

OFFICIAL NOTICE OF SALE

\$27,475,000* GENERAL OBLIGATION BONDS, SERIES 2017A

\$18,000,000* GENERAL OBLIGATION BONDS, TAXABLE SERIES 2017B

TOWN OF HILTON HEAD ISLAND, SOUTH CAROLINA

Time and Place of Sale: NOTICE IS HEREBY GIVEN that electronic bids will be received by the Town Manager or his designee of the Town of Hilton Head Island, South Carolina (the “Town”) for its \$27,475,000* General Obligation Bonds, Series 2017A (the “2017A Bonds”) and its \$18,000,000* General Obligation Bonds, Taxable Series 2017B (the “2017B Bonds,” and together with the 2017A Bonds, the “Bonds”) at the times designated below on Thursday, September 21, 2017:

Series 2017A	11:00 a.m. South Carolina time
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Series 2017B	11:15 a.m. South Carolina time
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The time as maintained by Parity (defined below) shall constitute the official time with respect to all proposals submitted.

Electronic Bids: Proposals must be submitted through i-Deal’s Parity Electronic Bid Submission System (“Parity”). No electronic bids from any other providers of electronic bidding services will be accepted. If any provisions of this Official Notice of Sale conflict with the information provided by Parity as the approved provider of electronic bidding services, this Official Notice of Sale shall control. Information about the electronic bidding services of Parity may be obtained from i-Deal, 1359 Broadway, 2nd Floor, New York, New York 10018, Customer Support, telephone (212) 849-5021.

Book-Entry-Only Bonds: The Bonds will be issued in fully-registered form. One Series 2016C Bond representing each maturity will be issued to and registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), as registered owner of the Bonds and each such Series 2016C Bond will be immobilized in the custody of DTC. DTC will act as Bonds depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or any integral multiple thereof not exceeding the principal amount of Bonds maturing each year. Purchasers will not receive physical delivery of certificates representing their interest in the Bonds purchased. The winning bidder, as a condition to delivery of the Bonds, will be required to deposit the Series 2016C Bond certificates representing each maturity with DTC.

Interest on the Bonds will be payable March 1, 2018, and semiannually on March 1 and September 1 of each year thereafter until maturity. The Bonds will be dated their date of delivery, on or about September 28, 2017, and will mature serially in successive annual installments on March 1 in each of the years and in the principal amounts as shown below:

Series 2017A

<u>March 1</u> <u>(Year)</u>	<u>Principal</u> <u>Amount*</u>	<u>March 1</u> <u>(Year)</u>	<u>Principal</u> <u>Amount*</u>
2022	\$ 790,000	2035	\$1,035,000
2023	800,000	2036	1,065,000
2024	815,000	2037	1,090,000
2025	825,000	2038	1,120,000
2026	840,000	2039	1,155,000
2027	855,000	2040	1,185,000
2028	875,000	2041	1,220,000
2029	895,000	2042	1,255,000
2030	915,000	2043	1,290,000
2031	935,000	2044	1,330,000
2032	960,000	2045	1,370,000
2033	985,000	2046	1,410,000
2034	1,010,000	2047	1,450,000

Taxable Series 2017B

<u>March 1</u> <u>(Year)</u>	<u>Principal</u> <u>Amount*</u>	<u>March 1</u> <u>(Year)</u>	<u>Principal</u> <u>Amount*</u>
2018	\$1,325,000	2021	\$3,330,000
2019	3,155,000	2022	3,425,000
2020	3,245,000	2023	3,520,000

*Preliminary, subject to adjustment.

Adjustment of Maturity Schedule. If, after final computation of the proposals, the Town determines in its sole discretion that the funds necessary to accomplish the purposes for which the Bonds are being issued are either more or less than the proceeds of the sale of the amount of the Bonds as shown in this Official Notice of Sale, it reserves the right either to decrease or increase the principal amount of the Bonds (all calculations to be rounded to the nearest \$5,000), provided that any such decrease or increase shall not exceed 15% of the par amount of the Bonds. Such adjustment(s), if any, shall be made within twenty-four (24) hours of the award of the Bonds. In order to calculate the yield on the Bonds for federal tax law purposes and as a condition precedent to the award of the Bonds, bidders must disclose to the Town in connection with their respective bids the price (or yield to maturity) at which each maturity of the Bonds will be reoffered to the public.

In the event of any adjustment of the maturity schedule for the Bonds as described herein, no rebidding or recalculation of the proposals submitted will be required or permitted. Nevertheless, the award of the Bonds will be made to the bidder whose proposal produces the lowest true interest cost solely on the basis of the Bonds offered, without taking into account any adjustment in the amount of the Bonds pursuant to this paragraph. The successful bidder may not withdraw its bid as a result of any changes made within these limits.

Redemption Provisions: The Series 2017A Bonds maturing prior to March 1, 2028, shall not be subject to redemption prior to their stated maturities. The Bonds maturing on or after March 1, 2028, shall be subject to redemption at the option of the Town on or after March 1, 2027, as a whole or in part at any time, in such order of redemption as the Town may determine, at par, plus accrued interest to the

date fixed for redemption. The Series 2017B Bonds shall not be subject to redemption prior to their stated maturities.

Bidders' Special Option for Term Bonds: Bidders submitting proposals may specify that all the principal amount of Series 2017A Bonds maturing on any two or more consecutive annual payment dates may, in lieu of maturity on each of such dates, be combined to comprise one or more maturities of the Series 2017A Bonds scheduled to mature on the latest of such annual payment dates (the "Term Bonds"). Term Bonds shall be subject to redemption through mandatory sinking fund installments in the principal amount that would have matured in each year as set forth in this Official Notice of Sale, on each of the annual principal payment dates, except for the principal amount of Series 2017A Bonds scheduled to mature on the latest such annual payment date, which Series 2017A Bonds shall mature on such annual principal payment date. Bidders may specify one or more of such Term Bonds and such specifications must be made in the bidder's proposal.

Mandatory Sinking Fund Redemption: The Series 2017A Bonds will be subject to mandatory sinking fund redemption if and to the extent the option to establish Term Bonds is exercised by the successful bidder.

Registrar/Paying Agent. Regions Bank, Atlanta, Georgia has been designated as Registrar and Paying Agent for the Bonds.

Bid Requirements: Bidders shall specify the rate or rates of interest per annum which the Bonds are to bear, to be expressed in multiples of 1/100th, 1/20th or 1/8th of 1% with no greater difference than three percent (3%) between the highest and lowest rates of interest named by a bidder. Bidders are not limited as to the number of rates of interest named, but the rate of interest on each separate maturity must be the same single rate for all Bonds of that maturity from their date to such maturity date. **A bid for less than all the Bonds or a bid at a price less than par will not be considered.**

Good Faith Deposit. No good faith deposit is required.

Award of Bid. The Bonds will be awarded to the bidder or bidders offering to purchase the Bonds at the lowest true interest cost (TIC) to the Town. The TIC will be the nominal interest rate which, when compounded semiannually and used to discount all debt service payments on the Bonds (computed at the interest rates specified in the bid and on the basis of a 360-day year of twelve 30-day months) to the dated date of the Bonds, results in an amount equal to the price bid for the Bonds. In the case of a tie bid, the winning bid will be awarded based on time received with the bid received earliest being the determining factor. The Town reserves the right to reject any and all bids or to waive irregularities in any bid. Bids will be accepted or rejected no later than 4:00 p.m., South Carolina time, on the date of the sale.

Purpose. The proceeds of the Series 2017A Bonds will be used for (i) funding capital improvements including but not limited to projects related to Island Recreation Center, fire stations and sewer systems (the "Projects"); (ii) reimbursing the Town for funds previously expended on the Projects; and (iii) paying costs of issuance of the Series 2017A Bonds. The proceeds of the Series 2017B Bonds will be used for (i) replenishing the Town's General Fund reserve for moneys spent on Hurricane Matthew recovery; (ii) paying costs of issuance of the 2017B Bonds; and (iii) such other purposes as shall be determined by Town Council.

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

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

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

Legal Opinion: The Town shall furnish upon delivery of the Bonds the final approving opinion of McNair Law Firm, P.A., Columbia, South Carolina, which opinion shall accompany each bond, together with the usual closing documents, including a certificate that no litigation is pending affecting the Bonds.

Establishment of Issue Price: (a) The winning bidder shall assist the Town in establishing the issue price of the Bonds and shall execute and deliver to the Town at Closing an “issue price” or similar certificate setting forth the reasonably expected initial offering price to the public or the sales price or prices of the Bonds, together with the supporting pricing wires or equivalent communications, with such modifications as may be appropriate or necessary, in the reasonable judgment of the winning bidder, the Town and Bond Counsel. All actions to be taken by the Town under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the Town by the Town’s municipal advisor identified herein and any notice or report to be provided to the Town may be provided to the Town’s municipal advisor.

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

- (i) the Town shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- (ii) all bidders shall have an equal opportunity to bid;
- (iii) the Town may receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and

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

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

(c) In the event that the competitive sale requirements are not satisfied, the Town shall so advise the winning bidder. The Town shall treat the first price at which 10% of a maturity of the Bonds (the “10% test” is sold to the public as the issue price of that maturity, applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity). The winning bidder shall advise the Town if any maturity of the Bonds satisfies the 10% test as of the date and time of the award of the Bonds. The Town will not require bidders to comply with the “hold-the-offering-price rule” and therefore does not intend to use the initial offering price to the public as of the sale date of any maturity of the Bonds as the issue price of that maturity. Bids will not be subject to cancellation in the event that the competitive sale requirements are not satisfied. Bidders should prepare their bids on the assumption that all of the maturities of the Bonds will be subject to the 10% test in order to establish the issue price of the Bonds.

(d) If the competitive sale requirements are not satisfied, then until the 10% test has been satisfied as to each maturity of the Bonds, the winning bidder agrees to promptly report to the Town the prices at which the unsold Bonds of that maturity have been sold to the public. That reporting obligation shall continue, whether or not the Closing Date has occurred, until the 10% test has been satisfied as to the Bonds of that maturity or until all Bonds of that maturity have been sold.

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

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

- (i) “public” means any person other than an underwriter or a related party,

- (ii) “underwriter” means (A) any person that agrees pursuant to a written contract with the Town (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),
- (iii) a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- (iv) “sale date” means the date that the Bonds are awarded by the Town to the winning bidder.

CUSIP Numbers: It is anticipated that CUSIP identification numbers will be set forth on the Bonds, but neither the failure to print such numbers on any Bond nor any error with respect thereto shall constitute cause for failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with the terms of its proposal. The CUSIP Service Bureau charge for the assignment of such numbers shall be the responsibility of and shall be paid for by the successful bidder. Application for the assignment of CUSIP identification numbers shall be the responsibility of the successful bidder.

Delivery: The Bonds will be delivered on or about September 28, 2017, in New York, New York, at the expense of the Town or at such other place as may be agreed upon with the purchaser at the expense of the purchaser. The balance of the purchase price then due must be paid in federal funds or other immediately available funds.

Postponement: The Town reserves the right to postpone, from time to time, the date established for the receipt of bids. The Town will communicate any such change in the sale date through an electronic information service not less than 48 hours prior to the time bids are to be received. If any date fixed for the receipt of bids and the sale of the Bonds is postponed, any alternative sale date will be announced through an electronic information service at least 48 hours prior to such alternative sale date. On any such alternative sale date, any bidder may submit an electronic bid for the purchase of the Bonds in conformity in all respects with the provisions of this Official Notice of Sale, except for the date and time of sale and except for the changes announced through Parity or other electronic information service at the time the amended sale date and time are announced.

Additional Information: Persons seeking information should communicate with John Troyer, Director of Finance, Town of Hilton Head Island, One Town Center Court, Hilton Head Island, South Carolina 29928-2701, telephone: (843) 341-4650, the Town's Bond Counsel, Francenia B. Heizer, McNair Law Firm, P.A., Post Office Box 11390, Columbia, South Carolina 29211, (803) 799-9800, e-mail: fheizer@mcnair.net, or with the Town's Municipal Advisor, Brent Robertson, Stifel, Nicolaus & Company, Inc., 515 Gervais Street, Columbia, South Carolina 29201, telephone (803) 331-3848, e-mail: robertsonb@stifel.com.

Town of Hilton Head Island, South Carolina