



The Town of Hilton Head Island Regular Town Council Meeting

Tuesday, October 19, 2010

4:00 P.M.

AGENDA

As a Courtesy to Others Please Turn Off all Cell Phones and Pagers During the
Town Council Meeting

- 1) **Call To Order**
- 2) **Pledge to the Flag**
- 3) **Invocation**
- 4) **FOIA Compliance** – Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 5) **Proclamations and Commendations**
- 6) **Approval of Minutes**
 - a. Regular Town Council Meeting of October 5, 2010
- 7) **Report of the Town Manager**
 - a. Town Manager's Items of Interest
 - b. Proposed 2011 Town Council meeting dates
 - c. October 2010 Quarterly Report
- 8) **Reports from Members of Council**
 - a. General Reports from Council
 - b. Report of the Intergovernmental Relations Committee – George Williams, Chairman
 - c. Report of the Personnel Committee – Drew Laughlin, Chairman
 - d. Report of the Planning and Development Standards Committee – Bill Ferguson, Chairman
 - e. Report of the Public Facilities Committee – John Safay, Chairman
 - f. Report of the Public Safety Committee – Bill Harkins, Chairman
- 9) **Appearance by Citizens**
- 10) **Unfinished Business**

a. Second Reading of Proposed Ordinance No. 2010-20

Second Reading of Proposed Ordinance No. 2010-20 authorizing the Town Council for the Town of Hilton Head Island for the issuance and sale of not to exceed \$13,000,000.00 General Obligation Refunding Bonds, Series 2010B, or such other appropriate series designation, of the Town of Hilton Head Island, South Carolina; fixing the form and certain details of the bonds; 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; and other matters relating thereto; and providing for severability and an effective date.

b. Second Reading of Proposed Ordinance No. 2010-21

Second Reading of Proposed Ordinance No. 2010-21 to amend the budget for the Town of Hilton Head Island, South Carolina, for the fiscal year ending June 30, 2010; to provide for the expenditure of certain funds; and to allocate the sources of revenue for the said funds; and providing for severability and an effective date.

c. Second Reading of Proposed Ordinance No. 2010-22

Second Reading of Proposed Ordinance No. 2010-22 to amend the budget for the Town of Hilton Head Island, South Carolina, for the fiscal year ending June 30, 2011; to provide for the budget appropriations of prior year encumbrances; to provide for the expenditure of certain funds; and to allocate the sources of revenue for the said funds; and providing for severability and an effective date.

d. Second Reading of Proposed Ordinance No. 2010-23

Second Reading of Proposed Ordinance No. 2010-23 to amend the budget for the Town of Hilton Head Island, South Carolina for the fiscal year ending June 30, 2011; to provide for the budgeted appropriations of prior year budget roll-forwards; to provide for the expenditure of certain funds; and to allocate the sources of revenue for the said funds; and providing for severability and an effective date.

11) New Business

a. Consider conveyance of Patterson Estate Parcels to Hilton Head Habitat for Humanity

Consideration of a recommendation that the Town Council for the Town of Hilton Head Island approve conveyance of 14.08 acres of land off Marshland Road known as the Patterson Estate Parcels to the Hilton Head Habitat for Humanity in exchange for their pledge to build a road to public standards and to extend all water, sewer and telecommunications utilities to the subdivision in such a way as to benefit all land owners in the subdivision.

b. Consider concept of leasing old Gullah Flea Market property

Consideration of a recommendation that the Town Council for the Town of Hilton Head Island endorse the concept of leasing the old Gullah Flea Market properties to allow the development of a Cancer Survivor Park, with conditions.

c. Consider approving designated town owned properties for disaster related debris management

Consideration of a recommendation that the Town Council for the Town of Hilton Head Island approve the use of designated Town owned properties, as endorsed by the Disaster Recovery Commission (DRC), for the collection, reduction, storage, and management of disaster related debris.

12) Executive Session

- a. Land Acquisition**

13) Adjournment

THE TOWN OF HILTON HEAD ISLAND
REGULAR TOWN COUNCIL MEETING

Date: Tuesday, October 5, 2010

Time: 4:00 P.M.

Present from Town Council: Thomas D. Peeples, *Mayor*; Ken Heitzke, *Mayor Pro-Tem*, John Safay, Bill Harkins, Drew Laughlin, Bill Ferguson, *Councilmen*.

Absent from Town Council: George Williams, *Councilman*

Present from Town Staff: Stephen G. Riley, *Town Manager*; Greg DeLoach, *Assistant Town Manager*; Lavarn Lucas, *Fire Chief*; Charles Cousins, *Director of Community Development*; Scott Liggett, *Director of Public Projects and Facilities*; Susan Simmons, *Finance Director*; Nancy Gasen, *Director of Human Resources*; Jill Foster, *Deputy Director of Community Development*; Teri Lewis, *LMO Official*; Shawn Colin, *Comprehensive Planning Manager*; Heather Colin, *Development Review Administrator*; Brad Tadlock, *Deputy Fire Chief*; David Cooler, *Administrative Battalion Chief*; Tom Fultz, *Director of Administrative Services*; Julian Walls, *Facilities Manager*; Paul Rasch, *Emergency Management Coordinator*; Mike Roan, *Urban Design Administrator*; Shea Farrar, *Senior Planner*; Connie Pratt, *Code Enforcement*; Brian Hulbert, *Staff Attorney*; Joheida Fister, *Fire Marshall*; Sam Burnett, David Burns, *Senior Fire Inspectors*; Albert Hanzalik, *Fire Inspector*; Randy Marrero, *Systems Analyst, Public Safety*; Cinda Seamon, *Public Education Officer*; Paul Rasch, *Emergency Management Coordinator*; Dave Britton, *Fire Lieutenant*; Reggie Malphrus, *Senior Firefighter*; Bruce Gatlin, *Firefighter*; Jeff Hartberger, *Battalion Chief*; Kevin Ashdown, *Senior Firefighter*; Vicki Pfannenschmidt, *Administrative Assistant*

Present from Media: Tom Barton, *Island Packet*

- 1) **CALL TO ORDER**
- 2) **PLEDGE TO THE FLAG**
- 3) **INVOCATION**
- 4) **FOIA COMPLIANCE** – Public notification of this meeting has been published, posted, and mailed in compliance with the Freedom of Information Act and the Town of Hilton Head Island requirements.
- 5) **PROCLAMATIONS AND COMMENDATIONS**
 - a. **Fire Prevention Week**

Members of the Hilton Head Island Fire & Rescue Department accepted the Proclamation.
- 6) **APPROVAL OF MINUTES**
 - a. **Regular Town Council Meeting of September 21, 2010**

Mr. Heitzke moved to approve. Mr. Harkins seconded. The motion was approved by a vote of 6-0.
 - b. **Joint Town Council/Planning Commission meeting of September 15, 2010**

Mr. Heitzke moved to approve. Mr. Harkins seconded. The motion was approved by a vote of 6-0.

7) **REPORT OF THE TOWN MANAGER**

a. Town Manager's Items of Interest

The Town Manager reported on some items of interest.

b. Proposed change in November 16 Town Council meeting date

Mr. Heitzke moved to change the November 16, 2010, 4:00 p.m. Town Council meeting date to Wednesday, November 17, 2010 at 4:00 p.m. Mr. Ferguson seconded. The motion was approved by a vote of 6-0.

c. Preliminary Year-End Financial Statements for June 30, 2010

Mr. Riley said before he got into the year end financial statements he wanted to answer the inquiry from the last Town Council meeting concerning the time line that would be necessary for LMO amendment concerning the length of the runway of the airport. He said if Council wished to go forward with changes after the October 27, 2010 meeting with County Council, an ad would be due by November 1, 2010 for the Planning Commission Public Hearing. The hearing would be held on December 15, 2010. It would get to the Planning and Development Standards Committee on January 26, 2011, reported to Council on February 1, 2011 and first reading would take place February 15, 2011 and second reading March 1, 2011. If it was determined that additional LMO changes were necessary it may take a few more weeks to review and the schedule would change. He explained this was a rough time line for the process.

Mr. Riley said the preliminary year end financial the statements were included in the agenda packet and the year ended under budget. He stated he or Susan Simmons would gladly answer any questions at this time or at a later date. Susan Simmons answered questions concerning the statements.

d. Consideration of a recommendation that the Town Council take a position and communicate same regarding various tax proposals under consideration by the South Carolina Tax Realignment Commission

Mr. Riley informed Council that at a recent Intergovernmental Committee meeting the various tax proposals were reviewed. He explained the Committee asked staff to review and make recommendations concerning proposals to the South Carolina Tax Realignment Commission pertaining to the local accommodations and hospitality tax and the State accommodations tax and convey them to Town Council. He went on to inform Council there were timelines involved and one of them was a hearing to be held on Thursday, October 7, 2010 and MASC would be participating. He said Susan Simmons would be present and was scheduled to speak at the hearing. Mr. Laughlin moved to approve the recommendation from staff having to do with the proposed tax changes before the Tax Realignment Commission. Mr. Safay seconded.

Mayor Peeples asked about the section concerning admissions tax. He stated he thought the County was utilizing the admissions tax as part of the road improvements in the County. Susan Simmons stated after further research she found the County can appeal to the State to receive a portion of the State Admissions Tax and she felt that may be what the County was receiving. She said the money was part of a product development fund and it looked like it would stay the same. Mr. Heitzke recommended the letter with Town Council's position should also be sent to the Municipal Association of South Carolina. Ms. Simmons stated the plan, upon approval, was to send the letter to the local legislative delegation, TRAC and MASC. Mr. Harkins requested copies sent to leaders in the local arts and cultural community. Mayor Peeples said he will vote

to approve staff recommendations on the proposals with a slight reservation. He explained he would like to better understand the admissions tax issues and what admissions tax the County utilized. He said he didn't want to support losing dollars that go toward funding road improvements. Susan Simmons said she would check into it further. The motion was approved by a vote of 5-0-1. Mr. Ferguson abstained because he did not have time to review the draft.

8) REPORTS FROM MEMBERS OF COUNCIL

a. General Reports from Council

None.

b. Report of the Intergovernmental Relations Committee – George Williams, Chairman

Mr. Heitzke reported the Committee met on September 22, 2010 to discuss the tax proposal under consideration by the South Carolina Tax Realignment Commission which brought forward the recommendation discussed earlier under Item 7d. on today's agenda.

c. Report of the Personnel Committee – Drew Laughlin, Chairman

Mr. Laughlin reported all board, committee and commission vacancies have been filled.

d. Report of the Planning and Development Standards Committee – Bill Ferguson, Chairman

Mr. Ferguson reported there would be a special meeting of the committee to be held on October 18 at 2:30 p.m. He explained it would be a workshop on economic development and all Town Council members were encouraged to attend. Mr. Ferguson moved Town Council encourage the Committee to include inviting property owner's association and community association representatives to attend, participate, ask questions and receive answers from the delegates. Mr. Heitzke seconded. Discussion ensued concerning if it was necessary for Town Council to do this in the form of a formal motion. The motion was approved by a vote of 5-1. Mr. Harkins was opposed. He explained he was not in opposition to groups participating but felt this vote was not necessary because it was a public meeting and all that want to attend and participate are welcome.

e. Report of the Public Facilities Committee – John Safay, Chairman

Mr. Safay reported the Committee met on Monday, October 4, 2010 with three items on the agenda. He said there was a presentation concerning the proposed Cancer Survivor Park and the Committee was going forward to Town Council with a positive recommendation. He stated the Committee reviewed the list of locations on the Island for debris collection sites in the event of a disaster. Mr. Safay reported the Committee asked staff to look at an alternative to using Honey Horn as a site but was recommending Town Council approve the plan as shown. He reported the Committee was also recommending Town Council donate Town owned land on Marshland Road to Habitat for Humanity.

Report of the Public Safety Committee – Bill Harkins, Chairman

No report.

9) APPEARANCE BY CITIZENS

None.

10) UNFINISHED BUSINESS

- a. None.

11) NEW BUSINESS

- a. **Consideration of a recommendation that the Town Council for the Town of Hilton Head Island adopt a Resolution establishing a parking meter zone for public parking at Islanders Beach Park and reserving the remaining spaces for beach pass parking.**

Mr. Heitzke moved to approve. Mr. Safay seconded. The motion was approved by a vote of 6-0.

- b. **First Reading of Proposed Ordinance No. 2010-20 authorizing the Town Council for the Town of Hilton Head Island for the issuance and sale of not to exceed \$13,000,000.00 General Obligation Refunding Bonds, Series 2010B, or such other appropriate series designation, of the Town of Hilton Head Island, South Carolina; fixing the form and certain details of the bonds; 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; and other matters relating thereto; and providing for severability and an effective date.**

Mr. Heitzke moved to approve. Mr. Safay seconded. Mr. Harkins asked if staff was doing something to achieve the best effective rate possible for the bonds. Susan Simmons responded there were times when the Town sells bonds and enters into a forward delivery agreement. The agreement locks the Town into an investment strategy to get the best interest in those reserve funds. She said other times they have not entered into a forward delivery agreement but the funds are monitored. She stated funds on hand to support the Town's debt service were receiving good rates at this time. The motion was approved by a vote of 6-0.

- c. **Consideration of 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 Hilton Head Island Public Facilities Corporation's tax exempt debt.**

Mr. Heitzke moved to approve. Mr. Harkins seconded. Susan Simmons explained this was concerning the Port Royal Beach Renourishment Project and this reimbursement resolution needed to be in place prior to issuing bonds. This will allow expenditures incurred prior to the issue of the bonds to qualify for reimbursement. She stated in the next couple of months she will come back to Council for an ordinance approving the issue of bonds and the bonds will most likely be issued in early 2011. The motion was approved by a vote of 6-0.

- d. **First Reading of Proposed Ordinance No. 2010-21 to amend the budget for the Town of Hilton Head Island, South Carolina, for the fiscal year ending June 30, 2010; to provide for the expenditure of certain funds; and to allocate the sources of revenue for the said funds; and providing for severability and an effective date.**

Mr. Heitzke moved to approve. Mr. Safay seconded. The motion was approved by a vote of 6-0.

- e. **First Reading of Proposed Ordinance No. 2010-22 to amend the budget for the Town of Hilton Head Island, South Carolina, for the fiscal year ending June 30, 2011; to provide for the budget appropriations of prior year encumbrances; to provide for the expenditure of certain funds; and to allocate the sources of revenue for the said funds;**

and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mr. Safay seconded. The motion was approved by a vote of 6-0.

f. First Reading of Proposed Ordinance No. 2010-23 to amend the budget for the Town of Hilton Head Island, South Carolina for the fiscal year ending June 30, 2011; to provide for the budgeted appropriations of prior year budget roll-forwards; to provide for the expenditure of certain funds; and to allocate the sources of revenue for the said funds; and providing for severability and an effective date.

Mr. Heitzke moved to approve. Mr. Safay seconded. The motion was approved by a vote of 6-0.

12) EXECUTIVE SESSION

Mr. Riley said that he needed an executive session for contractual matters pertaining to land acquisition; legal advice pertaining to pending litigation; a contractual matter pertaining to a dual representation issue involving the Town Attorney; and personnel matters pertaining to the annual review of the Town Manager.

At 4:45 p.m., Mr. Heitzke moved to go into Executive Session for the reasons stated by the Town Manager. Mr. Safay seconded. The motion was approved by a vote of 6-0.

The Mayor called the meeting back to order at 6:07 p.m. and asked if there was any business to take up as a result of Executive Session.

Mr. Ferguson moved that the Town Council for the Town of Hilton Head Island authorize the execution of a contract for purchase of 1.55 acres on Squire Pope Road from the Fuller Family Land Trust for one million (\$1,000,000.00) dollars. Mr. Heitzke seconded. The motion was approved by a vote of 6-0.

Mr. Ferguson moved that the Town Council for the Town of Hilton Head Island authorize the execution of a contract for purchase of 3.778 acres on Squire Pope Road from the heirs of Benjamin Walters for two million five hundred thousand (\$2,500,000.00) dollars. Mr. Laughlin seconded. The motion was approved by a vote of 6-0.

Mr. Heitzke moved to amend the Town Manager's contract of employment to provide for vision plan coverage for Mr. Riley and his dependents at Town expense. Mr. Laughlin seconded. The motion was approved by a vote of 6-0.

Mayor Peeples reported Town Council continues to be very pleased with the work the Town Manager, Stephen Riley, was doing for the Town of Hilton Head Island and they look forward to continued success working together.

13) ADJOURNMENT

At 6:10 p.m., Mr. Heitzke moved to adjourn. Mr. Laughlin seconded. The motion was approved by a vote of 6-0.

Vicki Pfannenschmidt, Secretary

Approved:

Thomas D. Peeples, Mayor

Items of Interest

October 19, 2010

I. TOWN NEWS

- a) Steve Riley was elected to the Board of Trustees for the South Carolina Municipal Insurance Trust. His term officially begins on January 1, 2011 and he will serve for three years.

(Contact: Steve Riley, Town Manager – phone 341-4700)

II. NOTEWORTHY EVENTS

- a) Some of the upcoming meetings at Town Hall:
- Board of Zoning Appeals – October 25, 2:30 p.m.
 - Design Review Board – October 26, 1:15 p.m.
 - Planning & Development Standards Committee – October 27, 4:00 p.m.
 - Joint meeting of the Town Council and County Council – October 27, 6:00 p.m. at the Hilton Head Island High School Visual & Performing Arts Center
 - Public Safety Committee– November 1, 10:00 a.m.
 - Planning Commission – November 3, 9:00 a.m.
 - Public Facilities Committee – November 3, 2:00 p.m.
 - Town Council – November 3, 4:00 p.m.

(Meetings subject to change and/or cancellation. Please visit the Towns' website at www.hiltonheadislandsc.gov for meeting agendas)

2010 Hilton Head Island Events

Date	Time	Event	Location
Fri., Oct. 29, 2010	4:30 pm – 8:00 pm	Palmetto Dunes Pumpkin Patch	Shelter Cove Community Park
Sat., Nov. 6, 2010	8:00 am – 10:00 am	Hilton Head Island Bridge Run	Crossings Park / Cross Island Parkway
	9:00 am - 4:00 pm	HHI Concours d'Elegance & Motoring Festival	Honey Horn
Sun., Nov. 7, 2010	9:00 am - 4:00 pm	HHI Concours d'Elegance & Motoring Festival	Honey Horn



TOWN OF HILTON HEAD ISLAND

2011 TOWN COUNCIL MEETING DATES

January 4	July 5
January 18	July 19 - cancelled
February 1	August 2
February 15 – cancelled*	August 16 - cancelled
March 1	September 6
March 15	September 20 **
April 5	October 4
April 19	October 18
May 3	November 1
May 17	November 15
June 7	December 6
June 21	December 20

Meetings are generally held the 1st and 3rd Tuesday of the month at 4:00 PM, subject to change with notice.

***MASC Legislative Action Day is Feb. 15-16, 2011**

***September 20th meeting will start at 4:30 p.m. because of the Constitution Day Celebration preceding the Town Council meeting.**

OCTOBER 2010 QUARTERLY REPORT

TOPIC:	Quint Purchase
CONTACT:	Lavarn Lucas
STATUS:	Both new Quints have arrived and both have been placed into service.
ISSUE:	N/A
BACKGROUND:	Both existing Quints have been sold for \$152K and both have been delivered.
OUTLOOK:	N/A
TOPIC:	Rowing and Sailing Center
CONTACT:	Marcy Benson
STATUS:	Site clean-up and dock demolition/removal scheduled in fiscal year 2010 CIP. Design and Construction scheduled for fiscal year 2011. Facilities Mgmt. Div working on procuring contractor for site clean-up & dock demo.
ISSUE:	N/A
BACKGROUND:	On Aug. 3. 2010 Town Council approved site clean-up & dock demolition & removal to be included in the current (2010) fiscal year CIP budget and design & construction to be budgeted in 2011 CIP.
OUTLOOK:	N/A
TOPIC:	Bicycle Friendly Communities
CONTACT:	Marcy Benson
STATUS:	Numerous meetings with Chamber and supporting committee
ISSUE:	Seeking designation as a "Bicycle Friendly Community"
BACKGROUND:	League of American Bicyclist representative will conduct a workshop Oct. 20 to discuss program and Town's potential for this designation
OUTLOOK:	N/A



Memorandum

TO: Town Council
FROM: Steve Riley, Town Manager
VIA: Susan Simmons, Director of Finance
DATE: October 6, 2010
RE: **Second Reading of Proposed Ordinance No. 2010-20**

There were no changes made to Proposed Ordinance #2010-20 during the first reading on October 5, 2010.

AN ORDINANCE

AUTHORIZING THE ISSUANCE AND SALE OF NOT TO EXCEED \$13,000,000 GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010B, OR SUCH OTHER APPROPRIATE SERIES DESIGNATION, OF THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA; FIXING THE FORM AND CERTAIN DETAILS OF THE BONDS; 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; AND OTHER MATTERS RELATING THERETO.

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 “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 and laws of the State of South Carolina (the “State”).

(b) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended (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, 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) Sections 11-21-10 to 11-21-80 of the Code of Laws of South Carolina 1976, as amended, empower any “public agency” to utilize the provisions of Article 5, Chapter 15, Title 11 of the Code of Laws of South Carolina 1976, as amended, to effect the refunding of any outstanding general obligation bonds.

(f) In a successful referendum (the “Referendum”) held in the Town on November 4, 2003, the following question was submitted to the qualified electors of the Town:

Shall the Town of Hilton Head Island, South Carolina, be authorized to incur general obligation debt in an amount not to exceed the sum of Fifteen Million and 00/100 Dollars (\$15,000,000) for the public purpose of purchasing developed and undeveloped land on Hilton Head Island, South Carolina, for the public use or uses of management of growth and development, public facilities, passive and active parkland and preservation of historic sites?

(g) Pursuant to Ordinance No. 2004-12 enacted on March 16, 2004, the Town authorized the issuance and approved the sale of \$15,000,000 General Obligation Bonds, Series 2004A (the “Series 2004A Bonds”).

(h) The Series 2004A Bonds maturing on or after March 1, 2014, shall be subject to redemption at the option of the Town on or after March 1, 2013 as a whole or in part at any time, in such order of redemption as the Town may determine, at par, together with the interest accrued thereon to the date fixed for redemption.

(i) Based on current market conditions and projected savings, the Town Council finds that it is in the best interest of the Town to effect a refunding of certain maturities of the 2004A Bonds because a savings can be effected through the refunding of such bonds. The Town Council recognizes, however, that current market conditions may change and that, as of the date of enactment of this Ordinance, a determination cannot be made as to the amount of such savings, if any, realized through the refunding of the 2004A Bonds and that certain authority relating to such refunding is delegated to the Town Manager of the Town (the “Town Manager”) through this Ordinance. Because the Refunding Act requires that refunding bonds be sold at public sale, there can be no assurance that market conditions at the time of such sale will be similar to the prevailing rates on the date of the enactment of this Ordinance. If the rates of interest on the refunding bonds authorized by this Ordinance do not result in satisfactory debt service savings, the Town Council, through the authority delegated to the Town Manager, will be empowered to reject bids for the purchase of the refunding bonds.

(j) It is now in the best interest of the Town for the Town Council to provide for the issuance and sale of not exceeding \$13,000,000 aggregate principal amount general obligation refunding bonds of the Town to provide funds for the purposes of (i) refunding certain maturities of the 2004A Bonds (the “Bonds to be Refunded”); and (ii) paying costs of issuance of the Bonds (hereinafter defined).

SECTION 2. Authorization and Details of the Bonds. Pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina and the successful results of the Referendum, there is hereby authorized to be issued not exceeding \$13,000,000 general obligation refunding bonds of the Town (the “Bonds”) for the purposes listed in Section 1(j) above.

Upon the delivery of the Bonds, the principal proceeds thereof, less any accrued interest and less issuance expenses, shall be deposited with a corporate trustee (the "Escrow Agent") and held by it under a written refunding trust agreement (the "Refunding Trust Agreement") in a special trust account. It shall be the duty of such Escrow Agent to keep such proceeds invested and reinvested to the extent that it shall be practical in obligations of the United States or any agency thereof and to apply the principal and interest of the trust so established in the manner prescribed in such Refunding Trust Agreement.

The Town Manager is hereby authorized and directed for and on behalf of the Town to execute such agreements and give such directions as shall be necessary to carry out the provisions of this Ordinance, including the execution and delivery of the Refunding Trust Agreement. The Refunding Trust Agreement shall be dated the date of delivery of the Bonds to the initial purchasers thereof.

The Bonds shall be issued as fully-registered Bonds; shall be dated as of the first day of the month in which the Bonds are sold to the initial purchaser(s) thereof or 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.

Wells Fargo Bank, N.A. shall serve as Registrar/Paying Agent for the Bonds.

SECTION 3. Delegation of Authority to Determine Certain Matters Relating to the Bonds. The Council hereby delegates to the Town Manager or his lawfully-authorized designee the authority to determine (a) the maturity dates of the Bonds and the respective principal amounts maturing on such dates; (b) the interest payment dates of the Bonds; (c) redemption provisions, if any, for the Bonds; (d) the date and time of sale of the Bonds, including whether or not the Bonds will be sold on the same date as one or two series or on separate dates as separate series, (e) which maturities of the 2004A Bonds shall be redeemed; and such other details of the transaction which will provide for an orderly process of sale and closing of the bond issue.

The Council hereby delegates to the Town Manager or his lawfully authorized designee the authority to receive bids on behalf of the 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 for the Bonds, provided the true interest cost does not exceed 4.25%. After the sale of the Bonds, the Town Manager or his lawfully authorized designee shall submit a written report to the 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 Bond 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 shall authenticate and deliver at the principal office of the Registrar, 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 evidence or proof satisfactory to the Town and the Registrar 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. 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 of the Town attested by the manual or facsimile signature of the Clerk of the Town under a 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 such sinking fund as may be necessary to provide for the prompt payment thereof. 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.

For the payment of the principal and interest of the Bonds as they respectively mature and for the creation of such sinking fund as may be necessary to provide for the prompt payment thereof, 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.

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 Paying Agent and is canceled or subject to cancellation by the Town or the 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 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 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:

- (a) 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; and
- (b) non-callable, U. S. Treasury Securities - State and Local Government Series (“SLGS”);

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 Code of Laws of South Carolina, 1976, as amended, 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, New York, New York (“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 or interest on the Initial Bonds becomes due, the 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.

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 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 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 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, South Carolina Code of Laws 1976, 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 Securities and Exchange Commission Rule 15c2-12 (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 necessary to refund the Bonds to be Refunded shall be deposited with the Escrow Agent to be named pursuant to the terms of a Refunding Trust Agreement. The remaining proceeds, if any, 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 and the accrued interest, if any, shall be used to discharge in part the first interest to become due on 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 Code and regulations promulgated thereunder 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. Miscellaneous. The Council hereby authorizes the Mayor and Clerk of the Town, the Town Manager, the Director of Finance 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 Bond or Notice of Sale, if necessary. The Council hereby retains the law firm of McNair Law Firm, P.A. as bond counsel and Merchant Capital, LLC, as financial 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.

All rules, regulations, resolutions and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its enactment.

SECTION 20. 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 21. Codification. This Ordinance shall be forthwith codified in the Code of Town Ordinances in the manner required by law.

SECTION 22. Effective Date. This Ordinance shall be effective upon its enactment by the Council of the Town of Hilton Head Island, South Carolina.

Be it Ordered and Ordained by the Town of Hilton Head Island, South Carolina, and it is ordained by the authority of the said Council.

THE TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By: _____
Mayor

(SEAL)

ATTEST:

Town Clerk

Approved by:

Town Manager

Approved as to form:

Town Attorney

First Reading: _____

Second Reading: _____

Introduced by:

Effective Date: _____

FORM OF BOND

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
THE TOWN OF HILTON HEAD ISLAND
\$ _____ GENERAL OBLIGATION REFUNDING BOND
SERIES 2010B

No. R-

<u>INTEREST</u> <u>RATE</u>	<u>MATURITY</u> <u>DATE</u>	<u>ORIGINAL</u> <u>ISSUE DATE</u>	<u>CUSIP</u>
%			

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 Wells Fargo Bank, N.A., in Atlanta, Georgia (the "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, 2011, 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, presently Wells Fargo Bank, N.A., in Atlanta, Georgia (the "Registrar"), 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.

For the payment of the principal and interest of this Bond as they respectively mature and for the creation of such sinking fund as may be necessary to provide for the prompt 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 11, Chapters 15, 21 and 27, Code of Laws of South Carolina 1976, as amended; [the favorable results of a referendum held in the Town on November 4, 1997]; and Ordinance No. _____ duly enacted by the 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 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 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, the Registrar and the 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, 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 of South Carolina 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 of South Carolina; 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 Clerk of the Town and the seal of the Town impressed, imprinted or reproduced hereon.

This bond is dated as of ____ day of _____, 2010.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

(SEAL)

Mayor

ATTEST:

Clerk

[FORM OF REGISTRAR'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

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

under Uniform Gifts to
Minors Act _____

and not as tenants in
common

(state)

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

(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

(Authorized Officer)

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.

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 Clerk of the Town 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 McNair Law Firm, P.A., 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 _____
Clerk

FORM OF NOTICE OF SALE

\$ _____ GENERAL OBLIGATION REFUNDING BONDS, SERIES 2010B
TOWN OF HILTON HEAD ISLAND
SOUTH CAROLINA

Time and Place of Sale: NOTICE IS HEREBY GIVEN that proposals addressed to the undersigned will be received on behalf of the Town Council (the "Council") of the Town of Hilton Head Island, South Carolina (the "Town"), in Council Chambers, One Town Center Court, Hilton Head Island, South Carolina, until 11:00 a.m., South Carolina time, on _____, 2010, at which time said proposals will be publicly opened for the purchase of _____ (\$ _____) General Obligation Refunding Bonds, Series 2010B of the Town (the "Bonds").

Sealed Bids: Each hand delivered proposal shall be enclosed in a sealed envelope marked "Proposal for \$ _____ General Obligation Refunding Bonds, Series 2010B, Town of Hilton Head Island, South Carolina" and should be directed to the Director of Finance at the address in the first paragraph hereof.

Facsimile Bids: The Town will accept the facsimile transmission of a manually signed Official Bid Form at the risk of the Bidder. The Town shall not be responsible for the confidentiality of bids submitted by facsimile transmission. Any delay in receipt of a facsimile bid, and any incompleteness or illegible portions of such bid are the responsibility of the bidder. Bids by facsimile should be transmitted to the attention of Steve Riley, Town Manager, fax number (843) 842-7728.

Electronic Bids: Electronic proposals must be submitted through i-Deal's Parity Electronic Bid Submission 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 i-Deal, 40 W. 23rd Street, 5th floor, New York, New York 10010, Customer Support, telephone (212) 404-8102.

PROPOSALS MAY BE DELIVERED BY HAND, BY MAIL, BY FACSIMILE TRANSMISSION OR BY ELECTRONIC BID, BUT NO PROPOSAL SHALL BE CONSIDERED WHICH IS NOT ACTUALLY RECEIVED BY THE TOWN AT THE PLACE, DATE AND TIME APPOINTED, AND THE TOWN SHALL NOT BE RESPONSIBLE FOR ANY FAILURE, MISDIRECTION, DELAY OR ERROR RESULTING FROM THE SELECTION BY ANY BIDDER OF ANY PARTICULAR MEANS OF DELIVERY OF BIDS.

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, New York, New York ("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. The Bonds will be dated _____ 1, 2010 and will mature serially in successive annual installments on _____ 1 in each of the years and in the principal amounts as follows:

Bid Form: It is requested but not required that you submit your bid on the Proposal for Purchase of Bonds supplied with the Official Statement.

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 such sinking fund as may be necessary to provide for the prompt 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 McNair Law Firm, P.A., 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.

Certificate as to Issue Price: The successful bidder must provide a certificate to the Town by the date of delivery of the Bonds, stating the initial reoffering price of the Bonds to the public (excluding bond houses and brokers) and the price at which a substantial amount of the Bonds were sold to the public, in form satisfactory to Bond Counsel. A sample copy of such a certificate may be obtained from Bond Counsel.

Delivery: The Bonds will be delivered on or about _____, 2010, in New York, New York, at the expense of the Town or at such other place as may be agreed upon with the purchaser at the expense of the purchaser. 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.

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. All expenses in relation to the printing of CUSIP identification numbers on the Bonds shall be paid for by the Town; provided, however, that the CUSIP Service Bureau charge for the assignment of said numbers shall be the responsibility of and shall be paid for by the successful bidder.

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 all debt service payments 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 by lot. The Town reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 3:00 p.m., South Carolina time, on the date of the sale.

For the purpose of calculating the yield on the Bonds for federal tax purposes as a condition precedent to the award of the Bonds, the successful bidder will, within 30 minutes after being notified of its winning bid, advise the Town by telephone confirmed by facsimile transmission of the initial offering prices of the Bonds to the public (expressed as a price, exclusive of accrued interest, or yield per maturity).

Additional Information: Persons seeking information should communicate with Susan Simmons, Director of Finance, the Town of Hilton Head Island, One Town Center Court, Hilton Head Island, South Carolina 29925, (843) 341-4646 or Francenia B. Heizer, Esquire, McNair Law Firm, P.A., Post Office Box 11390, Columbia, South Carolina, 29211 (803) 799-9800.

/s/Mayor, Town of Hilton Head Island, South Carolina

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 Refunding Bonds, Series 2010B (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 Refunding Bonds, Series 2010B, 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.

“**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.

“**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 of each year, commencing in 2011, 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) the Registrar 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:

- (1) Town population for the current fiscal year;
- (2) Total anticipated state appropriations subject to withholding under Article X, Sec. 14, South Carolina Constitution for current fiscal year;
- (3) Outstanding indebtedness of the Town;
- (4) Market value/assessment summary of taxable property in Town;
- (5) Tax levy for Town for current fiscal year;
- (6) Tax collections for Town for preceding fiscal year; and
- (7) Five largest taxpayers (including fee-in-lieu-of-tax) for Town for preceding fiscal year.

(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) This Section 5 shall govern the giving of notices of the occurrence of any of the following 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 or events affecting the tax-exempt status of the security;
- (7) Modifications to rights of security holders;
- (8) Bond calls;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the securities;
and
- (11) Rating changes.

(b) Whenever the Town obtains knowledge of the occurrence of a Listed Event, because of a notice from the Dissemination Agent pursuant to subsection (b) or otherwise, the Town shall as soon as possible determine if such event would constitute material information for holders of Bonds, provided, that any event under subsection (a)(2) will always be deemed to be material.

(c) If the Town has determined that knowledge of the occurrence of a Listed Event would be material the Town shall promptly file a notice of such occurrence with the Municipal Securities Rulemaking Board and each State Depository. Notwithstanding the foregoing, notice of Listed Events described in subsections (a)(8) and (9) 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.

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, Immunities and Liabilities of the Dissemination Agent. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the Town agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which they may incur arising out of or in the exercise or performance of their powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the Town under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

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.

SECTION 13. Counterparts. This Disclosure Certificate may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

TOWN OF HILTON HEAD ISLAND,
SOUTH CAROLINA

By: _____
Mayor

Dated: _____, 2010

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 Refunding Bonds, Series 2010B,
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



Memorandum

TO: Town Council
FROM: Steve Riley, Town Manager
VIA: Susan Simmons, Director of Finance
DATE: October 6, 2010
RE: **Second Reading of Proposed Ordinance No. 2010-21**

There were no changes made to Proposed Ordinance #2010-21 during the first reading on October 5, 2010.

The effect of this amendment will be to increase the Capital Projects Fund to \$21,923,172.

Section 2 Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 3 Effective Date. This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island on this _____ day of _____, 2010.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS ___ DAY OF _____, 2010.

Thomas D. Peeples, Mayor

ATTEST:

Betsy Mosteller, Town Clerk

First Reading: October 5, 2010
Second Reading: _____

APPROVED AS TO FORM:

[Signature]

Gregory M. Alford, Town Attorney

Introduced by Council Member: HEITZKE



Memorandum

TO: Town Council
FROM: Steve Riley, Town Manager
VIA: Susan Simmons, Director of Finance
DATE: October 6, 2010
RE: **Second Reading of Proposed Ordinance No. 2010-22**

There were no changes made to Proposed Ordinance #2010-22 during the first reading on October 5, 2010.

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO.

PROPOSED ORDINANCE NO. 2010-22

AN ORDINANCE TO AMEND THE BUDGET FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, FOR THE FISCAL YEAR ENDING JUNE 30, 2011; TO PROVIDE FOR THE BUDGETED APPROPRIATIONS OF PRIOR YEAR ENCUMBRANCES AND FOR THE EXPENDITURES OF CERTAIN FUNDS; AND TO ALLOCATE THE SOURCES OF REVENUE FOR THE SAID FUNDS.

WHEREAS, Section 5-7-260 of the Code of Laws of South Carolina requires that a municipal council act by ordinance to adopt a budget and levy taxes, pursuant to public notice; and

WHEREAS, the Town Council did adopt the budget on June 22, 2010, and

WHEREAS, pursuant to the budget amendment policy as stated in the Town's annual budget document, the Town Council is desirous of amending the budget so as to provide for the budgeted appropriations of prior year encumbrances and certain other commitments from the Fund Balance and other revenue sources.

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

Section 1 Amendment. The adopted 2011 fiscal year budget is amended to make the following changes as additions to the funds from prior years and to the projected revenue and expenditure accounts as follows:

General Fund	
<u>Account Description</u>	<u>Amount</u>
Revenues:	
Funds From Prior Years	\$ 66,324
Total Revenues	<u>\$ 66,324</u>
Expenditures:	
Town Council Operating	
Professional Services	\$ 22,393
Finance Admn. Operating	
Professional Services	3,000
Finance Acct. Operating	
Professional Services	5,774
Finance Bus. Lic. Operating	
Equipment < \$5,000	1,548
IT Services Operating	
Computer Software <\$50,000	6,750
IT Services Capital	
Specilized Equipment	5,125

ORDINANCE NO.

PROPOSED ORDINANCE NO. 2010-22

General Fund (Cont.)

<u>Account Description</u>	<u>Amount</u>
Expenditures (Continued):	
Human Resources Operating	
Consulting Services	13,000
DRZ Operating	
Consulting Services	790
Town Wide Grants/Other	
LEPC/BC	3,264
F&R Logistics & Maint. Operating	
Radio Repair & Maintenance	1,680
F&R Emergency Management Operating	
Maintenance Contracts-Nonequipment	3,000
Total Expenditures	<u><u>\$ 66,324</u></u>

Capital Projects Fund

<u>Account Description</u>	<u>Amount</u>
Revenues:	
2004A GO Ref.	\$ 13,261
Beach Fees	365,875
Fund Balance	4,100
Hospitality Bond	26,717
Hospitality Tax	525,063
Property Taxes	24,625
Stormwater Utility Fees	67,029
TIF Bond	261,653
Traffic Impact Fees	14,027
Total Revenues	<u><u>\$ 1,302,350</u></u>
Expenditures:	
Pathways	
Mathews Drive (US278 to Beach City Rd.)	TIF Bond \$ 4,802
New Orleans Road	TIF Bond 77,719
Lagoon Road	TIF Bond 22,116
Avocet Road	TIF Bond 36,919
Drainage	
Drainage System Rehabilitation	SWU Fees 22,107
Miller Pond	SWU Fees 44,922

Capital Projects Fund (Cont.)

<u>Account Description</u>	<u>Source of Funds</u>	<u>Amount</u>
Expenditures (Continued):		
Road Improvements		
Traffic Signal Mast Arms	HTAX Fees	8,529
Widen & Realign Office Park Rd.	TIF Bond	68,571
Intersection Improvements	HTAX Fees	22,769
"	Property Taxes	3,814
Horseshoe Rd. Connector-Sp. Wells	TIF Bond	1,199
Roadway Safety Improvements	TIF Bond	12,432
"	Traffic Impact Fees	14,027
Directional Neighborhood Signs	Fund Balance	4,100
Stoney Secondary Road	TIF Bond	1,228
Summit Drive Realignment	Hospitality Bond	14,312
Dunnagan's Alley Roundabout	TIF Bond	250
Mathews Dr. N.-Roundabout @ Beach City	TIF Bond	168
Park Development		
Island Recreation-Acquatics	HTAX Fees	22,210
Existing Facilities/Infrastructure		
Apparatus/Vehicle Replacement	HTAX Fees	287,812
Fire Station # 5 Replacement	Hospitality Bond	12,405
Fire Station # 1 Replacement	TIF Bond	19,069
Rehab & Renovation of Town Fixed Assets	Property Taxes	20,811
Town Hall Renovations	HTAX Fees	50,302
New Facilities/Infrastructure		
F&R - Dispatch Ctr. Equip. Upgrade	HTAX Fees	10,745
F&R - Computer Systems	HTAX Fees	2,737
Dunnagen's Alley/Arrow Rd Improvements	TIF Bond	17,180
Fire/Medical Systems & Equip.	HTAX Fees	119,959
Beach Maintenance		
Beach Management	Beach Fees	68,069
Shoreline Management Plan	Beach Fees	87,623
Groins Refurbishment	Beach Fees	65,602
Port Royal Fill Project	Beach Fees	144,581
Land Acquisition		
Land Acquisition	2004A GO Ref.	13,261
Total Expenditures		\$ 1,302,350

ORDINANCE NO.

PROPOSED ORDINANCE NO. 2010-22

The effect of this amendment will be to increase the General Fund to \$32,332,424 and the Capital Projects Fund to \$25,277,850.

Section 2 Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 3 Effective Date. This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island on this _____ day of _____, 2010.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS ___ DAY OF _____, 2010.

Thomas D. Peeples, Mayor

ATTEST:

Betsy Mosteller, Town Clerk

First Reading: October 5, 2010
Second Reading: _____

APPROVED AS TO FORM:
[Signature]

Gregory M. Alford, Town Attorney

Introduced by Council Member: HEITZKE



Memorandum

TO: Town Council
FROM: Steve Riley, Town Manager
VIA: Susan Simmons, Director of Finance
DATE: October 6, 2010
RE: **Second Reading of Proposed Ordinance No. 2010-23**

There were no changes made to Proposed Ordinance #2010-23 during the first reading on October 5, 2010.

AN ORDINANCE OF THE TOWN OF HILTON HEAD ISLAND

ORDINANCE NO.

PROPOSED ORDINANCE NO. 2010-23

AN ORDINANCE TO AMEND THE BUDGET FOR THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA, FOR THE FISCAL YEAR ENDING JUNE 30, 2011; TO PROVIDE FOR THE BUDGETED APPROPRIATIONS OF PRIOR YEAR BUDGET ROLL-FORWARDS AND THE EXPENDITURES OF CERTAIN FUNDS; AND TO ALLOCATE THE SOURCES OF REVENUE FOR THE SAID FUNDS.

WHEREAS, Section 5-7-260 of the Code of Laws of South Carolina requires that a municipal council act by ordinance to adopt a budget and levy taxes, pursuant to public notice; and

WHEREAS, the Town Council did adopt the budget on June 22, 2010, and

WHEREAS, pursuant to the budget amendment policy as stated in the Town's annual budget document, the Town Council is desirous of amending the budget so as to provide for the budgeted appropriations of prior year budget roll-forwards and certain other commitments from the Fund Balance and other revenue sources.

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

Section 1 Amendment. The adopted 2011 fiscal year budget is amended to make the following changes as additions to the funds from prior years and to the projected revenue and expenditure accounts as follows:

General Fund

<u>Account Description</u>	<u>Amount</u>
Revenues:	
Funds From Prior Years	\$ 26,350
Hospitality Tax	140,923
Total Revenues	\$ 167,273
Expenditures:	
Finance Bus. Lic. Operating	
Equipment < \$5,000	\$ 1,452
IT Services Capital	
Computer Software = or >\$50,000	24,898
Townwide Operating	
Professional Services	140,923
Total Expenditures	\$ 167,273

Capital Projects Fund

<u>Account Description</u>	<u>Source of Funds</u>	<u>Amount</u>
Revenues:		
Beach Fees		\$ 588,265
Fund Balance		144,408
Hospitality Bond		84,944
Hospitality Tax		2,512,204
Property Taxes		86,016
Stormwater Utility Fees		1,640,477
Sunday Liq. Permit Fees		301,843
TIF Bond		3,128,854
TIF Property Taxes		30,428
Traffic Impact Fees		5,672
Total Revenues		\$ 8,523,111
Expenditures:		
Pathways		
Palmetto Bay Road	TIF Bond	\$ 9,957
Mathews Drive (US 278 N. to Beach City)	TIF Bond	300,000
Target Road	TIF Bond	5,000
New Orleans Road	TIF Bond	29,354
Lagoon Road	TIF Bond	8,661
Avocet Road	TIF Bond	34,577
Dunnagan's Alley	TIF Bond	60,000
		447,549
Drainage		
Drainage System Rehab.	SWU Fees	38,000
Squire Pope Road	SWU Fees	399,370
Drainage Study Updates	SWU Fees	141,184
Miller Pond	SWU Fees	869,193
Professional Services/New Projects	SWU Fees	192,730
		1,640,477

Capital Projects Fund (Cont.)

<u>Account Description</u>	<u>Source of Funds</u>	<u>Amount</u>
Expenditures (Continued):		
Road Improvements		
Traffic Signal Mast Arms	HTAX Fees	8,075
Widen & Realign Office Park Road	TIF Bond	12,049
Intersection Improvements	Fund Balance	25,000
"	Hospitality Bond	6,816
"	HTAX Fees	77,830
"	Property Taxes	10,655
"	TIF Bond	165,293
"	TIF Property Taxes	30,428
F&R Emergency Access Points	HTAX Fees	101,382
Horseshoe Road Connector	TIF Bond	17,210
Gumtree/Squire Pope Roundabout	TIF Bond	1,744
Roadway Safety Improvements	TIF Bond	2,017
"	Traffic Impact Fees	5,672
Directional Neighborhood Signs	Fund Balance	48,205
Mainland Transportation Improvements	HTAX Fees	1,397,681
Stoney Secondary Road (South)	TIF Bond	43,235
Summit Drive Realignment	Hospitality Bond	7,328
Intersection/Crosswalk Lighting	TIF Bond	42,713
Median Curbing	HTAX Fees	10,956
Dunnagan's Alley Roundabout	TIF Bond	53,400
Marshland Rd. Roundabout	TIF Bond	40,000
Mathews Dr. N.-Roundabout @ Beach City	TIF Bond	1,328,065
Private (Dirt) Roads Acquisition	Fund Balance	21,386
Honey Horn Entrance	Fund Balance	49,817
		3,506,957
Park Development		
Parks Upgrades	Sunday Liq. Permit	301,843
Rock's/Remy's Tract Park	TIF Bond	10,000
Compass Rose Park	TIF Bond	77,390
Island Recreation-Aquatics	HTAX Fees	48,203
		437,436

Capital Projects Fund (Cont.)

<u>Account Description</u>	<u>Source of Funds</u>	<u>Amount</u>
Expenditures (Continued):		
Existing Facilities/Infrastructure		
Clean-up/Maint. Demo.	TIF Bond	1,404
"	Property Taxes	12,537
Apparatus/Vehicle Replacement	HTAX Fees	3,874
Fire Station # 5 Replacement	Hospitality Bond	60,721
Fire Station # 6 Repair	Hospitality Bond	10,079
Fire Station # 1 Replacement	HTAX Fees	12,836
"	TIF Bond	199,522
Rehab & Renov Fixed Capital	HTAX Fees	110,540
"	Property Taxes	62,824
Security Cameras-Facilities	HTAX Fees	105,275
Coastal Discovery Stabilization	HTAX Fees	63,643
Town Hall Renovations	HTAX Fees	278,418
Fire Station # 6 Replacement	HTAX Fees	280,785
		<u>1,202,458</u>
New Facilities/Infrastructure		
Dispatch Center Equip. Upgrade	HTAX Fees	9,148
F&R - Computer Systems	HTAX Fees	1,499
Coligny/Pope Ave. Area Improv.	TIF Bond	100,038
Dunnagan's Alley/Arrow Rd. Initiative Area	TIF Bond	111,410
Sewer Service Projects	TIF Bond	475,815
Public Safety Systems Equip. Upgrade	HTAX Fees	2,059
		<u>699,969</u>
Beach Maintenance		
Beach Management/Monitoring	Beach Fees	248,903
Beach Parks/Access Rehab	Beach Fees	8,445
Beach Renourishment	Beach Fees	172,565
Shoreline Management Plan	Beach Fees	158,352
		<u>588,265</u>
Total Expenditures		<u><u>\$ 8,523,111</u></u>

ORDINANCE NO.

PROPOSED ORDINANCE NO. 2010-23

The effect of this amendment will be to increase the General Fund to \$32,499,697 and the Capital Projects Fund to \$33,800,961.

Section 2 Severability. If any section, phrase, sentence, or portion of this Ordinance is for any reason held invalid or unconstitutional by any court of competent jurisdiction, such portion shall be deemed a separate, distinct, and independent provision, and such holding shall not affect the validity of the remaining portions thereof.

Section 3 Effective Date. This Ordinance shall be effective upon its enactment by the Town Council of the Town of Hilton Head Island on this _____ day of _____, 2010.

PASSED, APPROVED, AND ADOPTED BY THE COUNCIL FOR THE TOWN OF HILTON HEAD ISLAND ON THIS ___ DAY OF _____, 2010.

Thomas D. Peeples, Mayor

ATTEST:

Betsy Mosteller, Town Clerk

First Reading: October 5, 2010
Second Reading: _____

APPROVED AS TO FORM:


Gregory M. Alford, Town Attorney

Introduced by Council Member: HEITZKE

MEMORANDUM

TO: Town Council

FROM: Stephen G. Riley, Town Manager

DATE: October 4, 2010

RE: **Proposed Donation of Land to Habitat for Humanity**

Recommendation

That the Town Council approve conveyance of 14.08 acres of land off Marshland Road known as the Patterson Estate parcels to the Hilton Head Habitat for Humanity in exchange for their pledge to build a road to public standards and to extend all water, sewer and telecommunications utilities to the subdivision in such a way as to benefit all land owners in the subdivision.

Summary

The Town has had conversations over the years with Habitat on ways to facilitate more affordable housing on the Island. For a variety of reasons, this has never come to fruition. The Patterson Estate parcels in question were acquired in 2001 as part of a package where the Town was primarily interested in the marshfront parcels that were acquired. The Town also acquired a right-of-way strip that serves these and other privately owned parcels in the subdivision as part of the Old Woodlands wetlands purchase a year earlier. In order to build on their properties, the other private land owners in this unbuilt subdivision need a road to be installed. This would normally require that all parties – to include the town – would equitably share the costs. We are the largest landowner.

In order to facilitate the desired private use of their lands, while seeking to minimize the town's costs, Staff began a conversation with Habitat. This transaction, if approved, would obligate Habitat to bear the full cost of building a road and bringing utilities to the site. This would relieve the Town and the other property owners of sharing in this cost and would enable Habitat to develop an affordable housing subdivision on the former

Town lands. No density bonus would be available to Habitat but they would be able to cluster development so as to minimize wetlands impacts.

Background

In 2001 we purchased 12.83 acres from the estate of Alexander Patterson. This included nearly 6 acres on the marshes of Broad Creek (our primary area of interest), just over 2 acres on Marshland Road (the old Collins Construction site) and nearly 5 acres comprised of several parcels of an unbuilt subdivision off Marshland Road. At the time we indicated that we might one day resell some, or all, of the non-marsh front property.

Several years earlier we had acquired a 2.69 acre lot in this area from Elliott Mitchel. In 2005, we undertook a land swap with several family members wherein we picked up an additional 1.24 acres at no additional cost. In 2006 we acquired an additional 5.39 acres from some of the heirs. While several homes exist in the area, no additional homes may be built in the subdivision until a road and utilities have been installed.

The Town has not been interested in participating in the cost of constructing this road since we have no intention of building on our property. The other property owners are not keen on incurring the costs for a road, particularly when the largest landowner – the Town – will not be a participant.

Staff approached Hilton Head Habitat for Humanity about the possibility of a donation of our land to enable construction of a habitat community on the Island if they would incur the full cost of building a road and extending utilities to the benefit of all the property owners in this unbuilt subdivision.

The land that would be provided to Habitat is shown on the attached map. The land totals 14.08 acres. We have held meetings with many of the property owners in the area and most are very receptive; knowing the reputation of Habitat and the benefits from receiving access to a paved road and utilities. The Habitat Board of Directors has reviewed this proposal and has voted to accept the conveyance of the land under these terms if Town Council agrees.

The Public Facilities Committee met on October 4th, which happened to be United Nations World Habitat Day, and voted unanimously to recommend to Town Council that the Town proceed with this conveyance to Hilton Head Habitat for Humanity in exchange for their commitment to build the road and extend the utilities.

ISLAND DRIVE

30 foot Drainage Easement

LOT 12

LOT 13

LOT 14

LOT 15

LOT 16

LOT 17

LOT 18

LOT 17B

LOT 17A

50 FOOT ACCESS RIGHT OF WAY

LOT 3A

MARSHLAND ROAD

LOT 1

LOT 3

LOT 11

LOT 10

LOT 9

LOT 8

LOT 6

LOT 5

LOT 7

LOT 2

LOT 4

Legend



Town Owned Properties on Patterson Tract to be Donated to Habitat for Humanity



Other Town Owned Properties



TOWN OF HILTON HEAD ISLAND
ONE TOWN CENTER COURT
HILTON HEAD ISLAND, S.C. 29928
PHONE (843) 241-4800
WWW.HILTONHEADISLAND.COM

Town of Hilton Head Island
Town Owned Properties on Patterson Tract to be Donated to Habitat for Humanity
September 24, 2010



This information on this map has been compiled from a variety of sources, as they are provided. While we will only use a public, 1:100,000 scale, we do not warrant or represent that we are the authority on the information on this map. The Town of Hilton Head Island does not assume any liability for the use of any of the information on this map, including any errors or omissions.



TOWN OF HILTON HEAD ISLAND

Community Development Department

TO: Steve Riley, *Town Manager*
VIA: Teri Lewis, *AICP, LMO Official*
FROM: Anne Cyran, *Senior Planner*
CC: Charles Cousins, *AICP, Director of Community Development*
DATE: October 8, 2010
SUBJECT: Proposed Cancer Survivors Park

Recommendation: At their October 4th meeting, the Public Facilities Committee recommended that Town Council endorse the concept of leasing the old Gullah flea market properties to allow the development of a Cancer Survivors Park. Staff recommends that Town Council endorse the concept of leasing the properties if the following conditions are met prior to the execution of the lease:

1. Town Council agrees that the projected annual and long-term maintenance costs of the park, based on a conceptual plan and staff estimates, are acceptable; and
2. The project receives all required approvals and permits from the Town and outside agencies; and
3. Construction of the park is complete within three years of the date of Town Council's endorsement.

Summary: The applicants, Sandy Stern and Patty Burke, have approached the Town about the possibility of leasing Town-owned property at the old Gullah flea market and an adjacent property to build a park dedicated to cancer survivors. If Town Council endorses the concept of leasing the properties, a grant will be sought from the R.A. Bloch Foundation to design and construct a Cancer Survivors Park. The Foundation would also provide a \$100,000 grant for future infrastructure maintenance, but the Town would be expected to provide day-to-day and long-term maintenance of the park.

Town Council has granted a right of entry to the applicants to survey the property, and the applicants are currently raising private funds for a survey. A conceptual design of the park will be drawn by Landscape Architect Bill Dalton and presented to the Foundation for approval. Ms. Stern and Ms. Burke are working with Mr. Tom Peeples and the Community Foundation of the Lowcountry to establish a fund within the Community Foundation that would receive and distribute the grant funding. Mr. Peeples has committed to supervising the construction of the park.

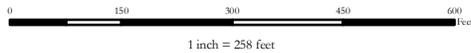
Background: This proposal was presented to the Parks and Recreation Commission at the July 8th meeting, and the Commission recommended that Town Council move forward with the proposed park. The proposal was then presented to the Public Facilities Committee at the August 3rd meeting; the Committee recommended that the proposal be brought back to the Committee once the applicants had a more concrete proposal. At their October 4th meeting, the Public Facilities Committee recommended that Town Council endorse the concept of leasing the properties.



Proposed Site


 TOWN OF HILTON HEAD ISLAND
 ONE TOWN CENTER COURT
 HILTON HEAD ISLAND, SC 29928
 (843) 341-6000
 July 28, 2010

Old Gullah Flea Market Site



This information has been compiled from a variety of unverified general sources at various times and as such is intended to be used only as a guide. The Town of Hilton Head Island assumes no liability for its accuracy or state of completion.

Memo



To: Town Council

Via: Stephen Riley, Town Manager

From: Public Facilities Committee

Subject: Use of Town Land for Disaster Related Debris Operations

Date: October 7, 2010

Recommendation: The Public Facilities Committee recommends that Town Council approve the use of designated Town owned properties, as endorsed by the Disaster Recovery Commission (DRC), for the collection, reduction, storage, and management of disaster related debris. As a separate follow-on task, the Committee recommends that staff engage in a prioritization for the use of Town-owned properties that is sensitive to the Committee's concerns regarding Honey Horn and that the former Gullah Flea Market site is reassessed if developed as a park.

Summary:

In order to independently and efficiently manage disaster related debris, Town owned properties must be utilized. The identification and selection of candidate properties has been completed in a manner that is consistent with Federal Emergency Management Agency guidelines, is supported by the Town's Debris Management Consultant/Contractor Team and minimizes impacts on existing development, the environment, and adjacent lands.

The DRC endorsed the use of these recommended lands on July 29, 2010 and on October 4, 2010, the Public Facilities Committee recommended approval to Town Council. It is expected that the tasks associated with exploring options and prioritizing the use of Town-owned properties as mentioned above, will be discussed at Council's annual goal setting workshop for potential inclusion in the management work program.

Background:

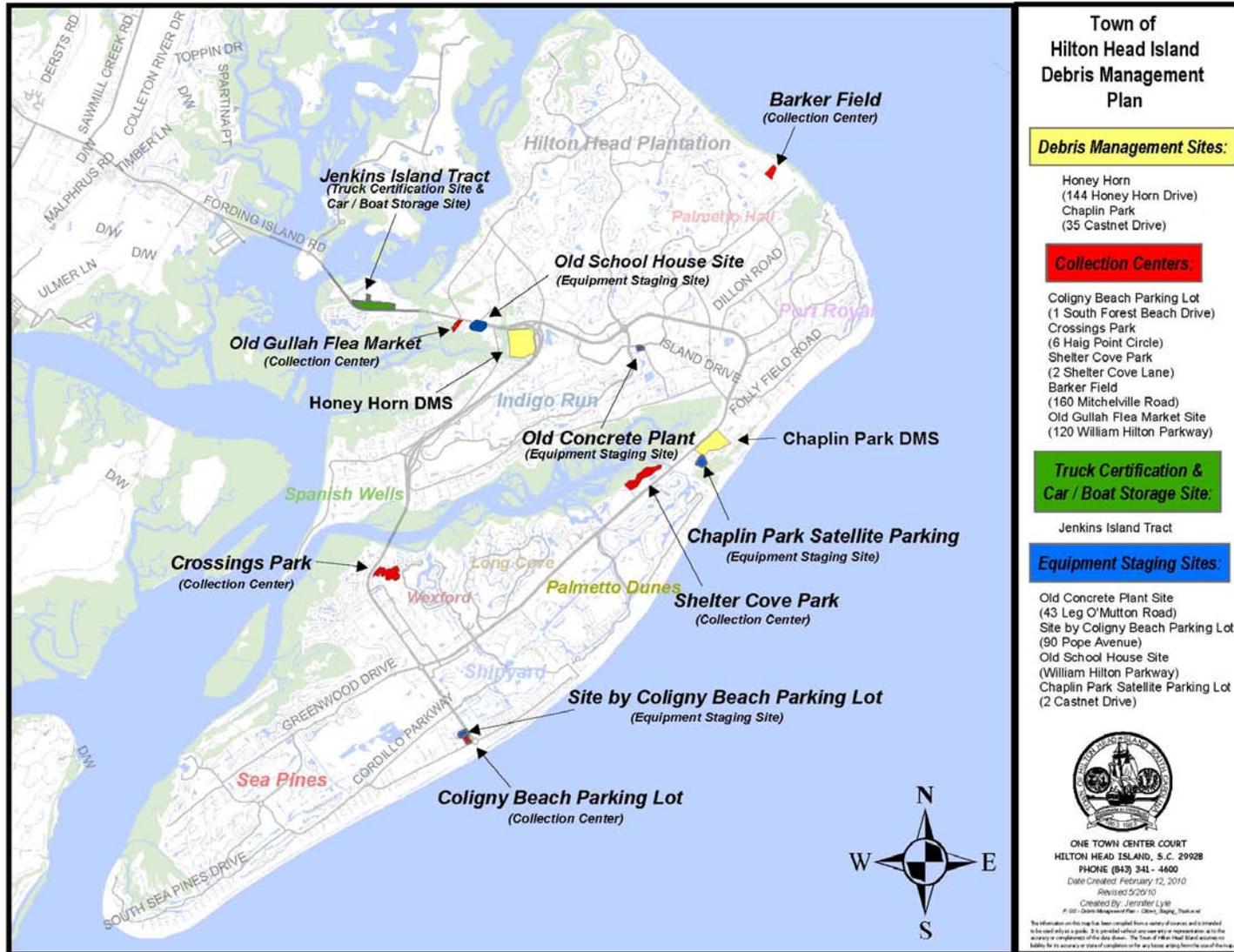
It is critical that Town make strategic use of its land holdings in managing post disaster debris removal and recovery operations. Staff has selected only those properties needed to effectively manage the predicted volumes of debris. It is important to note that while staff recommends the Town Council concur with the use of proposed Town owned lands for debris operations, there is an inherent uncertainty involved in debris generating events that warrant flexibility in our response. Some of these sites may not be needed, some new sites may be needed, or the use of a site may need to change. Subsequent Town Council approval will be sought if there is a need to use additional properties beyond those identified in Exhibit A. The sites and their designated uses will be reviewed annually by staff and recommended changes will be presented to the Disaster Recovery Commission, Public Facilities Committee, and Town Council for approval.

Attachments:

**Exhibit A – MAP OF RECOMMENDED TOWN OWNED LAND FOR DEBRIS
MANAGEMENT ACTIVITIES**

EXHIBIT A

RECOMMENDED TOWN OWNED LAND FOR DEBRIS MANAGEMENT ACTIVITIES



**Town of
Hilton Head Island
Debris Management
Plan**

Debris Management Sites:

- Honey Horn
(144 Honey Horn Drive)
- Chaplin Park
(35 Castnet Drive)

Collection Centers:

- Coligny Beach Parking Lot
(1 South Forest Beach Drive)
- Crossings Park
(6 Haig Point Circle)
- Shelter Cove Park
(2 Shelter Cove Lane)
- Barker Field
(160 Mitchellville Road)
- Old Gullah Flea Market Site
(120 William Hilton Parkway)

**Truck Certification &
Car / Boat Storage Site:**

- Jenkins Island Tract

Equipment Staging Sites:

- Old Concrete Plant Site
(43 Leg O' Mutton Road)
- Site by Coligny Beach Parking Lot
(90 Pope Avenue)
- Old School House Site
(William Hilton Parkway)
- Chaplin Park Satellite Parking Lot
(2 Castnet Drive)



ONE TOWN CENTER COURT
HILTON HEAD ISLAND, S.C. 29928
PHONE (843) 341-4600
Date Created: February 12, 2010
Revised 5/20/10
Created By: Jennifer Lytle
P.001 - Debris Management Plan - Cities, Towns, & Counties of
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