



**County Council of
Beaufort County
Finance Committee
Meeting**

Chairman
CHRIS HERVOCHON

Vice Chairman
MARK LAWSON

Committee Members
GERALD DAWSON
STU RODMAN
PAUL SOMMERVILLE

County Administrator
ASHLEY M. JACOBS

Clerk to Council
SARAH W. BROCK

Staff Support
SUZANNE GREGORY
ALICIA HOLLAND

Administration Building
Beaufort County Government
Robert Smalls Complex
100 Ribaut Road

Contact
Post Office Drawer 1228
Beaufort, South Carolina 29901-1228
(843) 255-2180
www.beaufortcountysc.gov

Finance Committee Agenda

Monday, July 13, 2020 at 3:00 PM

[This meeting is being held virtually in accordance with Beaufort County Resolution 2020-05]

THIS MEETING WILL BE CLOSED TO THE PUBLIC. CITIZEN COMMENTS AND PUBLIC HEARING COMMENTS WILL BE ACCEPTED IN WRITING VIA EMAIL TO THE CLERK TO COUNCIL AT SBROCK@BCGOV.NET OR PO DRAWER 1228, BEAUFORT SC 29901. CITIZENS MAY ALSO CALL 843-255-2041 TO SIGN UP FOR PUBLIC COMMENT PARTICIPATION BY PHONE AND CAN COMMENT DURING THE MEETING THROUGH FACEBOOK LIVE.

1. CALL TO ORDER
2. PLEDGE OF ALLEGIANCE
3. *[Public notification of this meeting has been published, posted, and distributed in compliance with the South Carolina Freedom of Information Act]*
4. APPROVAL OF AGENDA
5. APPROVAL OF JUNE 15, 2020 MINUTES

ACTION ITEMS

6. CONSIDERATION OF AN ORDINANCE TO ENTER INTO A LEASE AGREEMENT AT BEAUFORT CITY HALL FOR VETERAN'S AFFAIRS DEPARTMENT
7. CONSIDERATION OF AN ORDINANCE FINDING THAT THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, MAY ISSUE NOT EXCEEDING \$1,550,000 OF GENERAL OBLIGATION BONDS AND TO PROVIDE FOR THE PUBLICATION OF NOTICE OF THE SAID FINDING AND AUTHORIZATION.
8. CONSIDERATION OF A RESOLUTION FOR A PUBLIC HEARING TO BE HELD UPON THE QUESTION OF THE ISSUANCE OF NOT EXCEEDING \$1,550,000.00 OF GENERAL OBLIGATION BONDS OF THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA; PROVIDING FOR THE PUBLICATION OF THE NOTICE OF SUCH PUBLIC HEARING; AND OTHER MATTERS RELATING THERETO
9. RECOMMENDATION FOR FY 2021 CONTRACT RENEWALS
10. APPROVAL OF AN ORDINANCE AUTHORIZING THE EXECUTION AND DELIVERY BY BEAUFORT COUNTY, SOUTH CAROLINA ACTING THROUGH BEAUFORT COUNTY MEMORIAL HOSPITAL OF NOT EXCEEDING \$20,000,000.00 PROMISSORY NOTE AND A CREDIT AGREEMENT; AUTHORIZING PROPER OFFICERS TO DO ALL THINGS NECESSARY OR ADVISABLE; AND OTHER MATTERS INCIDENTAL THERETO.
11. REQUEST FOR PROPOSAL #082720 AUDITING AND CONSULTING SERVICES FOR BEAUFORT COUNTY
12. ATAX AGREEMENT WITH HILTON HEAD ISLAND-BLUFFTON CHAMBER OF COMMERCE

- [13.](#) CONSIDERATION OF AN ORDINANCE TO PROVIDE FOR A METHOD FOR ALLOCATING RESERVE ACCOMMODATIONS TAX AND/OR HOSPITALITY TAX REVENUES; AND OTHER MATTERS RELATING THERETO
 - [14.](#) APPROVAL OF HILTON HEAD ISLAND-BLUFFTON CHAMBER OF COMMERCE- 2020 DIGITAL MARKETING PROGRAM AGREEMENT
-

CITIZEN COMMENTS

- 15. CITIZEN COMMENT(*Every member of the public who is recognized to speak shall limit comments to three minutes - Citizens may email sbrock@bcgov.net, or comment on our Facebook Live stream to participate in Citizen Comment*)
- 16. ADJOURNMENT



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

Approval of Minutes

Committee:

Finance Committee

Meeting Date:

July 13, 2020

Committee Presenter (Name and Title):

Issues for Consideration:

Points to Consider:

Approval of June 15, 2020 Minutes

Funding & Liability Factors:

Council Options:

Approve, Modify, Reject

Recommendation:

Approve



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Finance Committee Minutes

Monday, June 15, 2020 at 1:30 PM

[This meeting is being held virtually in accordance with Beaufort County Resolution 2020-05]

PRESENT

- Chairman Chris Hervochon
- Vice Chairman Mark Lawson
- Council Member Michael Covert
- Council Member Gerald Dawson
- Council Member Brian Flewelling
- Council Member York Glover
- Council Member Joseph F. Passiment
- Council Member Alice Howard
- Council Member Paul Sommerville
- Council Member Stu Rodman
- Council Member Lawrence McElynn

CALL TO ORDER

Chairman Hervochon called the meeting to order at 1:30 p.m.

PLEDGE OF ALLEGIANCE

Chairman Hervochon led the Pledge of Allegiance.

FOIA COMPLIANCE

Sarah W. Brock, Clerk to Council, confirmed that public notification of the meeting was published, posted, and distributed in compliance with the South Carolina Freedom of Information Act.

APPROVAL OF AGENDA

Motion: It was moved by Council Member Passiment, seconded by Council Member Dawson, to approve the agenda. The vote: YEAS – Committee Chairman Hervochon, Committee Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn.
Motion passed 11:0

APPROVAL OF MINUTES

Motion: It was moved by Council Member Passiment, seconded by Council Member Flewelling, to approve the May 14, 2020 Budget Work Session minutes. The vote: YEAS – Committee Chairman Hervochon, Committee Vice-Chair Lawson, Council Member Passiment, Council Member

Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 11:0

ACTION ITEMS

Approval of a lease extension for old courthouse parking lot

Kurt Taylor, County Attorney presented the agenda item stating that the county has leased a privately-owned parking lot adjacent to the old courthouse for use by persons doing business in the building and the current lease expires on June 30, 2020. The owner of the parking lot has agreed to a short-term renewal of the lease that would last until August 30, 2020, in the amount of \$8,333.00. Mr. Taylor stated that an RFP seeking proposals has been issued and responses are requested by July 15, 2020.

Motion: It was moved by Council Member Covert, seconded by Council Member Flewelling, to extend the lease agreement until September 2020 for \$8,333.00. The vote: YEAS – Committee Chairman Hervocho, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Flewelling, Council Member Glover, Council Member Howard. The Vote: NAYS- Council Member Dawson, Council Member Rodman, Council Member McElynn. Motion passed. 7:3. Absent during vote- Committee Vice-Chair Lawson.

Approval of a request to supplement the intergovernmental agreement and enter into a regional joint use shelter policy agreement, regional joint use shelter operation annex agreement, and regional joint use facility use agreement with Jasper County and Jasper County School district regarding the Regional Emergency Shelter.

Jasper County Attorney David Tedder presented agenda item stating that in September of 2018 County Council agreed to enter into an Intergovernmental Agreement with Jasper County and the Jasper County School District for the development of a regional emergency shelter. Since then the parties have been working with numerous governmental agencies and community services organizations to develop protocols and procedures for the funding, maintenance, and operation of the shelter. The IGA will be supplemented to 1) specify the annual operating reimbursement process between the Counties, and 2) acknowledge the approval of the operating protocols, policies, and agreements referenced in Section 6 of the IGA. The agreement states that on an annual basis, Beaufort County will contribute 60% towards the estimated \$25,000.00 annual costs. Any additional costs not funded by grants or reimbursement from federal or state agencies, or imposed as a function of periodic price increases by the contractor or fuel costs, will also be split with the same 60/40 ratio for each County.

Council Member Covert asked Mr. Tedder if this held the E-911 dispatch center and Mr. Tedder stated that this is an evacuation shelter only and doesn't hold any emergency dispatch.

Council Member McElynn questioned the backup material wanting confirmation that Beaufort County does not have shelters. Mr. Edwards with Jasper County Emergency Services stated that 100% of Beaufort County is in an evacuation zone and does not have evacuation shelters. Council Member McElynn asked what was Jasper County's School Districts role in this. Mr. Tedder explained that the facility is provided by the Jasper County School District along with their staff.

Motion: It was moved by Council Member Howard, seconded by Council Member Glover, to approve the request to supplement the intergovernmental agreement and enter into a regional joint use shelter policy agreement, regional joint use shelter operation annex agreement, and regional joint use facility use agreement with Jasper County and Jasper County School District regarding the Regional Emergency Shelter. The vote: YEAS – Committee Chairman Hervocho, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 10:0 Absent during vote- Committee Vice-Chair Lawson

Approval to renew a contract for transportation services provided by Owl, Inc. for the Beaufort County Disabilities and Special Needs Department.

Purchasing Director, Dave Thomas presented request to renew a contract for transportation services Beaufort County Disabilities and Special Needs Department. The total amount requested is \$283,140.00 which reflects daily fixed-route transportation in support of the DSN Department with the understanding that additional locations may be added and listed locations may change depending on program needs. The estimated number of participants is 40 adults with disabilities across four routes in Beaufort County and the vendor utilizes local workers as drivers.

Council Member Covert asked what was the purpose of DSN purchasing vehicles and what purpose does OWL provide. Mr. Bill Love, Executive Director stated the vehicles purchased are their own vehicles which does provide transport consumers within the County, and OWL owns their own vehicles and has 3-4 routes outlined in Beaufort County that provide transportation. Council Member Covert then asked if a cost analysis was done in providing transportation themselves versus OWL and Mr. Love explained that the staff is there to provide service, some transportation is necessary and DSN has previously done their own transportation before but the staff is there to provide service to the consumer and not transport which is the purpose of OWL.

Motion: It was moved by Council Member Dawson, seconded by Council Member McElynn, to approve the request to renew a contract for transportation services provided by Owl, Inc. for the Beaufort County Disabilities and Special Needs Department. The vote: YEAS – Committee Chairman Hervocho, Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 11:0.

Recommendation for FY 2021 Contract Renewals

Purchasing Director, Dave Thomas presented recommendations for FY 2021 Contract Renewals.

- 1) Register of Deeds: New Visions Systems- Official Records Software and Maintenance Support \$52,048.00.
- 2) Clerk of Court Magistrate: South Carolina Judicial Department-Court Management System Support \$60,000.00
- 3) Assessor Auditor& Treasurer: Manatron- Property Assessment and Tax Software and Support for the Assessor, Auditor and Treasurer's Office \$60,000.00
- 4) Finance: Maulding & Jenkins- Provide FY21 Auditing Services as well as CARF Assistance \$65,000.00
- 5) Employee Services: Andrews Technology NOVATIME- NOVATIME Annual Maintenance and Hosting \$65,850.00
- 6) Employee Services: USI Insurance Services- Benefits Consulting Services \$66,950.00
- 7) Finance, Purchasing, Business License, Employee Services, Building Codes, Local Accommodation Tax, Hospitality Tax, Admission Fees: Annual Support and License Agreement for Munis- \$218,099.00.
- 8) Assessor, and Treasurer: Printing and mailing services (property tax bills) - \$300,000.00.

Motion: It was moved by Council Member Passiment, seconded by Council Member Flewelling, to approve the request to renew a contracts 1-6 as presented and forward contracts 7 and 8 to county council for approval. The vote: YEAS – Committee Chairman Hervocho, Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Covert, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. Motion passed. 11:0.

Internal Audit

Chairman Hervocho explained that the internal audit committee's purpose is to direct staff to develop scopes for

specific areas within the County to submit for the internal audit. Previously discussed was suggesting that the Finance Department's function and procurement and Department of Special Needs to be apart of the audit. County Administrator, Ms. Jacobs agreed with these two Departments.

Council Member Covert mentioned appointing individuals from the public to be a part of this process.

Chair Hervochon stated he doesn't think we have the ordinance to support this process. Being that it is an internal audit the public would not have a role to play.

Ms. Jacobs stated that an outside firm would be hired to preform the internal audit and doesn't see how members of the public would interact.

Council Member Glover asked if the scope of work is going to be under the budget of \$75,000.00. Ms. Jacobs stated that a RFQ would be issued to get a qualified firm and negotiate with them regarding what would be covered for \$75,000.00.

Council Member Covert asked who would be overseeing the Internal Audit and was suggested by Ms. Jacobs that Interim Chief Financial Officer Hayes Williams would oversee the process. Council Member Glover suggested that the Finance Committee should oversee the internal audit process. Council Member Passiment clarified that the Finance Department will oversee the day to day process of the internal audit by the outside firm.

Motion: It was moved by Council Member Passiment, seconded by Council Member Flewelling, to move forward with an internal audit as described by the County Administrator, focusing on the Finance Department, DSN and procurement. The vote: YEAS – Committee Chairman Hervochon, Committee Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Glover, Council Member Howard, Council Member McElynn. The vote: NAY- Council Member Covert. The motion passed 10:1.

Approval of an Ordinance to modify the Council's compensation to an annual salary eliminating meeting stipends, eliminating the reference to the cost of living increases, allowing for mileage reimbursement, and addressing out of town/overnight travel.

County Attorney, Kurt Taylor explained the Ordinance that is proposed to modify the Council's compensation to an annual salary eliminating meeting stipends, eliminating the reference to the cost of living increases, allowing for mileage reimbursement, and addressing out of town/overnight travel.

Council Member Passiment addresses the misrepresented article in the Island Packet and proposes a change.

Council Member Howard would like to see the wording in line item D regarding mileage, meetings, work sessions, public hearings, etc and it needs more specificity.

Council Member McElynn asked about overnight trips and the itemization and what the recommendation is. Mr. Taylor stated that it is an actual reimbursement, not a per diem.

Chairman Hervochon asked Clerk to Council and the County Administrator how long does it take to process the stipend sheet and Clerk to Council responded that it depends on the amount that is turned in at one time but it is time-consuming to review and process.

Council Member McElynn expressed his concern that due to the opinion of a statement made nineteen years ago by an Attorney General that the council members are not considered county employees when in fact they receive a paycheck and a w2 from the county and contribute to the state retirement fund just like a normal standard county employee

Mr. Taylor stated that a new opinion could be requested with more specific information on elected county officials.

Council Member Flewelling suggested \$17,129.14

Council Member McElynn suggested \$2,250 monthly (times 12) = \$27,000

Council Member Passiment suggested the Chairman's salary to be \$32,500, Vice-Chair salary is \$29,536 and Council Member salary is \$28,548.

Motion: It was moved by Council Member McElynn, seconded by Council Member Sommerville, to approve the salaries as: Chairman \$32,500.00; Vice-Chair \$29,536.00; and Council Member \$28,548.00.

Motion to amend: It was moved by Committee Chair Hervochoon, seconded by Council Member McElynn, to amend the Ordinance and remove the mileage reimbursement. The vote: YEAS – Committee Chairman Hervochoon. The Votes: NAYS- Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Howard, Council Member McElynn, Council Member Covert and Council Member Glove. The motion failed: 1:10.

Motion to amend: It was moved by Council Member Flewelling, seconded by Council Member Glover to amend the motion so that the base salary for a Council member is 23,012.00, \$24,000.00 for Vice Chair and \$25,000.00 for the Chairman. The vote: YEAS – Committee Chairman Hervochoon, Committee Vice-Chair Lawson, Council Member Dawson, Council Member Flewelling, Council Member Glover. The vote: NAY- Council Member Covert, Council Member Howard, Council Member Passiment, Council Member Rodman Council Member Sommerville, Council Member McElynn. The motion failed. 6:5

Main Motion: It was moved by Council Member Passiment, seconded by Council Member Glover, to approve the salaries as: Chairman \$28,990.00; Vice-Chair \$28,002.00 and Council Member \$26,988.00; and Council Member \$28,548.00. The vote: YEAS – Committee Chairman Hervochoon, Committee Vice-Chair Lawson, Council Member Passiment, Council Member Sommerville, Council Member Dawson, Council Member Flewelling, Council Member Rodman, Council Member Howard, Council Member McElynn. The vote: NAY- Council Member Covert and Council Member Glover. The motion passed 9:2.

DISCUSSION ITEMS

FY 21 Millage Rates

Ms. Jacobs, County Administrator wants to discuss the proposed changes to the School District and the Fire Districts as far as what the millage rate will be for 2021.

Tonya Crosby with the School District started the discussion explaining how the millage rate is calculated which is provided by a Financial Advisor which was submitted to the County Auditor with Services service requirements. County Auditor, Mr. Bekert has estimated the value of the mill at \$2,039,637 and 34.8 mills. The School District Estimates the value of the mill at \$1,938,415 and 36.6 mills. The difference in the value is \$3.7 million. The referendum 2019 information campaign included a 7 mill increase, along with a potential impact on the taxpayer. Beaufort County School Districts' financial advisor recommends a 4.9 mill increase. The deadline for all bonds to be sold to be included in the mill rate is August 14, 2020. It appears the full value of the mill being used with no discount for collections applied. Historical data shows that the full value of the mill does not generate the tax revenue needed to support the bond payments. A 5% discount factor is consistent with prior years. Ms. Crosby indicated that she emailed the auditor requesting that there be a 4.9 mill increase due to the conservative nature of their planning and the financial plans made on their behalf, that the growth factor is removed and to discount the value of the mill and keep it at 36.6 mill level because it is really important the millage is not overvalued and then BCSD is unable to pay their obligation.

Council Member Flewelling stated that the pandemic is going to have some impact on the ability to collect and wanted to point out that the county will always collect this money but it may not be collected when the school district needs it for interest payment in September and principal payment in the spring and wanted to see if there was some middle ground and it would be considered to agree that the school district will eventually get all this

money. Ms. Crosby response to this was that the school district may get it but it may be years from now and based on projections and the primary focus is what is actually in the bank at a certain point in time and what are the revenues that are actually being received to be able to pay bills.

Council Member Rodman suggested that this is a discussion that needs to be heard in about two months when it becomes clearer on what the state is going to be doing and then take a hard look at the school board budget, that there is no action at this point. Ms. Crosby stated that this is actually a different topic and that the setting of the millage will need to occur before a discussion in the fall regarding operations and budget amendments.

Mr. Beckert, Beaufort County Auditor started off by stating that the Department of Revenue gave a presentation on June 27, 2019 regarding the setting of the value of the mill and what the value of the mill constitutes from a debt service standpoint. Guidance and direction provided by the DOR was taken into account when developing the value of the mill. The value of the mill the County used was not in compliance with the DOR and the prior year's value of a mill had inflated values so if the value of the mill was calculated the same exact way the County did it last year which is noncompliant with DOR the value of a mill would increase. Mr. Beckert explained that he was not prepared to talk about the school district specifically and was only prepared to talk to the County Council about the County debt as opposed to the school board debt. Mr. Beckert responded to the Ms. Crosby's request for a discount and stated that the actual discount or the actual value using the methodology that was used for the past 5 years would be listed in place of his and would be \$65,000 higher and a more full and complete explanation as to mills to be levied for the school district will take place at a meeting that is supposed to be set up by Ms. Crosby with the school board.

Council Member Flewelling stated that he gets the impression that the years where there was less collected was because of the overvaluation process that the Auditor discussed where the unappreciated amounts and a growth factor was added into the values and then disputed and not collected in which we do not have now because the values being used are the depreciated values without a growth factor. Mr. Beckert replied that was correct.

In closing Chairman Hervocho suggested that it would be most appropriate for the bond council, the school district, administration, and the auditor to work together to get this resolved sooner than later and get to a good resolution.

Discussion of Hilton Head Island Airport Terminal Project-Progress and Schedule

Mr. Rembold presented an update on the Airport terminal stating that the design is about 50% complete. The FFA has \$20 Million programmed for the Hilton Head Airport terminal project and then the state Aeronautics Commission is participating at \$1.1 Million leaving the Airport responsible for \$1.1 Million totaling \$22.2 Million. The estimated construction cost is approximately \$37.5 Million. Due to Covid-19 Mr. Rembold reached out to the FAA Regional Office and spoke with the manager who suggested that since the funding was programmed into the FAA project to continue to move forward as planned. The expansion of the commercial ramp has been funded at 100% by the FAA and that will save approximately \$250-\$300 thousand dollars. This is a big project and it means more activity in tourism and jobs.

Citizen Comments

Clerk to Council, Sarah Brock stated there weren't any emails received for citizen comments. Chairman Hervocho and Council Member Covert confirmed there weren't any via Facebook Live.

Adjourned at 4:15PM

Ratified:



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

Consideration of an Ordinance to enter into a Lease Agreement at Beaufort City Hall for Veteran’s Affairs Department

Committee:

Finance

Meeting Date:

July 13, 2020

Committee Presenter (Name and Title):

Kurt Taylor, County Attorney

Issues for Consideration:

Staff has negotiated a lease for 1200 sq. ft. of space in Beaufort City Hall for the Veteran’s Affairs Office. The lease would run for twelve months with renewal options. Rent would be \$12,000.00 per year for the first year, and \$12,000.00 per year thereafter, adjusted by the change in the CPI. The County would pay a pro-rata share of utilities monthly.

Points to Consider:

This is a convenient location for the Veterans’ Affairs Office

Funding & Liability Factors:

Cost is \$12,000 for Twelve months

Council Options:

Approve, modify, or reject

Recommendation:

Staff recommends Council approve an Ordinance which authorizes the Administrator to enter into the lease.

ORDINANCE 2020-__

AN ORDINANCE APPROVING A LEASE WITH the CITY OF BEAUFORT FOR OFFICE SPACE FOR THE OFFICE OF VETERANS' AFFAIRS

WHEREAS, The City of Beaufort ("City") owns City Hall ("City Hall"), located at 1911 Boundary Street; and

WHEREAS, The City and Beaufort County ("County") wish to enter into a lease for a 1,200 square foot space in City Hall for the purpose of locating the County's Veterans' Affairs Office; and

NOW, THEREFORE, be it ordained by Beaufort County Council, in meeting duly assembled, that the County and City may enter into that certain lease of real estate on terms as attached hereto and incorporated herein by reference as Exhibit A.

DONE this ____ day of _____, 2020.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____

Joseph Passiment, Chairman

ATTEST:

Sarah Brock, Clerk to Council

First Reading:

Second Reading:

Public Hearing:

Third and Final Reading:

LEASE AGREEMENT

This Lease Agreement is made and entered into this _____ day of July, 2020, by and between The City of Beaufort, SC (hereinafter Owner) and Beaufort County, SC, (hereinafter Lessee).

WHEREAS, Owner is the fee simple owner of the property located at 1911 Boundary Street, Beaufort, South Carolina, commonly known as Beaufort City Hall; and,

WHEREAS, there exists on the first floor of City Hall an open office measuring 1,200 sq. ft. (hereinafter the Property); and,

WHEREAS, Owner agrees to lease the Property to the Lessee, and Lessee agrees to lease the Property from the Owner, upon the terms and conditions set forth herein;

NOW THEREFORE, for and in consideration of the mutual rights and obligations stated herein, the parties hereby stipulate and agree as follows:

1. **PROPERTY:** The Property is defined as the open office located on the first floor of Beaufort City Hall, measuring 1,200 sq. ft.
2. **TERM:** The term of this Agreement shall be for one (1) year commencing July, 1, 2020. Upon written notice given to Owner at least 30 days prior to expiration of the original term, Lessee shall have the option to extend this Lease for an additional one (1) year period. Unless otherwise agreed in writing signed by both parties, this Lease shall not extend beyond June 30, 2022.
3. **LEASE RATE:** Upon the signing of this Lease Agreement, Lessee shall pay to Owner the lease rate of \$10.00 per sq. ft., or the amount of \$12,000.00, for the first-year term. Upon exercise of the one-year extension option, Lessee shall pay to Owner an additional sum of \$12,000.00 for the 2nd year, adjusted and increased by the CPI rate in effect at the time of exercise of the option.
4. **UPFIT COSTS AND EXPENSES:** Lessee shall be solely responsible for any and all costs associated with upfit and/or renovation of the Premises.

- 5. UTILITIES: Lessee shall pay to Owner the prorated monthly cost of utilities attributable to the Premises, payable within 10 days of the presentment by Owner of a monthly invoice for such utilities.
- 6. INSURANCE: Lessee shall provide Owner with proof of property and casualty insurance for Lessee's occupation and use of the Premises, with Owner listed as an additional insured.
- 7. EXPIRATION/TERMINATION AND RESTORATION OF PREMISES: Upon expiration of the Term, or the expiration of this Lease Agreement, Lessee shall at its sole expense restore the Premises to the condition that existed upon the commencement of this Lease Agreement.

WITNESSES

THE CITY OF BEAUFORT

by: _____

its: _____

BEAUFORT COUNTY

by: _____

its: _____

AN ORDINANCE FINDING THAT THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, MAY ISSUE NOT EXCEEDING \$1,550,000 OF GENERAL OBLIGATION BONDS AND TO PROVIDE FOR THE PUBLICATION OF NOTICE OF THE SAID FINDING AND AUTHORIZATION.

AUTHORIZING ORDINANCE

[____, 2020]

**BE IT ORDAINED BY THE COUNTY COUNCIL OF BEAUFORT COUNTY,
SOUTH CAROLINA, AS FOLLOWS:**

ARTICLE I

FINDINGS

Section 1.01 Findings of Fact.

The County Council of Beaufort County (the “*County Council*”), the governing body of Beaufort County, South Carolina (the “*County*”), hereby finds and determines:

(a) Article X, Section 14 of the Constitution of the State of South Carolina, 1895, as amended (the “*Constitution*”), provides that special purpose districts may incur general obligation bonded indebtedness upon such terms and conditions as the General Assembly may prescribe by general law subject to the following limitations: (i) such debt must be incurred only for a purpose which is a public purpose and a corporate purpose for a county, and (ii) unless excepted therefrom, such debt may be issued in an amount not exceeding eight percent (8%) of the assessed value of all taxable property of such special purpose district (the “*Bonded Debt Limit*”).

(b) Pursuant to Title 6, Chapter 11 of the South Carolina Code (the same being and hereinafter referred to as the “*Enabling Act*”), the governing body of any county in the State of South Carolina (the “*State*”) may authorize the issuance of general obligation bonds by special purpose districts located within its bounds to defray the cost of any authorized purpose and for any amount not exceeding such special purpose district’s applicable Bonded Debt Limit.

(c) Fripp Island Public Service District, South Carolina (the “*District*”) was created as a special purpose district established in the County as a body politic and corporate pursuant to the provisions of Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended.

(d) Pursuant to Section 6-11-830 of the Enabling Act, the County Council, upon petition of the governing body of any special purpose district, may determine that it is in the interest of such special purpose district to raise moneys for the furtherance of any power or function of the special purpose district and order a public hearing to be held upon the question of the issuance of general obligation bonds of the District.

(e) The County is in receipt of a petition of the Fripp Island Public Service District Commission (the “*Commission*”), the governing body of District, requesting authorization to issue general obligation bonds in order to defray (a) the costs of the acquisition and equipping of an aerial apparatus and engine truck (the “*Project*”), including capitalized interest, if any, and (b) the costs of issuance of such general obligation bonds. The Commission estimates that the costs of the Project, together with the costs of issuance of the bonds described herein, will not exceed \$1,550,000.

(f) By action previously taken, the County Council ordered that a public hearing on the question of the issuance of not exceeding \$1,550,000 of general obligation bonds (the “*Bonds*”) of the Fripp Island Public Service District, South Carolina, be held in the Beaufort County Council Chambers in the Administration Building, Beaufort County Government Center, 100 Ribaut Road, Beaufort, South Carolina, on the ___ day of ___ 2020 at 6:30 p.m., and notice of such hearing was duly published once a week for three successive weeks in *The Beaufort Gazette* and *The Island Packet*, which are newspapers of general circulation in the County.

(g) The said public hearing has been duly held at the above time, date and place and said public hearing was conducted publicly and both proponents and opponents of the proposed action were given full opportunity to be heard and it is now in order for the County Council to proceed, after due deliberation, in accordance with the provisions of the Enabling Act to make a finding as to whether or not the Bonds should be issued.

(h) The County Council finds that it is in the interest of the District to authorize and provide for the issuance and sale of the Bonds of the District pursuant to the aforesaid provisions of the Constitution and laws of the State for the purposes of providing funds for the Project and providing for the costs of issuance of the Bonds.

ARTICLE II

AUTHORIZATION

Section 2.01 Public Hearing and Finding.

In response to the petition of the District, and on the basis of the facts adduced at the public hearing held on ___, 2020, and information otherwise available to County Council, it is found and determined that the Commission is authorized to cause the issuance of the Bonds.

Section 2.02 Extent of Authorization.

The County Council authorizes the issuance of the Bonds by the District to the extent described in the Petition in an amount of not exceeding \$1,550,000 in principal amount as a single issue or from time to time as several separate issues, as the Commission shall determine, in order to defray (A) the costs of the Project, including capitalized interest on the Bonds, if any, and (B) the costs of issuance of the Bonds.

Section 2.03 Notice of Adoption.

Notice of the adoption of this Ordinance, in substantially similar form to that attached hereto as Exhibit A, shall be published in *The Beaufort Gazette* and *Island Packet* for three successive weeks from the date hereof, as provided in the Enabling Act.

Section 2.04 Ordinance to be Provided to District.

A certified copy of this Ordinance shall forthwith be transmitted to the Commission to advise it of the action taken by the County Council, whereby the Commission has been authorized to issue, pursuant to the provisions of the Enabling Act, the Bonds in the aggregate principal amount of not exceeding \$1,550,000.

Section 2.05 Further Action.

The Chairman and other County officers are herewith authorized and empowered to take such further action as may be necessary to fully implement the action contemplated by this Ordinance.

DONE AT BEAUFORT COUNTY, SOUTH CAROLINA, this ___ day of ___ 2020.

(SEAL)

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Joe Passiment, Chairman

ATTEST:

Sarah W. Brock, Clerk to Council

First Reading: [__, 2020]
Second Reading: [__, 2020]
Public Hearing: [__, 2020]
Third Reading: [__, 2020]

A RESOLUTION

APPROVING THE INCURRING OF GENERAL OBLIGATION DEBT IN AN AMOUNT NOT EXCEEDING \$1,550,000; AND AUTHORIZING A PETITION TO THE COUNTY COUNCIL OF BEAUFORT COUNTY PURSUANT TO SECTION 6-11-830 OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

BE IT RESOLVED by the Fripp Island Public Service District Commission (the "**Commission**"), the governing body of the Fripp Island Public Service District, South Carolina (the "**District**") in meeting duly assembled:

Section 1. Findings of Fact.

Incident to the adoption of this resolution (this "**Resolution**"), the Commission has made the following findings of fact:

1. The District was created and established as a special purpose district, and body politic and corporate pursuant to the provisions of Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended. The District is located wholly within Beaufort County, South Carolina (the "**County**") and was established for the purpose, *inter alia*, of providing water, fire, and beach erosion control services within its boundaries.

2. In carrying out its functions and duties, the Commission has determined that a need exists at the present time to meet the capital needs of the District through the acquiring, improving, renovating, and equipping of certain capital assets necessary or convenient in furtherance of the powers and functions of the District, to include fire apparatus and fire equipment, and specifically including an aerial apparatus and an engine truck (the "**Project**"). The Commission estimates that the costs of the Project, including capitalized interest, if any, and the costs of issuance of the bonds described hereinbelow, will not exceed \$1,550,000.

3. The County Council of Beaufort County (the "**County Council**"), as the governing body of the County, is empowered by Title 6, Chapter 11, Article 5 of the Code of Laws of South Carolina 1976, as amended (the "**Enabling Act**"), to authorize the governing body of any special purpose district to issue general obligation bonds, the proceeds of which may be used in furtherance of any power or function committed to such special purpose district and in effect on March 7, 1973.

4. Pursuant to Section 6-11-830 of the Enabling Act, the County Council, upon petition of the Commission, may determine that it is in the interest of the District to raise moneys for the furtherance of any power or function of the District and order a public hearing to be held upon the question of the issuance of general obligation bonds of the District.

5. The Commission has determined that it is necessary to issue an amount not exceeding \$1,550,000 aggregate principal amount of general obligation bonds of the District in order to finance the costs of the Project, including capitalized interest on such bonds, if any, and

the costs of issuance of such bonds, to be issued either as a single issue or as several separate issues, and in such amounts and at such times as may be determined at the time of issuance thereof by the Commission (the "**Bonds**"). The Commission adopts this Resolution to evidence the Commission's approval of the Bonds and to authorize a petition to the County Council with regard to the Bonds. The principal amount of the Bonds may be issued within the 8% debt limit of the District as permitted in Article X, Section 14(7) of the South Carolina Constitution.

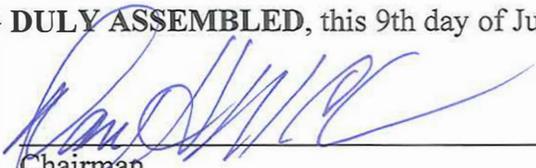
Section 2 Submission of Petition; Rescind Prior Resolution.

(A) The petition attached hereto as Exhibit A, shall be presented to the County Council in accordance with and for the purposes set forth in Section 6-11-830 of the Enabling Act. The Chairman (or in his absence the Vice Chairman) of and Secretary to the Commission are hereby authorized and directed to cause said petition to be delivered to County Council.

(B) The resolution adopted by the Commission on May 12, 2020, relating to the Project and the Bonds is hereby rescinded and of no further force or effect.

DONE IN A MEETING DULY ASSEMBLED, this 9th day of June 2020.

(SEAL)



Chairman
Fripp Island Public Service District Commission

Attest:



Secretary
Fripp Island Public Service District Commission

PETITION OF THE FRIPP ISLAND PUBLIC SERVICE DISTRICT COMMISSION TO THE GOVERNING BODY OF BEAUFORT COUNTY, SOUTH CAROLINA, PURSUANT TO ARTICLE 5, CHAPTER 11, TITLE 6, CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED.

1. Fripp Island Public Service District, South Carolina (the "***District***"), was created as a special purpose district established in Beaufort County, South Carolina (the "***County***"), as a body politic and corporate pursuant to the provisions of Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended. The District is located entirely within the County.

2. In carrying out its functions and duties, the Commission has determined by resolution dated June 9, 2020, that a need exists at the present time to meet the capital needs of the District through the acquiring, improving, renovating, and equipping of certain capital assets necessary or convenient in furtherance of the powers and functions of the District, to include fire apparatus and fire equipment, and specifically including an aerial apparatus and an engine truck (the "***Project***"). The Commission estimates that the costs of the Project, including costs of capitalized interest, if any, together with the costs of issuance of the bonds described hereinbelow, will not exceed \$1,550,000.

3. The District proposes to issue general obligation bonds of the District in a principal amount not exceeding \$1,550,000 in order to defray the costs of the Project, including capitalized interest on such bonds, if any, and the costs of issuance of such bonds, which bonds may be issued as a single issue or from time to time as several separate issues as the Commission may determine (the "***Bonds***").

4. The County Council of Beaufort County, South Carolina (the "***County Council***"), the governing body of the County, is empowered by Title 6, Chapter 11, Article 5 of the Code of Laws of South Carolina 1976, as amended (the "***Enabling Act***"), to authorize the issuance of general obligation bonds by the District pursuant to the provisions of the Enabling Act. The maximum principal amount of the Bonds of the District proposed hereby may be issued within the 8% debt limit of the District as permitted in Article X, Section 14(7) of the South Carolina Constitution.

5. Pursuant to Section 6-11-830 of the Enabling Act, if the County Council, upon petition of the Commission, determines that it may be in the best interest of the District to raise moneys for the furtherance of any power and function of the District, the County Council may order a public hearing to be held upon the question of the issuance of general obligation bonds of the District.

WHEREFORE, the Commission prays that the County Council order a public hearing to be held on the question of authorizing the issuance of the Bonds of the District, and thereafter approve the Bonds by ordinance, which Bonds may be issued as a single issue or from time to time as several separate issues as the Commission may determine.

FRIPP ISLAND PUBLIC SERVICE DISTRICT COMMISSION

June 9, 2020

NOTICE PURSUANT TO SECTIONS 6-11-870 AND 11-27-40(8)
OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS AMENDED

Notice is hereby given pursuant to the provisions of Sections 6-11-870 and 11-27-40(8) of the Code of Laws of South Carolina 1976, as amended, as follows:

Following a public hearing held on _____, 2020, the County Council of Beaufort County (the “County Council”), the governing body of Beaufort County, South Carolina (the “County”) enacted that certain ordinance, entitled “AN ORDINANCE FINDING THAT THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA, MAY ISSUE NOT EXCEEDING \$1,550,000 OF GENERAL OBLIGATION BONDS AND TO PROVIDE FOR THE PUBLICATION OF NOTICE OF THE SAID FINDING AND AUTHORIZATION.” on _____, 2020 (the “Ordinance”);

The Fripp Island Public Service District, South Carolina (the “District”), created as a special purpose district and established in the County as a body politic and corporate pursuant to the provisions of Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended, has been authorized by the provisions of the Ordinance to issue not exceeding \$1,550,000 of general obligation bonds of the District (the “Bonds”) as a single issue or from time to time as several separate issues, for the purposes of defraying (a) the costs of the acquisition and equipping of an aerial apparatus and engine truck (the “Project”), including capitalized interest on the Bonds, if any, and (b) the costs of issuance of the Bonds;

For the payment of the principal of and interest on the Bonds as they respectively mature, and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the District will be irrevocably pledged, and there will be levied annually a tax without limit on all taxable property within the area of the District sufficient to pay the principal of and interest on the Bonds as they respectively mature, and to create such sinking fund therefor;

No election has been ordered in the District upon the question of the issuance of the Bonds; and

Any persons affected by the action aforesaid of the County Council may by action de novo instituted in the Court of Common Pleas for the County within twenty (20) days following the last publication of this Notice, but not afterwards, challenge the action of the County Council.

BEAUFORT COUNTY COUNCIL

RESOLUTION NO. 2020/

CALLING FOR A PUBLIC HEARING TO BE HELD UPON THE QUESTION OF THE ISSUANCE OF NOT EXCEEDING \$1,550,000 OF GENERAL OBLIGATION BONDS OF THE FRIPP ISLAND PUBLIC SERVICE DISTRICT, SOUTH CAROLINA; PROVIDING FOR THE PUBLICATION OF THE NOTICE OF SUCH PUBLIC HEARING; AND OTHER MATTERS RELATING THERETO.

BE IT RESOLVED, by the County Council of Beaufort County (the “*County Council*”), which is the governing body of Beaufort County, South Carolina (the “*County*”), as follows:

WHEREAS, the County Council is empowered by Act No. 1189 enacted at the 1974 Session of the South Carolina General Assembly entitled:

AN ACT TO AUTHORIZE THE GOVERNING BODIES OF ALL COUNTIES OF THE STATE WHEREIN EXIST SPECIAL PURPOSE DISTRICTS CREATED PRIOR TO MARCH 7, 1973. TO ISSUE BONDS OF SUCH DISTRICTS IN FURTHERANCE OF POWERS EXISTING IN SUCH DISTRICTS AS OF MARCH 7, 1973; TO PROVIDE THE PROCEDURES PURSUANT TO WHICH SUCH BONDS MAYBE ISSUED; TO PRESCRIBE THE TERMS AND CONDITIONS UNDER WHICH BONDS MAYBE ISSUED AND THEIR PROCEEDS EXPENDED; TO MAKE PROVISION FOR THE PAYMENT OF SUCH BONDS AND TO VALIDATE ALL BONDS OF SUCH DISTRICTS ISSUED OR SOLD PRIOR TO THE EFFECTIVE DATE OF THIS ACT

approved July 9, 1974, as amended (hereinafter called the “*Enabling Act*”), to authorize the governing body of any special purpose district created prior to March 7, 1973, and located in whole or in part within the County to issue general obligation bonds of such special purpose district in order to provide funds to be used in the furtherance of any power or function committed to such special purpose district and in effect on March 7, 1973; and

WHEREAS, the Fripp Island Public Service District, South Carolina (hereinafter called the “*District*”), is a special purpose district located within the County created prior to March 7, 1973, having been created by Act No. 1042 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1962, as amended, and is authorized, *inter alia*, to acquire and operate such facilities as shall be required for the protection of property against fire and other hazards arising therefrom and to do all things necessary or convenient to carry out such authority; and

WHEREAS, the Fripp Island Public Service District Commission, the governing body of the District (the “*Commission*”), has petitioned the County Council to authorize the issuance of not exceeding \$1,550,000 of general obligation bonds of the District (the “*Bonds*”) in order to provide funds to defray (a) the costs of the acquisition and equipping of an aerial apparatus and engine truck (the “*Project*”), including capitalized interest on the Bonds, if any, and (b) the costs of issuance of such general obligation bonds. The Commission estimates that the costs of the

Project, including capitalized interest, if any, together with the costs of issuance of the bonds described herein, will not exceed \$1,550,000; and

WHEREAS, the County Council is now minded to proceed in accordance with the provisions of the Enabling Act with respect to the public hearing regarding the Bonds.

NOW THEREFORE, BE IT RESOLVED, by the County Council in a meeting duly assembled:

Section 1 Finding. The County Council finds that it may be in the interest of the District to raise moneys for the purpose of providing for the Project, including capitalized interest on the Bonds, if any, and the costs of issuance of the Bonds, and in that connection hereby orders a public hearing to be held upon the question of the issuance of the Bonds.

Section 2 Ordering of Public Hearing. A public hearing shall be held on the question of the issuance of the Bonds before the County Council, on the ___ day of ____, 2020 at 6:30 p.m., and the notice of such hearing attached hereto as Exhibit A shall be published once a week for three (3) successive weeks in *The Beaufort Gazette* and *The Island Packet*, which are newspapers of general circulation in the County. The first such publication shall not be less than sixteen (16) days prior to the hearing date.

The aforesaid public hearing shall be conducted publicly at the time and place above stated and both proponents and opponents of the proposed issuance of the Bonds shall be given a full opportunity to be heard.

Section 3 Determination by County. Following the above aforesaid public hearing, the County Council shall determine by ordinance whether and to what extent the Bonds should be issued.

Section 4 Further Action. The Chairman of the County Council and County officials are hereby authorized and empowered to take all necessary action to provide for the holding of the aforesaid public hearing in accordance with the provisions of the Enabling Act.

DONE AT BEAUFORT, SOUTH CAROLINA, this ____ day of ____ 2020.

(SEAL)

COUNTY COUNCIL OF BEAUFORT COUNTY

BY: _____
Joe Passiment, Chairman

ATTEST:

Sarah W. Brock, Clerk to Council

NOTICE OF PUBLIC HEARING

The County Council of Beaufort County (hereinafter called the “County Council”), which is the governing body of Beaufort County, South Carolina (the “County”), has determined that it may be in the interest of the Fripp Island Public Service District, South Carolina (hereinafter called the “District”) to raise moneys through the issuance of not exceeding \$1,550,000 of general obligation bonds of the District (the “Bonds”) in order to provide funds to defray (a) the costs of the acquisition and equipping of an aerial apparatus and engine truck (the “Project”), including capitalized interest on the Bonds, if any, and (b) the costs of issuance of such general obligation bonds. The Commission estimates that the costs of the Project, any capitalized interest on the Bonds, and the costs of issuance of the Bonds, will not exceed \$1,550,000. Therefore, the County Council has ordered a public hearing to be held upon the question of the issuance of the Bonds in accordance with the provisions of Sections 6-11-810 through 6-11-1050, inclusive, of the Code of Laws of South Carolina 1976, as amended (hereinafter called the “Enabling Act”).

Accordingly, notice is hereby given that a public hearing will be held before the County Council [in the Beaufort County Council Chambers in the Administration Building, Beaufort County Government Center, 100 Ribaut Road, Beaufort, South Carolina, on the ____ day of ____, 2020 at 6:30 p.m.], on the question of the issuance of the Bonds, the proceeds of which will be expended to defray the cost of the Project, including capitalized interest, if any, and the costs of issuance thereof, as described above.

For the payment of the principal of and interest on the Bonds as they respectively mature and for the creation of such sinking fund as may be necessary therefor, the full faith, credit and taxing power of the District shall be irrevocably pledged, and there shall be levied on all taxable property in the District ad valorem taxes sufficient in amount to pay said principal and interest on the Bonds.

The District proposes the issuance of the Bonds to defray the costs associated with the Project as described above and the costs of issuance of the Bonds.

The aforesaid hearing shall be conducted publicly and both proponents and opponents of the proposed action shall be given full opportunity to be heard. Following the hearing, the County Council shall, by ordinance, make a finding as to whether and to what extent the Bonds should be issued and may thereupon authorize the governing body of the District to issue the Bonds to the extent it shall be found necessary.

The District is located within the County. The Enabling Act provides that bonds issued thereunder must be authorized by the governing body of the County wherein the District is located.

BEAUFORT COUNTY COUNCIL



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

Recommendation for FY 2021 Contract Renewals

Council Committee:

Finance Committee and County Council

Meeting Date:

July 13, 2020

Committee Presenter (Name and Title):

Dave Thomas, CPPO, Purchasing Director

Issues for Consideration:

To improve our process for renewing annual contracts a summary sheet (see the attached excel sheet) is provided for your committee's review and approval. The summary sheet provides the vendor name, purpose, requesting department, account name and number, prior and current contract cost, term, and remarks. The Department Head responsible for the contract or their representative will be available for questions during the committee meeting.

Points to Consider:

1. This renewal was reported to the Finance Committee on 15 June 2020 and the County Council on 22 June 2020. It was passed by both for \$60,000. This number did not include additional costs as we did not have all of the information we needed from the department. The total cost for the year for this contract is \$215,330.00.
2. Fuel prices change daily based on the current market. We purchase the fuel at whole sale prices and offer the fuel to the public at a higher rate to cover cost.

Funding & Liability Factors:

See the attached Excel Summary Sheet covering contracts 1-2.

Council Options:

Approve or disapprove the contract renewals.

Recommendation:

The Purchasing Department recommends that the Finance Committee and Council approve the contract renewals (Item 1-2) as stated in the attached summary.

Item 9.



COUNTY COUNCIL OF BEAUFORT COUNTY

PURCHASING DEPARTMENT

106 Industrial Village Road, Bldg. 2, Post Office Drawer 1228
Beaufort, South Carolina 29901-1228

David L Thomas, Purchasing Director
dthomas@bcgov.net 843.255.2353

TO: Councilman Chris Hervochon, Chairman, Finance Committee

FROM: David L Thomas, CPPO, Purchasing Director

SUBJ: Contract Renewal
Recommendation for FY 2021 Contract Renewals

DATE: 07/13/2020

BACKGROUND:

To improve our process for renewing annual contracts, please see the attached summary sheet for your committee's review and approval. The summary sheet provides the vendor name, purpose, department, account name and number, prior and current contract cost, term, and remarks. The department head responsible for the contract, or their representative, will be available during the committee meeting to answer questions.

VENDOR INFORMATION:

See attached

COST:

See attached

Insert Addition Vendor Info.

FUNDING:		
	10001152-51110	\$215,330
	51000011-58000	\$240,000

Funding approved: Yes By: raymond.williams Date: 07/01/2020

FOR ACTION: Finance Committee meeting occurring July 13, 2020.

RECOMMENDATION:

The Purchasing Department recommends that the Finance Committee approve and recommend to County Council, approval of the contract renewals (Items 1 and 2) as stated in the attached summary.

Attachment: ContRenew.pdf
995.5 KB

[Click here to attach a file](#)

cc: Ashley Jacobs, County Administrator

Approved: Yes Date: 07/01/2020

Check to override approval: Overridden by: _____

Override Date: _____

Raymond Williams, Finance Director

Approved: Yes Date: 07/01/2020

Item 9.

Monica Spells, Assistant County Administrator, Civic Eng	Approved: Select...	Date:	
Check to override approval: <input checked="" type="checkbox"/> Overridden by: dthomas	Override Date: 07/01/2020	ready for admin: <input checked="" type="checkbox"/>	
Daniel Morgan, Director, Mapping and Applications Dep	Approved: Yes	Date: 07/01/2020	
Check to override approval: <input type="checkbox"/> Overridden by:	Override Date:	ready for admin: <input checked="" type="checkbox"/>	
Jon Rembold, Director, Airports Department	Approved: Yes	Date: 07/01/2020	
Check to override approval: <input type="checkbox"/> Overridden by:	Override Date:	ready for admin: <input checked="" type="checkbox"/>	

CC others

Approved by Committee:

Approved by Council:

After Initial Submission, Use the Save and Close Buttons



COUNTY COUNCIL OF BEAUFORT COUNTY
PURCHASING DEPARTMENT

106 Industrial Village Road
Post Office Drawer 1228
Beaufort, South Carolina 29901-1228

TO: Councilman Chris Hervochon, Chairman, Finance Committee
FROM: Dave Thomas, CPPO, Purchasing Director
SUBJ: **Recommendation for FY 2021 Contract Renewals**
DATE: July 13, 2020

To improve our process for renewing annual contracts, please see the attached summary sheet for your committee's review and approval. The summary sheet provides the vendor name, purpose, department, account name and number, prior and current contract cost, term, and remarks. The Department Head responsible for the contract or their representative will be available during the committee meeting to answer questions during.

FOR ACTION: Finance Committee meeting occurring July 13, 2020.

RECOMMENDATION: The Purchasing Department recommends that the Finance Committee approve and recommend to County Council, approval of the contract renewal (Item 1-2) as stated in the attached summary.

CC: Ashley Jacobs, County Administrator
Monica Spells, Assistant County Administrator,
Raymond Williams, Finance Director
Jon Rembold, Director of Airports
Dan Morgan, Director of Mapping and Applications

Att: Contract Renewal Summary List

	Vendor	Purpose	Department	Account	FY 20 Cost	FY21 Cost	Term (Beg/End)
1	Manatron (Aumentum)(Thomson Reuters) (Now Harris) Chicago, Illinois	Property Assessment and Tax Software and Support for the Assessor, Auditor and Treasurer's Offices	Assessor Auditor Treasurer	Maintenance Contracts 10001152-51110	\$207,043.97	\$215,330.00	7/1/2020 thru 6/30/2021
This renewal was reported to the Finance Committee on 15 June 2020 and the County Council on 22 June 2020. It was passed by both for \$60,000. This number did not include additional costs as we did not have all of the information we needed from the department. The total cost for the year for this contract is \$215,330.00.							
2	Titan Aviation	AVGAS and Jet Fuel for Resale	Lady's Island Airport	Purchases - Fuels 51000011-58000	\$276,845.17 (Est)	\$240,000.00	7/01/2020 to 6/30/2021
Gas price varies daily. Can only estimate costs We purchase the fuel at whole sale prices and offer the fuel to the public at a higher rate to cover cost.							

Dan Morgan

Jon Rembold

Moyer, Victoria

From: Morgan, Daniel
Sent: Monday, June 29, 2020 9:39 AM
To: Moyer, Victoria; Polite, Shakeeya; Smith, Joanne
Cc: Thomas, Dave
Subject: RE: Beaufort SC Aumentum Invoice

Victoria,

Good morning. The cost increase is due to typical programming and upgrade costs. This increase is typically 3%-5% each year and is in line with previous year increases.

If you have any further questions please let me know.

Best regards,
 Dan

From: Moyer, Victoria
Sent: Monday, June 29, 2020 8:43 AM
To: Polite, Shakeeya; Morgan, Daniel; Smith, Joanne
Cc: Thomas, Dave
Subject: FW: Beaufort SC Aumentum Invoice

Good Morning

I am working on getting the contract back in front of Committee and Council. I found that the FY20 cost was \$207,043.97 and the cost for FY21 is \$215,330.00

I will need to explain the cost increase for the new FY. Please give me some assistance with this.

Thank you

Victoria Moyer
 Contracts Specialist
 Beaufort County
 Purchasing Department
 843-255-2295 O
 843-812-1020 C

From: Smith, Joanne <joanner@bcgov.net>
Sent: Monday, June 29, 2020 7:20 AM
To: Moyer, Victoria <victoria.moyer@bcgov.net>
Subject: FW: Beaufort SC Aumentum Invoice

Good morning,

I think I promised this to you!!??

Invoice No. MN0000001219
 Date 6/25/2020
 Due Date 6/25/2020
 Customer No. 4007000
 Page 1 of 1



Bill To

BEAUFORT COUNTY ADMINISTRATION
 JOSHUA GRUBER ADMIN/DAN MORGAN IT
 100 RIBAUT RD
 BEAUFORT, SC 29901-1228
 United States

Ship To

BEAUFORT COUNTY ADMINISTRATION
 100 RIBAUT RD
 BEAUFORT, SC 29901-1228
 United States

Contract/Project Number	Purchase Order	Payment Terms	Currency
		Start of Maint Period	HARRIS-US\$

Item No	Description	Quantity	Unit Price	Amount
AUMTAX-S	Aumentum Tax System Support: July 2020 to June 2021	1.00	122,661.00	122,661.00
AUMAA-S	Aumentum Assmt Admin Spt-Included: July 2020 to June 2021	1.00	0.00	0.00
AUMPP-S	Aumentum Personal Prop Admin Spt-Included: July 2020 to June 2021	1.00	0.00	0.00
AUMRECEE-S	Aumentum Records Admin Enterprise Spt-Included: July 2020 to June 2021	1.00	0.00	0.00
PAPP-S	ProVal Plus Support: July 2020 to June 2021	1.00	42,007.00	42,007.00
GEOANALYST-S	GeoAnalyst Support: July 2020 to June 2021	1.00	8,386.00	8,386.00
PROPERTYMAX-S	Valuation eGOV System Spt: July 2020 to June 2021	1.00	9,528.00	9,528.00
PROPERTYMAX-DATA-S	PropertyMax Data Extract Spt: July 2020 to June 2021	1.00	6,352.00	6,352.00
WEBHOSTPROPERTY-S	Webhosting of Property Sites: July 2020 to June 2021	1.00	5,293.00	5,293.00
COLLECTMAX-S	TAX eGov System Spt: July 2020 to June 2021	1.00	9,528.00	9,528.00
COLLECTMAX-DATA-S	CollectMax Data Extract Support: July 2020 to June 2021	1.00	6,352.00	6,352.00
WEBHOSTCOLLECT-S	Tax eGov Hosting Support: July 2020 to June 2021	1.00	5,223.00	5,223.00

Subtotal	215,330.00
Misc	0.00
Taxes	0.00
Freight	0.00
Total	215,330.00

Remit To:
 Aumentum Technologies,
 a division of Manatron, Inc.
 PO Box 74007259
 Chicago, IL 60674-7259



Invoice Questions? Please call or email Renee Fuller at +1-269-388-2616 or Renee.Fuller@AumentumTech.com

Thank you for your business!

Moyer, Victoria

From: Rembold, Jon
Sent: Wednesday, June 3, 2020 2:21 PM
To: Moyer, Victoria; Thomas, Dave
Subject: RE: FINANCE COMMITTEE SHEET

We're requesting \$240,000 – reduced from our initial number of \$300,000 due to the sagging business from COVID-19.

Do you need more than that?

R/

Jon Rembold, C.M.
 Airports Director

From: Moyer, Victoria <victoria.moyer@bcgov.net>
Sent: Wednesday, June 3, 2020 1:20 PM
To: Rembold, Jon <jrembold@bcgov.net>; Thomas, Dave <dthomas@bcgov.net>
Subject: RE: FINANCE COMMITTEE SHEET

This is for FY21

Victoria Moyer
 Contracts Specialist
 Beaufort County
 Purchasing Department
 843-255-2295 O
 937-838-7511 C

From: Rembold, Jon <jrembold@bcgov.net>
Sent: Wednesday, June 3, 2020 1:14 PM
To: Thomas, Dave <dthomas@bcgov.net>
Cc: Moyer, Victoria <victoria.moyer@bcgov.net>
Subject: RE: FINANCE COMMITTEE SHEET

Is there any chance you have what we did last year? I had Joel do a lot of that...and it's on my desk now. With a little shove, I think I can get it done. 😊

R/

Jon Rembold, C.M.
 Airports Director

From: Thomas, Dave <dthomas@bcgov.net>
Sent: Tuesday, June 2, 2020 2:47 PM
To: Rembold, Jon <jrembold@bcgov.net>



COUNTY COUNCIL OF BEAUFORT COUNTY
PURCHASING DEPARTMENT
 106 Industrial Village Road, Bldg 3—Post Office Drawer 1228
 Beaufort, South Carolina 29901-1228

TO: Councilman Rick Caporale, Chairman, Finance Committee
FROM: Dave Thomas, CPPO, Purchasing Director *DT*
SUBJ: **Contract Award Recommendation for RFP # 060614 Aviation Fuel Services for Lady's Island Airport, Beaufort County**
DATE: June 23, 2014

BACKGROUND: Beaufort County issued a Request for Proposals (RFP) in May 2014 to vendors capable of providing Aviation Fuel Services. The County operates the fixed base operation and sells approximately 44,000 gallons of aviation gasoline and 38,000 gallons of jet fuel per year. The fuel is stored in two 12,000 gallon storage tanks and dispensed from a 1,000 gallon avgas refueler and a 3,000 gallon jet refueler. The current fuel supplier, Eastern Aviation Fuels, Inc., has satisfactorily supplied Shell branded fuels to the airport for the past five years and the current contract will expire in June 30, 2014. On June 6, 2014 only one proposal was received and it was from Eastern Aviation Fuels, Inc. On June 12, 2014 a staff evaluation committee reviewed and evaluated their proposal and determined it to be a fair and reasonable response. Eastern Aviation Fuels, Inc. will upgrade the avgas refueler to a later model with no increase in lease fees, provide \$1,500 for uniforms and \$2,000 in fuel farm upgrades. They will continue to provide maintenance support, training, advertising, and will support the Beaufort County Airport annual event.

VENDOR INFORMATION:

Estimated Cost

Eastern Aviation Fuels, Inc., New Bern, NC (Shell Aviation Fuels)	\$1,080,000*
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*The estimated annual cost per year is \$360,000 times a three (3) year initial contract term for a total estimated cost of \$1,080,000.

FUNDING: Account # 51000011-58000, Lady's Island Airport Operations – Purchases-Fuels/Lubes

FOR ACTION: Finance Committee meeting on June 23, 2014

RECOMMENDATION: The Finance Committee approves the purchase of Aviation Fuels from Eastern Aviation Fuels, Inc., and recommends to County Council the approval of the contract award to the aforementioned vendor for a total contract price of \$1,080,000, effective July 1, 2014 for an initial three (3) year term ending June 30, 2017 with two one-year extension options at the sole discretion of the County for a potential five (5) year contract.

CC: Gary Kubic, County Administrator
 Bryan Hill, Deputy Administrator
 Alicia Holland, Chief Financial Officer
 Jon Rembold, Director of Airports *JR*
 Joel Phillips, Lady's Island Airport Manager *JF*



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

Beaufort Memorial Hospital Line of Credit

Council Committee:

Finance

Meeting Date:

July 13, 2020

Committee Presenter (Name and Title):

Kurt Taylor, County Attorney

Issues for Consideration:

Beaufort Memorial Hospital desires to enter into a non-revolving line of credit in the principal amount not to exceed \$20,000,000 with Regions Bank that will be used to finance short-term working capital needs. The Hospital's obligation to repay the Line of Credit will be evidenced by a Note. The Hospital is requesting Beaufort County to exercise its power under Section 6 of the Enabling Act to provide for the issuance of the Note and the execution and delivery of a Credit Agreement between the Hospital and the Bank. There is no impact on the County's debt limit and no pecuniary liability for the County.

Points to Consider:

The Hospital seeks this line of credit to be in place if necessary for operating capital related to the COVID-19 pandemic.

Funding & Liability Factors:

There will be no liability to the county.

Council Options:

Approve or reject

Recommendation:

Staff recommends Council approve the ordinance which authorizes the line of credit.

SUMMARY
BEAUFORT MEMORIAL HOSPITAL

Beaufort Memorial Hospital (the "*Hospital*") desires to enter into a non-revolving line of credit in the principal amount not to exceed \$20,000,000 (the "*Line of Credit*") with Regions Bank (the "*Bank*") that will be used to finance short-term working capital needs. The Hospital's obligation to repay the Line of Credit will be evidenced by a Note (the "*Note*").

The Hospital is organized and existing under the laws of the State, having been established pursuant to Act 1197 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1966, as amended (the "*Enabling Act*").

The Hospital is requesting Beaufort County (the "*County*") to exercise its power under Section 6 of the Enabling Act to provide for the issuance of the Note and the execution and delivery of a Credit Agreement between the Hospital and the Bank.

There is no impact on the County's debt limit and no pecuniary liability for the County.

Representatives from the Hospital and Haynsworth Sinkler Boyd, P.A. are available to answer any questions.

ACTION REQUESTED OF COUNCIL

1. Approve a note issuance Ordinance and hold a public hearing.

AN ORDINANCE

AUTHORIZING THE EXECUTION AND DELIVERY BY BEAUFORT COUNTY, SOUTH CAROLINA ACTING THROUGH BEAUFORT COUNTY MEMORIAL HOSPITAL OF NOT EXCEEDING \$20,000,000 PROMISSORY NOTE AND A CREDIT AGREEMENT; AUTHORIZING PROPER OFFICERS TO DO ALL THINGS NECESSARY OR ADVISABLE; AND OTHER MATTERS INCIDENTAL THERETO.

BE IT ORDAINED by the County Council of Beaufort County, the governing body of Beaufort County, South Carolina in meeting duly assembled:

ARTICLE I

FINDINGS OF FACT

As an incident to the enactment of this ordinance and the issuance of the promissory note provided for herein, the County Council of Beaufort County (the "**Council**"), the governing body of Beaufort County, South Carolina (the "**County**") finds that the facts set forth in this article exist, and the statements made with respect thereto are true and correct:

Section 1.01 Findings.

(a) The County is a duly constituted body politic and political subdivision of the State of South Carolina (the "**State**").

(b) The Beaufort County Memorial Hospital, d/b/a Beaufort Memorial Hospital (the "**Hospital**") is organized and existing under the laws of the State, having been established pursuant to Act 1197 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina, 1966, as amended (the "**Enabling Act**").

(c) The Hospital has informed the Council that in order to continue to protect the health, safety and welfare of the citizens of and visitors to the County (and areas in adjoining counties) by providing medical care to persons infected by COVID-19, both presently and in the event of a recurrence of the rate of infection, it is necessary for the Hospital to have ready access to a source of working capital.

(d) The Hospital has negotiated with Regions Bank for a loan in the form of a promissory note in principal amount not exceeding \$20,000,000 and with a term of 364 days (the "**Note**"). The terms of the Note are subject to a credit agreement (the "**Credit Agreement**"). The forms of the Note and Credit Agreement are attached hereto as Exhibit "A" and Exhibit "B", respectively.

(e) The Hospital has requested the County to exercise its power under Section 6 of the Enabling Act to assist the Hospital by providing for the issuance of the Note and execution and delivery of the Credit Agreement.

(f) After due consideration, the Council finds that it is proper to authorize the issuance of the Note and execution and delivery of the Credit Agreement as requested.

* * * *

ARTICLE II

ISSUANCE OF NOTE; CREDIT AGREEMENT

Section 2.01 **Issuance of Note; Credit Agreement.** Issuance of the Note and execution and delivery of the Credit Agreement, in substantially the forms attached hereto as Exhibit "A" and Exhibit "B", respectively, with such changes as the executing officer shall approve (his execution to be conclusive evidence of such approval) is hereby approved. The Note and the Credit Agreement shall be signed on behalf of the County by the Chairman of the Board of Trustees of the Hospital.

Section 2.02 **Tenor of Note.** No recourse shall be had for the payment of the Note, or interest thereon, or any part thereof, against the funds of the County, nor shall the credit or taxing power of the County be deemed to be pledged thereto. The Note, and interest thereon, shall not be a debt of the County, nor a charge, lien or encumbrance, legal or equitable, upon any property of the County or upon any income, receipts or revenues of the County, but shall be payable only from the revenues of the Hospital. Neither the Hospital nor the County shall be under any obligation to pay the same, except from such revenues.

Section 2.03 Nothing in this Ordinance, the Credit Agreement, the Note or any other document executed related thereto shall be construed as a representation, approval, warranty or commitment by the County with regard to the proper procedure to be followed in connection with the execution and delivery of the Note and Credit Agreement.

Section 2.04 **Effective Dates.** This Ordinance shall become effective and be in full force immediately.

ADOPTED AND EFFECTIVE THIS _____ DAY OF _____, 2020.

COUNTY COUNCIL OF BEAUFORT COUNTY

(SEAL)

By: _____
Joseph Passiment
Chairman

ATTEST:

By: _____
Sarah W. Brock
Clerk to Council

First Reading:
Second Reading:
Public Hearing:
Third Reading:

MASTER NOTE

\$20,000,000

Beaufort, South Carolina
_____, 2020

FOR VALUE RECEIVED, BEAUFORT COUNTY MEMORIAL HOSPITAL d/b/a BEAUFORT MEMORIAL HOSPITAL, a public agency under and as defined in Title 44, Chapter 7, Article 11 of the Code of Laws of South Carolina, 1976, as amended (the "Borrower"), promises to pay, on the Termination Date, if not sooner paid, to the order of **REGIONS BANK**, an Alabama banking corporation (the "Lender"), the principal amount of TWENTY MILLION AND NO/100 DOLLARS (\$20,000,000), or so much thereof as may be advanced by the Lender hereunder, and to pay interest from the date advanced until payment in full on the unpaid principal balance of the amount advanced hereunder at a floating interest rate (calculated on an Actual/360 Day Basis) equal to the Applicable Rate established from time to time under that certain Credit Agreement dated as of _____ 1, 2020 between the Borrower and the Lender (as amended or extended from time to time, the "Credit Agreement"). Such interest shall be payable monthly in arrears on the first day of each month in each year, beginning on _____ 1, 2020, and on the Termination Date.

This note is the Note referred to in the Credit Agreement and is subject to all of the provisions thereof, including those providing for optional prepayment, acceleration of maturity, and adjustment of the interest rate hereunder, **waiver of jury trial, and arbitration of disputes**, as set forth in the Credit Agreement. Capitalized terms used in this Note and not otherwise defined herein shall have the respective meanings assigned to them in the Credit Agreement, or if not defined therein, the meanings assigned to them in the Master Indenture, as defined below. All payments by the Borrower to the Lender under this Note shall be made in accordance with Article 2 of the Credit Agreement, including without limitation Sections 2.7 and 2.8 thereof.

If an Event of Default exists, this Note shall bear interest at the Default Rate, until the earlier of (a) such time as all amounts due hereunder are paid in full or (b) no such Event of Default exists.

The Borrower agrees to pay to the Lender, on demand, a late charge computed as follows to cover the extra expense involved in handling late payments: The late charge will be equal to five percent (5.0%) of any payment that is not paid within ten (10) days after it is due. This provision shall not be deemed to excuse a late payment or be deemed a waiver of any other right the Lender may have, including the right to declare the entire unpaid principal and interest immediately due and payable and the right to collect interest on any late payment at the Default Rate.

Notwithstanding the foregoing, for the purpose of enabling the Lender to send periodic billing statements in advance of each interest payment date reflecting the amount of interest payable on such interest payment date, at the option of the Lender, the Applicable Rate in effect 15 days prior to each interest payment date shall be deemed to be the Applicable Rate as continuing in effect until the date prior to such interest payment date for purposes of computing the amount of interest payable on such interest payment date. If the Lender elects to use the Applicable Rate 15 days prior to the interest payment date for billing purposes, and if the Applicable Rate changes during such 15-day period, the difference between the amount of interest that in fact accrues during such period and the amount of interest actually paid will be added to or subtracted from, as the case may be, the interest otherwise payable in preparing the periodic billing statement for the next succeeding interest payment date. In determining the amount of interest payable at the final maturity or upon full prepayment of this Note, all changes in the Applicable Rate occurring on or prior to the day before the final maturity date or the date of such full prepayment shall be taken into account.

This Note is a master note, and it is contemplated that the proceeds of the Line of Credit evidenced hereby will be advanced by the Lender to the Borrower in installments, and repaid and re-borrowed, as needed for the purposes set forth in the Credit Agreement, upon compliance with the terms and conditions set forth therein. This Note shall be valid and enforceable as to the Borrower, and the Borrower's obligations under this Note are secured by the Obligated Group's pledge of its Gross Receipts under that certain Amended and Restated Master Trust Indenture dated as of December 1, 2011 (the "Master Indenture"), by and between the Hospital and U.S. Bank National Association (the "Master Trustee"), as amended and supplemented, including that certain Supplemental Master Trust Indenture No. 8, dated as of _____ 1, 2020 ("Supplement No. 8") between the Obligated Group and the Master Trustee. To evidence this pledge in favor of the Lender, the Borrower has duly issued that certain \$20,000,000 Series 8 Note (the "Series 8 Note"), for itself and other members of the Obligated Group, in favor of the Lender Supplement No. 8 to the Master Indenture. As the Holder of the Series 8 Note, the Lender shall be entitled to all rights and remedies available to the Holders of Note Obligations issued under the Master Indenture. This Note shall be valid and enforceable as to any collateral granted to the Lender as security for the Line of Credit evidenced hereby, including without limitation the Obligated Group's pledge of its Gross Receipts pursuant to the Master Indenture, which shall be and remain valid and binding as security for the aggregate amount advanced at any time hereunder, whether or not the full face amount hereof is advanced.

THIS LINE OF CREDIT IS NOT A DEBT OR OBLIGATION OF THE STATE OF SOUTH CAROLINA OR BEAUFORT COUNTY WITHIN THE MEANING OF ANY STATE CONSTITUTIONAL OR STATUTORY PROVISION.

Each principal advance and payment on this Note shall be reflected by notations made by the Lender on its internal records (which may be kept on computer or otherwise), and the Lender is hereby authorized to record on such records all such principal advances and payments. The aggregate unpaid amount reflected by the Lender's notations on its internal records (whether on computer or otherwise) shall be deemed rebuttably presumptive evidence of the principal amount remaining outstanding and unpaid on this Note. No failure of the Lender so to record any advance or payment shall limit or otherwise affect the obligation of the Borrower hereunder with respect to any advance, and no payment of principal by the Borrower shall be affected by the failure of the Lender so to record the same.

If an Event of Default exists, the principal and all accrued interest on this Note and all other amounts payable under the Credit Agreement and the other Credit Documents may become immediately due and payable in the manner and with the effect provided in the Credit Agreement.

The Borrower expressly waives any presentment, demand, protest or notice in connection with this Note, now or hereafter required by applicable law.

Time is of the essence of this Note.

This Note shall be construed in accordance with and governed by the internal laws of the State of South Carolina (without regard to conflict of law principles) except as required by mandatory provisions of law.

[Remainder of this page intentionally blank.]

IN WITNESS WHEREOF, the Borrower has caused this Note to be dated _____, 2020 and to be duly executed and delivered under seal by its duly authorized representative.

**BEAUFORT COUNTY MEMORIAL HOSPITAL
d/b/a BEAUFORT MEMORIAL HOSPITAL
on behalf of Beaufort County, South Carolina**

By: _____

Name: _____

Title: _____

(SEAL)

ANY CONTROVERSY, CLAIM, DISPUTE OR DISAGREEMENT RELATING TO THIS AGREEMENT, AS SET FORTH MORE PARTICULARLY IN SECTION 7.11 HEREOF, SHALL BE SUBJECT TO ARBITRATION IN ACCORDANCE WITH THE COMMERCIAL ARBITRATION RULE OF THE AMERICAN ARBITRATION ASSOCIATION AND SECTION 15-48-10 OF THE CODE OF LAWS OF SOUTH CAROLINA ANNOTATED



CREDIT AGREEMENT

Dated as of _____ 1, 2020

between

**BEAUFORT COUNTY MEMORIAL HOSPITAL
d/b/a BEAUFORT MEMORIAL HOSPITAL**

and

REGIONS BANK

relating to

**\$20,000,000
Line of Credit**



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Exhibit A Form of Advance Request Certificate

Schedules

Schedule 5.1(d) Form of Officer’s Certificate

CREDIT AGREEMENT

THIS CREDIT AGREEMENT (this “Agreement”), dated as of _____ 1, 2020, is between **BEAUFORT COUNTY MEMORIAL HOSPITAL d/b/a BEAUFORT MEMORIAL HOSPITAL**, a public agency under and as defined in Title 44, Chapter 7, Article 11 of the Code of Laws of South Carolina, 1976, as amended (the “Hospital”), and **REGIONS BANK**, an Alabama banking corporation (the “Lender”).

PRELIMINARY STATEMENTS:

(1) The Hospital has requested that the Lender provide a line of credit in the maximum principal amount of \$20,000,000 (as defined more particularly herein, the “Line of Credit”) to be available to the Hospital for general working capital and for the other lawful corporate purposes, if any, described herein.

(2) The Lender has agreed to provide the Line of Credit provided, among other things, that the Hospital and Lender enter into this Agreement.

(3) In order to secure the Hospital’s obligations under this Agreement, the Hospital, as the sole member of the Obligated Group, will issue the Series 8 Note (the “Series 8 Note”) pursuant to the Amended and Restated Master Trust Indenture dated as of December 1, 2011 (the “Master Indenture”), by and between the Hospital and U.S. Bank National Association (the “Master Trustee”), as such may be further supplemented or amended, as supplemented by Supplemental Master Trust Indenture No. 8, dated as of _____ 1, 2020 (“Supplement No. 8”) between the Obligated Group and the Master Trustee.

(4) The Hospital will materially and directly benefit from the Line of Credit and, therefore, to induce the Lender to provide the Line of Credit, the Hospital is willing to enter into this Agreement.

STATEMENT OF AGREEMENT

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, including the covenants, terms and conditions hereinafter appearing and in order to induce the Lender to provide the Line of Credit, the parties hereto agree as follows:

ARTICLE 1

DEFINITIONS

SECTION 1.1 Certain Defined Terms

As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

“Act” means Title 44, Chapter 7, Article 11 of the Code of Laws of South Carolina, 1976, as amended.

“Actual/360 Basis” means a method of computing interest and other charges on the basis of an assumed year of 360 days for the actual number of days elapsed, meaning that the interest accrued for each day will be computed by multiplying the interest rate applicable on that day by the unpaid principal balance or rate that day and dividing the result by 360.

“Adjusted Margin” is defined in Section 2.3(b).

“Advance” is defined in Section 2.1.

“Advance Request Certificate” means the certificate attached as Exhibit A to this Agreement.

“Affiliate” means a Person which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with the Hospital or a subsidiary of the Hospital. The term “control” means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting stock, by contract or otherwise.

“Agreement” means this Credit Agreement and any amendments or supplements thereto.

“Anti-Terrorism Laws” has the meaning assigned to that term in Section 4.1(r) of this Agreement.

“Applicable Rate” means the LIBOR-Based Rate; provided, however, that if a Replacement Index is determined under Section 2.3(b), the Applicable Rate thereafter shall be the Replacement Index plus the Margin or Adjusted Margin, as applicable.

“Audited Financial Statements” shall mean the audited financial statements of the Obligated Group for a specified Fiscal Year, together with related notes, if any, thereto, and related consolidated and consolidating balance sheets, consolidated and consolidating statements of operations and changes in net assets, consolidated and consolidating statements of cash flows for such period, together with related notes thereto, if any, setting forth in comparative form figures for the preceding full year, all in reasonable detail and satisfactory in scope to the Lender, prepared in accordance with GAAP applied on a Consistent Basis and containing an unqualified opinion of an independent certified public accounting firm satisfactory to the Lender.

“Authorized Hospital Representative” means any person that (a) has executed an account agreement on behalf of Hospital with Lender or (b) Hospital has notified Lender in writing is authorized to act on Hospital’s behalf with respect to the Line of Credit. Lender shall be entitled to rely conclusively and without further investigation on the authority granted to any person under the terms of this paragraph unless and until the Lender has received written notice revoking such authority and has had reasonable commercial opportunity to administer such revocation on its systems.

“Available Line of Credit Commitment” means, for any period, an amount equal to the difference between (a) the Maximum Line of Credit Amount, and (b) the aggregate principal amount of Advances made under the Line of Credit since the Closing Date, regardless of whether such Advances have been repaid.

“Bankruptcy Code” means any bankruptcy, insolvency or similar state or federal law, as amended, now or hereafter in effect.

“Business Day” means a day on which the office of the Lender at which payments under the Note are to be made is open for business and on which dealings in U. S. dollar deposits are carried out in the London interbank market.

“Change in Law” means the occurrence, after the Closing Date, of any of the following: (a) the adoption or taking effect of any law, rule, regulation or treaty, (b) any change in any law, rule, regulation or treaty or in the administration, interpretation, implementation or application thereof by any

Governmental Authority or (c) the making or issuance of any request, rule, guideline or directive (whether or not having the force of law) by any Governmental Authority; provided that notwithstanding anything herein to the contrary, (i) the Dodd-Frank Wall Street Reform and Consumer Protection Act and all requests, rules, guidelines or directives thereunder or issued in connection therewith, (ii) all requests, rules, guidelines or directives promulgated by the Bank for International Settlements, the Basel Committee on Banking Supervision (or any successor or similar authority) or the United States or foreign regulatory authorities, in each case pursuant to Basel III, and (iii) all requests, rules, guidelines or directives issued by a Governmental Authority in connection with a Lender's submission or re-submission of a capital plan under 12 C.F.R. § 225.8 or a Governmental Authority's assessment thereof shall in each case be deemed to be a "Change in Law", regardless of the date enacted, adopted or issued.

“Closing Date” means _____, 2020, regardless of whether an Advance is made on such date.

“Code” means the Internal Revenue Code of 1986, as amended.

“Consistent Basis” means in reference to the application of GAAP, that the accounting principles observed in the current period are comparable in all material respects to those applied in the preceding period, except as otherwise permitted by this Agreement or as may be different as a result of a change in GAAP.

“COVID-19” means the disease described as “2019 Novel Coronavirus (2019-nCoV)” in the declaration of national health emergency issued for the United States on January 31, 2020, by the Secretary of Health and Human Services.

“Credit” means, individually and collectively, all loans, forbearances, renewals, extensions, advances, reimbursement obligations, disbursements and other extensions of credit now or hereafter made by the Lender to or for the account of the Hospital under this Agreement or the Note, including without limitation all Advances and all expenses of Lender that Hospital is obligated to pay or reimburse under Section 6.4 of this Agreement.

“Credit Documents” means this Agreement, the Note, the Master Indenture, the Series 8 Supplement, the Series 8 Note and any other documents executed by or between the Hospital and the Lender in connection with the Line of Credit.

“Damages” has the meaning assigned to that term in Section 7.5 of this Agreement.

“Default Rate” means a rate of interest equal to two percentage points (200 basis points) in excess of the highest interest rate that would otherwise be payable on the principal amount of the Line of Credit under this Agreement and the Note in the absence of an Event of Default, or the maximum rate permitted by law, whichever is less.

“Draft Annual Financial Statements” shall mean financial statements of the Obligated Group for a specified Fiscal Year identical in form to the Audited Financial Statements required to be provided by the Hospital for such Fiscal Year; provided, however, that Draft Annual Financial Statements (a) may include estimates concerning pension-related information that is dependent upon receipt of the applicable SC Pension Report, and (b) must contain an opinion of an independent certified public accounting firm satisfactory to the Lender that is qualified solely with respect to the estimated pension-related information.

“Enabling Act” means Act No. 1197 of the Acts and Joint Resolutions of the General Assembly of the State of South Carolina for the year 1966, such act establishing and creating the Hospital.

“Environmental Laws” means and includes the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Resource Conservation and Recovery Act, the Superfund Amendments and Reauthorization Act of 1986, any other “Superfund” or “Superlien” law, or any other federal, state or local statute, law, ordinance, code, rule, regulation, order or decree regulating, relating to, or imposing liability or standards of conduct concerning any Hazardous Materials, as now or at any time hereafter in effect.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended from time to time, including any rules and regulations promulgated thereunder.

“Event of Default” has the meaning assigned to that term in Section 6.1 of this Agreement.

“Executive Order” has the meaning assigned to that term in Section 4.1(r) of this Agreement.

“Generally Accepted Accounting Principles” or “GAAP” means those principles of accounting set forth in statements of the Financial Accounting Standards Board or which have other substantial authoritative support and are applicable in the circumstances as of the date of a report, as such principles are from time to time supplemented and amended.

“Guaranty” or “Guaranties” mean all obligations of the Hospital or any other member of the Obligated Group guaranteeing in any manner, whether directly or indirectly, any obligation of any other Person which would, if such other Person were a member of the Obligated Group, constitute Indebtedness hereunder.

“Hazardous Materials” means and includes any hazardous, toxic or dangerous waste, substance or material (including without limitation any materials containing asbestos) defined as such in (or for purposes of) any Environmental Laws.

“Incorporated Covenants” has the meaning assigned to that term in Section 4.3(b) of this Agreement.

“Incorporated Definitions” shall have the meaning assigned to that term in Section 1.2.

“Indebtedness” means all outstanding Obligations incurred or assumed by one or more members of the Obligated Group, including Guaranties (other than any Guaranty by any member of the Obligated Group of Indebtedness of any other member of the Obligated Group), or any other obligation for payments of principal and interest with respect to money borrowed and including capitalized lease agreements and installment sale agreements, except obligations of a member of the Obligated Group to another member. Nothing in this definition or otherwise shall be construed to count Indebtedness more than once.

“Indemnified Parties” has the meaning assigned to that term in Section 6.4 of this Agreement.

“Interest Period” means each period commencing on the last day of the immediately preceding Interest Period and ending on the same day of the month that interest is due one month thereafter; provided (a) the first Interest period shall commence on the Closing Date and shall end on the first day thereafter that interest is due, (b) any Interest Period that ends in a month for which there is no day which numerically corresponds to the last day of the immediately preceding Interest Period shall end on the last

day of the month, and (c) any Interest Period that would otherwise extend past the Termination Date shall end on the Termination Date.

“LIBOR-Based Rate” means, as of the date of determination, the rate (rounded upwards, if necessary, to the nearest whole multiple of 1/100 of 1%) equal to (a) LIBOR in effect on such day plus (b) the Margin. Any change in the LIBOR-Based Rate due to a change in LIBOR shall be effective, without notice, on the first day of each month. Notwithstanding anything contained herein to the contrary, the LIBOR-Based Rate shall not be less than zero.

“London Interbank Offered Rate” or “LIBOR” means with respect to any Interest Period, that rate for deposits in U. S. dollars for a period comparable to the term of such Interest Period which appears on Reuters Screen LIBOR01 Page (or such other page that may replace that page on that service or on such other comparable financial information reporting service used by Lender, in its discretion, at the time such rate is determined) as of 11:00 a. m., London, England time on the day (the “Pricing Date”) that is two Business Days preceding the first day of such Interest Period (or if not so reported, then as determined by the Lender from another recognized source or from one or more interbank quotations, in Lender’s discretion). In any event, LIBOR will not be less than zero percent (0%) per annum.

“Legal Entity Customer” shall have the meaning set forth in 31 C.F.R. § 1010.230(e) and includes a corporation, limited liability company, or other entity that is created by a filing of a public document with a Secretary of State or similar office, a general partnership, and any similar business entity formed under the laws of a foreign jurisdiction that opens an account.

“Line of Credit” is defined in Section 2.1.

“Line of Credit Obligations” means (a) the payment of all amounts now or hereafter becoming due and payable to Lender under the Credit Documents, including the principal amount of the Line of Credit, all interest (including interest that, but for the filing of a petition in bankruptcy, would accrue on any such principal) and all other fees, charges and costs (including attorneys’ fees and disbursements) payable in connection therewith; (b) the observance and performance by the Hospital of all of the provisions of the Credit Documents; (c) the payment of all sums advanced or paid by the Lender in exercising any of its rights, powers or remedies under the Credit Documents, and all interest (including post-bankruptcy petition interest, as aforesaid) on such sums provided for herein or therein; and (d) all renewals, extensions, modifications and amendments of any of the foregoing, including any extension of the Termination Date, if any, whether or not any renewal, extension, modification or amendment agreement is executed in connection therewith.

“Long-Term Debt Service Coverage Ratio” has the meaning assigned to that term in the Master Indenture as of the Closing Date.

“Margin” means 1.3 percent (130 basis points).

“Master Indenture” has the meaning assigned to that term in paragraph (3) of the Preliminary Statements hereof.

“Master Trustee” has the meaning assigned to that term in paragraph (3) of the Preliminary Statements hereof.

“Material Adverse Effect” or “Material Adverse Change” means a material adverse effect upon, or a material adverse change in, any of (i) the financial condition, operations, business, properties or prospects of the Hospital and the members of the Obligated Group, taken as a whole; (ii) the ability of the

Hospital and the members of the Obligated Group, taken as a whole, to comply with the financial covenants contained in Section 5.1(g) or to perform their obligations under this Agreement or any Credit Document in any material respect; (iii) the legality, validity or enforceability of this Agreement or any Credit Document; or (iv) the perfection or priority of the liens of the Master Trustee granted under any Credit Document or the rights and remedies of the Lender or the Master Trustee, respectively, under this Agreement or any Credit Document (other than a change resulting from any act or omission by the Lender or the Master Trustee, respectively).

“Material Contracts” has the meaning assigned to that term in Section 3.1(f) of this Agreement.

“Maximum Line of Credit Amount” means \$20,000,000.

“Multiemployer Plan” means a “multiemployer plan” as defined in Section 4001(a)(3) of ERISA.

“Note” is defined in Section 2.2.

“Obligated Group” has the meaning assigned to that term in the Master Indenture as of the Closing Date.

“Obligations” has the meaning assigned to that term in the Master Indenture as of the Closing Date.

“OFAC” has the meaning assigned to that term in Section 4.1(r) of this Agreement.

“Participants” has the meaning assigned to that term in Section 2.6 of this Agreement.

“Payment Account” is defined in Section 2.8.

“PBGC” means the Pension Benefit Guaranty Corporation or any successor thereto.

“Person” means any individual, joint venture, corporation, company, voluntary association, partnership, trust, joint stock company, unincorporated organization, association, government, or any agency, instrumentality, or political subdivision thereof, or any other form of entity.

“Plan” means an employee benefit plan (other than a Multiemployer Plan) maintained for employees of the Hospital and covered by Title IV of ERISA.

“Plan Termination Event” means (i) a Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under such regulations), or (ii) the withdrawal of the Hospital from a Plan during a plan year in which it was a “substantial employer” as defined in Section 4001(a)(2) of ERISA, or (iii) the filing of a notice of intent to terminate a Plan or the treatment of a Plan amendment as a termination under Section 4041 of ERISA, or (iv) the institution of proceedings to terminate a Plan by the PBGC, or (v) any other event or condition which would constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan.

“Pricing Date” has the meaning assigned within the definition of London Interbank Offered Rate.

“Property” has the meaning assigned to that term in Section 4.1(l) of this Agreement.

“Rate Hedging Obligation” means any and all obligations of a member of the Obligated Group, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired (including all renewals, extensions and modifications thereof and substitutions therefor), under (i) any and all agreements, devices or arrangements designed to protect at least one of the parties thereto from the fluctuations of interest rates, exchange rates or forward rates applicable to such party’s assets, liabilities or exchange transactions, including, but not limited to, United States dollar-denominated or cross-currency interest rate exchange agreements, forward currency exchange agreements, interest rate cap or collar protection agreements, forward rate currency or interest rate options, puts, warrants and those commonly known as interest rate “swap” agreements; and (ii) any and all cancellations, buybacks, reversals, terminations or assignments of any of the foregoing.

“Replacement Index” is defined in Section 2.3(b).

“Series 8 Note” has the meaning assigned to that term in paragraph (4) of the Preliminary Statements hereof.

“Supplement No. 8” has the meaning assigned to that term in paragraph (4) of the Preliminary Statements hereof.

“Swap Agreement” means one or more agreements between the Hospital and the Lender or their Affiliates, which create Rate Hedging Obligations.

“Term Sheet” means the Lender’s Summary Quote of Terms and Conditions dated _____, 2020, related to the terms and conditions of the Line of Credit.

“Termination Date” means the maturity date of the Line of Credit (which is initially _____, 2021, as such date may be extended from time to time pursuant to Section 2.6 or accelerated pursuant to Section 6.2.

“Trigger Event” is defined in Section 2.3(b).

“Unrestricted Cash and Investments” means the sum of the following unrestricted and unencumbered items of the Obligated Group: cash, cash equivalents, short and long term marketable and liquid investments and any other item shown as unrestricted cash and investments of the Obligated Group on the financial statements delivered to the Lender pursuant to Section 5.1(d), as applicable.

“Unused Fee” means, for any period, an amount equal to 0.1 percent (10 basis points) of the Available Line of Credit Commitment for such period.

SECTION 1.2 Defined Terms Incorporated from Master Indenture

Certain capitalized terms are used in this Agreement based upon meanings assigned to such terms in the Master Indenture (the “Incorporated Definitions”). With respect to the Incorporated Definitions, the Hospital hereby agrees that (a) no amendment or modification to an Incorporated Definition made in the Master Indenture, subsequent to the Closing Date, shall be effective for purposes of this Agreement unless the Lender shall have given its prior written consent thereto, and (b) if the Master Indenture shall be refinanced or replaced by another financing agreement or the Master Indenture is terminated and not replaced, then the Incorporated Definitions shall remain in full force and effect for purposes of this Agreement, as in effect for such purposes immediately prior to the date of such replacement or termination, unless the Lender shall agree otherwise in writing.

SECTION 1.3 Computation of Time Periods

In this Agreement, in the computation of a period of time from a specified date to a later specified date, the word “from” means “from and including” and the words “to” and “until” each mean “to but excluding”.

SECTION 1.4 Accounting Terms

All accounting terms not specifically defined herein shall be construed in accordance with GAAP applied on a Consistent Basis, except as otherwise stated herein.

ARTICLE 2

CREDIT TO BE EXTENDED UNDER THIS AGREEMENT

SECTION 2.1 Line of Credit From the Closing Date to the Termination Date, the Lender agrees, upon the terms and subject to the conditions of this Agreement, to provide a line of credit (the “Line of Credit”) available to the Hospital, pursuant to which the Hospital may from time to time borrow from the Lender such sums as may be needed by the Hospital for the purposes expressed in this Agreement, up to a maximum aggregate principal amount not exceeding the Maximum Line of Credit Amount. Each advance to the Hospital under the Line of Credit (an “Advance”) will be made on the next Business Day after Lender’s receipt of an Advance Request Certificate duly completed and executed by an Authorized Hospital Representative. All representations, warranties and covenants made by the Hospital in an Advance Request Certificate shall constitute representations, warranties and covenants made by the Hospital for all purposes of this Agreement. Advances will not be made on the basis of incomplete or unexecuted Advance Request Certificates. The total principal amount advanced and outstanding at any time under the Line of Credit is hereinafter referred to as the “Line of Credit.”

SECTION 2.2 Note All Advances shall be evidenced by a promissory note (the “Note”), payable to the order of the Lender, duly executed on behalf of the Hospital, dated the Closing Date, in the principal amount of \$20,000,000 and satisfactory in form and substance to the Lender. The Note shall be payable in full as to principal on the Termination Date. The Note shall be valid and enforceable as to the aggregate amount of the Line of Credit outstanding from time to time, whether or not the full amount of the Line of Credit is actually advanced by the Lender to the Hospital.

SECTION 2.3 Interest

(a) The Note shall bear interest on the unpaid principal balance of the amount advanced thereunder from the date advanced until payment in full at the rate per annum equal to the Applicable Rate. Such interest shall be payable monthly on the first day of each month in each year, commencing June 1, 2020, and on the Termination Date. Interest will be computed on an Actual/360 Day Basis.

(b) If Lender at any time or from time to time determines that (1) London Interbank Offered Rate is unavailable, (2) London Interbank Offered Rate cannot be determined, (3) London Interbank Offered Rate does not adequately reflect the cost to Lender of making, funding, or maintaining the Line of Credit, (4) the use of London Interbank Offered Rate has become impracticable or unreliable, (5) London Interbank Offered Rate is no longer representative of the underlying market or economic reality, or (6) it is no longer lawful for Lender to lend at any rate based on London Interbank Offered Rate (any such determination is hereafter called a “Trigger Event”), then, Lender may elect to designate a substitute interest rate index (the “Replacement Index”). If Lender designates a Replacement Index, Lender may also determine at such time or from time to time thereafter that a Margin adjustment is necessary to produce a

comparable interest rate to the interest rate that would have applied based on the London Interbank Offered Rate. Upon such determination, Lender will designate the amount of such Margin adjustment (which may be a positive or a negative number) and adjust the Margin by that amount (and the result will be the “Adjusted Margin”). Lender will provide notice to Hospital of the Replacement Index, any Margin adjustment, and the Adjusted Margin, as applicable, and their effective date. Thereafter, the Replacement Index shall be deemed to be and shall become the operative interest rate index for purposes of this Agreement and any other loan documents, and this Agreement shall continue to bear interest on the unpaid principal amount from the effective date of such designation(s) through repayment thereof at the Replacement Index plus the Margin or the Adjusted Margin, as applicable (subject to increase to or by any applicable default rate). Absent notice from the Lender to the contrary, changes in the interest rate on the Line of Credit resulting from In any event, the Replacement Index will not be less than zero percent (0%) per annum. The Replacement Index may not necessarily be the Lender’s most favorable lending rate or interest rate index. Any determination or designation made by Lender under this paragraph shall be made in Lender’s sole and absolute discretion and shall be conclusive and binding absent manifest error. In connection with the implementation of a Replacement Index and, as applicable, the Adjusted Margin, Lender may make any technical, administrative, or operational changes that may be appropriate to facilitate the administration thereof.

(c) The Hospital acknowledges and agrees that the United Kingdom’s Financial Conduct Authority (solely for purposes of this paragraph, “FCA”) has announced it will phase out its support of the London Interbank Offered Rate. The London Interbank Offered Rate may be sustained until the end of 2021. Hospital acknowledges that the FCA’s withdrawal of its support of the London Interbank Offered Rate may, in Lender’s sole discretion, constitute a Trigger Event under this Agreement and that upon the occurrence of such Trigger Event (or any other), the Applicable Rate with respect to the Line of Credit will subject to adjustment in accordance with the terms of this Agreement. The effect of the FCA’s decision to no longer support the London Interbank Offered Rate cannot be predicted, or, if changes are ultimately made to the London Interbank Offered Rate, the effect of those changes cannot be predicted. In addition, Hospital acknowledges the impact of any interest rate index change related to the Line of Credit due to the FCA’s decision to phase out its support of the London Interbank Offered Rate, should this occur, cannot be predicted and may or may not be advantageous to Hospital.

(d) If an Event of Default exists, the Note shall bear interest at the Default Rate, until the earlier of (1) such time as all amounts due hereunder are paid in full, or (2) no such Event of Default exists.

(e) Unless otherwise stipulated, the Hospital agrees to pay to the Lender, on demand, a late charge computed as follows to cover the extra expense involved in handling late payments: If interest or principal are payable in installments, the late charges will be equal to 5% of any payment that is not paid within ten (10) days after it is due. If principal and interest are payable at maturity, the late charge will be equal to 5% of the interest portion of the payment that is not paid within ten (10) days after it is due.

SECTION 2.4 Unused Fee

In consideration of the Lender's willingness to provide the Line of Credit and the Lender's resulting obligation to observe certain regulatory requirements and maintain certain reserves relating to the Line of Credit, regardless of whether or not any Advances are made, the Hospital agrees to pay to the Lender on the first day of each January, April, July and October, commencing July 1, 2020, an amount equal to the Unused Fee.

SECTION 2.5 Prepayments

The Hospital may at any time prepay all or any part of the Line of Credit, without premium or penalty. With respect to any partial prepayment of the Line of Credit or with respect to a full prepayment of the Line of Credit that is not accompanied by termination of this Agreement, accrued interest on the principal amount prepaid to the date of prepayment shall be paid on the next succeeding monthly interest payment date. With respect to any full prepayment of the Note that is accompanied by a termination of this Agreement, all accrued interest on the Line of Credit will be paid in full on the date of such prepayment.

SECTION 2.6 Extension of Termination Date

The Hospital and the Lender may from time to time extend the then-current Termination Date to any subsequent termination date upon which the Hospital and the Lender may agree by executing a written extension agreement. Upon the execution of such an extension agreement by the Hospital and the Lender, the maturity date of the Line of Credit shall be extended to the agreed-upon termination date, and the agreed-upon termination date shall become the new "Termination Date" for purposes of this Agreement.

SECTION 2.7 Place and Time of Payment.

(a) All payments by the Hospital to the Lender under this Agreement and the other Credit Documents shall be made in lawful currency of the United States and in immediately available funds to the Lender at its Main Office in Birmingham, Alabama at the hand delivery address set forth in Section 7.2 or at such other address within the continental United States as shall be specified by the Lender by notice to the Hospital. Any payment received by the Lender after 2:00 p.m. (Birmingham, Alabama time) on a Business Day (or at any time on a day that is not a Business Day) shall be deemed made by the Hospital and received by the Lender on the following Business Day.

(b) All amounts payable by the Hospital to the Lender under this Agreement or any of the other Credit Documents for which a payment date is expressly set forth herein or therein shall be payable on the specified due date without notice or demand by the Lender. All amounts payable by the Hospital to the Lender under this Agreement or the other Credit Documents for which no payment date is expressly set forth herein or therein shall be payable ten (10) days after written demand by the Lender to the Hospital. The Lender may, at its option, send written notice or demand to the Hospital of amounts payable on a specified due date pursuant to this Agreement or the other Credit Documents, but the failure to send such notice shall not affect or excuse the Hospital's obligation to make payment of the amounts due on the specified due date.

(c) Payments that are due on a day that is not a Business Day shall be payable on the next succeeding Business Day, and any interest payable thereon shall be payable for such extended time at the specified rate.

(d) Except as otherwise required by law, payments received by the Lender shall be applied first to expenses, fees and charges, then to interest and finally to principal.

SECTION 2.8 Auto Debit Provision

The Hospital hereby authorizes the Lender to initiate entries to its checking or savings account held with the Lender for the purpose of making the payments due hereunder (the “Payment Account”). The Hospital further authorizes the Lender to withdraw these payments from the Payment Account. As of the Closing Date, the Payment Account is account number # 3903977005 established at the Lender. The Hospital acknowledges that this authorization may be revoked or the Payment Account may be changed to another account at the Lender at any time by providing written notice thereof to the Lender in such time and manner as to afford the Lender a reasonable opportunity to act thereupon.

SECTION 2.9 Participations

The Hospital understands that the Lender may, in accordance with this Agreement and applicable law (including federal and state securities laws), from time to time enter into a participation agreement or agreements with one or more persons (the “Participants”), pursuant to which the Participants shall be given participations in the Note owned by the Lender and that the Participants may from time to time similarly grant to one or more other persons (also included in the term Participants) subparticipations in the Note owned by the Lender, provided that no participation shall increase any liability or expense of the Hospital. The Hospital’s obligation hereunder shall remain solely and directly with the Lender and the Hospital shall be entitled to deal exclusively with the Lender. The Lender may divulge to any Participant all information, reports, financial statements, certificates and documents obtained by it from the Hospital or any other person under any provision of this Agreement or otherwise. The Lender shall give written notice to the Hospital of any participation agreements entered into with Participants within thirty (30) days after such participation agreement has been entered into.

SECTION 2.10 Obligations of the Hospital Absolute

Except as expressly provided in Section 2.10 of this Agreement, the Line of Credit Obligations shall not be impaired, modified, released or limited by any occurrence or condition whatsoever, including without limitation (a) the release of any guarantor or any compromise, settlement, release, waiver, renewal, extension, indulgence or modification of or change in any of the obligations and liabilities of the Hospital contained in the Note or the other Credit Documents, (b) any impairment, modification, release or limitation of the liability of the Hospital or its estate in bankruptcy, or any other security for the Note or the Credit Documents or any remedy for the enforcement thereof, resulting from the operation of any present or future provision of the Bankruptcy Code, or other statute or from the decision of any court, (c) the assertion or exercise by the Lender or its successors or assigns, of any rights or remedies under any of the Note or the Credit Documents or its delay in or failure to assert or exercise any such rights or remedies, (d) any lack of validity or enforceability of the Note or the Credit Documents or any other agreement or instrument relating thereto; (e) any change in the time, manner or place of payment of, or in any other term of, all or any of the obligations, or any other amendment or waiver of or any consent to departure from the Note or the Credit Documents; (f) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any guaranty; or (g) any other circumstance which might otherwise constitute a defense available to, or a discharge of, the Hospital except, subject to the following sentence of this paragraph, final and irrevocable payment in full of all Line of Credit Obligations. This Agreement shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the obligations of the Hospital is rescinded or is otherwise returned by the Lender upon the insolvency, bankruptcy or reorganization of the Hospital, or otherwise, all as though such payment had not been made.

SECTION 2.11 Security for Note

(a) The Note shall be secured by the Series 8 Note, which will be duly issued as a [Related Debt Obligation] issued under the Master Indenture, and shall be secured by a lien on the trust estate created under the Master Indenture on a parity with all Obligations at any time outstanding under the Master Trust Indenture.

(b) The Lender, as owner of the Series 8 Note, shall have all rights and remedies of the holder of an Obligation issued and secured under the Master Indenture.

ARTICLE 3

CONDITIONS TO LOAN

SECTION 3.1 Deliverables for Making of Loan and Initial Advance.

(a) On the Closing Date, and as a condition to the availability of any Credit hereunder and, without limiting the foregoing, the funding of the initial Advance under the Loan, the Hospital shall:

(1) execute and deliver this Agreement, the Note, and all other Credit Documents;

(2) Obtain and provide to the Lender, in form and content satisfactory to the Lender (i) such legal opinions, certificates, proceedings, instruments and other documents as the Lender or its counsel may reasonably request to evidence (A) compliance by the Hospital and all other parties to the Credit Documents with legal requirements, (B) the truth and accuracy as of the Closing Date of the respective representations thereof contained in the Credit Documents, and (C) the due performance or satisfaction by such parties at or prior to the Closing Date of all agreements then required to be performed and all conditions then required to be satisfied by them pursuant to the Credit Documents, and (ii) such additional supporting documents as the Lender or its counsel may reasonably request.

SECTION 3.2 Automatic Representations and Warranties.

The making of any request for an Advance shall constitute an automatic representation and warranty by the Hospital that (a) the representations and warranties contained in Article 4 are true and correct on and as of the date of such Advance, except to the extent that they expressly relate to an earlier date, (b) no Event of Default, nor any event that upon notice or lapse of time or both would constitute an Event of Default, exists on and as of the date of such Advance, and (c) the Hospital is in compliance with all the terms and provisions set forth in this Agreement on its part to be observed or performed, and no Event of Default, nor any event that upon notice or lapse of time or both would constitute an Event of Default, exists.

SECTION 3.3 Required Information.

On and as of the Closing Date and any later date on which Credit is to be extended hereunder, the Lender must have received all financial statements, reports and other items required as of that date under this Article 3 and Article 4 of this Agreement.

SECTION 3.4 Use of Proceeds.

The Hospital will use the proceeds of the Line of Credit (a) for general corporate purposes, (b) to refinance simultaneously with the closing of this Agreement certain existing Indebtedness of the Hospital incurred for working capital or general corporate purposes, and/or (c) to pay transaction fees, costs and expenses related to the Line of Credit established pursuant to this Agreement and the other Credit Documents, in each case not in contravention of Applicable Laws or of any Credit Document. No portion of the proceeds of an Advance under the Line of Credit shall be used (i) to refinance any commercial paper, or (ii) in any manner that causes or might cause such Advance or the application of such proceeds to violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System as in effect from time to time or any other regulation thereof or to violate the Exchange Act.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES

SECTION 4.1 Representations and Warranties of the Hospital

The Hospital for itself and on behalf of each member of the Obligated Group represents and warrants as follows (which representations and warranties shall survive the Lender's acceptance of the Note); provided, however, that it is understood that, as of the date of this Agreement and until such time as one or more other members join the Obligated Group, the Hospital is the sole member of the Obligated Group and all references in this Article IV to the Obligated Group and its members shall, as applicable, (i) be deemed to refer to the Hospital, as the sole member of the Obligated Group, or (ii) shall have no effect:

(a) Organization, etc. The Hospital has been duly organized and is validly existing as a public agency under the Act and has the corporate power to own its properties, to carry on its business as now being conducted, and to execute and deliver and perform all of its obligations under this Agreement and the Credit Documents to which it is a party. Each other member of the Obligated Group is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of South Carolina, and has the corporate power to own its properties, to carry on its business as now being conducted, and to execute and deliver and perform all of its obligations under this Agreement and the Credit Documents to which it is a party. Each member of the Obligated Group does business only in South Carolina. Each member of the Obligated Group other than the Hospital (i) is an organization described in Section 501(c)(3) of the Code, (ii) has received a letter or other notification from the Internal Revenue Service to that effect, which letter or other notification has not been modified, limited or revoked; (iii) is in compliance with all terms, conditions and limitations, if any, contained in such letter or other notification; (iv) has determined that the facts and circumstances which form the basis of such letter or other notification as represented to the Internal Revenue Service continue to exist; and (v) is exempt from federal income taxes under Section 501(a) of the Code under existing statutes and decisions.

(b) Power and Authority. Each member of the Obligated Group is duly authorized under all applicable provisions of law to execute and deliver this Agreement and to execute, deliver and perform the Credit Documents to which it is a party, and all corporate action required for the lawful execution, delivery and performance thereof has been duly taken; and this Agreement and each of the Credit Documents to which it is a party, upon the due execution and delivery thereof, will be the valid and enforceable instrument, obligation or agreement of the Hospital or such other member of the Obligated Group, as applicable, in accordance with its respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting generally the enforcement of creditor's rights and by such principles of equity as may generally affect the availability of equitable remedies. Neither the execution of this Agreement nor the Credit Documents to which it is a party, nor the fulfillment of or compliance with their provisions and terms, will constitute a violation of or

default under, or conflict with or result in a breach of, the terms, conditions or provisions of any agreement or instrument to which it is now a party or its articles of incorporation or bylaws or any law, regulation, writ or decree applicable to the Hospital or any other member of the Obligated Group the effect of which has a Material Adverse Effect.

(c) Financial Condition. The consolidated and consolidating annual financial statements for the Hospital as of September 30, 2019, certified by the Hospital's certified public accountants, copies of all of which have been furnished to the Lender, present fairly and accurately in all material respects, the financial condition of the Hospital as at the date of said balance sheet and the results of its operations for said period. The unaudited quarterly management prepared balance sheets and income statements of the Hospital for quarter ended December 31, 2019, present fairly and accurately in all material respects, subject to normal recurring year-end adjustments, the financial condition of the Hospital as at each such quarter end and the results of its operations for such period. The Hospital has no direct or contingent liabilities as of the date of this Agreement of a nature required by GAAP to be reflected or provided for in audited financial statements which are not provided for or reflected in such audited financial statements or referred to in notes thereto, except for liabilities incurred since the date of such financial statements in the ordinary course of business and the potential effects of COVID-19. All such audited financial statements have been prepared in accordance with GAAP applied on a Consistent Basis maintained throughout the period involved. Since December 31, 2019, there has been no Material Adverse Change and since said date the Hospital has not been adversely affected in any substantial way as the result of any fire, explosion, earthquake, accident, strike, lockout, flood, embargo, riot, activities of armed forces, war or acts of God or the enemy, or by cancellation or loss of any major contract, the effect of which could reasonably be expected to have a Material Adverse Effect, other than the potential impact of COVID-19.

(d) Litigation. There are no pending or, to the Hospital's knowledge, threatened actions or proceedings before any court, arbitrator or governmental or administrative body or agency which may reasonably be expected to have a Material Adverse Effect, or in any way adversely affect or call into question the power or authority of the Hospital or any other member of the Obligated Group to enter into or perform this Agreement or any of the Credit Documents to which it is a party.

(e) Taxes. Each member of the Obligated Group has filed all federal, state and/or local tax returns required to be filed by it, such filings are accurate in all respects and all taxes shown thereon have been paid, and the charges, accruals, and reserves on its books in respect of taxes or other governmental charges are adequate, except for any failure to file, inaccuracy, nonpayment, or inadequate charge, accrual or reserve which could not reasonably be expected to have a Material Adverse Effect. No controversy in respect of additional or unrelated business income taxes, state, federal or foreign, of the Hospital or any other member of the Obligated Group is pending, or, to its knowledge, threatened.

(f) Material Contracts. Each member of the Obligated Group is a party to certain contracts or agreements (together, "Material Contracts"), which if terminated, would have a Material Adverse Effect. The Material Contracts are in full force and effect as of the Closing Date and, after giving effect to the consummation of the transactions contemplated by the Credit Documents, will be in full force and effect in accordance with their respective terms.

(g) Trademarks, Franchises and Licenses. Each member of the Obligated Group owns, possesses, or has the right to use all patents, licenses, franchises, trademarks, trademark rights, trade names, trade name rights and copyrights necessary to conduct its business as now conducted (except where not having the right to use could not reasonably be expected to have a Material Adverse Effect), without known conflict with any patent, license, franchise, trademark, trade name, or copyright of any other Person, except to the extent any such conflict would not reasonably be expected to have a Material Adverse Effect.

(h) No Default. No member of the Obligated Group is in default in the performance, observance or fulfillment of any of the obligations, covenants or conditions contained in the Master Indenture or any agreement or instrument to which it is a party relating to any Indebtedness, the effect of which default may impair the ability of the Hospital or any member of the Obligated Group to repay its obligations under this Agreement.

(i) Governmental Authority. Other than previously obtained, no written approval of any foreign, federal, state or local governmental authorities is necessary to enter into and to carry out the terms of the Note, this Agreement and the other Credit Documents, and, no consents or approvals are required in connection with the making or performance of this Agreement or the Credit Documents. Each member of the Obligated Group has received the written approval or permits from all federal, state and local governmental authorities materially necessary to conduct its operations as presently conducted, except where the failure to receive could not reasonably be expected to have a Material Adverse Effect.

(j) ERISA Requirements. No member of the Obligated Group failed to satisfy the minimum funding standard under Section 412 of the Code or Section 302 of ERISA with respect to any Plan, or incurred any material liability to the PBGC established under ERISA (or any successor thereto under ERISA) in connection with any Plan established or maintained by such member of the Obligated Group and no Reportable Event described in Section 4043 of ERISA and the regulations issued thereunder (other than a Reportable Event not subject to the provision for 30-day notice to the PBGC under such regulations) has occurred or is occurring.

(k) No Untrue Statements. Neither this Agreement nor any other agreements, reports, schedules, certificates or instruments heretofore or simultaneously with the execution of this Agreement delivered to the Lender by or on behalf of the Hospital or any Affiliate and material to the Lender's review of the Hospital's operations or financial condition (taking into account any information received or uncovered which corrects earlier misstatements or omissions and without regard to misstatements or omissions that are obviously incorrect) contains any material misrepresentation or untrue statement of a material fact or omits to state any material fact necessary to make any of such agreements, in the light of the circumstances under which they were made or delivered, not materially misleading.

(l) Hazardous Materials. (i) To the best of the Hospital's knowledge, there has been no use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Materials by any person on, under, about or from the real property owned or operated by the Hospital (collectively, the "Property") which (A) does not comply in all respects with all federal, state and local laws and regulations governing the operation of a hospital or related business and would reasonably be expected to have a Material Adverse Effect or (B) which noncompliance has not been cured. The Hospital has no knowledge of, or reason to believe that there has been, except as previously disclosed to and acknowledged by the Lender in writing: (i) any breach or violation of any Environmental Laws in any respect which would reasonably be expected to have a Material Adverse Effect and which has not been cured, (ii) any use, generation, manufacture, storage, treatment, disposal, release or threatened release of any Hazardous Materials on, under, about or from the Property by any prior owners or occupants of the Property which does not comply in all respects with all federal, state and local laws and regulations governing the operation of an hospital or related business which has not been cured and which would reasonably be expected to have a Material Adverse Effect, or (iii) any actual or threatened litigation or claims of any kind by any person relating to such matters which has not been resolved.

(m) Environmental Compliance. (i) Each member of the Obligated Group is in compliance with all current Environmental Laws, except where non-compliance could not reasonably be expected to have a Material Adverse Effect, and there is not now pending, or, to the Hospital's knowledge, threatened, any action, suit, investigation or proceeding against it or any of the Property seeking to

enforce any right or remedy under any of the Environmental Laws; and (ii) to the Hospital's knowledge, neither the Hospital nor any of the Property has ever been subject to or regulated by any judicial or administrative order, judgment, decree or injunction as the result of violations or asserted violations of any of the Environmental Laws.

(n) Compliance with Laws. Each member of the Obligated Group is in compliance with all laws, rules, regulations and orders of any governmental or regulatory authority applicable to any of its properties, assets and operations, where such failure to comply could reasonably be expected to have a Material Adverse Effect.

(o) Governmental Regulation. Neither the Hospital nor any of its Affiliates is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying and Margin Stock.

(p) Investment Company. No member of the Obligated Group is an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(q) Anti-Terrorism Laws. Neither the Hospital nor any of its Affiliates is in violation of any Laws relating to terrorism or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Patriot Act;

(1) Neither the Hospital nor any of its Affiliates is any of the following:

(i) a Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a Person owned or Controlled by, or acting for or on behalf of, any Person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a Person with which the Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a Person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a Person that is named as a "specially designated national and blocked person" on the most current list published by the Office of Foreign Asset Control ("OFAC") or any list of Persons issued by OFAC pursuant to the Executive Order at its official website or any replacement website or other replacement official publication of such list.

(2) Neither the Hospital nor any of its Affiliates (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any Person described in Subsection 4.1(r)(1)(ii) above, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

(r) Condemnation. There are no proceedings pending, or, to the best of the Hospital's knowledge, threatened, to exercise any power of condemnation or eminent domain with respect to the Property or the facilities to be financed with the proceeds of the Note.

(s) Regulatory Authority. Each member of the Obligated Group is duly authorized and licensed to operate its hospital and other facilities under the laws, rulings, regulations and ordinances of the State of South Carolina and the departments, agencies and political subdivisions thereof (including without limitation DHEC), except where the failure to be so licensed could not reasonably be expected to have a Material Adverse Effect.

(t) Accreditation. The Obligated Group's hospital facilities are, as of the Closing Date, accredited by The Joint Commission, and each member of the Obligated Group is qualified as a provider under the Medicaid and Medicare programs.

(u) No Advice from Lender. The Hospital has sought and obtained financial, legal, tax, accounting and other advice (including as it relates to structure, timing, terms and similar matters) with respect to the execution and delivery of the Note, the Series 8 Note from its financial, legal and other advisors, and the Hospital has not sought, received or relied upon any such financial, legal, tax, accounting or other advice from Lender or any of Lender's Affiliates.

(v) Liens. The Credit Documents will create valid security interests in the Gross Receipts (as such term is defined in the Master Indenture), in each case enforceable against the Obligated Group and securing the payment of all obligations of the Hospital and the Obligated Group under the Series 8 Note.

(w) COVID-19. The Hospital has actively monitored the impacts of COVID-19 on its financial and operating performance and has exercised its reasonable business judgment to address or mitigate those impacts to the extent lawful and feasible.

ARTICLE 5

COVENANTS OF THE HOSPITAL

SECTION 5.1 Affirmative Covenants

The Hospital covenants that from the date hereof until termination of this Agreement in accordance with Section 7.17, unless the Lender otherwise consents in writing, the Hospital will and will cause each other member of the Obligated Group to:

(a) Compliance with Laws, etc. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental or regulatory authority, non-compliance with which could reasonably be expected to have a Material Adverse Effect. The Hospital will cause its Property to continue to be "Hospital Facilities" as described under the Act.

(b) Performance and Compliance with Other Covenants. Perform and comply for the benefit of the Lender with each of the covenants, as in effect on the Closing Date of the Master Indenture and the other Credit Documents to which the Hospital or any member of the Obligated Group is a party or bound. So long as the Note is outstanding, the Hospital for itself and on behalf of each other member of the Obligated Group covenants and agrees that each member of the Obligated Group will be bound by and duly and fully perform for the benefit of the Lender all of the covenants contained in the Master Indenture (including any definitions that appear elsewhere in the Master Indenture) as such exist on the Closing Date and as such covenants are amended from time to time, including any covenants for the benefit of any

other Person such as a bond insurer. Said covenants are a part of this Agreement as if set forth directly herein. The Hospital has delivered to the Lender a complete copy of the Master Indenture. Each reference in this Agreement to the Master Indenture shall be deemed to refer to the provisions of the Master Indenture as and in the form delivered to the Lender. The provisions of the Master Indenture that are incorporated herein shall for purposes of this Agreement, solely with respect to the Lender to the extent it has not waived or agreed to any termination, modification or amendment, be deemed to continue in effect so long as the Note is outstanding irrespective of any termination, modification or amendment of, or any consent or waiver relating to, any of the provisions of the Master Indenture; *provided, however*, any covenants contained in any supplement to the Master Indenture will no longer be incorporated herein once the related Note (as defined in the Master Indenture) is no longer outstanding under the Master Indenture. No terminations, modifications, waivers or amendments to any of the provisions of the Master Indenture incorporated herein shall be effective to terminate, modify, waive or amend such provisions as so incorporated herein unless expressly consented to in writing by the Lender accompanied by an acknowledgement that such termination, modification, waiver or amendment shall be applicable to this Agreement.

(c) Further Assurances. Upon request of the Lender, duly execute and deliver or cause to be duly executed and delivered to the Lender such further instruments and do and cause to be done such further acts that may be reasonably necessary or proper in the opinion of the Lender to carry out more effectively the provisions and purposes of this Agreement and the Credit Documents.

(d) Reporting Requirements. Furnish to the Lender the following:

(1) as soon as possible and in any event within 15 days after the occurrence of each Event of Default, or each event which (i) with the giving of notice or lapse of time, or both, would constitute an Event of Default continuing on the date of such statement and (ii) has a Material Adverse Effect, a statement of an executive officer of the Hospital setting forth details of such Event of Default or event and the action which the Hospital proposes to take with respect thereto;

(2) Annual financial information as follows:

(i) as soon as available and in any event not later than February 28 of each calendar year, the Draft Annual Financial Statements of the Obligated Group for the Fiscal Year ended September 30 of the immediately preceding calendar year; and

(ii) as soon as available and in any event not later than 30 days after Hospital's receipt of the applicable SC Pension Report, a copy of the Audited Financial Statements of the Obligated Group for the Fiscal Year ended September 30 of the immediately preceding calendar year; and

(iii) concurrently with each delivery of Draft Annual Financial Statements or Audited Financial Statements, a certificate (substantially in the form of Schedule 5.1(d) hereto) of the chief executive officer or chief financial officer of the Hospital to the Lender:

(A) stating that, to the best knowledge of such Person, the Hospital has performed and observed each and every agreement, covenant and obligation contained in this Agreement;

(B) stating that, to the best knowledge of such Person, no Event of Default or an event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred and is continuing, or if an Event of Default or such an event has occurred and is continuing, a statement as to the nature thereof and the action which the Hospital proposes to take with respect thereto; and

(C) showing calculations indicating compliance with the financial covenants set forth in Section 5.1(g) herein;

If and to the extent that the Hospital does not expect to deliver Audited Financial Statements by the time specified in this subsection (iii), the Hospital shall, not less than ten (10) Business Days prior to the applicable delivery deadline, provide written notice to the Lender indicating that such delivery will not occur when due and specifying the date on which the Hospital expects to complete such delivery. This paragraph constitutes a notice requirement, the breach of which shall constitute an Event of Default, and nothing in this paragraph shall be construed to constitute a waiver of any right or remedy available to the Lender for the failure of the Hospital to deliver Audited Financial Statements when due. Any extension of time for delivery of Audited Financial Statements must be requested separately by the Hospital and may be granted, denied or conditioned in Lender's sole discretion.

(3) as soon as available and in any event within 45 days after the end of each fiscal quarter of the Hospital a quarterly management-prepared consolidated and consolidating balance sheet and income statement for the Hospital as at the end of such period, and related statement of activities for such quarterly period, and for the period from the beginning of the current fiscal year to the end of such quarterly period thereto setting forth in comparative form figures for the corresponding period in the preceding full year, all in reasonable detail and certified by the president or chief financial officer of the Hospital as having been prepared in a manner reasonably acceptable to the Lender and as providing a fair presentation of the financial condition of such entities;

(4) as soon as available, and in any event within 45 days after it has been approved by the governing body(ies) of the Hospital, an annual operating and capital budget of the Hospital for each Fiscal Year;

(5) within 45 days after the end of each fiscal quarter, and as otherwise requested by the Lender, a report containing the status and any updates relating to the Hospital's revenue cycle management, including but not limited to benchmarking and trend analysis;

(6) promptly upon any change of the Hospital's independent public accountants, notification thereof and such further information as the Lender may reasonably request concerning the resignation, refusal to stand for reappointment after completion of the current audit or dismissal of such accountants;

(7) promptly upon becoming aware thereof, written notice of the commencement or existence of any proceeding against the Hospital by or before any court or governmental agency that might, in the reasonable judgment of the Hospital, result in a Material Adverse Effect and, if requested by the Lender upon the Lender's determination

that such proceeding could result in a Material Adverse Effect (for purposes of this determination by the Lender only, the Lender shall not consider or give effect to subclause (i) of the definition of “Material Adverse Effect”), establish and maintain reasonable reserves with respect thereto acceptable to the Lender;

(8) promptly upon becoming aware thereof, notice of any Plan Termination Event or any event or action which would result in the Hospital’s complete withdrawal, partial withdrawal or secondary liability for withdrawal liability payments with respect to a Multiemployer Plan, together with a statement of the chief executive officer or chief financial officer of the Hospital describing the event or the action taken and the reasons therefor; and

(9) such other information respecting the business, properties, condition or operations, financial or otherwise, of the Hospital’s as the Lender may from time to time reasonably request.

(e) Inspection Rights. At any reasonable time and from time to time during usual business hours and upon giving reasonable advance notice, but subject to applicable privacy laws and similar restrictions, permit the Lender or any agents or consulting engineers or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Hospital or any member of the Obligated Group and discuss the affairs, finances and accounts of the Hospital or any member of the Obligated Group with any of its officers.

(f) Environmental Compliance and Indemnity.

(1) Except as consented to by the Lender in writing, neither the Hospital nor any tenant, contractor, agent or other authorized user of the Property shall use, generate, manufacture, store, treat, dispose of or release, or permit by any tenant, contractor, agent or other authorized user of the Property the use, generation, manufacture, storage, treatment, disposal or release of, any Hazardous Materials on, under, about or from the Property which does not comply in all respects with all federal, state and local laws and regulations governing the operation of a hospital or related business, except where such noncompliance could not reasonably be expected to have a Material Adverse Effect.

(2) Indemnify the Lender and hold the Lender harmless from and against any and all losses, liabilities, judgments, damages, penalties, fines, liens, suits, injuries, costs (including cleanup costs), expenses (including attorneys’, consultants’ or experts’ fees and expenses) and claims of any and every kind whatsoever paid, incurred or suffered by or asserted against the Lender for, with respect to, or as a direct or indirect result of (A) claims related to any property owned by a member of the Obligated Group asserted or arising under any Environmental Laws, or (B) any representation or warranty by the Hospital contained in Sections 4.1(p) or (q) herein being false or untrue in any material respect;

(g) Financial Covenants.

(1) Long-Term Debt Service Coverage Ratio. The Obligated Group shall maintain a Debt Service Coverage Ratio of at least 1.10 to 1.00, measured annually at the end of each fiscal year of the Hospital.

(2) Cash to Indebtedness. The Obligated Group shall maintain a ratio of Unrestricted Cash and Investments to Indebtedness of not less than 1.0:1.0, measured semi-annually on (1) March 31 of each year, commencing March 31, 2018, based on the management-prepared quarterly financial statements provided for the fiscal quarter ending on such date in

accordance with Section 5.01(d)(3), and (2) September 30 of each year, commencing September 30, 2018, based upon the audited financial statements delivered such fiscal year ending on such date in accordance with Section 5.01(d)(2) of the Credit Agreement.

(3) Additional Indebtedness. Notwithstanding any provision in the Master Indenture to contrary, the Obligated Group will not, without the Lender's prior written consent, incur additional Indebtedness, secured or unsecured, after the Closing Date unless and until this Agreement is terminated in accordance with Section 6.17 hereof.

For the avoidance of doubt, Hospital and Lender agree that compliance with the financial covenants set forth in this Section 5.1(g) that are "measured annually at the end of each fiscal year" shall be determined based on Audited Financial Statements; provided, however, that (1) if the Audited Financial Statements for any fiscal year are not delivered by May 15 of the next calendar year, the Lender may determine compliance with such financial covenants based on the Draft Annual Financial Statements for such fiscal year for all purposes of this Agreement, including the declaration of an Event of Default, and (2) if Audited Financial Statements for any fiscal year are delivered after May 15 of the next calendar and demonstrate non-compliance with such financial covenants, the Lender may determine compliance with such financial covenants based on such Audited Financial Statements, including the declaration of an Event of Default, regardless of the content of any Draft Annual Financial Statements previously delivered for such fiscal year.

(h) Tax-Exempt Status. Except with respect to the Hospital, take all appropriate measures to maintain its status as an organization described in Section 501(c)(3) of the Code and its exemption from federal income tax under the Code, and take all appropriate measures to maintain its tax-exempt status under the State of South Carolina income tax laws and the regulations thereunder.

(i) Medicare. Each member of the Obligated Group shall maintain its status as a provider of health care services eligible for reimbursement under the Medicare and Medicaid programs, including future federal reimbursement or repayment programs.

(j) COVID-19. The Hospital will actively monitor the impacts of COVID-19 on its financial and operating performance and will continue to exercise its reasonable business judgment to address or mitigate those impacts to the extent lawful and feasible.

SECTION 5.2 Negative Covenants

The Hospital covenants that from the date hereof until termination of this Agreement in accordance with Section 7.17, unless the Lender otherwise consents in writing, the Hospital will not nor will it permit any other member of the Obligated Group to:

(a) Amendment of Any Credit Document. Other than supplements to the Master Indenture in connection with the incurrence of additional Indebtedness or Rate Hedging Obligations permitted under the terms of this Agreement and the Credit Documents, enter into or consent to any amendment or modification of any Credit Document without the prior written consent of the Lender, which shall not unreasonably be withheld.

(b) Change in Business or Use of Property. Enter into any business which is materially different from and/or not connected with the delivery of health care, preventative care or general wellness services or any business supporting the delivery of such services to the Hospital, its Affiliates, any other member of the Obligated Group or other entities providing such services (*e.g.*, providing laundry services

or other support functions to other health care providers other than the Hospital or its Affiliates) or operate its Property in a manner other than as permitted under the Master Indenture.

SECTION 5.3 Master Indenture Covenants; Incorporation by Reference

(a) Without the prior written consent of the Lender to be given or withheld in its sole discretion with respect to the matters described in (a)(i)-(iii) below and not to be unreasonably withheld with respect to the matters described in (a)(iv) and (a)(v) below, (i) the Hospital shall at all times remain a member of Obligated Group; (ii) the Hospital shall at all times remain the Obligated Group Representative; (iii) the Hospital shall not withdraw from the Obligated Group or otherwise cease to be a member of the Obligated Group; (iv) no Person (other than the Hospital) shall become a member of the Obligated Group; and (v) to the extent that any Person in addition to the Hospital has become a member of the Obligated Group, no such Person shall withdraw from the Obligated Group. Any withdrawal from the Obligated Group permitted in accordance with the terms hereof shall not impair the joint and several nature of the obligations of the remaining members of Obligated Group.

(b) Without limiting the foregoing, and in supplementation thereof, the covenants described below, as in effect on the date of this Agreement (collectively, the “Incorporated Covenants”) are hereby incorporated into this Agreement by this reference with the same effect as if made separately by the Hospital in this Agreement in their entirety:

(i) All covenants set forth in Section 5.04 of the Master Indenture with respect to Additional Indebtedness.

(ii) All covenants set forth in Section 5.11 of the Master Indenture with respect to Permitted Liens, except that solely for purposes of this Agreement, Exhibit A to the Master Indenture regarding “Permitted Liens” is hereby amended to delete the reference to “December 1, 2011” and replace it with a reference to “November 14, 2014”.

(iii) All covenants set forth in Section 5.12 of the Master Indenture with respect to restrictions on encumbering revenues and other property.

(c) Capitalized terms used in this Section 5.3 and not otherwise defined herein and capitalized terms used within the Incorporated Covenants shall have the meanings given in the Master Indenture, as in effect on the date of this Agreement.

(d) With respect to the Incorporated Covenants, the Hospital hereby covenants and agrees that:

(i) The Incorporated Covenants shall be as binding on the Hospital, and enforceable by the Lender, as if set forth herein in their entirety;

(ii) No amendment or modification to, or supplement or deletion of, any of the Incorporated Covenants made in the Master Indenture, subsequent to the date of this Agreement, shall be effective for purposes of this Agreement unless the Lender shall have given its prior written consent thereto;

(iii) Unless the Lender shall otherwise consent in writing in advance, in the event the Master Indenture shall be refinanced or replaced by another financing agreement or the Master Indenture is terminated and not replaced, then the Incorporated Covenants shall remain in effect

for purposes of this Agreement as in effect immediately prior to the date of such replacement or termination; and

(iv) The Hospital covenants and agrees to, or to cause the Obligated Group to, duly and punctually comply with, observe and perform the Incorporated Covenants.

(e) Without limiting the foregoing, the Hospital agrees that the Lender may enforce all rights and obligations of a Noteholder under the Master Indenture with respect to the Series 8 Note, whether or not the Hospital is in default hereunder, subject to the rights of the Master Trustee under the Master Indenture upon the declaration of an Event of Default under the Master Indenture.

SECTION 5.4 Use of Proceeds Proceeds of the Line of Credit may be used for working capital and other lawful corporate purposes; provided, however, that no portion of the proceeds of the Line of Credit or any advance shall be used (i) to finance or refinance any commercial paper issued by Hospital, or (ii) in any manner that causes or might cause the Line of Credit or such advance or the application of such advance to violate Regulation T, Regulation U or Regulation X of the Board of Governors of the Federal Reserve System as in effect from time to time or any other regulation thereof or to violate the federal Securities Exchange Act.

SECTION 5.5 Beneficial Ownership If Hospital is a Legal Entity Customer, Hospital shall provide Lender with all information, documentation, and certifications that Lender requests regarding beneficial owners of the Hospital pursuant to 31 C.F.R. § 1010.230. Hospital represents and warrants that the most recent of such information, documentation, and certifications submitted to Lender remains true and accurate. Further, Hospital represents and warrants that Hospital will notify Lender promptly, and in no event no later than the date of any extension of the Termination Date, if any, of any changes to any information, documentation, or certifications provided pursuant to the requirements of this paragraph.

SECTION 5.6 Existing Business

In consideration of the Lender's making the Line of Credit available to the Hospital pursuant to this Agreement, the Hospital will maintain its existing levels of operating business with Regions Bank, Regions Corporate Trust and their affiliates.

SECTION 5.7 Authorization to Obtain and Provide Tax Return Information

Hospital hereby expressly authorizes Lender, and its successors, assigns, affiliates, agents, service providers, and their respective successors or assigns (each, solely for purpose of this Section, an "Authorized Party"), to obtain and receive Hospital's tax return information at any time and from time to time, as Lender may, in its sole and absolute discretion, deem necessary or desirable for use in connection with the Line of Credit or any Loan Document or any aspect of any of Lender's business relationships with Hospital whatsoever (solely for purposes of this Section, a "Permissible Purpose"). Further, Hospital hereby expressly authorizes any Authorized Party to provide tax return information to any other person or entity for any Permissible Purpose at any time and from time to time. By example and not by way of limitation, a Permissible Purpose includes originating, maintaining, managing, monitoring, servicing, selling, collateralizing, obtaining insurance or a guaranty for or on, or securitizing a loan, line of credit, letter of credit reimbursement obligation, or any other obligation whatsoever.

ARTICLE 6

EVENTS OF DEFAULT

SECTION 6.1 Events of Default

Each of the following shall constitute an Event of Default by the Hospital under this Agreement:

- (a) If the Hospital or any other member of the Obligated Group shall fail to pay any amount payable under the Note, the Series 8 Note, this Agreement or under any of the Credit Documents, on the date when due; or
- (b) If the Hospital or any other member of the Obligated Group defaults (after the expiration of any applicable grace or cure periods) (i) in the payment of principal of, by acceleration or otherwise, or interest on any (x) Notes (as defined in the Master Indenture), or (y) other Indebtedness outstanding in a

principal amount in excess the greater of \$1,000,000 or one percent of the Operating Revenues of the Obligated Group as of the end of the most recent fiscal year for which Draft Financial Statements or Audited Financial Statements of the Obligated Group are available, or (z) other indebtedness owing to the Lender or any of its affiliates, in any of these cases, whether such Indebtedness now exists or shall hereafter be created, or (ii) in the performance of any other term or condition contained in any agreement under which any such obligation is created, and which default exists after the provision of any required notice or the expiration of any applicable cure or grace period, if as a result of such default, the holder or holders of such obligation (or a trustee on behalf of such holder or holders) causes such obligation to become due prior to its stated maturity; or

(c) If an Event of Default (as defined in any agreement described further below in this subsection (c)) and the expiration of any applicable cure or grace period or the making of any notice required to be delivered upon a default under the relevant document shall occur under any agreement related to Indebtedness outstanding (i) in a principal amount in excess of the greater of \$1,000,000 or one percent of the Operating Revenues of the Obligated Group as of the end of the most recent fiscal year for which Draft Financial Statements or Audited Financial Statements of the Obligated Group are available, any other member of the Obligated Group and any party other than the Lender or any of its affiliates or (ii) in any amount between the Hospital, any other member of the Obligated Group and the Lender or any of its affiliates; or

(d) If any representation or warranty made by the Hospital or any member of the Obligated Group herein, in any of the Credit Documents or in any writing furnished by or on behalf of the Hospital in connection with the execution or delivery of the Note and material to the Lender's review of the Hospital's operations or financial condition (taking into account any information received or uncovered which corrects earlier misstatements or omissions and without regard to misstatements or omissions that are obviously incorrect), shall be false or misleading in any material respect on the date as of which made; provided, however, that no Event of Default shall occur under this Section 6.1(d), if any such representation or warranty is not of a material nature and is not false or misleading in any material respect within 15 days following the earlier of (i) the date the Hospital becomes aware of the facts giving rise to such representation or warranty being false or misleading, or (ii) the date the Lender provides written notice to the Hospital that such representation or warranty is false or misleading; or

(e) If the Hospital or any member of the Obligated Group defaults in the performance or observance of any agreement or covenant contained in Section 5.1(b) (which default exists after the provision of any required notices or the passing of any applicable cure period specified in the Master Indenture), Section 5.1(d) (and such default shall not have been remedied within 2 days after written notice has been provided to the Hospital by the Lender), Section 5.1(e), Section 5.1(f) (and such default shall not have been remedied within three (3) Business Days after written notice has been provided to the Hospital by the Lender) or Section 5.1(g), Section 5.2 or Section 5.3 of this Agreement; or

(f) If the Hospital or any member of the Obligated Group defaults in the performance or observance of any other agreement, covenant, term or condition binding on it contained herein (other than those referred to in Subsections 6.1 (a) through (e) above) and such default shall not have been remedied within 30 days after written notice thereof shall have been received by the Hospital from the Lender; or

(g) If there shall occur any "Event of Default" as specified in the other Credit Documents and the expiration of any applicable cure or grace period or the making of any notice required to be delivered upon a default under the relevant document; or

(h) Liquidation or dissolution of the Hospital, or any other member of the Obligated Group, or suspension of the business of the Hospital, or any other member of the Obligated Group, or filing by

the Hospital, or any other member of the Obligated Group, of a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Code, or any other action of the Hospital, or any other member of the Obligated Group, indicating its consent to, approval of, or acquiescence in any petition or proceedings; the application by the Hospital, or any other member of the Obligated Group, for, or the appointment by consent or acquiescence of, a receiver, a trustee or a custodian of the Hospital, or any other member of the Obligated Group, or an assignment for the benefit of creditors, the inability of the Hospital, or any other member of the Obligated Group, or the admission by the Hospital, or any other member of the Obligated Group, in writing of its inability to pay its debts as they mature; or

(i) Filing of an involuntary petition against the Hospital, or any other member of the Obligated Group, in bankruptcy or seeking reorganization, arrangement, readjustment of its debts or for any other relief under the Bankruptcy Code, or the involuntary appointment of a receiver, a trustee or a custodian of the Hospital, or any other member of the Obligated Group, for all or a substantial part of its property; the issuance of a warrant of attachment, execution or similar process against any substantial part of the property of the Hospital, or any other member of the Obligated Group, and the continuance of any of the events referred to in this Subsection 6.1 (i) for 60 days undismissed or undischarged; or

(j) If a judgment, which with other outstanding judgments against the Hospital, or any other member of the Obligated Group, is equal to or exceeds the greater of \$1,000,000 or one percent of the Operating Revenues of the Obligated Group as of the end of the most recent fiscal year for which Draft Financial Statements or Audited Financial Statements of the Obligated Group are available, shall be rendered against the Hospital or any other member of the Obligated Group, and enforcement proceedings shall have been commenced by any creditor upon any such judgment, unless such enforcement proceedings are stayed or bonded off to the reasonable satisfaction of the Lender; or

(k) The Note for any reason shall be determined to be invalid by any court or governmental authority with jurisdiction to rule on the validity of any Credit Document or shall, for any reason, cease to be in full force and effect, all as determined by the Lender based upon an opinion of counsel to the Lender; or

(l) A Plan Termination Event occurs with respect to a Plan which has resulted or is reasonably likely to result in liability of the Hospital or any member of the Obligated Group under Title IV of ERISA to the Plan or the PBGC in an aggregate amount in excess of the greater of the greater of \$1,000,000 or one percent of the Operating Revenues of the Obligated Group as of the end of the most recent fiscal year for which Draft Financial Statements or Audited Financial Statements of the Obligated Group are available.

(l) The existence of an Event of Default, as defined therein, under the Master Indenture.

SECTION 6.2 Rights Upon an Event of Default

Upon the occurrence of an Event of Default, and at any time thereafter unless and until such Event of Default has been waived by the Lender or cured to the satisfaction of the Lender, the Lender shall be entitled to take any of the following actions without prejudice to the rights of the Lender to enforce its claims against the Hospital, except as otherwise specifically provided for herein:

(a) Acceleration of Obligations. The Note, at the option of the Lender by written notice of such election delivered by the Lender to the Hospital, and any and all other indebtedness or obligations of any and every kind owing by the Hospital or any member of the Obligated Group to the Lender under (i) this Agreement and the Credit Documents or (ii) the documents relating to the Note, shall immediately

become due and payable by the Hospital without presentation, demand, protest or notice of any kind (except as hereinafter expressly provided), all of which are hereby expressly waived, and the Hospital will pay the reasonable attorneys' fees incurred by the Lender in connection with such Event of Default or recourse against any collateral held by or for the benefit of the Lender as security such indebtedness or obligations;

(b) Enforcement of Rights. Enforce any and all rights and interests created and existing hereunder or under any of the other Credit Documents and all rights of set-off; or

(c) Proceed Against Hospital. Proceed directly against the Hospital, and the Lender shall have no obligation to proceed against or exhaust any other remedy or remedies which it may have without resorting to any other security or guaranty, whether held by or available to the Lender.

Notwithstanding the foregoing, if an Event of Default under Sections 6.1(h) or (i) shall occur, then the Note and all other Line of Credit Obligations shall immediately become due and payable without the giving of any notice or other action by the Lender.

Without limiting the foregoing, during the existence of an Event of Default, or of any event or condition that with notice or the lapse of time would become an Event of Default, Lender may in its sole discretion suspend the making of Advances unless and until such Event of Default, event or condition has been addressed to Lender's sole satisfaction.

SECTION 6.3 No Remedy Exclusive

No remedy herein conferred upon or reserved to the Lender is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder, under the Master Indenture or the other Credit Documents, or now or hereafter existing at law or in equity or by statute.

SECTION 6.4 Anti-Marshalling Provisions

The right is hereby given by the Hospital to the Lender to make releases (whether in whole or in part) of all or any part of the Lender's security without notice to, or the consent, approval or agreement of other parties and interests, including junior lienors, which releases shall not impair in any manner the validity of or priority of the liens and security interest in the remaining collateral conferred under such documents, nor release the Hospital from liability for the obligations hereby secured. Notwithstanding the existence of any other security interest in the collateral held by or for the benefit of the Lender, the Lender shall have the right to determine the order in which any or all of the collateral shall be subjected to the remedies provided herein. The Hospital hereby waives any and all right to require the marshalling of assets in connection with the exercise of any of the remedies permitted by applicable law or provided herein or therein.

ARTICLE 7

MISCELLANEOUS

SECTION 7.1 Amendments, Etc.

No amendment or waiver of any provision of this Agreement, nor consent to any departure by the Hospital therefrom, shall in any event be effective unless the same shall be in writing and signed by the Lender and then such amendment, waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.2 Notices, Etc.

All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), facsimile or regular mail, at the following address for the following parties:

Hospital:	Beaufort Memorial Hospital 955 Ribaut Road Beaufort, South Carolina 29902 Attention: Chief Financial Officer Telephone: 843-522-5142 Facsimile: 843-522-5975
Lender:	Regions Bank 100 North Tampa Street, Suite 3100 Tampa, Florida 33602 Attention: Amber Crosby Telephone: 813-226-1245 Facsimile: 813-226-1250

or, as to each party, at such other address as shall be designated by such party in a written notice to other party. All such notices and communications shall, when hand delivered, be effective upon delivery, when faxed, be effective when confirmation of receipt is received, respectively, and, when made by regular mail, shall not be effective until receipt.

SECTION 7.3 No Waiver

No failure on the part of the Lender to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right.

SECTION 7.4 Indemnification

To the extent permitted by law, the Hospital hereby releases and shall indemnify and save harmless the Lender and its officers, members, directors, employees, attorneys and agents (the “Indemnified Parties”), from and against, and agrees that the Indemnified Parties shall not be liable for all liabilities, obligations, claims, damages, penalties, fines, losses, costs and expenses (“Damages”) arising from any actions contemplated by this Agreement, including without limitation:

(a) any liability, cost, or expense in or directly or indirectly relating to the preparation, negotiation, existence, administration, performance, execution or enforcement of this Agreement or any other of the Credit Documents, or any other instrument or agreement related hereto or thereto or the rights or obligations imposed on an Indemnified Party hereby or thereby;

(b) any or all liability or loss, cost, or expense, including attorneys’ fees, resulting from or arising out of any loss or damage to property or any injury to or death of any person occurring on or about the Property or resulting from any defect in the fixtures, machinery, equipment, or other property located on the Property, or arising out of, pertaining to, or having any connection with, the Property, any facilities financed with proceeds of the Note, or the financing thereof (whether or not arising out of acts, omissions, or negligence of the Hospital or any of its agents, contractors, servants, employees, licensees, lessees, or assignees);

(c) any or all liability or loss, cost, or expense of the Lender, including attorneys' fees, arising out of or in connection with, or pertaining to the execution and delivery of the Note, including, but not limited to, liabilities arising under the Securities Act of 1933, the Securities Exchange Act of 1934, the Code, or any applicable state securities laws, or fees, costs, expenses or other amounts expended in connection with any investigation or audit by the Securities and Exchange Commission, the Internal Revenue Service, or any similar federal or state commissions or regulatory bodies, other than any such liability, loss, cost or expense incurred by the Lender in connection with any resale of the Note, the cost of which shall be at the sole expense of the Lender;

(d) all amounts paid in settlement of any litigation commenced or threatened against any Indemnified Party if such settlement is effected with the written consent of the Hospital (such consent not to be unreasonably withheld);

(e) all expenses reasonably incurred in the investigation of, preparation for or defense of any litigation, proceeding or investigation of any nature whatsoever, commenced or threatened against the Hospital, the Property or any Indemnified Party;

(f) any judgments, penalties, fines, damages, assessments, indemnities or contributions; and

(g) the reasonable fees of attorneys, auditors, and consultants,

provided, however, that the Hospital shall not be required to indemnify or release the Indemnified Party pursuant to this section for any claims, damages, losses, liabilities, costs or expenses to the extent caused by (i) an Indemnified Party's gross negligence, breach of this Agreement or any Credit Document or willful misconduct or (ii) relate to or arise out of any actions of an Indemnified Party outside the scope of the transaction contemplated by the executed and delivered of the Note.

If any action, suit or proceeding is brought against any Indemnified Party for any loss or damage for which the Hospital is required to provide indemnification under this section, such Indemnified Party shall promptly give notice in reasonable detail to the Hospital as promptly as practicable after becoming aware of facts and circumstances under which it expects to make a claim for indemnification hereunder from the Hospital; provided that the failure of the Indemnified Party to give such notice shall not relieve the Hospital of its obligations under this section except to the extent that the Hospital has been materially prejudiced thereby. The Hospital shall have the right, upon request and at its expense, to resist and defend such action, suit or proceeding, or cause the same to be resisted and defended, by counsel designated by the Hospital and approved by such Indemnified Party, which approval shall not be unreasonably withheld. The obligations of the Hospital under this section shall survive any termination of this Agreement. The Hospital shall have full power to litigate, compromise or settle the same in its sole discretion; provided that the Hospital may not settle without the consent of the Lender if such settlement would impose any pecuniary liability or obligatory duty on the Lender.

SECTION 7.5 Waiver of Set-off Rights

Anything in this Agreement to the contrary notwithstanding, in order that the deposit accounts of the Hospital or any member of the Obligated Group maintained with the Lender be and remain eligible for deposits without giving rise to a potential "Event of Default" under the terms and conditions of the Master Indenture, the Lender does hereby release and waive all rights of recoupment and set-off with respect to funds which are held in, or credited to, deposit accounts of the Hospital or any member of the Obligated Group maintained with the Lender.

SECTION 7.6 Capital and Liquidity Requirements

If the Lender determines that any Change in Law affecting the Lender or any lending office of the Lender or the Lender's holding company, if any, regarding capital or liquidity ratios or requirements has or would have the effect of reducing the rate of return on the Lender's capital or on the capital of the Lender's holding company, if any, as a consequence of this Agreement, the Loan, or the commitments of the Lender hereunder to a level below that which the Lender or the Lender's holding company could have achieved but for such Change in Law (taking into consideration the Lender's policies and the policies of the Lender's holding company with respect to capital adequacy), then from time to time the Hospital will pay to the Lender, as the case may be, such additional amount or amounts as will compensate the Lender or the Lender's holding company for any such reduction suffered.

SECTION 7.7 Costs, Expenses and Taxes

The Hospital agrees to pay immediately when due all costs and expenses in connection with the preparation, execution, delivery, filing, recording, and enforcement of this Agreement and the Credit Documents and any other documents which may be delivered in connection with this Agreement and the Credit Documents or the transactions contemplated hereby or thereby, including, without limitation, the reasonable fees and out-of-pocket expenses of the Lender and of counsel and any agents or consultants for the Lender, with respect thereto and in connection with the preparation and enforcement of this Agreement, the Credit Documents and such other documents which may be delivered in connection herewith or therewith. In addition, the Hospital shall pay any and all stamps and other taxes and fees payable or determined to be payable in connection with the execution, delivery, filing and recording of this Agreement, the Credit Documents and such other documents, and agrees to save the Lender harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

SECTION 7.8 Binding Effect

This Agreement shall become effective when it shall have been executed by the Hospital and the Lender and thereafter shall be binding upon and inure to the benefit of the Hospital and the Lender and their respective successors and assigns, including any successor holders of the Note or portions thereof, except that the Hospital shall not have the right to assign its rights hereunder or any interest herein without the prior written consent of the Lender.

SECTION 7.9 Severability

Any provision of this Agreement that is prohibited, unenforceable or not authorized in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, unenforceability or non-authorization without invalidating the remaining provisions hereof or affecting the validity, enforceability or legality of such provision in any other jurisdiction.

SECTION 7.10 Governing Law

This Agreement and the other Credit Documents shall be construed in accordance with and governed by Title 9 of the U.S. Code and the internal laws of the State of South Carolina (without regard to conflict of law principles) except as required by mandatory provisions of law.

SECTION 7.11 Jury Trial Waiver/Arbitration Language

Subject to the provisions of the next paragraph below, any controversy, claim, dispute or disagreement arising out of, in connection with or relating to (1) the negotiation, execution, collateralization, administration, repayment, modification, extension or collection of the Note, the Line of Credit evidenced thereby, or any other loan or obligation arising under this Agreement, the Note or any Credit Agreement or any Credit or other obligation extended or existing thereunder, or (2) an alleged tort relating in any way to the Note, the Line of Credit or any agreements or instrument relating to this Agreement or the Line of Credit, shall be settled by arbitration in accordance with the Commercial Arbitration Rule of the American Arbitration Association (the "Rules). The "Expedited Procedures" as provided in those Rules shall apply in any dispute where the aggregate of all claims and the aggregate of all counterclaims each is an amount less than \$500,000. Judgment upon any award rendered by the arbitrator(s) in any such arbitration may be entered in any Court having jurisdiction thereof. Any demand for arbitration under this Agreement or the Note shall be made no later than the date when any judicial action upon the same matter would be barred by any applicable statute of limitations. The locale of any arbitration proceedings under this paragraph shall be in Birmingham, Alabama, unless the Hospital and the Hospital mutually agree otherwise. The Hospital and the Hospital specifically acknowledge and agree that the Note evidences, and the Line of Credit is, a "transaction involving commerce" under the Federal Arbitration Act, and the Hospital and the Hospital hereby waive and relinquish any right to claim otherwise. Neither anything contained in this paragraph nor the exercise of any right to arbitrate shall limit the right of any party to (1) foreclosure against any real or personal property collateral by the exercise of the power of sale under a deed of trust, mortgage, security deed, deed to secure debt, or other security agreement or instrument or under applicable law; (2) exercise any self-help remedies such as setoff or repossession; or (3) obtain provisional or ancillary remedies such as replevin, injunctive relief, attachment, or appointment of a receiver from a court having jurisdiction, before, during or after the pendency of any arbitration proceeding. This arbitration provision shall not be interpreted to require that any such remedies be stayed, abated or otherwise suspended pending any arbitration or request for arbitration. The exercise of a remedy shall not be deemed a waiver of either party's right to resort to arbitration.

SECTION 7.12 Headings

Section headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

SECTION 7.13 Prior Agreements Superseded

This Agreement and the Credit Documents shall completely and fully supersede all prior undertakings or agreements, both written and oral, between the Hospital and the Lender relating to the Line of Credit, including those contained in the Term Sheet, except for any provisions in such Term Sheet which by the terms of this Agreement or their express terms survive execution and delivery of the Note.

SECTION 7.14 Patriot Act Notice

The Lender hereby notifies the Hospital that pursuant to the requirements of the U.S. Patriot Act it is required to obtain, verify and record information that identifies the Hospital in accordance with the U.S. Patriot Act. The Hospital hereby agrees that it shall promptly provide such information upon request by the Lender.

SECTION 7.15 Role of Lender

In connection with the Hospital; execution and delivery of this Agreement, the Note and the other Credit Documents, the Lender shall act solely as an arm's length third-party commercial lender for its own account (without a present intent to reoffer), and neither the Lender nor any of its affiliates has acted or shall act as a fiduciary for the Hospital or in the capacity of broker, dealer, municipal securities underwriter or municipal advisor. Neither the Lender nor any of its affiliates has provided, and will not provide, financial, legal, tax, accounting or other advice to or on behalf of the Hospital with respect to the Hospital; execution and delivery of this Agreement, the Note and the other Credit Documents.

(a) Without limiting the generality of the foregoing, (i) neither the Lender nor any of its affiliates is recommending an action to the Hospital or any other municipal entity or obligated person with respect to the Hospital; execution and delivery of this Agreement, the Note and the other Credit Documents; (ii) neither the Lender nor any of its affiliates is acting as an advisor to the Hospital or any such municipal entity or obligated person, and none of the Lender or any of its affiliates owes a fiduciary duty pursuant to Section 15B of the Securities Exchange Act of 1934, as amended, to the Hospital or any such municipal entity or obligated person with respect to the information and material contained in this Agreement or the transactions described herein; (iii) the Lender and its applicable affiliates are acting for their own respective interests; and (iv) the Hospital and any such municipal entity or obligated person should discuss any information and material contained in this communication with any and all internal or external advisors and experts that the Hospital or such municipal entity or obligated person deems appropriate before acting on this information or material.

(b) If the Lender or any of its affiliates should recommend an action to the Hospital or any other municipal entity or obligated person in connection with the Hospital; execution and delivery of this Agreement, the Note and the other Credit Documents, the Hospital acknowledges and agrees that the Lender will not provide advice regarding the structure, timing, terms, and similar matters with respect to letters of credit, direct loans, municipal securities, or other extensions of credit that extends beyond the Note, which the Lender plans to accept as evidence of the Loan for the Lender's own account; hence, the Lender intends for any advice and recommendations provided by the Lender in connection with the matters described herein to qualify for the so-called "bank exemption" to the "Municipal Advisor Rule" of the Securities and Exchange Commission.

SECTION 7.16 Counterparts

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

SECTION 7.17 Termination

This Agreement shall continue until the Line of Credit Obligations shall have been paid in full and the Lender shall have no obligation to make any further Advances or extend any other Credit hereunder. This Agreement, and the obligations of the Hospital hereunder, shall continue to be effective, or be automatically reinstated, as the case may be, if at any time payment in whole or in part of any payment made with respect to the Line of Credit Obligations is rescinded or must otherwise be restored or returned to the person making such payment upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of such person, or upon or as a result of the appointment of a custodian, receiver, trustee or other officer with similar powers with respect to such person or with respect to any part of the property thereof, or otherwise, all as though such payment had not been made.

[Signatures on following page]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first above written.

**BEAUFORT COUNTY MEMORIAL HOSPITAL
d/b/a BEAUFORT MEMORIAL HOSPITAL
on behalf of Beaufort County, South Carolina**

By: _____

Name: _____

Title: _____

REGIONS BANK

By: _____

Name: _____

Title: _____

EXHIBIT A

Form of Advance Request Certificate

DATE: _____, 20__

TO: REGIONS BANK
Alicia S. McCory (Alicia.mccory@regions.com)
Frede Alspach (frede.alspach@regions.com)
Amber Crosby (amber.crosby@regions.com)
Leo Bashinsky (leo.bashinsky@regions.com)
Frances Scott (frances.scott@regions.com)
Stacy Scala (stacy.scala@regions.com)

Pursuant to that certain Credit Agreement dated as of _____ 1, 2020 (the "Credit Agreement") between Beaufort County Memorial Hospital d/b/a Beaufort Memorial Hospital ("Borrower") and Regions Bank ("Bank"), we hereby submit a Line of Credit Advance Request and certify as that (i) no event has occurred and no condition exists under the Credit Agreement, which will result, either immediately or with the passage of time, or the giving of notice or both, in the occurrence or existence of any event of default under the Credit Agreement; (ii) all representations and warranties made by the Borrower in the Credit Agreement are true in all material respects, as if made on the date hereof, and (iii) this Advance Request Certificate is otherwise submitted in compliance with the terms and conditions of the Credit Agreement.

AMOUNT OF ADVANCE REQUEST: \$ _____

FUNDS TO BE ADVANCED UNDER: Bank# _____
Obligor# _____
Obligation# _____

Funds Disbursement: Please select the appropriate funding option.

FUNDS ARE TO BE CREDITED VIA:

- [X] Internal Checking Deposit to Regions' Account # _____
[] External Checking Deposit via ACH in Business Connects (complete information below):
Bank Name: _____ Routing# _____ Account # _____
[] Disbursed via Wire Transfer (per attached instructions)

THE PURPOSE OF THIS ADVANCE REQUEST IS: _____

BEAUFORT COUNTY MEMORIAL HOSPITAL
d/b/a BEAUFORT MEMORIAL HOSPITAL

By: _____
Name: _____
Title: _____

Schedule 5.1(d)

Form of Officer's Certificate

The undersigned _____, the _____ of BEAUFORT COUNTY MEMORIAL HOSPITAL D/B/A BEAUFORT MEMORIAL HOSPITAL (the "Hospital"), hereby certifies to REGIONS BANK (the "Lender") pursuant to Section 5.1(d) of the Credit Agreement dated as of _____ 1, 2020 between the Hospital and the Lender (as amended, modified or restated, the "Agreement") that, [subject to pension-related information that is dependent upon Hospital's receipt of the applicable SC Pension Report]¹:

(i) to the best of his or her knowledge, the Hospital has performed and observed each and every agreement contained in the Agreement and the Credit Document;

(ii) attached hereto are calculations evidencing compliance with the financial covenants of the Agreement; and

(iii) to the best of his or her knowledge, no Event of Default (as defined in the Agreement) or an event which, with notice or lapse of time or both, would constitute an Event of Default, has occurred.

This _____ day of _____, 20__.

By: _____

Name: _____

Title: _____

¹ Use bracketed language only when this Officer's Certificate is delivered with respect to Draft Financial Statements. Delete it for Officer's Certificates delivered with Audited Financial Statements.



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

Request for Proposal #082720 Auditing and Consulting Services for Beaufort County

Committee:

Finance Committee

Meeting Date:

July 14, 2020

Committee Presenter (Name and Title):

Hayes Williams, Interim CFO

Issues for Consideration:

The RFP will be for work to provide services as a consultant concentrating on conducting an analysis and review of the policies and procedures used by the Finance, Purchasing and DSN Departments. The selected CPA firm would use the policies set by GASB, the State Procurement Code and the Counties current approve procurement code as defined for this audit. At a minimum, the services will cover each Department's financial policies, procedures, programs, and contracts.

Points to Consider:

The analysis should be a valuable tool to evaluate policies and procedures and make recommendations to Council and staff on best practices and ways to improve efficiency within the County.

Funding & Liability Factors:

Funding approved in the 2021 budget.

Council Options:

Reject or approve the RFP.

Recommendation:

Council approve RFP# 082720



COUNTY COUNCIL OF BEAUFORT COUNTY
PURCHASING DEPARTMENT
POST OFFICE DRAWER 1228 + BEAUFORT, SOUTH CAROLINA 29901-1228
TELEPHONE: (843) 255-2350 FAX: (843) 255-9437

PROPOSAL NOTICE NO. 082720

Pages 1 to 19

CLOSING DATE AND TIME: August 27, 2020, 3:00 p.m.

PROPOSAL TITLE: Auditing and Consulting Services for Beaufort County

You are invited to submit proposals in accordance with the requirements of this solicitation which are contained herein.

A pre-proposal conference will not be held for this project.

In order for your proposal to be considered, it must be submitted to the Purchasing Department no later than the date and time as listed above, at which time respondents to this request will be recorded in the presence of one or more witnesses. Proposals received by the Purchasing Department after the time specified will be returned to the offeror unopened. Due to the possibility of negotiation with all offerors, the identity of any offeror or the contents of any proposal shall not be public information until after the contract award is made; therefore, the public is not invited to the proposal closing.

The proposals must be signed by an official authorized to bind the Offeror, and it shall contain a statement to the effect that the proposal is firm for a period of at least 90 days from the closing date for submission of proposals. **Proposals must be submitted electronically through the County's vendor registration system located at www.bcgov.net. Vendors must register with the County in order to submit their electronic proposal. Registration is at no cost to the vendor.**

All submittals (see page 6, Section 5.0, Proposal Submittal Requirements) received in response to this Request for Proposals will be rated by a County Selection Committee, based upon the Evaluation Criteria as listed in Part III. If the best offeror is clearly identified from the point summary, there will not be a need for oral presentations. If not, then an oral presentation from a minimum of the top two rated firms shall be required.

This solicitation does not commit Beaufort County to award a contract, to pay any costs incurred in the preparation of a proposal, or to procure or contract for the articles of goods or services. The County reserves the right to accept or reject any or all proposals received as a result of this request, to negotiate with all qualified offerors, or to cancel in part or in its entirety this proposal, if it is in the best interests of the County to do so.

"Original Signed"

BEAUFORT COUNTY
David L. Thomas, CPPO
Purchasing Director
(843) 255-2304

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PART I: GENERAL INFORMATION

1. Proposals will be considered as specified herein or attached hereto under the terms and conditions of this proposal.
2. Proposals must be made in the official name of the firm or individual under which business is conducted (showing official business address) and must be signed in ink by a person duly authorized to legally bind the person, partnership, company, or corporation submitting the proposal.
3. Offerors are to include all applicable requested information and are encouraged to include any additional information they wish to be considered.
4. One (1) clearly identified original must be electronically submitted by following the steps below.
5. Proposals will be received by the Beaufort County Purchasing Department until 3:00 p.m. on the closing date shown.

In order to do business with the Beaufort County, vendors must register with Purchasing through our Vendor Registration System, powered by Vendor Registry. The County may reject any quotes, bids, proposals and qualifications submitted by businesses that are not registered. Registering also allows businesses to identify the type of goods and services they provide so that they may receive email notifications regarding relevant solicitations out for bid.

To register with the County go to www.bcgov.net and go to the Purchasing Department's page and click on Vendor Registration. Once registered you may submit your proposal through the solicitation section in Vendor Registry. There is no cost to the vendor to register.

IMPORTANT ELECTRONIC SUBMITTAL REQUIREMENTS

Response submittals for this Request for Proposal will ONLY be received electronically and must be submitted ONLINE prior to the date and time listed on page 1 of this RFP document.

All responses must adhere to the following guidelines:

- Suppliers are encouraged to submit responses as soon as possible. Responses are received into a 'lockbox' folder and cannot be opened prior to the due date and time. The time and date of receipt as recorded by the server will serve as the official time of receipt. The County is not responsible for late submissions, regardless of the reason;
- All requested information and forms MUST be uploaded as one file if possible. Each submission must be inclusive of all forms. If necessary to have more than one upload, pricing and signed acknowledgements, etc. are to be in the first upload with each titled accordingly. If you have a problem with your upload, you may contact Vendor Registry at [844-802-9202](tel:844-802-9202) or cservice@vendorregistry.com.

- Submittals may be re-submitted prior to the date and time of bid open; if multiple submissions are received from the same source, the submission with the latest time stamp will take priority.
- **Response is to be submitted ONLINE by one of the two methods below:**

a. Use the Link: VendorRegistry.com

b. From the County's home page, select **Bidding Opportunities**

Offerors who desire to receive a copy of the Statement of Award must request a copy in writing. Once the contract is awarded, the information will be available on line to registered vendors.

6. Prohibition of Gratuities: It shall be unethical for any person to offer, or give, or agree to give any County employee or former County employee, or for any County employee or former County employee to solicit, demand, accept, or agree to accept from another person, a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter, pertaining to any program requirement or a contract or subcontract, or to any solicitation or proposal therefore.

7. Questions

E-mail any questions you have, at least ten (10) calendar days prior to proposal closing date to:

E-Mail Dave Thomas at dthomas@bcgov.net

8. Electronic submissions for the RFP responses are due by 3:00 pm EST on August 27, 2020. A copy of the RFP solicitation will be available on the County's website at www.bcgov.net. There will be no public opening of proposals.

9. Proposed RFP selection schedule:

Deadline for Responses: August 27, 2020, 3:00 p.m.

Evaluation Committee 1st Review of Responses : TBD

Evaluation Committee Interviews of Selected Responses: TBD

Tentative meeting with selected firm: TBD

10. Information relevant to the requested services:

a. Beaufort County's Organizational Chart is attached to this RFP.

b. A copy of Beaufort County's Comprehensive Master Plan and current CAFR is available upon request.

c. Does the County have a budget for this project? A budget for this project and will be negotiated with the selected vendor.

d. Copies of policy and procure manuals for each department will be made available.

PART II: PROJECT REQUIREMENTS AND SCOPE OF SERVICES

1.0 BACKGROUND

Beaufort County Council seeks proposals from qualified CPA firm to provide consulting services to assist with an internal audit within the County's Finance, Purchasing, and DSN Departments. The selected Firm shall work with the County Administrator or designated staff to provide the services not to exceed one year, with four annual one-year extensions, not to exceed five years, subject to approval by County Council.

2.0 About Beaufort County

Beaufort County has a Council/Administrator form of County government with eleven Council members and one County Administrator. The County Administrator serves as the administrative head of Beaufort County, directing and coordinating the operation of agencies and administrative activities established by Beaufort County Council. As the chief executive officer of your Beaufort County government, the job of the County Administrator is to implement the policies of your elected Beaufort County Council in the most effective and efficient manner possible and to continue the delivery of essential public services to the residents and visitors of Beaufort County.

The County Administrator is responsible for over 44 diverse Departments and approximately 900 full time employees. Included under the County umbrella are departments such as the Airports, Animal Shelter and Control, the Assessor, County Council, the Courts, the Detention Center, Emergency Management, Finance, Purchasing, Libraries, Mosquito Control, Parks and Leisure Services, Public Works, Facilities Management, Solid Waste and Recycling, Veterans Affairs and Zoning, among many others. See the last page of the RFP for an organizational Chart.

3.0 SCOPE OF SERVICES AND REQUIREMENTS

The County intends that the successful proposer, once engaged, will prepare a draft work schedule based on an October 1, 2020 start date. The final contract scope of work/term/schedule will be negotiated with the selected firm. The main scope of work will be to provide services as a consultant concentrating on conducting an analysis and review of the policies and procedures used by the Finance, Purchasing and DSN Departments. The selected CPA firm would use the policies set by GASB, the State Procurement Code and the Counties current approve procurement code as defined for this audit. At a minimum, the services will cover each Department's financial policies, procedures, programs, and contracts. The selected CPA firm will conduct a review, analyze and provide recommendations for improvements for each Department's internal policies, procedures, programs, processes, and contracts. To carry out this scope of work, the County expects that the successful proposer will work in close consultation with the County Administrator, and each Department Director and selected staff, if applicable; the services to be furnished pursuant to this Request for Proposals ("RFP") may include, but are not limited to the following as needed:

3.1 Review and analyze each selected Department's current financial processes and develop new internal processes when/where necessary. This may include preparation of financial reporting for future CAFR's and other reports.

3.2 Review each selected Departments current policies and procedure manuals and provide recommendations for improvements/updates.

3.3 Identify and develop detailed recommendations to deploy any new policies or internal processes for the selected Departments.

3.4 Specialized internal audit or consultation may be required in the area of procedural changes and internal controls if County Council or the County Administrator request additional work or additions to the scope of work.

3.5 Provide written monthly progress reports beginning November 1, 2020 on the status of each audit in progress. Such reports shall detail work accomplished to date, problems encountered which effect the audit's progress, and recommendations for resolution of such problems.

3.6 A preliminary draft of the County's Internal Audit Report, including a draft of the auditor's letter of comments and recommendations, shall be submitted no later than February 1, 2021, and the final report shall be submitted to the County Administrator no later than February 10, 2021.

3.6 Prepare a written report for each selected Department and report the audit findings and recommendations to the Finance Committee. This report will be presented by the internal auditor to the Finance Committee and County Council no later than February 26, 2021.

4.0 MINIMUM QUALIFICATIONS

4.1 Prior Experience: Demonstrated prior and recent experience in providing similar auditing services. The firm and staff must have credentials relevant to the requested services and must be in the CPA business for a minimum of 5 years. References and/or examples of similar work completed are required. Experience with comparable jurisdictions with similar issues is desired.

4.2 Capacity: Demonstrated capability to perform the potential volume and type of services described in *Section 3: Scope of Services and Requirements*.

4.3 The audit firm is independent and licensed to practice in South Carolina.

4.4 The firm has no conflict of interest with regard to any other work performed by the firm for the County.

4.5 The firm has verifiable experience auditing local government agencies Finance and Purchasing Procedures.

5.0 PROPOSAL SUBMITTAL REQUIREMENTS

Proposals shall include a concise statement of the firms/consultant's approach to the project and a summary of the firms/consultant's ability to provide the required services.

Proposals should, at a minimum, include:

- A. Letter of interest, including the firm's history, size, and the name of the principal and/or key personnel who will be assigned to work directly with the County Council and staff on this project. It is expected that the same key personnel be assigned to this contract for the duration of the contract. Provide the location of the office which will be primarily responsible for providing these services.
- B. Detailed qualifications and previous experiences, especially for local/County government entities. Provide specific detail on experience and results with working with other organizations and local governments. Provide a resume for each individual who will be assigned to provide these services and designate the individual who would have primary responsibility for overseeing these services.
- C. Description of the recommended approach, methodology, deliverables, client meetings, reports and plan for performing services outlined in the Scope of Work in Section 3, including:

1. Description of how the Proposer will specifically analyze the work and provide the required services;
 2. Description of proposed firms implementation plan including but not limited to the screening, interviewing, and assessment processes. This should include the information of any sub-consultants being used to include their background, resumes and contact information;
 3. Proposed timeline with specific milestones from the date of contract award;
 4. List of recent contracts, including name and contact information, of communities/organizations for which the firm has provided similar services during the past five (5) years;
 5. Samples of work in relation to the required services from other organizations that your firm completed;
 6. Proposed techniques to identify improvements and objectives;
- D. Provide your firms proposed Scope of Work and Itemized budget. At a minimum, the scope of work shall provide itemization of all costs and services and a billing schedule for each phase of the contract. If the proposal includes any expenses to be billed separately from professional fees, provide a detailed estimate of such expenses. At a minimum, your firm’s fees should provide the following:
1. If based on an hourly rate, provide the hourly rates to be charged for each individual who would be assigned to this engagement, the anticipated total hours and a general description of how billable hours will be allocated among key personnel.
 2. Provide an explanation if fees will be calculated on any other basis.
 3. Itemize the type of expenses (other than fees) for which your firm would seek reimbursement.
 4. Provide a maximum not to exceed amount for these services.

PART III: EVALUATION CRITERIA

In addition to providing the information outlined in the submittal requirements, the proposals will be evaluated on:

- | | |
|---|-------------|
| 1. Experience/Key Personnel -experience of firm in providing internal auditing services with municipalities and other government or non-profit organizations. | 0-20 Points |
| 2. Project Approach/Implementation Plan -demonstrated ability (with examples) of successful process improvement planning and how your firm will be providing the services. | 0-20 Points |
| 3. Timeline/Schedule -clearly delineated timeline with specific milestones. | 0-10 Points |
| 4. References -references were satisfied with the Proposer’s work and stated that all of the requested services were completed within the period required. | 0-15 Points |
| 5. Sample Materials -samples of completed work from past internal audit experiences/reports from similar organizations, etc. | 0-10 Points |
| 6. Price/Fee Schedule -detailed fee schedule and expected expenses. | 0-25 Points |

TOTAL POSSIBLE POINTS: 100 Points

PART IV: CONTRACTUAL REQUIREMENTS

- 1.0 EXCUSABLE DELAY: The Contractor shall not be liable for any excess costs, if the failure to perform the contract arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God or of the public enemy, acts of the Government in either its sovereign or contractual capacity, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather; but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor. If the failure to perform is caused by the default of a subcontractor, and if such default arises out of causes beyond the control of both the Contractor and the subcontractor, and without the fault or negligence of either of them, the Contractor shall not be liable for any excess costs for failure to perform, unless the supplies or services to be furnished by the subcontractor were obtainable from other sources in sufficient time to permit the Contractor to meet the required delivery schedule.
- 2.0 S.C. LAW CLAUSE: Upon award of a contract under this proposal, the person, partnership, association, or corporation to whom the award is made must comply with local and State laws which require such person or entity to be authorized and/or licensed to do business in Beaufort County. Notwithstanding the fact that applicable statutes may exempt or exclude the successful offeror from requirements that it be authorized and/or licensed to do business in Beaufort County, by submission of this signed proposal the offeror agrees to subject itself to the jurisdiction and process of the Fourteenth Judicial Circuit Court of Beaufort County, as to all matters and disputes arising or to arise under the contract and the performance thereof including any questions as to the liability for taxes, licenses, or fees levied by State or local government.
- 3.0 OFFEROR'S QUALIFICATIONS: Offeror must, upon request of the County, furnish satisfactory evidence of their ability to furnish products or services in accordance with the terms and conditions of this proposal. The Purchasing Department reserves the right to make the final determination as to the offeror's ability to provide the services requested herein, before entering into any contract.
- 4.0 OFFEROR RESPONSIBILITY: Each offeror shall fully acquaint himself with conditions relating to the scope and restrictions attending the execution of the work under the conditions of this proposal. It is expected that this will sometimes require on-site observation. The failure or omission of an offeror to acquaint himself with existing conditions shall in no way relieve him of any obligation with respect to this proposal or to the contract.
- 5.0 AFFIRMATIVE ACTION: The Contractor will take affirmative action in complying with all Federal and State requirements concerning fair employment and employment of the handicapped and concerning the treatment of all employees, without regard or discrimination by reason of race, religion, sex, national origin, or physical handicap.

- 6.0 PRIME CONTRACTOR RESPONSIBILITIES: The Contractor will be required to assume sole responsibility for the complete effort, as required by this RFP. The County will consider the Contractor to be the sole point of contact with regard to contractual matters.
- 7.0 SUBCONTRACTING: If any part of the work covered by this RFP is to be subcontracted, the Contractor shall identify the subcontracting organization and the contractual arrangements made with same. All subcontractors must be approved, in writing by the County, or when applicable a political subdivision within the County with the County's concurrence. The successful offeror will also furnish the corporate or company name and the names of the officers of any subcontractors engaged by the vendor. The County reserves the right to reject any or all subcontractors and require substitution of a firm qualified to participate in the work as specified herein.
- 8.0 OWNERSHIP OF MATERIAL: Ownership of all data, material, and documentation originated and prepared for the County pursuant to this contract shall belong exclusively to the County.
- 9.0 PAYMENT AND PERFORMANCE BOND: **(Not required for this RFP)** For construction projects the successful Contractor shall furnish, within ten (10) days after written notice of acceptance of proposal, a Payment and Performance Bond. Contractor shall provide and pay the cost of a Payment and Performance Bond. The Bond shall be in the amount of one-hundred percent (100%) the annual contract cost, issued by a Surety Company licensed in South Carolina with an "A" minimum rating of performance as stated in the most current publication of "Best's Key Rating Guide, Property Liability" which shall show a financial strength rating of at least five (5) times the Contract Price. The Bond shall be accompanied by a "Power of Attorney" authorizing the attorney-in-fact to bind the surety and certified to include the date of the bond.
- 10.0 NONRESIDENT TAXPAYERS: If the offeror is a South Carolina nonresident taxpayer and the contract amount is \$10,000.00 or more, the offeror acknowledges and understands that in the event he is awarded a contract offeror shall submit a Nonresident Taxpayer Registration Affidavit (State form #1-312-6/94), before a contract can be signed. Affidavit must certify that the nonresident taxpayer is registered with the S.C. Department of Revenue or the S.C. Secretary of State's Office, in accordance with Section 12-9-310(A)(2)(3) of S.C. Code of Laws (1976) as amended.
- 11.0 BUSINESS LICENSE: In accordance with the *Beaufort County Business License Ordinance, 99-36, Article III*, as enacted November 22, 1999, any business or individual generating income in the unincorporated area of Beaufort County is required to pay an annual license fee and obtain a business license. The ordinance referenced is available on the Beaufort County website at www.bcgov.net or by calling the Business License Administrator at (843) 255-2270 for a list of schedules.
- 12.0 ADDITIONAL ELIGIBILITY: Other Beaufort County Public Procurement units shall, at their option, be eligible for use of any contracts awarded pursuant to this Invitation.
- 13.0 INSURANCE REQUIREMENTS: Prior to commencing work hereunder, Contractor, at his expense, shall furnish insurance certificate showing the certificate holder as Beaufort County, P.O. Drawer 1228, Beaufort, SC 29901-1228, Attention: Purchasing Director and with a special

notation naming Beaufort County as an Additional Insured on the liability coverages. If not otherwise specified, the minimum coverage shall be as follows:

- 13.1 Worker's Compensation Insurance Contractor shall have and maintain, during the life of this contract, Worker's Compensation Insurance for his employees connected to the work/delivery, in accordance with the Statutes of the State of South Carolina and any applicable laws.
- 13.2 Commercial General Liability Insurance Contractor shall have and maintain, during the life of this contract, Commercial General Liability Insurance. Said Commercial General Liability Policy shall contain Contractual Liability and Products/Completed Operations Liability subject to the following minimum limits: BODILY INJURY of at least \$1,000,000 PER PERSON, \$1,000,000 PER OCCURRENCE; PROPERTY DAMAGE of at least \$1,000,000 PER OCCURRENCE; or BODILY INJURY/PROPERTY DAMAGE of at least \$2,000,000 COMBINED SINGLE LIMIT.
- 13.3 Comprehensive Automobile Liability Insurance- The Contractor shall have and maintain, during the life of this contract, Comprehensive Automobile Liability, including non-owned and hired vehicle, of at least \$1,000,000 PER PERSON, \$1,000,000 PER OCCURRENCE; PROPERTY DAMAGE of at least \$1,000,000 PER OCCURRENCE, or BODILY INJURY/PROPERTY DAMAGE of at least \$2,000,000 COMBINED SINGLE LIMIT.
- 13.4 The required insurance policy at the time of issue must be written by a company licensed to do business in the State of South Carolina and be acceptable to the County.
- 13.5 The Contractor/vendor shall not cause any insurance to be canceled or permit any insurance to lapse. All insurance policies shall contain a clause to the effect that the policy shall not be canceled or reduced, restricted or limited until fifteen (15) days after the County has received written notice, as evidenced by return receipt of registered or certified letter. Certificates of Insurance shall contain transcript from the proper office of the insurer, the location, and the operations to which the insurance applies, the expiration date, and the above-mentioned notice of cancellation clause.
- 13.6 The information described above sets forth minimum amounts and coverages and is not to be construed in any way as a limitation on the Contractor's liability.
- 14.0 **INDEMNITY**: The Contractor hereby agrees to indemnify and save harmless the County, its officers, agents, subcontractors and employees from and against any and all liability, claims, demands, damages, fines, fees, expenses, penalties, suits, proceedings, actions and cost of actions, including attorney's fees for trial and on appeal of any kind and nature arising or growing out of or in any way connected with the performance of the Agreement, whether by act of omissions of the Contractor, its agents, servants, employees or others, or because of or due to the mere existence of the Agreement between the parties.

15.0 TERMINATION FOR DEFAULT:

15.1 The performance of Work under the Agreement may be terminated by the Purchasing Director, in accordance with this clause, in whole or in part, in writing, whenever the Director of Purchasing shall determine that the Contractor has failed to meet the performance requirements of this Agreement.

15.2 The Purchasing Director has the right to terminate for default, if the Contractor fails to make delivery of the supplies or perform the Work, or if the Contractor fails to perform the Work within the time specified in the Agreement, or if the Contractor fails to perform any other provisions of the Agreement.

16.0 TERMINATION FOR CONVENIENCE: The County may without cause terminate this contract in whole or in part at any time for its convenience. In such instance, an adjustment shall be made to the Contractor, for the reasonable costs of the work performed through the date of termination. Termination costs do not include lost profits, consequential damages, delay damages, unabsorbed or under absorbed overhead of the Contractor or its subcontractors, and/or failure to include termination for convenience clause into its subcontracts and material purchase orders shall not expose the County to liability for lost profits in conjunction with a termination for convenience settlement or equitable adjustment. Contractor expressly waives any claims for lost profit or consequential damages, delay damages, or indirect costs which may arise from the County's election to terminate this contract in whole or in part for its convenience.

PART V SPECIAL INSTRUCTIONS

- 1.0 INTENT TO PERFORM: It is the intent and purpose of Beaufort County that this request permits competition. It shall be the offeror's responsibility to advise the Purchasing Department if any language, requirements, etc., or any combinations thereof inadvertently restricts or limits the requirements stated in this RFP to a single source. Such notification must be submitted in writing and must be received by the Purchasing Department not later than ten (10) days prior to the proposal closing date. A review of such notifications will be made.
- 2.0 RECEIPT OF PROPOSAL: Proposals, amendments thereto, or withdrawal requests received after the time advertised for proposal closing will be void, regardless of when they were submitted.
- 3.0 PREPARATION OF PROPOSAL
- 3.1 All proposals should be complete and carefully worded and must convey all of the information requested by the County. If significant errors are found in the offeror's proposal, or if the proposal fails to conform to the essential requirements of the RFP, the County and the County alone will be the judge as to whether that variance is significant enough to reject the proposal.
- 3.2 Proposals should be prepared simply and economically, providing a straightforward, concise description of offeror's capabilities to satisfy the requirements of the RFP. Emphasis should be on completeness and clarity of content.
- 3.3 The proposal should be in a single electronic file where practical. All documentation submitted with the proposal should be made part of the single electronic file.
- 3.4 If your proposal includes any comment over and above the specific information requested in our Request for Proposal (RFP), you are to include this information as a separate appendix to your proposal.
- 4.0 AMENDMENTS: If it becomes necessary to revise any part of the RFP, an amendment will be provided to all offerors who received the original Request for Proposal. All amendments/addendums will be uploaded to Vendor Registry and Vendors will be notified electronically through the Vendor Registry System. The County shall not be legally bound by an amendment or interpretation that is not in writing.
- 5.0 ADDITIONAL INFORMATION: Offerors requiring additional information may submit their questions, in writing to the Purchasing Department. Answers to questions received that should change and/or clarify this solicitation will be provided in writing to all offerors via an amendment.
- 6.0 ORAL PRESENTATION/DISCUSSIONS: Any offeror or all offerors may be requested to make an oral presentation of their proposal to the County, after the proposal opening. Discussions may be conducted with responsible offerors, who submit proposals determined to be

reasonably susceptible of being selected for award for the purpose of clarification to assure full understanding of and responsiveness to the solicitation requirement.

Offerors shall be accorded fair and equal treatment with respect to any opportunity for discussions and revision of proposals, and such revisions may be permitted after submissions and prior to award, for the purpose of obtaining best and final offers. The purpose of these presentations/discussions will be to:

- 6.1 Determine in greater detail such offeror's qualifications.
 - 6.2 Explore with the offeror the scope and nature of the project, the offeror's proposed method of performance, and the relative utility of alternative methods of approach.
 - 6.3 Determine that the offeror will make available the necessary personnel and facilities to perform within the required time.
 - 6.4 Agree upon fair and reasonable compensation, taking into account the estimated value of the required services/equipment, the scope and complexity of proposed project, and nature of such services/equipment.
- 7.0 FUNDING: The offeror shall agree that funds expended for the purposes of the contract must be appropriated by the County Council for each fiscal year included within the contract period. Therefore, the contract shall automatically terminate without penalty or termination costs if such funds are not appropriated. In the event that funds are not appropriated for the contract, the offeror shall not prohibit or otherwise limit the County's right to pursue and contract for alternate solutions and remedies, as deemed necessary by the County for the conduct of its affairs. The requirements stated in this paragraph shall apply to any amendment or the execution of any option to extend the contract.
- 8.0 AWARD: An award resulting from this request shall be awarded to the responsive and responsible offeror whose proposal is determined to be most advantageous to the County, taking into consideration price and the evaluation factors set forth herein; however, the right is reserved to reject any and all proposals received, and in all cases the County will be the sole judge as to whether an offeror's proposal has or has not satisfactorily met the requirements of this RFP.
- 9.0 PUBLIC ACCESS TO PROCUREMENT INFORMATION: No such documents or other documents relating to this procurement will be presented or made otherwise available to any other person, agency, or organization until after award. Commercial or financial information obtained in response to this RFP, which is privileged and confidential, will not be disclosed. Such privileged and confidential information includes information which, if disclosed, might cause harm to the competitive position of the offeror supplying the information. All offerors, therefore, must visibly mark as "Confidential" each part of their proposal, which they consider to contain proprietary information.
- 10.0 DEVIATIONS: Any deviations from the requirements of this RFP must be listed separately and identified as such in the table of contents.

- 11.0 ALTERNATES: Innovative alternative proposals are encouraged, provided however, that they are clearly identified as such and all deviations from the primary proposal are listed.
- 12.0 GRATUITIES: It shall be unethical for any person to offer, or give, or agree to give any County employee or former County employee; or for any County employee or former County employee to solicit, demand, accept, or agree to accept from another person a gratuity or an offer of employment in connection with any decision, approval, disapproval, recommendation, or preparation of any part of a program requirement or a purchase request, influencing the content of any specification or procurement standard, rendering of advice, investigation, auditing, or in any other advisory capacity in any proceeding or application, request for ruling, determination, claim or controversy, or other particular matter pertaining to any program requirement, or a contract or subcontract, or to any solicitation or proposal therefore.
- 13.0 KICKBACKS: It shall be unethical for any payment, gratuity, or offer of employment to be made by or on behalf of a subcontractor under a contract to the prime contractor or higher tier subcontractor, or any person associated therewith, as an inducement for the award of a subcontractor order.
- 14.0 **PROTEST PROCEDURES**
- 14.1 Right to Protest: Any actual or prospective proposer, offeror, or contractor, who is aggrieved, in connection with the solicitation or award of a contract, may protest to the Purchasing Director. The protest shall be submitted in writing fourteen (14) days after such aggrieved person knows or should have known of the facts giving rise thereto. The protest must be accompanied by a detailed statement, indicating the reasons for such protest.
- 14.2 Authority to Resolve Protest: The Purchasing Director shall have authority, prior to the commencement of an action in court concerning the controversy, to settle or resolve a protest of an aggrieved proposer, offeror, or contractor; actual or prospective, concerning the solicitation or award of a contract.
- 14.3 Decision: If the protest is not resolved by mutual agreement, the Purchasing Director shall issue a decision, in writing within ten (10) days. The decision shall,
- 14.3.1 State the reasons for the action taken; and
- 14.3.2 Inform the protestant of its right to administrative review as provided in this Section.
- 14.4 Notice of Decision: A decision under Subsection (3) of this Section shall be party intervening.
- 14.5 Finality of Decision: A decision under Subsection (3) of this Section shall be final and conclusive, unless fraudulent, or

- 14.5.1 Any person adversely affected by the decision appeals administratively, within ten (10) days after receipt of decision under Subsection (3) to the County Council in accordance with this Section.
- 14.5.2 Any protest taken to the County Council or court shall be subject to the protestant paying all administrative costs, attorney fees, and court costs when it is determined that the protest is without standing.

15.0 CERTIFICATION REGARDING DEBARMENT, SUSPENSION, INELIGIBILITY, AND VOLUNTARY EXCLUSION: The Contractor certifies, by submission of this document or acceptance of a contract, that neither it nor its principals are presently debarred, suspended, proposed for debarment, declared ineligible or voluntarily excluded from participation in this transaction by any State, Federal department or agency. It further agrees by submitting this qualification statement that it will include this clause without modification in all lower tier transactions, solicitations, proposals, contracts, and subcontracts. Where the bidder/Contractor or any lower tier participant is unable to certify this statement, it shall attach an explanation to this solicitation/bid.

State whether or not your company has been involved in any litigation within the past five (5) years arising out of your performance by circling YES or NO.

RFP NO. _____

EXHIBIT A

PAGE 1 of 3

PRICE PROPOSAL AND CERTIFICATION

The undersigned _____, having carefully examined the information
(Name of Offeror)

contained in the Beaufort County RFP Number # _____ dated _____, 2020,
proposes to provide _____ services to Beaufort County Government, as outlined in this
proposal, at the prices specified below:

The Proposer may attach a pricing sheet in order to explain the fees/cost.

In compliance with the Request for Proposal # _____, and subject to all conditions thereof, the
undersigned agrees:

- (a) This proposal, as stated, is open for acceptance for a period of 90 calendar days from the date of opening; and
- (b) To furnish all services, materials, and equipment necessary and incidental to perform the subject audits.

CERTIFICATION

CONTRACTOR

HAS A FEDERAL AGENCY OR A FEDERALLY CERTIFIED STATE OR LOCAL AGENCY PERFORMED ANY REVIEW OF YOUR ACCOUNTS OR RECORDS IN CONNECTION WITH ANY GRANT OR CONTRACT WITHIN ANY GRANT OR CONTRACT WITHIN THE PAST TWELVE MONTHS?

YES NO (IF "YES" GIVE NAME, ADDRESS, AND TELEPHONE NUMBER OF REVIEWING OFFICE.)

RFP NO. _____

EXHIBIT B

PAGE 2 of 3

This proposal is submitted for use in connection with and in response to Beaufort County RFP # _____ . This is to certify, to the best of my knowledge and belief, that the cost and pricing data summarized herein are complete, current, and accurate as of _____, 2020, and that a financial accounting capability exists to fully and accurately account for the financial transactions under this project. If further certify that I understand that the sub-agreement price may be subject to downward renegotiation and/or recoupment where the above cost and pricing data have been determined, as a result of audit, not to have been complete, current, and accurate as of the date above.

This cost proposal is made without prior understanding, agreement, or connections with any corporation, firm, or person submitting a proposal for the same service and is in all respect fair and without collusion or fraud. I agree to abide by all conditions of this proposal and certify that I am authorized to sign this proposal.

Signature of Offeror's Representative authorized to enter into contract with Beaufort County Council:

FIRM NAME: _____

BY: _____ DATE: _____

(Signature)

TYPE/PRINT: _____

(Name)

(Title)

ADDRESS: _____

(Street Address and/or P. O. Box Number)

(City)

(State)

(Zip Code)

PHONE: () _____

FAX: () _____

(Area Code) Phone Number

(Area Code) Fax Number

EMAIL: _____

FEDERAL ID#: _____

RFP NO. _____

EXHIBIT C

PAGE 3 of 3

- IS YOUR FIRM:
- 1. SOLE PROPRIETORSHIP YES NO
 - 2. PARTNERSHIP YES NO
 - 3. CORPORATION YES NO

IF COMPANY IS A SOLE PROPRIETORSHIP, LIST THE OWNER'S FULL LEGAL NAME:

IF COMPANY IS A PARTNERSHIP, LIST THE PARTNERS' FULL LEGAL NAMES:

IF COMPANY IS A CORPORATION, LIST THE FULL LEGAL NAME, AS LISTED ON THE CORPORATE CHARTER:

IS THIS FIRM A MINORITY, OR WOMAN-OWNED BUSINESS ENTERPRISE?

YES NO IF YES, SPECIFY: MBE WBE

HAS THIS FIRM BEEN CERTIFIED AS A MINORITY/WOMAN-OWNED BUSINESS ENTERPRISE BY ANY GOVERNMENTAL AGENCY? YES NO

IF YES, SPECIFY GOVERNMENTAL AGENCY: _____

DATE OF CERTIFICATION: _____



COUNTY COUNCIL OF BEAUFORT COUNTY

Title VI Statement to Prime Contractors, Subcontractors, Architects, Engineers, and Consultants

It is the policy of the County Council of Beaufort County, South Carolina, hereafter referred to as “Beaufort County” or “the County”, to comply with Title VI of the 1964 Civil Rights Act (Title VI) and its related statutes. To this end, Beaufort County gives notice to all Prime Contractors, Subcontractors, Architects, Engineers, and Consultants that the County assures full compliance with Title VI and its related statutes in all programs, activities, and contracts. It is the policy of Beaufort County that no person shall be excluded from participation in, denied the benefit of, or subjected to discrimination under any of its programs, activities, or contracts on the basis of race, color, national origin, age, sex, disability, religion, or language regardless of whether those programs and activities are Federally funded or not.

Pursuant to Title VI requirements, any entity that enters into a contract with Beaufort County including, but not limited to Prime Contractors, Subcontractors, Architects, Engineers, and Consultants, may not discriminate on the basis of race, color, national origin, age, sex, disability, religion, or language in their selection and retention of first-tier subcontractors, and first-tier subcontractors may not discriminate in their election and retention of second-tier subcontractors, including those who supply materials and/or lease equipment. Further, Contractors may not discriminate in their employment practices in connection with highway construction projects or other projects assisted by the U.S. Department of Transportation (USDOT) and/or the Federal Highway Administration (FHWA).

In all solicitations either by competitive bidding or negotiation made by the Contractor for work to Beaufort County to be performed under a subcontract, including procurements of materials or leases of equipment, each potential subcontractor or supplier shall be notified by the Contractor of the Contractor's obligations under the contract and the Title VI regulations relative to nondiscrimination on the basis of race, color, national origin, age, sex, disability, religion, or language by providing such a statement in its bidding and contract documents.

Upon request, the Contractor shall provide all information and reports required by Title VI requirements issued pursuant thereto, and shall permit access to its books, records, accounts and other sources of information, and its facilities as may be determined by Beaufort County, USDOT, and/or FHWA to be pertinent to ascertain compliance with such regulations, orders, and instructions. Where any information required of a Contractor is in the exclusive possession of another who fails or refuses to furnish this information, the Contractor shall so certify to USDOT or FHWA, as appropriate and via Beaufort County, and shall set forth what efforts it has made to obtain the information. In the event of the Contractor's non-compliance with nondiscrimination provisions of this contract, USDOT may impose such contract sanctions as it or FHWA may determine to be appropriate, including, but not limited to:

- Withholding of payments to the Contractor under the contract until the Contractor complies, and/or
- Cancellation, termination, or suspension of the contract, in whole or in part.

In the event a Contractor becomes involved in, or is threatened with, litigation with a subcontractor or supplier as a result of this direction to comply with Title VI, the Contractor may request USDOT to enter into such litigation to protect the interests of USDOT and FHWA. Additionally, the Contractor may request the United States to enter into such litigation to protect the interests of the United States.

Any person or Subcontractor who believes that they have been subjected to an unlawful discriminatory practice under Title VI has a right to file a formal complaint within one hundred eighty (180) days following the alleged discriminatory action. Any such complaint must be filed in writing or in person:

Beaufort County Government

Post Office Drawer 1228 □ Beaufort, SC 29901-1228

843.255.2354 Telephone □ E-mail: compliance@bcgov.net



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

ATax agreement with Hilton Head Island-Bluffton Chamber of Commerce

Council Committee:

Finance

Meeting Date:

July 13, 2020

Committee Presenter (Name and Title):

Ashley Jacobs, County Administrator

Issues for Consideration:

South Carolina Code Section 6-4-10(3) requires thirty percent of the state received accommodation tax be awarded to a nonprofit corporation and allocated to a special fund used only for advertising and promotion of tourism to develop and increase tourist attendance through the generation of publicity. It is proposed to enter into a contract with the Hilton Head Island-Bluffton Chamber of Commerce to provide these professional services.

Points to Consider:

Funding & Liability Factors:

Funding comes from the accommodations tax.

Council Options:

Approve or reject

Recommendation:

Staff recommends Council approve the agreement

(b) The auditor must comply with all applicable statements on auditing standards (the "SAS") that are issued by the Auditor's Standing Board of the AICPA.

(c) The auditor must maintain malpractice insurance in an amount equal to at least One Million and No/100 Dollars (\$1,000,000.00).

(d) The auditor must provide evidence of successful completion of the peer review process approved by the AICPA.

2.2 DMO Report. In addition to the audit, the Chamber shall also produce and deliver to the County a schedule of revenues and expenses for each fiscal year (the "Report") for the destination marketing organization division of the Chamber ("DMO"). The DMO revenue shall include all accommodation tax revenue received from the County and/or the State of South Carolina. This Report shall be produced under the standards set forth above in Section 2.1(a), (b), and (c) and by the same auditor that has satisfied the standards set forth above in Section 2.1(d) and (e). The Report shall be delivered to the County by November 15th after the applicable fiscal year end.

2.3 Auditor. The Chamber agrees that it will cause its finance committee to interview other auditing firms when the existing contract with its auditor expires. A County staff member or a council member, at his/her election, shall participate with the finance committee during this process provided the individual demonstrates sufficient financial acumen (consistent with best practices for nonprofit finance/audit committee members) and agrees to all policies and procedures which apply to the Chamber's board of directors. The Chamber makes no representation or assurance that the individual who participates with the finance committee will be covered with directors and officers liability insurance.

2.4 Tax Returns. The federal and state tax returns shall be prepared and filed by a tax professional that must execute the returns as a tax preparer as defined by the Internal Revenue Code, the South Carolina tax code, and/or their regulations. This requirement will insure that such professional tax return preparer is subject to all penalties set forth in the Internal Revenue Code or the South Carolina code concerning tax preparers.

2.5 Promotional Fund. The Chamber shall manage and direct the expenditure of the Promotional Fund. In addition, the Chamber shall be eligible to apply for annual supplemental grants from the accommodation tax pool and from the emergency reserve fund established by the County. All public funds received by the Chamber shall be subject to the auditing and reporting requirements of this Contract.

2.6 Process. The Chamber shall submit a budget of planned expenditures for the Promotional Fund ("Budget") and a marketing plan ("MP") for each fiscal year. The MP shall be recommended by the Chamber's marketing council and the MP and the Budget shall be approved by the board of directors of the Chamber. The County may elect to have a staff member or council member participate as a member of the marketing council provided the individual agrees to all policies and procedures which apply to the Chamber's board of directors. The Chamber makes no representation or assurance that the individual who participates on the marketing council will be covered with directors and officers liability insurance. The Budget and MP will then be submitted to the County's accommodations tax ("ATAX") committee for review and recommendation. Upon the recommendation by the ATAX committee, the Budget and MP shall be forwarded for approval by the County. The ATAX committee and the County shall make all

reasonable efforts to provide review and approval in a timely manner since private funds, state funds and placement of public relations and marketing programs are dependent on meeting deadlines. The Chamber shall submit the Report to the County by November 15th after the applicable fiscal year end.

2.7 Inspection Rights. The County Manager (or a designee that satisfies the same standard to interview auditors as set forth in Section 2.3), or a representative from the County's Finance and Administration Committee (who also satisfies the same standard to interview auditors as set forth in Section 2.3) may, upon reasonable notice, inspect the necessary financial records, including third party invoices, of the Chamber in order to verify compliance of the Report in all material respects. This inspection right shall not be exercised more than twice in each fiscal year, unless otherwise agreed to by the parties.

2.8 Legal Opinion. The Chamber shall select and retain a law firm, with the consent of the County, to deliver a third party opinion to the County which opines that all expenditures from the Promotional Fund as set forth in the Report are in compliance with the then current requirements of South Carolina Code Section 6-4-10(3) and the Chamber is validly existing as a non-profit corporation under the laws of South Carolina. The legal opinion shall be addressed to the County and the cost shall be equally divided by the County and the Chamber. The legal opinion form and content shall adhere to the guidelines, to the extent applicable, of the South Carolina Third Party Legal Opinion Report approved by the Corporate, Banking and Securities Law Section of the South Carolina Bar on December 10, 2014 and approved by the House of Delegates of the South Carolina Bar on January 22, 2015.

3. Performance Standards.

3.1 OMO Standard. The Chamber and the County agree that Destination Marketing Association International ("DMAI") is the industry leader in setting standards and accreditations with regard to destination marketing organizations. The Chamber agrees that it shall adopt policies and procedures and operate in a manner which satisfies the applicable standards set forth by DMAI under their categories of governance, finance, human resources, technology, marketing, visitor services, group services, sales, communications, membership, management and facilities, brand management, destination development, research and marketing intelligence, innovation, and stakeholder relationships with the goal of receiving accreditation by DMAI. The Chamber shall maintain accreditation with DMAI.

3.2 Organizational Standard. The United State Chamber of Commerce provides criteria to receive accreditation by a local chamber of commerce. The Chamber shall maintain the four star accreditation by the United States Chamber of Commerce.

3.3 DMO's Industry Metrics. The Chamber shall provide the Finance and Administration committee of the County ("Committee") with certain tourism metrics and/or reports such as:

- (a) revenue per available room;
- (b) occupancy rates;
- (c) visitor spending studies;
- (d) return on investment for visitor spending per dollar of investment;

- (e) local tax revenues generated by visitors;
- (f) number of visitors;
- (g) number of referrals made to area businesses and number of website hits and click through(s) made to area businesses;
- (h) numbers related to mail fulfillment and other contacts;
- (i) industry awards received for marketing and public relations efforts;
- (j) number of jobs created by tourism;
- (k) events held and participation in events by Chamber members; and
- (j) update on its public relations efforts to include the number of media impressions and the dollar equivalent for the media impressions.

It is understood and acknowledged that such metrics and/or reports may change from time to time based upon best practices, available funding and the goals set forth in the MP. The Committee shall review the data provided under this Section and evaluate the performance of the OMO. The evaluation shall consider the above metrics and reports, collectively, and shall be compared with peers and other factors that affect the tourism industry such as the state of the economy, weather, condition of the lodging properties, etc. The Committee shall report a summary of its evaluation to the County Council.

If the County Council determines that the Chamber has underperformed, it shall retain an industry recognized expert that has been recommended by DMAI ("Expert") to confirm its determination and to recommend strategies and policies to cure the deficiencies which have created the under performance (the "Cure Plan").

In such an event, the Chamber shall cooperate with the County Council and the Expert to implement the Cure Plan. If, after one year from the date of the delivery of the Cure Plan, the County Council, after consultation with the Expert, determines the implementation of the Cure Plan has not occurred, the County Council shall have the right to terminate this Contract by written notice, said termination to be effective sixty (60) days after said notice is given.

4. Chamber Covenants and Representations.

4.1 The Chamber covenants and represents that it has all necessary licenses and consents required for the Chamber to enter into and fully perform this Contract.

4.2 The Chamber covenants and represents to perform all tasks required under this Contract with a degree of skill and care of reputable organizations of the same profession in South Carolina.

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

4.4 The Chamber covenants and represents that the MP shall include a public relations plan

and a social mediaplan.

4.5 The Chamber covenants and represents that the Report shall include as exhibits the prior years' calendar of events and a dashboard of year over year tourism metrics as historically reported.

4.6 The Chamber covenants and represents to maintain www. ThinkHiltonHeadIsland.org and to post five (5) years of audits and tourism metrics as historically been reported.

4.7 The Chamber covenants and represents that it will comply with all state accommodation tax laws in administering the Promotional Fund.

4.8 The Chamber shall cause DMO revenue, less expenses, derived from DMO non-programing activities to accrue for the benefit of the DMO.

4.9 In addition to Section 1 above, the Chamber will comply with the requirements of Beaufort County Code of Ordinances Sections 66-29 and 66-44.

5. County Covenants and Representations.

5.1 The County hereby covenants and represents that it will comply with all state accommodation tax laws in administering all such funds to the Chamber and other non-profit corporations.

5.2 The County hereby covenants and represents that it shall comply will all such laws and procedures in a manner not to discriminate against one non-profit corporation versus another non-profit corporation.

5.3 The County covenants and represents that it shall cause the Funding to promptly be paid to the Chamber in order for the Budget and MP to be implemented.

5.4 The County hereby covenants and represents not to disturb, violate, request to be violated, any laws, loan covenants, policies and procedures, including but not limited to, all federal and state laws, and the South Carolina Non-Profit Act which effect the Chamber.

5.5 The County hereby covenants and represents that County has the lawful authority required under State law and County's ordinances to enter into and perform this Contract.

6. Term. Since the current fiscal year's budget and MP have already been approved, this Contract shall be effective as of the ____ day of _____, 2020, and shall continue for a period of five (5) years (the "Initial Term"), unless otherwise terminated as herein provided. If, at the expiration of the Initial Term, the Chamber has maintained the Performance Standards set forth in Section 3.1, 3.2, and 3.3 hereof, without interruption, then this Contract shall be extended by an additional five year term. Provided, however, each party shall have the ability to terminate this Contract upon the expiration of the Initial Term by providing the other party written notice during the month of November, 2025.

7. Termination.

7.1 If the Performance Standards set forth in Section 3.1 or 3.2 hereof have not been complied with in all material aspects as determined by DMAI, the United States Chamber of Commerce,

or the County, the County shall provide written notice to the Chamber of the deficiency and the Chamber shall have one hundred eighty days (180) days to cure the deficiency. If the deficiency is not cured, the County may terminate this Contract by providing ninety (90) day written notice to the Chamber. In addition, the County shall have the right to terminate the contract by providing ninety (90) day notice if the auditor or DMAI determines fraud has occurred in the operation of the Chamber.

7.2 With respect to the Performance Standard set forth in Section 3.3 above, the termination process set forth in Section 3.3 shall control.

8. Updates. The County acknowledges that the DMO makes a minimum of two public presentations to the ATAX committee each fiscal year. In addition to these appearances, the DMO shall report to the Committee on two other occasions during the fiscal year. These appearances shall be scheduled as to not interfere with any other presentation the DMO is making to a governmental body.

9. Other Provisions.

9.1 Headings. Headings to paragraphs in this Contract shall not interpret or alter the meaning of the words in the respective paragraph, nor any other provision of this Contract.

9.2 Notices. All notices to each party to this Contract shall be in writing, and sent as follows:

County:

Beaufort County, South Carolina
Attn: Ashley Jacobs, County Administrator
Address: P.O. Drawer 1228, Beaufort, SC 29901

Chamber :

Hilton Head Island - Bluffton Chamber of Commerce, Inc.
Attn: William G. Miles, President & CEO
1 Chamber of Commerce Drive Hilton Head Island, SC 29928

9.3 Form of Notice. All notices required or permitted under this Contract shall be sent certified mail with signature required.

9.4 Merger, Amendment and Waiver. This Contract contains all the terms of all agreements, oral or written, between the parties, and is the only document containing all such terms. This Contract merges all prior discussions, negotiations, contracts, agreements, and understandings between County and Chamber concerning the subject matter described herein. This Contract may only be amended or varied by a written instrument signed by a duly authorized signatory of County and Chamber. Forbearance by County from enforcing the strict terms of this Contract shall not be a waiver of any other term of this Contract, nor shall such forbearance entitle Chamber to rely upon such forbearance in the future.

9.5 Independent Contractor Status. Chamber shall not, by entering into this Contract, become a servant, agent, or employee of County, but shall remain at all times an independent contractor. This Contract shall not be deemed to create any joint venture, partnership, or common enterprise between Chamber and County, and the rights and obligations of the parties shall not be other than as expressly set forth herein.

9.6 Attorney's Fees, Dispute Resolution. In the event of a dispute between the parties, the

prevailing party in any dispute shall be entitled to an award of all reasonable attorneys' fees and costs, including the costs of appeal, if any.

The parties have executed this Contract effective as of the date set forth in Section 6 above.

COUNTY:

CHAMBER:

BEAUFORT COUNTY, SOUTH CAROLINA

BY: _____

BY: _____



FOCUS INTERVIEW PRESENTATION ON ITEMS BELOW:

- What are your other funding sources?
- What was your previous year's operating budget?
- How is your project/event going to benefit tourism in Beaufort County?
- How many people attended your last event?
- How did you determine this number?
- If this is the first year for the event, how many people are you projecting? How did you arrive at this projection?
- Of those who attended last year, what percentage, how many come from outside the County? How did you determine this number?
- Would you agree to advertise jointly with other organizations?
- Please have an event or program plan available to substantiate your funding request.
- Have you expended all the money appropriated to you in the past? If not, please explain.
- What is the timeframe for expenditure of the funds?

FY 2020 / 2021

ACCOMMODATIONS 2% TAX

Schedule:

July 15, 2020

- News release distributed announcing application process

July 15, 2020

- Accommodations Tax application available at beaufortcountysc.gov

September 16, 2020

- Accommodations Tax applications due and sent to A-Tax Board

September 21, 2020

- Finance Committee determines allocation of funds

October 21, 2020

- Applicants appear before the A-Tax Board

October 23, 2020

- A-Tax Board final recommendations completed

November 16, 2020

- A-Tax Board provides recommendations to Finance Committee

December 14, 2020

- Finance Committee recommendations to County Council

NOTE:

- **Failure to appear at your interview will result in zero allocation.**
- **Applicants who have not received the interview schedule by October 12, 2020, please email atax@bcgov.net**
- **Applicants are responsible for confirming receipt of their entire application package prior to the deadline.**



Accommodations Tax (2% State) Application

Due: Wednesday, September 16, 2020

No Later Than 5:00 p.m.

Event / Project: _____

Organization Sponsoring Event: _____

Organization Mailing Address: _____

Contact Person Email Address: _____

Organization Telephone Number: _____

Amount Requested: _____

Date Funds Needed: _____

Location of Specific Event / Project: _____

1. Describe the proposed event/project in detail. This description must include the event/project title, timing, and financial results/costs, other sources of revenue for the event/project and how your organization supports/manages the project/event.
2. Provide a **detailed budget** for the event/project (to include a detail of all revenues and expenses associated with the event/project).
3. Provide specific information concerning the number of tourists generated by your event/project. Please include a description of the method used to determine the tourism impact.
4. Please provide a detailed budget, including receipts, for last year's event/project if the Board allocated funds to your organization previously. Failure to do so will render your application ineligible for current year funding.
5. Provide a copy of your organization's audited financial statements for the last two years.

Note: By submitting this application, the organization certifies that it does not discriminate in any manner on the basis of race, color, national origin, age, sex, disability, religion, or language, and that all funds that may be received by the applicant organization from Beaufort County, South Carolina will be solely used for the purposes set forth in this application and will comply with all laws and statutes, including the *South Carolina Code of Laws* regarding Allocations of Accommodations Tax Revenues.

The South Carolina Freedom of Information Act defines a "public body" as any organization or corporation supported in whole or in part by public funds or expending public funds. Your organization's acceptance of public funds from Beaufort County may cause your organization to come within the meaning of "public body" as defined by the Freedom of Information Act. S.C. Code Ann. §30-4-10, et seq. (Supp. 2002). Accordingly, this is to advise that by accepting public funds, your organization may be subject to the South Carolina Freedom of Information Act.

FINANCIAL INFORMATION

Item 12.

1. Federal Tax ID Number (Example: 12-3456789)

2. Is your organization tax exempt? If so, please provide a copy of your determination letter.

3. What is your fiscal year (12-month accounting period)?

4. Are your financial statements based on an accrual basis (accounted for when transaction occurs) or on a cash basis (accounted for when cash is received or paid)?

5. If there has been a significant change in revenues or expenses from prior periods, please explain.

NOTE:

Please attach all documentation to the e-mail and send with this application.

If your document(s) exceed 12 megabytes, you will need to send them in separate e-mails. (There is a 12 megabyte size limit on e-mail attachments.)

Please include in the subject box how many e-mails we should anticipate from your organization (example: e-mail 1 of 2, e-mail 2 of 2, etc.)

E-mail documents to atax@bcgov.net

Submit

**FY 2020/2021
BEAUFORT COUNTY STATE ACCOMMODATIONS (2%) TAX APPLICATION
ADDENDUM – YEAR OF COVID-19**

Due to the COVID-19 pandemic and the ensuing closures/cancellation of events, the Beaufort County ATAX Board is providing the following information.

IF YOU RECEIVED MONEY FROM THE COUNTY DURING THE PAST (2019/2020) APPLICATION CYCLE AND

1. your organization was able to conduct your business as usual. No additional action needs to be taken. You are welcome to apply, if needed, during this application cycle. As in the past, receipts for your expenditures should be included with the application package.
2. your organization spent monies on marketing and your event was postponed/cancelled. You are welcome to apply, if needed, during this application cycle. As in the past, receipts for your expenditures should be included with the application package.
3. your organization did not spend the monies on marketing/event and will reschedule. Your organization can retain the monies granted; however, they need to be spent for the same purpose as identified in your **2019/2020 application and approved by County Council and within a 2 year period from the date of the grant**. Since you will not need to apply this year, receipts for your expenditures should be forwarded to the ATAX Board via the ATAX Liaison, Linda Maietta, @lmaietta@bcgov.net.
4. your organization did not spend the monies on marketing/event and has no plans to reschedule. Your organization will not be spending the monies for the purpose identified and approved in your 2019/2020 application. In this case, the monies will need to be returned to Beaufort County. The check should be made payable to the *Beaufort County Treasurer* and mailed to this address:

Beaufort County Finance Department
Attn: Linda Maietta
PO Drawer 1228
Beaufort, SC 29901

You organization is welcome to submit a new application for the 2020/2021 application cycle.

Any questions may be directed to Linda Maietta at 843-255-2297 or lmaietta@bcgov.net.

Thank you.



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

Ordinance regarding supplemental ATax and HTax allocations

Council Committee:

Finance

Meeting Date:

July 13, 2020

Committee Presenter (Name and Title):

Ashley Jacobs, County Administrator; Kurt Taylor, County Attorney

Issues for Consideration:

Councilmember Hervochoch requested that an ordinance be drafted to allow for supplemental appropriations from ATax and HTax funds under certain circumstances

Points to Consider:

Funding & Liability Factors:

Funding comes from the local ATax and HTax.

Council Options:

Approve or reject

Recommendation:

Staff recommends Council approve the ordinance.

ORDINANCE 2020-_____

AN ORDINANCE TO PROVIDE FOR A METHOD FOR ALLOCATING RESERVE ACCOMMODATIONS TAX AND/OR HOSPITALITY TAX REVENUES; AND OTHER MATTERS RELATING THERETO.

WHEREAS, Beaufort County (the “County”), collects and administers a 3% local accommodations tax pursuant to SC Code Sections 4-9-30 and 6-1-500 et seq. and as provided in Beaufort County Code Section 66-42 et seq. (the “ATax”); and

WHEREAS, pursuant to Beaufort County Code Section 66-47(c)(1), twenty percent of collections over and above those allocated for specific enumerated uses are allocated to establish a reserve fund for emergency or unforeseen needs; and

WHEREAS, the County collects and administers a 2% local hospitality tax pursuant to SC Code Sections 4-9-30 and 6-1-700 et seq. and as provided in Beaufort County Code Section 66-531 et seq. (the “Htax”); and

WHEREAS, Beaufort County Council is desirous of establishing procedures for allocating certain of these funds in emergency situations;

NOW, THEREFORE, BE IT ORDAINED BY BEAUFORT COUNTY COUNCIL, in meeting duly assembled as follows:

1. By approval of a resolution by County Council, funds may be allocated out of ATax and/or HTax reserves for special advertising needs in cases of, a) a near miss of a hurricane, b) for advertising in response to a declared disaster and c) for other such targeted advertising needs as determined by Council on a case-by-case basis.

2. Section 66-44(b) of the Beaufort County Code of Ordinances, entitled “Permitted uses of local (3%) accommodations tax funds” is amended to read:
 “Authorization to utilize any funds from the County of Beaufort, South Carolina, Local Accommodations Tax Account, shall be by ordinance duly adopted by the county council for the County of Beaufort, South Carolina, except for expenditures following an emergency as provided in Ordinance 2020-____, which may be authorized by approval of a resolution.”

3. Beaufort County Code Section 66-537 is amended to read as follows:
 Sec. 66-537. - Management and use of hospitality tax.
 - (a) Fund the approved annual operating expenditures of the program at an amount not to exceed eight percent of the funds collected;
 - (b) Allocate the remaining balance through the county’s annual budget process; except
 - (c) County Council may make emergency appropriations as provided in 2020 Ordinance number _____ by approval of a resolution.

ADOPTED IN MEETING DULY ASSEMBLED this ____ day of _____ 2020.

COUNTY COUNCIL OF BEAUFORT COUNTY

By: _____
Joseph Passiment, Chairman

ATTEST:

Sarah Brock, Clerk to Council

First Reading:
Second Reading:
Public Hearing:
Third and Final Reading:



BEAUFORT COUNTY COUNCIL

Agenda Item Summary

Item Title:

Hilton Head Island - Bluffton Chamber of Commerce - 2020 Digital Marketing Program Agreement

Council Committee:

Finance

Meeting Date:

July 13, 2020

Committee Presenter (Name and Title):

Jon Rembold, Airports Director, C.M.

Issues for Consideration:

Points to Consider:

The airport is engaging with the HHI-Bluffton Chamber of Commerce and Visitor and Convention Bureau in a 6-month marketing campaign that aligns with the Chamber's "Path Forward" Program. This program is designed to reach visitors who have previously visited Hilton Head Island.

Funding & Liability Factors:

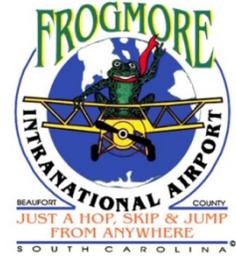
100% Town of Hilton Head Island 2020 Accommodations Tax dollars

Council Options:

Approve, Modify or Reject

Recommendation:

Approve



TO: Mr. Howard Ackerman, BCAB Chairman

FROM: Jon Rembold, Airports Director

SUBJ: Hilton Head Island Airport – 2020 Digital Marketing Program Agreement

DATE: July 10, 2020

BACKGROUND:

Hilton Head Island Airport is again working cooperatively with the Hilton Head Island – Bluffton Chamber of Commerce Visitor and Convention Bureau on a 6-month digital marketing campaign aimed primarily at customers whom have previously visited the Island and are contemplating a return trip. Through research, we have identified target markets on which to focus these efforts.

This campaign is funded with Town of Hilton Head Island ATAX funds.

VENDOR INFORMATION:

Hilton Head Island-Bluffton Chamber of Commerce

6 MONTH TERM COST:

\$75,000.00

RECOMMENDATION:

Approval of subject contract

Encl: 2020 Path Forward Digital Marketing Program Agreement



COUNTY COUNCIL OF BEAUFORT COUNTY
PURCHASING DEPARTMENT

106 Industrial Village Road
 Post Office Drawer 1228
 Beaufort, South Carolina 29901-1228

TO: Councilman Chris Hervochoon, Chairman, Beaufort County Finance Committee
 FROM: Dave Thomas, CPPO, Purchasing Director
 SUBJ: Hilton Head Island Airport - 2020 Digital Marketing Program Agreement
 DATE: July 10, 2020

BACKGROUND:

Hilton Head Island Airport is again working cooperatively with the Hilton Head Island – Bluffton Chamber of Commerce Visitor and Convention Bureau on a 6-month digital marketing campaign aimed primarily at customers whom have previously visited the Island and are contemplating a return trip. Through research, we have identified target markets on which to focus these efforts. This campaign is funded with Town of Hilton Head Island ATAX funds.

VENDOR BID INFORMATION:

Hilton Head Island-Bluffton Chamber of Commerce

6 MONTH TERM COST:

\$75,000.00

FUNDING:

Town of Hilton Head Island 2020 ATAX funds

FOR ACTION:

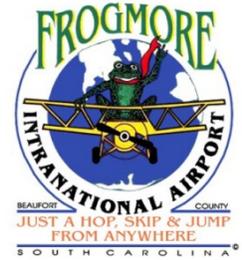
Finance Committee meeting occurring July 13, 2020.

RECOMMENDATION:

Beaufort County Finance Committee approval of subject contract

cc: Ashley Jacobs, County Administrator
 Raymond Williams, Finance Director
 Jon Rembold, C.M., Airports Director

Encl: Recommendation Memo – BCAB Chairman Ackerman



TO: Councilman Chris Hervocho, Chairman, Beaufort County Finance Committee

FROM: Howard Ackerman, Chairman, Beaufort County Airports Board

SUBJ: Hilton Head Island Airport - 2020 Digital Marketing Program Agreement

DATE: July 10, 2020

BACKGROUND:

Hilton Head Island Airport is again working cooperatively with the Hilton Head Island – Bluffton Chamber of Commerce Visitor and Convention Bureau on a 6-month digital marketing campaign aimed primarily at customers whom have previously visited the Island and are contemplating a return trip. Through research, we have identified target markets on which to focus these efforts. This campaign is funded with Town of Hilton Head Island ATAX funds.

VENDOR INFORMATION:

Hilton Head Island-Bluffton Chamber of Commerce

6 MONTH TERM COST:

\$75,000.00

FUNDING:

Town of Hilton Head Island 2020 ATAX funds

FOR ACTION:

Finance Committee meeting occurring July 13, 2020

RECOMMENDATION:

Approval of subject contract

Encl: 2020 Path Forward Digital Marketing Program Agreement



HILTON HEAD ISLAND-BLUFFTON
CHAMBER OF COMMERCE

2020 PATH FORWARD DIGITAL MARKETING PROGRAM CONTRACT

Submitted By: Zack Shedd **Date:** 7/6/2020

Advertiser: _____

Business: Hilton Head Airport

Address: 120 Beach City Road

City/State/Zip: Hilton Head Island, SC 29925

Contact: Jon Rembold, Airport Director / Elizabeth Floes, Sr. Consultant

Phone: Jon: (843) 255-2592 / Cell: (843) 441-5871 / Elizabeth: 585-953-5883

Email: rembold@bcgov.net / elizabeth@volaireaviation.com

URL: www.hiltonheadairport.com

Purpose of Billing: 2020 Path Forward Digital Marketing Program- Section & Rate Information

Program: Exclusive Digital Marketing Pathforward Program **Net Cost:** \$ 75,000

SUMMARY – 2020 PATH FORWARD DIGITAL MARKETING PROGRAM

Investment:

\$75,000 - 6 month campaign
(July 15, 2020 - January 15, 2020)

Target Markets:

- ATL, ORD, DFW
- DCA to include the full Baltimore–Washington metropolitan area
- Michigan – Specifically the Detroit metro area and Grand Rapids
- Pennsylvania – PHIL, Pittsburgh and Harrisburg
- Ohio – Columbus metro area, the Cleveland-Akron (Canton) DMA, Dayton,Cincinnati
- Connecticut - Hartford, Boston, Denver
- Kentucky - Specifically northern KY and the Louisville Region

Marketing Channels:

- Paid Media
- Brand and Category Search
- YouTube
- Paid social advertising and content boosting
- GDN Display/Bing and Remarketing
- Social Media (organic) and Content Marketing (blog)
- Integrated Campaign Landing Page

Reporting: We will provide a comprehensive report outlining campaign performance and key insights during the campaign.

General Ledger

Account #: 4350-200 (SCPRT Private Match / Leisure)

Deadlines and Creative Instructions: Materials

ALL CONTENT MUST BE APPROVED PRIOR TO GOING LIVE JULY 15, 2020.

DUE BY: 7/12/2020

Materials to Come From: Elizabeth Flores

Advertiser Approval DUE BY: 7/12/2020

Start Date: The Path Forward Digital Marketing Program will go live July 1, 2020 and will remain on-line until November 30th, 2020. All materials are submitted and a final proof is approved.

* ALL ads are formatted. All ads will link directly to your website.

SEND MATERIALS directly to: ZShedd@hiltonheadisland.org

Advertising Agreement:

The undersigned Advertiser and the Hilton Head Island-Bluffton Chamber of Commerce hereby mutually agree as follows:

I hereby warrant that I have read the contract conditions, that I am an authorized officer, and that I have full power and authority to sign for the below named firm.

TERMS & CONDITIONS:

1. Purpose. The Hilton Head Island-Bluffton Chamber of Commerce (HHIBCC) agrees to provide advertising media space on its Internet website and to arrange for certain related services (the "Advertisement"), subject to the terms and conditions of this Agreement.
2. Payment Terms. All invoices are due upon receipt. The insertion order will not be placed unless payment has been received 10 days prior to launch date. The HHIBCC reserves the right to terminate services rendered and remove any Internet advertising from the web site in the event any of the client's invoices remain unpaid after thirty (30) days from date of invoice.
3. Content and Placement. The HHIBCC reserves the rights, in its sole discretion, to reject, alter or refuse any Advertisement, but no substantive changes in the Advertisement will be made without the prior consent of the Customer. The HHIBCC shall determine the exact placement of the Advertisement in the website and reserves the right to provide multiple placements of similar advertising on a rotating basis within the website.
4. Design. The design and shape of the Advertisement shall be subject to the requirements and limitations of the HHIBCC website. The HHIBCC reserves the right to make such adjustments in the shape, exact size, colors and attributes of the Advertisement in order to make it function within the HHIBCC website. Prior to production of the advertisement, the HHIBCC must receive all ad materials.
5. Responsibility. Advertiser is responsible for ensuring all ad materials are correct and live on hiltonheadisland.org once submitted to the HHIBCC.
6. Termination for Default. The HHIBCC reserves the right to terminate this Agreement at any time upon the Customer's failure to pay an invoice submitted within thirty (30) days, in the event of any other breach of this Agreement by the Customer, in the event the Customer violates any of the terms and conditions contained in the Agreement, or if the Customer becomes insolvent or files any proceedings in bankruptcy. In the event of any such termination, the Customer shall immediately pay for all advertising used or services rendered up to the time of such termination.
7. Rights in Advertisement. All rights, title and interest (including copyright) in and to the Advertisement and its placement in the HHIBCC website are reserved to HHIBCC. Customer acknowledges and agrees that HHIBCC is and shall remain the owner of all design work, information and technical enhancements incorporated into its website in connection with Advertisement.
8. Indemnification. Customer agrees to protect, defend, indemnify and hold harmless the HHIBCC, its directors, officers, employees, representatives, predecessors, successors and assigns, of and from any and all claims, demands, causes of action and liability, including without limitation, investigation expenses, court costs and reasonable attorney's fees, arising out of or related to display of the Advertisement or its services under this Agreement
9. Governing Law. The Parties acknowledge that this agreement has been made in Beaufort County, SC and agree that it shall be construed pursuant to and in accordance with the laws of the State of SC and that venue for any action arising out of this Agreement shall be maintained in any state court of competent jurisdiction in Beaufort County, SC

Amount Due: \$75,000

Advertiser: Hilton Head Island Airport

Contracted Dates: July 15, 2020 - January 15, 2020

Billing Instructions: 1st payment - \$25,000 - Due July 15, 2020 : 2nd payment - \$25,000 - Due Sept 15, 2020

3rd payment - \$25,000 - Due November 15, 2020

Authorized by Jon Rembold

(print/sign/title): Airport Director



Date: 7/8/2020