical weather events, as well as the town's below-average economic output metrics."
- "Manageable long-term liability and fixed cost profile despite plans to issue additional debt in the near term."
- "We note that to mitigate some of this exposure to physical risk associated with acute weather events, management maintains high fund balance levels for contingencies, specifically setting aside a portion of reserves for disaster recovery."
- "The general fund balance can be used for emergency purposes in case of unforeseen circumstances and to avoid emergency town borrowing or use of tax anticipation notes. In addition, the town added to fund balances outside the general fund in fiscal 2024, totaling $36 million in the natural disaster fund and $48 million in the beach renourishment fund as additional flexibility for disasters though not incorporated in the total available reserve ratios. Though we view these balances positively, given the town's elevated physical risks related to acute weather events."
- "Hilton Head Island has robust, well-defined policies with thorough reporting. The town's net direct debt as a percentage of total revenues and market value are low compared with its 'AAA' rated peers."
- "We expect that the town will maintain a manageable debt burden despite its additional debt plans, including approximately $30 million in GO bonds to fund various capital projects in the next two years. Additionally, the town awarded a $38 million contract to Marinex Construction Inc. in May 2025 to renourish its beaches in fiscal 2026; $23 million will be paid from beach preservation fund reserves coupled with an estimated $15 million tax-exempt private placement bond issuance that is backed by beach preservation fee revenue."

QUESTIONS?

TOWN OF HILTON HEAD ISLAND

TO: Town Council
FROM: Dave Byrd, Finance Director
CC: Marc Orlando, ICMA-CM, Town Manager
John McGowan, Assistant Finance Director
DATE: December 18, 2025
SUBJECT: Consideration of a Resolution Relating to the Declaration of Intent by the Town of Hilton Head Island, South Carolina to Reimburse Certain Expenditures (Related to the Fire Rescue Headquarters) Prior to the Issuance by the Town of Tax-Exempt Bonds

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RECOMMENDATION:

Consideration of a Resolution relating to the Declaration of Intent by the Town of Hilton Head Island, South Carolina to reimburse certain expenditures (related to the Fire Rescue Headquarters) prior to the issuance by the Town of Tax-Exempt Bonds.

These reimbursements would be accomplished via proceeds from a Tax-Exempt General Obligation Bond Issue to be issued by the Town in FY2026.

BACKGROUND:

The Town has contracted to purchase properties at 9 & 10 Park Lane, with a combined purchase price of approximately $7,700,000. The Town intends to add approximately $1,300,000 in improvements to these properties to transform the existing structure into a new Fire and Rescue headquarters and Emergency Operations Center, as well as build an adjacent parking lot for the benefit of the facility. The Town will initially use General Fund and RETF dollars to pay for the property purchases at the property acquisitions' closings. The 10 Park Lane purchase was expected to close on 12/12/25, and the 9 Park Lane purchase is expected to close on or about 12/29/25.

The Town is also in the initial stages of preparing a G.O. bond issue to be sold later in FY2026. The proceeds of this bonds issue will be used for multiple capital purposes, including reimbursing the Town's General Fund and Real Estate Transfer Fund for up to $9,000,000 in funds that will have been expended for the above land purchase and related capital improvements.

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

A RESOLUTION RELATING TO THE DECLARATION OF INTENT BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, TO REIMBURSE CERTAIN EXPENDITURES PRIOR TO THE ISSUANCE BY THE TOWN OF TAX-EXEMPT DEBT

WHEREAS, the Internal Revenue Service and U.S. Treasury Department have promulgated Section 1.150-2 of the Treasury Regulations (the "Regulations") that authorizes an issuer to reimburse itself for expenditures made with respect to projects prior to the issuance of tax-exempt debt for such projects; and

WHEREAS, the Regulations require an issuer to adopt an official intent to reimburse an expenditure not later than sixty (60) days after the payment of the expenditure; and

WHEREAS, the Town of Hilton Head Island, South Carolina (the "Town"), anticipates incurring expenditures (the "Expenditures") related to the acquisition and renovation of land and existing improvements, if any, located at 9 Park Lane and 10 Park Lane for the new headquarters for Fire Rescue and Emergency Operations Center (the "Projects") prior to the issuance of tax-exempt debt for such purpose by the Town (the "Debt"); and

WHEREAS, the Town reasonably expects that it will reimburse Expenditures from the proceeds of the Debt; and

WHEREAS, the Town expects that the maximum principal amount of the Debt to be issued for the Projects will not exceed $9,000,000.

NOW, THEREFORE, BE IT RESOLVED by the Town Council (the "Town Council") of the Town:

Section 1. The Town Council hereby declares that this Resolution shall constitute its declaration of official intent pursuant to Section 1.150-2 of the Regulations to reimburse the Town from the proceeds of tax-exempt debt in the form of the Debt to be issued pursuant to South Carolina state law, for Expenditures with respect to the Projects. The Town Council anticipates incurring Expenditures with respect to the Projects prior to the issuance by the Town of the Debt for such purposes.

Section 2. 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 first Project was placed in service, but in no event more than three (3) years after the original Expenditures.

Section 3. The Town understands that Expenditures which may be reimbursed are limited to Expenditures which are (1) properly chargeable to a capital account (or would be so chargeable with a proper election or with the application of the definition of placed in service under Section 1.150-2 of the Regulations) under general federal income tax principles; or (2) certain de minimis or preliminary expenditures satisfying the requirements of Section 1.150-2(f) of the Regulations.

Section 4. The Town Council hereby authorizes the use of general fund monies or other legally-available funds on hand (including real estate transfer fees) as the source of funds for the Expenditures with respect to the Projects.

Section 5. This Resolution shall be in full force and effect from and after its adoption as provided by law. This Resolution shall be made available for inspection during normal business hours by the general public at the offices of the Town.

Adopted this ______ day of ___________, 2025.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

____
Mayor

(SEAL)

Attest:

____
Clerk, Town Council

TOWN OF HILTON HEAD ISLAND
TOWN COUNCIL

TO:	Town Council
FROM:	Angie Stone, Assistant Town Manager Heather Woolwine, Communications Director
CC:	Marc Orlando, ICMA-CM, Town Manager
DATE:	December 18, 2025
SUBJECT:	Consideration of a Resolution of the Town of Hilton Head Island Approving the Execution of a Contract with the Hilton Head Island-Bluffton Chamber of Commerce for Destination Marketing Organization Services

RECOMMENDATION:

Consideration of a Resolution of the Town of Hilton Head Island approving the execution of a contract with the Hilton Head Island-Bluffton Chamber of Commerce for Destination Marketing Organization (DMO) services **(Attachments 1 and 2)**.

BACKGROUND:

South Carolina Code of Laws Section 6-4-10 requires that municipalities and counties who have collected more than $50,000.00 in local accommodations taxes to allocate the taxes based on a prescribed formula. The first $25,000 plus 5% of the balance must be allocated to the general fund. Beyond that, the formula requires that 30% of the balance must be allocated to a special fund and used only for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity.

To manage and direct the expenditure of these tourism promotion funds, the municipality or county shall select one or more organizations, such as a chamber of commerce, visitor and convention bureau, or regional tourism commission, which has an existing, ongoing tourist promotion program. If no organization exists, the municipality or county shall create an organization with the same membership standard in Section 6-4-25. To be eligible for selection the organization must be organized as a nonprofit organization and shall demonstrate to the municipality or county that it has an existing, ongoing tourism promotion program or that it can develop an effective tourism promotion program.

The Hilton Head Island-Bluffton Chamber of Commerce Visitor and Convention Bureau (Chamber VCB) has provided destination marketing services for the Town since 1998. Initially, the Town Council adopted Ordinance 98-03 naming the Chamber VCB as the Town's DMO. In 2015, the Town entered into its first contract with the Chamber VCB to provide DMO services. The most recent contract was awarded to the Chamber VCB in 2020 and expired on November 30, 2025**.**

SUMMARY:

In early 2025, Staff prepared and issued a request for qualifications (RFQ) for DMO services **(Attachment 3).** The RFQ yielded seven responses.

A staff team reviewed the responses and interviewed the top two respondents to evaluate qualifications and capabilities to serve as a DMO. Concurrently with the evaluation of qualifications and capabilities a legal review of respondents' eligibility under SC Law was conducted. The Chamber was identified as the most qualified, eligible respondent.

As a result, the Town entered into negotiations with the Chamber to develop an agreement focused on:

- Clarifying roles and expectations;
- Improving financial transparency;
- Enhancing reporting;
- Aligning marketing efforts with the Town's core values, and
- Refining metrics and performance indicators.

The negotiations resulted in the attached contract for DMO services **(Attachment 2)**. The contract clearly articulates the Town Council's expectations and achieves the objectives outlined above. An executive summary, a document outlining the process for selection of the DMO and a presentation are also attached **(Attachments 4, 5, and 6 respectively)**. This is a three-year contract with one renewal option for up to two-years.

ATTACHMENTS:

1. Resolution Approving Execution of a Contract for DMO Services
   Exhibit A to the Resolution - Contract for DMO Services
2. Request for Qualifications (RFQ) – DMO Services
3. Executive Summary
4. Selection Process
5. Draft Presentation

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

A RESOLUTION BY THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA APPROVING THE EXECUTION OF A CONTRACT WITH THE HILTON HEAD ISLAND-BLUFFTON CHAMBER OF COMMERCE FOR DESTINATION MARKETING ORGANIZATION SERVICES

WHEREAS, S.C. Code Ann. § 12-36-920(A)(Supp. 2025) imposes a sales tax of seven (7%) percent on accommodations provided to transients in the State of South Carolina. Under S.C. Code Ann. § 12-36-2630(3)(Supp. 2025), one component of the tax on accommodations is a two (2%) percent local accommodations tax that is credited to the counties and municipalities in the State in accordance with S.C. Code Ann. § 6-4-5, *et seq*.(Supp. 2025); and,

WHEREAS, Counties and municipalities in which more than fifty thousand and no/100 ($50,000.00) Dollars is collected must allocate the two (2%) percent accommodations tax credited to them in the manner stated in S.C. Code Ann. §6-4-10 (Supp. 2025); and,

WHEREAS, S.C. Code Ann. §6-4-10(3)(Supp. 2025) establishes that "thirty percent of the balance must be allocated to a special fund and used only for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity", hereinafter the "***Thirty Percent Fund***"; and,

WHEREAS, businesses in the Town of Hilton Head Island ("***Town***") collect more than fifty thousand and no/100 ($50,000.00) Dollars per year in accommodations taxes imposed by S.C. Code Ann. § 12-36-920(A)(Supp. 2025); therefore, under S.C. Code Ann. § 6-4-10(3)(Supp. 2025) the Town must select or create an organization to manage and direct the Town's Thirty Percent Fund, said organization referred to as a destination marketing organization ("***DMO***"); and,

WHEREAS, the Town followed its procurement process in soliciting qualifications from interested parties to provide DMO services; and,

WHEREAS, the Hilton Head Island-Bluffton Chamber of Commerce ("***Chamber***") was found to be the most qualified eligible respondent; and,

WHEREAS, the Town and the Chamber have negotiated a mutually acceptable contract for DMO services and desire to enter into said contract in order to establish the standards of performance to be met by the Chamber. The terms of the contract shall be substantially similar to those terms, conditions and requirements provided for in **Exhibit A** attached hereto and incorporated herein by reference; and,

Whereas, in accordance with the applicable State laws provided for above, the Town Council of the Town of Hilton Head Island finds it in the best interest of the citizens and visitors of the Town to enter into a contract with the Chamber to provide DMO services as described in Exhibit A.

NOW, THEREFORE, BE IT RESOLVED, AND IT HEREBY IS RESOLVED BY THE TOWN COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, THAT:

1. The Mayor of the Town of Hilton Head Island is authorized to execute a contract for DMO services with the Chamber.
2. Town of Hilton Head Island, approves a contract for DMO services substantially similar to the terms, conditions and requirements as established in Exhibit A, attached hereto and incorporated herein by reference.

MOVED, APPROVED, AND ADOPTED ON THIS_________DAY OF ___________, 20__.

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

____

Alan R. Perry, Mayor

ATTEST:

____

Kimberly Gammon, Town Clerk

APPROVED AS TO FORM:

____

Curtis L. Coltrane, Town Attorney

STATE OF SOUTH CAROLINA	)	**CONTRACT FOR A DESIGNATED MARKETING ORGANIZATION**
	)	
COUNTY OF BEAUFORT	)	

THIS CONTRACT FOR A DESIGNATED MARKETING ORGANIZATION (the "***Contract***") is made effective as of ______________, 202___ ("***Effective Date***"), by and between **Hilton Head Island - Bluffton Chamber of Commerce**, a not-for-profit corporation organized and existing under the laws of the State of South Carolina ("***Chamber***" or "***DMO***") and the **Town of Hilton Head Island,** a municipal corporation and political subdivision of the State of South Carolina ("***Town***"); hereinafter individually referred to as a "***Party***" and collectively referred to as the "***Parties***".

WHEREAS, S.C. Code Ann. § 12-36-920(A)(Supp. 2025) imposes a sales tax of seven (7%) percent on accommodations provided to transients in the State of South Carolina. Under S.C. Code Ann. § 12-36-2630(3)(Supp. 2025), one component of the tax on accommodations is a two (2%) percent local accommodations tax that is credited to the counties and municipalities in the State in accordance with S.C. Code Ann. § 6-4-5, *et seq.*(Supp. 2025); and,

WHEREAS, Counties and municipalities in which more than fifty thousand and no/100 ($50,000.00) Dollars is collected must allocate the two (2%) percent accommodations tax credited to them in the manner stated in S.C. Code Ann. §6-4-10 (Supp. 2025); and,

WHEREAS, S.C. Code Ann. §6-4-10(3)(Supp. 2025), reads, in relevant part:

> Thirty percent of the balance must be allocated to a special fund and used only for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity. To manage and direct the expenditure of these tourism promotion funds, the municipality or county shall select one or more organizations, such as a chamber of commerce, visitor and convention bureau, or regional tourism commission, which has an existing, ongoing tourist promotion program. If no organization exists, the municipality or county shall create an organization with the same membership standard in Section 6-4-25. To be eligible for selection the organization must be organized as a nonprofit organization and shall demonstrate to the municipality or county that it has an existing, ongoing tourism promotion program or that it can develop an effective tourism promotion program. Immediately upon an allocation to the special fund, a municipality or county shall distribute the tourism promotion funds to the organizations selected or created to receive them. Before the beginning of each fiscal year, an organization receiving funds from the accommodations tax from a municipality or county shall submit for approval a budget of planned expenditures. At the end of each fiscal year, an organization receiving funds shall render an accounting of the expenditure to the municipality or county which distributed them.

The fund described in S.C. Code Ann. §6-4-10(3)(Supp. 2025), is known as the "***Thirty Percent Fund***"; and,

WHEREAS, businesses in the Town collect more than fifty thousand and no/100 ($50,000.00) Dollars per year in accommodations taxes imposed by S.C. Code Ann. § 12-36-920(A)(Supp. 2025); therefore, under S.C. Code Ann. § 6-4-10(3)(Supp. 2025) the Town must select or create an organization to manage and direct the Thirty Percent Fund, said organization referred to as a destination marketing organization, herein the "***DMO***"; and,

WHEREAS, the Chamber seeks to serve as the DMO, and reference to the DMO herein includes the Chamber and reference to the Chamber includes the DMO; and,

WHEREAS, the Parties desire to enter into this Contract to establish the standards of performance to be met by the DMO in the fulfilment of its statutory obligations to submit for approval its annual budget at the beginning of each fiscal year, DMO's obligation to submit an accounting of the expenditures at the end of each fiscal year, and formalize the Town's expectations for reporting of all marketing activity.

NOW, THEREFORE, in consideration of the mutual promises, undertaking and covenants set forth herein, the receipt and sufficiency of which are acknowledged and affirmed, the Parties hereto agree as follows:

ARTICLE 1. Incorporation of Recitals. The above recitals are hereby incorporated herein as if restated fully and are hereby made an integral part hereof so that their contents are a substantive part of this Contract.

ARTICLE 2. Term. This Contract shall be effective as of the Effective Date and shall continue for a period of three (3) years ("***Term***"), unless otherwise terminated as herein provided.

I. *Renewal Term*. This Contract may be renewed at the end of the Term for a period not to exceed two (2) years and may not be renewed more than one (1) time ("***Renewal Term***"). Parties agree the Renewal Term must be considered by Town Council thirty (30) calendar days after the beginning of the third (3rd) year of this Contract and prior to a Request for Qualification ("***RFQ***") for a DMO as required in Subsection II of this Article.

II. *End of Term RFQ*. The Parties acknowledge and understand that one (1) year prior to the end of the Term or Renewal Term, the Town will issue a RFQ for DMO services and the Town will review all responses pursuant to the Town's procurement process.

ARTICLE 3. DMO Funding

I. *Allocation and Use of Funds.* Pursuant to the authority and requirements established in the S.C. Code and as detailed in the recitals of this Contract, the Town shall allocate the monies held in the Thirty Percent Fund to the DMO. Said funds shall be allocated to the DMO quarterly based on the Fiscal Year. The Thirty Percent Funds shall be used pursuant to South Carolina state law, State of South Carolina Tourism Expenditure Review Committee ("***TERC***") oversight and as established in this Contract. DMO agrees the Thirty Percent Funds shall be held in a separate account from all other funds held by the DMO or in a manner that allows for a detailed accounting of the funds to be provided to the Town as required by this Contract. Failure by the DMO to use the Thirty Percent Funds as specified and required by this Contract shall be deemed a default by the DMO and shall result in a termination of this Contract.

II. *Availability of Funds.* The Parties acknowledge, understand and agree that the Thirty Percent Fund is funded from a fluctuating revenue source, thus the availability of funds may be inconsistent with the projected amounts. The Parties agree that the Town shall not be responsible for the difference between projected funding and the actual funding available and the Town shall not be requested or required to allocate any monies from any other funding source other than the Thirty Percent Fund. Nothing herein prevents the DMO from requesting additional funding from the Town.

ARTICLE 4. Annual Approvals and Required Presentations.

I. *Annual Package Required.* The Parties acknowledge and agree that as a condition of eligibility for funding, the DMO shall prepare and submit to the Town of Hilton Head Island Town Council ("Town Council"), on or before April 6 of each year the finalized Budget, Marketing Plan, Marketing Council Calendar, and Point of Contact for review and approval; hereinafter collectively referred to as the "Annual Package". The Annual Package shall not be presented to or approved by Town Council unless all required documents are included.

II. *Budget and Marketing Workshop.* The DMO must submit a preliminary Budget and preliminary Marketing Plan to the Town Manager no later than March 1 of each year. The Town Manager will return a revised or approved copy of the Budget and Marketing Plan by March 16 of each year. The Budget and Marketing Plan shall be presented to the Town Council by the DMO at a workshop to be held no later than March 31 of each year.

III. *Required Public Presentations.* The DMO shall provide presentations and reports on the operations of the DMO to the Town when requested by the Town Council or Town Manager within fourteen (14) business days following the request. The DMO shall provide a presentation, report and update on marketing and the Budget every year as follows:

(a) Once per Fiscal Year to the Town's Accommodations Tax Advisory Committee at a time determined appropriate by the committee; and,
(b) A Quarterly Report to Town Council at a public meeting held between September 1 and October 31; and,
(c) A Quarterly Report to Town Council at a public meeting held between May 1 and June 30.

The required public presentations shall include:
(a) a mutually agreed upon marketing analysis based on defined key performance indicators as defined by Destinations International; and,
(b) report on status of marketing projects as described in the Marketing Plan; and,
(c) a budget update; and,
(d) update on projects and promoted and advertised local events; and,
(e) overview of any other projects and actions being taken in furtherance of the Core Values.

Town Council reserves the right to postpone or combine required public presentations and/or request for reports at its discretion.

ARTICLE 5. Annual Budget.

I. *Annual Budget Approval.* Pursuant to the requirements established in Article 4 herein, the DMO's annual budget ("***Budget***") shall be approved by Town Council as part of the Annual Package. The Budget shall be a detailed budget in a mutually agreed upon format that shall include a comparison to the previous fiscal year budget. The DMO shall provide a proposed budget format to the Town Manager no later than January 1 of each year for review and approval. For purposes of this Contract the fiscal year shall be from July 1 to June 30 ("***Fiscal Year***").

II. *Budget Requirements.* To be considered for approval by Town Council, the Budget shall be submitted utilizing the "30 Percent (NONPROFIT DMO) Budget Form" ("***Budget Form***") as adopted by TERC and in the agreed format as established in Section 5(I) of this Contract, and shall include all of the following:

(a) A description of all planned revenues of the DMO including but not limited to the Thirty Percent Fund, any other revenues from any other sources and amount by source fund.

(b) A description of all planned expenditures of the DMO. The line items for proposed expenditures shall include the proposed expenditures, identified by amount, for:

(i) All advertising or promotions placed in or utilizing any print, television, radio, all social media/digital/internet-based media or platforms, however described; and,

(ii) On-site advertising at airports, other transportation hubs and visitor/welcome centers; and,

(iii) All advertising or promotions through the South Carolina Parks, Recreation and Tourism co-op channels and group travel organizations, sponsors, and plans as it relates to Thirty Percent Funds; and,

(iv) All full-time employee personnel costs, including salary and benefits, charged or allocated to the DMO and funded by the Thirty Percent Funds; and whereby said breakdown shall include the percentage and dollar amount of Thirty Percent Funds contributed to each employee position total salary; and,

(v) All office costs, including but not limited to rent or other charges for office space, office supplies and utilities by expense as it relates to Thirty Percent Funds; and,

ARTICLE 6. Marketing Plan.

I. *Marketing Plan Approval.* Pursuant to the requirements established in Article 4 herein, the DMO shall deliver to the Town a Marketing Plan as part of the Annual Package. The Marketing Plan shall demonstrate adherence to the promotion of the Town's goal of sustainable and responsible tourism practices in alignment with the Town's strategic plan by promoting Ecotourism, Arts & Culture, Hilton Head Island History, Wellness, and Recreation (herein, the "***Core Values***") and as further required by this Article. The Parties agree the Marketing Plan shall adhere to the requirements established in Section 6(II), but the Town reserves the right to request additional documents and/or information as desired.

II. *Marketing Plan Requirements.* The Parties agree the Marketing Plan shall include:

(a) *General Requirements.* If applicable the advertising rates charged by the DMO for the Vacation Planner; planned print, television, radio, all social media/digital/internet based media or platforms, however described; on-site advertising at airports, other transportation hubs and visitor/welcome centers; direct mail or e-mail; and all advertising or promotions through the South Carolina Parks, Recreation and Tourism co-op channels and group travel organizations, sponsors and plans including group name, estimated number of room nights and venue rental; resident outreach plan with specific audiences and topics; and specifics on how each of the five Core Values will be marketed as associated with the Thirty Percent Fund.

(b) *Strategic Plan Required*. The DMO shall prepare and implement a Chamber Strategic Plan in accordance with South Carolina state law, TERC policies, and the Core Values.

(c) *Local Events.* The Marketing Plan shall include specific local events that will be promoted and advertised throughout the year with Thirty Percent Funds; where the local event promotes the Town as a destination, attracts visitors from fifty (50) miles away or more, and visitors that stay in the Town overnight. The DMO shall provide the local event name, the previous year statistics associated with the local event, and the amount of Thirty Percent Funds being used to promote the local event.

(d) *Surveys and Metrics.* In addition to any other requirements established in this Article and to confirm compliance with industry standards, the Marketing Plan shall include the most current Industry Standard metrics as published by "Destinations International" and reports of the metrics aligned with the Core Values to include but not be limited to:

(i) Visitor Metrics shall include:
(1) the average spend per visitor and by category (such as tours, lodging and dining);
(2) the number of visitors by season and demographic categories;
(3) a comparison of occupancy rates between the Town and comparable destinations; and,
(4) a comparison of the average spend per visitor between the Town and comparable destinations.

(ii) The identification of specific local events held within the Town, together with a detailed breakdown of the proposed strategies, timelines, and initiatives to be implemented for the purpose of promoting and enhancing attendance at such local events; where the local event promotes the Town as a destination, attracts visitors from fifty (50) miles away or more, and visitors that stay in the Town's jurisdiction overnight; and,

(iii) Group Sales metrics including year-over-year comparisons of DMO outreach to Group Sales providers, Group Sales attributable to DMO outreach, number of attendees per event, and economic impact or spend; and,

(iv) Digital Performance metrics including website traffic and engagement metrics (e.g., unique visitors, time on site, bounce rate); social media growth, engagement rates, and reach; and conversion rates for booking or other calls to action; and,

(v) Economic Impact metrics including local business revenues from tourism and tourism-related tax revenues; and,

(vi) Media and Brand Awareness metrics including earned media value, number of media placements and sentiment and brand recognition surveys; and,

(vii) Seasonal Impact metrics including Shoulder Season bookings, visitor numbers, and Peak Season bookings and visitor numbers; and,

(viii) Stakeholder Satisfaction metrics including surveys of Town businesses, residents, and industry stakeholders with a survey that meets statistical validity based on survey research best practices. For the resident survey, there must be a minimum of 3000 responses and a collaborative approach to outreach efforts. The DMO shall provide the Town with details of the outreach efforts at the Budget and Marketing Workshop.

ARTICLE 7. Annual Accounting and Financial Transparency.

I. *Accounting Report Required.* In addition to an annual audit and as required by S.C. Code Ann. § 6-4-10(3)(Supp. 2025), on or before September 30 of each year, the DMO shall deliver to the Town an accounting report of the DMO's expenditure of the revenues described in the Budget for the preceding Fiscal Year for the Thirty Percent Funds, hereinafter referred to as "***Accounting Report***".

An audit and the related Accounting Report must be prepared by an independent certified public accounting firm and must conform to the standards set by the American Institute of Certified Public Accountants. The Accounting Report must include:

(a) One Hundred (100%) percent of all invoices and receipts paid from or charged against the revenues of the DMO including the Thirty Percent Fund and any other revenues and expenses identified in the Budget; and shall include all revenues and expenditures identified in the Budget for the preceding Fiscal Year; and,

(b) The most recent Federal and State tax returns filed related to the revenues and expenses of the DMO, and if the revenues and expenses of the DMO are included in Federal and State tax returns of any other organization, including the Chamber, then those Federal and State tax returns must be included. The Federal and State tax returns shall be prepared and filed by a tax professional that must execute the returns as a tax preparer as defined by the Internal Revenue Code, the South Carolina tax code, and/or their regulations.

II. *Fiscal Year Annual Audit*. The Accounting Report required in this Article is in addition to an annual audit completed by a Certified Public Accountant for each Fiscal Year. The DMO agrees to provide a copy of the fiscal year audit to the Town and post on the website as required in Section 7(V) of this Contract. Following a review of the Fiscal Year audit, the Town Manager or Town Council may request to inspect additional information or documentation related to the Thirty Percent Funds as described below.

III. *Inspection Rights.* The Town Manager (or a designee that satisfies the same standard to interview auditors as set forth herein), or a representative from the Town's Finance and Administration Committee (who also satisfied the same standard to interview auditors as set forth herein) may, upon reasonable notice, inspect the necessary financial records, including third party invoices, of the Chamber in order to verify compliance of the Accounting Report in all material respects. This inspection right shall not be exercised more than twice a Fiscal Year, unless otherwise agreed by the Parties.

IV. *DMO Warranties and Representations.* The DMO hereby warrants and represents the following:

(a) The DMO warrants and represents that it has all necessary licenses and consents required for the DMO to enter into and fully perform this Contract.

(b) The DMO warrants and represents to perform all tasks required under this Contract with a degree of skill and care of reputable organizations and experts of the same profession in South Carolina.

(c) The DMO warrants and represents to properly withhold from all wages, commissions, salaries, and fees paid by DMO to third parties or employees, agents, or sub-contractors of DMO, all amounts required by state or federal law to be withheld for or on account of taxes, social security payments, or other withholdings mandated by law or regulation.

V. *Records on Website.* The DMO shall be solely responsible for ensuring each year's Budget, Marketing Plan, and Accounting Report required in Section 6(II)(d) of this Contract are posted on the website with an address of www.ThinkHiltonHeadIsland.org. The documents posted on the website shall be easily accessible to the public and be in a format that can be accessed by the public or in a format that allows for the documents to be downloaded by a typical user. The DMO will also provide the previous ten (10) years of Accounting Reports, annual audits and yearly Budget on www.thinkhiltonheadisland.org.

ARTICLE 8. Additional Grants.

I. *Request for Additional Grants.* Any request by the DMO or the Chamber for an Additional Grant of Accommodations Tax funds ("***Additional Grant***") or any other Town funds shall be accompanied by a detailed budget. To be considered for approval by the Town Council, the Additional Grant budget shall include all of the following:

(a) A description of all planned revenues to be applied to the matter that is the subject of the Additional Grant, including all Town funds and any other revenues from any other sources.

(b) A description of all planned expenditures related to the matter that is the subject of the Additional Grant. The line items for proposed expenditures shall include the proposed expenditures, identified by amount and recipient, for:

(i) All advertising or promotions placed in or utilizing any print, television, radio, all social media/digital/internet-based media or platforms, however described; and,

(ii) On-site advertising at airports, other transportation hubs and visitor/welcome centers; and,

(iii) direct mail or e-mail; and,

(iv) All advertising or promotions through the South Carolina Parks, Recreation and Tourism co-op channels and group travel organizations, sponsors, and plans; and,

(v) All personnel costs, including salary and benefits, charged or allocated to the DMO; and,

(vi) All fees for marketing support, including call/chat centers, creative development of materials, photography, videography and the like; and,

(vii) All office costs, including rent or other charges for office space, office supplies and utilities; and,

(viii) All professional fees and costs charged to or incurred by the DMO, including but not limited to professional fees for accounting, legal, website and web-based application development and maintenance.

II. *Required Reports.* Following the expenditure of any Additional Grant by the DMO, but in no event less than one hundred eighty (180) days following the delivery of any Additional Grant, the DMO shall deliver to the Town an accounting of the DMO's expenditure of the revenues described in the budget for the Additional Grant. The accounting must be prepared by an independent certified public accounting firm and must conform to the standards set by the American Institute of Certified Public Accountants. The accounting must include One Hundred (100%) percent of all invoices and receipts paid from or charged against the revenues of the DMO related to the Additional Grant including all revenues identified in the budget for the Additional Grant. The accounting shall include all revenues and all expenditures identified in the budget for the Additional Grant.

ARTICLE 9. Public Engagement.

I. *Appointment of Members.* The DMO acknowledges and agrees that the Town Mayor shall appoint one member of the Town Council and one staff member from the Town to the DMO Marketing Council of the Chamber.

II. *Marketing Council Calendar.* The DMO shall ensure that specific dates are established for the DMO Marketing Council to meet throughout the year starting July 1 through June 30 of the following year. The calendar of meetings required in this Section shall be included in the Annual Package; hereinafter collectively referred to as "***Marketing Council Calendar***".

ARTICLE 10. Materials and Data.

I. *Assignability of Contracts*. To the extent available by the DMO's license and/or ownership, the DMO acknowledges and agrees that if this Contract is terminated or not renewed, the Town shall have the right to request for any contract related to the use of Thirty Percent Funds and pursuant to TERC may be assigned to the Town.

II. *Sale of Materials.* For purposes of this Contract, "Materials and Assets" shall include, but not be limited to, photography, data subscriptions, web-based applications, websites, and any other materials paid for in whole or in part with funds from the Thirty Percent Fund or any Additional Grant. To the extent available by the DMO's license and/or ownership any Materials and Assets, the Town shall have a first right of refusal to purchase the Materials and Assets pursuant to the terms of this Section. Within fifteen (15) days of receipt of the Town's written request, or the end of the Term or Termination of this Contract, the DMO shall deliver to the Town a written acknowledgment and bill of sale identifying the specifical Material and Asset. The Town shall have ninety (90) days from the date of receipt of the DMO's written acknowledgement and bill of sale to purchase said Material and Asset in their entirety, resulting in the DMO having no ownership in any of the Materials and Asset.

III. *Sale of Domain Names*. To the extent available by the DMO's license and/or ownership of the domain names associated with the Websites, these may be sold to the Town pursuant to the terms of this Section. If this Contract is terminated or not renewed within six (6) months from the end of a Term or Renewal Term, then the Town shall have the right of first refusal to purchase the domain names associated with the Websites, if DMO offers same for sale, at a fair market value established by a mutually agreed upon third party; whereby the fair market value shall be discounted by the amount of the Thirty Percent Fund that has been allocated to the use and promotion of the said domain names over the term of the contract. The Town shall have ninety (90) days from the date the fair market value is established to inform the DMO in writing of the Town's desire to purchase the domain names associated with the Websites; and the sale and purchase of the said domain names shall occur within ninety (90) days of the Town's written intent to the DMO.

IV. *Data and Information*. The Parties acknowledge that technology including software programs and artificial intelligence may be used to obtain data and information to form future marketing plans as well as to determine the effectiveness of current marketing strategies. To the extent available by the DMO's license and/or ownership the DMO acknowledges and agrees that upon a written request from the Town, the DMO shall within a commercially reasonable time provide to the Town any data and/or information gathered by software and/or artificial intelligence which has been purchased or obtained in any amount from the use of Thirty Percent Funds and pursuant to TERC.

ARTICLE 11. Correction of Errors, Inquiries and Requests.

I. *Websites.* The DMO is solely responsible for maintaining the websites with domain names www.ThinkHiltonHeadIsland.org and HiltonHeadIsland.org, collectively referred to as the "***Websites***". DMO shall ensure that Websites are free from errors, have current and accurate information at all times and function properly. The DMO shall correct errors or inaccurate or out of date information on the Websites within a commercially reasonable amount of time after receiving written notice of the alleged error, but in a period not to exceed fourteen (14) calendar days or within a longer period of time as approved by the Town whereby said approval shall not be unreasonably withheld.

II. *Requests from Town Generally.* The DMO shall have fourteen (14) calendar days to respond to written inquiries or requests for information from the Town. The DMO acknowledges and agrees that any failure to respond to written inquires or requests for information from the Town in the stated timeframe is a breach of this Contract.

ARTICLE 12. DMO Warranties and Role

I. *Warranties and Representations.* All warranties and representations of the DMO shall survive the expiration of the Term or any Termination as described in this Contract. The DMO hereby warrants and represents:

(a) it has all necessary licenses and consents required for the DMO to enter into and fully perform this Contract; and,

(b) it shall perform all tasks required under this Contract with a degree of skill and care of reputable organizations of the same profession in South Carolina; and,

(c) to properly withhold from all wages, commissions, salaries, and fees paid by DMO to third parties or employees, agents, or sub-contractors of Chamber, all amounts required by State or Federal law to be withheld for or on account of taxes, social security payments, or other withholdings mandated by law or regulation; and,

(d) to comply with all state accommodation tax laws, including but not limited to S.C. Code Ann. § 6-4-5, *et seq*. (Supp. 2025), in administering the Thirty Percent Fund; and,

(e) to comply with all Federal and State income tax laws.

II. *DMO Role and Revenues.* The Chamber acknowledges that its role as the DMO and as the recipient and end user of the Thirty Percent Fund and is a division of the Chamber of Commerce and will continue to act pursuant to South Carolina state law, TERC oversight, and the terms of this Contract.

III. *Point of Contact.* The Parties agree to provide the other Party a Point-of-Contact. The Point-of-Contact shall be a representative of each Party who will be used for regular communication and reporting purposes. Each Party shall provide to the other Party a specific name and all contact information for the Point-of-Contact. If a Party's Point-of-Contact changes, then the Party shall provide written notice to the other Party of said change. The DMO shall include the Point-of-Contact in the Annual Package. The Town shall provide the DMO a Point-of-Contact with its approval of the Annual Package. The Point-of-Contact shall not be used for formal notices as established in Article 15(IX) of this Contract.

ARTICLE 13. Termination.

I. *Default by DMO.* The Parties agree to act in good faith and take all available actions to avoid a termination pursuant to the terms of this Section. In the event of a breach by the DMO, the Town shall deliver a written notice to the DMO specifying the actions or inactions constituting the breach and specifying the actions necessary to cure the breach. Unless otherwise established in this Contract, the DMO shall have ninety (90) days following receipt of the written notice from the Town to cure the breach. If the DMO fails to cure the breach within the ninety (90) day period, then the Town may terminate this Contract by providing ninety (90) days written notice of the Termination to the DMO ("***Termination Notice***"). This Contract shall Terminate on the thirty first (31st) day following receipt of the Town's written Termination

Notice (the "***Termination***"). Immediately following the Termination, or sooner at the DMO's election, the DMO shall return to the Town any part of the Thirty Percent Fund that was allocated to it and which has not been spent by the DMO in accordance with this Contract and the requirements of S.C. Code Ann. § 6-4-10(3)(Supp. 2025). Termination of this Contract shall not relieve the DMO of its obligations, responsibilities, or any representations and warranties as established in this Contract.

II. *Immediate Termination*. This Contract is hereby terminated and voided immediately if 1) due to an unforeseeable catastrophic event, not otherwise covered by the Force Majeure clause included in this Contract, which dramatically effects the Town's economy and tourism resulting in funding ceasing to exist; or 2) the South Carolina law is at any time amended whereby said amendment results in this Contract being unenforceable and/or illegal.

III. *Allocation of Remaining Funds.* Following a termination or non-renewal of this Contract the Town shall be responsible for allocating any Thirty Percent Funds remaining owed to the DMO. Upon receipt of the Thirty Percent Funds from the state, the Town shall issue the remaining Thirty Percent Funds owed to the DMO within sixty (60) days of receipt. If this Contract is terminated prior to the end of a quarter, the allocation of funds shall be calculated based on the percentage of the quarter the DMO provided its services and this Contract was in place. This Section shall remain fully enforceable following a termination or non-renewal of the Contract.

ARTICLE 14. Authorization to Execute, Deliver and Perform. Each Party warrants that it has taken such actions as are necessary to authorize the execution, delivery, and performance of this Contract; that the officers signing this Contract are authorized to do so; and that their signatures are valid and sufficient to bind the Parties.

ARTICLE 15. Miscellaneous Terms.

I. *Binding Effect***.** This Contract shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns, if any are permitted hereunder.

II. *Non-Assignability*. The DMO may not assign or transfer this Contract without the prior written approval of the Town, and any attempt to do so shall be void.

III. *Entire Agreement, Amendment, Changes and Modifications.* This Contract supersedes all prior discussions and agreements between the Parties with respect to the matters contained in this Contract and constitutes the sole and entire agreement and understanding between the Parties with respect to the matters and things contemplated herein. This Contract shall not be modified or amended except by an instrument in writing signed by both Parties.

IV. *Severability.* If any provision of this Contract shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision.

V. *Counterparts.* This Contract may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

VI. *Applicable Law:* This Contract shall be governed by and construed in accordance with the laws of the State of South Carolina. Venue is agreed to proper in Beaufort County and the associated state and Federal courts therein.

VII. *Captions.* The captions or headings herein are for convenience only and in no way define, limit, or describe the scope or intent of any provisions, Sections or Articles of this Contract.

VIII. *No Third-Party Beneficiaries.* The Parties affirmatively represent that this Contract is made solely for the benefit of the signature parties hereto and their respective successors and assigns and not for the benefit of any third party who is not a signature party hereto. No party other than the signature Parties and their respective successors and assigns hereto shall have any enforceable rights hereunder, or have any right to the enforcement hereof, or any claim for damages as a result of any alleged breach hereof.

IX. *Notices.* All notices, applications, requests, certificates or other communications hereunder shall be sufficiently given and shall be deemed given when delivered in person; mailed by Certified mail, postage prepaid (in such case, delivery shall be deemed complete upon mailing); or by email including a read receipt, provided that the receiving party acknowledges the read receipt, addressed as follows, or to such other place as may be designated in writing by the Parties:

To the Town:	To the DMO:
The Town of Hilton Head Island Attn: Marc A. Orlando, Town Manager One Town Center Court Hilton Head Island, SC 29928 Email: marco@hiltonheadislandsc.gov	Hilton Head Island – Bluffton Chamber of Commerce, Inc. Attn: William G. Miles, President & CEO 1 Chamber of Commerce Drive Hilton Head Island, SC 29928 Email: bmiles@hiltonheadisland.org

The Parties acknowledge that each has an obligation under this Contract to acknowledge receipt of any notice delivered by email, and each warrants and agrees that it will acknowledge receipt of email notices within twenty-four (24) hours of receipt.

X. *No Waiver:* The failure of a Party to exercise any right or power given to either hereunder, or to insist on strict compliance by the other party of its obligations hereunder, nor any custom or practice of the Party at variance with the express terms hereof shall constitute a waiver of either Party's right to demand exact compliance with the terms hereof.

XI. *Force Majure*. Neither Party shall be held liable for failure or delay in fulfilling obligations established in this Contract due to unforeseeable circumstances including, but not limited to, acts of God, natural disasters, war, terrorism, and pandemics.

XII. *No Joint Venture.* The DMO shall not, by entering into this Contract, become a servant, agent, or employee of Town, but shall remain at all times an independent contractor. This Contract shall not be deemed to create any joint venture, partnership, or common enterprise between the Parties, and the rights and obligations of the Parties shall not be other than as expressly set forth herein.

(*Signature Page to Follow)*

IN WITNESS WHEREOF, the Parties with the duly authorized officers of the DMO and Town have caused this Contract to be duly executed and sealed as of the Effective Date.

THE HILTON HEAD ISLAND - BLUFFTON CHAMBER OF COMMERCE, INC.

By: ______________________________

William G. Miles, President & CEO

THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

By: ______________________________

Alan R. Perry, *Mayor*

By: ______________________________

Marc A. Orlando, *Town Manager*

Attachment 3

TOWN OF HILTON HEAD ISLAND
RFQ Transmittal Page

Date Advertised: January 31, 2025

Offerors Shall Complete All Information Requested on This Page and Submit It with Their Qualifications

REQUEST FOR QUALIFICATIONS (RFQ)	**Qualifications Submission:** **Qualifications will ONLY be accepted electronically via the Town's Procurement Portal which can be accessed using the link below:** ***hiltonheadislandsc.bonfirehub.com***
Solicitation Number: **RFQ 2025-05** **Description/Title:** **Destination Marketing Organization Services**	*** Qualifications Submittal Deadline:** **5:00 pm Eastern Time on May 5, 2025** ***Submittals will not be accepted after the stated time and date**. **Submittals will be publicly opened via virtual conference at 9:30 am Eastern Time on May 6, 2025. The link to participate in the virtual opening is provided in Section I of this RFQ.**
Pre-Submittal Conference Information: Not applicable for this solicitation.	
Town Contact: **Jessica Cummings, Procurement Specialist** **jessicac@hiltonheadislandsc.gov** **(843) 384-5104**	**Deadline For Questions:** **5:00 pm Eastern Time on April 21, 2025** **Questions should be submitted through the Town's Procurement Portal using the "Ask a question" button.**
Offeror Name:	**Offeror Contact Name:**
Offeror Mailing Address:	**Offeror Contact Phone:**
City-State-Zip-Code:	**Offeror Contact Email Address:**
By signature below, I certify that this submission is made and submitted without prior understanding, agreement, or connection with any corporation, firm or any corporation, firm, or person submitting qualifications for the same materials, supplies, equipment or services, and is in all respects fair and without collusion or fraud. I agree that this submittal shall be good and held open for a period of at least sixty (60) calendar days from the Submittal Deadline. I agree to abide by all conditions of this solicitation and certify that I am authorized to sign this document on behalf of the Offeror.	
Offeror Authorized Signature: ______________________________ Signature Date	**Name and Title of Signatory:** Name:____________________________ Title:____________________________

TOWN OF HILTON HEAD ISLAND

RFQ 2025-05

Destination Marketing Organization Services

Table of Contents

TOWN OF HILTON HEAD ISLAND
RFQ 2025-05
Destination Marketing Organization Services

I. GENERAL INFORMATION AND SUBMITTAL INSTRUCTIONS

The Town of Hilton Head Island, South Carolina ("Town") is soliciting sealed qualifications from qualified organizations ("Offerors" or "Contractors") to serve as the Town's Destination Marketing Organization ("DMO"). The DMO shall provide advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity for the Town in accordance with the specifications provided herein and in compliance with the requirements of S. C. Code Ann. § 6-4-5, *et seq.* (Supp. 2024), and a Contract for DMO Services to be negotiated (the "DMO Contract").

Qualifications must be submitted by the Qualifications Submittal Deadline shown on the Transmittal Page. Qualifications will ONLY be accepted electronically via the Town's Procurement Portal which can be accessed using the following link *hiltonheadislandsc.bonfirehub.com*. If electronic submittal poses a hardship, please notify the person identified as the Town Contact on the Transmittal Page.

Submittals will be publicly opened via virtual conference at the date and time indicated on the Transmittal Page. Only the names of Offerors will be provided at the opening. No pricing information will be shared at that time. To participate, please use the following meeting link and information.

Virtual Opening of Submittals Link and Information **9:30 am Eastern Time on May 6, 2025** **Microsoft Teams Need help?** **Join the meeting now** **Meeting ID: 263 812 464 326** **Passcode: GJ6Wz2QX**

All questions regarding this solicitation must be submitted in writing via the Town's Procurement Portal using the "Ask a question" button. Questions will be publicly answered via the Procurement Portal as well. **PLEASE NOTE THAT SINCE VENDOR Q&A WILL BE PUBLICLY POSTED ON THE PROCUREMENT PORTAL, THE TOWN WILL NOT BE ISSUING ANY ADDENDUMS RELATED TO VENDOR Q&A.** It is Offeror's responsibility to check the "Public Q&A" tab under the "Messages" section on the procurement portal to access and review all vendor Q&A. Addendums may still be issued for other information, and although addendums are sent to all Offerors via public notice, it is still the Offeror's responsibility to check the procurement portal for any issued addendums.

The Town reserves the right to accept or reject any or all submittals received as a result of this solicitation, to negotiate with all qualified Offerors, or to cancel in part or in whole this solicitation, if in the best interests of the Town. The Town reserves the right to refuse any and all submittals and to waive any technicalities and formalities. The Town reserves the right to waive any requirement in this solicitation when in its sole discretion it is determined that no Offerors would be disadvantaged by doing so, including requirements unmet by all offerors if such a waiver is determined to be in the best interests of the Town.

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

Submittals must be signed by an official of Offeror authorized to bind Offeror. Electronic signatures using secure signature software are acceptable. By submitting, Offeror agrees that its submittal shall be good and held open for a period of at least sixty (60) days from the Due Date.

The Town does not discriminate on the basis of race, color, national origin, sex (including pregnancy and childbirth), religion, age or disability in employment, the procurement of goods and services or in the delivery of services.

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

The Town is required under the South Carolina Freedom of Information Act, to upon request, make public and disclose all documents of, and documents incidental to, executed contractual arrangements. Therefore, Offerors, by submitting a response to this solicitation, are acknowledging that all materials submitted in their response may be subject to such disclosure,

regardless of any labeling of materials as "confidential" or "proprietary" or other similar notations.

II. BACKGROUND

S. C. Code Ann. § 6-4-10 (Supp. 2024) requires funds received by a municipality or a county in county areas collecting more than fifty thousand dollars ($50,000) from the local accommodations tax must be allocated in the following manner:

(1) The first twenty-five thousand dollars ($25,000) must be allocated to the general fund of the municipality or county.

(2) Five percent (5%) of the balance must be allocated to the general fund of the municipality or county.

(3) Thirty percent (30%) of the balance must be allocated to a special fund and used only for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity ("Promotional Fund"). To manage and direct the expenditure of these tourism promotion funds, the municipality or county shall select one or more organizations, such as a chamber of commerce, visitor and convention bureau, or regional tourism commission, which has an existing, ongoing tourist promotion program. To be eligible for selection, the organization must be organized as a nonprofit organization and shall demonstrate to the municipality or county that it has an existing, ongoing tourism promotion program, or that it can develop an effective tourism promotion program.

III. SCOPE OF WORK / SPECIFICATIONS

The Destination Marketing Organization (DMO) shall work with the Town of Hilton Head Island to manage and direct the expenditure of the fund described in S. C. Code Ann. § 6-4-10(3)(Supp. 2024), in compliance with the requirements of S. C. Code Ann. § 6-4-5, *et seq.* (Supp, 2024) and the DMO Contract to be negotiated.

The DMO Contract for the services described in the Scope of Work, and shall include, but not be limited to, the following requirements:

1. **Budget and Marketing Plan Approval:** Submit for Town approval a budget of planned expenditures for the Promotional Fund ("Budget") and a marketing plan ("MP") for each fiscal year that promotes sustainable and responsible tourism practices in alignment with our core values of:
   - Ecotourism;
   - Arts & Culture;
   - History;
   - Wellness; and
   - Recreation.

   The Budget and MP shall be delivered to the Town by March 15.

2. **Metrics and Reporting:** Provide the Town with industry standard metrics and reports aligned with the above core values to include but not limited to:

   Visitor Metrics
   - Average spend per visitor.
   - Number of visitors (total, by season, by demographic categories).
   - Comparison of occupancy rates between Hilton Head Island and comparable destinations.
   - Comparison of average spend per visitor between Hilton Head Island and comparable destinations.

   Digital Performance
   - Website traffic and engagement metrics (e.g., unique visitors, time on site, bounce rate).
   - Social media growth, engagement rates, and reach.
   - Conversion rates for booking or other calls to action.

   Economic Impact
   - Local business revenues from tourism.
   - Tourism-related tax revenues.

   Media and Brand Awareness
   - Earned media value and number of media placements.
   - Sentiment and brand recognition surveys.

   Seasonal Impact
   - Shoulder season bookings and visitor numbers.
   - Peak season bookings and visitor numbers.

   Stakeholder Satisfaction
   - Feedback from local businesses, residents, and industry stakeholders.
   - Satisfaction ratings from visitor surveys.

Note: This list is subject to change during contract negotiations or upon the Town's request during the contract term.

3. **Compliance and Standards:** Adopt policies and procedures that align with applicable standards set by Destinations International and adhere to all governing laws.

4. **Financial Accountability:** Provide an independent auditor's report to the Town annually for each fiscal year (July 1 to June 30), delivered no later than

November 15 following the fiscal year end. The report must conform to standards set by the American Institute of Certified Public Accountants (AICPA).

5. **Financial Transparency:** Deliver a schedule of revenues and expenses prepared by an independent auditor along with federal and state tax returns prepared and filed by a professional tax preparer.

6. **Town Oversight:** Allow the Town Manager or designee to inspect/audit records related to services provided, upon reasonable notice.

7. **Legal Compliance:** Retain a Town-approved law firm to provide a third-party opinion confirming the DMO's compliance with S. C. Code Ann. § 6-4-10(3)(Supp. 2024) and confirming the DMO's nonprofit status.

8. **Public Engagement:** Provide presentations and reports to the Town including but not limited to:
   - One presentation per fiscal year to the Town's Accommodations Tax Advisory Committee, with additional presentations at the Town's request.
   - Quarterly reports on budget-to-actual expenditure and marketing activities delivered to designated Town staff.
   - Presentation of quarterly reports to the Town Council at its first regular meeting following the report due date. Town Council reserves the right to postpone or combine reports at its discretion.

IV. QUALIFICATIONS REQUIREMENTS AND FORMATTING

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

1. **General Background:**
   - Summary of the organization's structure, mission, and core values.
   - Documentation of nonprofit status.

2. **Experience of Organization:**
   - Description of relevant experience.
   - List up to five (5) current or past clients, including one-page summaries of services, key accomplishments, and challenges addressed.
   - Contact information for client references.
   - Summary of current workload and its potential impact on service delivery.

3. **Experience of Key Personnel:**
   - Detailed biographies or resumes of key personnel.
   - Description of unique accomplishments, specialized skills, and years of experience.

4. **Proposed Marketing Plan Process:**
   Assuming a hypothetical budget of three and a half million dollars ($3,500,000), provide a detailed description of the process you will use to develop a marketing plan and budget that will promote Hilton Head Island as a premier destination for both leisure and business travelers and align with the destinations core values, including but not limited to ecotourism, history, arts and culture, recreation, and wellness.

   In preparing this description, specify your approach to and process for:
   - Identifying relevant data and selecting data sources.
   - Assessing the right mix of DMO staff and outsourcing to maximize ROI for destination marketing expenditures.
   - Identifying key demographics for visitors to Hilton Head Island.
   - Developing strategies and tactics for marketing across various platforms and channels.
   - Tracking and reporting on measurements of successful marketing strategies, visitor spending, conversion rate and other key performance indicators.

5. **Other Marketing Services:**
   - Brand management strategies, including stakeholder collaboration and response to current events.
   - Disaster communications and marketing plans for natural disasters.

Submissions must not exceed 50 pages (excluding transmittal page, exhibits, business license, nonprofit documentation, and key personnel resumes. Pages must use at least an 11-point font.

V. EVALUATION CRITERIA AND CONTRACT AWARD

The Town shall negotiate the DMO Contract with the highest rated responsive and responsible Offeror based on the stated evaluation criteria. Such Offeror must meet the specifications outlined in S. C. Code Ann. § 6-4-10(3) (Supp. 2024). The execution and Delivery of the DMO Contract, as well as continuation of the DMO Contract in each subsequent fiscal period of the Term, is subject to availability and allocation to the Town of Accommodations Tax Funds authorized in S. C. Code Ann. § 13-36-920(A)(Supp. 2024) and S. C. Code Ann. § 12-36-2630(3)(Supp. 2024). If contract negotiations with the highest rated Offeror are unsuccessful, the

Town reserves the right to begin contract negotiations with the next highest rated Offeror.

Qualifications will be evaluated using the following criteria:

1. Proposed marketing plan and process design (40%).
2. Integration and unification of data sets to drive actionable outcomes (10%);
3. Quality of data sources (10%);
4. Organizational and team experience (10%).
5. Percentage of subcontracted work (10%).
6. Membership in relevant professional organizations and accreditations in destination marketing (10%); and
7. References (10%).

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

VI. STANDARD CONTRACT TERMS AND CONDITIONS

Offeror acknowledges that terms, conditions and requirements stated in this RFQ, either in their entirety or relevant portions thereof, shall be included and become part of the DMO Contract.

The contract term is expected to be five (5) years, unless terminated or extended in accordance with the provisions set forth in the agreement.

EXHIBIT A

Town of Hilton Head Island
Destination Marketing Organization Services
RFQ 2025-05

Checklist of Submittal Requirements

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

1. Completed Submittal Transmittal Page (page 1 of RFQ)
2. Qualifications: A submittal of Qualifications that addresses all the required elements and formatting as specified in Section IV of this RFQ
3. Signed Offeror Acknowledgement on this Exhibit A below.
4. Completed South Carolina Illegal Immigration Reform Act Affidavit, Exhibit B.
5. Offeror shall include the current Town business license with their submittal if they have one. If not, the Offeror will be required to obtain one prior to commencing any work if awarded the contract.

Offeror Acknowledgements:
In the space provided, the Offeror shall acknowledge receipt and review of the following addendums issued for this solicitation.

Addendum #'s: ____

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

Offeror/Company: ____

Signature: ____

Name:____

Title:____

EXHIBIT B

Construction

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

Non-Construction

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

EXHIBIT B

CONTRACTOR AFFIDAVIT
SOUTH CAROLINA ILLEGAL IMMIGRATION REFORM ACT

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

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

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

Date: ________________________ By: ____________________________________

Name: ____________________________________

Title: ____________________________________

EXECUTIVE SUMMARY

Contract for Professional Services (DMO)

RECITALS

The recitals provide the following:

- Establishes the parties to the Contract
- The state code relevant to accommodations and sales tax; S.C. Code Ann. §6-4-10(3)(Supp. 2025)
- State Code and regulations/requirements are applicable to the Town
- Establishes the Chamber's desire to serve as the DMO for the Town

ARTICLE 1. Incorporation of Recitals

ARTICLE 2. Term

- Three (3) year initial term
- Renewal clause for up to two years, only one renewal is permitted
  - o Renewal must be considered by Town Council thirty (30) days from beginning of the 3rd year
- Notices the 'One Year Requirement', Town must issue a RFQ for DMO services one year prior to the end of any Term or Renewal Term

ARTICLE 3. DMO Funding

- *Allocation and Use of Funds*.
  - o Thirty Percent Funds allocated quarterly and must be held in a separate account from other funds
  - o Must be used as required by TERC and as established in the Contract
- *Availability of Funds*. Only Thirty Percent Funds are required to be disbursed, Town has no obligation to provide additional funds

ARTICLE 4. Annual Approvals and Required Presentations

- *Annual Package Required:* The DMO shall prepare and submit to the Town of Municipality Town Council ("***Town Council***"), on or before April 6th of each year, the Budget, Marketing Plan, Marketing Committee Calendar, and Point of Contact for review and approval. Collectively these items comprise the "Annual Package".
- *Budget and Marketing Workshop:* The DMO must present a preliminary budget and marketing plan to the Town no later than March 1.
- *Required Public Presentations.* The DMO shall provide a presentation, report, and update on the marketing and budget during the Term as follows:
  - o Once per Fiscal Year to the Town's Accommodations Tax Advisory Committee at a time determined appropriate by the committee
  - o To Town Council at a public meeting between September 1 and October 31
  - o To Town Council at a public meeting between May 1 and June 30
- Public presentations shall include:
  - o a mutually agreed upon marketing analysis based on defined key performance indicators; and,
  - o report on status of marketing projects as described in the Marketing Plan; and,
  - o a budget update; and,
  - o update on projects and local events; and,
  - o overview of any other projects and actions being taken in furtherance of the Core Values.

ARTICLE 5. Annual Budget

- *Budget Requirements:* Must use the 30 Percent (Nonprofit DMO) Budget Form and the following requirements:
  - o A description of all planned revenues.
  - o A description of all planned expenditures, including:
    - ▪ All advertising through media,
    - ▪ All advertising through on-site advertising,
    - ▪ All advertising through other organizations,

        - All full-time personnel costs,
        - All office costs.

ARTICLE 6. Marketing Plan

- *Marketing Plan Approval:* Marketing plans should be delivered to the Town on or before April 6th of every year.
- *Marketing Plan Requirements:* this should include the following requirements:
    - Advertising rates to be charged by the DMO for Vacation Planner.
    - Strategic Plan in accordance with SC state law and SC TERC policies.
    - Local events that attract visitors from fifty miles away or more.
    - Include most current Industry Standard metrics as published by Destinations International. The metrics must include, but is not be limited to:
        - Visitor metrics
        - Local events
        - Group Sales metrics
        - Digital Performance metrics
        - Economic Impact metrics
        - Media and Brand Awareness metrics
        - Seasonal Impact metrics
        - Stakeholder Satisfaction metrics

ARTICLE 7. Annual Accounting and Financial Transparency

- *Accounting Required:* on or before September 30th, DMO shall deliver to Town an accounting report of the DMO's expenditures of revenues described in the preceding fiscal year. This must be prepared by a CPA and must include the following:
    - 100% of all invoices and receipts paid.
    - The most recent applicable state and federal tax returns filed.
- *Fiscal Year Annual Audit:* DMO will provide Town with its annual audit, post it on the website, and furnish any additional information requested by Town Manager related to the Thirty Percent Funds.
- *Inspection Rights:* Town Manager or a representative of the Finance and Administrative Committee may inspect the necessary financial records related to operation and finances with reasonable notice.
- *Records on Website:* The website must be maintained and include all budgeting, marketing and accounting information for the current year and ten (10) years of Accounting Reports.

ARTICLE 8. Additional Grants

- *Request for Additional Grants:* Any request by the DMO for Additional Grant of Accommodations Tax Funds should be accompanied by a budget that includes:
    - A description of all planned revenues to be applied to the matter, including all other revenues from other sources.
    - A description of all planned expenditures to be applied to the matter, to include:
        - Advertising and promotions utilizing print/media.
        - On-site advertising.
        - All advertising through S.C. Parks, Rec and Tourism co-op channels.
        - All personnel costs.
        - All fees for marketing support.
        - All office/office overhead costs.
        - All professional fees (legal, accountings, website, etc.)
- *Accounting Report:* An accounting of all expenditures must be delivered to the Town, in no less than 180 days, following the delivery of any Additional Grant. This should be prepared by an independent CPA and shall include 100% of all invoices and receipts paid related to the Additional Grant.

ARTICLE 9. Public Engagement

- Mayor shall appoint one Town Council member and one Town staff member to be appointed to the DMO Marketing Council
- Marketing Council Calendar shall be established and included in the Annual Package

ARTICLE 10. Materials and Data

- *Assignability*. Town may request for pending contracts to be assigned to Town following a termination
- *Sale of Materials:* Within 15 day of receipt, or the end of the term/termination of, the Town shall receive written acknowledgement and bill of sale identifying assets.
- *Sale of Domain Names*. Town may purchase DMO's license and/or ownership of the domain names within 6 months of a termination. Value of domain names will be reduced based on the amount of funds used towards the domain names during the contract term.
- *Data and Information:* Acknowledgement of use of software programs, however, establishes the DMO will provide any data requested by the Town within 48 hours of the Town's written request.

ARTICLE 11. Correction of Errors, Inquiries and Reports

- *Websites:* Chamber will ensure the website will be free from error and up-to-date at all times.
- *Requests from Town Generally:* If written requests are received regarding the DMO, the Chamber will respond within fourteen (14) days. Any failure to respond or failure to respond in a timely manner will be considered a breach of contract.

ARTICLE 12. DMO Warranties and Role

- *Warranties and Representation:* Chamber warrants and represents it:
    - has all licenses and consents needed.
    - will perform all tasks required and engage with reputable organizations.
    - will properly handle all actions regarding wages and wage deductions.
    - will comply with state accommodation tax laws.
    - will comply with all federal and state income tax laws.
- *DMO Roles and Revenues:* Chamber acknowledges its role as the DMO and agrees to act pursuant to the Contract, state law and TERC oversight.

ARTICLE 13. Termination

- *Default by DMO:* If the Chamber fails to meet their obligation, the Town will deliver a notice specifying the breach and actions to cure the breach. The Chamber shall have 30 days to remedy the breach(es), and if not, the Town may terminate this contract by providing a termination notice.
- *Immediate Termination: Contract is hereby terminated and voided immediately if:*
    - *Due to an unforeseeable catastrophic event*
    - *South Carolina law is amended and results in this contract being unenforceable/illegal.*
- *Allocation of Remaining Funds*. If terminated or not renewed, Town shall pay to DMO the remaining Thirty Percent Funds owed because said funds are allocated in arrears

ARTICLE 14. Authorization to Execute, Deliver and Perform

- Parties warrant the signers have proper authority to sign the contract on behalf of their party.

ARTICLE 15. Miscellaneous Terms

- Binding Effect
- Non-Assignability
- Entire Agreement / Amendment, Changes and Modifications
- Severability

Counterparts

- Applicable Law
- Captions
- No Third-Party Beneficiaries
- Notices
- No Waiver
- Force Majure
- No Joint Venue

Attachment 5

Destination Marketing Organization (DMO) Procurement Process

The process for procurement of a DMO for the Town of Hilton Head Island involved the following:

Date	**Phase**	**Key Actions**
February 3, 2025 – May 5, 2025	RFQ Posted	February 3, 2025 – RFQ posted for a period of 90 days. May 5, 2025 – RFQ closes.
May 5, 2025 – August 15, 2025	RFQ Response Review	Selection committee comprised of Town staff scored submissions and interviewed top candidates. Legal review of qualifications and options.
August 15, 2025 – December 9, 2025	Contract negotiation	Contract terms negotiated.
December 10, 2025 – December 11, 2025	Preparation for 12-18-2025 Town Council Meeting	Contract and related documentation finalized. Resolution drafted. Presentation developed. Town Council Packet submitted for distribution.
December 18, 2025	Final Approval	Town Council considers resolution to approve execution of the contract.

DRAFT

Town of Hilton Head Island

Destination Marketing Organization Selection 2025

Agenda

- Requirement for a Destination Marketing Organization (DMO)
- Eligibility to serve as a DMO
- DMO selection process
- Contract for DMO services
- Questions

Requirement to select a DMO

- South Carolina Code of Laws requires that:
  - A tax be charged on all accommodations rented by transient guests – the tax is called ATAX.
  - A portion of ATAX Revenue be used to promote tourism. These funds are referred to as the Thirty Percent Fund.
  - A DMO be selected or created to manage and direct the Thirty Percent Fund.

Required DMO Qualifications

- South Carolina Code of Laws Section 6-4-10 requires that the selected DMO:
  - Be organized as a nonprofit organization.
  - Have an existing, ongoing tourist promotion program or demonstrate that it can develop an effective tourism promotion program.

Process to Select the Town's DMO

2020 DMO contract with the Chamber called for a Request for Qualifications (RFQ) to be issued for DMO Services

An RFQ for DMO Services was issued in early 2025. Seven responses were received.

Responses were scored by a team of Town employees.

Responses were evaluated for compliance with SC Code of Laws requirements.

Process to Select the Town's DMO (continued)

Contract negotiated with most qualified, eligible respondent.

→

Review of contract terms by full Town Council.

→

Resolution to approve contract terms.

→

Contract signed.

Contract Negotiations

- The Chamber was identified as the most qualified, eligible respondent
- A contract for DMO services was drafted with a focus on:
  - Clarifying roles and expectations;
  - Improving financial and scope of service transparency;
  - Enhancing reporting;
  - Aligning marketing efforts with the Town's core values; and
  - Refining metrics and performance indicators.

Key Contract Terms

THREE-YEAR TERM WITH A RENEWAL CLAUSE FOR UP TO TWO YEARS

BUDGET CONTENT REQUIREMENTS

PUBLIC PRESENTATION REQUIREMENTS

MARKETING PLAN THAT INCLUDES DETAILED METRICS

PUBLIC ACCESS TO ACCOUNTING REPORT, BUDGET, AND MARKETING PLAN

Key Contract Terms (continued)

Annual accounting report that includes:

- 100% of all invoices and receipts paid.
- 100% of all revenues and expenditures of the Thirty Percent Fund.
- The most recent applicable state and federal tax returns filed.

What’s Next?

- Collaborative partnership between the Town and DMO.
- Commitment to responsible tourism.

Questions?