

**HILTON HEAD PUBLIC SERVICE DISTRICT**  
21 OAK PARK DRIVE– POST OFFICE BOX 21264  
HILTON HEAD ISLAND, SOUTH CAROLINA 29925  
TELEPHONE 843-681-5525 – FAX 843-681-5052

**JANUARY 2026 AGENDA PACKET CONTENTS**

1. Agenda for the January 28, 2026, Regular Commission Meeting
2. Draft Minutes of the December 19, 2025, Regular Commission Meeting
3. Memo from the Finance Manager on the Series 2026 Front Foot Assessment Revenue Bond Reimbursement Resolution
4. 2026 Front Foot Assessment Bond Reimbursement Resolution
5. Huntington Bank Term Sheet
6. Memo from the Finance Manager on the 911 Lease Renewal Analysis
7. PSD Procurement Policy Presentation
8. Amended and Restated Purchasing and Procurement Policy
9. FY'26 2<sup>nd</sup> Quarter Management Report
10. State of SC FY'27 Executive Budget
11. GM Monthly Report
12. SCDOT Update Presentation
13. HHI Chamber of Commerce Environmental Outreach Materials
14. Environmental Affairs Committee Presentation
15. 2025 WaterSense Excellence Award Application
16. Charts, Graphs and Water Quality Report



# Agenda

## HILTON HEAD PUBLIC SERVICE DISTRICT

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www.hhpsd.com

### AGENDA

Hilton Head Public Service District Commission

1 p.m.

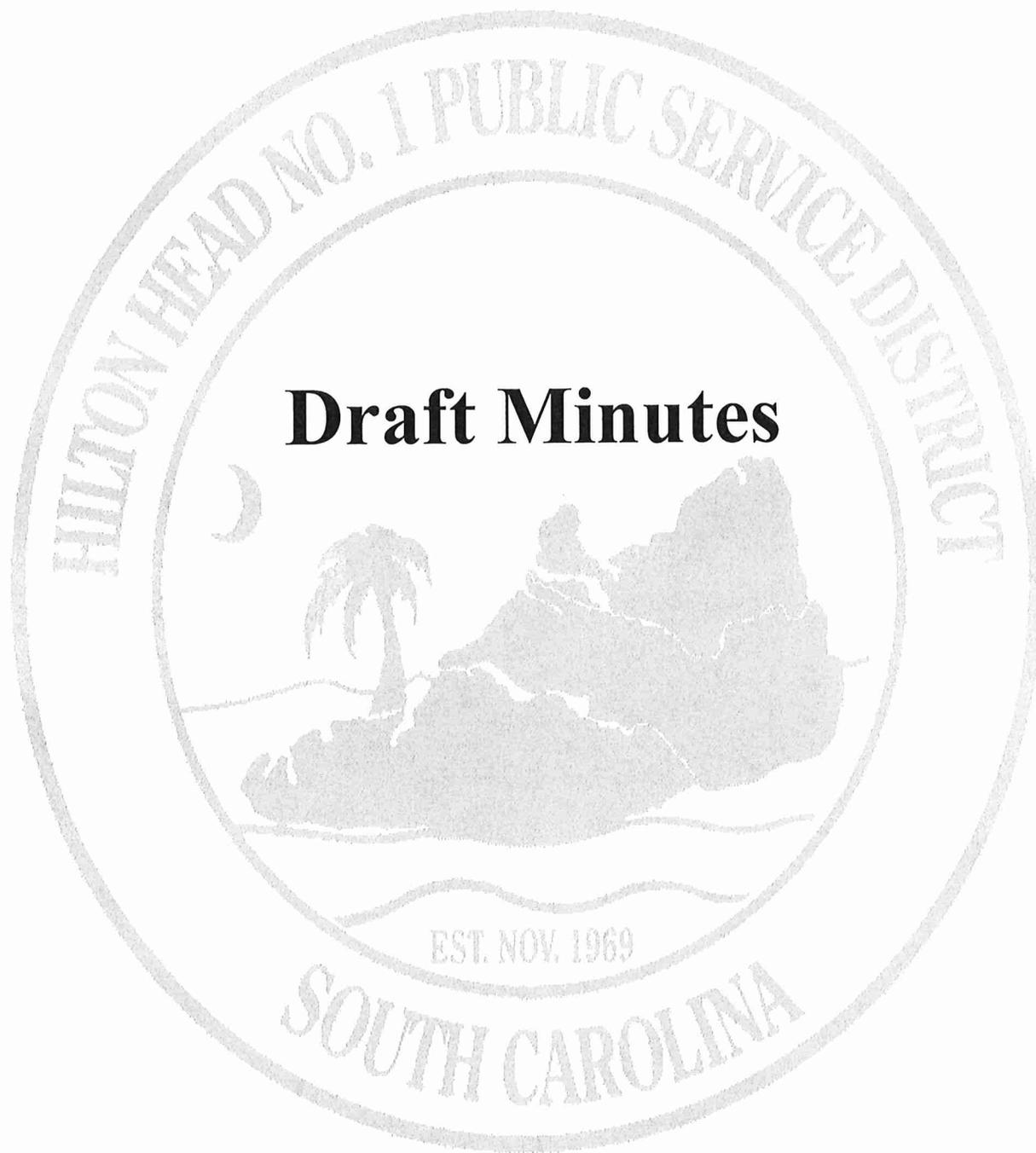
January 28, 2026

PSD Community Room

21 Oak Park Drive, Hilton Head Island, SC 29926

- I. Call to Order & Freedom of Information Act Announcement
- II. Pledge of Allegiance
- III. Roll Call of Commissioners
- IV. Public Comment on Non-Agenda Items
- V. Adoption of Draft Minutes of December 19, 2025, Regular Meeting
- VI. Approval and Adoption of Series Resolution Authorizing the Water and Sewer Revenue Bond, Series 2026 (Front-foot Assessment) (Action)
- VII. Approval of Lender and Terms for Water and Sewer Revenue Bond, Series 2026 (Front-foot Assessment) (Action)
- VIII. 911 Center Lease Renewal (Action)
- IX. PSD Purchasing Policy Review
- X. FY '26 2<sup>nd</sup> Quarter Management Report
- XI. General Manager's Monthly Report
- XII. Executive Session:
  - A. Under S.C. Code 30-4-70 (a) (2) ("Discussion of negotiations incident to proposed contractual arrangements...") – Easement Valuation; Advanced Metering Infrastructure
- XIII. Possible Action by Commission Concerning Matters Discussed in Executive Session
- XIV. Adjournment

**\*Public Comment will be taken before Commission vote on any action item.**



# Draft Minutes

# HILTON HEAD NO.1 PUBLIC SERVICE DISTRICT

21 OAK PARK DRIVE – POST OFFICE BOX 21264  
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## MINUTES COMMISSION MEETING DECEMBER 19, 2025

**I. The meeting was called to order by Chairman Frank Turano at 11:00 a.m.**

**II. Those in attendance were:**

Mr. Frank Turano	Chair
Mr. Jerry Cutrer	Vice Chair
Mrs. Patti Soltys	Secretary
Mr. Andy Paterno	Commissioner
Mr. Michael Marks	Commissioner

Present by request:

Mr. Pete Nardi	General Manager
Ms. Amy Graybill	Finance Manager
Mrs. Connie Whitehead	Commission Recording Secretary

Visitors

None

**III. Pledge of Allegiance**

The Pledge of Allegiance was led by Mr. Frank Turano.

**IV. Public Comment on Non-Agenda Items**

None

**V. Adoption of Draft Minutes of November 19, 2025, Commission Meeting**

### Action

- Mr. Paterno moved to adopt the minutes of the November 19, 2025, as presented. Mr. Marks seconded. The motion passed unanimously.

## **VI. Screw Pumps Replacement Project Notice of Award and Construction Contract Authorization**

### Key Discussion Points

- Staff presented for board consideration a Notice of Award and Construction Contract for the Screw Pumps Replacement Project in the PSD's Recycled Water Plant.
- Staff recommends the Board authorize execution of both documents.

### Action

- Mr. Cutrer moved to authorize staff to execute the Notice of Award and Construction Contract in the amount of \$4.37 million from WGK Construction for the Screw Pumps Replacement Project. Mr. Paterno seconded. The motion passed unanimously.

## **VII. Access Easement Agreement with HHI Northpoint, LLC**

### Key Discussion Points

- The developer of the Town of Hilton Head Island's workforce housing project at Northpoint has requested the PSD execute an Access Easement Agreement as they begin development of the property.
- The PSD has held an access easement on the property for decades, as it is the site of the Post Office Ground Storage Tank. The developer is requesting the Release and Termination of Agreement Concerning Utilities, Drainage and Easements to extinguish outdated language that included a predecessor utility of the PSD, Hilton Head Plantation Utilities, which the PSD acquired in the 1990s.
- Staff recommends the Board authorize staff to execute the Release and Termination of Agreement Concerning Utilities, Drainage and Easements and the Access Easement Agreement. Both have been reviewed and recommended by outside counsel.

### Action

- Mrs. Soltys moved that the Board authorize staff to execute the Release and Termination of Agreement Concerning Utilities, Drainage and Easements and the Access Easement Agreement. Mr. Cutrer seconded. The motion passed unanimously.

## **VIII. General Manager's Monthly Report**

### Key Discussion Points

- Mr. Nardi presented the General Manager's Monthly Report. A copy is included in the agenda packet.
- Mr. Nardi provided copies of a PSD debt overview presentation from First Tryon Advisors, and reports from S&P Global and Fitch Ratings on U.S. water utilities 2026 outlook.

## **IX. Adoption of 2026 Commission Officers**

### Key Discussion Points

- At the November meeting, the current slate of Commission officers were nominated to continue in their current seats.

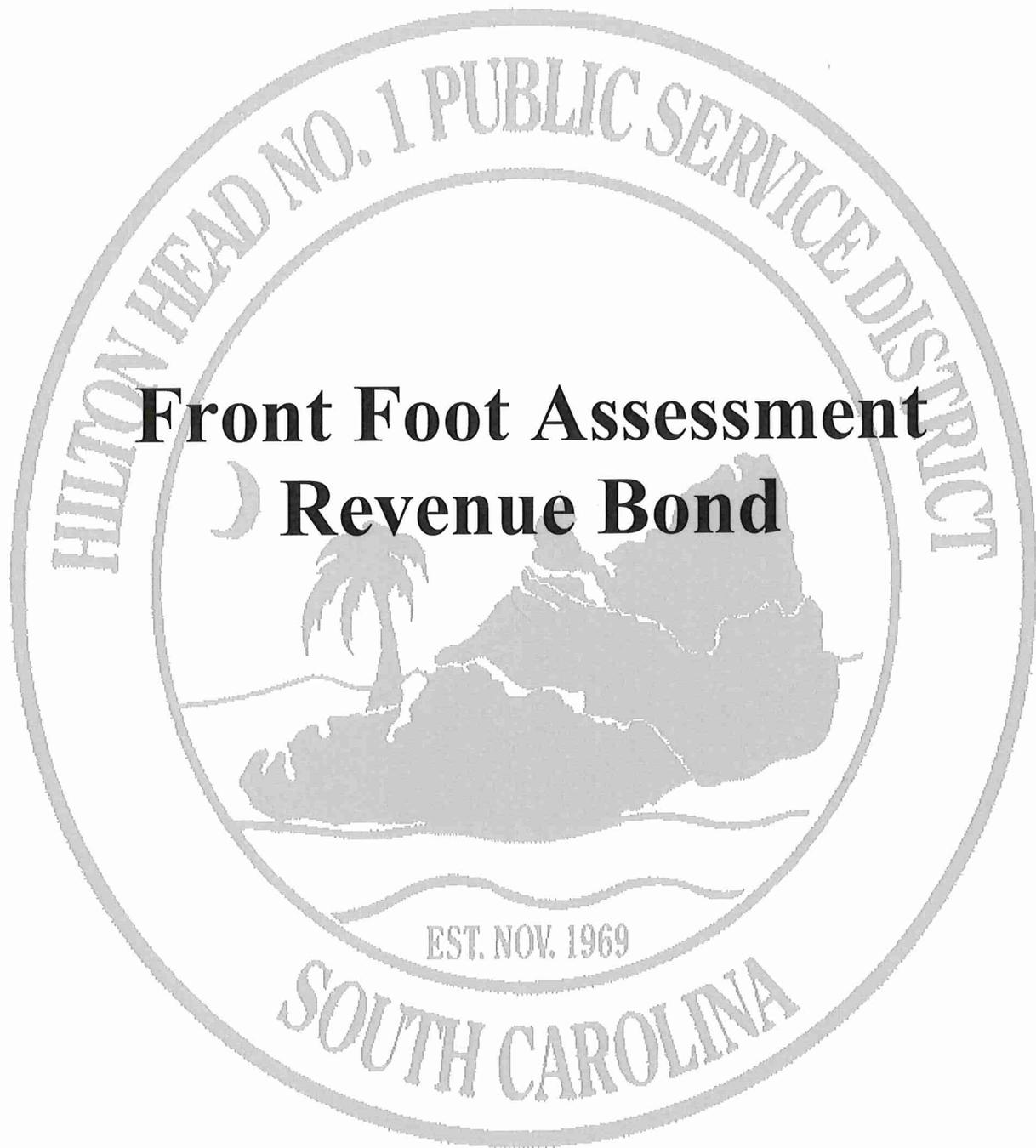
### Action

- Mr. Marks voted to elect the current slate of Commission officers to continue in their current seats. Mr. Cutrer seconded. The motion passed unanimously.

## **X. Adjournment**

### Action

- Mr. Cutrer moved to adjourn the meeting. Mr. Paterno seconded. The motion passed unanimously. The meeting adjourned at 11:50 a.m.



**Front Foot Assessment  
Revenue Bond**



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To: Commissioners  
Pete Nardi, General Manager

From: Amy Graybill, Finance Manager

Subject: Series 2026 Front Foot Assessment Revenue Bond - Reimbursement Resolution

Date: January 28, 2026

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Attached is a resolution prepared by the District's Bond Counsel for the Commission to review, discuss and adopt at the January 28, 2026, Board Meeting.

### **Background**

Under state law, and as an accommodation to certain new customers, the District provides an option to finance the cost of connecting to the District's water and sewer system over a period not exceeding 20 years on their annual Beaufort County tax bill. These installations (and the costs of the same) are accumulated by the District in batches and reimbursed by a revenue bond issuance every three years (timing to conform to the reimbursement rules for tax-exempt bonds). Since our last front foot assessment debt issuance in 2023, the District has connected approximately 53 water and sewer customers who have requested the District to finance their costs to connect. Staff has been compiling all of the expenditures that the District has incurred on these connections on a per parcel basis in order to determine the amount of funds that will be reimbursed once this bond has been issued. The District has also been asked by the homeowners' association of Old House Creek subdivision to conduct a collector main project to serve 25 previously unserved parcels in that neighborhood. All 25 parcels will be assessed a pro-rata portion of the entire collector main project cost. They also had the option to finance their private connection cost to the collector main at project completion. Five (5) owners have requested this option to date and will be included in this debt issuance.

### **Discussion**

The purpose of this resolution is to authorize the issuance of the Series 2026 Bond in an amount not exceeding \$750,000, the proceeds of which will be used to reimburse the District for these connections and to pay for certain costs and expenses relating to Series 2026 Bond. The District sent an RFP to approximately 35 banks. The District only received one bid, from Huntington Bank, which is attached. A summary of the estimated impact of the different options appears on the following page. These are estimates at this time as the District will continue to accumulate connection costs through the final assessment roll date and the final connection costs will impact the final effective rate to customers. The final debt payment schedule amortization may also vary slightly to account for accrual days between the issuance and first payment date.

District staff recommends accepting the 10-year term which includes the lowest interest rate of 4.25%, optional prepayment at 102% until June 1, 2031 and 100% afterwards. This provides the lowest effective rate to customers. The District will need to fund approximately \$28,000 per year from its operations in addition to the annual estimated FFA collections for the 10-year life of the debt to accept this option. Then, afterward, the annual FFA collections of around \$67,000 will go to fund the District's operations. The disadvantage to the 10 year term is that the total estimated cash flows to the District are lower than the 20-year term mainly due to charging the lower effective interest rate to customers.

<u>Estimated District Impact</u>	<u>10 Year</u>	<u>15 Year</u>	<u>20 Year</u>
Stated Interest Rate	4.25%	4.49%	4.68%
Estimated Effective Interest Rate to Customers	2.13%	3.25%	4.44%
Estimated Total Interest to be Paid Over Life of Debt	\$ 196,615.39	\$ 309,082.95	\$ 435,509.81
Estimated Annual Series 2026 Debt Service to be Paid Over Life of Debt	\$94,661.54	\$70,605.53	\$59,275.49
	for 10 years	for 15 years	for 20 years
Estimated Annual FFA Collections from Customers	\$ 50,970.47	\$ 56,593.84	\$ 62,915.19
Estimated Annual Capacity Fee FFA Collections from Customers	<u>15,868.61</u>	<u>17,619.33</u>	<u>19,587.35</u>
Total Estimated Annual Collections for 20 Years	\$66,839.07	\$74,213.17	\$82,502.54
Estimated Annual (Shortage) Overage mainly related to term difference	( <b>\$27,822.47</b> )	\$3,607.64	\$23,227.05
	for 10 years	for 15 years	for 20 years
Total Estimated Cash Flows (Mainly Capacity Fees and Related Interest)	\$390,166.07	\$425,180.54	\$464,540.96
<b><u>Estimated Customer Impact</u></b>			
Estimated Cost for an Old House Creek Customer with Collector Main Only	\$ 16,000.00	\$ 16,000.00	\$ 16,000.00
Estimated Annual FFA to be Collected from Customer Over 20 Years	\$ 991.17	\$ 1,100.52	\$ 1,223.44
Estimated Total Interest to be Paid by Customer Over 20 Years	\$ 3,823.37	\$ 6,010.41	\$ 8,468.90

After the issuance of the Series 2026 Bond, the interest cost on the Series 2026 bond will be added to the overall connection costs and amortized by the customers through front-foot assessments paid over a 20-year repayment period. District staff currently estimates that this will result in an effective interest rate of around 2.13% to the affected customers over the 20-year repayment period if the 10 year term is chosen. This is also the rate that will be applied to the capacity fees owed by these customers; capacity fees are currently estimated at \$256,000. As previously noted, the District is continuing to accrue connection costs through the date of the final assessment roll so the final effective interest rate to customers will not be determined until the assessment roll is completed.

Attached is a financing schedule related to the issuance of the Series 2026 Bond. Pre-closing for the bond is anticipated to occur at the February Commission meeting. After the issuance of the Series 2026 Bond, there will be additional public procedural steps and approvals to finalize the process to impose the front-foot assessments over the next few months as outlined in the attached schedule.

**Action**

1. Staff recommends that the Commission adopt the attached resolution prepared by the District’s Bond Counsel providing for the issuance and sale of a waterworks and sewer system improvement revenue bond of Hilton Head No. 1 Public Service District, South Carolina, in the principal amount of not exceeding \$750,000, and other matters relating thereto.
2. Staff recommends that the Commission authorize staff to formally accept the 10 year term (Option 1) from Huntington Bank.

**Attachments:**

- 2026 FFA Financing Schedule
- 2026 Series Bond Resolution
- Huntington Bank Term Sheet

**Combined Financing Schedule – Front Foot Assessments (“FFAs”) and 2026 Bond**

<b>Date</b>	<b>Transaction</b>	<b>Responsible Party</b>
December 2025	Gather information related to persons who will be subject to assessments; deliver information to Bond Counsel	HH1
December 2025	Confirm bond amount; Submit RFP or negotiate purchase with Bank	BC
<i>Wed.</i> 1/28/2026	<i>Adoption of Series Resolution authorizing the 2026 Bond</i>	<i>BC/HH1</i>
<i>Wed.</i> 2/25/2026	<i>Pre-closing/File Transcript for 2026 Bond</i>	
Fri. 2/27/2026	Closing for 2026 Bond	BC/HH1/Purchaser
<i>Wed.</i> 3/25/2026	<i>Adoption of Imposition Resolution regarding imposition of FFAs (“Imposition Resolution”)</i>	<i>BC/HH1</i>
Sun. 3/29/2026	Publication of the Imposition Resolution in <u>The Island Packet</u> (7 days later becomes effective)	BC
Sun. 4/5/2026	Imposition Resolution becomes effective	
Wed. 4/8/2026	Send Posters (notice of the Assessments) to Register of Deeds to be displayed in that office (w/in 30 days of publication)	BC
<i>Wed.</i> 4/29/2026	<i>Adoption of Resolution authorizing the Assessment Roll and authorizing the public hearing</i>	<i>BC/HH1</i>
Thurs. 4/30/2026	Assessment Roll made available for inspection at Commission’s offices	HH1
Tues. 5/5/2026	1. Letters sent to affected property owners to provide notice of assessment, objection and public hearing Notice of Public Hearing sent to <u>The Island Packet</u>	BC/HH1
Sun. 5/10/2026	2. Notice of Public Hearing published in <u>The Island Packet</u> (at least 10 days prior to date of hearing)	BC
Sun. 5/24/2026	Deadline for objections to Assessments.	PO
<i>Wed.</i> 5/27/2026	<i>1. Commission holds public hearing on Assessments and Capacity Fees; 2. Adoption of Resolution approving the Assessment Roll 3. Assessment Roll filed with Treasurer, Auditor and ROD Remove Posters</i>	<i>BC/HH1</i>
Fri. 5/29/2026	4. Mail written notice to aggrieved property owners of right to appeal assessment	BC/HH1
Tues. 6/2/2026	Appeal window closes	PO/HH1

**Key:**

BC	Bond Counsel	HH1	Hilton Head No. 1 Public Service District
Purchaser	Purchaser of 2026 Bond	PO	Property Owners/Assessed Owners

*Commission actions at anticipated meeting dates are shown in bold italics.*



**A RESOLUTION**

**PROVIDING FOR THE ISSUANCE AND SALE OF A WATERWORKS AND SEWER SYSTEM IMPROVEMENT REVENUE BOND OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000), AND OTHER MATTERS RELATING THERETO.**

Dated: January 28, 2026

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(This table is not part of the 2026 Series Resolution and is for convenience of reference only.)

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**BE IT RESOLVED BY THE HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT COMMISSION  
IN MEETING DULY ASSEMBLED:**

**ARTICLE I - FINDINGS OF FACT**

Section 1.01 Recital of Findings of Fact

Incident to the adoption of this series resolution (this “*2026 Series Resolution*”), and the issuance of the waterworks and sewer system improvement revenue bond provided for herein, the Hilton Head No. 1 Public Service District Commission (the “*Commission*”), the governing body of Hilton Head No. 1 Public Service District, South Carolina (the “*District*”), finds that the facts set forth in this Article exist and that the following statements are in all respects true and correct:

1. The Commission has made general provision for the issuance of Waterworks and Sewer System Revenue Bonds of the District by a resolution entitled “A RESOLUTION AMENDING AND RESTATING A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, STATE OF SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” dated March 16, 2004, as amended by a resolution entitled “A RESOLUTION PROVIDING FOR AND APPROVING AMENDMENTS TO A RESOLUTION ENTITLED ‘A RESOLUTION AMENDING AND RESTATING A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO’ WHICH AMENDMENTS EXTEND THE TIME PERIOD WITHIN WHICH AUDITED FINANCIAL STATEMENTS MUST BE FURNISHED AND MODIFYING THE REQUIREMENTS FOR DEBT SERVICE RESERVE FUNDS; AND OTHER MATTERS RELATING THERETO” dated March 24, 2009, and further amended by a resolution entitled, “A RESOLUTION FURTHER AMENDING A RESOLUTION ENTITLED ‘A RESOLUTION AMENDING AND RESTATING A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO’, AND OTHER MATTERS RELATING THERETO” dated September 23, 2020 (collectively, the “*Master Bond Resolution*”). Terms utilizing initial capitals and not otherwise defined herein shall have the meanings ascribed thereto in the Master Bond Resolution.

2. It is provided in and by the Master Bond Resolution that, upon adoption of a “Series Resolution,” there may be issued one or more Series of Bonds for the purpose of, among other things: (1) obtaining funds for expansions and improvements to the waterworks and sewer system of the District (the “*System*”), including the recoupment of funds already so expended; (2) providing funds for the payment of any bond anticipation notes; (3) refunding bonds or other obligations; (4) funding Debt Service Reserve Funds, if any, in an amount equal to the Reserve Requirement and reimbursing amounts owed to any providers of a surety bond, line of credit, insurance policy or letter of credit; and (5) paying the costs of issuance of Bonds, including any credit enhancement therefor.

3. The District currently has Outstanding the following Series of Bonds, which are all secured by a pledge of and a lien upon the Gross Revenues of the System:

(a) the outstanding installments due on the originally issued \$2,921,430 Waterworks and Sewer System Improvement Revenue Bond, Series 2014B dated July 23, 2014;<sup>1</sup>

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<sup>1</sup> Originally issued in the amount of \$2,902,255, but final par amount was revised based upon final funds drawn.

(b) the outstanding installments due on the originally issued \$515,000 Waterworks and Sewer System Improvement Revenue Bond, Series 2017A dated August 21, 2017;

(c) the outstanding installments due on the originally issued \$14,925,000 Waterworks and Sewer System Refunding Revenue Bond, Series 2020B dated November 2, 2020; and

(d) the outstanding installments due on the originally issued \$235,000 Waterworks and Sewer System Improvement Revenue Bond, Series 2023 dated February 24, 2023.

4. The District has recently undertaken certain improvements to the System consisting of the installation of water distribution lines and sewage collection lines in and around Miller Road, Slim Loop Road, Steelpan Road, Squire Pope Road, Wildhorse Road, Farmers Club, Dillon Road, Wiley Road, William Hilton Parkway, Sunday Ford, Mitchellville Road, Juke Joint Lane, Marvin Lane, Azalea Street, Williams Drive, Beach City Road, Jonesville Road, Gumtree Road, Janis Manor, Elizabeth Road, Marshland Road, Outlaw Road, Spanish Wells Road, Old House Creek Drive and various other areas of the District (collectively, the “*Improvements*”). The construction and installation of the Improvements was completed between April 2023 and July 2025. In accordance with the District’s Finance Policies (the “*Finance Policies*”), and specifically FP4: Debt Policy (D), as amended and restated on July 26, 2023 and various declarations of intent to reimburse as authorized by the Finance Policies, the Commission constructed the Improvements with funds on hand with the intention of being reimbursed by the proceeds of a waterworks and sewer system improvement revenue bond. Pursuant to the provisions of Section 4.01(A)(1) of the Master Bond Resolution and as further recited in Section 1.01(2) above, the Commission is authorized to issue bonds to recoup funds previously expended.

5. The District has determined to issue a commercial loan to be evidenced by the 2026 Bond (as defined herein) in order to (1) reimburse the District for the costs of the completed Improvements, and (2) pay the costs of issuance for the 2026 Bond.

6. It is anticipated by the District that a portion of the 2026 Bond shall be payable from Front-foot Assessments levied on parcels of property which benefit from the Improvements.

7. By reason of the foregoing, the District has determined to adopt this 2026 Series Resolution in accordance with the terms and provisions of the Master Bond Resolution in order to issue bonds for the purposes described in Paragraph 5 above.

Section 1.02 Determinations Required by the Master Bond Resolution

The Commission hereby specifies and determines that:

1. the current period of usefulness of the System is as set forth in Article III hereof;
2. the Date of Issue of the 2026 Bond is identified in Section 4.01(b) hereof;
3. the authorized principal amount of the 2026 Bond, and the date of the final maturity therefor is set forth at Section 4.01 hereof and the exact principal amount of the 2026 Bond shall be determined by a District Representative at the closing of the 2026 Bond pursuant to Article V hereof;
4. the Bond Payment Dates, the Record Dates, and amounts of maturity of such 2026 Bond, shall be determined by a District Representative at the closing of such 2026 Bond pursuant to Article V hereof, provided, however, the 2026 Bond shall not mature later than 30 years from the Date of Issue;

5. the 2026 Bond is necessary to provide funds to be used and expended for purposes set forth in Section 4.01(A) of the Master Bond Resolution, as such purposes are particularly described at Sections 1.01(5) and 4.02 hereof;
6. the title and designation of the 2026 Bond shall be as set forth at Section 4.01 hereof;
7. the 2026 Bond shall be sold in accordance with Article VII hereof in the manner determined by a District Representative as authorized by Article V hereof;
8. the 2026 Bond shall bear interest at rates as determined by a District Representative through the sale procedures of Article VII hereof, and the District, acting through a District Representative;
9. the 2026 Bond may be issued as either Serial Bonds or Term Bonds (with appropriate mandatory redemption provisions), but not as Capital Appreciation Bonds, as determined by a District Representative pursuant to Article V hereof;
10. the redemption prices and dates applicable to any Series of 2026 Bond shall be as determined by a District Representative at the closing of such 2026 Bond pursuant to Article V hereof;
11. U.S. Bank Trust Company, National Association, as the successor in interest to U.S. Bank National Association (the "*Trustee*"), shall serve as Trustee, Paying Agent and Registrar for the 2026 Bond;
12. the 2026 Bond shall be in the form as provided at Section 4.09 and Exhibit A hereof, with such revisions as may be approved by a District Representative pursuant to Article V hereof upon the advice of Bond Counsel, the execution thereof being conclusive evidence of such approval;
13. the 2026 Bond shall not be issued in book-entry form;
14. the proceeds of the 2026 Bond shall be applied as set forth at Section 8.01 hereof;
15. the 2026 Debt Service Fund shall be established under Section 4.06 hereof;
16. no 2026 Debt Service Reserve Fund is contemplated to be established in connection with the 2026 Bond, and thus no 2026 Reserve Requirement is anticipated to be established; and
17. no construction fund shall be established for the 2026 Bond.

[End of Article I]

## ARTICLE II - DEFINITIONS AND CONSTRUCTION

### Section 2.01    Definitions

Except as provided below, all terms defined in Section 2.02 of the Master Bond Resolution shall have the same meanings in this 2026 Series Resolution as such terms are prescribed to have in the Master Bond Resolution.

As used in this 2026 Series Resolution, unless the context shall otherwise require the following terms shall have the following respective meanings:

**“2026 Bond”** shall mean the Series of Bonds of the District authorized by this 2026 Series Resolution and designated “Hilton Head No. 1 Public Service District, South Carolina Waterworks and Sewer System Improvement Revenue Bond, Series 2026” and issued as one Series of Bonds on a tax-exempt basis.

**“2026 Debt Service Fund”** shall mean the fund of that name established by this 2026 Series Resolution pursuant to Section 7.03 of the Master Bond Resolution. If more than one Series of Bonds are issued, the name of each fund shall include a letter designation to differentiate between each fund.

**“Date of Issue”** shall mean, with respect to the 2026 Bond, the date determined under Article V in accordance with Section 4.03 hereof.

**“District Representative”** shall mean the General Manager and/or the Finance Manager, acting together or individually.

**“Finance Manager”** shall mean the Finance Manager of the District.

**“General Manager”** shall mean the General Manager of the District.

**“Governmental Unit”** means a state or local governmental unit within the meaning of Section 141(b) of the Code.

**“Improvements”** shall have the meaning given to such term in Section 1.01(4) of this 2026 Series Resolution.

**“Master Bond Resolution”** shall mean that resolution adopted on March 16, 2004, as amended on March 24, 2009, and September 23, 2020.

**“Nongovernmental Person”** means any Person other than a Governmental Unit.

**“Person”** shall mean firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities, including public bodies, as well as natural persons.

**“Taxable Bonds”** has the meaning given such term in Section 9.01(d) hereof.

**“Trustee”** shall mean U.S. Bank Trust Company, National Association, its successors and assigns.

Section 2.02    Authority for this 2026 Series Resolution

This 2026 Series Resolution is adopted pursuant to the provisions of the Master Bond Resolution.

[End of Article II]

**ARTICLE III - USEFUL LIFE**

Section 3.01    Determination of the Useful Life of the System

The period of usefulness of the System is hereby determined to be not less than forty (40) years from the date of adoption of this 2026 Series Resolution.

[End of Article III]

## ARTICLE IV - AUTHORIZATION AND TERMS OF THE 2026 BOND

### Section 4.01 Principal Amount; Designation of 2026 Bond; Maturity and Interest Payment Dates

(a) Pursuant to the provisions of the Master Bond Resolution, the District intends to issue a commercial loan in the principal amount of Seven Hundred Fifty Thousand Dollars (\$750,000). The loan will be evidenced by a Series of Bonds entitled "Hilton Head No. 1 Public Service District, South Carolina Waterworks and Sewer System Improvement Revenue Bond, Series 2026" (the "**2026 Bond**"). The 2026 Bond shall bear a series designation as determined by the District Representative, but in all cases shall include the calendar year of the issuance thereof. The 2026 Bond may be sold as a single Series or from time to time as multiple Series bearing any such designation as appropriate. References herein to the 2026 Bond shall include all Series of Bonds authorized by this 2026 Series Ordinance. As authorized by Section 9.01(d) hereof, any Series of the 2026 Bond may be issued as Taxable Bonds, and in such event, it shall bear an appropriate designation so as to distinguish its tax status.

(b) Should the 2026 Bond not be issued in calendar year 2026, the designation for the 2026 Bond and all other references to "2026" recited herein shall be changed to appropriately reflect the year of such actual issuance. References herein to the 2026 Bond shall include all Series of Bonds.

### Section 4.02 Purposes of the 2026 Bond

The 2026 Bond is authorized for the principal purposes of: (a) providing funds to reimburse the District for the costs of the Improvements; and (b) paying certain costs and expenses relating to the issuance of the 2026 Bond.

### Section 4.03 Date of Issue; Interest Rates; Maturity; Redemption

(a) The Date of Issue of the 2026 Bond shall be the date of delivery thereof, subject to an alternative designation by the District Representative. The 2026 Bond shall mature in such principal amounts and shall bear interest at such rates, not to exceed 6.0%, as may be determined by a District Representative pursuant to Article V hereof provided that the final maturity of the 2026 Bond shall not extend beyond 30 years from the Date of Issue of the initial Series of 2026 Bond issued hereunder. The 2026 Bond shall mature as Serial Bonds or Term Bonds, with such mandatory sinking fund installments as are set forth in a schedule approved by the District Representative prior to or simultaneously with the issuance of such 2026 Bond.

(b) Interest on any Series of 2026 Bond shall be payable on such Bond Payment Dates as are determined by the District Representative pursuant to Article V hereof. Such interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months. Consistent with the terms of the Master Bond Resolution, the Record Dates for the payment of interest on the 2026 Bond shall be the 15th day of the month prior to each Bond Payment Date.

(c) The 2026 Bond may be subject to redemption prior to maturity, upon such terms and conditions, and at such redemption prices, as may be established by a District Representative pursuant to Article V hereof prior to or simultaneously with the issuance of the 2026 Bond.

### Section 4.04 Authentication; Payment of 2026 Bond

(a) The 2026 Bond shall be authenticated by the Registrar on or before such date as it shall be delivered to the Purchaser. The 2026 Bond shall bear interest from the Date of Issue if no interest has yet been paid, otherwise from the last date to which interest has been paid and which date is on or prior to the date of authentication of the 2026 Bond.

(b) Payment of principal of and interest on the 2026 Bond shall be made by the Trustee from amounts on deposit in the 2026 Debt Service Fund to the person in whose name the 2026 Bond is registered at the close of business on the Record Date.

(c) Presentment of the 2026 Bond for payment shall not be required, except for the final payment of the principal and interest thereon or upon such other condition or indicia of satisfaction as may be mutually agreed-upon by the District and the Holder of the 2026 Bond.

(d) Whenever the terms of the 2026 Bond, including any Bond Payment Date therefor, require any action be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State or in any state where the corporate trust office of the Trustee is located, the action shall be taken on the first Business Day occurring thereafter.

Section 4.05 Denomination and Numbering of the 2026 Bond

The 2026 Bond shall be numbered R-1 and shall be issued as a single, typewritten bond in registered form.

Section 4.06 Establishment of 2026 Debt Service Fund

In accordance with Section 7.03 of the Master Bond Resolution, the 2026 Debt Service Fund is hereby directed to be established by the Trustee on the Date of Issue for the benefit of the Holder thereof.

Section 4.07 Debt Service Reserve Fund

No Debt Service Reserve Fund is being established with respect to the 2026 Bond and no Reserve Requirement has been set with respect thereto.

Section 4.08 Appointment of Trustee, Paying Agent and Registrar

The Trustee shall signify its acceptance of the duties of Trustee, Paying Agent and Registrar under this 2026 Series Resolution upon delivery of the 2026 Bond. The District shall pay to the Trustee from time to time reasonable compensation based on the then-standard fee schedule of such parties for all services rendered under the Master Bond Resolution and this 2026 Series Resolution, and also all reasonable expenses, charges, counsel fees, and other disbursements, including those of its attorneys, agents, and employees, incurred in and about the performance of their powers and duties under the Master Bond Resolution and this 2026 Series Resolution.

The 2026 Bond shall be presented for registration of transfers and exchanges, and notices and demands to or upon the Trustee and the District in respect of the 2026 Bond may be served, at the corporate trust office of the Trustee.

Section 4.09 Form of 2026 Bond

The 2026 Bond, together with the Certificate of Authorization and Assignment to appear thereon, is to be in substantially the form attached hereto as Exhibit A with such necessary and appropriate variations, omissions and insertions as permitted or required by the Master Bond Resolution or this 2026 Series Resolution with execution thereof pursuant to Article V hereof constituting conclusive evidence of all such variations, omission and insertions.

[End of Article IV]

## ARTICLE V

### CERTAIN DELEGATIONS AND AUTHORIZATIONS

#### Section 5.01      Certain Delegations.

The Commission hereby expressly delegates to a District Representative the authority, with respect to the 2026 Bond, to determine, in connection with any Series of 2026 Bond issued hereunder:

- (a) whether to issue the 2026 Bond as a single Series or from time to time in several Series;
- (b) the manner of sale of such 2026 Bond in accordance with Article VII hereof;
- (c) the award of such 2026 Bond in accordance with Article VII hereof;
- (d) the final form of such 2026 Bond, whether to modify the Series designation in accordance with Section 4.01 hereof, and the exact amount of such 2026 Bond, not to exceed \$750,000 in the aggregate principal amount together with any other Series of 2026 Bond;
- (e) whether and the extent to which such Series of 2026 Bond shall be issued as Serial Bonds or Term Bonds;
- (f) the Date of Issue (if other than the date of delivery), Bond Payment Dates, rate or rates of interest obtained using the sale procedures of Article VIII hereof, maturity schedule, and the final maturity of each Series of 2026 Bond, not to exceed 30 years from the Date of Issue of the initial Series of 2026 Bond issued hereunder;
- (g) whether such 2026 Bond shall be subject to optional or mandatory redemption prior to maturity, and if so, the redemption prices applicable thereto;
- (h) whether to use bond insurance, and if so, to make appropriate arrangements to procure any Municipal Bond Insurance Policy;
- (i) whether such 2026 Bond (or any Series thereof) shall be issued as a Taxable Bond;
- (j) the form of any agreement relating to, and manner of provision of, any continuing financial and operating disclosures as described at Section 9.02 hereof; and
- (k) such other matters regarding the 2026 Bond as are necessary or appropriate to effect the issuance and sale thereof.

[End of Article V]

## ARTICLE VI - EXECUTION OF 2026 BOND; NO RECOURSE

### Section 6.01    Execution

The 2026 Bond shall be executed and authenticated in accordance with the provisions of the Master Bond Resolution. In the event the Chairman is absent or otherwise unavailable for any reason, the 2026 Bond may be executed by the Vice-Chairman of the Commission (the “*Vice-Chairman*”) or a District Representative. In the event the Secretary is absent or otherwise unavailable for any reason, the 2026 Bond may be attested by a District Representative, so long as such person is not the same individual executing the 2026 Bond.

Facsimiles or electronic signatures by the Chairman, Vice-Chairman, Secretary, General Manager or Finance Manager are expressly authorized and permitted with respect to the 2026 Bond and all closing documents and certificates associated therewith.

### Section 6.02    No Recourse

All covenants, stipulations, promises, agreements, and obligations of the District contained in the Master Bond Resolution or in this 2026 Series Resolution shall be deemed to be the covenants, stipulations, promises, agreements, and obligations of the District and not those of any officer or employee of the District in his or her individual capacity, and no recourse shall be had for the payment of the principal or redemption price of or interest on the 2026 Bond or for any claim based thereon or on the Master Bond Resolution or on this 2026 Series Resolution, either jointly or severally, against any officer or employee of the District or any person executing the 2026 Bond.

[End of Article VI]

## ARTICLE VII – SALE OF BOND

### Section 7.01      Sale of Bond.

The 2026 Bond may be sold on a competitive basis as set forth at Section 7.02 hereof, or on a negotiated basis as set forth at Section 7.03 hereof, as determined by a District Representative.

### Section 7.02      Competitive Sale.

The 2026 Bond may be sold at a date and time certain after public notice thereof. Bids may be received at such time and date and in such manner as determined by a District Representative. Unless all bids are rejected, the award of the 2026 Bond may be made by a District Representative to the bidder offering the most advantageous terms to the District, with the basis of such award and the date and time certain for opening bids to be set forth in a request for proposals used in connection with the sale of the 2026 Bond (the “*RFP*”), the form of which is attached hereto as Exhibit B.

Any 2026 Bond may be sold to an institution or institutions as a single instrument as a means of making a commercial loan (a “*Direct Placement Purchaser*”). The Commission authorizes a District Representative to distribute the RFP to prospective purchasers of 2026 Bond and award such 2026 Bond to a Direct Placement Purchaser on the basis of the terms and conditions contained therein. To the extent the RFP has been distributed, or the award to any Direct Placement Purchaser has been made, prior to the enactment of this 2026 Series Ordinance, all such actions are ratified, approved and confirmed. Such 2026 Bond shall be issued as a single Bond (or separate single Bonds if the 2026 Bond are sold in multiple Series), without CUSIP identification (unless otherwise agreed by the Direct Placement Purchaser and a District Representative on behalf of the District), shall not be issued in book-entry-only form, and no official statement shall be prepared in connection with the sale of such 2026 Bond. The Direct Placement Purchaser of any such 2026 Bond shall execute an investor letter to the District acknowledging its purchase of such Bonds as a means of making a commercial loan.

### Section 7.03      Negotiated Sale.

In lieu of a competitive sale, the 2026 Bond may be sold to a Direct Placement Purchaser as a means of making a commercial loan pursuant to negotiation, with or without providing for distribution of an RFP. In such case, the Commission authorizes a District Representative to obtain financing proposals from one or more prospective purchasers of 2026 Bond and award the 2026 Bond after negotiation with prospective purchaser. Such 2026 Bond shall be issued as a single Series (or separate single Bonds if the 2026 Bond are sold in multiple Series), without CUSIP identification (unless otherwise agreed by the Direct Placement Purchaser and a District Representative on behalf of the District). The Direct Placement Purchaser of such 2026 Bond shall execute an investor letter to the District acknowledging its purchase of the 2026 Bond as a means of making a commercial loan.

[End of Article VII]

**ARTICLE VIII - APPLICATION OF PROCEEDS**

Section 8.01      Use and Disposition of Bond Proceeds.

Upon the delivery of the 2026 Bond and receipt of the proceeds thereof, such proceeds shall be remitted directly to the District and thereafter applied and used by the Finance Manager to pay costs of issuance of the 2026 Bond and to pay, or reimburse the District for, the cost of the Improvements.

[End of Article VIII]

## ARTICLE XI - COMPLIANCE WITH REQUIREMENTS OF THE CODE

### Section 9.01      Tax Covenants.

(a)      *General Tax Covenant.* The District will comply with all requirements of the Code in order to preserve the tax-exempt status of the 2026 Bond, including without limitation, (i) the requirement to file Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, with the Internal Revenue Service, and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code. In this connection, the District covenants to execute any and all agreements or other documentation as it may be advised by Bond Counsel will enable it to comply with this Section 9.01, including its certification on reasonable grounds that the 2026 Bond is not an “arbitrage bond” within the meaning of Section 148 of the Code.

(b)      *Tax Representations.* The District hereby represents and covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the 2026 Bond to become includable in the gross income of the Holders thereof for federal income tax purposes pursuant to the provisions of the Code and the United States Treasury Regulations (the “*Regulations*”). Without limiting the generality of the foregoing, the District represents and covenants that:

(i)      All property financed or refinanced with the proceeds of the 2026 Bond will be owned by the District or another political subdivision of the State so long as the 2026 Bond are Outstanding in accordance with the rules governing the ownership of property for federal income tax purposes.

(ii)      The District shall not use, and will not permit any party to use, the proceeds of the 2026 Bond, or any bonds refunded thereby, in any manner that would result in (i) 10% or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any Nongovernmental Person, (ii) 5% or more of such proceeds being considered as having been used directly or indirectly in any trade or business of any Nongovernmental Person that is either “unrelated” or “disproportionate” to the governmental use of the financed facility by the District or by any other Governmental Unit (as the terms “unrelated” and “disproportionate” are defined for purposes of Section 141(b)(3) of the Code) or (iii) 5% or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any Nongovernmental Person.

(iii)      The District is not a party to, and will not enter into or permit any other party to enter into, any contract with any person involving the management of any facility financed or refinanced with the proceeds of the 2026 Bond or by notes paid by the 2026 Bond that does not conform to the guidelines set forth in Revenue Procedure 2017-13, or a successor revenue procedure, Code provision or Regulations.

(iv)      The District will not sell, or permit any other party to sell, any property financed or refinanced with the 2026 Bond to any person unless it obtains an opinion of Bond Counsel that such sale will not affect the tax-exempt status of the 2026 Bond.

(v)      The 2026 Bond will not be “federally guaranteed” within the meaning of Section 149(b) of the Code. The District shall not enter into, or permit any other party to enter into, any leases or sales or service contract with any federal government agency with respect to any facility financed or refinanced with the proceeds of the 2026 Bond and will not enter into any such leases or contracts unless it obtains the opinion of Bond Counsel that such action will not affect the tax-exempt status of the 2026 Bond.

(a) *Arbitrage Bonds, Rebate.* The District covenants that no use of the proceeds of the sale of the 2026 Bond shall be made which, if such use had been reasonably expected on the Date of Issue of such 2026 Bond would have caused the 2026 Bond to be “arbitrage bonds” as defined in the Code, and to that end the District shall:

(i) comply with the applicable regulations of the Treasury Department previously promulgated under Section 103 of the Internal Revenue Code of 1954, as amended, and any regulations promulgated under the Code, so long as the 2026 Bond is 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 and Regulations relating to required rebate of certain amounts to the United States Government;

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

(iv) take such other action as may be required to assure that the tax-exempt status of the 2026 Bond will not be impaired.

(b) *Tax Certificate.* A District Representative is hereby authorized and directed to execute, at or prior to delivery of any Series of Bonds, a certificate or certificates specifying actions taken or to be taken by the District, and the reasonable expectations of such officials, with respect to such Series of Bonds, the proceeds thereof, or the District.

(c) *Bank Qualified.* The District does not expect to issue tax-exempt obligations in calendar year 2026 which, when added to the principal amount of the 2026 Bond, would aggregate more than \$10,000,000. Accordingly, the 2026 Bond is hereby designated as a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3)(B) of the Code.

(d) *Taxable Bonds.* Prior to or upon the issuance of any 2026 Bond, a District Representative may, pursuant to Article V hereof, in consultation with Bond Counsel, designate a Series of 2026 Bond as taxable under the Code (“*Taxable Bonds*”). The election to issue a Series of Taxable Bonds shall be clearly indicated by including the phrase “Taxable Series,” or words to that effect, in the series designation of such Taxable Bonds. The above provisions of this Section 9.01 shall not be applicable to any Series of Taxable Bonds.

(e) *Reimbursement Declaration.* Consistent with the Finance Policies, the District has previously declared its intention to reimburse itself for a portion of the costs of the Improvements with the proceeds of the 2026 Bond. In this regard, the District confirms and ratifies the prior reimbursement determination that the District made with respect to the Improvements as recited in the Finance Policies and the other documentation associated therewith.

#### Section 9.02      Disclosure Covenants.

(a) The District hereby covenants and agrees that it will comply with and carry out all of the provisions of any continuing disclosure certificate or agreement, executed by a District Representative and dated the date of delivery of the 2026 Bond, which will meet the requirements, as applicable, of Section 11-1-85 of the South Carolina Code, which may require, among other things, that the District file with a central repository, when requested:

(1) a copy of its annual independent audit within 30 days of its receipt and acceptance,  
and

- (2) event-specific information, within 30 days of an event adversely affecting more than five percent of its revenues or five percent of the customers of the System.

The only remedy for failure by the District to comply with the covenants in this Section 9.02 shall be an action for specific performance of this covenant. The District specifically reserves the right to amend this covenant to reflect any change in Section 11-1-85 of the South Carolina Code, without the consent of any Bondholder.

(b) As requested by a Direct Placement Purchaser of the 2026 Bond, the District may furnish, or agree or arrange to provide, financial information related to or affecting the System as the Direct Placement Purchaser may reasonably request or require, and as may be agreed upon between such Direct Placement Purchaser and the District. Upon reasonable notice, the District shall permit the any Holder of the 2026 Bond, or its agents and representatives, to inspect during regular business hours the District's books and records relating to or affecting the System and to make extractions therefrom. Any such covenant or agreement shall be enforceable solely by an action for specific performance and shall not constitute a default hereunder or under the 2026 Bond.

[End of Article IX]

**ARTICLE X - FRONT-FOOT ASSESSMENTS; DEFERRED  
PAYMENT OF CERTAIN FEES**

Section 10.01 Front-Foot Assessments

The District intends to impose Front-foot Assessments on the properties served by the Improvements pursuant to Section 6-11-1230 of the South Carolina Code (“**Section 6-11-1230**”). The requisite statutory procedures shall be observed with respect to the imposition of the Front-foot Assessments for payment of the costs of the Improvements, as described in Section 6-11-1230.

Section 10.02 Deferred Payment of Certain Fees

The District further intends to allow the payment of certain tap and capital contribution fees with respect to properties served by the Improvements on a deferred basis over a period of up to 20 years as determined by the District Representative. Such deferred payments will bear interest at a rate of interest no greater than the rate on the 2026 Bond and will be payable on the same manner as property taxes and in the same manner as the assessments described in Section 10.01 of this 2026 Series Resolution, subject to the understanding that the deferred payment of these certain fees will occur over a period determined by the District Representative, regardless of the term of the 2026 Bond. The District will publish notice and conduct a public hearing with respect to the deferred tap and capital contribution fees at the same time and in the same manner as the notice and public hearing for the Front-foot Assessments.

At the time that any owner of property served by the Improvements connects to the System, such owner may elect to (a) immediately pay all applicable tap and capital contribution fees in a lump sum payment, or (b) sign a customer agreement pursuant to which such owner agrees to pay the applicable tap and capital contribution fees over a period of years as described in the preceding paragraph. In the event that an owner elects option (b) then, pending the publication of notice and the holding of a public hearing as described above, such owner may defer payment of the tap and capital contribution fees applicable to such properties. The form of the customer agreement is attached as Exhibit C hereto. The General Manager is authorized to make such changes, modifications, or additions to the form of customer agreement as he deems advisable. To the extent any customer agreement has been negotiated, executed or delivered by the District, acting through a District Representative, prior to the adoption of this 2026 Series Resolution, all such prior actions are approved, ratified and confirmed by the Commission.

[End of Article X]

## ARTICLE XI - MISCELLANEOUS

### Section 11.01 Severability

If anyone or more of the covenants or agreements provided in this 2026 Series Resolution on the part of the District or any fiduciary to be performed should be contrary to law, then such covenant or covenants or agreement or agreements shall be deemed severable from the remaining covenants and agreements, and shall in no way affect the validity of the other provisions of this 2026 Series Resolution.

### Section 11.02 Table of Contents and Section Headings Not Controlling

The Table of Contents and the headings of the several articles and sections of this 2026 Series Resolution have been prepared for convenience of reference only and shall not control, affect the meaning of, or be taken as an interpretation of any provision of this 2026 Series Resolution.

### Section 11.03 District Representative; Prior Action

All provisions herein delegating any authority to the District Representative are ratified and approved by the Commission. All prior actions of the District Representative in furtherance of the purposes of this 2026 Series Resolution (including, but not limited to, sale provisions under Article VII hereof) are hereby approved, ratified and confirmed. The Commission hereby authorizes, approves or ratifies, as applicable, the engagement of Pope Flynn, LLC as Bond Counsel for the 2026 Bond.

### Section 11.04 Other Documents

The Commission authorizes the District Representative, the Chairman, and Secretary, as applicable or necessary, to execute and sign all other documents necessary to effect the sale, issuance and delivery of the 2026 Bond. Additionally and as contemplated by Article V, Section 5 of the District's Bylaws, the Commission expressly authorizes the District Representative to fulfill the duties of the Secretary in the event of the absence of the Secretary for any reason, including the attestation of this 2026 Series Resolution.

[End of Article XI]

DONE, RATIFIED AND ADOPTED on January 28, 2026.

**HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT,  
SOUTH CAROLINA**

(SEAL)

\_\_\_\_\_  
Chairman  
Hilton Head No. 1 Public Service District Commission

Attest:

\_\_\_\_\_  
District Representative  
Hilton Head No. 1 Public Service District

FORM OF BOND

WITH THE CONSENT OF THE PURCHASER, AND NOTWITHSTANDING ANY CONTRARY PROVISION CONTAINED IN THE RESOLUTION, THE BOND MAY BE SOLD OR TRANSFERRED ONLY TO SUBSEQUENT PURCHASERS WHO EXECUTE AN INVESTMENT LETTER DELIVERED TO THE ISSUER, IN FORM SATISFACTORY TO THE ISSUER, CONTAINING CERTAIN REPRESENTATIONS, WARRANTIES AND COVENANTS AS TO THE SUITABILITY OF SUCH PURCHASERS TO PURCHASE AND HOLD THE BOND. SUCH RESTRICTION SHALL BE SET FORTH ON THE FACE OF THE BOND AND SHALL BE COMPLIED WITH BY EACH TRANSFEREE OF THE BOND.

UNITED STATES OF AMERICA, STATE OF SOUTH CAROLINA  
HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT  
WATERWORKS AND SEWER SYSTEM IMPROVEMENT REVENUE BOND  
SERIES 2026

No. R-1 \$ \_\_\_\_\_

**HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA** (the “*Issuer*”), for value received, hereby promises to pay to [NAME OF PURCHASER] (the “*Purchaser*”), or its registered assigns, but solely from the revenues hereinafter mentioned and not otherwise, the principal sum of

\_\_\_\_\_ DOLLARS (\$ \_\_\_\_\_)

plus interest on the principal amount outstanding at the rate of \_\_\_\_\_ percent (\_\_\_\_%) per annum (computed on the basis of a 360-day year of twelve 30-day months). Principal of and interest on this Series 2026 Bond (this “*Bond*”) shall be payable in accordance with the debt service schedule (each such payment of debt service is referenced to herein as a “*Bond Payment Date*”) attached hereto as Schedule A.

Installments of principal and interest on this Bond shall be paid by check or draft drawn upon U.S. Bank Trust Company, National Association, in Columbia, South Carolina (the “*Trustee*”), by the Bond Payment Date to the person in whose name this Bond is registered at the close of business on the fifteenth day of the month immediately preceding such Bond Payment Date. Any such payment shall fully discharge the obligation of the Issuer to the extent of the payments so made. [The Issuer and the Purchaser have mutually agreed to waive all requirements for presentation and surrender of this Bond in connection with the payment thereof. Upon the final payment of this Bond, the Purchaser will execute and a deliver a certificate to the Issuer and the Trustee certifying that (i) such payment represents the final payment due on this Bond and (ii) the Issuer owes no further obligation to the Purchaser respecting this Bond.] The principal of, redemption premium, if any, and interest on this Bond are payable in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

This Bond is issued under, pursuant to, and in full compliance with the Constitution and laws of the State of South Carolina, including particularly Chapter 17 of Title 6 of the Code of Laws of South Carolina 1976, as amended (the “*Act*”), a resolution adopted by the Hilton Head No. 1 Public Service District Commission (the “*Commission*”) on March 16, 2004, as amended on March 24, 2009, and as further amended on September 23, 2020 (as amended, the “*Master Bond Resolution*”); and a series resolution adopted by the Commission on January 28, 2026 (together with the Master Bond Resolution, the “*Resolution*”). Certain capitalized terms used herein and not otherwise defined shall have the meanings

ascribed thereto in the Resolution. Certified copies of the Resolution are on file in the office of the Trustee and in the office of the Clerk of Court for Beaufort County, South Carolina.

This Bond is issued by the Issuer for the purposes of providing funds to reimburse the Issuer for a portion of the costs of the Improvements (as defined in the Resolution) and paying the costs of issuance for this Bond.

This Bond and the interest hereon is a special obligation of the Issuer and is secured by a pledge of and a lien upon the Gross Revenues (as defined in the Master Bond Resolution) derived from the operation of the System. The Issuer has also granted to the Holders of the Bonds a contractual lien on the System. This Bond and the interest hereon are not payable from, nor are they a charge upon, any funds other than the Gross Revenues pledged to the payment thereof by the Master Bond Resolution. There are presently outstanding the following obligations of the Issuer which are secured by a pledge of Gross Revenues of the Issuer on a parity in all respects with that securing this Bond: (i) the outstanding installments due on the originally issued \$2,902,255 Waterworks and Sewer System Improvement Revenue Bond, Series 2014B dated July 23, 2014 (the “**2014B Bond**”); (ii) the outstanding installments due on the originally issued \$515,000 Waterworks and Sewer System Improvement Revenue Bond, Series 2017A dated August 21, 2017 (the “**2017A Bond**”); (iii) the outstanding installments due on the originally issued \$14,925,000 Waterworks and Sewer System Refunding Revenue Bond, Series 2020B dated November 2, 2020 (the “**2020B Bond**”); and (iv) the outstanding installments due on the originally issued \$235,000 Waterworks and Sewer System Improvement Revenue Bond, Series 2023 dated February 24, 2023 (the “**2023 Bond**,” and collectively with the 2014B Bond, the 2017A Bond, and the 2020B Bond, the “**Parity Bonds**”).

The Master Bond Resolution authorizes the issuance of additional bonds on a parity with this Bond and the Parity Bonds which, when issued in accordance with the provisions of the Master Bond Resolution, will rank equally and be on a parity therewith (the “**Additional Bonds**” and this Bond, the Parity Bonds, and any Additional Bonds are hereinafter referred to collectively as the “**Bonds**”).

**THE FULL FAITH, CREDIT AND TAXING POWERS OF THE STATE OF SOUTH CAROLINA OR THE ISSUER ARE NOT PLEDGED TO THE PAYMENT OF THE PRINCIPAL OF OR INTEREST ON THIS BOND, AND THIS BOND SHALL NEVER CONSTITUTE AN INDEBTEDNESS OF THE ISSUER WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL PROVISION OR STATUTORY LIMITATION (OTHER THAN THOSE PROVISIONS PROVIDING FOR INDEBTEDNESS PAYABLE FROM A REVENUE-PRODUCING PROJECT OR A SPECIAL SOURCE, WHICH SOURCE DOES NOT INVOLVE REVENUES FROM ANY TAX OR LICENSE PURSUANT TO THE PROVISIONS OF S.C. CONST. ART. X, SEC. 14 (10)), BUT SHALL BE PAYABLE SOLELY FROM THE GROSS REVENUES OF THE SYSTEM.**

The Resolution contains provisions defining terms, including the properties comprising the System; setting forth the revenues pledged for the payment of the principal of and interest on the Bonds; setting forth the nature and extent and manner of enforcement of the security for the Bonds and of such pledge, and the rights and remedies of the holder hereof with respect thereto; the terms and conditions upon which the Bonds are issued or may be hereinafter issued payable as to principal and interest on a parity with the Bonds and equally and ratably secured herewith; the rights, duties, and obligations of the Issuer hereunder and thereunder; and the terms and conditions upon which the pledge made in the Resolution for the security of the Bonds and upon which the covenants, agreements, and other obligations of the Issuer made herein and therein may be discharged at or prior to the maturity or redemption of the Bonds with provision for the payment thereof in the manner set forth in the Resolution. Reference is hereby made to the Resolution, to all of the provisions of which any holder of this Bond by the acceptance hereof thereby assents. The provisions of the Act and the Resolution shall be a contract with the holder of this Bond.

The Issuer covenants that it will fix and revise, from time to time, rates for services furnished by the System and such rates shall at all times be maintained so as to be sufficient to provide for the payment of the principal of and the interest on all obligations of the Issuer payable from the revenues of the System as and when the same become due and payable; to maintain the Debt Service Funds therefor; if applicable, to maintain the Debt Service Reserve Funds therefor; to provide for the payment of the Operation and Maintenance Expenses; to build up and maintain a reserve for depreciation of the System, for contingencies and for improvements, betterments, and extensions to the System other than those necessary to maintain the System in good repair and working order.

[INSERT REDEMPTION TERMS]

This Bond is transferable only on the books of registry maintained by the Registrar upon presentation and surrender hereof to the Registrar together with an assignment duly executed by the registered owner hereof or his duly authorized representative. Upon such a transfer, the Issuer shall issue and the Registrar shall authenticate a new bond identical in all respects hereto but in the principal amount then due and owing hereon. For every exchange or transfer of this Bond, the Issuer or the Trustee or Registrar, as the case may be, may make a charge sufficient to reimburse it for any tax, fee, or other governmental charge required to be paid with respect to such exchange or transfer.

The principal of and interest on this Bond are exempt from any and all State, county, municipal, and other taxation whatsoever under the laws of the State of South Carolina, except for inheritance, estate or transfer taxes, but the interest hereon may be included for certain franchise fees or taxes.

Whenever the terms of this Bond require any action be taken on a Saturday, Sunday, or legal holiday or bank holiday in the State or in any state where the corporate trust office of the Trustee is located, the action shall be taken on the first Business Day occurring thereafter.

It is hereby certified, recited, and declared that all acts, conditions, and things required by the Constitution and statutes of the State of South Carolina to exist, to happen and to be performed precedent to and in the issuance of this Bond, do exist, have happened and have been performed in due time, form, and manner as required by law.

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

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, Hilton Head No. 1 Public Service District, South Carolina, has caused this Bond to be executed in its name by the manual signature of the Chairman of its Commission and attested by the manual signature of the General Manager, as District Representative, under the seal of the Issuer as of this \_\_\_ day of \_\_\_\_\_ 2026.

**HILTON HEAD NO. 1 PUBLIC SERVICE  
DISTRICT, SOUTH CAROLINA**

By: \_\_\_\_\_  
Chairman  
Hilton Head No. 1 Public Service District Commission

(SEAL)

Attest:

\_\_\_\_\_  
General Manager, as District Representative  
Hilton Head No.1 Public Service District

**CERTIFICATE OF AUTHENTICATION**

This Bond has been registered in the name of [Name of Purchaser], on the registration books kept by U.S. Bank Trust Company, National Association, as Registrar.

**U.S. BANK TRUST COMPANY,  
NATIONAL ASSOCIATION**

By: \_\_\_\_\_  
Its \_\_\_\_\_

Date of Authentication: \_\_\_\_\_, 2026

(FORM OF ASSIGNMENT)

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto  
\_\_\_\_\_ 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

\_\_\_\_\_  
(District Representative)

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

Schedule A

Debt Service Schedule

FORM OF RFP

Request for Proposals

**Hilton Head No. 1 Public Service District, South Carolina  
\$750,000\* Waterworks and Sewer System Improvement Revenue Bond, Series 2026**

**Bids due by: Tuesday, January 20, 2026 @ 12:00 p.m.**

Hilton Head No. 1 Public Service District, South Carolina (“*HHNO1*”) is requesting proposals from financial institutions with respect to a commercial loan to be evidenced by a \$750,000\* Waterworks and Sewer System Improvement Revenue Bond, Series 2026 (the “*Bond*”). Your response to this Request for Proposals (this “*RFP*”) would be greatly appreciated. The following key assumptions are to be utilized in preparing your proposal:

*Issuer:* Hilton Head No. 1 Public Service District, South Carolina

*System:* HHNO1, established by Act No. 596 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1969, as amended, is a South Carolina special purpose district. HHNO1 provides waterworks and sewage disposal services through its waterworks and sewer system (the “*System*”) to approximately 20,000 water customers and 18,000 sewer customers throughout the northern portion of Hilton Head Island.

*Authorization:* The Bond is issued under, pursuant to, and in full compliance with (i) the Constitution and laws of the State of South Carolina, including particularly Chapter 17 of Title 6 of the Code of Laws of South Carolina 1976, as amended (the “*SC Code*”), (ii) a resolution entitled “A RESOLUTION AMENDING AND RESTATING A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, STATE OF SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO,” adopted by the Hilton Head No. 1 Public Service District Commission (the “*Commission*”), the governing body of HHNO1, on March 16, 2004, as amended by a resolution entitled “A RESOLUTION PROVIDING FOR AND APPROVING AMENDMENTS TO A RESOLUTION ENTITLED ‘A RESOLUTION AMENDING AND RESTATING A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, AND OTHER MATTERS RELATING THERETO’ WHICH AMENDMENTS EXTEND THE TIME PERIOD WITHIN WHICH AUDITED FINANCIAL STATEMENTS MUST BE FURNISHED AND MODIFYING THE REQUIREMENTS FOR DEBT SERVICE RESERVE FUNDS; AND OTHER MATTERS RELATING THERETO” adopted by the Commission on March 24, 2009, and further amended by a resolution entitled, “A RESOLUTION FURTHER AMENDING A RESOLUTION ENTITLED ‘A RESOLUTION AMENDING AND RESTATING A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF WATERWORKS AND SEWER SYSTEM REVENUE BONDS OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA; AND OTHER MATTERS RELATING THERETO’, AND OTHER MATTERS

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\*Not-to-exceed amount.

RELATING THERETO” adopted by the Commission on September 23, 2020 (collectively, the “*Bond Resolution*”) and (iii) a resolution entitled “A RESOLUTION PROVIDING FOR THE ISSUANCE AND SALE OF A WATERWORKS AND SEWER SYSTEM IMPROVEMENT REVENUE BOND OF HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, IN THE PRINCIPAL AMOUNT OF SEVEN HUNDRED FIFTY THOUSAND DOLLARS (\$750,000), AND OTHER MATTERS RELATING THERETO anticipated for adoption by the Commission on January 28, 2026 (the “*Series Resolution*” and together with the Bond Resolution, the “*Resolution*”). Certain capitalized terms used herein and not otherwise defined shall have the meanings ascribed thereto in the Resolution. Copies of the Bond Resolution (composite) and draft Series Resolution are available upon request.

*Improvements:* The District has recently undertaken certain improvements to the System consisting of the installation of water distribution lines and sewage collection lines in and around Miller Road, Slim Loop Road, Steelpan Road, Squire Pope Road, Wildhorse Road, Farmers Club, Dillon Road, Wiley Road, William Hilton Parkway, Sunday Ford, Mitchellville Road, Juke Joint Lane, Marvin Lane, Azalea Street, Williams Drive, Beach City Road, Jonesville Road, Gumtree Road, Janis Manor, Elizabeth Road, Marshland Road, Outlaw Road, Spanish Wells Road, Old House Creek Drive and various other areas of the District (collectively, the “*Improvements*”). The construction and installation of the Improvements was completed between April 2023 and July 2025. In accordance with the District’s Finance Policies (the “*Finance Policies*”), and specifically FP4: Debt Policy (D), as amended and restated on July 26, 2023 and various declarations of intent to reimburse as authorized by the Finance Policies, the Commission constructed the Improvements with funds on hand with the intention of being reimbursed by the proceeds of the Bond. Pursuant to the provisions of Section 4.01(A)(1) of the Bond Resolution, the Commission is authorized to issue the Bond to recoup funds previously expended.

*Use of Proceeds:* Proceeds of the Bond will be used (1) to reimburse HHNO1 for the costs of the Improvements, and (2) to pay cost of issuance on the Bond.

*Tax Treatment:* Tax-Exempt.

*Bank Qualified:* Yes.

*Rating:* No rating is expected to be obtained for the Bond. HHNO1 is not currently rated by any rating agency.

*Assessments:* SC Code Section 6-11-1230, authorizes special purpose districts, including HHNO1, to finance certain public improvements through the imposition of front-foot assessments (“*FFAs*”) on benefited properties. FFAs, once lawfully imposed, are collected through the annual *ad valorem* tax billing process. HHNO1 anticipates using FFAs to recover the costs of the Improvements and, subject to satisfaction of applicable notice and procedural requirements, expects to impose the FFAs following the issuance of the Bond.

*Security:* General. HHNO1 anticipates that the payments of the Bond will be made from FFAs. To the extent such funds are insufficient to make payments on the Bond, the Bond is payable from and secured by a pledge of the Gross Revenues of the

System. The Bond is also secured by a contractual lien on the System that is equal of the statutory lien granted under Section 6-21-330 of the SC Code.

Parity Debt. The Bond will constitute a “Bond” under the Bond Resolution and will be issued on parity with:

- (i) the outstanding installments due on the originally issued \$2,921,430 Waterworks and Sewer System Improvement Revenue Bond, Series 2014B dated July 23, 2014;
- (ii) the outstanding installments due on the originally issued \$515,000 Waterworks and Sewer System Improvement Revenue Bond, Series 2017A dated August 21, 2017;
- (iii) the outstanding installments due on the originally issued \$14,925,000 Waterworks and Sewer System Refunding Revenue Bond, Series 2020B dated November 2, 2020; and
- (iv) the outstanding installments due on the originally issued \$235,000 Waterworks and Sewer System Improvement Revenue Bond, Series 2023 dated February 24, 2023.

Reserve. A Debt Service Reserve Fund will not be funded for the Bond.

Rate Covenant. HHNO1 has covenanted and agreed that it will, at all times, prescribe and maintain and thereafter collect rates and charges which will yield annual Net Earnings in each Fiscal Year equal to at least 120% of the Annual Principal and Interest Requirements for all Series of Bond Outstanding. See Section 5.01(B) of the Bond Resolution for a full description of the rate covenant.

The table below provides an overview of HHNO1’s Net Earnings and debt service coverage over the past three fiscal years.

<b>Year Ended June 30,</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>
<b>Net Income (loss) before capital contributions per Financial Statements</b>	<b>\$1,898,738</b>	<b>\$1,917,123</b>	<b>1,167,064</b>
<b>Capacity Fees</b>	<b>170,944</b>	<b>1,381,832</b>	<b>356,520</b>
<b>Add: Depreciation</b>	<b>5,420,424</b>	<b>5,215,476</b>	<b>5,140,534</b>
<b>Net Pension Expense</b>	<b>390,435</b>	<b>406,321</b>	<b>408,173</b>
<b>SCRS Retirement Contributions</b>	<b>(592,189)</b>	<b>(518,900)</b>	<b>(466,620)</b>
<b>Amortization</b>	<b>209,177</b>	<b>325,462</b>	<b>325,462</b>
<b>Bond Issuance Costs</b>	<b>175,243</b>	<b>-</b>	<b>37,500</b>
<b>Interest Expense (Bonds)</b>	<b>752,731</b>	<b>273,469</b>	<b>308,748</b>
<b>Assessments - Debt Service</b>	<b>208,324</b>	<b>237,137</b>	<b>222,184</b>
<b>Less: Property Taxes – Debt Service</b>	<b><u>(1,877,746)</u></b>	<b><u>(1,793,252)</u></b>	<b><u>(1,583,535)</u></b>
<b>Net Earnings Available for Debt Service</b>	<b>\$6,756,081</b>	<b>\$7,444,668</b>	<b>\$5,916,030</b>
<b>Debt Service on Revenue Bonds</b>	<b>\$2,468,287</b>	<b>\$2,461,000</b>	<b>\$2,437,980</b>
<b>Coverage of Debt Service by Net Earnings*</b>	<b>274%</b>	<b>303%</b>	<b>243%</b>
<b>Debt Coverage without Capacity Fees</b>	<b>267%</b>	<b>246%</b>	<b>228%</b>

Additional Bonds Test. From time to time, additional Bonds may be issued on parity with the Bond(s) subject to the following requirement being met: Net Earnings during the most recent Fiscal Year for which audited financial statements of the System are available, shall be not less than 120% of the maximum Combined

Annual Principal and Interest Requirements on all Bonds Outstanding, plus the proposed Series of Bonds. See Section 4.02(7) of the Bond Resolution for a full description of the Additional Bonds Test.

*Issue Size:* \$750,000\*.

*Debt Structure:* HHNO1 seeks to maximize the term of the Bond, and has proposed ten-, fifteen-, and twenty-year options for the Bond. Preliminary amortization schedules associated with each term option have been provided in Exhibit A and should be used in preparation of your bid. Bidders may choose to bid on one, all, or a combination of the term options. HHNO1 reserves the right to modify the amortization to achieve its desired debt service structure. Regardless of the term proposed or the options offer, a single fixed rate for the entire term (of the particular term offered) of the amortization provided is required.

*P&I Payments:* Annual principal and interest payments (interest calculated on a 30/360 basis) on June 1 of each year, commencing June 1, 2027, with a final payment on June 1, 2036, 2041 or 2046, as applicable.

*Optional Prepayment:* The District is seeking maximum flexibility with respect to redemption provisions. Please specify your lowest interest rate under one or both of the following structures:

- 1) The Bond is prepayable at any time, in whole or in part, without penalty at par; and/or
- 2) Any prepayment structure that would result in the lowest interest rate (specify the prepayment structure, redemption premium or make-whole, if any, and the corresponding interest rate).

*Bond Counsel /  
Documentation:*

Pope Flynn, LLC will serve as Bond Counsel to HHNO1 in connection with the Bond and will prepare the necessary legal documentation, subject to the review and approval by the bank winning the bid on the Bond (the “Bank”) and its counsel, if any. By submitting a proposal, the Bank waives any conflict of interest with respect to Pope Flynn, LLC serving as counsel to HHNO1 in connection with the Bond.

*Audit:* The financial statements of HHNO1 are available on its website at the following link: <https://hhpsd.com/publications/> (not intended as an active-hyperlink).

*Closing Costs:* None anticipated to be paid to or on behalf of the Bank. Please specify any exceptions.

*Annual/Ongoing Costs:* None anticipated to be paid to or on behalf of the Bank. Please specify any exceptions.

*Increased Cost:* HHNO1 will not consider any proposals that include future interest rate adjustments relating to the Bank’s increased costs, changes in tax rate, capital adequacy, capital requirements, etc.

*Trustee:* U.S. Bank Trust Company, National Association shall serve as Trustee for the Bond, and will hold the 2026 Debt Service Fund. The Trustee will also hold both the Assessment Account into which the FFAs, as applicable, shall be deposited and transferred to make payments on the Bond as the same come due.

- Conditions:* Please specify any conditions to the closing of the transaction (other than finalizing acceptable documents) and any rights reserved to withdraw the proposal.
- Closing:* Closing is anticipated to take place on Friday, February 27, 2026. The interest rate bid must be held firm until at least this date.
- Ongoing Disclosure:* HHNO1 will provide annual financial statements in electronic format to the Bank upon request. Publication to HHNO1's website should be considered compliant for purposes of this requirement.
- Award:* HHNO1 will consider all proposals that conform to the requirements set forth in this RFP. Unless all proposals are rejected, the award will be made to the financial institution offering terms that are, in the sole discretion of HHNO1, most advantageous to HHNO1. HHNO1 reserves the right to reject any or all proposals and to negotiate with any financial institution of its choosing.
- Delivery:* The Bond is expected to be delivered on February 27, 2026. The purchase price then due must be paid in federal funds or other immediately available funds.
- Representations:* The winning bidder will be required to execute an investment letter to HHNO1. The form of the investment letter is available upon request.
- Loan Treatment:* BY SUBMITTING A BID IN RESPONSE TO THIS RFP, EACH BIDDER ACKNOWLEDGES AND REPRESENTS TO HHNO1 THAT (1) NO OFFICIAL STATEMENT OR OTHER OFFERING MATERIAL WILL BE FURNISHED OTHER THAN THIS RFP; (2) THE BIDDER HAS KNOWLEDGE AND EXPERIENCE IN FINANCIAL AND BUSINESS MATTERS AND THAT IT IS CAPABLE OF EVALUATING THE MERITS AND RISKS OF MAKING THE COMMERCIAL LOAN TO BE EVIDENCED BY THE BOND AND IS FINANCIALLY ABLE TO BEAR THE ECONOMIC RISK OF HOLDING THE BOND; (3) NO CUSIP NUMBER WILL BE OBTAINED FOR THE BOND; AND (4) THE BIDDER INTENDS TO ACQUIRE THE BOND SOLELY FOR ITS OWN ACCOUNT AS A VEHICLE FOR MAKING A COMMERCIAL LOAN AND WITH NO PRESENT INTENTION TO DISTRIBUTE OR RESALE THE BOND OR ANY PORTION THEREOF.

To be considered, a proposal must be received by 12:00 p.m. on Tuesday, January 20, 2026. Email submission of the proposal to the following persons is required.

[agraybill@hhpsd.com](mailto:agraybill@hhpsd.com)  
[lflynn@popeflynn.com](mailto:lflynn@popeflynn.com)  
[dhunsicker@popeflynn.com](mailto:dhunsicker@popeflynn.com)

Questions, if any, shall be timely submitted to HHNO1's Finance Manager:

Amy Graybill, Finance Manager  
Hilton Head No. 1 Public Service District  
Telephone: (843) 681-0529  
Email: [agraybill@hhpsd.com](mailto:agraybill@hhpsd.com)

**Exhibit A – Preliminary Amortization Schedules**

	<u>10 Year</u>	<u>15 Year</u>	<u>20 Year</u>
2027	\$ 64,000.00	\$ 31,000.00	\$ 15,500.00
2028	\$ 66,000.00	\$ 39,500.00	\$ 25,000.00
2029	\$ 68,500.00	\$ 41,000.00	\$ 26,500.00
2030	\$ 71,000.00	\$ 42,500.00	\$ 27,500.00
2031	\$ 73,500.00	\$ 44,000.00	\$ 29,000.00
2032	\$ 76,000.00	\$ 46,000.00	\$ 30,000.00
2033	\$ 78,500.00	\$ 48,000.00	\$ 31,500.00
2034	\$ 81,500.00	\$ 50,000.00	\$ 33,000.00
2035	\$ 84,000.00	\$ 51,500.00	\$ 34,000.00
2036	\$ 87,000.00	\$ 54,000.00	\$ 36,000.00
2037		\$ 56,000.00	\$ 37,500.00
2038		\$ 58,000.00	\$ 39,500.00
2039		\$ 60,500.00	\$ 41,000.00
2040		\$ 63,000.00	\$ 43,000.00
2041		\$ 65,000.00	\$ 45,000.00
2042			\$ 47,000.00
2043			\$ 49,000.00
2044			\$ 51,000.00
2045			\$ 53,000.00
2046			\$ 56,000.00
<b>Total</b>	<b>\$ 750,000.00</b>	<b>\$ 750,000.00</b>	<b>\$ 750,000.00</b>

FORM OF CUSTOMER AGREEMENT

The undersigned, a new or existing customer of the Hilton Head No. 1 Public Service District, South Carolina (the "*District*"), hereby acknowledges and agrees as follows:

1. The District has, pursuant to a series resolution adopted on January 28, 2026 (the "*Resolution*"), agreed to allow the payment of certain tap and capital contribution fees over a period of [20 years]. Capitalized terms used and not otherwise defined herein shall have the meaning given to such terms in the Resolution, a copy of which shall be made available by the District upon request.

2. Pursuant to the Resolution, the undersigned hereby elects to defer the fees set forth below on the terms and subject to the conditions of the Resolution.

[INSERT DESIGNATION AND AMOUNT OF FEES TO BE DEFERRED]

The fees so deferred are referred to herein as the "*Deferred Fees*." The undersigned acknowledges and agrees that, as contemplated by the Resolution, (a) the District will establish the amount of, interest rate on, and maturity schedule of the Deferred Fees following the publication of notice and the holding of a public hearing, and (b) the undersigned will be obligated to pay such fees at such times and in such amounts as the District may determine, without offset, reduction, diminishment, or variance. The undersigned may prepay the Deferred Fees at any time, without premium or penalty. The time period beginning on the date of this Agreement and terminating upon the payment in full of the Deferred Fees is referred to herein as the "*Deferral Period*."

3. To the extent that the Deferred Fees, or any portion thereof, are for sewer service (the "*Sewer Fees*"), the obligation to pay such Sewer Fees shall constitute a lien against the affected property pursuant to S.C. Code §§ 6-11-1230(1) and 6-11-1240. Sewer Fees that are not paid when due and payable shall be and constitute a lien upon the real estate to which the Sewer Fees relate for so long as such Sewer Fees remain unpaid. In addition to such other rights and remedies as may be available to the District at law or in equity for the collection of Sewer Fees, the lien may be enforced by the District in the same manner and fashion as the lien of property taxes on real estate. The lien herein provided shall be superior to all other liens except liens for unpaid property taxes. The method provided herein for the enforcement of the collection of past due Sewer Fees shall not be the exclusive method of enforcing such collections, and the District shall remain fully empowered to enforce the collection of any such Sewer Fees in any other lawful manner.

4. The undersigned shall have the right to appear and be heard at a public hearing of the Hilton Head No. 1 Public Service District Commission, the governing body of the District, to be held at

[date and location to be determined].

5. The property to which the Deferred Fees apply will remain subject to the obligation to pay the Deferred Fees during the Deferral Period notwithstanding the subsequent sale, transfer, or other disposition of such property. The transferee(s) of such property shall be obligated to make all remaining installments with respect to Deferred Fees properly chargeable against such property. The undersigned hereby agrees (a) to notify the District upon any transfer of the property to which the Deferred Fees apply, and (b) to inform the transferee of the obligation to pay the Deferred Fees as set forth herein.

6. The undersigned hereby acknowledges that the District is allowing the deferral of the Deferred Fees as an accommodation to the undersigned, and the District shall not be subject to any obligation, liability, duty, or recourse as a result of allowing such deferral.

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**SIGNATURE**

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**NAME (PLEASE PRINT)**

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**ADDRESS (PLEASE PRINT)**

Given as of this \_\_\_ Day of \_\_\_\_\_ 2026.



## TERM SHEET

<b>DATE:</b>	January 20, 2026
<b>ISSUE:</b>	Waterworks and Sewer System Improvement Revenue Bond, Series 2026
<b>ISSUER/BORROWER:</b>	Hilton Head No. 1 Public Service District, South Carolina ("Issuer")
<b>PURCHASER/LENDER:</b>	Huntington Public Capital Corporation ("Huntington")
<b>PRIMARY CONTACT:</b>	Abby King – Sales Executive, Huntington Public Capital Phone Number: (614) 204-0121
<b>PRINCIPAL AMOUNT:</b>	\$750,000.00
<b>PURCHASE PRICE:</b>	Par
<b>TERM BOND ELECTION:</b>	The Bond will be a single certificate term bond, with principal payments representing mandatory principal redemptions.
<b>USE OF PROCEEDS:</b>	Proceeds of the Bond will be used (1) to reimburse HHNO1 for the costs of the improvements to the System consisting of the installation of water distribution lines and sewage collection lines in various areas of the District, and (2) to pay cost of issuance on the Bond.
<b>SECURITY:</b>	<p>The Bond is payable from and secured by a pledge of the Gross Revenues of the System. The Bond is also secured by a contractual lien on the System that is equal of the statutory lien granted under Section 6-21-330 of the SC Code.</p> <p>The District anticipates that the payments of the Bond will be made from FFAs.</p>
<b>TAX STATUS:</b>	Tax Exempt, Bank Qualified
<b>BOND COUNSEL:</b>	Pope Flynn, LLC
<b>PURCHASER'S COUNSEL:</b>	TBD
<b>FEE TO HUNTINGTON FOR COUNSEL:</b>	\$3,000.00
<b>CLOSING DATE:</b>	On or before February 27, 2026
<b>FINAL MATURITY:</b>	<b>Option 1:</b> June 1, 2036 (10 Year Amortization) <b>Option 2:</b> June 1, 2041 (15 Year Amortization) <b>Option 3:</b> June 1, 2046 (20 Year Amortization)
<b>INTEREST RATE:</b>	<b>Option 1:</b> 4.25% <b>Option 2:</b> 4.49% <b>Option 3:</b> 4.68%
<b>OPTIONAL PREPAYMENT:</b>	<b>Option 1:</b> The Bond is subject to optional prepayment, in whole but not in part, upon 30 days prior written notice to the Purchaser as follows: <ul style="list-style-type: none"><li>• 102% of the then principal balance plus accrued interest any time before June 1, 2031</li><li>• 100% of the then principal balance plus accrued interest anytime on or after June 1, 2031.</li></ul>

**Option 2:** The Bond is subject to optional prepayment, in whole but not in part, upon 30 days prior written notice to the Purchaser as follows:

- 102% of the then principal balance plus accrued interest any time before June 1, 2033
- 100% of the then principal balance plus accrued interest anytime on or after June 1, 2033.

**Option 3:** The Bond is subject to optional prepayment, in whole but not in part, upon 30 days prior written notice to the Purchaser as follows:

- 102% of the then principal balance plus accrued interest any time before June 1, 2036
- 100% of the then principal balance plus accrued interest anytime on or after June 1, 2036.

<b>RATE ADJUSTMENT:</b>	If the funding of the Bond has not occurred by February 27, 2026, then the Interest Rate and payment will be adjusted to maintain Huntington's economics as of the date of issuing this Term Sheet.
<b>PAYMENTS:</b>	Annual principal and interest payments commencing June 1, 2027 (calculated on a 30/360 basis).
<b>TRANSACTION FEES:</b>	All transaction fees, including those of Bond Counsel, shall be the responsibility of the Issuer.
<b>DIRECT PLACEMENT:</b>	Huntington is extending credit as a lender in the usual course of its loan business through the purchase of the Bond for its own account in its normal and customary business practice, with no current intention on the resale, distribution or transfer thereof.
<b>DOCUMENTATION:</b>	Transaction documents shall be prepared by Bond Counsel, subject to review and approval by Huntington and its Purchaser's Counsel.
<b>PAYING AGENT:</b>	U.S. Bank Trust Company, National Association
<b>RATING:</b>	Not required by Huntington
<b>POS/OFFICIAL STATEMENT:</b>	Not required by Huntington
<b>CUSIP:</b>	Not required by Huntington
<b>DTC CLOSING:</b>	Not required by Huntington
<b>CREDIT APPROVAL:</b>	The terms set forth herein reflect a proposed, preliminary structure and are subject to final credit approval by Huntington and the negotiation of mutually acceptable documentation. They do not represent all of the terms and conditions that may ultimately be included in a financing between the Issuer and Huntington.
<b>PROPOSAL EXPIRATION:</b>	This proposal shall expire at Huntington's option if (a) Huntington has not received the Issuer's written acceptance by January 29, 2026 and (b) if the closing date of the Bond has not occurred by February 27, 2026.
<b>HUNTINGTON CONTACT:</b>	Abby King Huntington Public Capital Cell: (614) 204-0121 Email: <a href="mailto:abby.king@huntington.com">abby.king@huntington.com</a>

**Respectfully Submitted,**

*Abigail E King*

**ACCEPTED BY:**

Hilton Head No. 1 Public Service District

\_\_\_\_\_

By

\_\_\_\_\_

Name

\_\_\_\_\_

Title

\_\_\_\_\_

Date

\_\_\_\_\_

Issuer TIN

*Huntington Public Capital® ("HPC"), a division of The Huntington National Bank (the "Bank"), is providing the information contained in this document for discussion purposes only in connection with an arm's-length transaction under discussion between you and HPC. If you are a "municipal entity" or "obligated person" within the meaning of the municipal advisor rules (the "Rules") of the Securities and Exchange Commission, Rule 15Ba1-1 et seq. this information is provided to you pursuant to and in reliance upon the "bank exemption," and/or other exemptions and/or the "general information" exclusion provided under the Rules. HPC is acting for its own interest and has financial and other interests that differ from yours. HPC is not acting as a municipal advisor or financial advisor, and has no fiduciary duty, to you or any other person pursuant to the Rules. The information provided in this document is not intended to be and should not be construed as "advice" within the meaning of the Rules. HPC is not recommending that you take or refrain from taking any action with respect to the information contained in this document. Before acting on this information, you should discuss it with your own financial and/or municipal, legal, accounting, tax and other advisors as you deem appropriate. As used in this notice, the "Rules" means Section 15B of the Securities Exchange Act of 1934, the Securities and Exchange Commission's Rule 15Ba1-1, et seq., and any related municipal advisor rules of the Municipal Securities Rulemaking Board, all as they may be amended from time to time.*



**911 Center  
Lease Renewal**



21 Oak Park Drive  
PO Box 21264  
Hilton Head Island, SC 29925  
[www.hhpsd.com](http://www.hhpsd.com)

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**To:** Pete Nardi, General Manager  
**From:** Amy Graybill, Finance Manager  
**Subject:** 911 Lease Renewal Analysis  
**Date:** January 28, 2026

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#### Introduction

In October 2003, the District entered into a lease agreement with the Town of Hilton Head for 3,538 square feet of office space located on the second floor of the District's administration building. The base rent was set at \$10.40 per square foot, or \$36,789.25 per annum, and was based on an allocation of the annual debt service related to the building. The lease also requires the Town to pay additional rent in the amount of 19.407% of utility expenses and all other common operating expenses associated with the building. This percentage is based on square footage. In 2021, the term was extended until June 30, 2026. At that time, the base rent was increased to \$10.74 per square foot, or \$38,000 per annum (\$3,166.67 per month) and the common area expenses were set at \$20,000 per annum (\$1,666.67 per month) which was the current average of the Town's 19.407% share of utility and all other common operating expenses.

#### Discussion

The Town has indicated to the District that they are building their own facility and intend to vacate the premises. They plan to move out by the June 30, 2026, renewal date or shortly thereafter. They would like to amend the current agreement to go monthly through December 2026 with the right to cancel at any time. The base rent is an intergovernmental agreement which has never been valued at market rates. Given that and the short duration of the anticipated renewal, staff recommends that the District maintain the current base rent and only increase the common area maintenance expenses up to the new current average. Staff has estimated this to be \$2,300 per month.

#### Staff Recommendation

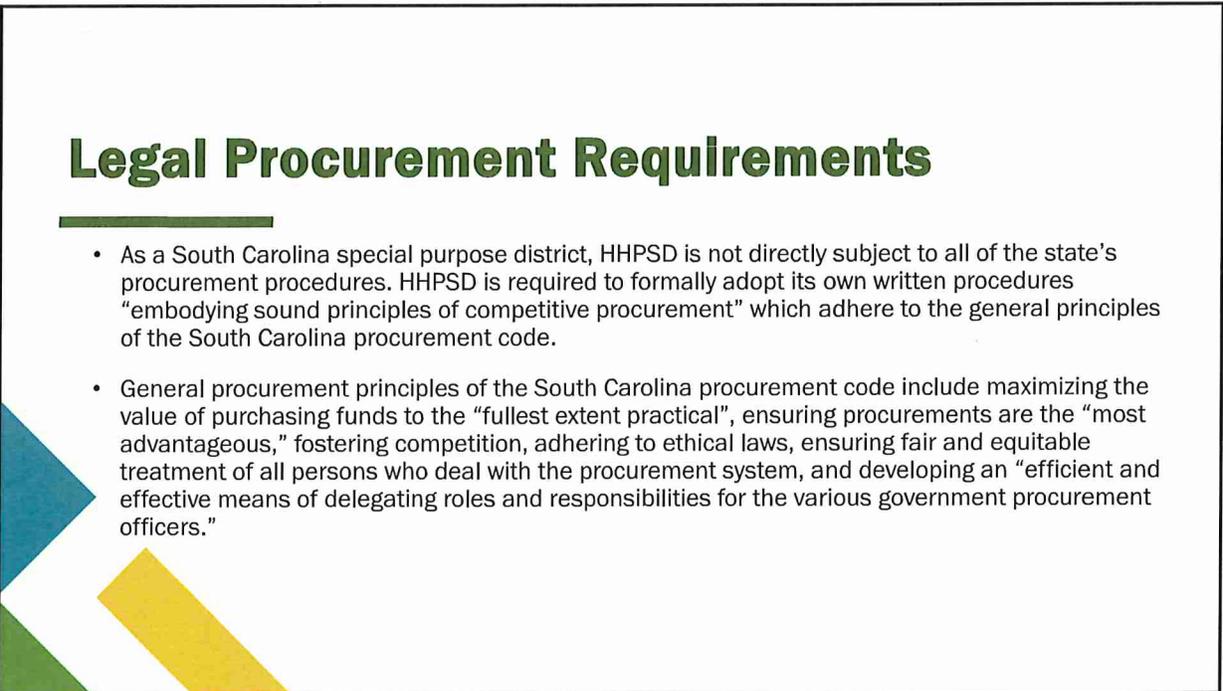
Staff recommends authorizing the General Manager to renew the Town 911 Dispatch Center lease monthly through December 31, 2026 with the monthly base rent remaining at \$3,166.67 and the monthly common area maintenance increasing to the current average of \$2,300.00.

# Purchasing Policy Review





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## Major Factors for HHPSD

- **Limited availability of vendors**
  - Specialization of water and sewer parts, equipment, and services.
  - Reliability and scheduling availability of contractors.
  - Quality of contractor work.
- **Right size procurement**
  - Procurement can run the spectrum from very simple verbal quotes to 1,000-page formal bid solicitations.
  - Cost versus benefit of procurement procedures for vendors.
  - Cost versus benefit of procurement procedures for staff.

3

## HHPSD's Current Policy Thresholds

- **Small Purchase Threshold – items under \$50,000**
  - Neither competitive quotations nor formal commission approval are **required**. Although not required, staff still aims to get multiple vendor price quotes when practical.
- **Unbudgeted Purchases – items from \$50,000 - \$250,000**
  - At least two verbal or written solicitations are required. Commission approval is required only if additional funding is necessary to undertake the purchase. Unused appropriated funds may be transferred within and between departments and from a prior year in this category.
- **Unbudgeted Purchases - items from \$250,000 - \$1,000,000**
  - At least two verbal or written solicitations are required. Commission approval is required.
- **Budgeted and Unbudgeted Purchases – items over \$1,000,000**
  - Competitive Bidding is required and Commission approval is required.

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# Excepted Items

- Architectural, engineering and surveying contracts
- Professional services for attorneys, auditors, engineering and other consultants, financial advisors, underwriters, and technology providers
- Specific exemptions approved by the Commission (this section has not been used)
- Bond and Lease Purchases (but must be approved by the Commission)
- Single Source Vendors
- Emergency Procurement
- Cooperative Procurement
- Noncompetitive Purchases (controlled by patent or copyright)

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# Why does the PSD Exempt Professional Services?

- Some utilities procure professional services, such as engineering consulting, via Request for Qualifications (RFQ) and Indefinite Quantity/Delivery Contracts (IQCs and IDCs).
- To enable efficient and effective completion of projects, financing, legal, biological, and planning/topical studies, the PSD relies on its staff experience and expertise to select the appropriate professional service provider.
  - Staff has not only extensive work experience, but extensive contacts for selecting professional services (peers at other utilities, our involvement in trade associations, etc.)
- Providers' experience and track record with the PSD is vital in effective delivery of services, because the provider often serves as an extension of PSD staff, albeit on a non-permanent basis.

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## Other Items Addressed

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- Small, Minority, and Women-owned Businesses
- Surplus Property
- Unlawful to use District Position for Private Gain
- Prohibition of Interest (No procurement between the District and its officers permitted)
- Bid Requirements
- Alternative Project Delivery Methods
- Appeals; Authority to Debar

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## Questions?

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# AMENDED AND RESTATED PURCHASING AND PROCUREMENT POLICY

## **HILTON HEAD NO. 1 PUBLIC SERVICE DISTRICT**

Pursuant to a Resolution dated July 24, 2024, the Hilton Head No.1 Public Service District Commission (the “Commission”), the governing body of the Hilton Head No.1 Public Service District (the “District”) has approved and adopted this Amended and Restated Purchasing and Procurement Policy (this “Policy”). The District, as a political subdivision of the State of South Carolina (the “State”), is required to adopt procedures embodying sound principals of appropriately competitive procurement and this Policy has been adopted for such purpose. Further, this Policy is to ensure the fair and equitable treatment of all persons who are providing, or seeking to provide, supplies and/or services to the District.

### A. PURCHASE AUTHORIZATION

#### I. Purchasing Agent

The General Manager of the District or an officer of the District designated by the General Manager shall be the “Purchasing Agent” for the District. The Purchasing Agent shall be responsible for: (A) the purchase of supplies, materials and equipment and contractual services required by any office or department of the District; (B) the storage and distribution of all supplies, materials and equipment required by any office or department of the District; (C) establishing written specifications, whenever practicable, for supplies, materials and equipment required by any office or department of the District - such specifications shall be definite and certain and may be weighted based on those factors deemed prudent by the Purchasing Agent; (D) maintaining, whenever practicable, a written inventory of the District’s materials, supplies or equipment; (E) soliciting and maintaining an up-to-date list of qualified suppliers who have requested their names to be added to a “bidders list”. The purchasing agent shall have authority to remove temporarily the names of vendors who have defaulted on their quotations, attempted to defraud the District or who have failed to meet established specifications or delivery dates; (F) considering environmentally sustainable options where appropriate; and (G) obtaining as full and open competition as possible on all purchases, contracts and sales as described in this Policy.

#### II. Budgeted Purchases

A. For the purchase of an individual item that is less than \$50,000 and has been included in the District’s most recently adopted Operating Budget and/or Capital Improvement Plan, no competitive quotations are required. The Commission authorizes the Purchasing Agent to make all such purchases on an as-needed basis.

B. For the purchase of an individual item that is \$50,000 or greater but less than \$1,000,000 and has been included in the District’s most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations will be requested from at least two (2) suppliers. The Commission authorizes the Purchasing Agent to make all such purchases on an as-needed basis.

C. For the purchase of an individual item that is \$1,000,000 or greater and has been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, competitive bidding is required and all such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission outside of the regular budget process.

### III Unbudgeted Purchases

A. For the purchase of an individual item that is less than \$50,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, no competitive quotations are required and such purchases need not be formally approved by the Commission. The Commission authorizes the Purchasing Agent to make all purchases of less than \$50,000.

B. For the purchase of an individual item that is \$50,000 or greater but less than \$250,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations will be requested from at least two (2) suppliers. All such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission only if additional funding is necessary to undertake the purchase.<sup>1</sup>

C. For the purchase of an individual item that is \$250,000 or greater but less than \$1,000,000 and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, verbal or written solicitations will be requested from at least two (2) suppliers. All such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

D. For the purchase of an individual item that is \$1,000,000 or greater and such item has not been included in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, competitive bidding is required and all such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

### IV. Purchases Over Budgeted Amount

A. For purchases of all individual items that are greater than \$50,000 but otherwise less than \$50,000 in excess of the amount authorized for such purchase in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, no additional Commission approval is required.

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<sup>1</sup> The District Manager or his designee shall administer the budget and may authorize the transfer of unused appropriated funds within and between departments and capital projects as necessary to achieve the goals of the budget and may carry forward unused appropriated capital and other project funds from the prior year into following years for completion.

B. For purchases of all individual items that are greater than \$50,000 and which have been determined to be more than \$50,000 but less than \$250,000 in excess of the amount authorized for such purchase in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission only if additional funding is necessary to undertake the purchase.<sup>2</sup>

C. For purchases of all individual items that are greater than \$50,000 and which have been determined to be more than \$250,000 in excess of the amount authorized for such purchase in the District's most recently adopted Operating Budget and/or Capital Improvement Plan, such purchases shall be formally approved (to include, when the circumstances may dictate in the discretion of the General Manager, ratification subsequent to the purchase) by the Commission.

#### V. Certain Contracts

1. Architectural, engineering and surveying contracts may be directly negotiated. The selection, however, shall be made upon certain qualifying criteria as established by the General Manager.

2. Professional services for (a) attorneys, (b) auditors, (c) engineering and other consultants, (d) financial advisors, (e) underwriters and (f) technology providers are explicitly exempted from the provisions of this Policy.

3. The District, in the reasonable discretion of the General Manager, may exempt specific supplies, services, information technology or construction from the purchasing procedures required by this Policy; such exemptions shall be approved by the Commission.

4. Where applicable, and subject to approval of the Commission acting by Resolution, the Commission may elect to exempt any contract or purchase from the terms of this policy.<sup>3</sup>

#### VI. Lease Purchases; Bonds

To the extent necessary, the General Manager may negotiate the terms of any bond issuance or lease purchase transaction so long as such terms of such financing are ratified and/or approved by the Commission and no such financing is issued prior to the actual approval by the Commission.

#### VII. Single Source Vendors

The District may, out of reasonable necessity and in the reasonable discretion of the Purchasing Agent, make direct purchases from a single source vendor. Examples include, but are not limited to, technical and operational suppliers where only select markets provide service within

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<sup>2</sup> The District Manager or his designee shall administer the budget and may authorize the transfer of unused appropriated funds within and between departments and capital projects as necessary to achieve the goals of the budget and may carry forward unused appropriated capital and other project funds from the prior year into following years for completion

<sup>3</sup> See *Glasscock Co., Inc. v. Sumter Cnty.*, 361 S.C. 483, 491, 604 S.E.2d 718, 722 (Ct. App. 2004) (allowing "local governments needed flexibility to determine what is 'appropriately competitive' in light of the public business they must transact").

an area, vendors that provide long-term support or services for specific equipment such as water treatment and distribution systems and wastewater collection and treatment systems, radio systems, phone systems, extrication equipment, etc.

#### VIII. Emergency Procurement

The Purchasing Agent may make or authorize others to make emergency procurements when there exists a threat to public health, welfare, critical economy and efficiency, safety under emergency conditions, or where normal daily operations are affected; provided that such emergency procurements shall be made with such competition as is practical under the circumstances. A written determination of the basis of the emergency and the selection of the particular contractor shall be included in the contract file.

#### IX. Cooperative Purchasing

The District may participate in, sponsor, conduct or administer a cooperative purchasing agreement for the procurement of any supplies, services or construction services with one or more public procurement entities or external procurement activities in accordance with an agreement entered into between the participants. Such cooperative purchasing may include, but is not limited to, joint or multi-party contracts between public procurement entities and open-ended state public procurement unit contracts which shall be made available to local public procurement units.

#### X. Small, Minority, and Women-owned Businesses

The District wishes to ensure that small, minority, and women-owned business enterprises be offered a fair opportunity to fully participate in the overall procurement process of the District. The District does not have a certification program for small, minority, and women-owned businesses, but encourages qualifying businesses to become certified with the South Carolina Department of Transportation ([www.scdot.org/business/bus-development-dbe-sbe-cert.aspx](http://www.scdot.org/business/bus-development-dbe-sbe-cert.aspx))<sup>4</sup> and/or the South Carolina Division of Small and Minority Business Contracting and Certification (<https://smbcc.sc.gov/>)<sup>4</sup>. As used herein, "small, minority, and women-owned business" means a firm located within Beaufort County which is certified by the aforementioned programs. In an effort to be inclusive in its procurement process, the District consults directories maintained by the aforementioned organizations to identify and directly solicit certified small, minority, and women-owned businesses operating on Hilton Head Island and/or in Beaufort County.

#### XI. Surplus Property

1. Surplus property consists of two types of property: (A) property available from the State that can be purchased by the District from the General Services Division of the State without requiring competitive bids; or (B) property of the District which: (a) has reached or is rapidly approaching an expiration date or the end of its useful life; (b) is worn-out or otherwise no longer useful to the organization for its intended purposes; (c) is obsolete; or (d) too costly to maintain or operate.

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<sup>4</sup> Not intended as an active hyperlink.

2. Items which have little or no salvage value, considering the cost of disposing of same, such as older model computers and printers, may be offered to employees at nominal prices, as established by General Manager, before other means of disposition are considered.

3. Items with salvage value, but which are likely to bring little at a conventional auction, may be sold through an internet site such as www.govdeals.com or any other reputable internet site or auction service which the General Manager has determined will offer the most exposure to potential interested buyers, or which will likely result in the highest return for the District.

4. Surplus property with trade-in value may also be traded-in to a dealer or vendor in exchange for, or toward the purchase of, items needed by the District.

5. Surplus property may also be sold to, traded with or donated to other governmental entities, if such is found to be in the best interests of the District.

## **B. LIMITATIONS**

### **I. Unlawful to use District position for private gain**

It shall be unlawful for any official, employee, volunteer or member of the Commission to use their relationship with the District as a means to gain economic advantage while conducting personal business activities with firms which provide special pricing to the District and using their status with the District to gain such advantage shall be punishable to the fullest extent of the laws of the State.

### **II. Noncompetitive purchases**

The purchasing of supplies, materials or items of equipment that are controlled by virtue of patent or copyright rights so that competition is impracticable, or where the articles proposed to be purchased are produced and offered for sale by fewer than five reputable firms eligible to offer their products in direct competition and where it is impracticable to substitute other supplies, materials or items of equipment proposed to be purchased, informal purchase negotiations may be undertaken by the staff and purchase awards may be made as a result of such negotiations so long as the Purchasing Agent otherwise complies with the provisions of this Policy.

### **III. Prohibition of interest**

1. Any purchase order or contract within the purview of the District in which an agent or any officer or employee of the department is financially interested, directly or indirectly, shall be void.

2. Every officer, employee, volunteer or member of the Commission associated with the District are expressly prohibited from accepting, directly or indirectly, from any person to which purchase order or contract is or might be awarded, any rebate, gift, money or anything of value whatsoever, except where given for the use and benefit of the District.

3. These limitations are not intended to prohibit the acceptance of articles of negligible value which are distributed generally, nor to prohibit employees from accepting social courtesies which promote good public relations nor to prohibit employees from obtaining loans from regular lending institutions.

## **C. BID REQUIREMENTS**

### **I. Competitive Bidding**

Except as otherwise provided herein, all purchases of and contracts for supplies and contractual services, all leases and rental agreements and all sales of the District's property which has become obsolete and usable shall, except as otherwise specifically provided in this Policy, be based wherever possible on competitive bids.

### **II. Bid Acceptance and Evaluation**

Bid acceptance and evaluation tabulations shall be unconditionally accepted without alteration or correction, except as authorized herein. Bids shall be evaluated based on the requirements set forth in the invitation of bids, which may include criteria to determine acceptability, such as cost, inspection, specifications, testing, quality workmanship, delivery and suitability for a particular purpose. The District reserves the right to reject or accept any proposal. The District is not required to accept the lowest bidder, but rather shall accept the bid that most closely conforms to the bid conditions.

### **III. Pre-qualified Candidates**

If the Purchasing Agent determines that the use of competitive bidding is not suited for the complexity of the project, may not allow necessary flexibility, may not result in requisite innovation or may unduly restrict cost savings, the Purchasing Agent may determine to pre-qualify the field of bidders and thereafter request competitive bids from only the prequalified candidates.

### **IV. Performance Bonds**

1. **Generally.** Payment and performance bonds are required for all District construction contracts in excess of \$100,000 (or such other amount as may be required by State law), and any other procurements in which risk protection is appropriate as set forth above, in the amount of 100% of the contract price. The bonds shall be delivered by the proposed contractor to the District at the same time the contract is executed. If a bidder or vendor fails to deliver the required bonds, the bidder's or vendor's bid or offer shall be rejected and its bid or offer security shall be forfeited. In the event of such a failure the District may, at its discretion: (i) award the contract to the next lowest bidder; or (ii) engage in negotiations for a contract with the next eligible offer; or (iii) conduct a re-procurement to satisfy the requirement.

2. **Reduction of Amount.** The amount of the payment and performance bonds may be reduced, depending upon the circumstances in a procurement.

(A) Prior to Solicitation: The District may elect to reduce the performance bond or payment bond required prior to issuing a solicitation for a construction contract procurement to a lesser amount if the District determines that such lesser amount provides adequate protection for the District or that it is less costly or more advantageous to the District to self-insure a part of the performance of the contractor.

(B) During Performance: The District may reduce the amount of the bonds as work is completed, if the General Manager determines in writing that such reduction is in the best interests of the District.

#### V. Right to revoke award

The District expressly reserves the right to revoke the public contract award to the lowest and best bidder if: (1) it determines that the information on which the award was granted was erroneous; and (2) the correct information makes the awarded bidder's material or product not meet the standards and specification required by the law. If an award is revoked, the District must re-advertise in order to award the bid.

This section shall be deemed a part of the terms and conditions of the Commission solicitation of bids, and all bidders shall be deemed to have accepted the terms and conditions of this section.

#### VI. Procurement Regulations of Other Entities

Whenever procurements are funded with state or federal funds, the procurement shall be made in compliance with applicable state and federal laws and regulations, if any, as may be required as a condition of the receipt of such funds. Whenever this Policy is more restrictive than the state or federal laws and regulations, the provisions of this Policy and the related District procedures shall be followed.

#### VII. Projects with Multiple Stages

When projects subject to the provisions of this Policy have multiple stages, which could be subject to either a single bid or proposal for all stages or to multiple bids or proposals for the stages as they evolve, the District may seek bids or proposals for the entire project or it may seek bids or proposals for the initial stage of the project and thereafter amend the initial contract after it is in operation, or within a reasonable time of its completion, to include the subsequent stages. In the latter instance, the subsequent stages must be similar in character of performance and location, when location is relevant to the initial stage, and the pricing components for the subsequent stages must be substantially the same as the initial contract submitted for bids or proposals.

#### VIII. Multi-Term Contracts

To the extent permitted by law, a contract for supplies or services may be entered into for a period of time not to exceed a total of five years, provided: (a) the terms of the contract and the conditions of renewal or extension, if any, are included in the solicitation and funds are available for the first fiscal period at the time of contracting; (b) such contracts shall contain a clause stating

that when funds are not appropriated to support continued performance in any subsequent fiscal period, the contract shall be cancelled and shall not be subject to non-substitution of subsequent providers; and (c) pricing increases for succeeding fiscal periods, if any, shall not exceed 10% of the preceding year's contract price.

#### **D. ALTERNATIVE PROJECT DELIVERY METHODS**

##### **I. Generally**

The General Manager, in proposing to utilize this section of the Policy, must detail in the project file why utilizing this section of the Policy is in the best interests of the District. Thereafter, the Commission shall make a determination whether to authorize one of the alternative procurement methodologies provided hereinbelow. The terms used herein and not otherwise defined shall generally have the same meaning as for those terms defined in the State's procurement code, which is found at Sections 11-35-2910 *et seq.* of the Code of Laws of South Carolina, 1976, as amended; where any such terms have been changed, those terms have been intentionally adapted for use by the District. The policy of the State in promoting alternate forms of project delivery, as set forth in Act No.174 of 2008, is acknowledged as authority for implementing these specialized procurement methods.

##### **II. Alternative Procurement Methods**

1. Design-Build is a project delivery method in which the District enters into a single contract for design and construction of an Infrastructure Facility. Procurement of Design-Build services is appropriate when the District does not have the in-house capability to design and supervise the project, and when compliance with technical regulations and best practices for construction is critical. With the assistance of experts, the District may develop performance specifications for the desired infrastructure which can then be used to develop Design Requirements for submission to Design-Build firms for development. The Design-Build services may be awarded to either (a) the responsive, responsible bidder where price is a factor, or (b) the responsible contractor (selected from a group of pre-approved contractors) who is the low bidder. Errors and omissions insurance is required to cover the architectural and engineering services provided by the offeror.

2. Design-Bid-Build is a project delivery method in which the District sequentially awards separate contracts, the first for Architectural and Engineering Services to design the project and the second, based on competitive bidding by the District, for construction of the project according to the final design. This is the traditional method of designing and constructing facilities. The procurement of Construction Management Services (see D(II)(6) hereinbelow) for such a project would make this method a specialized method of procurement.

3. Operation and Maintenance is a project delivery method whereby the District enters into a single contract for the routine operation, routine repair, and routine maintenance of an existing, or to-be-constructed, Infrastructure Facility. Operation and Maintenance services shall be procured from prequalified contractors by utilizing competitive sealed proposals submitted in response to a Request for Proposals, which has established the supplies and services required to maintain and operate infrastructure facilities.

4. Design-Build-Operate-Maintain is a project delivery method in which the District enters into a single contract for design, construction, operation and maintenance of an Infrastructure Facility over a contractually defined period. Ownership of the facility may be in the name of the District or leased by the District from a non-profit corporation. All or a portion of the funds required to pay for the services provided by the contractor during the contract period are either appropriated by the District prior to award of the contract or secured by the District through fee or user charges or other sources of revenue. The District should not participate in financing any such project without an opinion from bond counsel or tax counsel. Errors and Omissions insurance is required to cover the architectural and engineering services provided by the offeror.

5. Design-Build-Finance-Operate-Maintain is a project delivery method in which the District enters into a single contract for design, construction, finance, maintenance, and operation of an Infrastructure Facility over a contractually defined period. No funds are appropriated to pay for any part of the services provided by the contractor during the contract period. Procurement of Design-Build-Finance-Operate-Maintain services shall generally follow procedures outlined above for Design-Build projects with the additional elements of financing and operation incorporated into the project. A preliminary determination by the District should have been made that project revenues would be sufficient, over the length of the proposed contract, to cover design, construction, finance, and operations, and that the traditional Design-Bid-Build approach is inappropriate or impracticable for this project. The District should not participate in financing any such project without an opinion from bond counsel or tax counsel. Errors and Omissions insurance is required to cover the architectural and engineering services provided by the offeror.

6. Construction Management at-risk is a project delivery method in which the District awards separate contracts, one for architectural and engineering services to design an Infrastructure Facility and the second to a construction manager at-risk for both preconstruction and construction of the Infrastructure Facility according to the design specifications of the architect or engineer. The contract with the construction manager at-risk may be awarded before completion of design. The construction manager at-risk shall assume the risk for construction, rehabilitation, alteration or repair of the Infrastructure Facility at a fixed or guaranteed maximum price.

7. Construction Management Services is a project delivery process by which a qualified third party provides construction leadership with a defined scope throughout various phases of the project (e.g. planning, design and construction). Construction Management Services are typically procured using competitive sealed bidding or competitive sealed proposals and bids may be awarded to either (a) the responsive, responsible bidder where price is a factor, or (b) the responsible contractor (selected from a group of pre-approved contractors) who is the low bidder. Construction Management Services, specifically included a construction manager at-risk, may be procured for any of the alternative delivery methods authorized herein. Errors and Omissions insurance may be required to cover any architectural and engineering services provided by the offeror.

8. Other Special Project Delivery Methods or combinations of the above may be utilized provided that the District can demonstrate that the delivery methods meets the intent of this Policy and receives the approval of the Commission. Insurance of various types may be required as additional security for the District for the particular method of project delivery.

## E. APPEALS; AUTHORITY TO DEBAR

### I. Protests

1. Right to Protest. Any actual or prospective bidder, proposer or contractor who is aggrieved in connection with the solicitation or award of a contract shall protest to the General Manager. The protest, setting forth the grievance and the grounds thereof, shall be submitted in writing within ten days after such aggrieved person knows or should have known of the facts giving rise thereto, but in no circumstance after 15 days notification of the award of the contract.

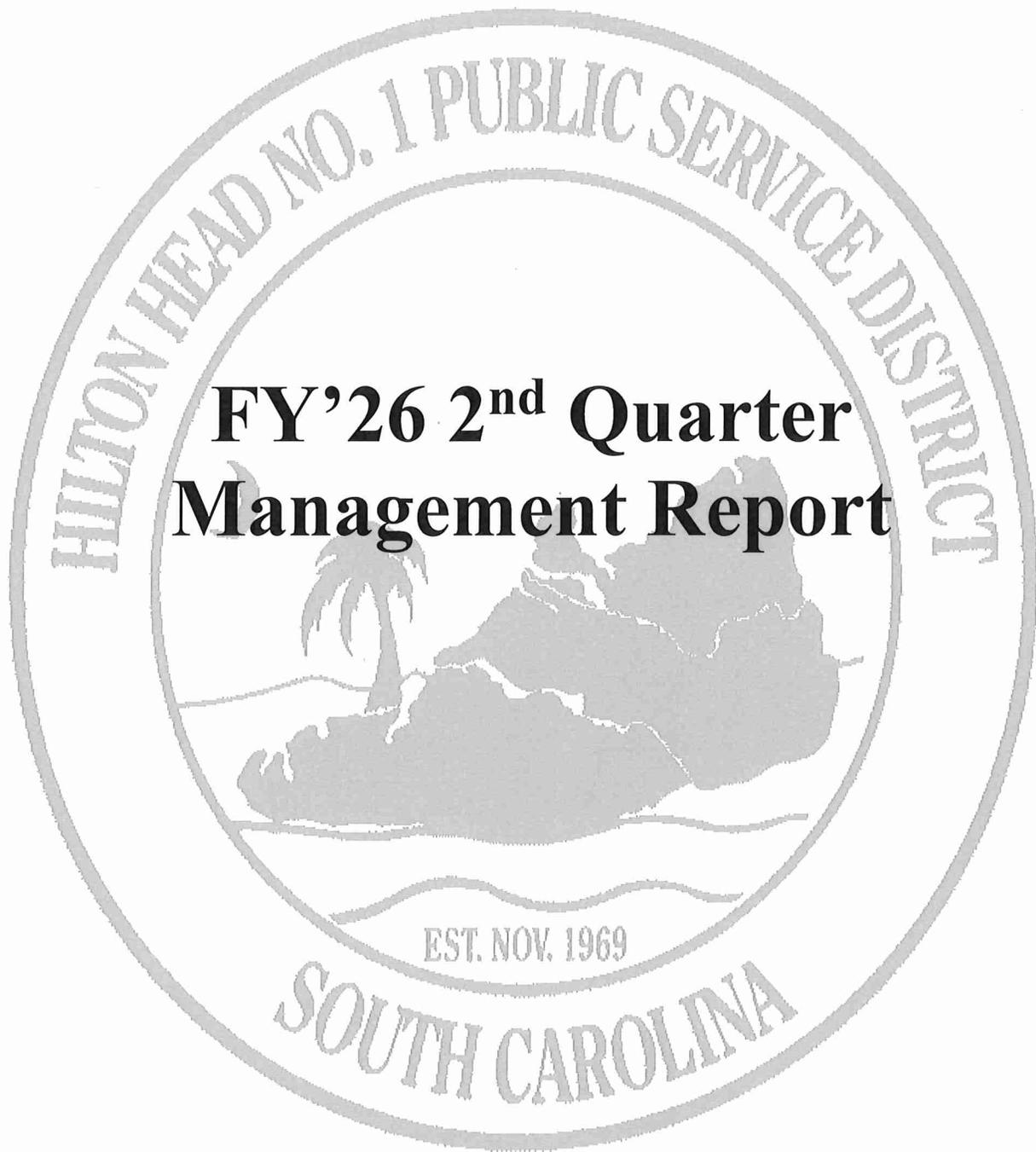
2. Resolution. The General Manager shall have the authority to settle or resolve a protest of an aggrieved bidder, proposer or contractor (actual or prospective), concerning any award of a contract.

3. Decision. If the protest is not resolved by mutual agreement, the General Manager shall issue a decision in writing within ten business days after receipt of the initial protest. The decision shall state the reasons for the action taken.

4. Appeal. A decision of the General Manager may be appealed to the Commission within 10 business days of the submission of the written decision by the General Manager. Requests for an appeal to the Commission shall be held during the next occurring regularly scheduled meeting of the Commission, or such other time as may be mutually agreeable to the parties. At the meeting, the aggrieved party and the General Manager shall have an opportunity to present their findings to the Commission. Upon receipt of the findings of both parties, the Commission shall make a final determination. The decision of the Commission shall be final and conclusive.

### II. Debarment

After reasonable notice to the person or firm involved and reasonable opportunity to be heard, the Purchasing Agent shall have the authority to debar or suspend a person, contractor or firm from consideration for award of any contract by the District. Any debarment or suspension of a person or firm, including the terms thereof, shall be approved by the Commission (with advice from the District's attorney) in writing.



**FY'26 2<sup>nd</sup> Quarter  
Management Report**



**HILTON HEAD PUBLIC SERVICE DISTRICT  
STRATEGIC GOALS & OBJECTIVES  
Adopted: July 2025**

**2<sup>nd</sup> Qtr. Fiscal Year '26 Management Report:**

- 1. Goal No. 1 – Water Services: Provide for all of our customers’ water supply needs with the highest quality water possible in a cost-effective manner**
  1. PSD tap water is in compliance with all state and federal regulations.
  2. We are under construction of the Reverse Osmosis Plant Expansion.
    - a. Instrumentation and controls installs continuing inside plant.
    - b. Liquid chlorine bulk storage and day tanks delivered.
    - c. Generator delivery anticipated in March.
    - d. Current RO Plant Expansion Project Finish Date: Nov. 2, 2026.
  3. We are under construction of RO Well #4.
    - a. On track for bore hole completion in mid-March.
    - b. Pump testing completion estimated for April 1 and drilling demobilization on April 9.
    - c. Complete landscaping, June 19.
    - d. Install of emergency generator, Oct. 12.
    - e. Current RO Well #4 Project Finish Date: Oct. 16, 2026.
  4. We are under construction of Aquifer Storage & Recovery (ASR) Well #2.
    - a. New Middle Floridan Aquifer monitoring well construction underway.
    - b. Upper casing of ASR #2 set.
    - c. Current ASR #2 Project Finish Date: Dec. 9, 2027.
  5. Leg O’Mutton Booster Station project is complete.
  6. We met with BJWSA and Broad Creek PSD to review draft terms of an interim agreement that will create a study period of no minimum-take requirement and an off-peak rate based on a reduction of peak rate. BJWSA and ourselves have renewed our request to Broad Creek PSD that a three-party agreement be signed; awaiting reply from Broad Creek.
  7. Awaiting S.C. DOT utility coordination for U.S. 278 Corridor Project. Latest update is that the S.C. DOT plans to complete construction design in 2027 and begin construction in 2028. The current design the DOT is pursuing does not require new bores of our wholesale water pipeline; however, there will be relocations involved in the bridge project. There is no update regarding a potential federal grant the County is seeking that would fully fund the original project design and thereby require pipeline relocation.

**2. Goal No. 2 – Recycled Water Services: Provide for all of the District’s wastewater collection, treatment, and recycled water distribution services in a cost-effective manner while enhancing and protecting the Island’s environment.**

- 8. Sanitary sewer smoke testing performed in six different neighborhoods in October. News release sent.
- 9. The Old House Creek subdivision low-pressure sewer (LPS) project is complete. Eight (8) of 25 homes have either connected or requested connection to date.
- 10. Construction contract and notice to proceed for the Screw Pump Replacement Project were approved in December. Contractor has 450 days to complete. Equipment ordering is underway.

**3. Goal No. 3 – Environmental and Sustainability: Operate in a sustainable manner with high regard for protecting and improving the environment.**

- 11. Pete Nardi helped the HHI-Bluffton Chamber of Commerce’s Environmental Affairs Committee create content for a new “Sustainable Solutions” webpage, which offers efficiency tips aimed at our business community. Link: <https://www.hiltonheadchamber.org/research-resources/sustainable-solutions>
- 12. PSD Recycled Water Plant lagoons once again hosted the Hilton Head Audubon Society’s Annual Christmas Bird Count. A highlight of this year’s count was the presence of Goldeneye ducks!

**4. Goal No. 4 – Customer Relations: Direct all activities to achieve a consistently high level of customer satisfaction.**

- 13. Monthly e-newsletters sent.
- 14. News releases sent on sanitary smoke testing in October, and freezing temperatures and water service in December.

**5. Goal No. 5 – Financial Responsibility: Conduct all District activity in a fiscally responsible manner.**

- 15. PSD debt overview prepared by financial advisors and provided to Commission in December.
- 16. Non-revenue water for 1<sup>st</sup> Qtr. is projected to be 15%.

**6. Goal No. 6 – Organizational Excellence and Leadership: Achieve organizational excellence and leadership.**

- 17. Facilities Maintenance Technician John Stewart celebrated his 25-year work anniversary with the PSD on Dec. 21. Congrats and thank you, John!
- 18. One (1) workplace injury to date in FY '26.
- 19. Field Services Technician Tim Durham has obtained his “E” Water Treatment License.
- 20. Eleven (11) PSD team members earned Employee Recognition during the 2<sup>nd</sup> Quarter: Trey O’Leary; Thomas Gilmore; Dustin Berry; Kiefer Clear; J.P. Sarricolea; Arthur Washington; Doug Nice; Tim Durham; Shaun Chisolm; Alfred Young; and Shani Wittingham.
- 21. Training programs this quarter included: S.C. Association of CPAs (SCAPA) Workplace Alignment & Employee Engagement, Executive Presence, Strategic Planning, and Conflict Resolution; Foundational Cybersecurity Awareness; WEASC Sea Island District workshops; S.C. Water Quality Association quarterly meeting; S.C. Department of Environmental Services’ Environmental Assistance Conference.

7. **Goal No. 7 – Asset Management: Acquire, maintain, protect, and secure the District’s property, databases, plant and equipment assets (investment in the future).**

22. Routine meetings are being held with key staff and our software vendor to prepare for launch of the Computerized Maintenance Management System (CMMS). The product is called Lumin. Implementation will take approximately six months. This is a top priority for the PSD in FY '26, as it will be culturally transformative. The CMMS will guide and track system maintenance, capital project needs/decisions, work orders, inventory and purchasing, and more. This implementation represents a milestone moment in the modernization of the PSD. We are planning to have our Asset Manager, Hal Hylton, lead a Commission education session on the CMMS.

8. **Goal No. 8 – External Relations: Develop, expand and leverage the District’s positive relationships with external organizations, utilities and governments.**

23. Pete Nardi discussed the PSD, water sector careers, and leadership with members of the HHI-Bluffton Junior Leadership Class of 2026 during their Community Leadership Day in December.

24. Pete Nardi and Amy Graybill met with leadership from the Coastal Community Development Corporation, which is a local nonprofit working on workforce housing. The CCDC would like to present potential partnership opportunities to the Commission. We are targeting the boards’ February meeting.

25. Participants in Osher Lifelong Learning Institute visited the PSD in November for a presentation on our water resources and a tour of the Recycled Water Plant. OLLI said the PSD visit is one of their top-requested and has a waiting list!

26. The PSD team of Lorie Chisolm, Sarah Hickman, Pam Driskell, and Tim Ryan and family competed in the first-ever HHI Mac & Cheese Festival in November. The event, which was organized by the PSD’s own Jim Hewitt, drew more than 800 attendees and raised thousands of dollars for hearing-impaired assistance and Island Rec. Great job, team!

27. The PSD’s very own “Red Hot Chili Preppers” Chili Cook Off Team competed in the 40th Annual Hilton Head Kiwanis Chili Cook Off in October 11 at Lowcountry Celebration Park. The event raised more than \$15,000 for local youth causes. A big thanks to team members Jim Hewitt, Tim Ryan (and family), Kiefer Clear, and Thomas Gilmore!

28. S.C. General Assembly and federal legislation we are tracking, including assessments of some of the bills from the S.C. Water Quality Association (SCWQA):

- a. The General Assembly is expected to approve extension of the **Utility Relocation Act** provision that provides up to 4.5 percent of the total transportation project budget for water and sewer relocations. If the extension is not approved, the provision sunsets in June 2026.
- b. **H 3997. This bill formally recognizes water/sewer workers who work during emergencies as first responders.** It has implications for workers compensation coverage as well as survivor tax exemptions if workers are killed in the line of duty. Statewide utility support for this bill.
- c. **H 4629 Would require DES to promulgate regulations requiring PWS to maintain a minimum disinfectant level of free or total chlorine with exceptions** (J.L. Johnson – D) In H Labor and Commerce. The regulation would require every public water system in the State to maintain a minimum disinfectant level of free or total chlorine in the water being delivered to the distribution system, in finished water storage tanks, and in all points of the distribution. The regulations cannot specify a minimum disinfectant level of less than 0.1 parts per million. **SCWQA Assessment:** This bill is unlikely to move. Until very recently, EPA was set to publish proposed changes to its Microbial and Disinfection Byproducts (MDBP) Rules by July 31, 2025. Now EPA has received an extension to propose the rule by July 2027, with the final

rule due October 2028. South Carolina is a state that does not previously have a minimum level. Hazen and Sawyer predicts a Required Minimal Level (instead of detectable amount) as a likely change in the upcoming rule. According to Hazen, the proposed minimum for chlorine only could range from 0.2 mg/L to 0.5 mg/L, with 0.2 mg/L being more likely. Currently PWSs that do not provide filtration must meet 0.2 mg/l of residual disinfectant concentration in the water (SC Code Regs 61-58.10(D)(1)(b)(ii)).

- d. **H 4703 Would create the SC Special Purpose District Accountability Office within Office of State Auditor** (Oremus – R) In H Ways and Means. The new office would provide oversight of the 250 special purpose districts in the state. The office would need to maintain a statewide public directory; collect and publish budgets, financial reports, audits, millage rates, fees, revenues, expenditures, and debt disclosures; maintain a public transparency portal; and enforce compliance.
- e. **H 4747 Would authorize counties with countywide water / sewer systems to acquire municipal water systems within the county and would establish a related acquisition process** (Pedalino – R) In H Judiciary. Would be allowed starting July 1, 2026. Requires a petition to the governing body of the county requesting the acquisition of a specified municipal water system. The petition must be signed by at least 40% of the qualified electors residing within the service area of the municipal water and sewer system proposed to be acquired. At least one public meeting must be held. The county governing body may enact an authorization ordinance within 30 days unless it finds (1) the acquisition would create an undue financial burden on the county's water and sewer system; (2) the terms of acquisition would violate state or federal law; and (3) the petition was not validly certified.
- f. **H 4709 / S 687 Would require a public works project contract to include a requirement that any iron or steel permanently incorporated in the project be produced in the United States** (Yow and Mitchell – R / Grooms – R (S Transportation Chair)) H 4709: In H Labor and Commerce; S 687: In S Finance. Exceptions include if (1) US-produced iron or steel products are not produced in sufficient quantities, reasonably available, or of satisfactory quality; (2) the use of US-produced iron or steel products will increase the total cost of the project by more than 25%; or (3) complying is inconsistent with the public interest. A minimal use of foreign steel and iron materials is allowed if (1) the materials are incidental or ancillary and are not separately identified in the project specifications; (2) the cost of such materials does not exceed 0.1% of the project's total steel and iron costs or \$2,500, whichever is greater; and (3) the foreign steel and iron material is a component comprising 5% or less of the materials cost of an otherwise domestically produced steel or iron product. **SCWQA Assessment:** Oppose. We don't need any other restrictions on our ability to implement critical public infrastructure projects. We believe that the President's tariffs on foreign steel are more than adequate to address the concerns behind this bill.
- g. **H 4697 Would prohibit political subdivisions from investing, contracting, or expending public funds with Chinese companies** (McCravy – R) In H Labor and Commerce.
- h. **S 686 Would prohibit public entity contracts and grants that discriminate based on race** (Alexander – R (S Interstate Cooperation Chair), Peeler – R Senate (S Finance Chair), Martin – R (S Corrections and Penology Chair), Massey – R (S Rules Chair), and Turner – R) In S Finance. A public entity may not require, impose, mandate or administer any procurement preference, set-aside, quota, goal, or similar program that classifies, prioritizes, or discriminates based on race in awarding contracts, subcontracts, grants, or any other public benefit.
- i. **H 4973 Would prohibit critical infrastructure contracts with foreign-owned companies** (Gilliam – R, Rankin – R, Yow – R, C. Mitchell – R, and Haddon – R and Chair of H Operations and Management) In H Labor and Commerce. Critical infrastructure is defined to include water treatment facility. **SCWQA Assessment:** Seeking members' input on whether this legislation would impact operations.
- j. **S 743 Would prevent a political subdivision from enacting or enforcing an ordinance that requires/permits the addition of fluoride to a public water system (PWS) or to water that will be introduced into a PWS** (Kennedy – R) In S Medical Affairs. Similar to H 4258 (2025) (left in H committee). **SCWQA Assessment:** No position. **Member Feedback:** One member is

waiting on the EPA and federal guidance before making any decisions. Another member suggested opposition, sharing the following:

- Local Communities and their local populations (including medical and scientific members) should be involved in the decision making process regarding fluoridation not attorneys and public officials making blanket decisions for very different areas of a state
  - Tooth decay, water sources, natural environments (including naturally occurring fluoride) may be very different throughout a state and therefore decisions treating all regions similarly regarding medical issues may be problematic
  - Local public water systems and their customers deserve a local voice and that is found in the elected officials (or appointed in some cases) that govern local water authorities, commissions, and municipalities.
  - The member would be neutral on fluoridation itself (should you put fluoride or not in water) the issue is where those decisions should reside...at the local level or state level.
- k. **H 4655 Would require DES to conduct quarterly testing for urinary metabolites in certain wastewater treatment facilities** (Edgerton – R) In H Judiciary. DES would test (1) each wastewater treatment facility located within 10 miles of a municipality with a population of 250,000 or more; and (2) at least 10 wastewater treatment facilities located within 10 miles of a municipality (a) with a population of 100,000 or more but less than 250,000; (b) with a population of 25,000 or more but less than 100,000; and (c) with a population of less than 25,000. In its selection, DES must prioritize facilities that reasonably represent typical wastewater systems of municipalities with those population categories. **SCWQA Assessment:** Seeking member input about the purpose of this testing (community drug use, antibiotics, alcohol, etc).
- l. **H 4583 Would require data centers to use closed-loop water cooling systems and prevent ban use of groundwater or municipal water or cooling** (Cromer – R and Gilreath – R) In H Labor and Commerce. Entitled the SC Data Center Responsibility Act. A data center (1) would be required to use a closed-loop water or liquid cooling system resulting in zero net water withdrawal and zero wastewater discharge; (2) must not extract groundwater, use municipal water for cooling, or use evaporative or open-loop cooling systems; and (3) must submit annual closed-loop certifications.
- m. **S 724 Would require commercial data center to annually report past (and anticipated) water usage if more than 3 million gallons of water used per month** (Blackmon – R) In S Judiciary. Commercial data centers must report the volume of surface water, groundwater, or any other water source they utilized during the prior calendar year; the reports are due to DES annually by January 31. The commercial data center must also report the anticipated volume of water that the commercial data center will utilize during the calendar year in which the report is filed. **SCWQA Assessment:** No position.
- n. **S 784 (similar) Would require commercial data centers to report water usage for prior 12 months** (Massey – R and S Rules Chair and Campsen – R and S Fish and Game Chair) This bill does not have the 3 million gallons of water per month threshold found in S 724. Includes surface and ground water usage for the past 12 months and anticipated amount for next 12 months.
- o. **S 706 Would allow qualified non-degreed individuals to become licensed engineers through verified experience and national examination** (Rice – R) In S Labor, Commerce and Industry. For PEs, allows applicants to be licensed if they successfully pass the NCEES Fundamentals of Engineering examination and have 12 years of engineering experience followed by supervision by a licensed engineer and an indication that the applicant is competent to practice engineering. The bill also allows engineer-in-training applicants to count successful passage of the Fundamentals examination and 8 years of engineering experience after high school in lieu of the degree requirements. The required experience must be “progressive,” which means the applicant has made a practical use of acquired knowledge, has shown continuous improvement, growth, and development in the use of that knowledge as revealed in the complexity and technical detail of the work product or work record. The applicant must

demonstrate that greater individual responsibility for the work product has been continuously assumed over that period of time.

- p. **H 4645 Would prevent septic tank construction or installation within 200 yards of navigable waterways or coastal wetlands** (Bustos – R) In H Ag, NR, and Environmental. **SCWQA Assessment:** We have seen similar bills in the past, see [H 4685](#) (2023) (left in H committee), that have set the distance much farther at 2 miles, which would kill a significant amount of development in the low country.
- q. **H 4602 Would require a special purpose district that consolidates or removes services to reduce its current millage rate for property tax purposes by the following fiscal year to reflect the removal of its responsibility for services** (Jones – D) In H Ways and Means. First applies to tax years after 2025.
- r. **H 4576 Would add special purpose districts to the definition of employer in the state optional retirement program** (Bannister – R – Chair of H Ways and Means) In H Ways and Means.
- s. **H 4657 Would require risk management policies for critical infrastructure controlled by AI systems** (Guffey – R) In H Labor and Commerce. Critical infrastructure follows the federal definition at 42 U.S.C. Section 5195c(e) (“systems and assets, whether physical or virtual, so vital to the United States that the incapacity or destruction of such systems and assets would have a debilitating impact on security, national economic security, national public health or safety, or any combination of those matters”). The policy is to be reasonable and consider guidance and standards in the latest version of the artificial intelligence risk management framework from the National Institute of Standards and Technology, the ISO/IEC 4200 artificial intelligence standard from the International Organization for Standardization, or another nationally or internationally recognized risk management framework for artificial intelligence systems.
- t. **S 808 Would make it a crime to willfully and knowingly harass/threaten or assault/endorse a worker restoring critical services during a state of emergency** (Rankin – R and S Judiciary Chair and Alexander – R S Interstate Cooperation Chair) In S Judiciary. Critical services are defined to include water and sewer services. A guilty conviction for harassment or threats would result in a misdemeanor with no more than 30 days imprisonment or a fine of not more than \$500. A guilty conviction for assault or endangerment would result in a felony, and that person must be fined or imprisoned or both in the discretion of the court.
- u. **H 4661 Would create a felony charge to enter critical infrastructure facilities without authorization** (Pope – R) Water and wastewater facilities are not listed in the bill’s definition of “critical infrastructure facility.” Would include electricity, gas, fuel, mining, transportation facilities, wireless communications, steel and dams. In H Judiciary. A 2023 bill, [H 4375](#) would have made it a misdemeanor to trespass on public owned water utility, but was left in committee.
- v. **S 689 Would prohibit private, for-profit pipeline companies from using eminent domain** (Massey – R (S Rule Chair)) In S Judiciary.
- w. **U.S. House of Reps. Bill 2940.** This bill creates a 30% Investment Tax Credit to incentivize private-sector investment in water reuse infrastructure. It supports South Carolina’s industrial growth (Data Centers, EV, Manufacturing) while reducing pressure on public utilities and protecting local ratepayers.
- x. **U.S. House of Reps. Bill 4709, the Buy American Iron and Steel Act,** which is pending in the House Labor, Commerce, and Industry Subcommittee. **SCWQA Assessment:** The bill appears to mirror federal BABA requirements and will extend the BABA requirements (which apply to federal funds) to projects using State general funds or any state funds administered by a public entity for a public works project (which includes all water and sewer projects). This bill may increase utility project costs (and cause delays as you strive to procure American made iron and steel products) for projects using State funding. If utilities disagree with this legislation, they should contact their House delegation immediately. SCWQA expects a counterpart bill to be

introduced in the Senate. Notably, the bill requires utilities use of American iron and steel, if available, even if it adds up to 25 percent to the overall project cost. Note, the comparison is not that the US steel costs 25% more than foreign steel but that using US steel does not increase the overall project cost by more than 25%. This is really egregious in SCWQA's view but it is not sure it will do much about it.

- y. Please see attached the Governor's FY '27 Executive Budget highlights. Notable is the inclusion of an additional \$1.1 billion for "roads, bridges, and interstates."





# FISCAL YEAR 2026-2027

## EXECUTIVE BUDGET

**GOVERNOR  
HENRY DARGAN MCMASTER**

# **\$2.7 BILLION NEW REVENUE**

**FY 2026-2027 EXECUTIVE BUDGET**

**Recurring**

**\$939.1 Million**

**Nonrecurring**

**\$1.775 Billion**

**Total New Revenue**

**\$2.7 Billion**

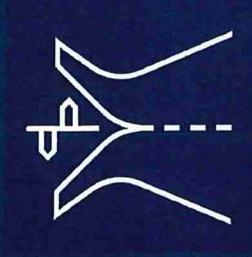
# RAINY DAY FUND

**\$1.4 B**

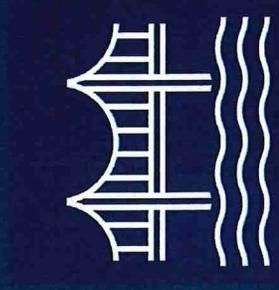
*Largest Rainy Day  
Fund Balance*

# Infrastructure

# Roads, Bridges, and Interstates

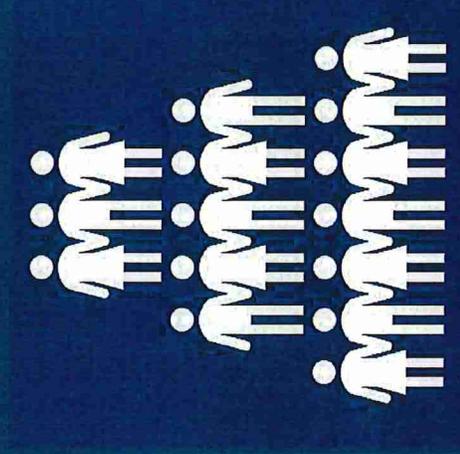


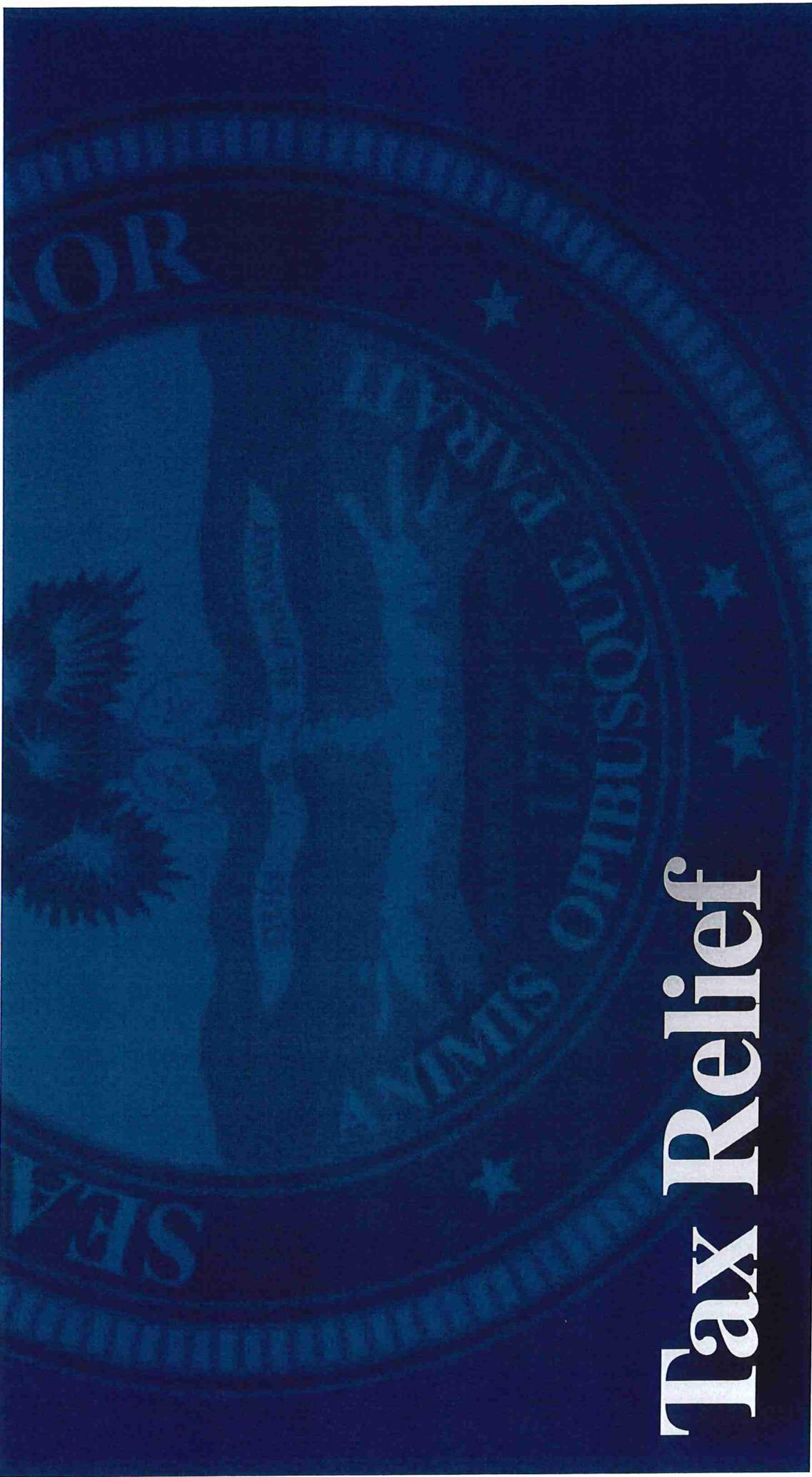
**\$1.1 Billion**



# POPULATION GROWTH PLANNING

10- AND 20-YEAR INFRASTRUCTURE + GOVERNMENT SERVICES



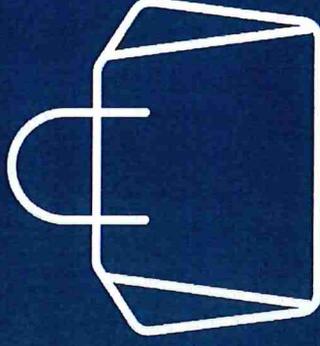
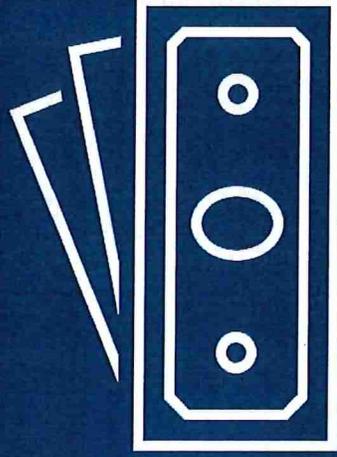
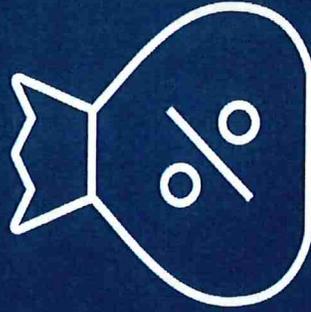


# Tax Relief

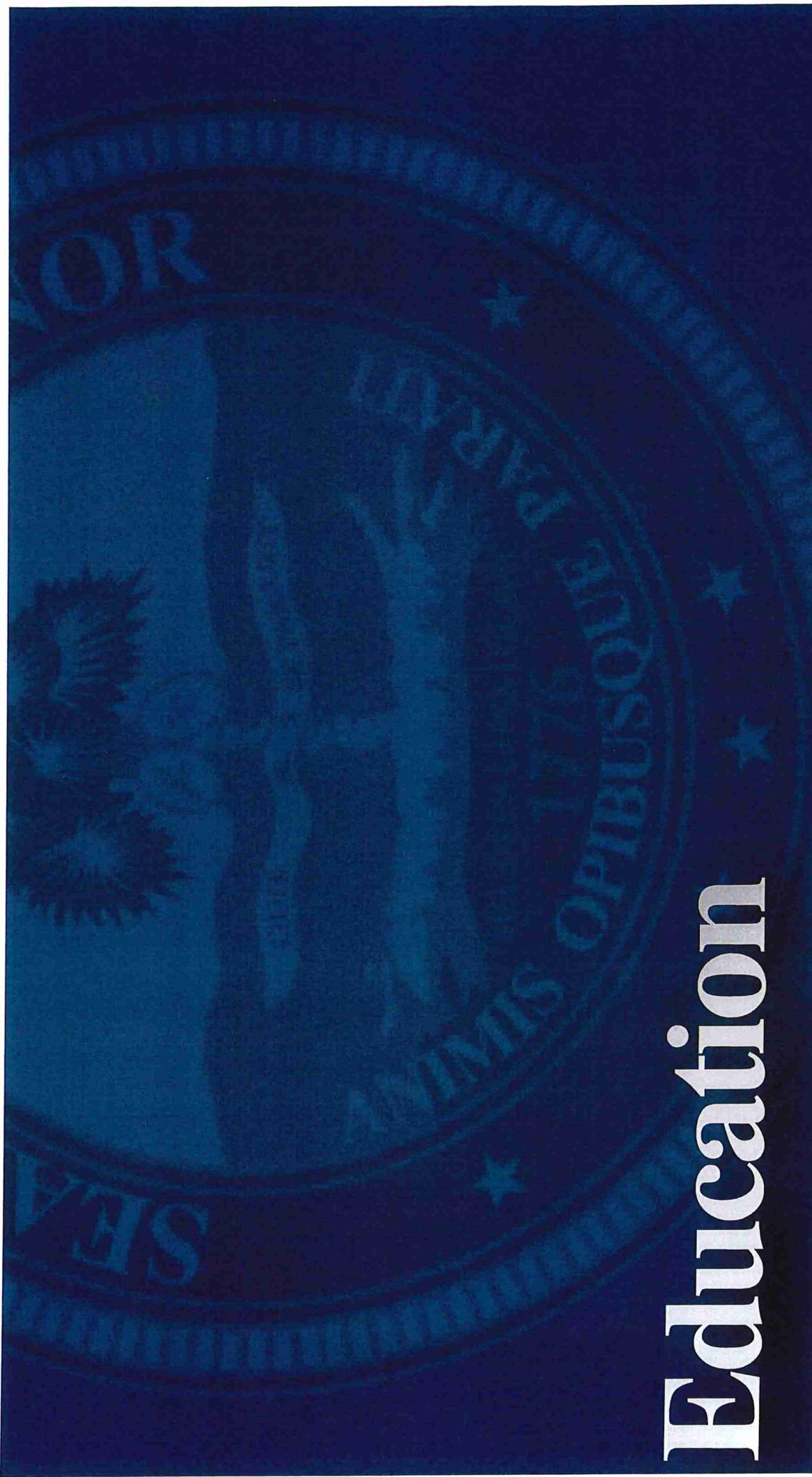
# INCOME TAX CUT

**\$107.2 M**

**6.0% → 5.9%**



**\$1.275 Billion in Tax Cuts Since 2022**



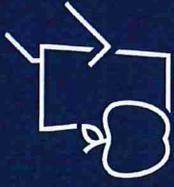
# Education



# STARTING TEACHER

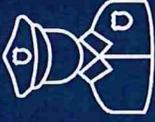
**SALARY \$50,500**

- **Higher than N.C. and GA**
  - **Average S.C. Teacher Pay**
  - **Higher than S.E. Average**
- 



# Breakfast

Free for Every Public School Student  
\$8.7 M



# SCHOOL SAFETY

**A SCHOOL RESOURCE OFFICER IN EVERY PUBLIC SCHOOL**

**SCHOOL SAFETY FACILITIES GRANTS**

**\$20 M**

# SCHOOL CHOICE

**Expand  
Full-Day 4K  
\$9.9 M**



**Expand  
Education Scholarship  
Trust Fund  
\$61.4 M**



# MAKING COLLEGE MORE AFFORDABLE

**Tuition Freeze**

**\$39.2 M**

**Need-Based  
Financial Aid**

**\$115 M**

**Workforce  
Scholarships**

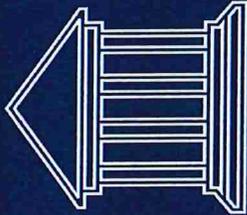
**\$95 M**

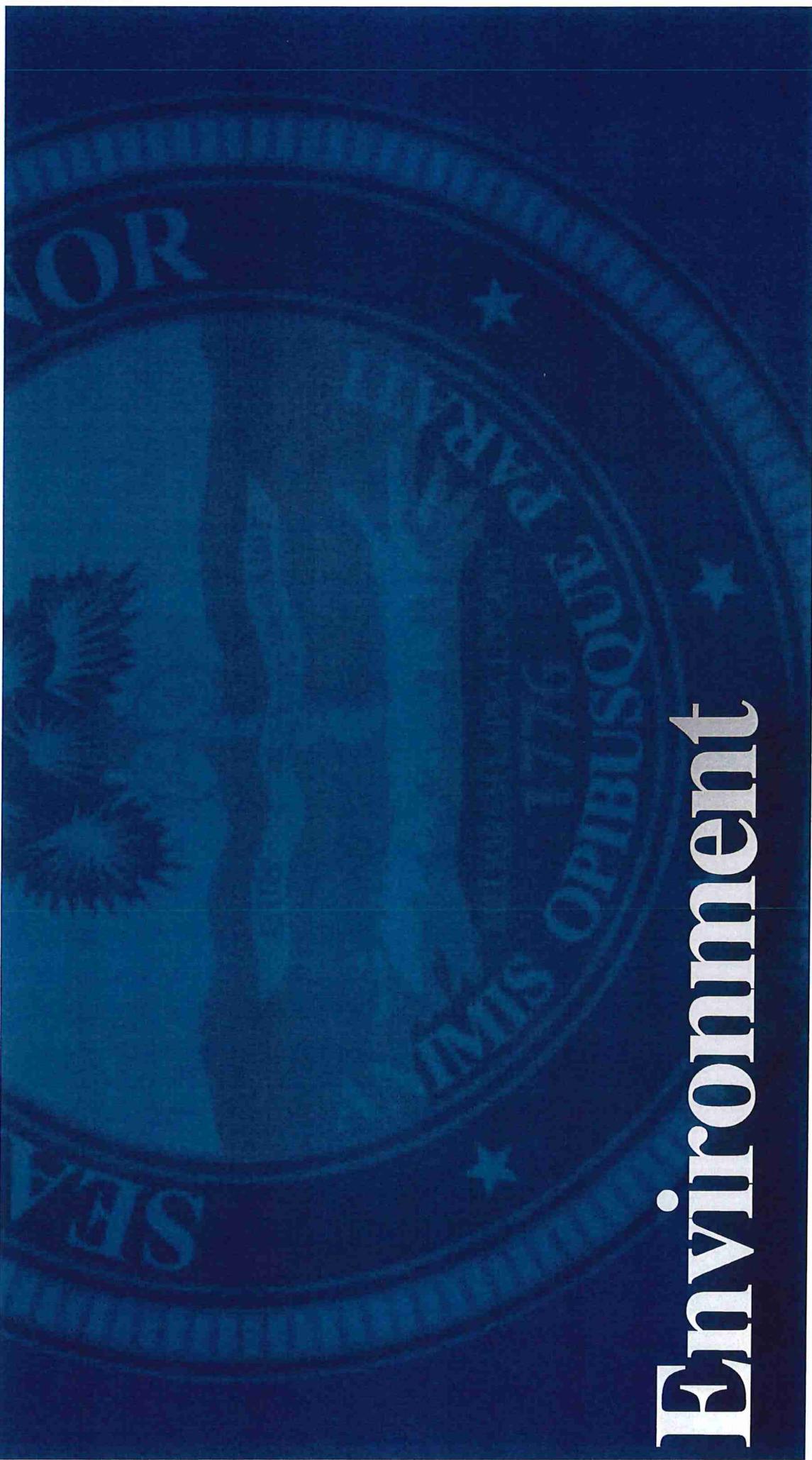


# MAINTENANCE & CAPITAL PROJECTS

**COLLEGES &  
UNIVERSITIES**  
**\$81.7 M**

**S.C. TECHNICAL  
COLLEGES**  
**\$40.3 M**

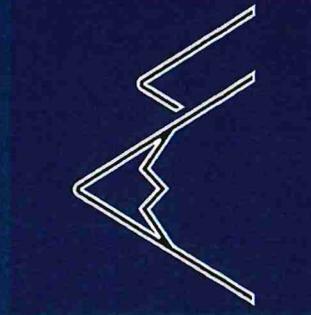
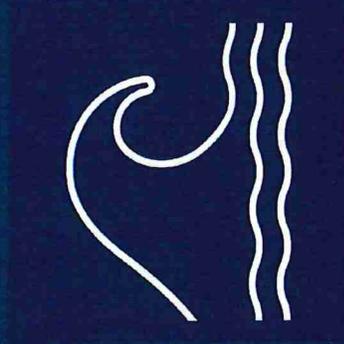
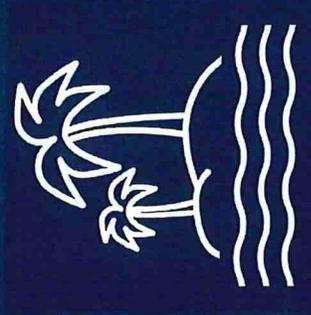




# Environment

# PRESERVATION & CONSERVATION

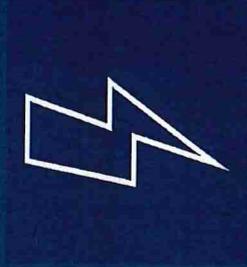
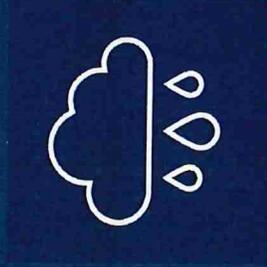
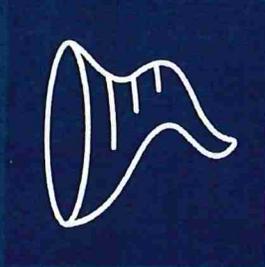
**\$68 M**



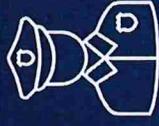
# DISASTER RELIEF

SC Public Assistance Program

**\$20 M**



**Public Safety**



# FUNDING THE POLICE

PAY RAISES & NEW OFFICERS

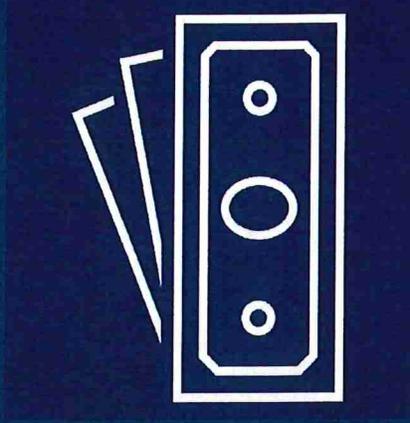
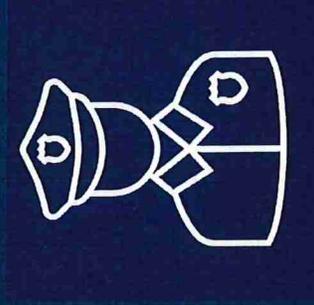
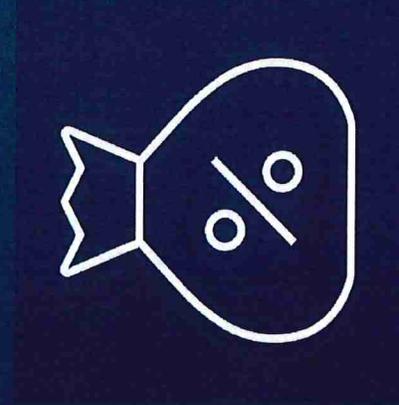
**\$10.7 M**

# EQUIPMENT GRANTS FOR SHERIFFS

**\$35 M**

# \$2,000 FIRST RESPONDER INCOME TAX CREDIT

**\$45.4 M**



# Health & Social Services

# HEALTHCARE

**MEDICAID**

**\$203 M**

**COMPREHENSIVE  
CANCER HOSPITAL**

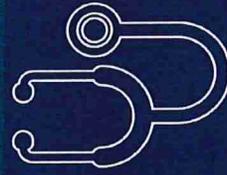
**\$115 M**

**BEHAVIORAL  
HEALTH AND  
DISABILITIES**

**\$83.7 M**

**MATERNAL & CHILD  
HEALTH**

**\$5 M**





# Office of the Governor

South Carolina Statehouse

1100 Gervais Street

Columbia, South Carolina 29201

[governor.sc.gov](http://governor.sc.gov)



# **GM Monthly Report**



To: Hilton Head PSD Commission  
From: Pete Nardi, General Manager  
Re: PSD Updates

January 20, 2026

Dear Commissioners, please see below the following updates:

- We are experiencing current demand of approximately 6 million gallons a day (mgd), which *includes* Aquifer Storage & Recovery (ASR) recharge of 2 mgd.
- S.C. Infrastructure Investment Program (SCIIP) Projects Update:
  - **RO Plant Expansion:**
    - Instrumentation and controls work is ongoing.
    - Current RO Plant Expansion Project Finish Date: Nov. 2, 2026.
  - **RO Well #4:**
    - Reaming of 28" borehole substantially complete. Borehole expansion is imminent.
    - Current RO Well #4 Finish Date: October 16, 2026.
  - **ASR Well #2:**
    - Upper casing of ASR #2 has been set.
    - Work has begun at new site for Middle Floridan Aquifer monitoring well.
    - Current ASR #2 Finish Date: Dec. 9, 2027.
  - **Leg O'Mutton Booster Pump Station:**
    - Project is complete and station is active.
- **Purchased Water Pipeline Relocation:**
  - S.C. DOT provided a project update at the Jan. 8 meeting of the Hilton Head Island Rotary Club. Commissioner and Rotary member Michael Marks, and Pete Nardi has his guest, attended. Current plan is to complete design in 2027 and start construction in 2028. Scaled back plan does not necessitate new bores of the PSD's wholesale water pipeline, but there will be utility relocations. See attached presentation.
- **HHI Chamber Environmental Affairs Committee:**
  - We are helping lead a variety of initiatives through the Chamber of Commerce's Environmental Affairs Committee. We helped create a "Sustainable Solutions" webpage: <https://www.hiltonheadchamber.org/research-resources/sustainable-solutions>, as well as the attached pdfs on saving water and overall efficiencies for businesses. Recently, we helped coordinate the committee's first on-site efficiency audit, at the Sonesta Resort. See attached presentation.
- **BJWSA Partners Breakfast**
  - Commissioners Frank Turano and Michael Marks, and Pete Nardi, attended the BJWSA Partners Breakfast this month. The event included presentations by BJWSA consultants and staff outlining their master planning efforts. Of note, their utility is planning for less than 15 million

gallons a day (mgd) needed in new water capacity over the next 20 years, and about 20 mgd needed in new wastewater treatment capacity.

- **WaterSense Year-End Report**

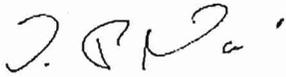
- Please see attached our U.S. EPA WaterSense 2025 recap report, which provides metrics on our education and outreach related to WaterSense programs. The report is compiled by Sarah Hickman and Heather Bragg.

- **Herbert Miller Memorial Service**

- Pete Nardi and John Stewart were invited and gave remembrance remarks at the memorial service this month at St. James Baptist Church for retired PSD Field Service Technician Herbert Miller, who passed away in late-December. The flags at Oak Park Drive were lowered that day in honor and memory of Herbert.

As always, please do not hesitate to contact me if you have any questions.

All my best,

A handwritten signature in black ink, appearing to read "P. Nardi".

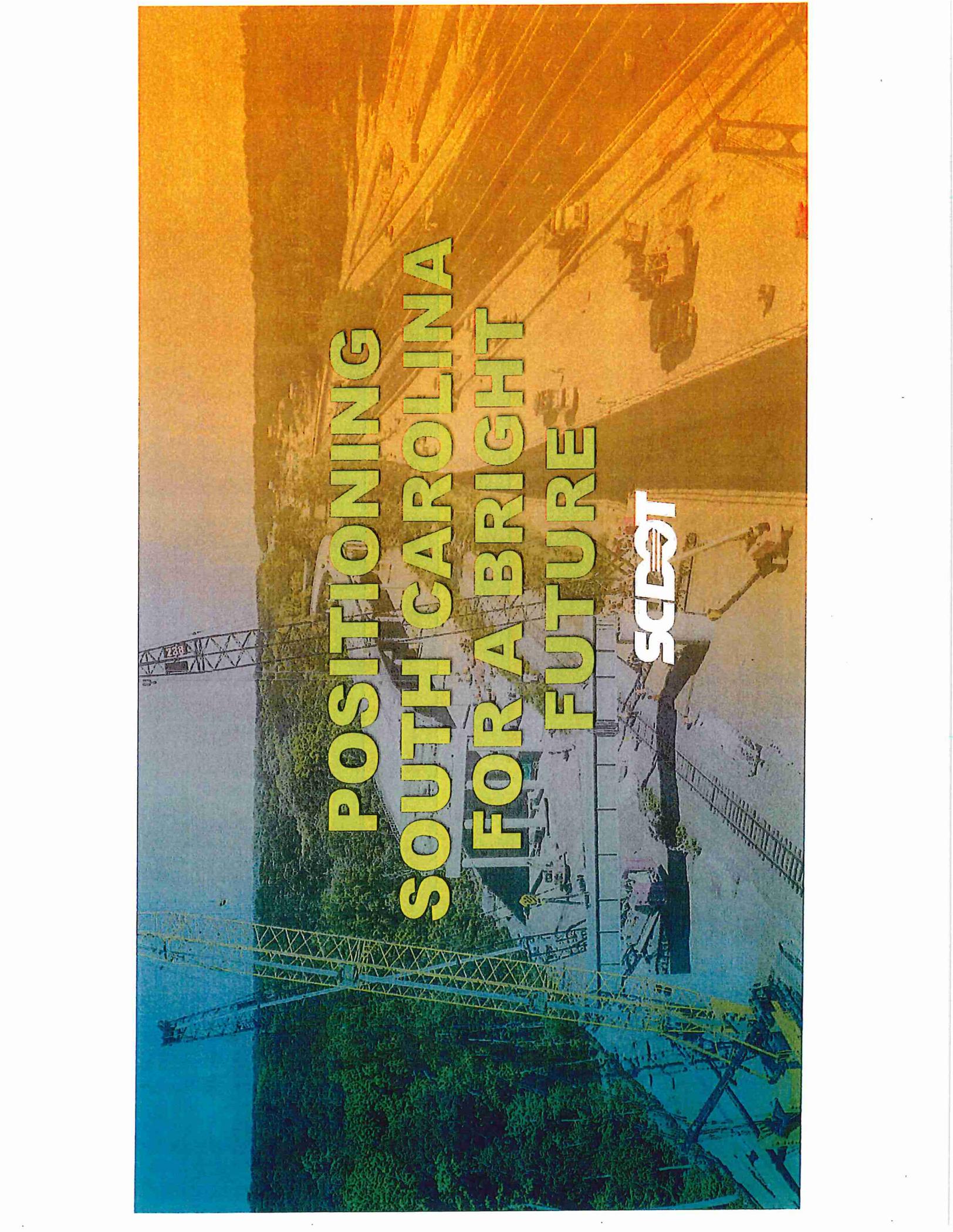
Pete Nardi  
General Manager  
Hilton Head PSD



# SCDOT UPDATE

Craig Winn, PE  
Lowcountry Program Manager



An aerial photograph of a large-scale construction project, likely a bridge or highway interchange. The scene is dominated by a complex network of steel truss structures and concrete foundations. Several tall construction cranes are visible, their long jibs extending over the site. The ground is a mix of dirt, gravel, and some greenery. The lighting is bright, suggesting a clear day. The overall impression is one of massive engineering and infrastructure development.

**POSITIONING  
SOUTH CAROLINA  
FOR A BRIGHT  
FUTURE**

**scdot**

**4000**  
EMPLOYEES



**41,000**  
MILES OF STATE  
MAINTAINED  
ROADWAYS



**7**  
DISTRICTS



**8,500**  
BRIDGES  
MAINTAINED



4<sup>th</sup> Largest State Maintained Highway System • Fastest Growing Population in the Nation

# Realizing the Promise of Infrastructure in SC

**\$6.5B** in construction projects across the state

Up from \$1B just 10 years ago.

**\$5.1B** in 2017 Roads Bill Funds

Since the General Assembly's bold action.

**\$900M** in One-Time General Assembly Funds

For infrastructure in the past three years.

SCDOT

# 10-Year Plan Accomplishments

## RURAL ROAD SAFETY

The completed projects have seen a 20% reduction in Fatal and Serious Injury crashes

1209 miles



## PAVING

Approaching one-fourth of the 4<sup>th</sup> largest state highway system being repaved in the past 7 years.

>10,017 miles



## BRIDGES

Bridges must continue to be a major focus and an area for additional investment

454 bridges



## INTERSTATES

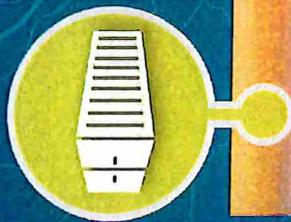
Work is underway on nearly every interstate in the State

125 miles

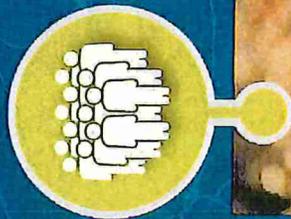
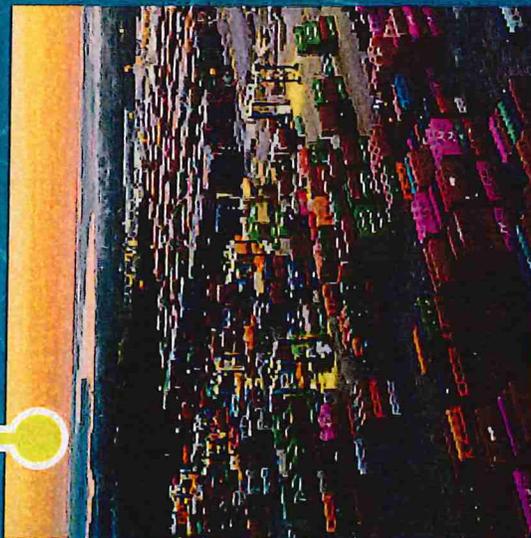




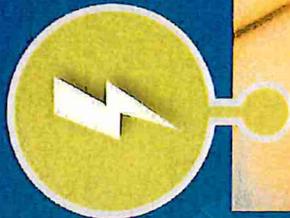
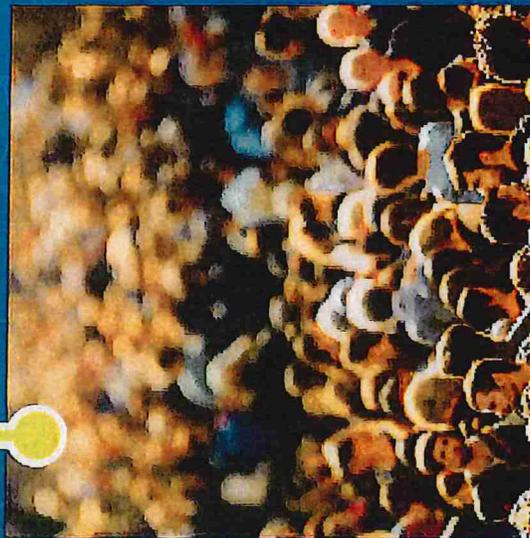
# Emerging Trends



GROWING  
PORT



CHANGING  
DEMOGRAPHICS

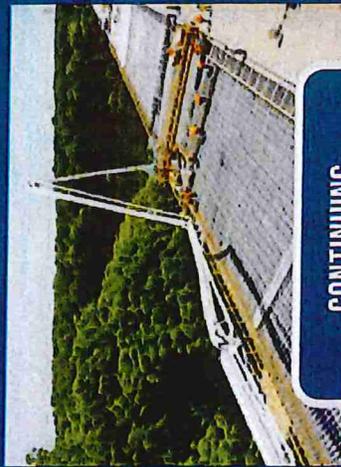


CHANGING  
TECHNOLOGY

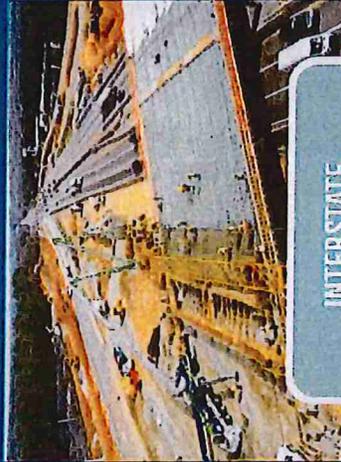


# MOMENTUM 2050

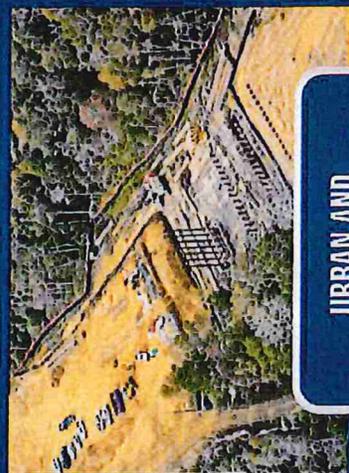
Moving South Carolina Forward



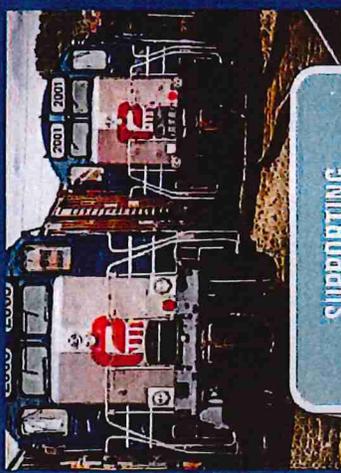
CONTINUING  
SYSTEM RECOVERY



INTERSTATE  
INVESTMENT



URBAN AND  
RURAL MOBILITY



SUPPORTING  
MULTIMODAL PARTNERS

EASTBOUND



# US 278 TIMELINE



Stakeholder Engagement (8 Meetings)



Eastbound Mackay Creek Bridge Identified as Priority for Replacement

Developed Alternatives

Developed Recommended Preferred Alternative

Public Hearing

Eastbound Bridge Replacement Kick Off

2017

2018

2019

2020

2021

2022

2025

2026

Public Information Meeting 1

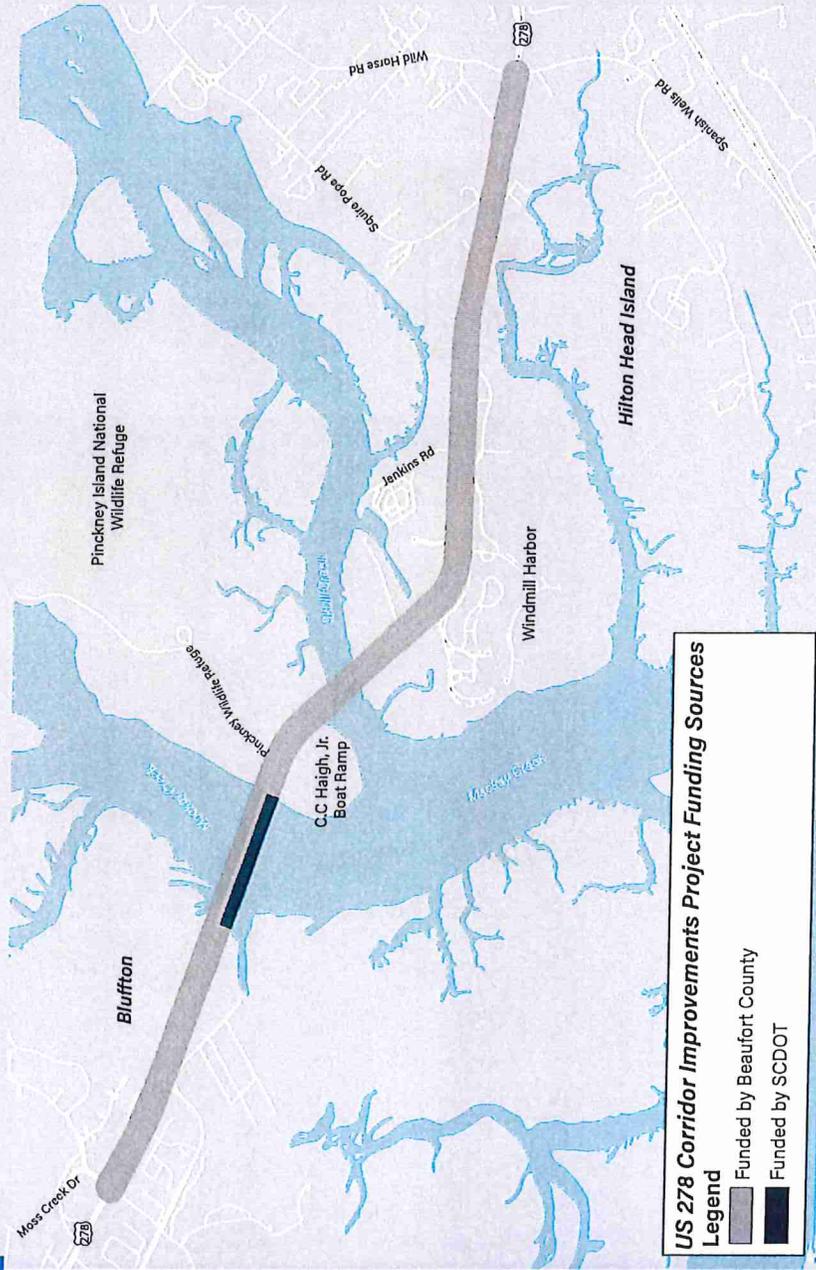
Public Information Meeting 2

Prepared Environmental Assessment

Revised Design: Public Information Meeting 3



# EASTBOUND MACKAY CREEK BRIDGE



**US 278 Corridor Improvements Project Funding Sources**

**Legend**

- Funded by Beaufort County
- Funded by SCDOT

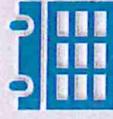
Identified as SCDOT's top priority in 2017



Built in 1956



Can meet original timeline for replacement if we act now





# 2022 Public Information Meeting What's changed since?



# WHERE WE ARE NOW



3 independent studies have been completed



Costs continue to rise due to inflation



Additional funding needed to bridge the gap

Since 2020, transportation construction costs have far outpaced general inflation:



2020: \$3.32  
2025: \$4.02

↑ 21%



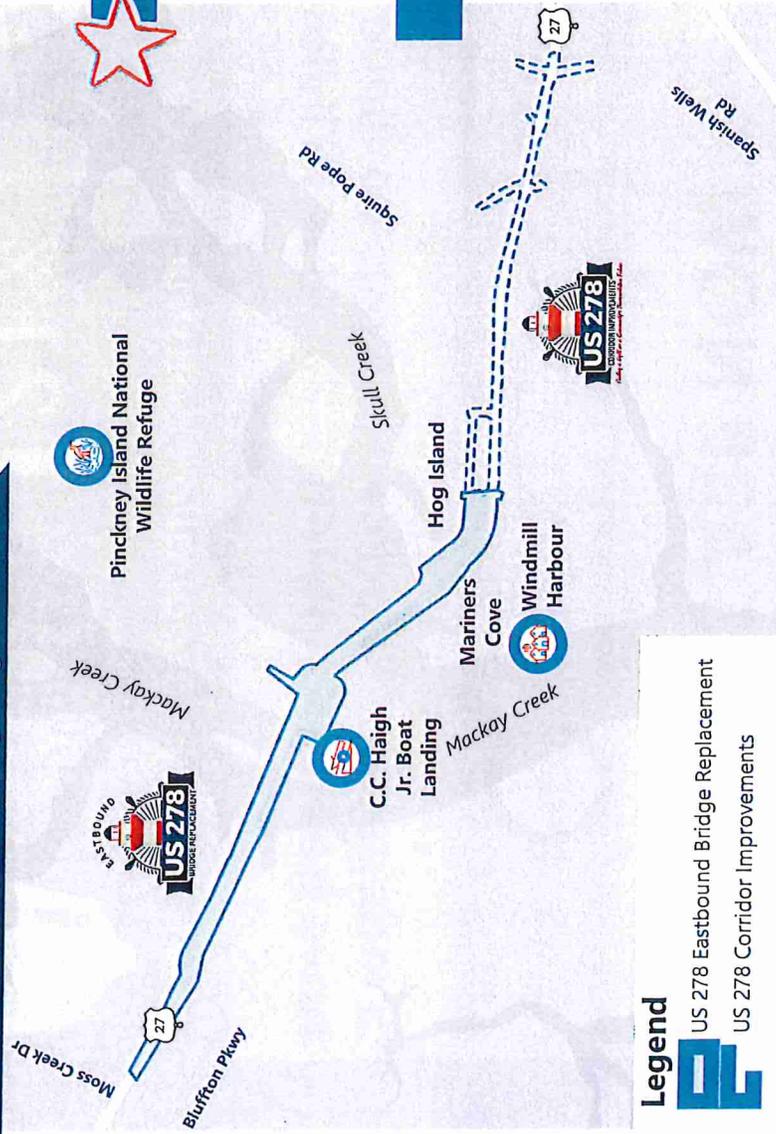
2020: \$292M  
2025: \$488M

↑ 67%



# What's the difference between the US 278 Eastbound Bridge Replacement and the US 278 Corridor Improvements projects?

## Where are these projects?



## What is the purpose of these projects?

### US 278 Eastbound Bridge Replacement

The purpose of the project is to **eliminate structural deficiencies** and to **provide new bridge and roadway approaches** that meet current design standards

### US 278 Corridor Improvements

The purpose of this project is to **address structural deficiencies** at the existing eastbound Mackay Creek bridge and **reduce congestion** along US 278 from Moss Creek Drive to Spanish Wells Road

## Legend

 US 278 Eastbound Bridge Replacement

 US 278 Corridor Improvements

As of October 2025



# What's the difference between the US 278 Eastbound Bridge Replacement and the US 278 Corridor Improvements projects?

This US 278 Eastbound Bridge Replacement project is just one part of a bigger vision. The full US 278 Corridor Improvements project is still a priority, and SCDOT and Beaufort County are continuing to explore funding opportunities. The eastbound bridge replacement is moving forward now as a separate project—and it's being designed as a single, new bridge with two lanes and the potential to restripe to three lanes in the future if funding becomes available for the full corridor.

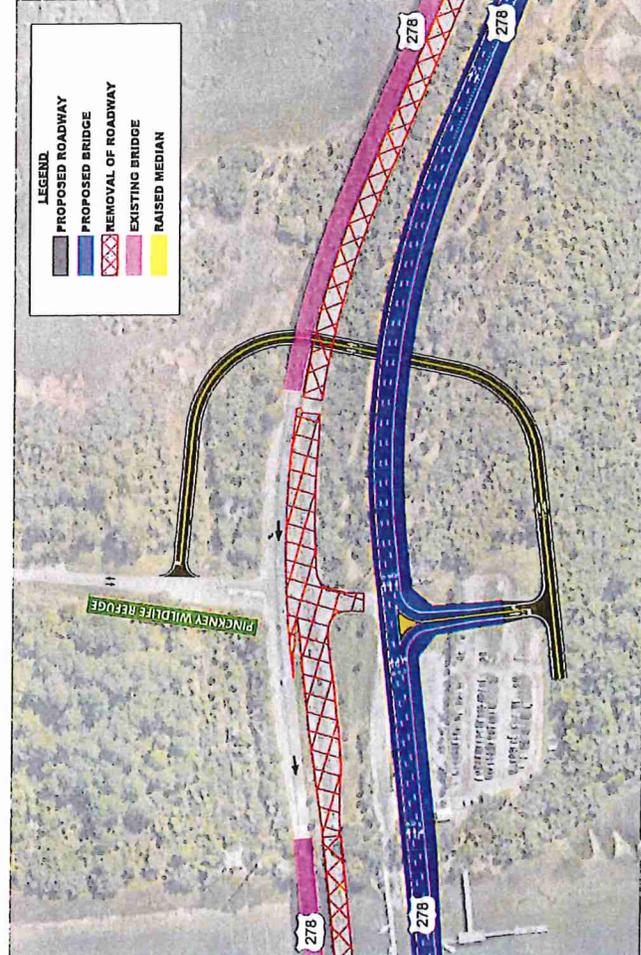
## Proposed Improvements

	Replacement of the eastbound bridges over Mackay and Skull Creek	Replacement of the westbound bridges over Mackay and Skull Creeks	Improved access to Pinckney Island Wildlife Refuge and C.C. Haigh Jr. boat landing	Maintained access to Hog Island/Mariners Cove	Bicycle and pedestrian improvements	Traffic improvements on Hilton Head Island	Does not impact the Stony Community
 <b>US 278 Eastbound Bridge Replacement</b>							
 <b>US 278 Corridor Improvements</b>							

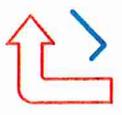


# Improving Access to Pinckney Island

The eastbound bridge replacement would improve access to Pinckney Island and the boat landing—just like many of you asked. *What changes would you see?*



US 278 traffic limited to right-in and right-out access, eliminating left turns while still providing access to both the Pinckney Island Wildlife Refuge and the C.C. Haigh Jr. Boat Landing from either direction

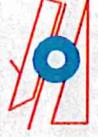


## Eastbound



New ramp to access C.C. Haigh Jr. Boat Landing and new loop road to access Pinckney Island Wildlife Refuge

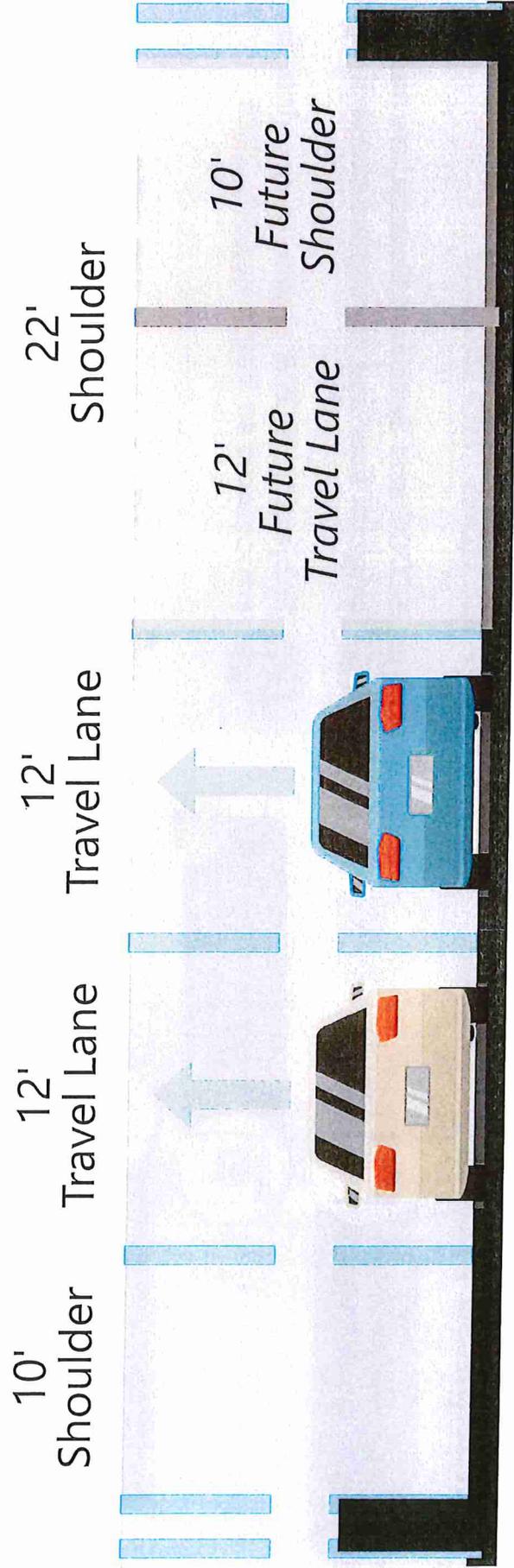
## Westbound



New local access road would loop under both bridges to provide access to both the C.C. Haigh Jr. Boat Landing and the Pinckney Island Wildlife Refuge

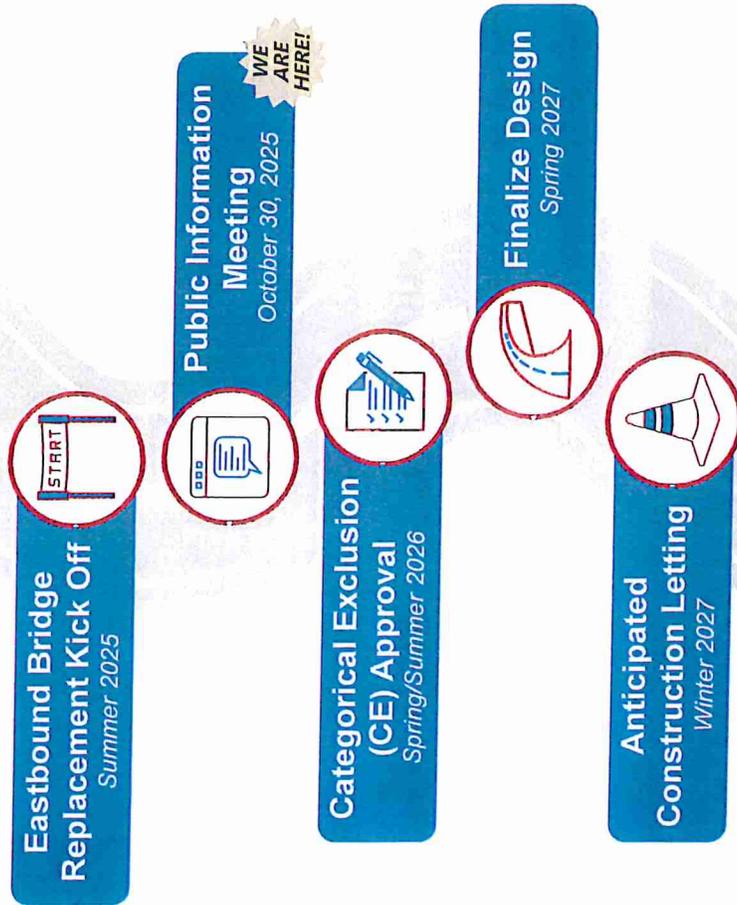


# Eastbound Lane Configuration



# Schedule and Next Steps

## Anticipated Project Schedule



## What does this mean?



SCDOT and Beaufort County can meet the original timeline for replacement if we act now



Subject to FHWA approval, construction is anticipated to begin in early 2028



## What about US 278 Corridor Improvements?

SCDOT and Beaufort County continue to **explore funding opportunities** that could bring the overall corridor improvements project to construction. The US 278 Eastbound Bridge Replacement would **work with** future corridor improvements should funding become available.



# BUILT FOR TODAY, READY FOR TOMORROW

*This bridge replacement project is just one part of **a bigger vision.***



The full corridor project is on hold (funding gap)



SCDOT & Beaufort County exploring funding options



The bridge replacement would work with future corridor improvements should funding become available



# OCTOBER 30, 2025: PUBLIC INFORMATION MEETING



- 173 in-person attendees



- 149 comments received



- 1,450 views online



# STAY CONNECTED

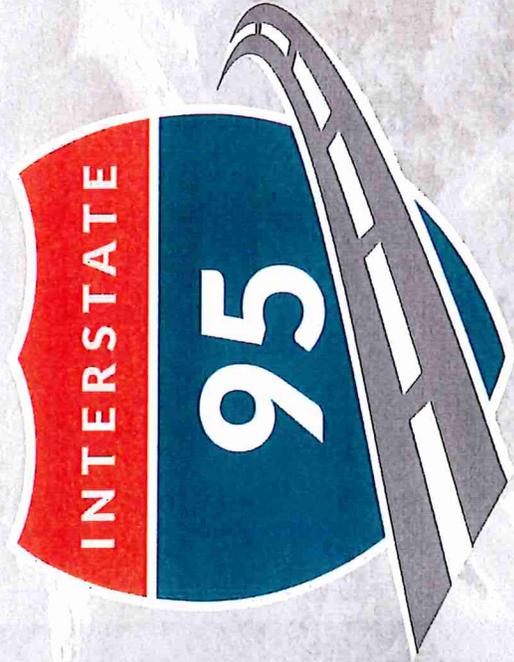


[info@SCDOT278BridgeReplacement.com](mailto:info@SCDOT278BridgeReplacement.com)



[www.SCDOT278BridgeReplacement.com](http://www.SCDOT278BridgeReplacement.com)

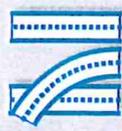




**SOUTH CAROLINA**  
**I-95 IMPROVEMENTS**

— **FIX THE DRIVE** —

# FIX THE DRIVE: OVERALL I-95 IMPROVEMENTS



**9** interchange improvements



**36** miles of widening



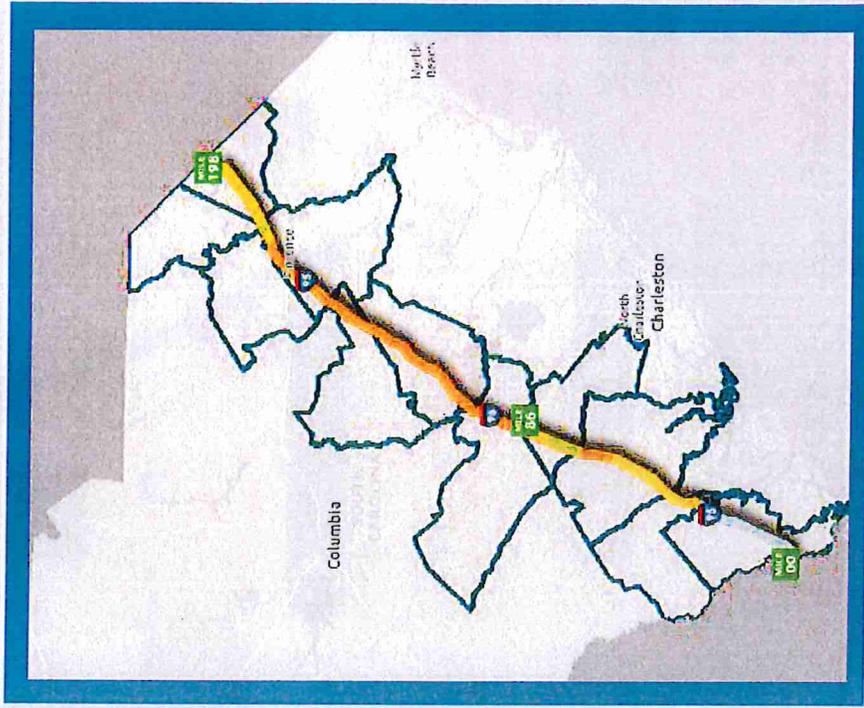
**95** miles of resurfacing and preventive maintenance



**42** bridge improvements

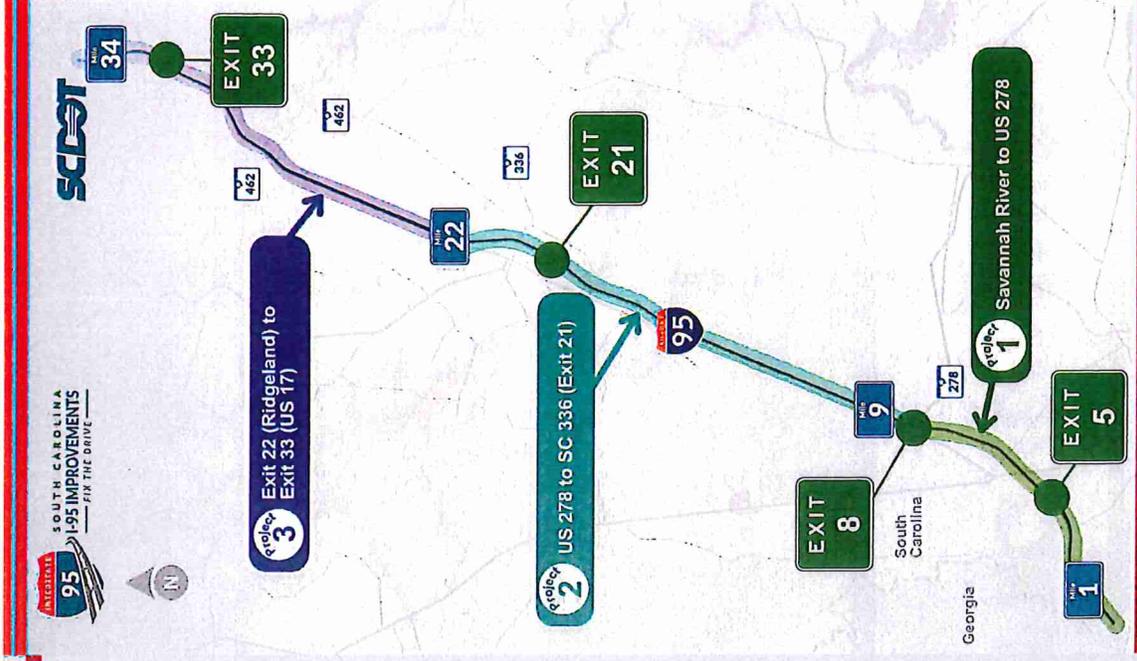


**103** miles of safety improvements



# FIX THE DRIVE: MAJOR IMPROVEMENTS

- 1** Savannah River to US 278
- 2** US 278 to SC 336 (Exit 21)
- 3** Exit 22 (Ridgeland) to Exit 33 (US 17)



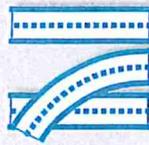
# SAVANNAH RIVER TO US 278

## Purpose:

Improve capacity, mobility, and operations along I-95 from one mile into Georgia at the Savannah River to approximately mile marker 9 (just north of US 278) and to address operational deficiencies for interchanges and bridges within the corridor.



10 miles of interstate



2 interchanges (exits 5 & 8)



14 existing bridges



Savannah River to US 278

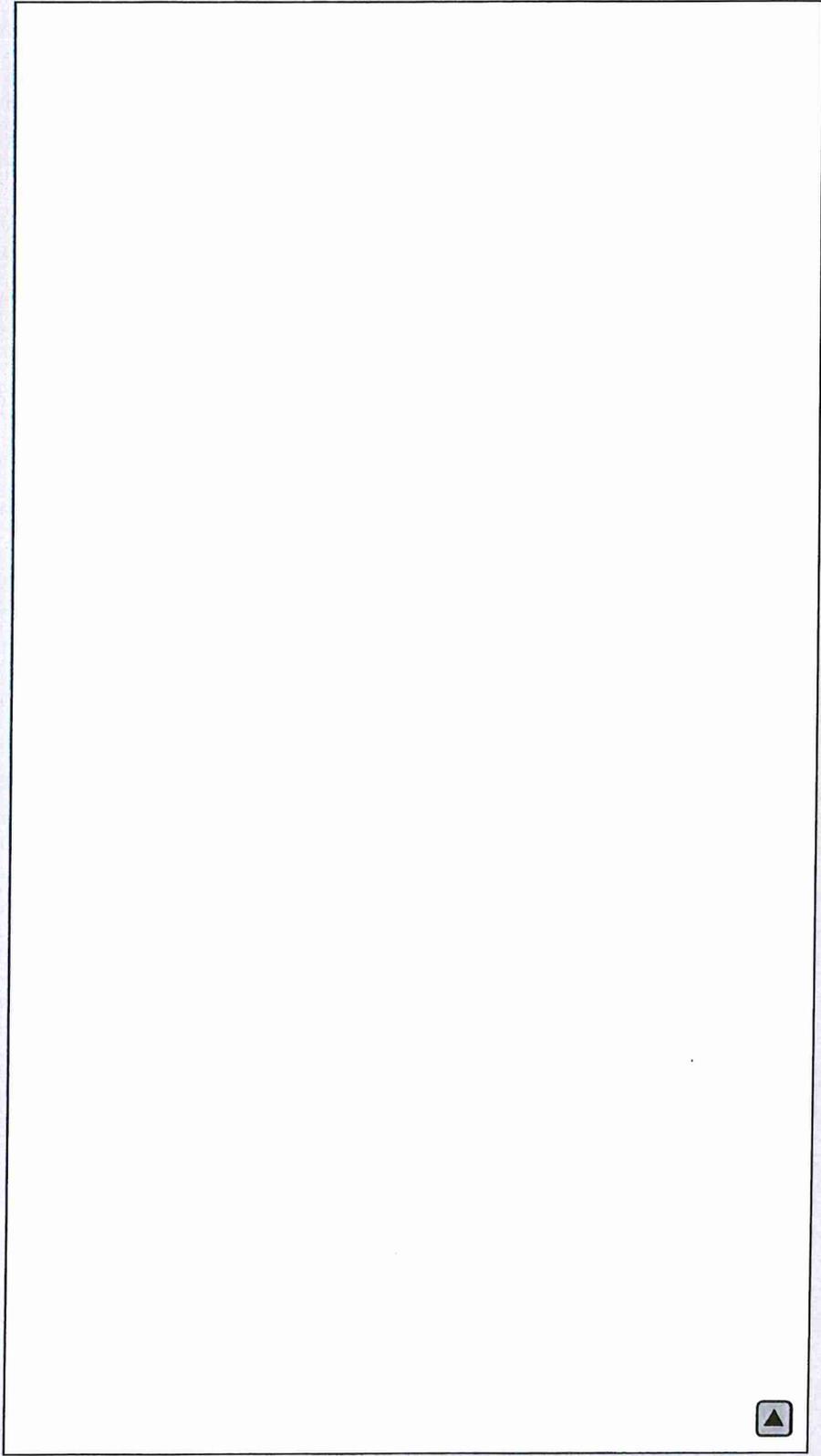
1



## LEGEND

- Mile Marker
- Project Area
- Interchange Improvements

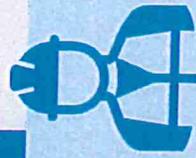
**EXIT 8**



# CONSTRUCTION UPDATES

“The award of SCDOT’s largest contract ever begins a new day to fix the drive on I-95 for residents and visitors alike.”

- Secretary of Transportation Justin Powell



**Construction start:** Late Summer 2025  
**Estimated completion:** 2030

# CONSTRUCTION UPDATES

- Shoulder Strengthening is almost complete
- Failed concrete slabs have been replaced
- Prep work is ongoing to start bridge construction. Work Trestles are being built for Savannah River Bridge
- Clearing and grubbing is progressing and utility relocation window opening in December
- Temporary Barrier wall has been placed for next stage of construction

# US 278 TO SC 336 (EXIT 21)

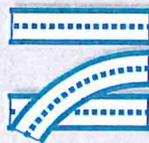
## Purpose:

Improve capacity, mobility, and operations along I-95, between Mile Marker 8 and Mile Marker 21, and to address operational deficiencies for interchanges and bridges within the study corridor.



13

miles of interstate



2

interchanges  
(exits 18 & 21)

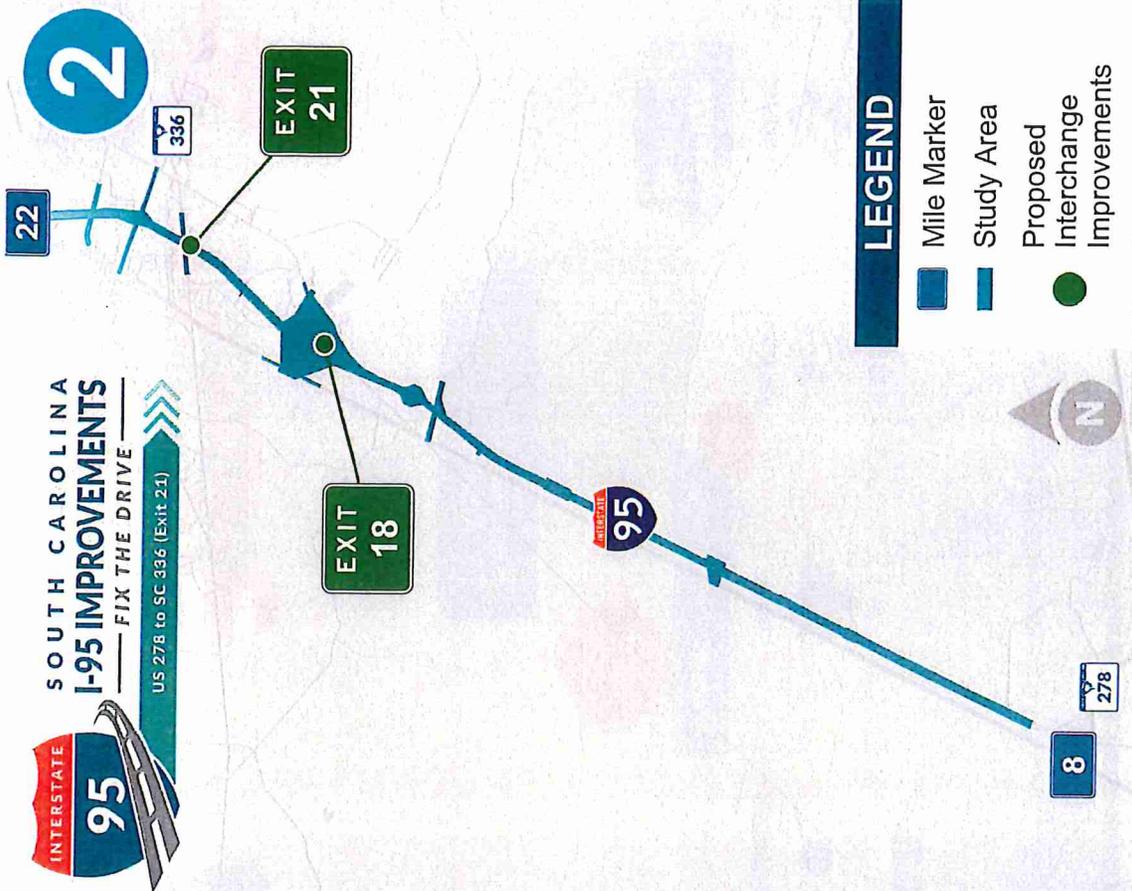


11

existing bridges



SOUTH CAROLINA  
I-95 IMPROVEMENTS  
— FIX THE DRIVE —  
US 278 to SC 336 (Exit 21)



# PROJECT SCHEDULE

2024



SUMMER

Perform Technical Studies



FALL

Develop Alternatives



WINTER

Public Information Meeting



SPRING

Develop Preferred Alternative

2025



SUMMER

Prepare Environmental Assessment



FALL

Public Hearing

WE ARE HERE!

Revise Preferred Alternative



WINTER

2026



SPRING

FHWA Decision



Anticipated Construction:  
Fall 2027 - Fall 2031

# EXIT 22 (RIDGELAND) TO EXIT 33 (US 17)

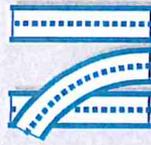
## Purpose:

Improve capacity and mobility and to address operational and structural deficiencies on bridges and interchanges along I-95 from Mile Marker 21 to 33.9



11

miles of interstate



2\*

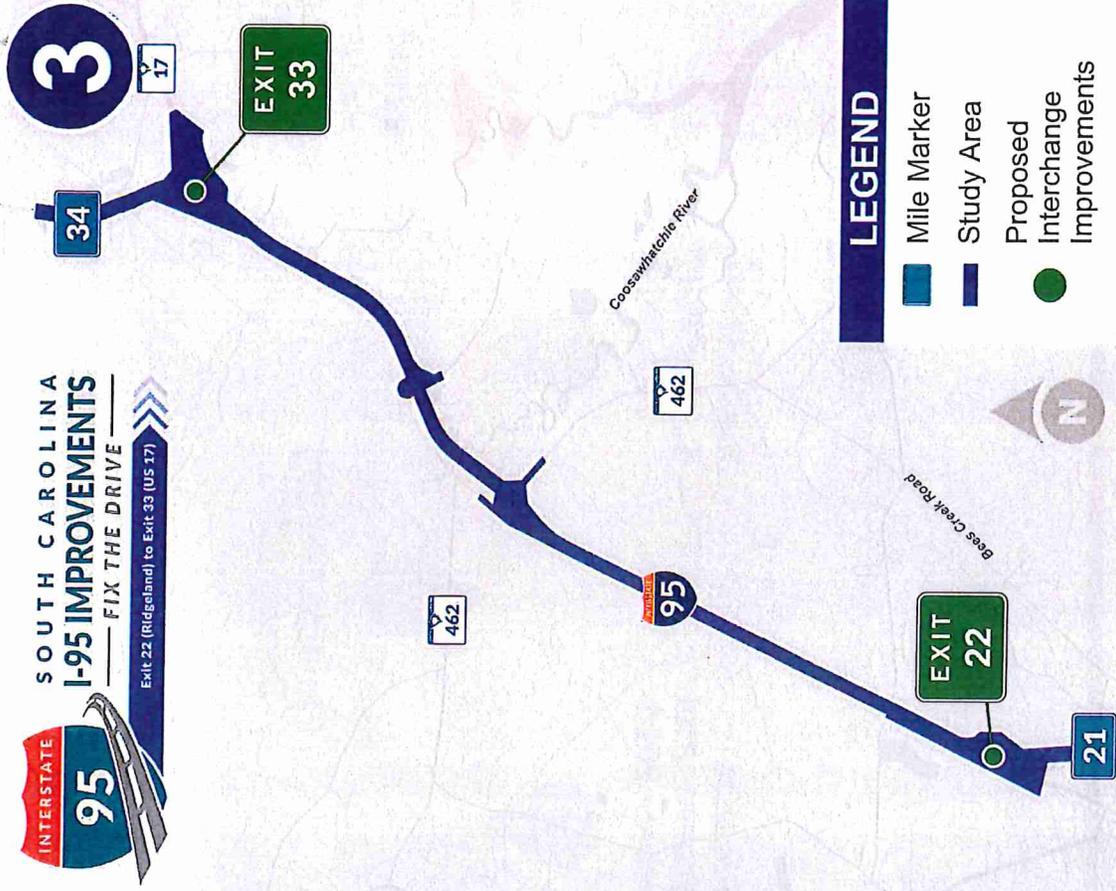
interchanges (exits 22 & 33)

\* minor improvements at 28



10

existing bridges



# PROJECT SCHEDULE



Identify Concerns  
Spring 2025



Public Meeting  
Fall 2025



Finalize  
Environmental  
Summer 2026



Right of Way  
Spring 2027 -  
Fall 2027



Analyze Options  
Spring 2025 -  
Summer 2025



Finalize Option  
Spring 2026



Finalize Design  
Spring 2027



Anticipated  
Construction  
Start



# STAY CONNECTED



[info@FixTheDrive95.com](mailto:info@FixTheDrive95.com)



[www.FixTheDrive95.com](http://www.FixTheDrive95.com)



# THE CONNECTOR

Sign up for the e-Connector  
and stay in touch with SCDOT



# HILTON HEAD ISLAND

SOUTH CAROLINA



WATER SAVINGS RESOURCES

# Restaurants & Water Efficiency



Enroll in your water utility's **online portal** for easy water monitoring and **free leak alerts**.



Follow local irrigation rules for weekly watering limits and always with a **rain sensor**.



Invest in **water-saving toilets** and replace **toilet flappers** periodically.



**Fix leaks promptly** - even a tiny hole can waste thousands of gallons. You could **save up to \$1,500** a year on your water bill by stopping water waste.



Check out the [EPA's WaterSense Guide](#) for additional resources.



Visit

[Beaufort-Jasper Water & Sewer Authority](#) [Broad Creek Public Service District](#),  
[Hilton Head Public Service District](#), or [South Island Public Service District](#).

PRACTICAL TIPS FOR RESTAURANTS/BARS

## Commercial Kitchens

STAFF EDUCATION:



Add signage to areas where there is a risk for water waste to encourage responsible use.



Educate team on water-saving practices such as turning off the tap when not in use and reporting leaks immediately.



Optimize dishwasher use by scraping food waste into the compost (if restaurant has) and only run the dishwasher when it is full.



Thaw frozen food overnight in the refrigerator instead of using running water. This is not only safer but reduces waste.



Upgrade equipment such as dishwashers, ice machines, and steam cookers to **ENERGY STAR** or **WaterSense** qualified models.



Use touchless faucets or motion sensor taps in restrooms to prevent water from being left running.



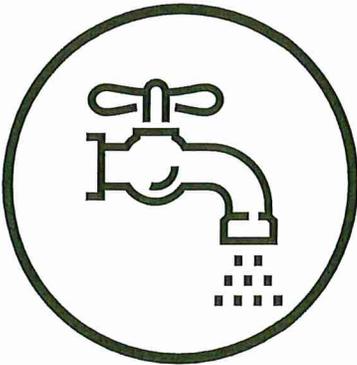
To prevent a commercial ice machine from wasting water, ensure the drain is not clogged, check that the float valve and drain pump are working correctly, and perform regular cleaning and maintenance. A clogged drain can cause the machine to overflow, while a malfunctioning float valve or pump can lead to constant drainage or a lack of drainage, causing the bin to fill with water. Consistent cleaning prevents scale and buildup that cause these issues.



For more information visit: [Saving Water in Restaurants](#)

USING OUR RESOURCES

# Responsibly



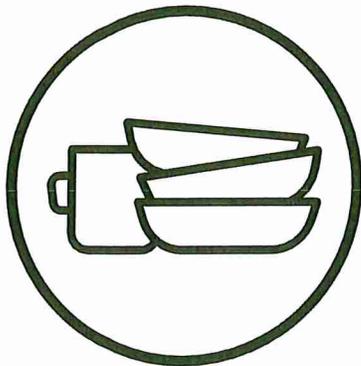
Turn off the tap  
when not in use



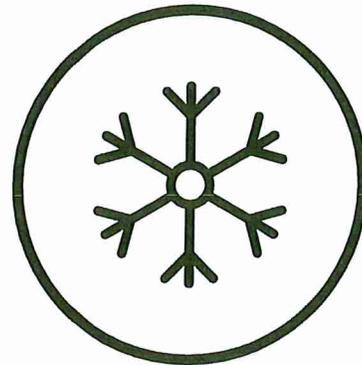
Report leaks  
immediately



Scrape food waste  
into the compost  
*(if restaurant has)*



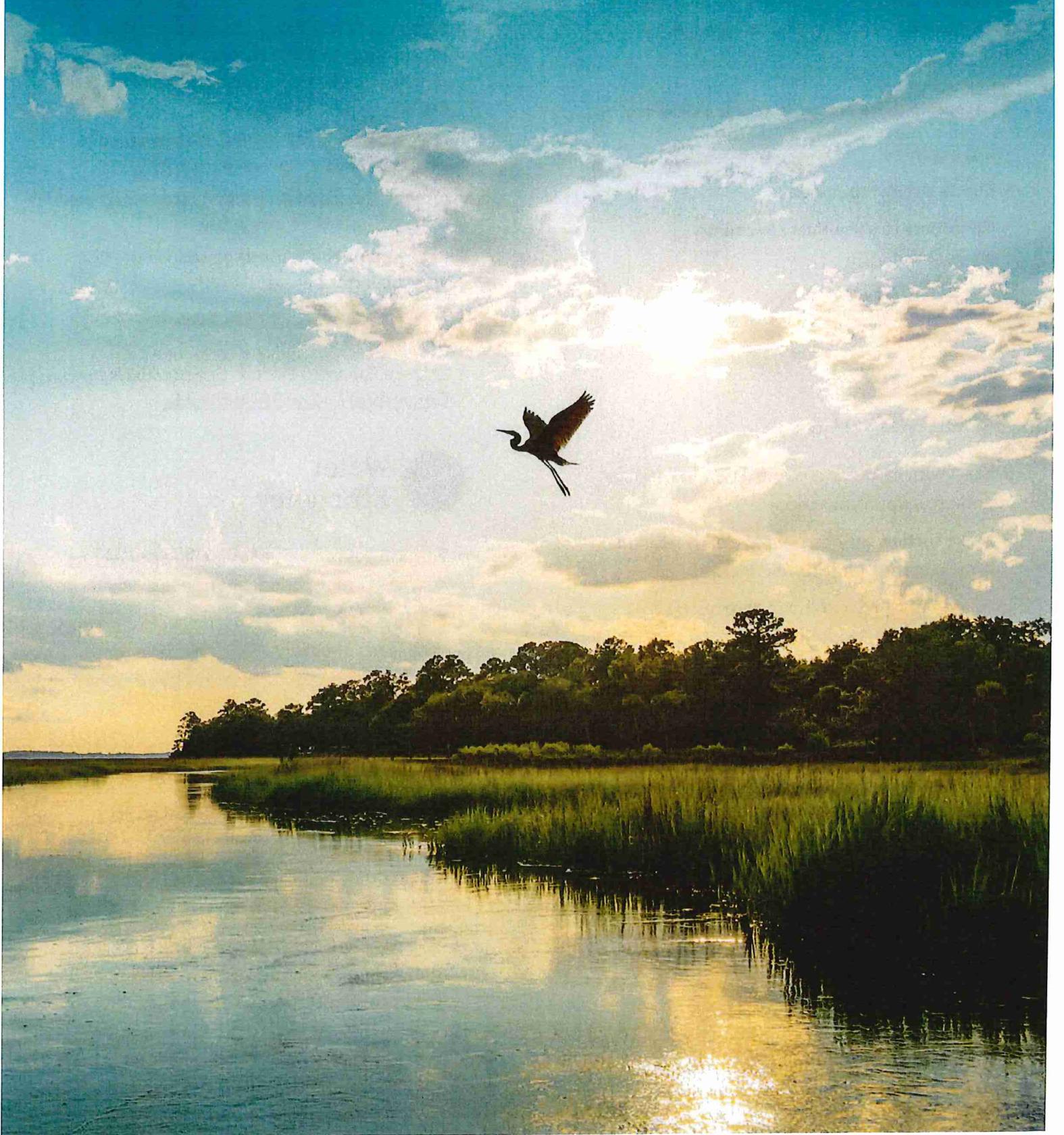
Only run the  
dishwasher when it is full



Thaw frozen food overnight  
in the refrigerator instead of  
using running water

# HILTON HEAD ISLAND

SOUTH CAROLINA



# Strengthening Our Community, Protecting the Environment, Saving Money

What's good for the planet can also be good for your bottom line. We've prepared practical, cost-saving tips that reduce environmental impact in energy, water, recycling and transportation.

By adopting these practices, your business can:

- Cut expenses
- Build a strong reputation
- Contribute to a healthier Lowcountry environment.



## Business Recycling

- **Start with cardboard** if you're new to recycling and grow upon your success.
- **Make sorting easy** by placing clearly labeled bins for paper, plastics, and metals.
- Share the "why" and "how" of recycling to **encourage participation**.
- **Encourage reuse**. Try reusable water bottles, cutlery, cups, and bags instead of single-use plastic items.
- Understand [the hidden cost of landfilling vs. recycling](#).
- Seek [free waste audits](#) to identify cost-saving opportunities.
- Learn about **accepted materials** at [Beaufort County Solid Waste & Recycling](#).
- Find more resources from South Carolina's [Smart Business Recycling Program](#).



## Energy Efficiency

- Switch to **LED lighting** wherever possible. LEDs use **up to 90% less energy** and last up to 25 times longer than traditional incandescent bulbs.
- Keep up with regular **HVAC maintenance** to **save up to 15%** on annual energy bills.
- Inspect and **maintain water heater** equipment to help it run more efficiently.
- Install **smart thermostats** to reduce heating and cooling expenses.
- Try an [Energy Star Treasure Hunt](#) to find quick ways to save energy.
- Explore Palmetto Electric Cooperative's [Commercial Energy Savings Guide](#).



## Water Efficiency

- Enroll in your water utility's **online portal** for easy water monitoring and **free leak alerts**.
- **Fix leaks promptly** - even a tiny hole can waste thousands of gallons. You could **save up to \$1,500** a year on your water bill by stopping water waste.
- Follow local irrigation rules for weekly watering limits and always with a **rain sensor**.
- Invest in **water-saving toilets** and replace **toilet flappers** periodically.
- Check out the [EPA's WaterSense Guide](#) for additional resources.
- Visit [Beaufort-Jasper Water & Sewer Authority](#), [Broad Creek Public Service District](#), [Hilton Head Public Service District](#), or [South Island Public Service District](#).





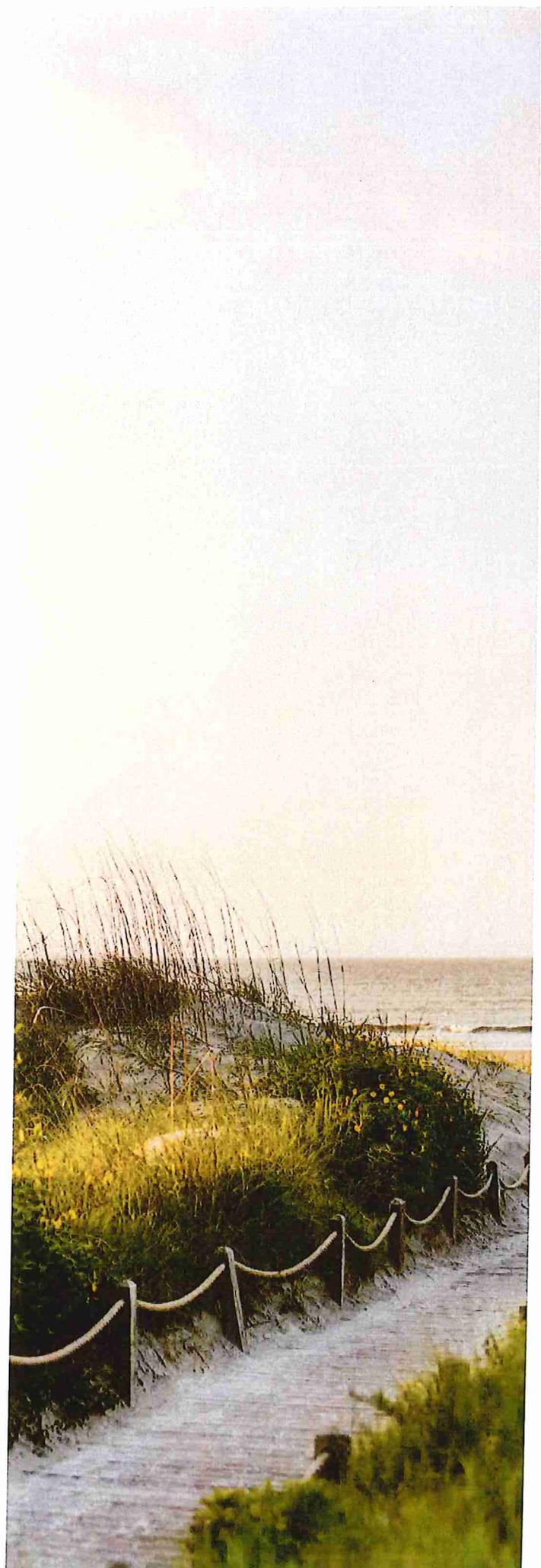
## Sustainable Transportation Choices

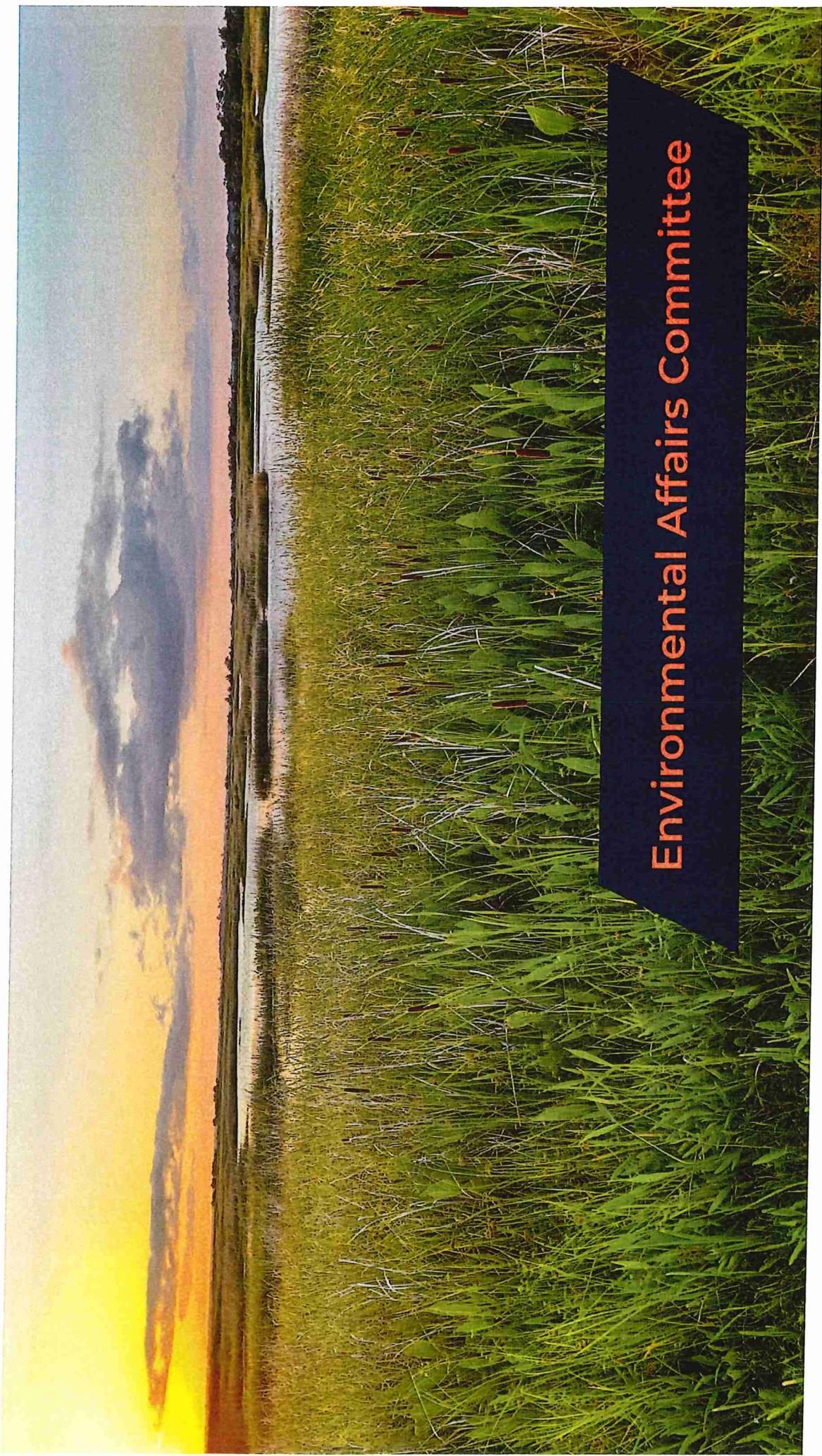
- Coordinate **carpools**, **vanpools** or use **ridesharing** to reduce fuel costs and single occupancy vehicle emissions.
- **Subsidize bus passes** to save commuting costs and ease congestion.
- Encourage employees to **commute by bike/e-bike** using 64 miles of public pathways and provide bike storage facilities.
- Support **flexible work arrangements** like remote or staggered schedules to reduce stress and fuel use.
- Replace short trips with **virtual meetings** when possible.
- Provide preferred parking (at least 5%) for **Green Vehicles** and **Carpools** of the total parking spaces.



## Chamber Spotlight: Green Business Best Practices

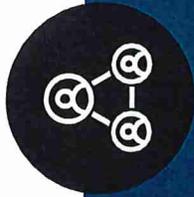
- Every quarter we highlight a local business and their focus on the environment. [Click here](#) to learn more about our current business spotlight.
- To learn more about how to apply these tips & best practices to your business, please [call](#) or [email](#) our office and we will get you connected with the Hilton Head Island & Bluffton Chamber of Commerce Environmental Affairs Committee.





**Environmental Affairs Committee**

# Our Impact: Promoting sustainability for a thriving Lowcountry



## ENVIRONMENTAL EDUCATION



Through meetings and other methods educate on a variety of environmental issues



## ENVIRONMENTAL ASSESSMENTS



Address opportunities at local businesses to be more sustainable



## ENVIRONMENTAL RESOURCE FOR THE BUSINESS COMMUNITY



Using a variety of platforms, help make access to resources & toolkits more accessible

***Environmental affairs encompasses a wide range of issues, primarily focusing on protecting and improving the natural environment including air, water, land and biodiversity.***

## Our Impact: Environmental Education – 2025 Speaker Series

### -Lauren Rust

Lowcountry Marine Mammal Network  
Part of the coordinated effort to assist with  
Sperm Whale stranding on Hilton Head

### -Aaron Kleinhart

COO Strawfish who up-cycles marine waste to create  
an ecofriendly disposable option for island businesses

### -Keith Bradley

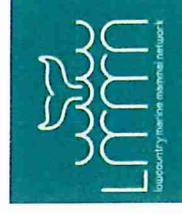
SC DNR Botanist shared history of Hilton  
Head as it relates to his role and  
responsibilities

### -Dr. Tom Mullikin

SC DNR Director shared his new role and  
focus areas

### -Dr. Courtney Kimmel

Port Royal Sound Director of Conservation  
discussed water quality monitoring in the  
watershed



**STRAWFISH®**



## Our Impact: Newly established Guardian Award to be given on annual basis



### Criteria

**Environmental Stewardship** – Time and extent of commitment, implementation of sustainable practices and reduction in environmental footprint

**Customer/Visitor/Staff/Resident Education** – Intentional educational offerings about the environment and culture of Hilton Head-Bluffton-Lowcountry area

**Leadership** – Completing projects that show commitment and leadership to promoting environmental stewardship in this area

**Innovation** – Developing novel solutions to environmental issues



*At the 2026 Chamber Ball, Saturday February 7<sup>th</sup>, the EAC will recognize a local business, organization or individual that has demonstrated their commitment to the environment through the newly established Guardian Award.*

# Our Impact: Online Resource

With the newly formed EAC Team, the opportunity to reach local businesses with simple, local tools to improve their environmental practices became a reality with the Sustainable Solutions webpage.

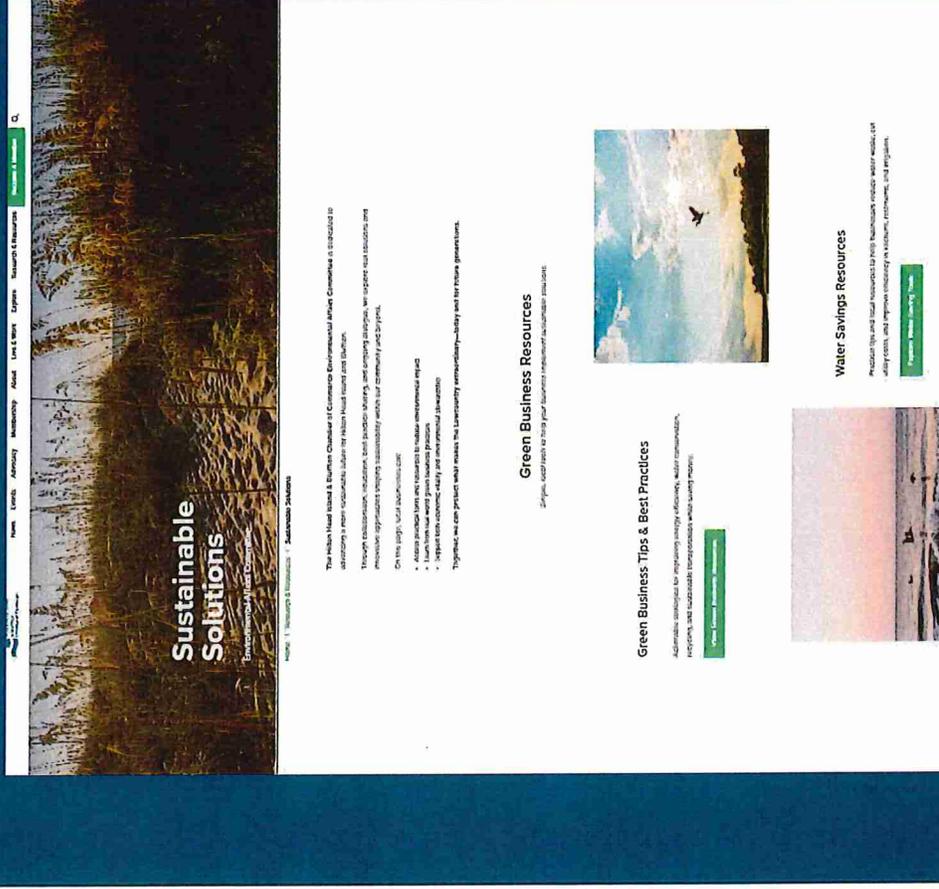
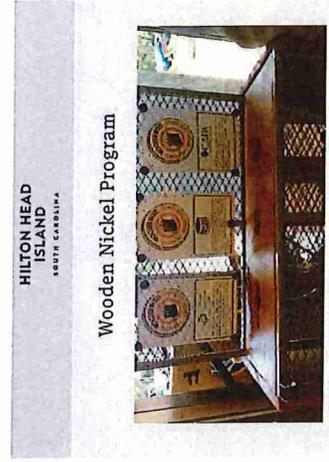


**Green Business Tips & Best Practices:** What's good for the planet can also be good for the bottom line.

**Water Savings Resources:** Focus on Back-of-House

**Green Business Spotlight:** See the good being done and encourage others to create similar programming

**Quench Buggy:** Lowcountry Environmental Club. Can be reserved on Chamber website.

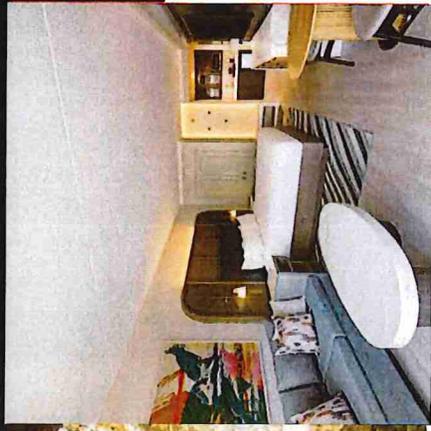
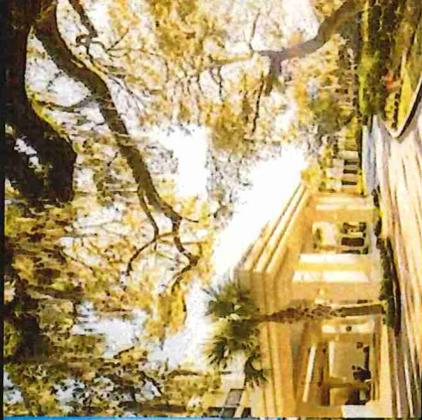


[Encouraging Chamber Organizations to Reserve Quench Buggy](#)

[Sustainable Solutions Page on Chamber Website](#)

# Our Impact: Environmental Assessments

Mission: Members of the EAC work as a team to support business leaders on their journey to being more sustainable.



## Business Request

Business reaches out to Chamber/EAC with request for environmental assessment

## Meet & Greet

EAC team meets with business leaders and reviews the process and areas of review

## Department Visits

EAC team meets with department leaders for Q&A

## Final Assessment

Team compiles results and prepares in final assessment that is reviewed with the business leaders

## Implementation

Business makes changes as recommended by EAC environmental assessment Team



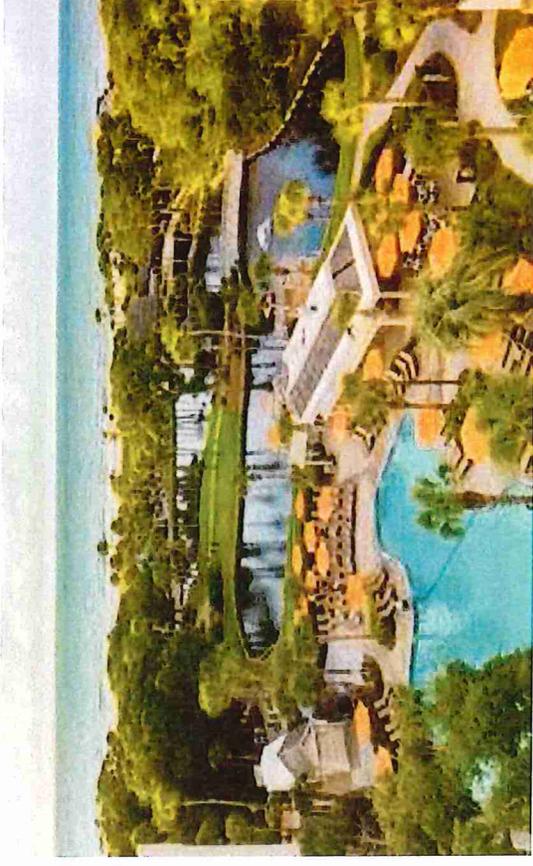
### **Assessment Team**

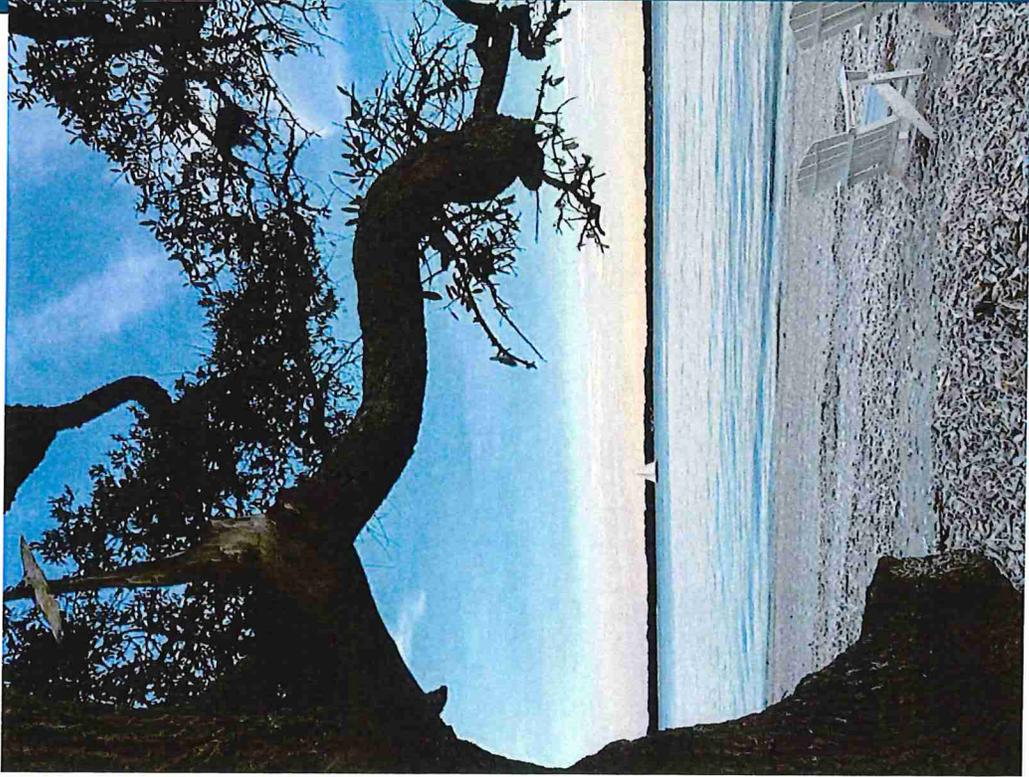
- Corey Tuten, Palmetto Electric
- Jean Fruh, Outside Hilton Head
- Phoenix Smith, CENTRIC Marketing
- Mike Bennett, i2 Recycling
- Pete Nardi, HH PSD
- Laurie Savidge, MVW

### **Next Steps**

- GM Meeting – Complete
- F&B Meeting – Complete
- Recycling Audit – Complete
- Utilities/Engineering Meeting
- HR Meeting
- Rooms Meeting

Sonesta Resort, Shipyard





## Example of education to be provided through assessment process. By: Pete Nardi, HH PSD

### Water Stewardship on Hilton Head Island

Hilton Head Island is a place of dynamic water resources and drinking water treatment and distribution systems. The island primarily gets its drinking water from its underground aquifer system, at depths ranging from 150 feet to 3,500 feet! Our aquifer sources contain both fresh and brackish water. We treat brackish water in state-of-the-art reverse osmosis drinking water treatment facilities, with the same technology that is used to produce brand-name bottled waters and beverages.

We recycle 100% of the treated wastewater from our homes and businesses and use it for golf course irrigation and wetland habitat nourishment. This is a pioneering, decades-long recycled water program and is a key component of our golf industry and our incredible abundance of wildlife and South Carolina native plants.

Using water wisely on Hilton Head Island protects the very things that make this place special — its fragile ecosystems, beautiful beaches, and limited freshwater resources. Because the island relies heavily on the aquifer system, every gallon saved helps preserve the environment, support wildlife, and ensure reliable water access for the entire community for generations to come.

#### How you can help:

- Turn off taps while brushing teeth or washing dishes.
- Take shorter showers and report any leaks immediately.
- Run dishwashers and laundry only with full loads.
- Reuse towels and linens when possible.
- Be mindful of outdoor water use, such as rinsing equipment or watering plants.

Small actions add up quickly. By working together, guests and staff can help protect Hilton Head Island's natural beauty and keep its water supply sustainable for years to come.

## Food & Beverage Sustainability Interview Checklist

**Business:** \_\_\_\_\_  
**Date of Site Visit:** \_\_\_\_\_  
**Interviewee(s):** \_\_\_\_\_  
**Auditor:** \_\_\_\_\_

### 1. Overview & Accomplishments

**Key sustainability accomplishments to date:**  Programs implemented -  Measurable improvements -  Awards, certifications, or recognitions  
**Notes:** \_\_\_\_\_

### 2. Current Plans & Future Initiatives

**Planned or upcoming sustainability efforts:**  Short-term initiatives (next 6-12 months) -  Long-term goals -  Known barriers or resource needs  
**Notes:** \_\_\_\_\_

### 3. Guest Communication

Sustainability messaging visible to guests  
 Messaging integrated into menus, table tents, signage, or digital channels  
 Tone is positive and guest-friendly  
 Guests educated on how they can participate  
**Notes:** \_\_\_\_\_

### 4. Green Team & Water Bottle Program

Active Green Team in place  
 Staff awareness of Green Team initiatives  
 Reusable water bottle program (staff)  
 Reusable water bottle program (guests)  
 Bottle fillers available and clearly marked  
**Notes:** \_\_\_\_\_

### 5. Staff Training

Sustainability training provided to F&B staff  
 Training frequency (onboarding, ongoing, annual)  
 Staff can explain sustainability practices  
**Notes:** \_\_\_\_\_

### 6. Philanthropy & Partnerships

Food donation programs  
 Community or nonprofit partnerships  
 Vendor-supported philanthropy initiatives  
**Notes:** \_\_\_\_\_

### 7. Food Sourcing

**Primary Purveyor:** US Foods (confirmed)  
 Local food sourcing practices  
 Local alcohol sourcing  
 Education for associates on sourcing  
 Education for guests on sourcing  
**Notes:** \_\_\_\_\_

### 8. Food Waste Management

Food waste tracking in place  
 Composting or diversion program  
 Donation of excess food  
 Clear SOP procedures for food waste  
**Notes:** \_\_\_\_\_

### 9. Disposables Inventory

**Check all that apply and note alternatives:**  Cutlery -  Straws -  Dishes -  Napkins -  Clamshells -  Cups -  Stir sticks -  Portion cups -  Food trays -  Food tray liners  
**Notes:** \_\_\_\_\_

### 10. Point of Sale (POS)

Vendor system supports donations or round-up programs  
 Environmental or charitable prompts at POS  
**Notes:** \_\_\_\_\_

### 11. Signage & Environmental Messaging

Environmental savings reminders visible  
 Signage educating guests on sustainability  
 Messaging consistent across outlets  
**Notes:** \_\_\_\_\_

### 12. Menu Review

Menu reflects sustainable sourcing  
 Seasonal or local callouts  
 Portion sizes aligned with waste reduction  
**Notes:** \_\_\_\_\_

### 13. Appliances & Equipment

ENERGY STAR-rated appliances  
 Fryer model documented  
 Preventive maintenance practices  
**Notes:** \_\_\_\_\_

# F&B Interview Checklist - Example

# Environmental Affairs Committee | 2026

## 2026 will be a year of building for the EAC

- Continue to establish roles and responsibilities within the EAC
- Build out subcommittees and further develop strategic priorities for the committee
- Create template for environmental assessments and seek new businesses to be engaged in this opportunity
- Continue to provide education through committee meetings and other channels

## 2026 Guest Speakers and Facility Tours:

- Pete Nardi, HH PSD
- Mike Bennett, i2 Recycling
- Susan Johnson, Nature at Work + SC7
- Kate Schaefer, Lowcountry Land Trust
- Matt Murasko, OluKai Footwear + Trecovery
- Leslie Skardon, Sustain SC
- Larry Hindle, Global Director of Engineering, MVW

## Environmental Templates

Provide businesses with environmental templates for menus, property signage and activities guides.

Pictured: Todd Ballantine's drawings of local flora and fauna.

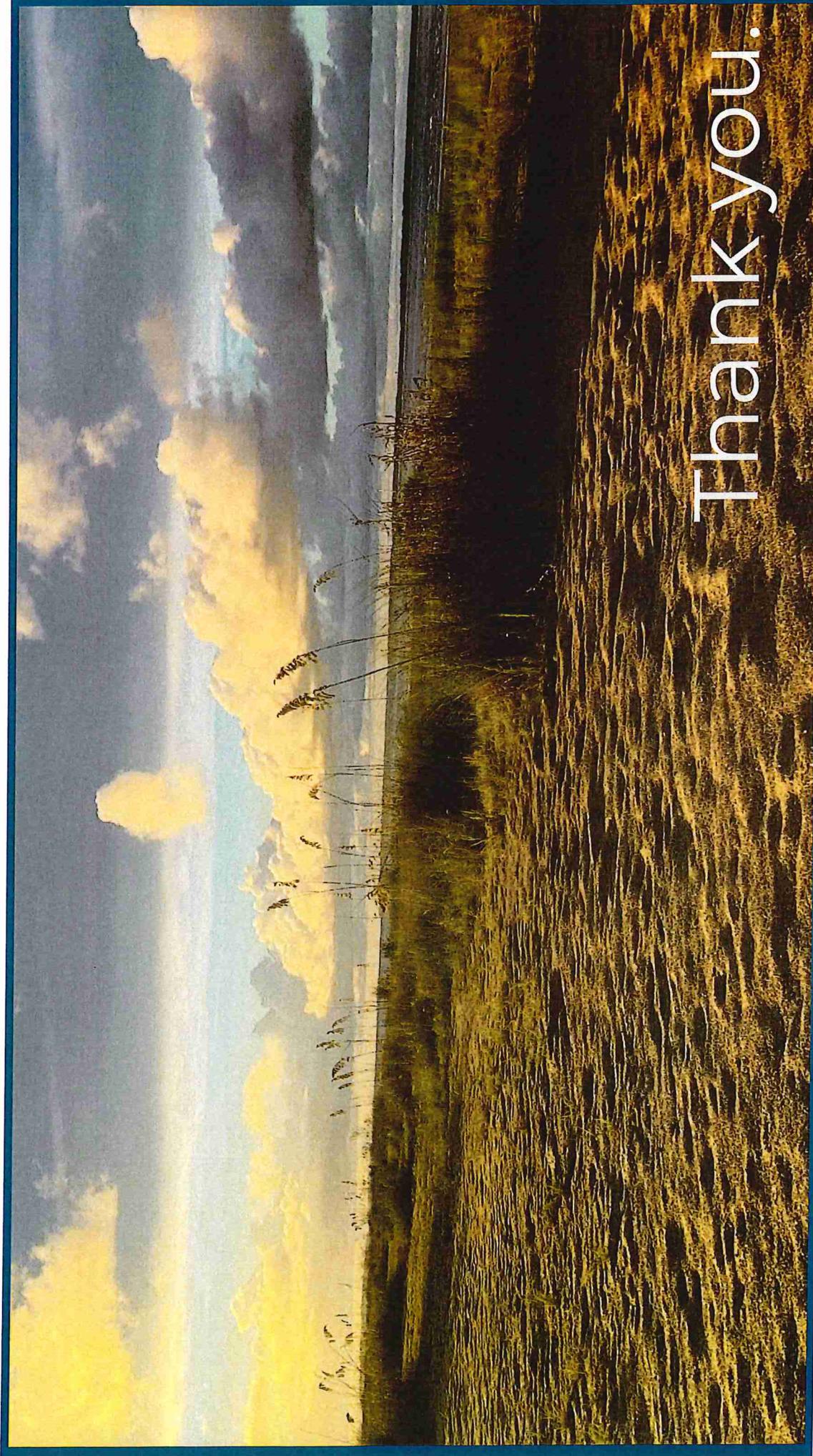
[Tideland Treasures by Todd Ballantine](#)



## Business Toolkits

Provide businesses with environmental resources. EAC will partner with Chamber to continue to recognize businesses that are stewards of the environment.

[Stranded dolphin named Lucky rescued from SC lagoon.](#)



Thank you.





**2025 WaterSense Excellence Award Application**  
Category: *Education and Outreach Activities*

**1. Education and Outreach Activities**

**a. WaterSense campaigns**

Hilton Head Public Service District (PSD) participates in WaterSense-related campaigns throughout the year. We started off 2025 by encouraging community members to save water and join us in taking the "I'm for Water Pledge"<sup>1</sup>. Throughout "Fix a Leak Week", we shared facts on leaks, helpful tips for homeowners to identify and fix leaks, and a link to the WaterSense Fix a Leak website<sup>2</sup>. In the spring, we participated in the "Sprinkler Spruce Up" campaign. We shared WaterSense tips related to sprinkler inspection, repair, proper use, and a link to WaterSense irrigation controllers<sup>3</sup>. As the summer approached, we participated in the "Jump Into Pool Water Efficiency" campaign which included a link to the WaterSense Pool Guide and information on pool covers<sup>4</sup>. Throughout the year, we promoted WaterSense labeled products on social media and in our *Liquid E-newsletter*. We closed out 2025 by promoting holiday savings and encouraging customers to shop for products with the WaterSense label<sup>5</sup>.

**b. Water-efficient events or campaigns**

The PSD also partners with Clemson University Extension Service to provide customer education about responsible lawn care and landscaping in the Lowcountry of South Carolina. We provide information about this partnership to community members through social media, newsletters, and our website (<https://hhpsd.com/about-our-water/water-conservation/>). Topics shared through these outlets include watershed-friendly landscapes, preservation of native plant communities, and information on horticulture, landscaping, agriculture, natural resources, and water resources.

**c. WaterSense education activities**

The PSD is very active on our social media platforms which include Facebook, Instagram and X. We routinely share important messages for customers, local events, information on our water services, and WaterSense related outreach activities. **In 2025, our number of followers increased on Facebook and Instagram. Our estimated social media reach is:**

- **Facebook: 659 followers**
- **Instagram: 723 followers**
- **X: 203 followers.**

We helped spread the WaterSense message by sharing over thirty (30) WaterSense themed messages through these outlets in 2025. **Our social media posts received a total of 345 interactions (likes, comments, or shares) during the calendar year. The number of impressions (views) was 25,447, an increase of 75% from the previous year<sup>6</sup>.** Water conservation is one of our biggest focus areas and our



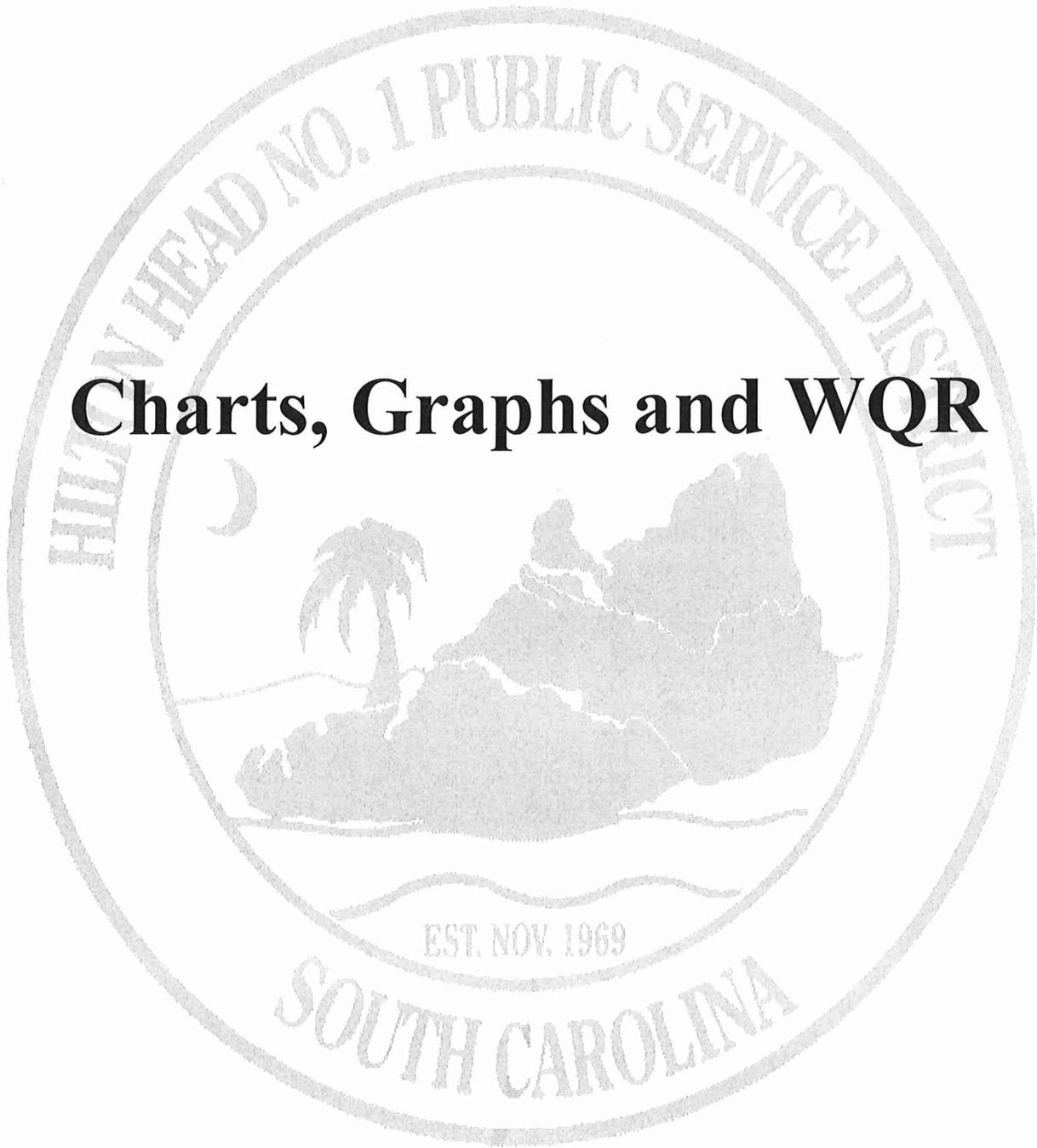
Partnership with WaterSense allows us to educate consumers about water efficiency and inspire them to adopt water-efficient behaviors. WaterSense water-efficiency materials that we have shared on social media include the Water Savings Checklist and Tackle Water Waste Campaign<sup>7</sup>. Throughout the year, we promote the WaterSense Label for products and homes via our website, social media, and customer newsletters. We routinely promote WaterSense labeled for homes and products including irrigation controllers, spray sprinkler bodies, toilets, shower heads, and faucets<sup>8</sup>.

**d. WaterSense-related media activities**

The PSD has increased public awareness of the WaterSense program and water efficiency through our website, monthly newsletters, quarterly newsletters, and social media outlets. **Our website traffic averaged 2,827 user visits each month and over 43,600 site visits for the year<sup>9</sup>.** Our homepage (<https://hhpsd.com/>) includes the EPA WaterSense logo which links to the EPA WaterSense website. The website also features a "Conservation" section on the main page, which links to information on our recycled water program, water efficiency and other helpful resources. In the latter sections, we promote the WaterSense program and encourage users to visit the site to learn more about water conservation and water-efficient products. Our monthly newsletter, *Liquid E-newsletter*, is available online (<https://hhpsd.com/newsletters/>) and has **7,680 accounts that are subscribed digitally. The average e-mail open rate is 48%<sup>10</sup>.** We also create a quarterly newsletter which is paper mailed to **10,739 accounts.**

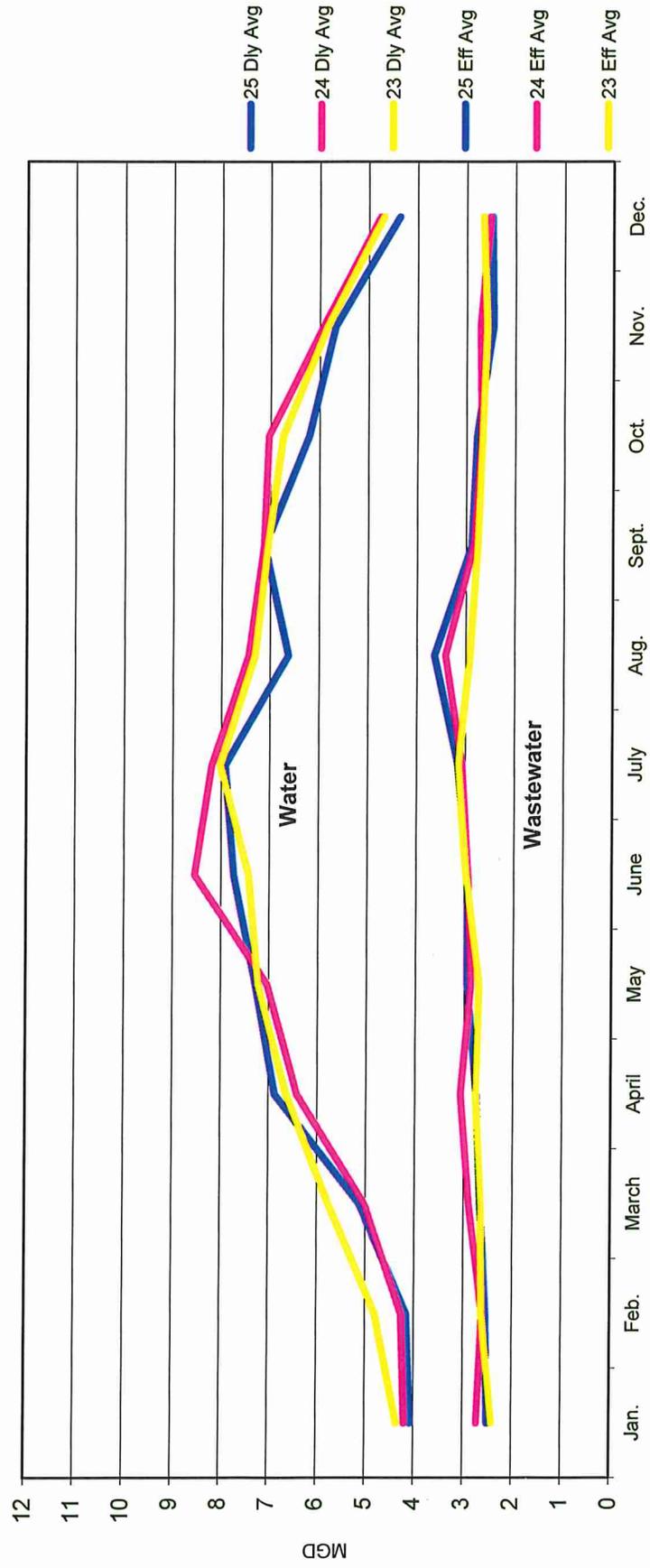
**e. WaterSense-created materials**

The PSD uses WaterSense-created materials throughout the year to promote the program on social media and in our customer newsletters. The WaterSense Partner Marketing Calendar helps us stay on track by providing monthly themes, WaterSense links and suggested posts to promote WaterSense labeled products, campaigns, and messaging. We used WaterSense campaign materials<sup>11</sup> to promote Fix a Leak Week and Pool Water Efficiency. We also used hashtags<sup>12</sup> from the 2025 Marketing Calendar including #WorldWaterWeek, #SmartIrrigationMonth, and #WorldWaterDay.

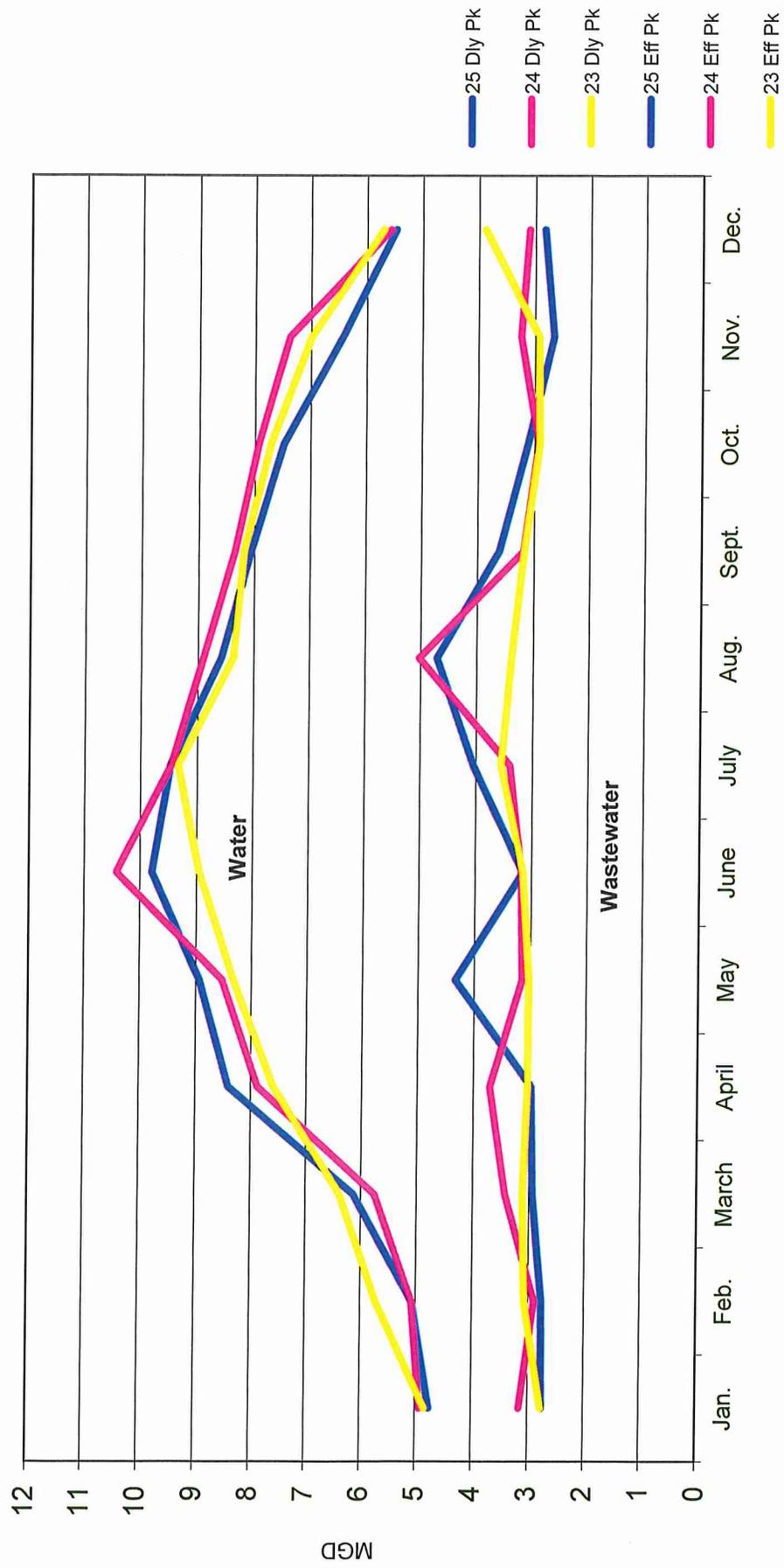


# **Charts, Graphs and WQR**

### Water and Wastewater Average Flows



### Water and Wastewater Peak Flow





Dec-25  
Monthly Water Quality Report

Water Supply Source	MG Per Month												% of Supply YTD
	Jan.	Feb.	March	April	May	June	July	Aug.	Oct.	Nov.	Dec.	YTD	
Purchased	4.25	3.46	29.75	42.03	35.92	42.09	45.16	39.18	45.11	22.46	0.00	341.25	15.0%
RO Plant	119.26	107.59	116.48	118.30	122.58	116.30	120.15	122.27	122.31	117.92	115.56	1417.13	62.0%
UFA Wells	18.28	20.24	28.67	31.47	33.28	33.40	35.84	23.35	27.42	27.70	16.61	324.38	14.0%
ASR Recovery	0.00	0.00	0.00	29.30	36.70	38.91	42.51	18.46	1.67	0.00	0.00	202.16	9.0%
Total	141.79	131.29	174.90	221.10	228.48	230.70	243.66	203.26	196.51	168.08	132.17	2284.92	100.0%

System-wide Water Quality Testing

Type of Test	Results by Month												
	Jan.	Feb.	March	April	May	June	July	Aug.	Oct.	Nov.	Dec.		
Bacteriological	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	PASS	
Chlorine (avg)	2.2	2.39	2.16	2.05	1.90	1.43	1.24	1.26	1.17	1.82	2.06		
Ph (avg)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Disinfection By-products (DBPs) (qtrly.)	In Compliance			In Compliance			In Compliance			In Compliance			
Hardness (range)	11 - 121 (WINTER - NO WELLS)			14 - 260 (SUMMER - WELLS/ASR ON)			(WINTER)						

**Supply-specific Water Quality Ranges for This Month**

<b>Supply</b>	<b>Average Chlorine Residual</b>	<b>Within Acceptable Range? (Y/N)</b>	<b>Average Chloride Level (ppm)</b>	<b>Average Hardness (ppm)</b>
BJWSA (supply)	1.96	Y		
RO Raw Water MFA Wells (range)	n/a	Y	151 - 446	100 - 204
Finished RO Water	3.20	Y		
Fire Station UFA	2.15	Y	62	138
Leg O' Mutton UFA	2.43	Y	71	190
Wild Horse UFA	2.37	Y	78	189
Seabrook UFA	2.30	Y	150	270
Union Cemetery UFA	1.91	Y		
ASR (recharged)	2.53	Y	64	85

### Customer Inquiries

Type of Inquiry	Number of Inquiries	Resolved?	Comments
Low Pressure	8	y	
Customer break/leak	13	y	
PSD break/leak	19	y	
Water Outage	4	y	
Odor/Taste/Color	2	y	
Miscellaneous	74	y	
Sewer issues & Inspections	45	y	
<b>Total</b>	<b>165</b>		

Other Water Quality Notes for This Month  
 11/25/2025 - Changed cartridge filters