



Town of Hilton Head Island
Finance & Administrative Committee
Tuesday, January 19, 2:00 p.m.
Regular Meeting
REVISED AGENDA

In accordance with the Town of Hilton Head Island Municipal Code Section 2-5-15, this meeting is being conducted virtually and can be viewed live on the Town's Public Meeting Facebook Page at <https://www.facebook.com/townofhiltonheadislandmeetings/>. Following the meeting, the video record will be made available on the Town's website at <https://www.hiltonheadislandsc.gov/>.

1. Call to Order

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

3. Roll Call

4. Approval of Agenda

5. Approval of Minutes

- a. Special Meeting- October 6, 2020
- b. Special Meeting- November 17, 2020

6. Citizen Comments

[Citizens who wish to address the Committee on new committee business must contact the Committee Secretary at 843-341-4646 by 12:00 p.m. the day of the scheduled meeting. All comments are limited to 3 minutes.]

7. Unfinished Business - None

8. New Business

- a. Town of Hilton Head Island Financial Update
- b. Proposed Broad Creek PSD ASR Facility on the Town's Greenwood Tract.

9. Adjournment

Public comments concerning agenda items can be submitted electronically via the Town's Virtual Town Hall public comment portal at <https://hiltonheadislandsc.gov/opentownhall/>. The portal will close at **12:00 p.m.** the day of the scheduled meeting. Citizens may also call (843) 341-4646 to sign up for public comment participation during the meeting by phone. The public comment period will close at **12:00 p.m.** the day of the scheduled meeting. All comments will be provided to the Committee for review and made part of the official record.

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



Town of Hilton Head Island
**Finance & Administrative
Special Committee Meeting**
Tuesday, October 6, 2020, 10:00 a.m.
MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; Bill Harkins and Tamara Becker
Council Members

Present from Town Council: David Ames and Glenn Stanford; *Council Members*

Present from Town Staff: Josh Gruber, *Deputy Town Manager*; Curtis Coltrane, *Town Attorney*; John Troyer, *Director of Finance*; Angie Stone, *Director of Human Resources*; Scott Liggett, *Director of Public Projects and Facilities/Chief Engineer*; Shawn Colin, *Director of Community Development*; Jeff Buckalew, *Town Engineer*; Jeff Netzing, *Storm Water Manager*; Jennifer Ray, *Deputy Community Development Director*; Cindaia Ervin, *Finance Assistant*

Others Present: Eric Greenway, *Community Development Department Director*

Present from the Media: None

1. Call to Order

The Chairman called the meeting to order at 10:01 a.m.

2. FOIA Compliance

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

3. Roll Call- See as noted above

4. Approval of Agenda

Chairman Lennox asked for a motion to approve the agenda. Mr. Harkins made a motion to approve the agenda as submitted. Mrs. Becker seconded. By way of roll call, the motion was approved by a vote of 3-0-0.

5. Approval of Minutes

a. Special Meeting, September 15, 2020

Chairman Lennox asked for a motion to approve the minutes of the September 15, 2020 special meeting. Mr. Harkins moved to approve. Mrs. Becker seconded. By way of roll call, the motion passed with a vote of 3-0-0.

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed the day prior to the meeting at Noon. At the conclusion of the Open Town Hall there was no public comment to be distributed, however, there was one caller signed up to address the Committee at today's meeting.

Skip Hoagland: Addressed members of the Committee via phone regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

7. Unfinished Business- None

8. New Business

a. Town of Hilton Head Island Financial Update

John Troyer, Director of Finance, provided the Finance & Administrative Committee a Financial update on the Town's progress. In his discussion, he stated year-to-date collections were 70% higher than last year's collections. Some collections that he highlighted were Business License collections for September at -21.9% of budget, Stormwater 100.8% of budget and Real Estate Transfer fees are at 82.5%. The Town's General Fund year-to-date spending by category is down -7.1%; however, if spending were evenly distributed though the year it would be 25% spent through September where as last year it was 22%. Mr. Troyer stated the timing of expenses has had a very similar pattern to last year and the Town depends on the temporary use of its reserves from time to time when Town collections are slower with the Town reporting a temporary deficit is 38% less than last year. However, for 2020 the Town will report a small surplus. Key items that Mr. Troyer wanted the Committee to be aware of are that the Town is continuing to keep an eye on expenditures and adjusting where necessary to continue to be in a good financial position. The Committee had many favorable comments regarding Mr. Troyer's presentation of the Town's finances. They were very pleased to see the positives in revenues regarding Real Estate showing the good health of the community even during a global pandemic. Glenn Stanford, Council Member, asked if this was a property reassessment year for the Town. Josh Gruber, Assistant Town Manager, stated that that last reassessment was in 2018 with the process occurring every 5 years. Mr. Gruber stated that the next reassessment would be in 2023 with the process starting in 2022. Mr. Stanford thought that given the increase in property value the Town could see a further increase in property taxes when the reassessment occurs. Mr. Lennox thanked Mr. Troyer and all present for the good financial update discussion.

b. FY 2020 Merit Based Salary Adjustments

Angie Stone, Director of Human Resources, spoke with the Committee regarding the delay of Town Employee merit increases for fiscal year 2020 performance. This was previously discussed during the budget process to allow time to understand the Town's revenue stability. Ms. Stone pointed out Mr. Troyer's previous discussion regarding the Town's revenues and how they have trended thru COVID-19. Ms. Stone spoke with the Committee about proceeding with a recommendation to award employee merit increases when the financials for October are clear. Funding for the increase was previously allocated within the fiscal year 2020 budget. Ms. Stone also stated with the performance review cycle now completed, it would be appropriate to award the merit increase to move employees through the salary structure based on the recent classification and compensation study. Also, through the study, the Town was able to

appropriately classify positions and appropriately move those positions up to the market level to ensure the retention of employees and future positions should there be vacancies. Most employee's performance fell into meets expectations, a small portion in exceeds expectations and very few in the need's improvement area. Ms. Stone shared that the Town's management team is provided with guidelines of how to allocate their merit budget appropriately. Ms. Stone took questions regarding the information provided. David Ames, Council Member, asked if the Town's salaries are comparable to those of the Town of Bluffton and has the Town felt pressure to increase them. Ms. Stone stated that with the completion of the classification and compensation study the Town was able to address position salaries being up to market standards which was most important in this case. The Committee had favorable thoughts regarding the continued positive revenues that Mr. Troyer presented and they felt that it would be appropriate to award staff for the work that they have performed.

Tom Lennox, Chairman, asked for a motion to approve moving the merit-based salary adjustments forward to Town Council for final approval. Mr. Harkins moved to approve. Mrs. Becker seconded. By way of roll call, the motion passed with a vote of 3-0-0.

c. Presentation and Discussion Regarding Beaufort County Impact Fees-Eric Greenway, Beaufort County Planning Director

Eric Greenway, Community Development Department Director for Beaufort County, spoke with the Committee regarding proposed Beaufort County impact fees. He provided information on the most recent impact fees study completed by TischleBise, State statute and what they wish to accomplish. Mr. Greenway stated that many believe that impact fees are recurring however they are not, instead it is a one-time payment for growth related infrastructure requirements that is only paid by new development projects and not existing residences or businesses unless they are building new or expanding. Impact fees fund capital improvements such as roads that need to be improved due to capacity to allow for additional traffic to a specific area. Impact fees is an agreement to build infrastructure to assist in alleviating pressure on the general fund tax revenue for capital improvement projects. Three requirements are need to be met in order to pass the rational nexus test: Need; growth creates the need for infrastructure, Benefit; Growth receives a benefit from the infrastructure and Proportionality; Growth pays its fair share of the cost. Common Impact Fee Methods as outlined by Mr. Greenway are cost recovery (past), incremental expansion (present) and plan-based (future).

Mr. Greenway stated that South Carolina Impact fee revenues must be maintained in an interest-bearing account with funds being spent within three years of the scheduled date for construction. He used the example of if a project that is due to start construction in 2025, the funding is required to be spent by 2028. If the allocated funding is not completely spent, those monies would have to be refunded. SC impact fees also require an analysis that estimates the effect of imposing updated impact fees on affordable housing in the county. The County currently has Intergovernmental Agreements with the Town for capital improvements as it does with other municipalities. The goal is to revisit those Intergovernmental Agreements with all municipalities again for new projects. One component that the Town will have to weigh in on Mr. Greenway stated, was school impact fees as this is new and will only apply to South of the Broad. Enrollment for schools are expected to surpass capacity by 2023 due to this area growing at a phenomenal rate. Mr. Greenway briefly discussed each of the proposed impact fees based on the study performed; Parks & Recreation, Libraries, Public Safety: EMS, Public Safety: Fire, Transportation and Housing Affordability. Mr. Greenway pointed the Committee to the County's website for the reports presented at today's meeting and for additional

information. The Committee was very pleased with simplicity of how Mr. Greenway presented the information for all to clearly understand and thanked him for his time.

d. Discussion of a Revised Standard POA/PUD Drainage Agreement

Jeff Netzinger, Storm Water Manager, provided the Committee with the proposed revisions made to the Town's POA/PUD Drainage Agreement. Mr. Netzinger stated that some of the existing agreements included minor negotiated items by the grantors and their attorneys and over a long period of time and use, staff has identified areas where the agreement could be clearer and more informative. Over the past few months Staff has worked with the Town Attorney and many PUD managers to create an agreement that all would be comfortable with. The revised standard agreement includes clarifying language defining qualifying and non-qualifying system deficiencies, specific stipulation of responsibilities of both the Town and the POA, and refinement of terms and process requirements for agreement partners to receive reimbursement for maintenance work not undertaken by the Town. Mr. Netzinger stated that the Town has received requests from the following POAs seeking public maintenance and repair service of their private storm drainage systems: Spanish Wells, Yacht Cove, Wells East, Bermuda Pointe, Jarvis Creek Club and Seagrass Landing. With approval, Mr. Netzinger stated that new POA's would have executed agreements no later than December 31, 2020. Existing partners would have until February 28, 2021 to accept the new agreement or their existing agreement would expire with the Town on March 1, 2021. The Committee was pleased with the progress of the agreement and that it is complete and ready to execute with the Town's POA's. Upon the conclusion of the discussion they offered minor wording changes for final approval.

Tom Lennox, Chairman, asked for a motion to approve the revised standard POA/PUD drainage agreement and forward to Town Council for final approval. Mr. Harkins moved to approve. Mrs. Becker seconded. By way of roll call, the motion passed with a vote of 3-0-0.

e. Review and Approval of 2021 Proposed Meeting Dates

Tom Lennox, Chairman, asked for a motion to approve the 2021 proposed meeting dates. Mr. Harkins moved to approve. Mrs. Becker seconded. By way of roll call, the motion passed with a vote of 3-0-0.

9. Executive Session

a. Contractual Matters:

Discussion incident to proposed contractual negotiations relative to Designated Marketing Organizations Services Pursuant to Section 6-4-10 of the South Carolina Code of Laws.

Mr. Lennox stated that he had a need to enter into Executive Session to discuss the proposed contractual negotiations relative to Designated Marketing Organization Services Pursuant to Section 6-4-10 of South Carolina Laws.

At 11:55 a.m. Mr. Harkins moved to go into Executive Session for the item mentioned by Mr. Lennox. Mrs. Becker seconded. By way of roll call, the motion was approved by a vote of 3-0-0.

At 12:58 p.m. the Committee returned from Executive Session.

10. Possible Actions by the Finance & Administrative Committee concerning matters discussed in Executive Session. There was no action taken as a result of Executive Session.

There was no action taken as a result of Executive Session.

11. Adjournment

At 12:58 p.m. Mr. Harkins moved to adjourn. Mrs. Becker seconded. The motion to adjourn was approved by vote of 3-0-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____

DRAFT



Town of Hilton Head Island
**Finance & Administrative
Special Committee Meeting**
Tuesday, November 17, 2020, 10:00 a.m.

MEETING MINUTES

Present from the Committee: Tom Lennox, *Chairman*; Bill Harkins and Tamara Becker
Council Members

Present from Town Council: David Ames and Glenn Stanford; *Council Members*

Present from Town Staff: Josh Gruber, *Deputy Town Manager*; John Troyer, *Director of Finance*; Cindaia Ervin, *Finance Assistant*

Present from the Media: None

1. Call to Order

The Chairman called the meeting to order at 10:00 a.m.

2. FOIA Compliance

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

3. Roll Call- See as noted above

4. Approval of Agenda

Chairman Lennox asked for a motion to approve the agenda. Mr. Harkins made a motion to approve the agenda as submitted. Mrs. Becker seconded. By way of roll call, the motion was approved by a vote of 3-0-0.

5. Approval of Minutes-None

6. Citizens Comments

Public comments concerning today's agenda items were to be submitted electronically via the Town's Open Town Hall portal. The public comment period closed the day prior to the meeting at Noon. At the conclusion of the Open Town Hall there was no public comment to be distributed, however, there was one caller signed up to address the Committee at today's meeting.

Skip Hoagland: Addressed members of the Committee via phone regarding FOIA compliance and his thoughts of corruption within the Town of Hilton Head Island.

7. Unfinished Business- None

8. New Business

a. Town of Hilton Head Island Financial Update

John Troyer, Director of Finance, provided the Finance & Administrative Committee a Financial update on the Town's progress. In his discussion, he stated year-to-date collections were 30% higher than last year's collections. Some collections that he highlighted were Business License collections for October at 720.9% of budget, Stormwater 58.5% of budget and Real Estate Transfer fees are at 89.2%. The Town's General Fund year-to-date spending by category is 2.3% less than last year to date; however, if spending were evenly distributed though the year it would be 33% spent through October where as last year it was 28%. Mr. Troyer stated the timing of expenses has had a very similar pattern to last year and the Town depends on the temporary use of its reserves from time to time when Town collections are slower with the Town reporting a temporary deficit is 40% less than last year. Town Council authorized bond refinancing that the Town sold \$12,115,000 GO refunding bonds with a TIC interest rate of 1.253% to replace the bonds with interest rates of 3.769%. Those bonds reduced cost by \$1,194,00 over the life of the bonds and captured an NPV savings of \$1,131,256. Key items that Mr. Troyer wanted the Committee to be aware of are that the Town is continuing to keep an eye on expenditures and adjusting where necessary to continue to be in a good financial position. The Committee had many favorable comments regarding Mr. Troyer's presentation of the Town's finances. They were very pleased to see the positives in revenues showing the good health of the community and Town even during a global pandemic. Mr. Lennox thanked Mr. Troyer and all present for the good financial update discussion.

9. Adjournment

At 10:38 a.m. Mrs. Becker moved to adjourn. Mr. Harkins seconded. The motion to adjourn was approved by vote of 3-0-0.

Submitted by: Cindaia Ervin, Secretary

Approved: _____



TOWN OF HILTON HEAD ISLAND

Finance Department

TO: Finance and Administrative Committee
VIA: Josh Gruber, Acting *Town Manager*
FROM: John M. Troyer, *Director of Finance*
DATE: January 7, 2021
SUBJECT: Town of Hilton Head Island Financial Update

Recommendation:

Staff recommends that Finance continue to monitor Town Revenues and continue to provide monthly updates to the Finance & Administrative Committee.

Summary:

As part of the pandemic response, Town Management identified expenditure items to reduce, cut or delay. A couple of examples of delays already implemented are: approximately \$4 million in capital spending and delay implementation of merit raises for Town employees – pending better collection information to ensure collections can support those expenditures. Further examination for possible candidates to reduce, delay or cut spending will continue.

In order to provide Town Council as clear a picture of the Town's revenue collections and financial position, I plan to give Finance and Administrative Committee an update during the January 19, 2021 meeting of the committee. I plan to give an overview of year-to-date results for the six months ending December 31, 2020. This will give the Finance and Administrative Committee a continuing look at Town financial position, and provide a forum for discussions. We will continue those discussions monthly to ensure the Town is appropriately positioned in this economic environment.

Background:

As Town Council considered the proposed budget for FY 2021, one issue at the forefront of the discussion was the economic uncertainties due to the impact of the COVID-19 pandemic. How long will the pandemic last? What kind of impact will this have on our revenue collections and our spending? Town Council recognized that once a budget was adopted for FY2021, continuing the close monitoring of the revenue collections and spending would be especially important this year.



TOWN OF HILTON HEAD ISLAND

Community Development Department

TO: Finance and Administrative Committee
VIA: Jennifer Ray, ASLA, *Interim Community Development Director*
VIA: Teri Lewis, AICP, *Deputy Community Development Director*
FROM: Nicole Dixon, AICP, CFM, *Development Review Administrator*
CC: Shawn Colin, AICP, *Interim Deputy Town Manager*
DATE: January 8, 2021
SUBJECT: Broad Creek PSD ASR Facility Proposal

Recommendation:

Staff recommends the Finance and Administrative Committee support the Broad Creek Public Service District's (BCPSD) proposal to purchase or lease a portion of Town-owned property in order to develop an Aquifer Storage and Recovery (ASR) Facility. Additionally, staff recommends the following conditions:

- If Town Council decides to sell rather than lease a portion of Town land for the proposed project, request a right of first refusal on any future exchange of the property
- Maintain an adequate buffer along US278
- Prohibit access to the ASR Facility from US278
- The ASR Facility must be located outside of the spray field easement area
- Support BCPSD efforts to secure agreement from Greenwood Communities and Resort, Inc. to allow the proposed use on the property.

Summary:

Support from the Finance and Administrative Committee will allow staff to prepare an agreement with BCPSD for the development of an ASR Facility on a portion of the parcel (R520 012 000 0019 0000) known as the Greenwood Tract adjacent to Fire Station 6. The proposed ASR Facility will allow BCPSD to store water in a well in a suitable aquifer during times when the water is available, and recovery of the stored water from the same well when needed.

Background:

Broad Creek ASR Facility Proposal

January 8, 2021

Page 2

Saltwater Intrusion into the Upper Floridian Aquifer has been documented since the 1970's. Intrusion continues due to excessive pumping in Savannah. Hilton Head PSD and South Island PSD have already lost wells due to saltwater intrusion. BCPSD commissioned a water supply study to address their future water supply needs should their wells become intruded with salt water. A result of that study was the recognition that salt water intrusion would occur in the BCPSD wells. The study provided BCPSD with several options for ensuring a reliable water supply for the next few decades. After extensive review and discussion, the BCPSD Commissioners decided to move forward with the installation of a new ASR Facility to secure the water supply. The ASR infrastructure requires a small area within close proximity to their elevated tank and supply line. Based on this requirement, the Town property adjacent to Fire Station 6 was identified by BCPSD as an ideal location. BCPSD already has an easement on the subject property for use as a spray field for excess treated effluent water. The proposal includes the development of two wells and a well house.

The Town purchased the subject property in 2001 using real estate transfer fee money with the specific source of funding being the 2000 Bond Ordinance adopted as Ordinance 2000-21. The intent of purchasing this property was for public use or uses of management of growth and development, public facilities, passive and active park land or preservation of historic sites. The proposed BCPSD ASR facility would qualify as a public facility based on the use by a public utility for providing water services to the public. There are restrictive covenants on the property, one of which prohibits several uses (Exhibit B). A Major or Minor Utility is listed as a prohibited use on this property. While the proposed use is listed as prohibited, there is a way to mitigate that restriction. BCPSD could secure the agreement of Greenwood Communities and Resorts, Inc., to allow the use. BCPSD would also need the agreement of the Town to allow it. This could be documented through an amendment to the restrictive covenants, or Greenwood could state in writing that the proposed facility does not violate any of the restrictions that are in the deed.

Exhibits:

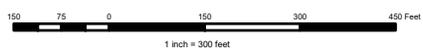
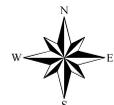
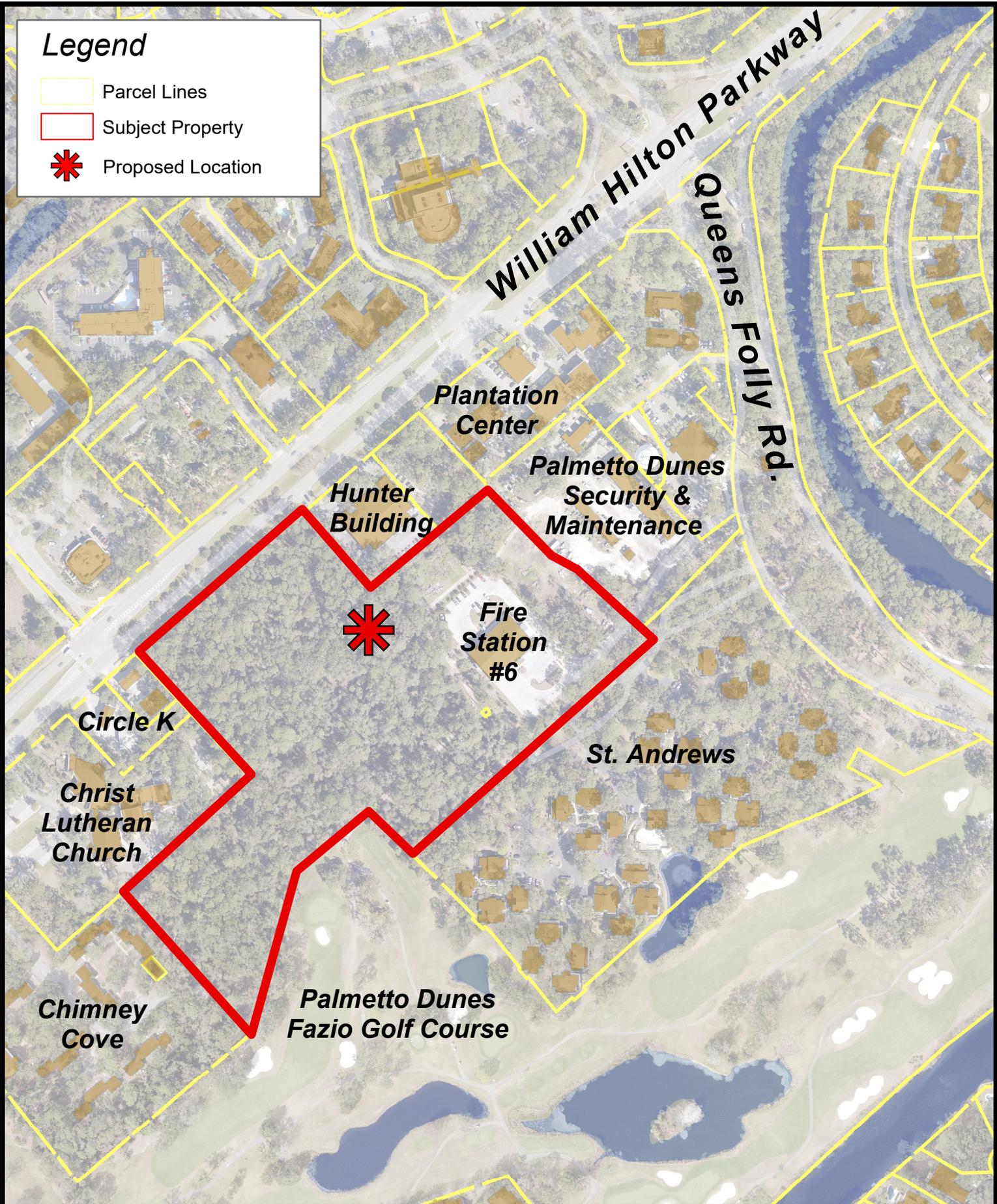
Exhibit A – Location Map

Exhibit B – Deed and Restrictive Covenants

Exhibit C – Plat of Property

Legend

-  Parcel Lines
-  Subject Property
-  Proposed Location



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

7
13 JUN 05

EXHIBIT B
RECORDED

2001 Apr -10 10:24 AM

Sharon O. Burns

BEAUFORT COUNTY AUDITOR

Prepared by:

BETHEA, JORDAN & GRIFFIN, P.A.
Shelter Cove Executive Park, Suite 400
23-B Shelter Cove Lane
Post Office Drawer 3
Hilton Head Island, SC 29938
(843) 785-2171

Collins
3305

CHANGE DMP Record 4/9/2001 11:24:47 AM
BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	SubMap	Parcel	Block	Week
R520	012	000	0017	0000	00

STATE OF SOUTH CAROLINA)

COUNTY OF BEAUFORT)

TITLE TO REAL ESTATE

(Limited Warranty)

KNOW ALL MEN BY THESE PRESENTS, THAT **GREENWOOD DEVELOPMENT CORPORATION**, hereinafter "Grantor(s)", in the State aforesaid for and in consideration of the sum of **Four Million One Hundred Fifty Thousand and 00/100 (\$4,150,000.00) Dollars**, to it in hand paid at and before the sealing of these presents by **THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA**, hereinafter "Grantee(s)", whose address is c/o Manager, One Town Center Court, Hilton Head Island, SC 29928, in the State aforesaid the receipt whereof is hereby acknowledged, have granted, bargained, sold and released, and by these Presents do grant, bargain, sell and release unto the said **The Town of Hilton Head Island, South Carolina**, its Successors and Assigns forever, the following described property:

All that certain piece, parcel or tract of land, lying and being on Hilton Head Island, South Carolina, being designated as "16.87 Acres" on a plat entitled "Plat of 16.87 acres, a Portion of Palmetto Dunes Resort, Hilton Head Island, Beaufort County, South Carolina for Greenwood Development Corporation," said plat dated December 21, 2000 and revised February 13, 2001; said plat prepared by Hussey, Gay, Bell & DeYoung, Consulting Engineers, James M. Sims, S.C. Reg. L.S. 13169; said plat having been recorded in the Office of the Register of Mesne Conveyances for Beaufort County in Plat Book **78**, at Page **91**. For a further description of the above-mentioned property, reference is had to the aforementioned plat of record.

Week	Block	Parcel
00	0000	018A

CHANGE DMP Record 4/9/2001 11:25:38 AM
BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	SubMap	Parcel	Block	Week
R520	012	000	0018	0000	00

CHANGE DMP Record 4/9/2001 11:27:51 AM
BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	SubMap	Block	Parcel
R520	012	000	0000	018A

R 520 / Map 16 / Parcel 339
520 / Map 12 / Parcels 17, 18, 18-A & 19

CHANGE DMP Record 4/9/2001 11:29:57 AM
 BEAUFORT COUNTY TAX MAP REFERENCE

Dist	Map	SubMap	Parcel	Block	Week
R520	012	000	0019	0000	00

Said property is conveyed subject to those certain covenants, restrictions and affirmative obligations as described in Exhibit "A" attached hereto and incorporated herein

The property intended to be conveyed herein is a portion fo the same property conveyed to the within Grantor by Deeds from Palmetto Dunes Resort, Inc., dated November 16, 1979, and recorded in Book 292 at Page 143 and Book 292 at Page 203, Beaufort County Records, on November 16, 1979.

TOGETHER with all and singular, the Rights, Members, Hereditaments and Appurtenances to the said Premises belonging, or in anywise incident or appertaining.

TO HAVE AND TO HOLD, all and singular, the said Premises before mentioned unto the said Grantee, its Successors and Assigns forever; subject, however, to the rights, conditions and restrictions that constitute covenants running with the land, all as set forth herein.

AND Grantor does hereby bind itself and its Successors, to warrant and forever defend, all and singular, the said Premises unto the said Grantee, its Successors and Assigns, against itself and its successors lawfully claiming or to claim the same, or any part thereof, by, through or under it.

16.87 Acres
Final
1/31/01

240620
EXHIBIT A TO LIMITED WARRANTY DEED
FROM GREENWOOD DEVELOPMENT CORPORATION
TO THE TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

PERMITTED ENCUMBRANCES, RESTRICTIONS AND COVENANTS

The 16.87 acre parcel (the "Property") described in the Limited Warranty Deed is being conveyed by Grantor to Grantee subject to the following:

1. Taxes or assessments which are not shown as existing liens on the records of any taxing authorities that levies taxes or assessments on real property or by the public records.
2. Any facts, rights, interests or claims which are not shown by the public records but which could be ascertained by an inspection of the Property, or by making inquiry of persons in possession thereof.
3. Easements, or claims of easements or encumbrances which are not shown by the public record.
4. Taxes for the year 2001, and all subsequent years, a lien not due and payable.
5. Any and all easements of record of Broad Creek Public Service District relating to water mains, sewer mains, effluent main and ability to spray treated effluent.
6. Any and all easements of record in favor of Adelpia Cable, Palmetto Electric Cooperative and Hargray Telephone Company for infrastructure located within the Property.
7. A drainage easement located on the northeastern boundary line contiguous with St. Andrews Common depicted by a grate inlet which drainage flows from the Property to St. Andrews Common.
8. The continuing right of Grantor, or its successors and assigns, to maintain monitoring wells on the Property and for access to same.
9. A building setback line of 30 feet from any boundary line.
10. All matters as shown on the survey entitled "Plat of 16.87 Acres, a Portion of Palmetto Dunes Resort, Hilton Head Island, Beaufort County, South Carolina", said survey prepared by James M. Sims, S.C. REGLS 13169, originally dated December 21, 2000 and revised February 13, 2001, said plat recorded in the Beaufort County Records in Plat Book 78 at Page 91.
11. The Property is also subject to use restrictions. Prohibited uses for this Property are:

16.87 Acres
Final
1/31/01

- (a) Manufactured Housing Park;
- (b) Aviation Passenger Service Terminal;
- (c) Hospital;
- (d) Major or Minor Utility;
- (e) Telecommunications Facility;
- (f) Waste Treatment Plant;
- (g) Restaurant with Drive-Through;
- (h) Amusement Park;
- (i) RV Park;
- (j) Timeshare Development;
- (k) Adult Entertainment;
- (l) Community Theater;
- (m) Kennel;
- (n) Liquor Store;
- (o) Nightclub or Bar;
- (p) Shopping Center;
- (q) Souvenir or T-Shirt Store;
- (r) Supermarket;
- (s) Veterinary Hospital;
- (t) Video Gambling Arcade;
- (u) Self Storage Facility;
- (v) Auto, Truck or Trailer Rental;
- (w) Auto Repair or Auto Sales;
- (x) Car Wash;
- (y) Gasoline Sales;
- (z) Taxicab Service;
- (aa) Towing Services;
- (bb) Contractor's Office with On-Site Storage;
- (cc) Light Industrial;
- (dd) Seafood Processing;
- (ee) Manufacturing and Production;
- (ff) Moving and Storage;
- (gg) Warehousing;
- (hh) Wholesale sales of Contractor's or other materials; or,
- (ii) Wholesale Businesses with Accessory Retail Outlet.

12. In addition to the prohibited uses set forth above, the Property shall also be subject to the following restrictions and limitations:

(a) No building, fence or other structure shall be erected, placed or altered on said Property until proposed building plans, specifications, exterior color or finish, plot plans (showing proposed location of such building or structure, drives and parking areas) shall have been approved in writing by Grantor, its successors or assigns. Such approval shall be in the sole discretion of Grantor, but shall not be unreasonably withheld.

16.87 Acres
Final
1/31/01

(b) No commercial signs, including "for rent", "for sale", or other similar signs may be erected or maintained on the Property by anyone, including, but not limited to the owner, a realtor, a contractor or subcontractor except with the permission of Grantor or except as may be required by legal proceedings. If such permission is granted, Grantor reserves the right to restrict size, color and content of such signs.

(c) Grantor reserves unto itself, its successors and assigns, a perpetual, alienable, releasable easement and right on, over and above the ground to maintain and use electric and telephone poles, wires, cables, conduits, sewers, water mains, drainage pipes, effluent main and other related equipment or other public conveniences or utilities, on, in or over the Property as shown on the survey referenced above. Such reserved rights may be exercised by any licensee of Grantor, but this reservation shall not be considered an obligation of Grantor to provide or maintain any such utility or service.

(d) In the event of a violation or breach of any of the restrictions contained herein by Purchaser, its agents, successors-in-title or assigns, Grantor, its successors and assigns shall have the right to proceed at law or in equity to compel a compliance to the terms hereof, or to prevent violation or breach in any event. The failure to enforce any rights, reservations, restrictions, or conditions contained in the Deed, however, will continue, and shall not be deemed a waiver of the right to do so hereafter as to the same breach, or as to a breach occurring prior to, or subsequent thereto, it shall not bar or affect its enforcement. The invalidation by any court of any restrictions of these Covenants shall in now way affect any of the other restrictions, but they shall remain in full force and effect.

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