This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Series 2025 Bonds in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of that jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 9, 2026

NEW ISSUE; BOOK-ENTRY ONLY

Ratings: S&P Global Ratings: "AA-"
Moody's Ratings: "Aa3"
(See "MISCELLANEOUS--Ratings" herein)

In the opinion of Bond Counsel, assuming continuing compliance by the City with certain covenants, interest on the Series 2026 Bonds is excludable from gross income for federal income tax purposes under existing statutes, regulations and judicial decisions. Interest on the Series 2026 Bonds is not an item of tax preference in computing the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended) for the purpose of computing the alternative minimum tax imposed on corporations. See "TAX MATTERS" for a brief description of certain other federal income tax consequences to certain recipients of interest on the Series 2026 Bonds. The Series 2026 Bonds and the interest thereon will also be exempt from all State, county, municipal and school district and other taxes or assessments imposed within the State of South Carolina, except estate, transfer and certain franchise taxes.

$17,165,000*
CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
LIMITED OBLIGATION BONDS (ACCOMMODATIONS FEE PLEDGE)
SERIES 2026

Dated: Date of Delivery | **Due: As shown on inside cover**

The $17,165,000* Limited Obligation Bonds (Accommodations Fee Pledge), Series 2026 (the "Series 2026 Bonds") are limited obligations of the City of North Myrtle Beach (the "City"). The Series 2026 Bonds are being issued to defray the costs of the 2026 Project (as defined herein), and to pay the costs of issuance of the Series 2026 Bonds. The Series 2026 Bonds will be secured by a pledge of the Pledged Fees (as defined herein).

The Series 2026 Bonds will initially be issued to and registered only in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be available to purchasers under the book-entry system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. Purchasers will not be entitled to receive physical delivery of the Series 2026 Bonds. For so long as any purchaser is the beneficial owner of a Series 2026 Bond, such purchaser must maintain an account with a broker or dealer who is, or acts through, a DTC Participant in order to receive payment of principal of and interest on such Bond. See "THE SERIES 2026 BONDS – Book-Entry Only System" herein.

The Series 2026 Bonds will be issued in fully registered form in denominations of $5,000 or any integral multiple thereof. Interest on the Series 2026 Bonds is payable semiannually on April 1 and October 1 of each year, commencing April 1, 2027 and will be payable by check or draft mailed to the registered owners thereof. Principal of the Series 2026 Bonds, as set forth on the inside front cover page, will be payable at the designated corporate trust office of U.S. Bank Trust Company, National Association, as Trustee. The Series 2026 Bonds are subject to optional redemption prior to maturity as described herein.

THE SERIES 2026 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR THE LAWS OF THE STATE OF SOUTH CAROLINA, OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE. NO RECOURSE MAY BE HAD FOR THE PAYMENT OF THE SERIES 2026 BONDS AGAINST THE GENERAL FUND OF THE CITY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED PLEDGED TO THE PAYMENT OF THE SERIES 2026 BONDS.

This cover page contains certain information for quick reference only. It is *not* a summary of this issue. Investors must read the entire Official Statement to obtain information essential to the making of an informed investment decision.

The Series 2026 Bonds are offered when, as, and if issued and subject to the final approving opinion of Haynsworth Sinkler Boyd, P.A., Columbia, South Carolina, Bond Counsel. Certain legal matters will be passed on for the City by Christopher P. Noury, Esquire, North Myrtle Beach, South Carolina, City Attorney, and for the Underwriter by its counsel, Pope Flynn, LLC, Columbia, South Carolina.

It is expected that delivery of the Series 2026 Bonds will be made through the facilities of DTC on or about October 1, 2026, against payment therefor.

RAYMOND JAMES & ASSOCIATES, INC.

Dated: ________________, 2026

*Preliminary; subject to change.

MATURITY SCHEDULE*

LIMITED OBLIGATION BONDS, SERIES 2026

April 1	Principal Amount	Interest Rate	Yield	CUSIP[†]
2027	$1,185,000			
2028	815,000			
2029	855,000			
2030	900,000			
2031	945,000			
2032	990,000			
2033	1,040,000			
2034	1,095,000			
2035	1,145,000			
2036	1,205,000			
2037	1,265,000			
2038	1,330,000			
2039	1,395,000			
2040	1,465,000			
2041	1,535,000			

*Preliminary; subject to change.

[†]CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. CUSIP® numbers are provided for convenience of reference only. None of the City, the Issuer, the Financial Advisor or the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers. The CUSIP number for a specific maturity is subject to being changed after the issuance of the Series 2026 Bonds as a result of various subsequent actions.

This Official Statement does not constitute an offering of any security other than the Series 2026 Bonds identified on the front cover page hereof. No dealer, broker, salesman or other person has been authorized to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized by the City of North Myrtle Beach, South Carolina or the Underwriter. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there shall not be any sale of the Series 2026 Bonds by any person in any jurisdiction in which it is unlawful to make such offer, solicitation, or sale.

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor the sale of any of the Series 2026 Bonds shall, under any circumstances, create any implication that the information herein is correct as of any time subsequent to the date of this Official Statement.

For purposes of compliance with Rule 15c2-12 of the United States Securities and Exchange Commission, as amended and in effect on the date hereof ("Rule 15c2-12"), this Preliminary Official Statement constitutes an official statement of the Issuer that has been deemed final by the Issuer as of its date except for the omission of no more than the information permitted by Rule 15c2-12.

Certain information contained in this Official Statement may have been obtained from sources other than records of the City and the Underwriter and, while believed to be reliable, is not guaranteed as to completeness or accuracy. THE INFORMATION AND EXPRESSIONS OF OPINION IN THIS OFFICIAL STATEMENT ARE SUBJECT TO CHANGE, AND NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE UNDER SUCH DOCUMENT SHALL CREATE ANY IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE AFFAIRS OF THE CITY SINCE THE DATE HEREOF.

References to web site addresses presented herein are for informational purposes only and may be in the form of a hyperlink solely for the reader's convenience. Unless specified otherwise, such web sites and the information or links contained therein are not incorporated into, and are not part of, this final official statement for purposes of, and as that term is defined in, the Rule 15c2-12 under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12").

Reference herein to laws, rules, regulations, resolutions, agreements, reports, and other documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the document, the full text of which may contain qualifications of the exceptions to statements made therein. Where full texts have not been included as appendices to this Official Statement, they will be furnished upon request.

The Underwriter has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF THE SERIES 2026 BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2026 BONDS HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE BOND ORDINANCE OR ANY OTHER INDENTURE BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH LAWS. THE REGISTRATION OR QUALIFICATION OF THE SERIES 2026 BONDS UNDER THE SECURITIES LAWS OF ANY JURISDICTION IN WHICH THEY MAY HAVE BEEN REGISTERED OR QUALIFIED, IF ANY, SHALL NOT BE REGARDED AS A RECOMMENDATION THEREOF.

U.S. Bank Trust Company, National Association, as Trustee has not provided, or undertaken to determine the accuracy of, any of the information contained in this Official Statement and makes no representation or warranty, express or implied, as to (i) the accuracy or completeness of such information, (ii) the validity of the Series 2026 Bonds, or (iii) the tax-exempt status of the interest on the Series 2026 Bonds.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

City Administration
1018 2nd Avenue S
North Myrtle Beach, SC 29582

CITY COUNCIL

J.O. Baldwin, III, Mayor
Harry Thomas, Mayor Pro Tempore
Jon Coyne, Vice-Mayor Pro Tempore
Bubba Collins
Jeri McCumbee
Trey Skidmore, III
Melissa Wober

CITY STAFF

Ryan Fabbri, City Manager

COUNSEL

Bond and Disclosure Counsel – Haynsworth Sinkler Boyd, P.A.
Counsel to the City – Christopher P. Noury, Esquire
Counsel to the Underwriter – Pope Flynn, LLC

MUNICIPAL ADVISOR

First Tryon Advisors, LLC
Charlotte, North Carolina

TRUSTEE

U.S. Bank Trust Company, National Association
Columbia, South Carolina

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Appendix D – Bond Ordinance
Appendix E – Form of Disclosure Dissemination Agent Agreement

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OFFICIAL STATEMENT

$17,165,000*
CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA
LIMITED OBLIGATION BONDS (ACCOMMODATIONS FEE PLEDGE)
SERIES 2026

INTRODUCTION

This Official Statement, which includes the cover pages hereof, the Table of Contents, and the Appendices hereto, is provided to furnish certain information in connection with the offer of $17,165,000* Limited Obligation Bonds (Accommodations Fee Pledge), Series 2026 (the "Series 2026 Bonds) issued by the City of North Myrtle Beach, South Carolina (the "City").

All information included herein has been provided by the City except where attributed to other sources. The summaries and references to all documents, statutes, reports and other instruments referred to herein do not purport to be complete, comprehensive or definitive, and each such reference or summary is qualified in its entirety by reference to each such document, statute, report or other instrument.

THE SERIES 2026 BONDS

Purpose of the Issue

The Series 2026 Bonds are being issued to finance (i) renovations to and expansion of the City's Aquatics and Fitness Center, along with equipment and furnishings appurtenant thereto; (ii) to the extent proceeds of the 2026 Bonds remain available upon completion of item (i) such other projects and improvements as may be approved by the City Council and permitted under the Act and the Bond Ordinance defined below; and (iii) to pay certain costs of issuance of the Series 2026 Bonds.

Authorization

The Series 2026 Bonds are issued in accordance with the provisions of Title 6, Chapter 1, Articles 5 and 7, Code of Laws of South Carolina 1976, as amended, as well as other applicable laws (collectively, the "Act"). The Series 2026 Bonds are issued pursuant to the ordinance enacted by the City Council of the City (the "Council") on June 15, 2026 (the "Bond Ordinance"). The Bond Ordinance is attached hereto as Appendix D.

Terms and Form

The Series 2026 Bonds will be dated as of the date of delivery and will bear interest at the rates per annum set forth on the inside front cover page this Official Statement, computed on the basis of a 360-day year consisting of twelve 30-day months, payable on April 1, 2027, and semiannually thereafter on April 1 and October 1 of each year (each a "Bond Payment Date") and will mature on the dates and in the amounts set forth on the inside cover page of this Official Statement, unless earlier called for redemption.

The Series 2026 Bonds are issuable only as fully registered bonds, without coupons, in the denomination of $5,000 or any integral multiple thereof. Purchases of beneficial ownership interests in the Series 2026 Bonds will be made in book entry form, and purchasers will not receive certificates representing interests in the Series 2026 Bonds so purchased. If the book entry system is discontinued, the principal and redemption premium, if any, on the Series 2026 Bonds will be payable at the designated corporate trust office of U.S. Bank Trust Company, National Association (the "Trustee"), as paying agent (in such capacity, the "Paying Agent"), and interest on the Series 2026 Bonds will be paid by check or draft mailed by the Trustee, as Paying Agent, to the registered owner thereof as shown on the registration books (the "Books of Registry") held by the Trustee, as registrar (in such capacity, the "Registrar"), on the 15th day of the month prior to each Interest Payment Date (each a "Record Date").

Redemption Provisions

Optional Redemption of Series 2026 Bonds

The Series 2026 Bonds maturing on or after April 1, 20_____ are subject to redemption prior to maturity at the option of the City, in whole or in part at any time on or after April 1, 20_____, at the redemption price of 100% of the principal amount of the Series 2026 Bonds to be redeemed, plus accrued interest thereon to the date set for redemption. Redemption of Series 2026 Bonds shall be made only from and to the extent of funds on deposit with the Trustee and available for such purpose.

Selection of Series 2026 Bonds for Redemption

Any Series 2026 Bonds subject to redemption shall be redeemed in any order of maturity and in any principal amount within a Series and maturity as directed in writing by a City Representative. If less than all the Series 2026 Bonds of a series and maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar in such manner as the Registrar may determine provided, however, that the portion of any Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof, and that, in selecting portions of such Bonds for redemption, the Registrar shall treat each such Bond as representing that number of Bonds by dividing the principal amount or Accreted Value at maturity of such Bond by $5,000.

Notice of Redemption

The Registrar shall give notice, in the name of the City, of redemption of Bonds by first class mail, postage prepaid, to the holder thereof as shown on the Books of Registry of the City not less than 30 days and not more than 60 days prior to the date fixed for the redemption thereof. Such notice of redemption shall state: (a) the title of such Bonds to be redeemed, CUSIP numbers, date of issue, the Series designation (if any) thereof, the redemption date, the place or places of redemption and the redemption price or redemption premium, if any, payable upon such redemption; (b) if less than all such Bonds of a particular Series are to be redeemed, the distinctive number of such Bonds to be redeemed; (c) that the interest on such Bonds designated for redemption in such notice shall cease to accrue from and after such redemption date; and (d) that on such date there will become due and payable on each such Bond the principal amount thereof to be redeemed at the then applicable redemption premium, if any, and the interest accrued on such principal amount to the redemption date. Any notice mailed as provided in the Bond Ordinance shall be conclusively presumed to have been duly given, when mailed, whether or not the holder thereof receives the notice.

Book-Entry Only System

DTC will act as securities depository for the Series 2026 Bonds. The Series 2026 Bonds will be issued as fully registered securities in the name of Cede & Co. as nominee for The Depository Trust Company (“DTC”), New York, New York, an automated depository for securities and clearing house for securities transactions, which will act as securities depository for the Series 2026 Bonds.

So long as DTC or its nominee, Cede & Co., is the registered owner of the Series 2026 Bonds, payments of the principal of, premium, if any, and interest on the Series 2026 Bonds will be made directly to Cede & Co., which will remit such payments to the DTC participants, which will in turn remit such payments to the beneficial owners of the Series 2026 Bonds.

Upon issuance of the Series 2026 Bonds, one fully registered bond will be issued for each maturity of the Series 2026 Bonds as set forth on the inside front cover page hereof, each in the aggregate principal amount of such maturity and will be deposited with DTC. So long as Cede & Co., as nominee of DTC, is the registered owner of the Series 2026 Bonds references herein to the Bondholders or registered owners of the Series 2026 Bonds shall mean Cede & Co. and shall not mean the Beneficial Owners (hereinafter defined) of the Series 2026 Bonds.

The information under this caption concerning DTC and DTC's book-entry system has been obtained from sources believed to be reliable, but neither the City nor the Underwriter takes any responsibility for the accuracy or completeness thereof.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC''s participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, the National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a rating of AA+ from S&P Global Ratings. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Series 2026 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Series 2026 Bonds on DTC's records. The ownership interest of each actual purchaser of each Series 2026 Bond ("Beneficial Owner") is in turn to be recorded on the DTC Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Series 2026 Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Series 2026 Bonds, except in the event that use of the book-entry system for the Series 2026 Bonds is discontinued.

To facilitate subsequent transfers, all Series 2026 Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other names as may be requested by an authorized representative of DTC. The deposit of Series 2026 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Series 2026 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Series 2026 Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

The City and the Trustee will recognize DTC or its nominee, Cede & Co., as the registered owner of the Series 2026 Bonds for all purposes. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Series 2026 Bonds are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in the Series 2026 Bonds to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Series 2026 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the City as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Series 2026 Bonds are credited on the record date (identified on a listing attached to the Omnibus Proxy).

Principal and interest payments on the Series 2026 Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from the City, the Trustee on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the City and the Trustee, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the City acting through the Trustee, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Series 2026 Bonds at any time by giving reasonable notice to the City or the Trustee. Under such circumstances, in the event that a successor depository is not obtained, Series 2026 Bond certificates are required to be printed and delivered.

If (a) DTC determines not to continue to act as Depository for the Series 2026 Bonds, or (b) the City has advised DTC of the City's determination that DTC is incapable of discharging its duties, the City shall attempt to retain another qualified securities depository to replace DTC. Upon receipt by the City or the Registrar of the Series 2026 Bonds together with an assignment duly executed by DTC, the City shall execute and deliver to the successor Depository, the Series 2026 Bonds of the same principal amount, interest rate and maturity. If the City is unable to retain a qualified successor to DTC, or the City has determined that it is in its best interest not to continue the Book-Entry System of transfer or that interests of the beneficial owners of the Series 2026 Bonds might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Series 2026 Bonds by mailing an appropriate notice to DTC, upon receipt by the City of the Series 2026 Bonds together with an assignment duly executed by DTC, the City shall execute, authenticate and deliver to DTC Participants Series 2026 Bonds of the applicable maturity in fully-registered form, in substantially the form provided in the Ordinance in the denomination of $5,000 or any integral multiple thereof. The Series 2026 Bonds thereupon delivered will be subject to registration and transfer as described above under the heading "-General Description."

SECURITY FOR THE BONDS

The Pledged Fees

The Series 2026 Bonds and the interest thereon are secured by a pledge of the Pledged Fees (as defined below). No other bonds or obligations may be issued which are payable from or secured by a pledge of or lien against the Pledged Fees prior or superior to the pledge and lien securing the Series 2026 Bonds. Pursuant to the Bond Ordinance, the City may issue Additional Bonds (as such term is defined in Appendix D) secured by a pledge of the Pledged Fees on a parity with or junior to the Series 2026 Bonds. (See "Additional Bonds on a Parity with Series 2026 Bonds" below and Appendix D – "Bond Ordinance – Additional Bonds; Junior Bonds").

For so long as the Series 2026 Bonds are Outstanding, the City has covenanted in the Bond Ordinance that in each fiscal year it will set aside or reserve on its books or accounts Pledged Fees equal to the Debt Service and other payments to become due and payable with respect to the Bonds during such fiscal year, and that, until such time in such fiscal year as it has so set aside or reserved Pledged Fees to make such payments on the Bonds, it will expend no Pledged Fees collected in such fiscal year for any other purpose. Pledged Fees remaining after such time in a fiscal year as it has so set aside or reserved Pledged Fees to make such payments on the Bonds may be expended by the City to pay amounts due on Junior Lien Bonds (as defined herein), if any, and such other purposes as authorized by the Act.

Expected Sources of Payment

While the City has identified and pledged the Pledged Fees to allow the payment of the Series 2026 Bonds, the City may also make such payment from any other legally available funds, including from its General Fund. The

Bond Ordinance provides that the Trustee shall deposit to the Bond Fund, from amounts provided by the City, on the fifteenth day of the calendar month prior to an Interest Payment Date or Principal Payment Date, Pledged Fees or other legally available moneys, if any, which the Council in its sole discretion shall determine to apply for such purpose.

THE SERIES 2026 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE CITY WITHIN THE MEANING OF ANY PROVISION, LIMITATION OR RESTRICTION OF THE CONSTITUTION OR THE LAWS OF THE STATE OF SOUTH CAROLINA, OTHER THAN THOSE PROVISIONS AUTHORIZING INDEBTEDNESS PAYABLE SOLELY FROM A REVENUE-PRODUCING PROJECT NOT INVOLVING REVENUES FROM ANY TAX OR LICENSE. NO RECOURSE MAY BE HAD FOR THE PAYMENT OF THE SERIES 2026 BONDS AGAINST THE GENERAL FUND OF THE CITY, AND NEITHER THE FULL FAITH AND CREDIT NOR THE TAXING POWER OF THE CITY SHALL BE DEEMED PLEDGED TO THE PAYMENT OF THE SERIES 2026 BONDS.

Budgetary Appropriations

In adopting the budget for each fiscal year, the City shall determine whether it expects to receive sufficient Pledged Fees to allow the payment of the Series 2026 Bonds in such fiscal year and to satisfy any deficiency in a Debt Service Reserve Fund, if any, as may be required pursuant to the Bond Ordinance. If the City does not expect to have sufficient Pledged Fees to make such payments, the City shall, subject to the provisions of the following sentence, make provision through a budgetary appropriation in its general operating budget for the transfer to the Bond Fund, from any legally available source, of moneys sufficient to make up any shortfall. Notwithstanding the preceding sentence, in adopting its general operating budget the Council may, in its sole discretion, determine (a "Determination of Nonappropriation") not to make the budgetary appropriations described in the preceding sentence, and such Determination of Nonappropriation shall not constitute an Event of Default, nor shall the City have any obligation to make such payment.

No Debt Service Reserve Fund

No debt service reserve fund has been established in connection with the issuance of the Series 2026 Bonds.

Additional Bonds on a Parity with Series 2026 Bonds

The City may issue from time-to-time Additional Bonds secured by a pledge of the Pledged Fees on a parity with the pledge securing the Series 2026 Bonds, subject to certain conditions set forth in the Bond Ordinance, which include:

(a) the Additional Bonds shall have been authorized under and pursuant to a Supplemental Ordinance;

(b) the Additional Bonds shall be issued to secure funds to defray any Costs of Acquisition and Construction of one or more Projects or to refund Bonds;

(c) no Default shall exist in the payment of the principal of or interest on any Bonds then outstanding and no other Event of Default shall have occurred and be continuing; provided, however, if such Default shall have occurred, it shall be remedied at least six months prior to the issuance of the Additional Bonds;

(d) the proceedings authorizing the issuance of any such Additional Bonds shall provide: (i) for the distinctive Series designation, denominations, method of numbering, date, maturity date or dates, interest rate or rates which rates may, if permitted by law, be variable or floating rates, the first Interest Payment Date, the Custodian (except in the case of Bonds authorized to refund Bonds Outstanding), the Paying Agent and the Registrar; (ii) for the form of such Additional Bonds; (iii) the establishment of such funds and accounts, consistent with the Bond Ordinance, required for the payment of such Additional Bonds and the deposit of the proceeds thereof, and (iv) for the disposition of the proceeds of such Additional Bonds. Such proceedings may also prescribe any other provisions with respect to such Additional Bonds not inconsistent with the provisions of the Bond Ordinance; and

(e) Either (i) there shall have been issued a certificate of the Mayor showing that the amount of Pledged Fees received during the Fiscal Year preceding the issuance of any Additional Bonds shall be at least 1.50 times the Maximum Annual Debt Service (as such term is defined in Appendix D) on the Bonds then to be Outstanding and the Additional Bonds then proposed to be issued, or (ii) the City shall have received a rating letter from a Rating Agency showing that such Series of Bonds are rated in the "A" category or higher (without regard to modifiers.)

Refunding Bonds Pursuant to the Bond Ordinance

The Bond Ordinance permits the City to issue Additional Bonds, without complying with the requirements summarized above, for the purpose of refunding Bonds upon compliance with the following conditions:

(a) If such refunding Bonds are being issued to refund Bonds which would otherwise mature within one year prior to maturity or prior to any sinking fund installment due date, and for which sufficient Pledged Fees are not available, so as to avoid a default on such Bonds, such refunding Bonds shall mature (or sinking fund installments therefor shall commence) not earlier than the latest stated maturity of any Bond not then refunded to be Outstanding after such refunding and shall further comply with certain additional provisions of the Bond Ordinance; or

(b) If such refunding Bonds are being issued other than for the reason set forth in (a) above, (i) only upon compliance with certain provisions of the Bond Ordinance; and (ii) either (A) the aggregate Debt Service on all Bonds to be outstanding after the issuance of such refunding Bonds shall not be greater than would have been the aggregate Debt Service on all Bonds not then refunded and the Bonds to be refunded, as certified by the Mayor; or (B) the certificate described under paragraph (e) under the heading "Additional Bonds on a Parity with the Series 2026 Bonds" above is delivered; provided that Bonds issued pursuant to the provisions of the Bond Ordinance described in this paragraph (b) shall comply with this requirements set forth in the provisions of the Bond Ordinance described under paragraphs (a), (c) and (d) under the heading "Additional Bonds on a Parity with the Series 2026 Bonds" above.

Junior Bonds

The City may issue Junior Bonds payable from the Pledged Fees provided that the pledge of and lien on Pledged Fees securing the Junior Bonds shall at all times be subordinate and inferior to the pledge of such Pledged Fees securing the Bonds issued from time to time and provided further that such Junior Bonds are issued to secure funds to defray Costs of Acquisition and Construction of one or more Projects or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing Costs of Acquisition and Construction.

THE PLEDGED FEES

Pursuant to the Bond Ordinance, the Pledged Fees, as described below, consist of the "Accommodations Fees", and the "County Fee", as defined herein. The Accommodations Fees are imposed by the City. The County Fee is imposed and collected by Horry County but must be paid monthly to the City pursuant to the "Settlement Agreement", as defined below. The Pledged Fees are pledged as security for the Series 2026 Bonds and Additional Bonds issued on a parity therewith.

Overview of Accommodations Fees

South Carolina law authorizes the governing bodies of counties and municipalities, upon compliance with certain terms, conditions and limitations, to impose a "local accommodations tax" for renting or providing temporary lodging to transients. Pursuant to such authorization, the Council has, by ordinance enacted on May 21, 2021 (the "Accommodations Fee Ordinance"), imposed uniform fees within the City (the "Accommodations Fees") in the amount of one and one-half percent (1½%) on all gross proceeds derived from the rental or charges for any rooms (excluding meeting and conference rooms), campground spaces, lodgings, or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to transients for a consideration. The scope of the Accommodations Fee applies both to commercial enterprises and to facilities rented by individuals to transients. The gross proceeds derived from the lease or rental of sleeping accommodations supplied to the same person for a period of ninety (90) continuous days are not considered proceeds from transients. Accommodations Fees do not apply to "additional guest charges" as that term is defined in South Carolina Code Section 12-36-920(B), Code of Laws of South Carolina 1976, as amended.

Payment of the Accommodations Fees is the liability of the consumer of the products to which the fee applies. The Accommodations Fees are to be paid at the time of delivery of the services or products to which the fee applies and shall be collected by the provider or seller of the services or products. Accommodations Fees collected by the seller or provider of the products shall be remitted to the City by the twentieth day of the month and shall cover sales of the previous month, along with such return or form as may be established by the City for such purpose.

Any Accommodations Fees not timely remitted shall be subject to a penalty of five percent (5%) of the unpaid fee for each month or portion thereof after the due date until paid. The failure to collect from patrons the Accommodations Fees shall not relieve any establishment from making the required remittance.

Any person violating the foregoing provisions shall be deemed guilty of an offense and shall be subject to punishment upon conviction. Each day of violation shall be considered a separate offense. Punishment for violation shall not relieve the offender of liability for delinquent fees, penalties and costs provided for in the Accommodations Fee Ordinance.

South Carolina law allows revenues generated by local accommodations taxes to be used for certain enumerated purposes, which include the purposes for which the proceeds of the Series 2026 Bonds will be used. The Accommodations Fee Ordinance permits the funds collected from the imposition of the Accommodations Fees for the following purposes:

(1) nourishment, renourishment and maintenance of the beaches, dunes restoration, including sand fencing, the planting of sea grass or other vegetation useful in preserving the dune system within the territorial limits of the City;

(2) acquisition and maintenance of public beach access;

(3) capital improvements to the beaches and beach related facilities which include but are not limited to public beach parks, public parking, public access, dune walkovers, public bathhouses, showers and restrooms;

(4) transportation improvements including construction and resurfacing of streets, stormwater drainage, sidewalks, bikeways, landscaping and all associated costs including right-of-way acquisition and engineering design;

(5) the acquisition of land and the construction of passive and active parks and facilities associated with parks including playground equipment, sports facilities and community recreation buildings;

(6) acquisition of property and the construction of facilities required for the provision of police and fire service, the acquisition of capital equipment for the provision of police, fire and other public safety services as well as any operational expenditures for police, fire and other public safety services;

(7) the payment of bonded indebtedness required to provide the foregoing uses; and

(8) for any other purpose authorized by statutory law, including S.C Code Ann. 6-1-530, by Court Order or other governing law.

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Historical Accommodations Fee Collections

The following table sets forth the Accommodations Fees collected by the City during the fiscal years shown:

Fiscal Year Ended June 30	Accommodations Fees
2025	$5,834,891
2024	5,314,345
2023	5,164,958
2022	5,069,306
2021*	7,814,967

*During Fiscal Year 2021, the City's Accommodations Fee was 3.0% until reduced to 1.5% beginning July 1, 2021 (corresponding with the City's 2022 fiscal year) due to the settlement with the County and the County's reimposition of a 1.5% fee.

Top Ten City Accommodations Fee Payors

As of July 1, 2025, there were 715 motels, hotels and other places providing accommodations subject to the Accommodations Fee within the City. The following table sets forth the top ten City Accommodations Fee payors for fiscal year ended June 30, 2025:

Type of Payor	City Accommodations Fee Receipts	% of Total City Accommodations Fee Receipts
Online Travel Rentals	$826,101	14.2%
Realtor/Property Manager with Rentals	768,082	13.2
Online Travel Rentals	428,333	7.4
Realtor/Property Manager with Rentals	417,382	7.2
Realtor/Property Manager with Rentals	298,037	5.1
Hotels/Motels	292,466	5.0
Realtor/Property Manager with Rentals	279,979	4.8
Hotels/Motels	150,665	2.6
Online Travel Rentals	127,452	2.2
Hotels/Motels	118,454	2.0
Totals	$3,706,951	

Overview of County Hospitality Fees

Pursuant to Horry County Ordinance No. 105-96, as amended or restated by Ordinance No. 7-97, Ordinance No. 76-97, Ordinance No. 80-01, Ordinance No. 11-04, Ordinance No. 93-16, Ordinance No. 32-17, Ordinance No. 24-18, Ordinance No. 93-2020, and Ordinance No. 66-2021 (collectively, the "County Fee Ordinance"), Horry County has imposed fees, styled therein as "hospitality fees" and referred to herein as the "County Hospitality Fees", which are currently equal to one and one-half percent (1.5%) within the entire geographic confines of Horry County, and an additional one percent (1.0%) within the unincorporated areas of Horry County only, on the following categories of payments:

(a) the gross proceeds derived from the rental or charges for any rooms, campground spaces, lodgings, or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodging, or sleeping accommodations are furnished to transients for a consideration within Horry County to which the sales tax imposed by the State pursuant to Section 12-36-920 of the Code of Laws of South Carolina 1976, as amended, applies (herein, "Accommodations");

(b) those paid admissions to places of amusement within Horry County to which the admissions tax imposed by the State pursuant to Section 12-21-2420, et seq. of the Code of Laws of South Carolina 1976, as amended; and

(c) the gross proceeds derived from the sale of prepared food and beverages sold for immediate consumption either on or off premises; or maintain licenses for the on-premise consumption of alcohol, beer or wine.

By action initiated on March 20, 2019, the City of Myrtle Beach sued Horry County disputing, among other things, Horry County's authority to impose and collect the County Hospitality Fees within municipal corporate limits without the consent of the affected municipality. Subsequent to the commencement of the litigation, other municipalities located in Horry County including the City joined as plaintiffs in the litigation. The matter was ultimately resolved pursuant to a judicially-approved settlement agreement dated February 12, 2021 (the "Settlement Agreement"). Pursuant to the Settlement Agreement:

- Horry County paid $19 million into a common fund established to reimburse the plaintiffs for the County Hospitality Fees collected within their respective corporate limits between January 1, 2017, and when the Court preliminarily enjoined Horry County from continuing to collect them within the corporate limits of municipalities.

- Horry County recommenced collection of the County Hospitality Fees within the corporate limits of the City and the other municipalities in Horry County beginning July 1, 2021; provided, Horry County must transfer the amounts of the County Hospitality Fees attributable to the 1.5% county-wide component thereof collected in municipalities to the City and the other municipalities in Horry County in proportion to their relative shares of the total amount of such collections.

That portion of the County Hospitality Fees required to be delivered to the City pursuant to the terms of the Settlement Agreement and attributable to that portion of collections derived from imposition of the County Hospitality Fees on Accommodations is referred to herein and in the Bond Ordinance as the "County Fee." Pursuant to the Bond Ordinance, the County Fee and the Accommodations Fees are collectively referred to as the "Pledged Fees" and are pledged for the Series 2026 Bonds and all bonds on a parity therewith issued under the Bond Ordinance. The County Fee does not include receipts derived from imposition of the County Hospitality Fees on amusement admissions or sales of food and beverages. The Settlement Agreement does not require that Horry County continue to impose the County Hospitality Fees. The City is not presently aware of any circumstances indicating that Horry County would discontinue such imposition in the future.

Historical County Fees

The following table sets forth the County Fees received by the City during the following fiscal years:

Fiscal Year	County Fee Receipts
2025	$6,204,814
2024	5,455,515
2023	5,380,551
2022	5,183,967
2021	n/a

Monthly Pledged Fee Collections During Fiscal Year 2026

The following table sets forth the monthly amounts of the Pledged Fees received by the City during Fiscal Year 2026 based upon unaudited information:

Month	Accommodations Fees Collected[(1)]	County Fees Received[(1)]	Total Pledged Fees Received[(1)]
July 2025	$1,007,197	$1,077,704	$2,084,901
August 2025	1,014,363	1,150,726	2,165,089
September 2025	870,964	780,484	1,651,448
October 2025	385,395	394,758	780,152
November 2025	269,483	268,140	537,623
December 2025	260,319	169,665	429,984
January 2026	134,403	132,396	266,798
February 2026	171,026	182,556	353,582
March 2026	204,423	207,667	412,090
April 2026	384,463	397,251	781,714
May 2026	462,129	474,219	936,348
June 2026	562,333	593,189	1,155,521
Total	$5,726,496	$5,828,755	$11,555,251

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(1) Unaudited.

Based on the estimated maximum annual debt service on the Series 2026 Bonds, which will be the only outstanding Bonds secured by Pledged Fees, and unaudited Fiscal Year 2026 Pledged Fee collections of $11,555,251, debt service coverage will be approximately 7.55x.

THE 2026 PROJECT

The 2026 Project, which has an estimated cost of $18 million, consists of the renovation and expansion of the City's Aquatics and Fitness Center. Based upon the City's actual experience with the Aquatics and Fitness Center, as well as the additional amenities to be provided by the 2026 Project which are intended to be used by both residents of and visitors to the City, the Council has determined that the Aquatics and Fitness Center is and will be a "tourism-related" recreational facility within the meaning of Section 6-1-530(A)(2), Code of Laws of South Carolina 1976, as amended.

SOURCES AND USES OF FUNDS

The following table sets forth the sources of funds to be derived from the sale of the Series 2026 Bonds and the uses of such funds:

Sources of Funds	
Principal Amount of Series 2026 Bonds	
[Net] Original Issue [Premium/Discount]	
Total Sources	

Uses of Funds	
Construction Fund	
Costs of Issuance[(1)]	
Total Uses	

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(1) Includes underwriter's discount, legal, printing, rating, consulting and miscellaneous fees.

DEBT SERVICE REQUIREMENTS

Debt service on the Series 2026 Bonds is set forth in the following table. Totals may not add due to rounding.

Fiscal Year	Principal	Interest	Total
2027			
2028			
2029			
2030			
2031			
2032			
2033			
2034			
2035			
2036			
2037			
2038			
2039			
2040			
2041			
Total			

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THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

Description of the City

The City was established in 1968 when four small beach towns (Cherry Grove, Ocean Drive, Crescent Beach and Windy Hill) merged to form the City of North Myrtle Beach. The City is located on the Atlantic Ocean in Horry County and encompasses the northeastern section of the South Carolina coastal beach area known as the "Grand Strand" which extends from the southeastern border of North Carolina southward to Georgetown, South Carolina. The City encompasses approximately 23.4 square miles and includes approximately nine miles of Atlantic Ocean shoreline.

Certain demographic, financial and economic information concerning the City is included in "Appendix A – General Information Regarding the City of North Myrtle Beach."

Form of Government

The City is governed by a Council-Manager form of government. Legislative authority is vested in the Mayor and six council members elected at-large; provided, one council member must be a resident of the Crescent Beach ward, one a resident of the Cherry Grove ward, one a resident of the Ocean Drive ward, and one a resident of the Windy Hill ward. There are no residency requirements as to the other two council seats. The terms of office are four years each.

The members of the City Council, their occupations, the number of years each has served on the City Council, and the expiration dates of their current terms are shown in the following table.

Name	Occupation	Number of Years Served	Expiration Date of Current Term
J.O. Baldwin, III, Mayor	Retired	22	January 2029
Harry Thomas, Mayor Pro Tempore	Real Estate	19	January 2027
Jon Coyne, Vice-Mayor Pro Tempore	Home Design & Building	15	January 2027
Bubba Collins, Councilman	Insurance	5	January 2029
Jeri McCumbee, Councilwoman	Business Manager	1	January 2029
Trey Skidmore, III, Councilman	Real Estate	5	January 2029
Melissa Wober, Councilwoman	Banking	1	January 2027

The Mayor, City Manager and Finance Director of the City are as follows:

J.O. Baldwin, III, *Mayor*. Mayor Baldwin was elected Mayor in November 2025, and is serving a four-year term which will expire in November 2029. Mayor Baldwin was elected in a special election as the Crescent Beach Ward Councilman in 2004 and served in that capacity until his mayoral election in November 2025. He built his career in the construction industry, taking over the family business in 1989 and operating it until his retirement in 2023.

Ryan Fabbri, *City Manager*. Mr. Fabbri was appointed City Manager in 2025 and reports to the City Council. He served as the Assistant City Manager from February 2024 until his appointment as the Interim City Manager in September 2024. Prior to coming to the City, he was employed by the Town of Pawley's Island as the Town Administrator. Mr. Fabbri holds a Master of Public Administration from Clemson University and a Bachelor of Arts from Coastal Carolina University.

Susan Gladden, *Finance Director*. Ms. Gladden was appointed Finance Director of the City on July 6, 2026. Ms. Gladden's public career began at the City of Myrtle Beach before moving to Charleston as Deputy Manager/CFO of the James Island Public Service District. Ms. Gladden previously spent the last six years with Charleston Water System as Director of Finance. She holds a Bachelor of Science in Accounting and is a Certified Government Finance Officer through the South Carolina Government Finance Officer Association.

See Appendix A hereto for more information concerning the City and surrounding areas.

INVESTMENT CONSIDERATIONS

In analyzing the Series 2026 Bonds and the security and sources of payment therefor and in order to make an informed investment decision, potential investors should carefully consider the following investment considerations prior to making a decision to purchase the Series 2026 Bonds. The following investment considerations are not intended to be exhaustive of the general or specific investment considerations relating to the purchase of the Series 2026 Bonds. Additional investment considerations relating to the purchase of the Series 2026 Bonds are described throughout this Official Statement, whether or not specifically designated as investment considerations. Investors must read the entire Official Statement to obtain information essential to making an informed investment decision.

Cyber Security Management

The City, like many public and private entities, relies on a large and complex technology environment to conduct its operations. As a recipient, custodian, and provider of sensitive information, the City is exposed to cybersecurity threats, including phishing, unauthorized access, malware, ransomware, system compromise, data theft, and attacks intended to disrupt City operations. The rapid development and proliferation of artificial intelligence ("AI") may increase the sophistication and speed of certain cybersecurity threats, particularly targeted social-engineering attempts and automated attacks.

The City also utilizes third-party technology vendors, cloud service providers, and external software platforms to support governmental functions, process payment transactions, and handle sensitive information, including personally identifiable information ("PII"). Although these relationships provide operational benefits, they also expose the City to third-party and technology supply-chain risks.

Cybersecurity incidents may result from malicious activity, human error, system or technology failures, third-party actions, or other events. A successful incident could result in operational disruption, financial loss, unauthorized disclosure, alteration, or destruction of information, damage to City systems, legal or regulatory obligations, reputational harm, and costs associated with investigation, remediation, recovery, litigation, and insurance. Although the City maintains safeguards intended to reduce these risks, no cybersecurity program can prevent or detect every threat or guarantee that a cybersecurity incident will not occur.

The City maintains cybersecurity policies and procedures, technical security controls, and physical protections designed to safeguard its information systems and data. These safeguards include as applicable, multifactor authentication ("MFA"), device encryption, endpoint protection, network security controls, cybersecurity monitoring, system backups, and employee cybersecurity-awareness training. The City also uses an external service provider for Secure Email Gateway ("SEG") services that assist in identifying and filtering potentially malicious email.

The City's cybersecurity program and incident-response processes are informed by the National Institute of Standards and Technology ("NIST") Cybersecurity Framework. Certain City systems and operations are also subject to specialized security requirements, including the Payment Card Industry Data Security Standard ("PCI DSS") for applicable payment-card activities and the Federal Bureau of Investigation Criminal Justice Information Services ("CJIS") Security Policy for applicable law-enforcement systems and criminal justice information. The program includes cybersecurity monitoring, periodic security assessments and testing, employee cybersecurity-awareness training, and vulnerability management. These measures are intended to assist the City in identifying, protecting against, detecting, responding to, and recovering from cybersecurity incidents.

The Information Services ("IS") Department is responsible for administering the City's technology environment and implementing applicable cybersecurity safeguards. The Information Security Manager oversees and coordinates the City's cybersecurity program, evaluates cybersecurity risks, coordinates the City's response to cybersecurity incidents as circumstances require, and advises City leadership regarding significant cybersecurity risks and recommended corrective actions. The City provides annual funding for cybersecurity tools, services, training, assessments, and specialized consulting, subject to budgetary approval.

The City periodically reviews its cybersecurity controls, products, services, and identified risks to determine whether existing safeguards remain appropriate or whether additional measures are warranted. When a significant cybersecurity risk is identified, it is communicated to the appropriate members of City leadership for evaluation and risk treatment and, when appropriate, formal risk acceptance.

As of the date of this Official Statement, the City has not identified a cybersecurity incident that materially affected its operations, finances, or sensitive information. The City has identified isolated compromises of individual user accounts. In each identified case, the affected account was secured, responsive measures were taken, and the affected employee was required to complete appropriate remedial training. The City did not identify a material compromise of City financial information or other City data arising from those incidents.

The City maintains cybersecurity insurance. Any cybersecurity insurance maintained by the City may be subject to deductibles, exclusions, coverage limitations, and other terms and conditions and may not fully cover losses or expenses resulting from a cybersecurity incident.

Climate Change and Sea-Level Rise

The City is susceptible to hurricanes and similar storms in which winds and tidal surges are powerful enough to cause severe destruction. The City's facilities have previously suffered damage from hurricanes and tropical storms; however, such storms have not materially affected the operations or revenues of the City. Through the development of its building and zoning regulations and its on-going planning efforts, the City has taken an active role in preserving flood plains, primary swash areas and sand dunes all of which hold and disperse floodwaters and protect developed property during severe weather events.

The effects of hurricanes and other severe weather can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as climate change), including increasing global temperatures, rainfall intensification and rising sea levels. The economic impacts resulting from such extreme weather events could include a loss of property values, reduced revenues and escalated recovery costs. Damage to properties from which Pledged Fees are collected may have material impact on the receipt of Pledged Fees. No assurance can be given as to whether future extreme weather events will occur that could materially impair the financial condition of the City or materially reduce its receipts of Pledged Fees.

The City has an Emergency Management Operations Plan, which is initiated when the City is threatened by a storm or other severe weather conditions. This plan ensures that the City's core services will continue to function in the event of a hurricane or other weather-related catastrophe. Additionally, as part of the City's capital improvement plans and long-term planning efforts, the City has undertaken and is continuing to undertake significant improvements to its infrastructure and facilities in order to strengthen the City's resilience to severe weather events and changing climate conditions, including rising sea levels.

TAX MATTERS

Federal Income Tax Treatment of Interest on the Series 2026 Bonds

On the date of issuance of the Series 2026 Bonds, Haynsworth Sinkler Boyd, P.A., Columbia, South Carolina, Bond Counsel, will render an opinion that, assuming continuing compliance by the City with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and the applicable regulations promulgated thereunder (the "Regulations") and further subject to certain considerations described in "Collateral Federal Tax Considerations" below, under existing statutes, regulations and judicial decisions, interest on the Series 2026 Bonds is excludable from the gross income of the registered owners thereof for federal income tax purposes. Interest on the Series 2026 Bonds will not be treated as an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations. The Code contains other provisions that could result in tax consequences, upon which no opinion will be rendered by Bond Counsel, as a result of (i) ownership of the Series 2026 Bonds or (ii) the inclusion in certain computations of interest that is excluded from gross income.

The opinion of Bond Counsel is based on current statutes, regulations, judicial decisions, rulings, and other published guidance of the Internal Revenue Service (the "IRS"), covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Series 2026 Bonds for federal income tax purposes. Bond Counsel's opinion is based upon existing law, which is subject to change. Such opinion is further based on factual representations made to Bond Counsel as of the date thereof. Bond Counsel assumes no duty to update or supplement its opinion to reflect any facts or circumstances that may thereafter come to Bond Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Bond Counsel's opinion is not a guarantee of a particular result and is not binding on the IRS or the courts; rather, such opinion represents Bond Counsel's professional judgment based on its review of existing law, and in reliance on the representations and covenants that it deems relevant to such opinion.

The opinion of Bond Counsel described above is subject to the condition that the City comply with all requirements of the Code and the Regulations, including, without limitation, certain limitations on the use, expenditure, and investment of the gross proceeds of the Series 2026 Bonds and the obligation to rebate certain earnings on investments of such gross proceeds to the United States Government, that must be satisfied subsequent to the issuance of the Series 2026 Bonds in order for interest thereon to be, or to continue to be, excluded from gross income for federal income tax purposes. The City has covenanted to comply with each such requirement. Failure to comply with certain of such requirements could cause the inclusion of interest on the Series 2026 Bonds in gross income for federal income tax purposes, in some cases retroactively to the date of issuance of the Series 2026 Bonds. The opinion of Bond Counsel delivered on the date of issuance of the Series 2026 Bonds is conditioned on continuing compliance by the City with such requirements, and Bond Counsel has not been retained to monitor compliance with the requirements subsequent to the issuance of such Series 2026 Bonds.

State Tax Exemption

Bond Counsel is of the further opinion that, under existing law, the Series 2026 Bonds and the interest thereon are exempt from all taxation by the State, its counties, municipalities, and school districts, except estate, transfer, and certain franchise taxes. Interest paid on the Bonds is currently subject to the tax imposed on banks by Section 12-11-20, Code of Laws of South Carolina 1976, as amended, which is enforced by the South Carolina Department of Revenue as a franchise tax.

The opinion of Bond Counsel is limited to the laws of the State and federal tax laws. No opinion is rendered by Bond Counsel concerning the taxation of the Series 2026 Bonds or the interest thereon under the laws of any other jurisdiction.

Collateral Federal Tax Considerations

Prospective purchasers of the Series 2026 Bonds should be aware that ownership of tax-exempt obligations may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, life insurance companies, certain foreign corporations, certain S corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations. Bond Counsel expresses no opinion concerning such collateral income tax consequences, and prospective purchasers of Series 2026 Bonds should consult their tax own advisors as to the applicability thereof.

From time to time, there are legislative proposals in Congress which, if enacted into law, could eliminate or reduce the exclusion of the interest on the Series 2026 Bonds from gross income for federal income tax purposes or which might otherwise adversely affect the benefit or marketability of the Series 2026 Bonds. No prediction can be made as to whether any such provisions will be enacted as proposed or concerning other future legislation which, if passed, might affect the tax treatment of interest on the Series 2026 Bonds. Similarly, future clarifications of the Code by the IRS and court proceedings interpreting the Code could likewise affect the treatment of interest on the Series 2026 Bonds, as well as the benefit or marketability of the Series 2026 Bonds. Prospective purchasers of the Series 2026 Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation, court proceedings, and IRS actions, as to all of which Bond Counsel expresses no opinion.

The IRS has established an ongoing program to audit tax-exempt obligations to determine whether interest on such obligations is includable in gross income for federal income tax purposes. Bond Counsel cannot predict whether the IRS will commence an audit of the Series 2026 Bonds. Bond Counsel's engagement with respect to the Series 2026 Bonds ends with the issuance of the Series 2026 Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the City or the holders of the Series 2026 Bonds regarding the tax-exempt status of the Series 2026 Bonds in the event of an audit examination by the IRS.

Under current procedures, parties other than the City and their appointed counsel, including the holders of the Series 2026 Bonds, would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the City legitimately disagrees may not be practicable.

Any action of the IRS, including but not limited to selection of the Series 2026 Bonds for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Series 2026 Bonds, and may cause the City or the holders of the Series 2026 Bonds to incur significant expense, regardless of the ultimate outcome. Under certain circumstances, the City may be obligated to disclose the commencement of an audit under the hereinafter defined Continuing Disclosure Agreement. See "CONTINUING DISCLOSURE" and the form of Continuing Disclosure Agreement included as Appendix E to this Official Statement.

[Original Issue Discount]

[Certain Series 2026 Bonds have been sold at an initial offering price which is less than the principal amount thereof payable at maturity ("Discount Bonds"). The difference between the initial offering price to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents, or wholesalers) at which a substantial amount of each maturity of Discount Bonds is sold and the principal amount payable at maturity constitutes original issue discount.

In the case of Series 2026 Bonds which are Discount Bonds, Bond Counsel is of the opinion that original issue discount, as it accrues, is excluded from gross income for federal income tax purposes and is subject to the alternative minimum tax to the same extent as is interest on the Series 2026 Bonds. Original issue discount accrues in each taxable year over the term of the Discount Bonds under the "constant yield method" described in Regulations interpreting Section 1272 of the Code, with certain adjustments.

In the case of a Series 2026B Bond which is a Discount Bond, any original issue discount will be treated as zero under a *de minimis* rule if the amount of such discount is less than the product of one quarter of one percent of the face amount of the Series 2026 Bond times the number of complete years to its maturity. Otherwise, original issue discount will accrue over the term of the Series 2026 Bond using the "constant yield method" described in the Regulations. As such discount accrues, the owner of the Series 2026B Bond will be required to include such accrued amount in gross income as interest, regardless of the owner's regular method of accounting. As a result, it is possible that an owner of a Series 2026B Bond which is a Discount Bond could be required to recognize taxable income resulting from original issue discount in an amount that exceeds the actual cash distributions of interest to such owner in a taxable year.

The tax basis of Discount Bonds if held by an original purchaser, can be determined by adding to such owner's purchase price of such Discount Bonds the original issue discount that has accrued.

Owners of the Discount Bonds should consult their own tax advisors with respect to all matters relating to such discount.]

[Original Issue Premium]

[Certain Series 2026 Bonds have been sold at an initial offering price which is greater than the amount payable at maturity ("Premium Bonds"). An amount equal to the excess of the purchase price of a Premium Bond over its stated redemption price at maturity constitutes original issue premium.

For federal income tax purposes, bond premium is amortized over the period to maturity of a Premium Bond, based on the yield to maturity of that Premium Bond (or, in the case of a Premium Bond callable prior to its stated maturity, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on that Premium Bond), compounded semiannually. No portion of that bond premium is deductible by the owner of a Premium Bond.

Bond premium must be amortized by the owner of a Series 2026 Bond which is a Premium Bond. The owner of a Series 2026B Bond which is a Premium Bond may elect to amortize bond premium, in which case such premium, as it amortizes, offsets interest on the Series 2026B Bond accruing during the same period.

For purposes of determining the owner's gain or loss on the sale, redemption (including redemption at maturity) or other disposition of a Premium Bond, the owner's tax basis in the Premium Bond is reduced by the amount of bond premium that is amortized during the period of ownership. As a result, an owner may realize taxable gain for federal income tax purposes from the sale or other disposition of a Premium Bond for an amount equal to or less than the amount paid by the owner for that Premium Bond. A purchaser of a Premium Bond in the initial public offering at the price for that Premium Bond stated on the cover of this Official Statement who holds that Premium Bond to maturity (or, in the case of a callable Premium Bond, to its earlier call date that results in the lowest yield on that Premium Bond) will realize no gain or loss upon the retirement of that Premium Bond.

Owners of the Premium Bonds should consult their own tax advisors with respect to all matters relating to such bond premium.]

Reporting and Withholding Requirements

Payments of interest, including payments of tax-exempt interest on the Series 2026 Bonds, are generally subject to IRS Form 1099-INT information-reporting requirements.

An owner of a Series 2026 Bond may be subject to backup withholding at the applicable rate determined by statute with respect to interest paid on the Series 2026 Bonds if such owner, upon issuance of the Series 2026 Bonds, fails to provide to any person required to collect such information pursuant to Section 6049 of the Code with such owner's taxpayer identification number, furnishes an incorrect taxpayer identification number, fails properly to report interest, dividends, or other "reportable payments" (as defined in the Code), or, under certain circumstances, fails to provide such persons with a certified statement, under penalty of perjury, that such owner is not subject to backup withholding.

These requirements do not affect the exclusion of interest on the Series 2026 Bonds from gross income for federal income tax purposes.

LEGAL MATTERS

Litigation

The City experiences routine litigation and claims incidental to the conduct of its affairs. As of the date of issuance and delivery of the Series 2026 Bonds, the City Attorney will deliver his opinion to the effect that there is no litigation pending or threatened contesting the creation, organization, or existence of the City or that seeks to restrain or enjoin the issuance or delivery of the Series 2026 Bonds or the proceedings or authority under which they are to be issued or delivered or which in any manner questions the authority of the City to pledge the Pledged Fees to the payment of the Series 2026 Bonds and the interest thereon. The opinion of the City Attorney will also state that, except as described herein, there is no litigation pending or threatened, to his knowledge, which would result in an uninsured loss or would have a material adverse effect upon the City's financial condition.

Pending Litigation

The City is the defendant in actions brought by the City of Myrtle Beach ("Myrtle Beach") arising from the use by the City, pursuant to a contract with Myrtle Beach (the "Contract"), of certain water transmission mains owned by Myrtle Beach and through which potable water is obtained by both Myrtle Beach and the City from Grand Strand Water and Sewer Authority. Myrtle Beach claims that the City is obligated to pay for use of the water transmission mains, under contract and other legal theories, and that it has not done so. The City acknowledges that it has an obligation to pay for the use of the water transmission mains, but asserts that the amounts and timing of that obligation, as well as other obligations owed by and to it, must be determined in accordance with the Contract. The City is vigorously defending these lawsuits. Discovery in the first-filed lawsuit and preliminary pleading in the second-filed lawsuit are ongoing. It is not possible to predict their outcomes.

Other Legal Matters

Certain legal matters incident to the authorization, issuance and sale of the Series 2026 Bonds are subject to the approval of the legality of issuance thereof by Haynsworth Sinkler Boyd, P.A., Columbia, South Carolina, as bond counsel. Certain legal matters will be passed upon on for the City by Christopher A. Noury, Esquire, North Myrtle Beach, South Carolina, City Attorney, and for the Underwriter by its counsel, Pope Flynn, LLC, Columbia, South Carolina.

ENFORCEABILITY OF REMEDIES

The remedies available to the owners of the Series 2026 Bonds upon an Event of Default under the Bond Ordinance are in many respects dependent upon judicial actions which are often subject to discretion and delay. Under existing constitutional and statutory law and judicial decisions, including specifically Title 11 of the United States Code, the remedies specified by the federal bankruptcy code, the Bond Ordinance and the Series 2026 Bonds may not be readily available or may be limited. The various legal opinions to be delivered concurrently with the delivery of the Series 2026 Bonds (including Bond Counsel's approving opinion) will be qualified, as to the enforceability of the various legal instruments, by limitations imposed by bankruptcy, reorganization, insolvency or other similar laws affecting the rights of credits enacted before or after such delivery.

CONTINUING DISCLOSURE

Pursuant to the Disclosure Dissemination Agent Agreement entered into by the City with Digital Assurance Certification, L.L.C. ("DAC") in connection with the issuance of the Series 2026 Bonds (the "Continuing Disclosure Agreement"), the City will covenant for the benefit of the registered owners and the Holders (as defined in the Continuing Disclosure Agreement) of the Series 2026 Bonds, to provide certain financial information and operating data relating to the City by no later than seven months after the end of each of the City's fiscal years, commencing with the report for the fiscal year ending June 30, 2026 (the "Annual Report"), and to provide notices of the occurrence of certain enumerated events with respect to the Series 2026 Bonds, if material in accordance with Rule 15c2-12(b)(5) ("Rule 15c2-12") under the Securities Exchange Act of 1934, as amended. The Annual Report will be filed on behalf of the City by DAC, as dissemination agent, with the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system (and with the State Information Depository, if any, established by the State). The notices of such material events will be filed on behalf of the City by DAC on EMMA (and with such State Information Depository, if any). The specific nature of the information to be contained in the Annual Report and the notices of material events is set forth in the form of Continuing Disclosure Agreement included as Appendix E. These covenants have been made in order to assist the original purchaser of the Series 2026 Bonds in complying with Rule 15c2-12. The Bond Ordinance provides that failure of the City to comply with the Continuing Disclosure Agreement shall not be considered an Event of Default thereunder. The sole remedy for failure of the City to so comply shall be that any Bondholder (as defined in Exhibit D) may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under the Continuing Disclosure Agreement. The City has not been subject to any agreement pursuant to Rule 15c2-12 within the five (5) years preceding the issuance of the Series 2026 Bonds.

MISCELLANEOUS

Ratings

S&P Global Ratings ("S&P") and Moody's Investors Service, Inc. ("Moody's" and together with S&P, the "Rating Agencies") have assigned their municipal bond ratings of "AA-" and "Aa3" to the Series 2026 Bonds. The definition of these ratings and any explanation of the significance of the ratings may be obtained only from the Rating Agencies. There is no assurance that the ratings will remain in effect for any given period of time or that such ratings may not be lowered or withdrawn entirely by the Rating Agencies, if in their judgment circumstances so warrant. Any such downward change in or withdrawal of such ratings may have an adverse effect on the market price of the Series 2026 Bonds.

Underwriting

The Series 2026 Bonds are being purchased for reoffering by Raymond James & Associates, Inc. (the "Underwriter") at an aggregate purchase price of $_________ (which amount is the par amount of the Series 2026 Bonds plus net original issue premium of $_____________ less underwriter's discount of $___________). The initial public offering yields are set forth on the inside front cover page of this Official Statement. The Underwriter is obligated to purchase all of the Series 2026 Bonds, if any are purchased, such obligation being subject to certain conditions precedent.

The Underwriter intends to offer the Series 2026 Bonds to the public initially at the offering prices set forth on the inside front cover page of this Official Statement, which offering prices may subsequently be changed from time to time by the Underwriter without any requirement of prior notice. The Underwriter may offer and sell the Series 2026 Bonds to certain dealers (including dealers depositing Series 2026 Bonds into investment trusts) at prices lower than the public offering prices set forth on the inside front cover page of this Official Statement.

Municipal Advisor

First Tryon Advisors, LLC has served as municipal advisor (the "Municipal Advisor") to the City with respect to the sale of the Series 2026 Bonds. The Municipal Advisor's fee for services rendered with respect to the sale of the Series 2026 Bonds is contingent on the issuance and delivery of the Series 2026 Bonds. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness, or fairness of the information contained in this Official Statement and the appendixes thereto.

Concluding Statement

Any statements made in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are set forth as such and not as representations of fact, and no representations are made that any of the estimates will be realized.

The references herein to the Series 2026 Bonds and other documents referred to herein are brief summaries of certain provisions thereof. Such summaries do not purport to be complete and reference is made to such documents for full and complete statements of such provisions.

This Official Statement is submitted in connection with the issuance of the Series 2026 Bonds and may not be reproduced or used, as a whole or as a part, for any purpose. This Official Statement is not to be construed as a contract with the purchaser or the Bondholders or Beneficial Owners of any of the Series 2026 Bonds.

This Official Statement has been duly authorized and delivered by the City.

CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA

By: /s/____
City Manager

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APPENDIX A

THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

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THE CITY OF NORTH MYRTLE BEACH

Services Provided

The City operates and maintains various programs which are funded from the City revenue and provides a full range of services. These services include waterworks and sewer utilities, public safety, sanitation and environmental health enforcement; recreational activities and cultural events; public improvements; planning; zoning and general administrative services.

In order to provide these services, the City, presently employs approximately 555 full time equivalent positions, including approximately 81 positions within the City's Aquatic and Fitness Center, Recreation, Beach Services, and Beach Cleaning divisions. The table of authorized positions follows:

The following sets forth the City employees in full time equivalencies:

Services	Full-Time Equivalent
General Government	63
Utilities	61
Public Works	80
Public Safety	247
Recreation and Cultural	81
Planning and Zoning	23
Total	555

Under State law, the City is not allowed to negotiate with collective bargaining groups. The City considers itself to have good relations with its employees.

Planning and Zoning

The Planning and Development Department of the City consists of the Building, Zoning, and Planning divisions. The Department is responsible for preparing general and specific plans for the development of the City, and for the administration and enforcement of the codes and regulations which implement those plans. The Building Division's primary responsibilities are plan review, enforcement of all relevant construction codes, issuance of building permits, and construction inspection. This division is also responsible for maintaining the City's Insurance Service Organization program and the Community Rating Service of the National Flood Insurance Program, which helps secure low cost flood insurance for City residents.

The Zoning Division is responsible for enforcing the Zoning Ordinance via review and approval of all building permit applications, site-specific development plan review, review of business license applications, and reviews of proposals to subdivide land. In addition, Zoning Division staff provides support to the City's Board of Zoning Appeals.

The Planning Division is responsible for both current and long-range planning activities. Examples of current planning activities include site-specific development plan review and staff support to Planning Commission for subdivision review, zoning map amendments, planned district development coordination, and annexations. Examples of long-range planning activities include policy creation, zoning text amendments, and special projects and studies such as the Local Comprehensive Beachfront Management Plan, Comprehensive Plan, and transportation planning.

Water and Sewer System

The City employs approximately 61 people in managerial, clerical, maintenance and other capacities relating to the City's combined waterworks and sewer system (the "System"). As of June 30, 2025, the System provided water services to 15,919 water customers and sewer services to 15,803 sewer customers.

The System provides water and sewer services to residents and businesses in the City, as well as to the Town of Atlantic Beach, which is surrounded by the City of North Myrtle Beach. The service area of the waterworks portion of the System includes all properties located within the City's corporate limits. The sewer portion of the System does not serve certain areas within the City limits. The System is under the overall control and management of the City Manager, who in turn is responsible to the Mayor and City Council. The City Engineer is hired by the City Manager and oversees the day-to-day operations of the utility system.

Pursuant to a contract between the City and Grand Strand Water and Sewer Authority ("GSWSA"), the City blends water from the GSWSA's Myrtle Beach Surface Water Treatment Facility (the "Plant"), Bull Creek Regional Treatment Facility, and groundwater from a well located in North Myrtle Beach. The Plant has daily maximum treatment capacity of 30.75 million gallons; pursuant to the aforementioned contract, the City is entitled to 8.6 million gallons per day of treatment capacity of the Plant.

Water storage facilities owned by the City consist of six elevated storage tanks with capacity ranging from 200,000 to 500,000 gallons, and one stand-pipe with 2 million gallons capacity. Elevated tanks are situated throughout the City and distribute water directly to the water mains. The average size of the City's water mains is 8", with sizes varying from 2" to 30" city-wide. A total of 1,325,280 of linear feet of water lines serves customers.

The sewage disposal portion of the System includes approximately 221 miles of mains and two sewage treatment plants. The sewer mains are gravity lines augmented by a total of 98 lift stations strategically placed throughout the system. The sewage is treated at two rapid sand filtration plants, one with 4.5 million gallon per day capacity, the other with 2.9 million gallon per day capacity. These treatment plants were upgraded in 1986 through a grant from the United States Environmental Protection Agency, which provided 75% of the total project cost of $8.6 million. Both plants use a combination of a series of oxidation ponds followed by the sand filtration process and chlorination. This treatment process is one of the most stringent in the State of South Carolina due to the proximity of fragile ecological area along and near the Intracoastal Waterway.

Pursuant to a contract between the City and the Grand Strand Water and Sewer Authority, the City sends excess peak summer flows to the Vereen Treatment Plant, which is owned and operated by the GSWSA. The contract limits treatment costs for these excess flows at operating expenses only for as long as the treatment facility has excess capacity. Once capacity at the Vereen Plant reaches 90%, a new facility will be constructed and the City will be obligated to fund its proportionate share of the new facility.

All water and sewer billing is provided by the City. Meters are read monthly and customers are billed monthly. The City also bills and collects water and sewer fees from the Town of Atlantic Beach. Customers outside the City limits are billed at a different rate than inside City customers.

The City now requires annexation as a condition of connection to the water and sewer system for those new customers situated beyond the City limits. The City also requires developers of large projects to upgrade or install water and sewer lines necessary to tie in with the City's system and to meet fire flow requirements.

Stormwater Utility

The City owns and operates a stormwater management system for the purpose of collecting and discharging stormwater to the Atlantic Ocean. Stormwater Fees are established as a function of the assumed amount of impervious surface area (such as streets, parking lots, sidewalks and roofs) for developed property. All developed properties in the City have been classified as single family residential, multi-family, or commercial. Monthly fees for all developed property, whether occupied or vacant, are as follows: (a) single family residential property is charged a fee of the base rate, which is currently $10.00 per month (the "Base Rate"); (b) multi-family property is charged a fee of 75% of the Base Rate for each "equivalent runoff unit", which is 3,500 square feet of impervious area ("ERU"); and (c) commercial property is charged the Base Rate per ERU. The City may make adjustments to fee amount for commercial properties for which private stormwater facilities exist.

Solid Waste Transport and Disposal

Curbside collection of household trash, recycling and yard waste is scheduled on the same day of each week. The service day for each customer is based on the residence location within one of four collection routes. To alleviate accumulation of trash at residential rental properties, the City also collects trash from short-term rentals on the scheduled pick-up day, plus Fridays, Saturdays, and Sundays. City sanitation customers who have a need to dispose of household garbage or other items beyond their normal collection days may bring bagged garbage, recyclables, yard waste, and e-waste to the City's Solid Waste Transfer Station. Multifamily and commercial garbage collection is provided through the use of bulk containers and is scheduled on an "as needed" basis with the property manager and/or individual business. This service may be provided by the City or by a private waste hauler at the option of the property manager or commercial establishment. Solid waste collected in the City is taken to a transfer station, loaded onto trailers, and hauled to the Horry County Landfill for final disposal. The Horry County Solid Waste Authority operates the landfill.

Public Safety

Public Safety collectively represents the City's Police and Fire departments made up of 247 employees. There are over 79 uniformed officers patrolling the City, including the beach area.

Seasonal Population and Tourism Development

The City's estimated population as of July 1, 2025 was 21,346 residents according to the U.S. Census Bureau; however, during peak tourism season, daily population exceeds 100,000 people. Approximately one-third of all seasonal housing units in Horry County are located within North Myrtle Beach.

Tourism is the City's primary economic driver and has shaped much of its development. The development of attractions such as golf courses, shopping, dining, live entertainment, and festivals contributes to the appeal of visitors each year. The City's investment in beach access, parking, parks, and public safety accommodate seasonal demand.

Hotel, Motel and Condominium Rentals

A review of monthly and seasonal contribution to the total year's business indicates that 60% of the overall lodging industry business in the City is conducted during the months of June, July and August with 30% in April, May, September and October, for a total of 90% in those seven months.

FINANCIAL INFORMATION

Limited Purpose Revenues

The City has three major limited-purpose revenues: the local Accommodations Fee described herein at "THE PLEDGED FEES – Overview of Accommodations Fees," a local Hospitality Fee, and a State-shared accommodations tax.

Local Hospitality Fee

South Carolina law authorizes the governing bodies of counties and municipalities, upon compliance with certain terms, conditions and limitations, to impose a local hospitality fee on the sales of certain food and beverages. Pursuant to such authorization, the City Council has, by ordinance enacted on May 21, 2021, imposed a hospitality fee (the "Hospitality Fee") in the amount of one percent (1.0%) on the gross proceeds derived from the sale of food and beverages by restaurants, hotels, motels, and other food service facilities located within the City. The Hospitality Fee also applies to the sale of all food and beverages prepared or modified for immediate consumption by convenience and grocery stores located within the City. The collection and enforcement mechanism for Hospitality Fees is identical to that for Accommodations Fees. Hospitality Fee collections are not pledged to secure the Series 2026 Bonds.

The following table sets forth the amount of Hospitality Fees collected by the City and that portion of the County Hospitality Fee derived from like sources within the City and paid to the City during the following fiscal years. The amounts shown in the table are presented on a cash basis and may differ from the audited figures, which are presented on an accrual basis.

Fiscal Year	Hospitality Fees
2025	$12,314,205
2024	10,820,851
2023	10,323,815
2022	9,802,446
2021	5,915,807

State Accommodations Tax

A seven percent (7.0%) accommodations tax is imposed by the State on the gross proceeds derived from the rental or charges for any rooms, campground spaces, lodgings or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence or any place in which rooms, lodgings or sleeping accommodations are furnished to transients for consideration. This tax does not apply where the facilities consist of less than six sleeping rooms, contained in a single building or where the period of stay is greater than 90 continuous days. A portion of this tax equal to a two percent (2%) tax is allocated by the State to county and municipal governments based upon the point of collections provided, however, that in the County and other counties collecting $400,000 or more annually, a portion is withheld and redistributed across the State to ensure that every county in the State receives a minimum allocation of $50,000 per fiscal year. Collections of the State Accommodations Tax are paid to the City and the County by the State 30 days after the end of each quarter (ending March 31, June 30, September 30 and December 31). Use of such funds is limited by State statute to certain tourism-related purposes. The State Accommodations Tax is not pledged to secure the Series 2026 Bonds.

Historical State accommodations tax receipts for the City and the County are shown in the table below:

Year	City Collections	City Growth Rate	County Collections	County Growth Rate
2025	$6,432,237	1.30%	$7,469,618.78	7.71%
2024	6,348,346	-3.96	6,934,705.40	-0.50
2023	6,599,632	2.73	6,969,742.44	2.96
2022	6,419,221	31.68	6,769,125.39	53.95
2021	4,385,508	--	4,396,891.81	--

Source: City Finance Department and Horry County Finance Department.

Other City Revenues

Revenues from Ad Valorem Taxes

The largest source of City operating revenues comes from *ad valorem* taxes paid by taxpayers within the City. A discussion of general tax information, tax rates and millage levied upon taxpayers of the City for City purposes is set forth in various sections below. All the revenues from *ad valorem* taxes and fees in lieu of taxes are either General Fund revenues and may therefore be used by the City on an unrestricted basis or are collected for the purposes of paying debt service on general obligation bonds of the City. For the five fiscal years shown in the following table, the City received the following amounts as revenues from *ad valorem* taxes:

Fiscal Year	Taxes Collected
2025	$28,999,187
2024	23,616,123
2023	22,568,464
2022	20,933,792
2021	20,246,371

Revenues from Business License Fees/Building Permits

Every individual, firm, partnership, corporation or any other group or combination acting as a unit engaged or intending to engage in any calling, business, occupation or profession in the City is required to pay an annual license fee. The fee is comprised of a base fee ranging from $100 to $250 for the first $2,000 of gross income received or accrued for the previous calendar year and a rate ranging from $2.50 to $10.00 for every $1,000 thereafter (which rate declines after the first $1,000,000 of gross income). The gross income is verified by inspection of returns filed with the Internal Revenue Service, the Department of Revenue or the South Carolina Insurance Commission. The City charges building permit fees for new construction. These fees are calculated using the building's gross area, the square foot construction cost as determined by the International Code Council's Building Valuation Data tables, and permit fee multiplier determined by the City. For the five fiscal years shown, the City received the following amounts as revenues from business license fees and building permits allocable to all funds, including, without limitation, the General Fund:

Fiscal Year	Amount
2025	$14,756,069
2024	14,645,412
2023	12,557,600
2022	10,866,422
2021	8,777,772

Revenues for Current Services

Current services revenues are comprised of a variety of different fees, including revenues from parks and recreation fees, charges for suburban fire services, solid waste fees, aquatic membership fees, beach service rentals and park facility rentals. For the fiscal years shown, the City has received the following amounts from current services allocable to all funds, including, without limitation, the General Fund:

Fiscal Year	Amount
2025	$18,581,935
2024	17,717,997
2023	15,552,658
2022	14,663,464
2021	12,143,680

Intergovernmental Revenues

Intergovernmental revenues are comprised of revenues shared by the State or collected by the State for administrative convenience, and also include discretionary grants that may cause unusual variations from that base amount. For the five fiscal years shown, the City has received the following amounts from intergovernmental sources allocable to all funds, including, without limitation, the General Fund:

Fiscal Year	Amount
2025	$3,788,375
2024	3,121,767
2023	2,488,439
2022	3,317,234
2021	2,996,089

Financial Statements

A copy of the general purpose financial statements of the City for Fiscal Year 2025 is attached to this Official Statement as Appendix B. Copies of complete audited financial statements for prior years are available for inspection at the City offices.

Five-Year Summary of General Fund Operations for Fiscal Years Ended June 30

Summary of Revenues, Expenditures and Changes in Fund Balances - General Fund

	Fiscal Year 2022	Fiscal Year 2023	Fiscal Year 2024[1]	Fiscal Year 2025
REVENUES				
Ad Valorem Taxes	$20,933,792	$22,568,464	$23,616,123	$28,999,187
Licenses and Permits	13,405,865	14,996,500	17,816,445	17,250,290
Fines and Forfeitures	385,790	324,999	584,882	529,518
Use of Money and Property	265,659	476,276	405,969	310,228
Unrestricted Intergovernmental	1,478,797	1,580,771	1,391,221	1,678,606
Restricted Intergovernmental	1,434,093	447,936	1,730,546	2,109,769
Sales and Services Charges	1,724,618	1,845,016	17,717,997	18,089,397
Miscellaneous	680,421	711,650	1,736,631	2,409,493
Total Revenues	$40,309,035	42,951,612	$64,999,814	$71,376,488
EXPENDITURES				
Current:				
General Government Administration	$4,087,534	$5,771,723	$10,407,698	$9,785,259
Finance	1,478,463	1,554,627	2,279,908	2,400,682
Information Services	609,997	676,552	2,003,872	2,380,857
Public Safety	18,388,065	21,994,981	25,610,365	31,251,328
Planning and Development	1,960,679	2,133,247	2,407,102	2,780,647
Public Works	2,761,130	3,476,368	9,681,319	10,059,588
Parks and Recreation	4,532,108	4,886,648	13,084,465	14,850,253
Support Services	1,147,227	1,383,366	2,549,481	2,580,985
Capital Outlay	2,075,189	2,025,052	5,625,505	5,523,110
Debt Service	--	--	618,969	618,969
Total expenditures	$37,040,392	$43,902,564	$74,268,684	$82,231,678
Excess (deficiency) of revenues over (under) expenditures	3,268,643	(950,952)	(9,268,870)	(10,855,190)
OTHER FINANCING SOURCES (USES)				
Note proceeds and escrow released	2,416,090	--	--	--
Transfers In	9,380,686	10,680,061	15,881,701	16,193,466
Transfers Out	(10,874,197)	(7,174,197)	(7,894,197)	(7,959,197)
Total other sources (uses)	922,579	3,505,864	7,987,504	(8,234,269)
Net Change in Fund Balances	4,191,222	2,554,912	(1,281,366)	(2,620,921)
Fund Balance, beginning of year	$16,433,118	$20,624,340	$23,179,252	$28,267,596
Reclassification of Fund Balance	--	--	6,369,710	--
Fund Balance, revised	--	--	$29,548,962	--
Fund Balance, end of year	$20,624,340	$23,179,252	$28,267,596	$25,646,675

[1] The City beginning with Fiscal Year 2024 moved certain operations previously reported in Enterprise Funds to the General Fund, including recreation and beach service operations.
Source: Annual Comprehensive Financial Reports of the City.

Budget Procedure and Accounting Policies

The State Constitution requires the City to adopt a balanced budget for each fiscal year, which budget must provide for sufficient income to meet its estimated expenses for each year. Whenever ordinary expenses of a city for any year shall exceed its income, the governing body of the city is required to provide for levying a tax in the ensuing year sufficient, with all other sources of income, to pay the deficiency in the preceding year, together with the estimated expenses for the ensuing year. Statutory law of the State further specifies that the City operate on a fiscal year that begins on July 1 and requires the City to adopt prior to the beginning of each fiscal year operating and capital budgets identifying the sources of anticipated revenues, including taxes, necessary to meet the financial requirements of the budgets so adopted.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Department on or before the first week of January each year. The Finance Department uses these requests as the starting point for developing a proposed budget. The City Manager then reviews this proposed budget and makes adjustments to be presented to Council at the annual budget retreat held the beginning of March. The Council then makes any suggestion or changes in programs and policy and instructs staff to provide a budget document by the end of April, sixty days prior to the beginning of the fiscal year. Council then holds a public hearing and as soon thereafter as possible, adopts a budget and passes a tax levy ordinance and such other ordinances as may be required to make the budget effective. The appropriated budget is adopted by total expenditures. Detail is provided for accounting and budgetary control. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

General Fund Budget Summary

Below is a summary of the City's General Fund budgets for fiscal years 2025-26 and 2026-27:

Revenues:	Budget Fiscal Year 2026	Budget Fiscal Year 2027
Property & Other Taxes	$27,678,000	$33,981,667
Licenses and Permits	17,401,500	8,986,350
Charges for Services	18,094,752	19,457,510
Fines and Forfeitures	550,000	510,000
Unrestricted Governmental	1,653,600	1,725,620
Restricted Governmental	1,365,000	1,587,469
Use of Money & Property	552,000	727,227
Miscellaneous	1,457,000	45,000
Sub-Total Revenues	$68,751,852	$77,020,843
Transfers In	20,216,688	16,273,398
Use of Fund Balance	821,785	--
Total Revenues, Other Financing Sources & Fund Balance	$89,790,325	$93,294,241
Expenditures:		
General Government	$10,822,134	$13,054,444
Public Safety	35,419,242	38,084,997
Planning & Development	2,978,266	3,179,066
Public Works	12,747,489	13,356,600
Parks & Recreation	16,565,422	16,568,038
Non-Departmental	4,712,772	5,168,379
Transfers Out	6,545,000	3,882,717
Total Expenses	$89,790,325	$93,294,241

Management's Discussion and Analysis Two Prior Fiscal Years

In Fiscal Year 2025, the City's General Fund revenues, including transfers in, totaled approximately $87.6 million which represented an increase of approximately $6.7 million (8.3%) over Fiscal Year 2024. This growth was primarily driven by an increase in property tax revenues of $5.4 million as a result of an approximately 20% increase in assessed value due to reassessment while maintaining the millage rate. General Fund expenditures, including transfers out, increased by approximately $8 million due in part to increased staffing and rising personnel costs across all departments, particularly public safety, and an increase in capital outlay. As a result, the City's fund balance decreased by approximately $2.6 million.

Based on unaudited Fiscal Year 2026 results, the City's General Fund revenues, including transfers in, are expected to exceed the Fiscal Year 2026 budget due to growth in property tax revenues, charges for services and unrestricted governmental revenues. General Fund expenditures, including transfers out, are expected to be in line with the Fiscal Year 2026 budget. As a result, while the City appropriated fund balance of $821,785 in its Fiscal Year 2026 budget, it expects to add to fund balance.

Investment Policies

The City holds and invests all operating funds directly. The funds may only be invested in investments specified under Section 6-5-10 of the Code of Laws of South Carolina, 1976, as amended, or the South Carolina Pooled Investment Fund. The primary objectives of the City's investment policy are to maintain safety of principal, to remain sufficiently liquid, and to diversify the investment portfolio by individual financial institution, government agency, security type and maturity structure.

Retirement Plan

The City contributes to the South Carolina Police Officers Retirement System ("PORS"). The PORS provides both retirement and death benefits on an employee and employer contribution basis. Required employee and employer contribution rates for the year ended June 30, 2025, to PORS were 9.75% and 21.24%, respectively. Employer contributions to the PORS for fiscal year ended June 30, 2025 were $3,186,000.

The City contributes to a defined contribution plan administered by the International City Managers Association for general employees (ICMA). The plans include a 401A and a 457 plan. For the 401A Plan, the City contributes 8% and the employee contributes 2%. For the 457 Plan, the City matches up to 6% of the employee's contribution after two years of employment. For fiscal year 2025-26, employer contributions to the 401A Plan and the 457 Plan were $1,673,855 and $568,398, respectively, and employee contributions to the 401A Plan and the 457 Plan were $417,642 and $1,104,588, respectively.

GASB Statement No. 68 ("GASB 68") include improved accounting and financial reporting by state and local governments for pensions, and improved information provided by state and local government employers about financial support for pensions that is provided by other entities. State and local governments that participate in a cost-sharing multiple employer plan will be required to recognize a liability for their proportionate share of the net pension liability of that plan.

Pursuant to GASB 68, the City is required to report a net pension liability for its participation in the PORS and ICMA on financial statements prepared on the economic resources measurement focus and accrual basis of accounting (i.e., the Statement of Net Position) and present more extensive note disclosures.

At June 30, 2025, the City's net pension liability was $19,525,945. Additional information regarding the City's retirement plans is presented in Note IV in the City's audited financial statements for Fiscal Year 2025, attached to this Official Statement as Appendix A.

Other Post-Employment Benefits

The Governmental Accounting Standards Board issued Statement No. 75 ("GASB 75") which establishes accounting and financial reporting requirements for governmental employers who sponsor or participate in Other Postemployment Benefits (OPEB) plans. GASB 75 is designed to help plan sponsors adequately and systematically account for plan costs, facilitate comparisons of plan sponsor financial information by standardizing certain aspects of postretirement benefit plan asset and liability measurement, and improve the utility of financial statement information by requiring that plan sponsors provide certain information about their OPEB plans.

The plan offers retired employees the City's employee group health insurance plan (including dental) at little or no cost. Any employee who retires under a City qualified retirement plan with at least 10 years of service may extend medical coverage, including for the retiree's spouse, if the spouse was covered during the employee's last year of employment. For retirees with at least 20 years of continuous service, the City pays, at its discretion, 100% of the retiree's monthly premium cost. The retiree pays the full premium rate for spouse coverage. The premium rate is set by the City Council each year during budget deliberations. The program covers retired employees until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan.

The above plan had 476 covered members for Fiscal Year ended June 30, 2025, 95 of which were retirees and 381 which were active participants and dependents.

Additional information regarding Other Post-Employment Benefits is presented in Note IV in the City's audited financial statements for Fiscal Year 2025 attached to this Official Statement as Appendix A.

The City's Unfunded Actuarial Accrued Liability at June 30, 2025, the date of the latest actuarial valuation required by GASB 75, was $20,489,428. The next actuarial valuation will be required as of June 30, 2027.

Insurance

Subject to specific immunity set forth in the South Carolina Torts Claims Act (the "Tort Claims Act"), local governments including the City are liable for damages not to exceed $300,000 per person and $600,000 per occurrence; provided, however, with respect to any licensed physician or dentist employed by a governmental entity and acting within the scope of his profession, local governments including the City may be liable for damages not to exceed $1,200,000 per person and per occurrence. No punitive or exemplary damages are permitted under the Tort Claims Act. Insurance protection to local government is provided from either the Insurance Reserve Fund established by the State Budget and Control Board, private carriers, self-insurance or pooled self-insurance fund. The City is currently insured through the South Carolina Municipal Insurance and Risk Financing Fund. In the opinion of the City Manager, the amount of liability coverage maintained by the City is sufficient to provide protection against any loss arising under the Act, except as described herein at "LEGAL MATTERS – Litigation."

TAX INFORMATION

Property Taxation and Assessment

Article X, Section 1 of the State Constitution requires equal and uniform assessments of property throughout the State for the following classes of property and at the following ratios of fair market value of such property:

(i) Real and personal property owned by or leased to manufacturers, utilities and mining operations and used in the conduct of such business - 10.5% of fair market value. Certain real property owned by, or leased to, manufacturers for use in "research and development," office buildings and warehousing and wholesale distribution of wearing apparel is excluded from this classification, and would be subject to the six percent assessment ratio for other real property. Pursuant to Act No. 228 of 2022, certain property of manufacturers is subject to a 42.8571% credit. Political subdivisions and school districts are required to be fully reimbursed by the State for this exemption, which is not to exceed $170 million per year, in the same manner as from the Trust Fund for Property Tax Relief. Certain new facilities may be entitled to pay a "fee-in-lieu-of-taxes" computed on an assessment ratio of not less than four percent of original cost less depreciation:

(ii) Real and personal property owned by or leased to companies primarily engaged in transportation for hire of persons or property and used in the conduct of such business - 9.5% of fair market value;

(iii) Legal residence and not more than five contiguous acres – four percent of fair market value (if the property owner makes proper application and qualifies);

(iv) Agricultural real property used for such purposes owned by individuals and certain corporations – four percent of use value (if the property owner makes proper application and qualifies);

(v) Agricultural property and timberlands belonging to corporations having more than ten shareholders – six percent of use value (if property owner makes proper application and qualifies);

(vi) All other real property - six percent of fair market value;

(vii) Business inventories - six percent of fair market value (as of 1988, an exemption is available from taxation of property in this category, hence this item is no longer significant, except that the assessed value of business inventory as of tax year 1987 is taken into account in determining total assessed value for purposes of the bonded debt limit);

(viii) All other personal property -10.5% of fair market value; and

(ix) Motor vehicles for personal use - 6.00%.

The Department of Revenue has been charged with the responsibility of taking steps necessary to ensure equalization of assessments statewide in order that all property is assessed uniformly and equitably throughout the State, and may require reassessment of any part or all of the property within Horry County (the "County"). State statutes provide that, notwithstanding any other provision of law, each county will appraise and equalize the properties within its jurisdiction once every fifth year. Horry County last completed and implemented its reassessment program in the 2024 tax year.

The County Assessor appraises and assesses all the real property and mobile homes located within the County and certifies the results to the County Auditor. The County Auditor appraises and assesses all motor vehicles, marine equipment, business personal property and airplanes. The Department of Revenue furnishes guides for use by the County in the assessment of automobiles, automotive equipment, and certain other classes of property and directly assesses the real and personal property of public utilities, manufacturers and business equipment.

Each year the Department of Revenue certifies its assessments to the County Auditor who prepares assessment summaries from the respective certifications, determines the appropriate millage levies, prepares tax bills and then in September charges the County Treasurer with the collection. South Carolina has no statewide property tax.

Property Tax Reform

During its 2006 session, the South Carolina General Assembly (the "General Assembly") enacted Act No. 388 ("Act No. 388") that, among other things, (1) authorizes local option sales taxes of up to one percent to provide credits against *ad valorem* taxes imposed by school districts on all taxable property, (2) limits the annual growth in the rate of *ad valorem* tax millage imposed for operations and maintenance ("Operating Millage"), (3) limits increases in the assessed value of real property for *ad valorem* tax purposes, and (4) allows real property taxpayers to elect to pay their taxes in six installments each year for tax years beginning after 2006. The Operating Millage limits and limitations on increases in assessed value were further modified by the General Assembly in its 2011 session (the "2011 Amendments").

Operating Millage Limits

Act No. 388, as amended, provides that governing bodies of local governments may increase the Operating Millage from a previous year by an amount equal to (1) the percentage increase in population of the governmental unit during such previous year plus (2) the Average CPI Increase plus (3) the operating millage increase allowed by operation of clauses (1) and (2), but not imposed, for the three property tax years preceding the year to which the current limit applies, and (c) may by a two-thirds vote of the members of the local governing body increase Operating Millage above such limits in response to the following limited events: (A) the deficiency, if any, of the preceding year; (B) any catastrophic event outside the control of the local governing body; (C) compliance with a court order or decree; (D) taxpayer closure due to circumstances outside the control of the local governing body that decreases by ten percent or more the amount of revenue payable to the taxing jurisdiction in the preceding year; or (E) compliance with a regulation promulgated or statute enacted by the federal or state government after January 1, 2007, for which an appropriation or a method for obtaining an appropriation is not provided by the federal or state government. The limitation on Operating Millage increases does not affect millage that is levied to pay bonded indebtedness or payments for real property purchased using a lease-purchase agreement or used to maintain a reserve account.

Limits on Assessed Value

On November 7, 2006, voters approved a constitutional amendment to enact the new property tax assessment methodology proposed in Act No. 388, which provides that, for property tax years beginning after 2006, the fair market value of real property for *ad valorem* tax purposes must be determined at the later of: (1) property tax year 2007, (2) the date an assessable transfer of interest occurs, (3) the time of a county-wide reassessment, which is required to occur every five years, provided that increases in the fair market value of real property attributable to a periodic county-wide reassessment cannot exceed 15% within a five-year period, or (4) the time of an appeal that results in a redetermination of fair market value. The assessment method of Act No. 388 would add to the fair market value of real property as determined above the fair market value of subsequent improvements and additions to the real property. The 2011 Amendments further provided for an exemption from the increase in assessed value as of the date of an assessable transfer equal to 25% of the assessed value of certain real property subject to a 6% assessment ratio (generally, commercial property and non-owner occupied homes), provided that the capped assessed value cannot be less than the fair market value of the property according to the most-recently completed county-wide reassessment.

Installment Payments of Property Tax

Act No. 388 provides that the local governing body of each county may allow real property taxpayers (except for those paying through an escrow account) to elect to pay their taxes in six installments each year. Horry County has not made for provision for installment payments of *ad valorem* property taxes.

Sales Tax Referenda

South Carolina law provides that, upon a county-wide referendum favorable thereto, there will be imposed a one percent sales and use tax within such county. An amount, not to exceed five percent of the collections from such tax, will be withheld for distribution to other counties, if the county imposing the tax collects $5,000,000 or more in a particular year. The remainder is divided between a Property Tax Credit Fund and a County/Municipal Revenue Fund. The distribution between those two funds would begin at 63 percent to the Property Tax Credit Fund, 37 percent to the County/Municipal Revenue Fund, changing over a five-year period to 71 percent to the Property Tax Credit Fund and 29 percent to the County/Municipal Revenue Fund. Collections deposited to a Property Tax Credit Fund would be distributed 67 percent to the county and 33 percent to the municipalities in the county based on their respective populations. Collections deposited to the County/Municipal Revenue Fund would be allocated among the county and the municipalities in the county area with 50 percent of such allocation based upon the location of the sale and 50 percent of the allocation based on population. Collections deposited to the Property Tax Credit Fund would be used by the receiving county or municipality to provide a credit against the property tax liability of taxpayers in the county or municipality. Moneys received by a county or municipality from the County/Municipal Revenue Fund may be used for additional expenditures or for a further property tax credit. In practical effect, if the level of expenditures is a given, either use of the moneys would result in a lower tax millage levy than otherwise. If a municipality has adopted a redevelopment plan for a tax increment financed redevelopment project pursuant to the Tax Increment Financing Law, Title 31, Chapter 6, Code of Laws of South Carolina 1976, as amended, a deficiency resulting from the application of the Property Tax Credit Fund to lower tax millage levies must be funded from the municipality's allocation from the County/Municipal Revenue Fund each year so as to provide full funding for the project.

Tax Collection Procedure

In the County, taxes are collected for County, municipal and school purposes as a single tax bill which must be paid in full by the individual taxpayer. Taxes are collected on a calendar year basis. Real and personal taxes in the City are payable on or before January 15 of each year with the exception of taxes on motor vehicles. New vehicle property taxes are assessed and levied within 120 days of the registration date of the vehicle and payment is due upon receipt of the property tax notice; all other personal property taxes on motor vehicles are due on or before the last day of the month in which the license tag for motor vehicles expires. If property taxes, other than taxes on motor vehicles, are not paid on or before January 16, a penalty of three percent is added; if not paid by February 1, an additional penalty of seven percent is added; if not paid on or before March 17, an additional penalty of five percent is added and taxes go into execution. Taxes on motor vehicles are subject to similar penalties measured from due date thereof. Unpaid taxes, both real and personal, constitute a first lien against the property. The County Treasurer is empowered to seize and sell so much of the defaulting taxpayer's estate - real and personal or both - as may be sufficient to satisfy the taxes.

Tax Collections of the City

The following table shows taxes levied (adjusted to include additions, abatements and *nulla bonae* (i.e., no assets available to be seized)) for the City, taxes collected as of June 30 of the year following the year in which the levy was made, and the amount of delinquent taxes (which taxes include taxes levied in prior years but collected in the year shown) and the percentage of taxes collected.

Fiscal Year	Total Tax Levy	Current Taxes Collected	Current Percentage Collected	Delinquent Taxes Collected	Total Tax Collections	Ratio of Total Tax Collections to Total Tax Levy
2025-26(1)	$31,416,872	$29,920,481	95.2%	$404,042	$30,324,523	96.5%
2024-25	29,625,873	28,623,089	96.6	379,610	29,002,699	97.9
2023-24	24,954,933	24,078,822	96.5	281,641	24,360,463	97.6
2022-23	22,946,589	22,141,605	96.5	246,072	22,387,677	97.6
2021-22	21,108,748	20,461,922	96.9	275,690	20,737,612	98.2

(1) Figures as of May 30, 2026.
Source: County Treasurer.

Ten Largest Taxpayers

The ten largest property taxpayers in the City for Tax Year 2025 are shown below:

Taxpayer	Assessed Valuation	Percentage of Assessed Valuation
1. IREIT North Myrtle Beach Coastal North	$4,354,820	0.62%
2. Lawyers Title Insurance Corp.	4,107,080	0.59
3. Barefoot Landing Commercial LLC	3,508,110	0.50
4. Marina Cottages At Barefoot Landing LP	3,316,280	0.47
5. CW Apartments SC LP	2,755,970	0.39
6. Bluegreen Vacations Unlimited Inc.	2,706,924	0.39
7. THF Gator Hole Devco De LLC	2,560,560	0.37
8. Fairfield Resorts Inc.	2,509,010	0.36
9. Prince Resort Rental Management LLC	2,395,292	0.34
10. Wyndham Vacation Resorts Inc.	1,891,240	0.27
	$30,150,286	4.31%

Source: County Finance Department.

Millage History

Presented below is the millage history for City Operations for each of the last five fiscal years for which data is available.

	2023	2024	2025	2026	2027
City Operations	45.0	45.0	45.0	45.0	50.0

Source: County Finance Department.

Assessed Value of Taxable Property

The assessed value of all taxable property in the City and in the County for which taxes were levied for the last five fiscal years is set forth below:

Fiscal Year	Tax Year	Assessed Value in City(1)	Assessed Value in County(1)
2026	2025	$701,141,579	$4,374,465,000
2025	2024	661,762,630	4,071,162,000
2024	2023	552,066,206	3,411,412,000
2023	2022	509,924,206	3,089,595,000
2022	2021	469,083,284	2,844,645,000

(1) Does not include tax-exempt property but includes fee-in-lieu of tax, reimbursements of manufacturer's depreciation and motor carrier reimbursement assessments.
Source: County Finance Department.

Estimated True Value of All Taxable Property

The assessed value and estimated true value of all taxable property in the City calculated for Tax Year 2025, is as follows:

Classification of Property	Assessed Value	Estimated True Value
Real Property	$636,998,356	$12,490,163,843
Personal Property	64,143,223	1,010,884,881
Total	$701,141,579	$13,501,048,724

(1) Does not include tax-exempt property but includes fee-in-lieu of tax, reimbursements of manufacturer's depreciation and motor carrier reimbursement assessments.
Source: County Finance Department.

General Obligation Debt Limit

Under the provisions of Article X, Section 14 of the State Constitution, an incorporated municipality may, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law, incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitation as to amount, and incur, without an election, general obligation debt (in addition to bonded indebtedness existing on November 30, 1977, and bonded indebtedness authorized by a majority vote of qualified electors) in an amount not exceeding eight percent of the assessed value of all taxable property therein.

The City's debt limitation as of June 30, 2026, is calculated as set forth in the following table:

Tax Year 2025 Assessed Value	$697,382,036
	x 8%
Constitutional Debt Limit	$55,790,562
Less Outstanding Debt Subject to Limit	(25,345,268)
Legal Debt Available Without a Referendum	$30,445,294

Outstanding Indebtedness

Cherry Grove Improvement District Assessment Bond

As of June 30, 2026, the City had outstanding $1,256,268.43 principal amount of its $3,242,000 original principal amount Cherry Grove Improvement District Assessment Bond, Series 2022 (the "2022 Assessment Bond"), which is payable by way of annual amortized installments of principal and interest payments of $660,347.56 through April 1, 2028, subject to annual adjustment for optional redemption payments. The 2022 Assessment Bond was issued to defray the costs of the dredging of recreational canals in the Cherry Grove Municipal Improvement District (the "Improvement District"), established by the City Council in 2016 within a portion of Cherry Grove Beach, and is secured by a foreclosable assessment on each parcel located within the Improvement District. In accordance with State law, the City has determined that the assessments imposed in the Cherry Grove Municipal Improvement District are sufficient to pay all principal of the 2022 Assessment Bond and all interest thereon as the same becomes due. The City does not expect to utilize ad valorem taxes for payment of any portion of the 2022 Assessment Bond, but has pledged the City's full faith, credit and taxing power as additional security therefor.

General Obligation Bond

The City issued on June 17, 2025, its $27,000,000 General Obligation Bond, Series 2025 (the "Series 2025 Bond") to provide funds for construction and equipping of Phase II of the City's Park & Sports Complex. Amounts payable pursuant to the Series 2025 Bond are as follows:

Calendar Year	Debt Service [1]
2026	$3,986,900
2027	3,489,284
2028	3,486,984
2029	3,484,954
2030	3,483,045
2031	3,481,108
2032	3,478,993
2033	3,476,552
2034	3,474,615
	$31,842,435

[1] Totals may not add due to rounding.

Other City Debt

In December 2022, the City entered into a lease for an office building on 2nd Avenue. The initial term is 5 years ending December 2027. Annual lease rates increase by $1,250, payable quarterly, which includes interest at 3%. The table below shows the annual debt service:

Year Ended June 30	Debt Service
2026	$33,687
2027	34,938
2028	8,812
	$77,437

Capital Improvement Plans

The City has evaluated its future capital needs and developed a list of potential projects, the funding sources for which will be identified in a formal capital improvement plan in the coming year.

Other than an approximately $5.43 million lease purchase financing to fund vehicles and equipment that is scheduled to close in October 2026, the City has not currently identified any other borrowing needs over the next 2-3 years.

Legal Debt Limit of Counties, School Districts and Special Purpose Districts

Under the provisions of Article X, Section 14 of the State Constitution, each county, incorporated municipality and special purpose district may, in such manner and upon such terms and conditions as the General Assembly shall prescribe by general law, (a) incur general obligation debt authorized by a majority vote of the qualified electors thereof voting in a referendum, without limitation as to amount, and (b) incur, without an election, general obligation debt (in addition to bonded indebtedness existing on November 30, 1977, and bonded indebtedness authorized by a majority vote of qualified electors) in an amount not exceeding eight percent of the assessed value of all taxable property therein. School districts are subject to similar constraints pursuant to the provisions of Article X, Section 15, except that the cut-off date for bonded indebtedness is November 30, 1982.

Miscellaneous Debt Information

The City has not defaulted in the payment of principal or interest, or in any other material respect, with respect to any of its securities at any time within the last 25 years, nor has the City within such time issued any refunding bonds for the purpose of preventing a default in the payment of principal or interest on any of its securities then outstanding. The City has not used the proceeds of any bonds or other securities for current operating expenses at any time within the last 25 years.

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ECONOMIC CHARACTERISTICS AND DATA

General Description of the City

The City is located along a nine-mile stretch of the Atlantic Ocean coastline in the northeastern section of South Carolina known as the Grand Strand. In addition to the nine miles of public beaches, the City offers both pedestrian beach access and street-end beach access. The City operates under a charter that provides for a Council-Manager form of government, and provides a full range of services including police and fire protection, construction and maintenance of streets, drainage and other infrastructure, recreational activities and cultural events.

The City is a popular, tranquil seaside vacation destination that offers beautiful wide-white, sandy beaches, golf courses, entertainment with live music, theater and dinner shows, shopping and outdoor adventures such as kayaking, fishing and horseback riding on the beach. The City has long been known as the birthplace of the "Carolina Shag" – the dance that became a beach sensation in the 1940's and is now the official dance of South Carolina. The National Shag Dance Championships are held in the City each year.

Population Growth

The population for the City and the County for the preceding five decades and the estimated 2025 population is set forth in the following table:

Year	City	Horry County
2025[1]	21,346	427,551
2020	18,940	353,774
2010	13,875	269,291
2000	10,974	196,629
1990	8,731	144,053
1980	3,960	101,419

[1] July 1 population estimate.
Sources: U.S. Census Bureau, Population Division.

Retail Sales

The State imposes a six percent sales tax on certain retail sales. The following table shows the level of gross retail sales for both the City and the County for the fiscal years shown.

Year	North Myrtle Beach	Horry County
2025	$1,691,336,245	$17,026,875,412
2024	1,698,887,031	16,709,790,473
2023	1,598,670,034	16,356,476,834
2022	1,559,849,280	16,120,571,575
2021	1,447,636,382	14,944,115,492

Source: South Carolina Department of Revenue, Administrative Division.

Major Employers

The following table shows the ten largest employers located within the County, the type of business and their approximate number of employees:

Name	Type of Business	Number of Employees
Horry County School District	Education	6,643
Wal-Mart/Sam's Club	Retail Supercenter	2,813
Horry County Government	Government	2,652
Conway Medical Center	Healthcare	2,035
McLeod Health (Loris & Seacoast)	Healthcare	1,777
Food Lion	Grocery Store	1,659
Grand Strand Regional Medical Center	Healthcare	1,655
Coastal Carolina University	Education	1,541
City of Myrtle Beach	Government	1,269
Horry Telephone Cooperative	Telecommunications	614

Source: Horry County Comprehensive Annual Financial Report, June 30, 2025.

Unemployment

The unemployment rates for the County for the last 12 months are shown below:

Month/Year	Unemployment Rate
June 2026	4.7%
May 2026	4.4
April 2026	4.2
March 2026	5.1
February 2026	6.9
January 2026	7.0
December 2025	6.0
November 2025	5.9
October 2025[(1)]	--
September 2025	5.1
August 2025	5.4
July 2025	5.2

[(1)] Data unavailable due to the 2025 lapse in appropriations.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

The average unemployment rate in the County, the State and the United States for each of the five calendar years shown is as follows:

Year	County	State	United States
2025[(1)]	5.2%	4.5%	4.3%
2024	4.8	4.1	4.0
2023	3.5	3.0	3.6
2022	3.8	3.2	3.6
2021	4.8	3.9	5.3

[(1)] Annual estimates for 2025 are 11-month averages that exclude October 2025 as data was not collected due to the federal government shutdown.
Source: U.S. Department of Labor, Bureau of Labor Statistics.

Construction

The following table sets forth the number of new residential, commercial and industrial building permits issued in the City, and the aggregate values thereof, for the Fiscal Years shown.

No. Permits:	2021	2022	2023	2024	2025
Residential	3,519	3,337	3,695	3,762	3,885
Commercial	373	479	482	481	510
Total	3,892	3,816	4,177	4,243	4,395
Permit Values:					
Residential	$171,320,309	$203,949,823	$203,760,453	$248,222,580	$243,438,554
Commercial	27,855,204	39,491,098	79,695,312	50,256,425	127,191,168
Total	$199,175,513	$243,440,921	$283,455,765	$298,479,005	$370,629,722

Source: City.

Facilities Located Within or Serving the City

Ground Transportation

The City is served by US Highway 501 from the south and from the north and south by US Highway 17. South Carolina 31, known as Carolina Bays Parkway, is a limited access freeway which parallels US 17. South Carolina 22 is also a limited access freeway which runs from Aynor, South Carolina to the City and allows visitors to the City arriving from the west to avoid Conway and Myrtle Beach traffic. The City is within short driving distance of I-95 and I-20 connecting it to other parts of the State, as well as states to the north and south.

Air Transportation

The Myrtle Beach International Airport (the "Airport") is located approximately 30 minutes from the City. The airport consists of a passenger terminal complex, a 9,500-foot lighted runway and related taxiways, a general aviation apron and supporting buildings and hangars. The airport, owned by Horry County, provides air service to over 50 nonstop flights daily to major cities such as Atlanta, Boston, Charlotte, Chicago, Dallas, New York, Philadelphia and Washington, DC. The Airport is served by Allegiant Air, American Airlines, Avelo Airlines, Breeze Airways, Contour, Delta, Frontier Airlines, Southwest Airlines, Sun Country Airlines and United Airlines.

Ongoing projects nearing completion include an expanded passenger terminal, Phase 1 of a new parking lot (adding 1,200 spaces), a new FAA-required helicopter pad, and two set of 10-bay T-hangars.

The County also owns and operates three general aviation airports – Grand Strand, Conway and Loris Twin Cities. The Grand Strand Airport located in North Myrtle Beach and the Conway-Horry County Airport located in Conway serve private and corporate aircraft with parking, refueling and maintenance. Currently, the Loris Twin Cities Airport is an unattended airport for public use.

Medical and Health Services

The healthcare industry constitutes as a leading segment of the County's commercial base with three hospitals - Grand Strand Regional Medical Center, Conway Medical Center, and McLeod Health (Loris and Seacoast) - among the County's top 10 list of principal employers. In recent years, McLeod Health, Conway Medical Center and Tidelands Health, the largest health care provider in Georgetown County, have constructed and expanded health care facilities in the County. Tidelands Health is a 167-bed hospital that offers a wide range of inpatient and outpatient services including emergency care, critical care and general medical and surgical services. Tidelands Health is further expanding into south Horry County with the development of Tidelands Health Carolinas Bays Hospital, a 36-bed acute-care facility. McLeod Seacoast, a 50-bed hospital serving northern Horry County, employs approximately 120 physicians representing more than 32 specialties; it recently completed a 9,600 square-foot emergency department and is constructing a 50-bed expansion that will feature a new inpatient tower and new operating rooms. McLeod Loris is a 105-bed hospital employing approximately 120 physicians representing more than 32 specialties including general and orthopedic surgeries, women's services, emergency care, critical care, cardiac/pulmonary rehabilitation, and physical, occupational and speech therapies. Conway Medical Center employ 200 physicians representing 30 specialties, has available 210 inpatient beds, a 66-bed long-term care facility and a 22-bed sub-acute care facility. Conway Medical Center has partnered with Duke Health to establish a cancer treatment center for the region. Grand Strand Health offers the only cardiac surgery program, neurosurgery program and pediatric intensive care unit in Horry and Georgetown counties; it employs approximately 270 physicians.

Public Schools

The City is located in the Horry County School District, which serves all of the County. There are 58 fully accredited schools located in the Horry County School District within nine attendance areas: Aynor, Carolina Forest, Conway, Green Sea Floyds, Loris, Myrtle Beach, North Myrtle Beach, Socastee, and St. James – 30 elementary schools, 14 middle schools, 14 high schools, including an academy for arts, science and tech; an academy for technology and academics; an early college; a program for accelerated college enrollment; a technical scholars program; international baccalaureate program; and a scholars academy high school.

Approximately 48,248 pupils were enrolled in the public school system in the County for the 2024-25 school year based on a 180-day average daily membership. All public schools are fully accredited by the South Carolina Department of Education and Southern Association of Colleges and Schools. Full accreditation assures that the district has met the minimum standards for class size, qualifications of teachers, school facilities, instructional materials and curriculum.

Institutions of Higher Learning

The County is home to several institutions of higher education including Coastal Carolina University ("CCU"), Horry Georgetown Technical College, Pittsburg Institute of Aeronautics, Webster University, and Miller Mott Technical College. CCU is a public institution located in Conway and is fully accredited by the Southern Association of Colleges and Schools. CCU offers over 105 degree and certificate programs across six academic colleges plus a Graduate School, and a Ph.D. in marine science: coastal and marine systems science, and a Ph.D. in educational sciences. CCU had a Fall 2024 enrollment of 11,348, the latest enrollment figure available, according to the S.C. Commission on Higher Education.

Horry Georgetown Technical College ("HGTC") is accredited by the Southern Association of Colleges and Schools (SACS) and has three locations: Georgetown, Conway, and North Myrtle Beach. HGTC offers more than 80 associate degrees, diplomas, and certificate programs for students who are either seeking quick entry into the workforce or desiring to transfer to a senior institution to pursue a bachelor's degree. In 2019, HGTC and CCU formed an additional partnership (Coastal Bound) to provide students with additional CCU services early in their collegiate career. HGTC is the fourth largest of the 16 South Carolina technical colleges; it had a Fall 2024 enrollment of 7,923, the latest enrollment figure available, according to the S.C. Commission on Higher Education.

Recreation and Entertainment

The North Myrtle Beach Park & Sports Complex features fields for multiple sports, a 20-acre lake with water activities, playgrounds, walking trails, a cable wake park and a dog park. An open-air amphitheater hosts concerts, plays, and other events throughout the year. Central Park features youth softball fields, batting cages, half-court basketball, lighted tennis and pickleball courts, walking paths and picnic shelters. The J. Bryan Floyd Community Center offers fields for soccer, baseball, tennis, volleyball, basketball, and pickleball plus playgrounds and picnic areas. Classes are also offered in yoga, Zumba, martial arts and art.

Numerous golf clubs are located in the City including Surf Golf and Beach Club, Azalea Sands Golf Club, Beachwood Golf Club, and Eagle Nest Golf Club. Just beyond the City, Dunes Golf and Beach Club hosts the PGA Tour's ONEflight Myrtle Beach Classic.

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APPENDIX B

FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED JUNE 30, 2025

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CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

As of June 30, 2025

MAYOR

Marilyn B. Hatley

COUNCIL MEMBERS

Fred Coyne	Nicole Fontana
Jay Baldwin	Trey Skidmore
Bubba Collins	Hank Thomas

CITY MANAGER

Ryan Fabbri

DEPARTMENT MANAGERS

Finance Director, Acting	Jamie Baker
Information Services Director	Robert Foor
Parks and Recreation Director	Matt Gibbons
Planning and Development Director	James Wood
Public Works Director	Kevin Blanton
Chief of Police	Dana Crowell
Chief of Fire Rescue/Emergency Preparedness Director	Billy Floyd
Human Resources Director, Interim	Crystal McGhee
City Attorney	Chris Noury

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

LISTING OF PRINCIPAL OFFICIALS

As of Report Date

MAYOR

J.O. Baldwin, III

COUNCIL MEMBERS

Fred Coyne	Jeri McCumbee
Bubba Collins	Trey Skidmore
Hank Thomas	Melissa Wober

CITY MANAGER

Ryan Fabbri

DEPARTMENT MANAGERS

Finance Director	Susan Gladden
Information Services Director	Robert Foor
Parks and Recreation Director	Matt Gibbons
Planning and Development Director	James Wood
Public Work Director, Interim	Dana Hamilton
Chief of Police	Dana Crowell
Chief of Fire Rescue/Emergency Preparedness Director	John Galganski
Human Resources Director, Interim	Crystal McGhee
City Attorney	Chris Noury

Principal Officers at the time of the auditor's report are listed above. The completion of the financial statements experienced a significant delay, and there were substantial changes in management between the reporting period and the audit completion date.

Greene Finney Cauley, LLP
CERTIFIED PUBLIC ACCOUNTANTS & ADVISORS

Independent Auditor's Report

The Honorable Mayor and Members of City Council
City of North Myrtle Beach
North Myrtle Beach, South Carolina

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of North Myrtle Beach, South Carolina (the "City"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* ("*Government Auditing Standards"*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedules, and the pension and other postemployment benefit schedules, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB") who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 20, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Greene Finney Cauley, LLP

Greene Finney Cauley, LLP
Mauldin, South Carolina
August 20, 2026

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As management of the City of North Myrtle Beach ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the City's financial performance as a whole. Please read it in conjunction with the financial statements and notes to the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $327,974,685 (net position). Unrestricted net position was $7,764,618.
- The City's total net position increased by $23,622,567 compared to the prior year's net position.
- The City's governmental funds reported combined ending fund balances of $86,257,676, an increase of $4,840,946 from the prior year's fund balance. The increase was mainly due to growth in property tax, hospitality tax and accommodations tax revenue.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $24,173,749 or 29.4% of total General Fund expenditures for the year ended June 30, 2025.
- The City's total capital assets increased $47,588,727 during the current fiscal year, as capital asset additions of $60,535,122 exceeded depreciation and amortization expense of $12,946,395 .
- The City's total long-term obligations increased by $27,401,492 during the current fiscal year. The increase in long-term obligations is primarily due to issuance of $27,000,000 in general obligation bonds during the year partially offset by regularly scheduled principal payments of $638,942.
- During the prior fiscal year, the City's management determined that the following funds no longer met the criteria for reporting as an enterprise fund because their activities are supported by the general fund rather than user fees intended to cover the cost of services: Solid Waste, Beach Services, Aquatic/Fitness Center, and Sports and Tourism Park.

OVERVIEW OF FINANCIAL STATEMENTS

Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's financial statements. The City's financial statements comprise three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. The financial statements present two different views of the City through the use of government- wide statements and fund financial statements. In addition to the financial statements, this report contains supplementary information that will enhance the reader's understanding of the financial condition of the City.

Government-Wide Financial Statements

The financial statements include two kinds of statements that present different views of the City. The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business. The *fund financial statements* are designed for a more detailed look at the City's finances.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the differences between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

Government-Wide Financial Statements (Continued)

Government-wide financial statements are divided into two categories: 1) governmental activities; and 2) business-type activities. The City's only business-type activity is the Water and Sewer utility. Its governmental activities include general government, finance, information services, public safety, planning and development, public works, and parks and recreation. Taxes, business licenses, building permits, other charges for services, and state and federal grants finance most of these activities.

Fund Financial Statements

The fund financial statements provide a more detailed look at the City's most significant activities. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like all other governmental entities in South Carolina, uses fund accounting to ensure and reflect compliance with finance-related legal requirements, such as the General Statutes or the City's budget ordinance. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – *Governmental funds* are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are accounted for in governmental funds. These funds focus on how assets can be readily converted into cash flow (in and out), and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using the *modified accrual basis of accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the City's programs. The relationship between *governmental activities* (reported in the statement of net position and the statement of activities) and *governmental funds* is described in a reconciliation that is a part of the fund financial statements.

The City maintains numerous individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Local Accommodations Tax Fund, Local Hospitality Fee Fund, Capital Projects Fund, and Debt Service Fund – as they are considered major funds. Information from the other governmental funds is combined into aggregated presentations. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules in the supplementary information section of this report.

Proprietary Funds – The City maintains one proprietary fund for water and sewer utilities and one internal service fund for Insurance Management.

Enterprise Funds are used to account for operations that (a) are financed and operated in a manner similar to private business enterprises — where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City uses one enterprise fund to account for both its water and sewer operations. The proprietary fund financial statements can be found as listed in the table of contents.

Internal service funds are used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund for management of its health and other insurance plans. The Fund includes employee health related costs, to account for workers' compensation, property and casualty insurance. These services have been included within *governmental activities* in the government-wide financial statements.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found as listed in the table of contents.

OVERVIEW OF FINANCIAL STATEMENTS (CONTINUED)

Financial Statements (Continued)

Fund Financial Statements (Continued)

Other Information – In addition to the financial statements and accompanying notes, this report includes certain required supplementary information. Regarding the City's major funds, the City adopts an annual budget for its General Fund, as required by South Carolina Constitution, Article 10, Section 7. A required budgetary comparison schedule has been provided to demonstrate compliance with the budget. In addition, the City presents required schedules for the City's pension plan and other postemployment benefits plan. Required supplementary information can be found as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The following table provides a summary of the City's net position at June 30, 2025, compared to June 30, 2024:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	$ 101,291,996	92,191,843	12,352,473	11,942,639	113,644,469	$ 104,134,482
Capital Assets, Net	216,530,362	173,100,921	93,004,385	88,845,099	309,534,747	261,946,020
Other Assets, Net	646,407	882,875	2,999,398	3,053,636	3,645,805	3,936,511
Total Assets	318,468,765	266,175,639	108,356,256	103,841,374	426,825,021	370,017,013
Deferred Outflows of Resources:						
Deferred Pension Charges	6,167,304	4,653,315	-	-	6,167,304	4,653,315
Deferred OPEB Charges	3,380,381	2,913,891	470,383	405,471	3,850,764	3,319,362
Total Deferred Outflows of Resources	9,547,685	7,567,206	470,383	405,471	10,018,068	7,972,677
Liabilities:						
Current Liabilities	25,382,838	16,892,521	2,182,932	1,285,084	27,565,770	18,177,605
Net Pension Liability	19,525,945	18,964,813	-	-	19,525,945	18,964,813
Net OPEB Liability	17,986,579	17,063,766	2,502,849	2,374,439	20,489,428	19,438,205
Long-Term Liabilities	26,850,021	2,733,184	3,302,236	2,938,934	30,152,257	5,672,118
Total Liabilities	89,745,383	55,654,284	7,988,017	6,598,457	97,733,400	62,252,741
Deferred Inflows of Resources:						
Deferred Lease Income	882,876	1,073,821	2,773,636	2,823,660	3,656,512	3,897,481
Deferred Pension Credits	1,347,808	642,180	-	-	1,347,808	642,180
Deferred OPEB Credits	5,381,801	6,009,011	748,883	836,159	6,130,684	6,845,170
Total Deferred Inflows of Resources	7,612,485	7,725,012	3,522,519	3,659,819	11,135,004	11,384,831
Net Position:						
Net Investment in Capital Assets	203,494,445	170,549,751	92,696,420	88,521,188	296,190,865	259,070,939
Restricted	24,019,202	22,316,214	-	-	24,019,202	22,316,214
Unrestricted	3,144,935	17,497,584	4,619,683	5,467,381	7,764,618	22,964,965
Total Net Position	$ 230,658,582	210,363,549	97,316,103	93,988,569	327,974,685	$ 304,352,118

The City's current assets as of June 30, 2025, increased by approximately $9,509,987 from the prior year, primarily due to an increase in accounts receivable of $10,085,944 and a decrease in cash and cash equivalents of $1,573,414.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The City's capital assets as of June 30, 2025 increased $47,588,727 due to additions exceeding depreciation expense and net disposals. The main additions for construction in progress included road and infrastructure improvements, park improvements, and various municipal facility upgrades.

The City had approximately $40,500,893 in additions to construction in progress during the year.

Deferred outflows of resources (resources that will be used in a future period) increased by $2,045,391 primarily due to changes in the valuation of the net pension and net OPEB liabilities.

The long-term liabilities increased by $24,278,429. The increase is primarily the result of a new $27,000,000 general obligation bond for the North Myrtle Beach Sports Complex, leases, and scheduled principal payments and reductions of $638,942.

The net pension liability increased by $561,132 due to the State's total net pension liability increasing. The State funding of the pension program has had challenges that have been addressed by increasing the required contribution amounts and improving investment earnings. This liability is not controlled by the City.

The net OPEB liability increased by $1,051,223 primarily due to differences between expected and actual experience and an increase in total membership.

Deferred inflows of resources increased by $249,827 primarily due to increases in deferred revenue and OPEB credits.

Assets and deferred outflows exceeded liabilities and deferred inflows of resources (net position) by $327,974,686 at the close of the most recent fiscal year. The largest portion of the City's net position, or $296,190,865, reflects its investment in capital assets (i.e., land, buildings, machinery and equipment, infrastructure, etc.) less any related outstanding debt, including capital leases, used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot generally be used to liquidate these liabilities.

An additional portion of the City's net position of $24,019,202 represents resources that are subject to external restrictions on how they may be used. This portion of the net position is restricted primarily for special revenue programs which are restricted by the revenue source (i.e. impact assessment fees, tax increment financing revenues, accommodation taxes, hospitality taxes, etc.). The remaining balance is unrestricted net position of $7,764,618.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

The following table shows the changes in the City's net position for the fiscal year ended June 30, 2025 compared to fiscal year ended June 30, 2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 21,346,292	20,917,085	18,167,904	16,372,402	39,514,196	$ 37,289,487
Operating Grants and Contributions	2,109,769	1,761,480	-	-	2,109,769	1,761,480
Capital Grants and Contributions	3,958,428	4,380,709	7,592,176	6,156,079	11,550,604	10,536,788
General Revenues:						
Taxes	65,579,261	53,687,667	-	-	65,579,261	53,687,667
Other	22,224,144	23,325,459	223,856	255,156	22,448,000	23,580,615
Total Revenues	115,217,894	104,072,400	25,983,936	22,783,637	141,201,830	126,856,037
Expenses:						
General Government	12,460,802	12,564,077	-	-	12,460,802	12,564,077
Finance	2,507,032	2,340,267	-	-	2,507,032	2,340,267
Information Services	2,694,703	2,309,011	-	-	2,694,703	2,309,011
Public Safety	36,246,846	26,896,124	-	-	36,246,846	26,896,124
Planning and Development	2,917,772	2,437,027	-	-	2,917,772	2,437,027
Public Works	16,690,453	20,132,954	-	-	16,690,453	20,132,954
Parks and Recreation	20,494,791	15,990,480	-	-	20,494,791	15,990,480
Support Services	2,694,307	2,550,677	-	-	2,694,307	2,550,677
Interest on Long-Term Obligations	1,936,321	151,767	-	-	1,936,321	151,767
Water and Sewer	-	-	18,936,236	17,200,247	18,936,236	17,200,247
Total Expenses	98,643,027	85,372,384	18,936,236	17,200,247	117,579,263	102,572,631
Increase in Net Position Before Transfers	16,574,867	18,700,016	7,047,700	5,583,390	23,622,567	24,283,406
Transfers	3,720,166	3,175,521	(3,720,166)	(3,175,521)	-	-
Change in Net Position	20,295,033	21,875,537	3,327,534	2,407,869	23,622,567	24,283,406
Net Position - Beginning of Year	210,363,549	188,488,012	93,988,569	91,580,700	304,352,118	280,068,712
Net Position - End of Year	$ 230,658,582	210,363,549	97,316,103	93,988,569	327,974,685	$ 304,352,118

Revenues exceeded expenses by $23,622,568 for FY 2025. Total revenues increased from the prior year by $14,345,793 (11%). The increase is primarily due to a $5,355,714 increase in property taxes resulting from growth of City property values, increased charges for services, and growth in hospitality related revenues.

Expenses increased compared to the prior year by $15,006,631. Public Safety increased by $9,350,722 resulting from increases in personnel costs and equipment, while Public Works decreased by $3,442,501 reflecting changes in project-related expenditures.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted previously, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Governmental Funds (Continued)

As of the end of FY 2025, the City's governmental funds reported combined ending fund balance of $86,257,676, which represents an increase of $4,840,946 in comparison with the prior year. Approximately 28% of total fund balance, or $24,173,749, constitutes General Fund unassigned fund balance which is available for spending at the City's discretion. The City's non-spendable fund balance was approximately $664,783 for inventory and metered postage. Restricted fund balance includes $1,839,444 for debt service, $21,371,616 for tourism-related costs, and additional restricted amounts for grants and other special purposes. The City also reports assigned fund balance for capital projects.

The General Fund is the operating fund of the City. As of June 30, 2025, the total fund balance was $25,646,674. As a measure of the General Fund's liquidity, it may be useful to compare total unassigned fund balance to total General Fund expenditures. Total unassigned fund balance of the General Fund represents 29.4% of total General Fund expenditures. The net decrease in the fund balance of the General Fund was $2,620,921 during FY 2025. Some of the highlights for the decrease in fund balance are as follows:

General Fund revenues increased by $6,376,674, or 9.8% from the prior year primarily due to a $5,383,064 increase in property and other taxes due to growth within the City and a $110,657 increase in licenses and permits which resulted from permit fee schedule increases in FY 2025. General Fund expenditures increased by $7,962,994 or 10.7% primarily due to increases in personnel costs.

Included in the Capital Projects Fund were $27,000,000 in general obligation bond proceeds to partially fund the construction of a new Sports Complex.

The Debt Service Fund reported an increase in fund balance of $692,990 primarily due to a prior loan repayment to another fund.

Proprietary Funds

Net position for the water and sewer utility fund increased by approximately $3,327,534 in the current year. Key changes in business-type activities revenues and expenses compared to the prior year were as follows:

Total business-type activities revenues increased by approximately $1,795,502 or 11%. Key changes in business-type revenues as compared to the prior year were as follows:

- Water charges for services increased by approximately $868,124 or 10.2% primarily due to a 2.9% rate increase and an increase in consumption.
- Sewer charges for services increased approximately $927,378 or 11.8% primarily due to a 2.9% rate increase and an increase in sewer consumption.

Total business-type activities expenses and transfers out increased by approximately $2,280,634 or 11.2%. Key changes in business-type expenses as compared to the prior year were as follows:

- Water Fund expenses and transfers decreased approximately $315,476 or 3.7%.
- Sewer Fund expenses increased approximately $596,110 or 9.7%.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS (CONTINUED)

Proprietary Funds

A comparison of net position for the City's internal service funds to the prior fiscal year is listed below:

	June 30, 2025	June 30, 2024
Insurance Management Fund	$ (6,108,891)	$ (4,850,378)
Total	$ (6,108,891)	$ (4,850,378)

The City uses the Insurance Management Fund to account for its partially self-insured health insurance plan, workers' compensation, property and casualty insurance. The fund reported a decrease in net position of $1,258,513 during the current year. The net position of the fund is internally restricted for future claims and insurance needs.

General Fund Budgetary Highlights

During the fiscal year, the City had no mid-year revisions to the budget. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once more exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in expenditures that become necessary to maintain services. The final budget reflects encumbrance and capital carryforwards from the prior year, as well as an appropriation of reserves as necessary.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's capital assets for its governmental activities as of June 30, 2025, amounted to $216,530,362 (net of accumulated depreciation and amortization). These capital assets include land, construction in progress, buildings, improvements, machinery and equipment, infrastructure, leases and subscription assets.

The City's capital assets as of June 30, 2025, and 2024, were as follows:

	Governmental Activities	
	June 30, 2025	June 30, 2024
Land	$ 41,418,891	$ 32,947,594
Construction in Progress	73,492,531	41,332,908
Buildings	43,562,794	43,261,528
Improvements	31,173,292	29,125,052
Machinery and Equipment	56,599,159	49,248,421
Infrastructure	98,930,658	96,548,835
Right-to-Use Lease Asset	152,323	152,323
Right-to-Use Subscription Asset	1,874,927	1,874,927
Less: Accumulated Depreciation and Amortization	(130,674,213)	(121,390,667)
Total	$ 216,530,362	$ 173,100,921

The overall increase in the City's governmental activities capital assets for the period ending June 30, 2025, was $43,429,441 which represents a 25.1% increase over the prior year. Depreciation and Amortization expense was $9,485,886 for 2025 compared to $8,929,097 for the prior year.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Capital Assets (Continued)

	Business-Type Activities	
	June 30, 2025	June 30, 2024
Land	$ 717,829	$ 717,829
Construction in Progress	3,061,228	342,097
Buildings	1,213,360	1,213,360
Water and Sewer Systems	145,307,535	141,141,066
Improvements	5,885	5,885
Machinery and Equipment	7,914,485	7,180,290
Right-to-Use Lease Asset	450,000	450,000
Right-to-Use Subscription Asset	8,806,057	8,806,057
Less: Accumulated Depreciation and Amortization	(74,471,994)	(71,011,485)
Total	$ 93,004,385	$ 88,845,099

Intergovernmental Improvements

Improvements related to State/Federal Highway road projects are not capitalized as assets by the City as the condemnation of property and right-of-ways are released back to the South Carolina Department of Transportation ("SCDOT") at the completion of the projects.

Additional information on the City's capital assets can be found in Notes I and III of the notes to the financial statements.

Debt

As of June 30, 2025, the City had total outstanding long-term obligations of $32,377,072. Of the City's total long-term obligations, $27,000,000 was general obligation debt, which is backed by the full faith and credit of the City. The City's total long-term obligations as of June 30, 2025, and 2024, were as follows:

	June 30, 2025	June 30, 2024
Governmental Activities		
General Obligation Bond	$ 27,000,000	$ -
Special Assessment Bond	1,853,594	2,446,951
Leases	74,580	104,219
Compensated Absences	2,768,627	1,852,196
	$ 31,696,801	$ 4,403,366
Business-type Activities		
Leases	$ 307,965	$ 323,911
Compensated Absences	372,306	248,303
	$ 680,271	$ 572,214

The overall increase in the City's long-term obligations for the current fiscal year was $27,401,492. The increase is primarily due to the issuance of new obligations of $27,000,000 offset by the regularly scheduled principal payments of $622,996 on the City's long-term obligations.

The State of South Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The assessed value in the City of North Myrtle

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Debt (Continued)

Beach was $658,213,552 for tax year 2024. The City's statutory debt limit at June 30, 2025, was $52,657,000. The City had non-referendum bonded debt of $27,000,000 which resulted in the City having an unused legal debt margin of $25,657,000. Additional information regarding the City's long-term obligations can be found in Note III.E in the notes to the financial statements.

REQUESTS FOR CITY INFORMATION

This financial report is designed to provide a general overview of the City of North Myrtle Beach's finances for all those with an interest in the government's financial situation. Questions concerning any of the information should be addressed to Office of the Finance Director, City of North Myrtle Beach, South Carolina 29582.

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION

JUNE 30, 2025

	PRIMARY GOVERNMENT		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 30,486,141	5,628,704	$ 36,114,845
Cash and Cash Equivalents - Restricted	43,430,063	2,653,016	46,083,079
Investments	5,934,102	-	5,934,102
Property Taxes Receivable, Net	810,258	-	810,258
Intergovernmental Receivables	331,531	-	331,531
Lease Receivable, Current	226,449	54,238	280,687
Other Receivables, Net	18,265,358	3,338,565	21,603,923
Other Assets	1,808,094	677,950	2,486,044
Total Current Assets	101,291,996	12,352,473	113,644,469
Non-Current Assets			
Capital Assets:			
Non-Depreciable	114,911,422	3,779,057	118,690,479
Depreciable, Net	101,618,940	89,225,328	190,844,268
Lease Receivable, Less Current Portion	646,407	2,719,398	3,365,805
Deposit	-	280,000	280,000
Total Non-Current Assets	217,176,769	96,003,783	313,180,552
TOTAL ASSETS	**318,468,765**	**108,356,256**	**426,825,021**
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Pension Charges	6,167,304	-	6,167,304
Deferred OPEB Charges	3,380,381	470,383	3,850,764
TOTAL DEFERRED OUTFLOWS OF RESOURCES	**9,547,685**	**470,383**	**10,018,068**
LIABILITIES			
Current Liabilities			
Accounts Payable	18,548,358	1,963,149	20,511,507
Other Accrued Liabilities	1,060,530	30,518	1,091,048
Payable from Restricted Accounts	903,576	-	903,576
Unearned Revenue	23,594	-	23,594
Current Portion of Long-Term Liabilities	4,846,780	189,265	5,036,045
Total Current Liabilities	25,382,838	2,182,932	27,565,770
Non-Current Liabilities			
Net Pension Liability	19,525,945	-	19,525,945
Net OPEB Liability	17,986,579	2,502,849	20,489,428
Deposits Payable	-	2,658,135	2,658,135
Retainage Payable	-	153,095	153,095
Long-Term Liabilities	26,850,021	491,006	27,341,027
Total Non-Current Liabilities	64,362,545	5,805,085	70,167,630
TOTAL LIABILITIES	**89,745,383**	**7,988,017**	**97,733,400**
DEFERRED INFLOWS OF RESOURCES			
Deferred Lease Income	882,876	2,773,636	3,656,512
Deferred Pension Credits	1,347,808	-	1,347,808
Deferred OPEB Credits	5,381,801	748,883	6,130,684
TOTAL DEFERRED INFLOWS OF RESOURCES	**7,612,485**	**3,522,519**	**11,135,004**
NET POSITION			
Net Investment in Capital Assets	203,494,445	92,696,420	296,190,865
Restricted For:			
Tourism Related Expenses	21,371,616	-	21,371,616
Public Safety	808,142	-	808,142
Debt Service	1,839,444	-	1,839,444
Unrestricted	3,144,935	4,619,683	7,764,618
TOTAL NET POSITION	**$ 230,658,582**	**97,316,103**	**$ 327,974,685**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
FUNCTIONS/PROGRAMS	**Expenses**	**Charges For Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Total**
Governmental Activities:							
General Government	$ 12,460,802	1,818,505	514,768	-	(10,127,529)		$ (10,127,529)
Finance	2,507,032	-	-	-	(2,507,032)		(2,507,032)
Information Services	2,694,703	-	-	-	(2,694,703)		(2,694,703)
Public Safety	36,246,846	132,575	1,530,632	-	(34,583,639)		(34,583,639)
Planning and Development	2,917,772	-	-	-	(2,917,772)		(2,917,772)
Public Works	16,690,453	10,594,099	-	2,458,428	(3,637,926)		(3,637,926)
Parks and Recreation	20,494,791	8,801,113	64,369	1,500,000	(10,129,309)		(10,129,309)
Support Services	2,694,307	-	-	-	(2,694,307)		(2,694,307)
Interest Expense	1,936,321	-	-	-	(1,936,321)		(1,936,321)
Total Governmental Activities	**98,643,027**	**21,346,292**	**2,109,769**	**3,958,428**	**(71,228,538)**		**(71,228,538)**
Business-Type Activities							
Water and Sewer Utility	18,936,236	18,167,904	-	7,592,176		6,823,844	6,823,844
Total Business-Type Activities	**18,936,236**	**18,167,904**	**-**	**7,592,176**		**6,823,844**	**6,823,844**
TOTAL PRIMARY GOVERNMENT	**$ 117,579,263**	**39,514,196**	**2,109,769**	**11,550,604**	**(71,228,538)**	**6,823,844**	**$ (64,404,694)**

	Governmental Activities	Business-Type Activities	Total
General Revenues and Transfers:			
General Revenues:			
Property Taxes	$ 29,204,842	-	$ 29,204,842
Accommodations Taxes	22,064,855	-	22,064,855
Hospitality Taxes	12,248,395	-	12,248,395
Other Taxes	2,061,169	-	2,061,169
Licenses and Permits	14,756,069	-	14,756,069
Fines and Forfeitures	529,518	-	529,518
Franchise Fees	2,494,221	-	2,494,221
Other Revenues	3,989,349	-	3,989,349
Interest Earned	454,987	223,856	678,843
Transfers:			
Transfers in (out)	3,720,166	(3,720,166)	-
Total General Revenues and Transfers	91,523,571	(3,496,310)	88,027,261
CHANGE IN NET POSITION	**20,295,033**	**3,327,534**	**23,622,567**
NET POSITION - Beginning of Year	210,363,549	93,988,569	304,352,118
NET POSITION - End of Year	**$ 230,658,582**	**97,316,103**	**$ 327,974,685**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2025

		GENERAL FUND	LOCAL ACCOMMODATIONS TAX FUND
ASSETS			
Cash And Cash Equivalents	$	17,903,064	-
Cash And Cash Equivalents - Restricted		1,564,783	3,425,118
Investments		5,934,102	-
Property Taxes Receivable, Net		810,258	-
Intergovernmental Receivables		331,531	-
Lease Receivable		872,856	-
Other Receivables, Net		5,170,964	5,890,615
Due From Other Funds		6,991,983	-
Other Assets		664,783	-
TOTAL ASSETS		**40,244,324**	**9,315,733**
LIABILITIES			
Accounts Payable		11,532,086	-
Accrued Payroll and Fringe Liability		816,857	-
Payable From Restricted Assets		903,576	-
Unearned Revenue		23,594	-
TOTAL LIABILITIES		13,276,113	-
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes		438,661	-
Deferred Lease Income		882,876	-
TOTAL DEFERRED INFLOWS OF RESOURCES		1,321,537	-
FUND BALANCES			
Nonspendable		664,783	-
Restricted:			
Tourism Related Costs		-	9,315,733
Public Safety		808,142	-
Debt Service		-	-
Assigned:			
Capital Projects		-	-
Unassigned		24,173,749	-
TOTAL FUND BALANCES		**25,646,674**	**9,315,733**
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	**$**	**40,244,324**	**9,315,733**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

LOCAL HOSPITALITY FEE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	NONMAJOR STATE ACCOMMODATIONS TAX FUND	TOTAL GOVERNMENTAL FUNDS
-	12,583,077	-	-	$ 30,486,141
6,304,140	28,509,611	1,844,119	1,782,292	43,430,063
-	-	-	-	5,934,102
-	-	-	-	810,258
-	-	-	-	331,531
-	-	-	-	872,856
3,410,303	2,498,504	-	1,294,972	18,265,358
-	-	-	-	6,991,983
-	-	-	-	664,783
9,714,443	**43,591,192**	**1,844,119**	**3,077,264**	**107,787,075**
-	6,191,250	4,675	735,824	18,463,835
-	-	-	-	816,857
-	-	-	-	903,576
-	-	-	-	23,594
-	6,191,250	4,675	735,824	20,207,862
-	-	-	-	438,661
-	-	-	-	882,876
-	-	-	-	1,321,537
-	-	-	-	664,783
9,714,443	-	-	2,341,440	21,371,616
-	-	-	-	808,142
-	-	1,839,444	-	1,839,444
-	37,399,942	-	-	37,399,942
-	-	-	-	24,173,749
9,714,443	**37,399,942**	**1,839,444**	**2,341,440**	**86,257,676**
9,714,443	**43,591,192**	**1,844,119**	**3,077,264**	**$ 107,787,075**

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

JUNE 30, 2025

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	$ 86,257,676
Amounts reported for the governmental activities in the Statement of Net Position are different because of the following:	
Outstanding property taxes and other revenues which will be collected in the future but are not available soon enough to pay for the current period's expenditures are deferred in the funds.	438,661
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets was $347,204,575 and the accumulated depreciation and amortization was $130,674,213.	216,530,362
The City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plan is not recorded in the governmental funds but are recorded in the Statement of Net Position.	(14,706,450)
The City's proportionate shares of the net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its OPEB plan are not recorded in the governmental funds but are recorded in the Statement of Net Position.	(19,987,999)
Interest is recorded as an expenditure when due and payable in the governmental funds. Interest is recorded in the government-wide statements when it is incurred. This amount represents the amount of interest incurred but not yet due and payable at year-end.	(67,976)
Internal service funds are used by management to account for the costs of insurance services provided to employees and retirees of the City. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.	(6,108,891)
Long-term liabilities, including bonds payable, are not due or payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consisted of the following:	
Long-Term Debt	(28,853,594)
Lease Liabilities	(74,580)
Compensated Absences (Vacation and Compensatory Time Earned)	(2,768,627)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	**$ 230,658,582**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	GENERAL FUND	LOCAL ACCOMMODATIONS TAX FUND
REVENUES		
Property Taxes	$ 28,999,187	-
Special Assessments	-	-
Licenses and Permits	14,756,069	-
Intergovernmental	3,788,375	15,282,414
Fines and Forfeitures	529,518	-
Franchise Fees	2,494,221	-
Charges for Services	18,089,397	-
Investment Earnings	310,228	-
Other Revenues	2,409,493	-
TOTAL REVENUES	**71,376,488**	**15,282,414**
EXPENDITURES		
Current:		
General Government	9,785,260	-
Finance	2,400,682	-
Information Services	2,380,857	-
Public Safety	31,251,328	-
Planning and Development	2,780,647	-
Public Works	10,059,588	-
Parks and Recreation	14,850,253	-
Support Services	2,580,985	-
Capital Outlay	5,523,110	-
Debt Service:		
Principal	595,793	-
Interest and Fiscal Charges	23,176	-
TOTAL EXPENDITURES	**82,231,679**	**-**
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	**(10,855,191)**	**15,282,414**
OTHER FINANCING SOURCES (USES)		
Transfers In	16,193,466	-
Transfers Out	(7,959,197)	(11,550,000)
Issuance of Debt	-	-
TOTAL OTHER FINANCING SOURCES (USES)	**8,234,269**	**(11,550,000)**
NET CHANGE IN FUND BALANCES	**(2,620,922)**	**3,732,414**
FUND BALANCES - Beginning of Year	28,267,596	5,583,319
FUND BALANCES - End of Year	**$ 25,646,674**	**9,315,733**

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

LOCAL HOSPITALITY FEE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	NONMAJOR STATE ACCOMMODATIONS TAX FUND	TOTAL GOVERNMENTAL FUNDS
-	-	-	-	$ 28,999,187
-	-	745,436	-	745,436
-	-	-	-	14,756,069
12,248,395	3,958,428	-	6,419,569	41,697,181
-	-	-	-	529,518
-	-	-	-	2,494,221
-	3,256,895	-	-	21,346,292
-	130,908	1,183	12,668	454,987
-	1,579,856	-	-	3,989,349
12,248,395	**8,926,087**	**746,619**	**6,432,237**	**115,012,240**
-	287,256	-	-	10,072,516
-	-	-	-	2,400,682
-	-	-	-	2,380,857
-	-	-	-	31,251,328
-	-	-	-	2,780,647
-	2,574,720	-	-	12,634,308
-	2,396,384	-	2,504,632	19,751,269
-	-	-	-	2,580,985
-	50,192,768	-	-	55,715,878
-	-	593,357	-	1,189,150
-	-	110,664	-	133,840
-	**55,451,128**	**704,021**	**2,504,632**	**140,891,460**
12,248,395	**(46,525,041)**	**42,598**	**3,927,605**	**(25,879,220)**
-	26,005,494	650,392	-	42,849,352
(16,800,000)	-	-	(2,819,989)	(39,129,186)
-	27,000,000	-	-	27,000,000
(16,800,000)	**53,005,494**	**650,392**	**(2,819,989)**	**30,720,166**
(4,551,605)	**6,480,453**	**692,990**	**1,107,616**	**4,840,946**
14,266,048	30,919,489	1,146,454	1,233,824	81,416,730
9,714,443	**37,399,942**	**1,839,444**	**2,341,440**	**$ 86,257,676**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ 4,840,946
Amounts reported for the governmental activities in the Statement of Activities are different because of the following:	
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. This amount represents the change in unavailable revenues for the year.	205,656
Changes in the City's proportionate shares of the net pension liability, deferred outflows of resources, and deferred inflows of resources related to its participation in the State retirement plans for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	247,228
Changes in the City's net OPEB liability, deferred outflows of resources, and deferred inflows of resources related to its OPEB plan for the current year are not reported in the governmental funds but are reported in the Statement of Activities.	170,887
Repayment of bond and debt principal is an expenditure or other financing use in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	622,996
Debt proceeds provide current financial resources to governmental funds, but issuing debt or entering into leases increases long-term liabilities in the Statement of Net Position.	(27,000,000)
Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and payable and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due and payable. This represents the change in accrued interest during the current year.	(47,177)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.	(916,431)
The internal service funds are used by management to account for the costs of health, dental and benefit services provided to employees and retirees of the City. The net activities of the internal service fund is reported with governmental activities.	(1,258,513)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets that are considered capital asset additions is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions of $52,915,327 exceeded depreciatioı and amortization expense of $9,485,886 in the current period.	43,429,441
TOTAL CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ 20,295,033

The notes to the financial statements are an integral part of this statement.
See accompanying independent auditor's report.

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2025

	WATER AND SEWER UTILITY	INTERNAL SERVICE FUND
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 5,628,704	$ -
Cash and Cash Equivalents - Restricted	2,653,016	-
Accounts Receivable	3,338,565	-
Lease Receivable, Current	54,238	-
Other assets	-	35,000
Inventory and Prepaid Assets	677,950	1,108,311
Total Current Assets	12,352,473	1,143,311
Noncurrent Assets		
Capital Assets, Non-Depreciable	3,779,057	-
Capital Assets, Depreciable, Net	89,225,328	-
Lease Receivable, Noncurrent	2,719,398	-
Deposit	280,000	-
Total Noncurrent Assets	96,003,783	-
TOTAL ASSETS	**108,356,256**	**1,143,311**
DEFERRED OUTFLOWS OF RESOURCES		
Deferred OPEB Charges	470,383	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	1,963,149	84,522
Accrued Liabilities	30,518	175,697
Due to Other Funds	-	6,991,983
Lease Liability - Current	17,195	-
Compensated Absences - Current	172,070	-
Retainage Payable - Current	153,095	-
Total Current Liabilities	2,336,027	7,252,202
Noncurrent Liabilities:		
Lease Liability - Non-Current	290,770	-
Deposits Payable	2,658,135	-
OPEB Liability	2,502,849	-
Compensated Absences - Non-Current	200,236	-
Total Noncurrent Liabilities	5,651,990	-
TOTAL LIABILITIES	**7,988,017**	**7,252,202**
DEFERRED INFLOWS OF RESOURCES		
Deferred OPEB Credits	748,883	-
Deferred Lease Inflows	2,773,636	-
TOTAL DEFERRED INFLOWS	**3,522,519**	**-**
NET POSITION		
Net Investment in Capital Assets	92,696,420	-
Unrestricted	4,619,683	(6,108,891)
TOTAL NET POSITION	**$ 97,316,103**	**$ (6,108,891)**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUNDS

YEAR ENDED JUNE 30, 2025

	WATER AND SEWER UTILITY	INTERNAL SERVICE FUND
OPERATING REVENUES		
Charges for Services	$ 18,167,904	$ -
Premiums	-	3,404,677
Contributions	-	8,302,911
Other Revenues	-	9,911
TOTAL OPERATING REVENUES	**18,167,904**	**11,717,499**
OPERATING EXPENSES		
Personnel Services	5,903,689	-
Contractual Services	5,153,976	-
Materials and Supplies	2,809,178	-
Utilities	809,707	-
Repairs and Maintenance	444,423	-
Depreciation and Amortization	3,460,507	-
Claims	-	5,348,038
Other Operating Expenses	354,756	7,627,974
TOTAL OPERATING EXPENSES	18,936,236	12,976,012
OPERATING INCOME (LOSS)	**(768,332)**	**(1,258,513)**
NON-OPERATING REVENUES (EXPENSES)		
Investment Earnings	223,856	-
TOTAL NON-OPERATING REVENUES (EXPENSES)	223,856	-
INCOME (LOSS) BEFORE CONTRIBUTIONS, GRANTS AND TRANSFERS	**(544,476)**	**(1,258,513)**
Capital Grants	369,619	-
Capital Contributions	3,966,687	-
Water and Sewer Impact Fees	3,255,870	-
Transfers Out	(3,720,166)	-
TOTAL CONTRIBUTIONS, GRANTS AND TRANSFERS	3,872,010	-
CHANGE IN NET POSITION	**3,327,534**	**(1,258,513)**
NET POSITION, Beginning of Year	93,988,569	(4,850,378)
NET POSITION, End of Year	**$ 97,316,103**	**$ (6,108,891)**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS - PENSION TRUST FUNDS

YEAR ENDED JUNE 30, 2025

	WATER AND SEWER UTILITY	INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Charges for Fees and Services	$ 15,799,478	$ 11,914,589
Cash Payments to Suppliers for Goods and Services	(8,604,753)	-
Cash Payments to Employees for Services	(5,784,374)	-
Payments for Claims/Premiums and Other Costs	-	(13,642,859)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	1,410,351	(1,728,270)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
Transfer (to) from Other Funds	(3,720,166)	1,668,227
NET CASH USED IN NON-CAPITAL FINANCING ACTIVITIES	(3,720,166)	1,668,227
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(3,644,580)	-
Impact Fees Received	3,255,870	-
Proceeds from Capital Grants	(15,946)	-
Principal Payments on Leases	369,619	-
NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES	(35,037)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Income Received on Investments	223,856	-
NET CASH PROVIDED BY INVESTING ACTIVITIES	223,856	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(2,120,996)**	**(60,043)**
CASH AND CASH EQUIVALENTS, Beginning of Year	10,402,716	60,043
CASH AND CASH EQUIVALENTS, End of Year	**$ 8,281,720**	**$ -**
Reconciliation of Operating Income to Net Cash From Operating Activities:		
Operating Loss	$ (768,332)	$ (1,258,513)
Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:		
Depreciation	3,460,507	-
Non-cash OPEB Expense	106,036	-
Cash Used in Operating Activities:		
(Increase) Decrease in Assets:		
Accounts Receivable	(2,368,426)	212,074
Inventory and Prepaid Assets	(158,191)	(14,984)
Increase (Decrease) in Liabilities:		
Accounts Payable	1,076,863	(835,084)
Accrued Liabilities	(110,724)	168,237
Accrued Compensated Absences	124,003	-
Net Cash Provided by (Used in) Operating Activities	$ 1,410,351	$ (1,728,270)
NONCASH ACTIVITIES		
Capital Contributions	$ 3,966,687	$ -
Capital Grant Proceeds in Accounts Receivable	369,619	-
Capital Acquisitions in Accounts Payable	$ 522,714	$ -

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF NET POSITION - FIDUCIARY FUNDS - PENSION TRUST FUNDS

JUNE 30, 2025

		PENSION TRUST FUNDS
		MONEY PURCHASE PENSION PLANS
ASSETS		
Restricted Investments	$	42,304,532
Receivables - Participant Loans		1,499,771
TOTAL ASSETS		**43,804,303**
NET POSITION		
Restricted for employee pension benefits		43,804,303
TOTAL NET POSITION	**$**	**43,804,303**

CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUND - PENSION TRUST FUNDS

YEAR ENDED JUNE 30, 2025

		PENSION TRUST FUNDS
		MONEY PURCHASE PENSION PLANS
ADDITIONS		
Contributions:		
Employer Contributions	$	1,572,797
Employee (Member) Contributions		403,818
Investment Income and Net Appreciation in Fair Value of Investments		4,562,920
Non-vested Rollover		54,714
TOTAL ADDITIONS		**6,594,249**
DEDUCTIONS		
Benefit Payments and Loan Issuance Costs		2,714,946
Other Expenses		36,797
TOTAL OPERATING EXPENSES		2,751,743
CHANGE IN NET POSITION		**3,842,506**
NET POSITION, Beginning of Year		39,961,797
NET POSITION, End of Year	**$**	**43,804,303**

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The City of North Myrtle Beach ("City") was incorporated in 1968 and adopted a home rule charter in 1976. The City operates under the Council-Manager form of government as provided in S.C. Code 5-13-10 et seq. as amended. City Council ("Council") is composed of a Mayor, two council members elected at large and four council members elected by district. Council member terms run for a period of four years, with three of the council seat terms expiring in alternating years.

All legislative and administrative powers of the City and the determination of all matters of policy are vested in Council. Each member of Council, including the Mayor, has one vote in each matter. To assist the Mayor and Council, the Council employs a City Manager to carry out Council policies and to serve as the chief administrative officer of the City.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. The Reporting Entity

The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP"), as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

As required by GAAP, the financial statements must present the City's financial information with any of its component units. The primary criterion for determining inclusion or exclusion of a legally separate entity (component unit) is financial accountability, which is presumed to exist if the City both appoints a voting majority of the entity's governing body, and either 1) the City can impose its will on the entity or, 2) there is a potential for the entity to provide specific financial benefits to, or impose specific financial burdens on the City. If either or both of the foregoing conditions are not met, the entity could still be considered a component unit if it is fiscally dependent on the City and there is a potential that the entity could either provide specific financial benefits to, or to impose specific financial burdens on, the City.

To be considered fiscally independent, an entity must have the authority to do all of the following: (a) determine its budget without the City having the authority to approve or modify that budget; (b) levy taxes or set rates or charges without approval by the City; and (c) issue bonded debt without approval by the City. An entity has a financial benefit or burden relationship with the City if, for example, any one of the following conditions exists: (a) the City is legally entitled to or can otherwise access the entity's resources, (b) the City is legally obligated or has otherwise assumed the obligation to finance the deficits or provide financial support to, the entity, or (c) the City is obligated in some manner for the debt of the entity. Finally, an entity could be a component unit even if it met all the conditions described above for being fiscally independent, if excluding it would cause the City's financial statements to be misleading.

Blended component units, although legally separate entities, are in substance part of the government's operations and data from these units are combined with data of the primary government in the fund financial statements. Discretely presented component units, on the other hand, are reported in a separate column in the government-wide financial statements to emphasize they are legally separate from the City. Based on the criteria above, the City does not have any component units.

Major Operations

The City's major operations include police and fire protection, municipal court, sanitation services, maintenance of buildings and infrastructure, recreational facilities and programs, construction permitting and building inspections, land use planning and code enforcement, water and sewer utilities, and general administrative and legal support.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the City. For the most part, the effect of interfund activity (except for interfund services provided and used between functions) has been removed from these financial statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely, to a significant extent, on fees and charges for support.

The Statement of Net Position reports all financial and capital resources of the City and reports the difference between assets and liabilities as "net position", not fund balance or equity. The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

The **government-wide financial statements** are reported using the *economic resources measurement focus* and the *accrual basis of accounting.* Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Non-exchange transactions, in which the City gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statements are prepared using a different measurement focus from the manner in which governmental fund financial statements are prepared (see further detail below). Governmental fund financial statements, therefore, include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting.* Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property taxes, intergovernmental revenues, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be measurable and susceptible to accrual and so have been recognized as revenues of the current fiscal period. For this purpose, the City generally considers its revenues to be available if they are collected within 60 days of the end of the current fiscal period, with the exception of certain reimbursement expenditure grants for which a twelve-month availability period is generally used.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, lease expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payments are due and payable. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as capital outlay expenditures in governmental funds. Issuance of long-term debt and acquisitions under financed purchase agreements are reported as other financing sources.

Fund financial statements report detailed information about the City. The focus of governmental fund financial statements is on major funds rather than by fund type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

When both restricted and unrestricted resources are available for use, it is the City's practice to use restricted resources first, then unrestricted resources as they are needed.

The accounts of the government are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements. The City uses the following fund categories:

Governmental fund types are those through which most governmental functions of the City are financed. The City's expendable financial resources and related assets and liabilities (except for those accounted for in the fiduciary funds) are accounted for through governmental funds. The City's governmental fund types and funds are as follows:

The ***General Fund, a major fund*** and a budgeted fund**,** is the general operating fund of the City and accounts for all revenues and expenditures of the City except those required to be accounted for in other funds. All general tax revenues and other receipts that (a) are not allocated by law or contractual agreement to other funds or (b) that have not been restricted, committed, or assigned to other funds are accounted for in the General Fund. General operating expenditures and the capital improvement costs that are not paid through other funds are paid from the General Fund.

Special revenue funds are used to account for and report the proceeds of specific revenue sources (that are expected to continue to comprise a substantial portion of the inflows of the fund) that are restricted or committed to expenditures for specified purposes other than debt service or capital projects. The City has the following major special revenue funds:

i. The ***Local Accommodations Tax Fund, a major fund***, and an unbudgeted fund, is used to account for and report the financial resources received and disbursed related to the fee imposed on the rental of any accommodations within City limits.

ii. The ***Local Hospitality Fee Fund, a major fund,*** and an unbudgeted fund, is used to account for and report the financial resources received and disbursed related to the tax imposed on food and beverage sales within the City that is restricted for tourism and related expenditures.

iii. The ***State Accommodations Tax Fund, a non-major fund*** and a budgeted fund, is used to account for and report the financial resources received and disbursed related to a portion of the hotel/motel fee levied by the State of South Carolina and remitted to the City that are legally restricted for advertising, promotion, and tourism expenditures.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Measurement Focus, Basis of Accounting, and Basis of Presentation (Continued)

Capital Projects Fund, a major fund, is used to account for and report financial resources that are restricted, committed, or assigned for (a) the acquisition, construction, or renovation of major capital facilities, (b) ongoing major improvement projects which usually span more than one year, and (c) major equipment or other capital asset acquisitions which are not financed by another fund.

Debt Service Fund, a major fund, is used to account for the accumulation of resources and payments of long-term bond principal and interest from government resources.

Proprietary Fund Types are accounted for based on the *flow of economic resources measurement focus* and use the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. Proprietary funds are made up of two classes: enterprise funds and internal service funds. The City has one enterprise fund and one internal service fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of enterprise funds are primarily charges for services and fees. Operating expenses for enterprise funds include the expenses for providing goods and services, administrative expenses, maintenance, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating items. Proprietary fund types include the following:

Enterprise Funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The City has the following enterprise fund:

The ***Water and Sewer Utility Fund, a major fund,*** is used to account for all financial resources associated with furnishing water and sewer service to domestic, business, and industrial users.

Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City has the following internal service fund:

The ***Insurance Reserves Fund*** is used to account for the City's health insurance programs for employees and retirees/non-employees, the workers compensation program and its property and casualty liability program.

Fiduciary Fund Types are accounted for based on the *flow of economic resources measurement focus* and use the *accrual basis of accounting*. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The City reports one fiduciary fund.

The ***Pension Trust Fund*** is used to account for the resources of the City's defined contribution plans which are held in trust for pension payments to qualified beneficiaries.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity

1. Cash, Cash Equivalents, and Investments

The City considers all highly liquid investments (including restricted assets) with original maturities of three months or less when purchased and investments in the South Carolina Pooled Investment Fund ("Pool") to be cash equivalents. Securities with an initial maturity of more than three months (from when initially purchased) that are not purchased from the pool are reported as investments.

The City's investment policy is designed to operate within existing statutes (which are identical for all funds, fund types and component units within the State of South Carolina). The statutes of the State of South Carolina authorize the City to invest in the following:

(a) Obligations of the United States and its agencies, the principal and interest of which is fully guaranteed by the United States.

(b) Obligations issued by the Federal Financing Bank, Federal Farm Credit Bank, the Bank of Cooperatives, the Federal Intermediate Credit Bank, the Federal Land Banks, the Federal Home Loan Banks, the Federal Home Loan Mortgage Corporation, the Federal National Mortgage Association, the Government National Mortgage Association, the Federal Housing Administration, and the Farmers Home Administration, if, at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(c) (i) General obligations of the State of South Carolina or any of its political units; or (ii) revenue obligations of the State of South Carolina or its political units, if at the time of investment, the obligor has a long-term, unenhanced, unsecured debt rating in one of the top two ratings categories, without regard to a refinement or gradation of rating category by numerical modifier or otherwise, issued by at least two nationally recognized credit rating organizations.

(d) Savings and Loan Associations to the extent that the same are insured by an agency of the federal government.

(e) Certificates of deposit where the certificates are collaterally secured by securities of the type described in (a) and (b) above held by a third party as escrow agent or custodian, of a fair value not less than the amount of the certificates of deposit so secured, including interest; provided, however, such collateral shall not be required to the extent the same are insured by an agency of the federal government.

(f) Repurchase agreements when collateralized by securities as set forth in this section.

(g) No load open-end or closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit, political subdivision, or county treasurer if the particular portfolio of the investment company or investment trust in which the investment is made (i) is limited to obligations described in items (a), (b), (c), and (f) of this subsection, and (ii) has among its objectives the attempt to maintain a constant net asset value of one dollar a share and to that end, value its assets by the amortized cost method.

The City's cash and investment objectives are safety, liquidity and yield. The City reports its cash and investments at fair value which is normally determined by quoted market prices.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

2. Receivables and Payables

During the course of its operations, the City has numerous transactions occurring between funds. These transactions include expenditures and transfers of resources to provide services, construct assets, and service debt. The accompanying financial statements generally reflect such transactions as transfers in (out). To the extent that certain transactions between funds had not been paid or received as of year-end, balances of interfund receivables or payables have been recorded.

Property taxes receivable represent current real and personal property as well as delinquent real and personal property taxes for the past ten years, less an allowance for amounts estimated to be uncollectible. All net property taxes receivable at year end, except those collected within 60 days, are recorded as unavailable revenue – property taxes (a component of deferred inflows of resources) and thus not recognized as revenue until collected in the governmental funds.

Property taxes are assessed and collected by Horry County under a joint billing and collection agreement. Real property and all personal property taxes other than vehicle property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied and billed in September on all property other than vehicles and are payable without penalty until January 15th of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16th – 3%, February 1st – an additional 7%, and March 16th – an additional 5%. On March 16th, the property tax bills are transferred to the delinquent tax collection office of Horry County and the properties are subject to sale. Vehicle property taxes attach a lien and are levied throughout the year, depending on when the vehicles' license tags expire. Other personal property taxes are levied in October and are payable by December 31.

The City records receivables related to federal, state, and local grants when the reimbursable expenditure is incurred, less an allowance for amounts estimated to be uncollectible (if any). All trade, property taxes, grants, and other receivables are shown net of an allowance for uncollectibles.

The City's lease receivables are measured at the present value of fixed lease payments expected to be received during the lease term. A deferred inflow of resources has also been recorded related to each lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial value of the lease receivables. The deferred inflow of resources is amortized using the effective interest method over the term of the lease.

3. Inventories and Prepaids

Inventories consist of expendable supplies and are generally accounted for when the items are consumed (consumption method). If significant amounts of inventories exist in the governmental funds, the City records these amounts in the balance sheet. If material, prepaid items are accounted for using the consumption method (expensed over the periods expected to benefit from the initial payment).

4. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the Statement of Net Position but are not reported in the governmental fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide Statement of Net Position and in the respective fund financial statements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

4. Capital Assets (Continued)

Capital assets are recorded at historical cost or estimated historical cost if not purchased or constructed. Donated capital assets are recorded at estimated acquisition value (as estimated by the City) at the date of donation. Improvements by the City to roads owned by the state are not capitalized but are expensed as incurred. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized.

The City maintains an individual contribution threshold of $5,000. Capital assets are depreciated on the straight-line method using the following estimated useful lives and capitalization thresholds:

Category	Estimated Useful Life in Years
Buildings	15-40
Building Improvements	10-30
Infrastructure	30
Water and Sewer Systems	10-60
Machinery, Equipment, Furniture, and Software	3-20
Leases and SBITAs	Note 1

Note 1 - Useful lives for leases and SBITAs correspond to the length of their respective agreements.

The City reports intangible right-to-use assets related to ongoing lease agreements and subscriptions. The right-to-use assets are initially measured at an amount equal to the initial measurement of the related lease or subscription liability. The right-to-use assets are amortized using the effective interest method over the life of the related lease or subscription.

5. Leases

Lessor

The City leases certain of its assets to third parties on a long-term basis. Accordingly, the City reports a lease receivable and deferred inflows of resources in the Statements of Net Position at the present value of the future minimum lease payments as of the date of inception or contract amendment. Lease revenue is recognized on a systematic and rational basis over the life of the respective lease.

Lessee

The City reports ongoing lease agreements related to the use of land and a building. The City recognizes lease liabilities and intangible right-to-use lease assets in the Proprietary Funds and government-wide financial statements.

The City reports ongoing software subscriptions related to software and other IT arrangements.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

5. Leases (Continued)

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments:

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

6. Compensated Absences

The City's policy permits employees to accumulate earned but unused vacation benefits. Sick pay benefits are compensated for a valid illness, and do not carry over from one calendar year to the next. Each February, employees are compensated for 50% of their unused sick leave balance as of the previous December 31st. Upon retirement from the City, an employee will be compensated for any unused vacation time accrued since his/her anniversary date with the City.

The City reports compensated absences in accordance with the provisions of GASB Statement No. 101, *"Compensated Absences."* The entire compensated absence liability and expense are reported in the government-wide financial statements. The portion of the liability that is applicable to the City's water and sewer activities is also reported in the City's Proprietary Funds. The governmental funds will also recognize compensated absences for terminations and retirements (matured liabilities) that occurred prior to year end that are expected to be paid within a short time subsequent to year end, if they are material.

7. *Accrued Liabilities and Long-Term Obligations*

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. The premium on the subsequent issuances are being amortized using the effective interest rate. Debt is reported net of applicable bond premiums and discounts. Issuance costs are expensed in the period incurred.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current financial resources. However, claims and judgments, debt and leases, compensated absences, contractually required pension contributions, special termination benefits and other similar long-term liabilities that will eventually be paid from governmental funds are not reported as a liability in the fund financial statements until due and payable.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

7. *Accrued Liabilities and Long-Term Obligations (Continued)*

In the governmental fund financial statements, bond premiums, discounts and bond issuance costs are recognized immediately. The face amount of debt or leases issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

8. *Fund Balance*

In accordance with GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" ("GASB No.54"), the City classifies its governmental fund balances as follows:

Nonspendable – includes amounts that inherently cannot be spent either because they are not in spendable form (i.e. prepaids, inventories, etc.) or because of legal or contractual requirements (i.e. principal on an endowment, etc.).

Restricted – includes amounts that are constrained by specific purposes which are externally imposed by (a) other governments through laws and regulations, (b) grantors or contributions through agreements, (c) creditors through debt covenants or other contracts, or (d) imposed by law through constitutional provisions or enabling legislation.

Committed – includes amounts that are constrained for specific purposes that are internally imposed by the government through formal action made by the highest level of decision-making authority (City Council) before the end of the reporting period. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action it employed to previously commit those amounts. Committed amounts for the City consist of amounts passed and approved by resolution by City Council.

Assigned – includes amounts that are intended to be used for specific purposes that are neither considered restricted nor committed and that such assignments are made before the report issuance date. The City reserves the right to assign fund balance by a simple majority vote of Council.

Unassigned – includes amounts that do not qualify to be accounted for and reported in any of the other fund balance categories. This classification represents the amount of fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund. The General Fund should be the only fund that reports a positive unassigned fund balance amount. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts of restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance.

The City generally uses restricted amounts first when both restricted and unrestricted (committed, assigned, and unassigned) fund balance is available unless there are legal documents, contracts, or agreements that prohibit doing such. Additionally, the City generally would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

9. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources in the Statement of Net Position. Net position is classified as net investment in capital assets; restricted; and unrestricted. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Outstanding debt which has not been spent is included in the same net position component as the unspent proceeds. Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation or through external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments.

10. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for expenditures are recorded to reflect the use of the applicable spending appropriations, is used by the General Fund during the year to control expenditures. Encumbrances do not constitute expenditures or liabilities.

11. Deferred Outflows and Inflows of Resources

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City currently has two types of deferred outflows of resources: (1) The City reports *deferred pension charges* in its Statements of Net Position in connection with its participation in the South Carolina Police Officers Retirement System. (2) The City reports *deferred OPEB charges* in in its Statements of Net Position in connection with its OPEB Plan. The *deferred pension and OPEB charges* are either (a) recognized in the subsequent period as a reduction of the net pension/OPEB liability (which includes contributions made after the measurement date) or (b) amortized in a systematic and rational method as pension/OPEB expense in future periods in accordance with GAAP.

In addition to liabilities, the Statements of Net Position and the Balance Sheet report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources,* represents an acquisition of net assets that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City currently has four types of deferred inflows of resources: (1) The City reports *deferred pension credits* in its Statements of Net Position in connection with its participation in the South Carolina Police Officers Retirement System. (2) The City reports *deferred OPEB credits* in its Statements of Net Position in connection with the OPEB Plan. The *deferred pension and OPEB credits* are amortized in a systematic and rational method and recognized as a reduction of pension/OPEB expense in future periods in accordance with GAAP. (3) The City reports *deferred lease inflows* in its Statements of Net Position in connection with ongoing lease receivables. (4) The City reports unavailable revenue in the funds for property taxes and other revenues which will be collected in the future but are not available soon enough to pay for the current period's expenditures.

12. Pensions and Other Postemployment Benefits

In government-wide financial statements, pensions and other postemployment benefits ("OPEB") are required to be recognized and disclosed using the accrual basis of accounting (see Note IV.B and Note IV.D and the required supplementary information immediately following the notes to the financial statements for more information), regardless of the amounts recognized as pension and OPEB expenditures on the modified accrual basis of accounting.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

12. Pensions and Other Postemployment Benefits (Continued)

The City recognizes net pension and net OPEB liabilities for each plan for which it participates, which represents the excess of the total pension and OPEB liabilities over the fiduciary net position of the qualified plan, or the City's proportionate share thereof in the case of a cost-sharing multiple-employer plan, measured as of the City's fiscal year-end. Changes in the net pension and OPEB liabilities during the period are recorded as pension and OPEB expenses, or as deferred outflows or inflows of resources depending on the nature of the change, in the period incurred.

Those changes in net pension and OPEB liabilities that are recorded as deferred outflows or inflows of resources that arise from changes in actuarial assumptions or other inputs and differences between expected or actual experience are amortized over the weighted average remaining service life of all participants in the respective qualified plan and recorded as a component of pension and OPEB expense beginning with the period in which they are incurred. Any projected earnings on qualified pension and OPEB plan investments are recognized as a component of pension and OPEB expense. Differences between projected and actual investment earnings are reported as deferred outflows or inflows of resources and amortized as a component of pension and OPEB expense on a closed basis over a multi-year period beginning with the period in which the difference occurred.

13. Fair Value

The fair value measurement and disclosure framework provides for a three-tier fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the City can access at the measurement date.

- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 2 – Inputs to the valuation methodology, other than quoted prices included in Level 1, that are observable for an asset or liability either directly or indirectly and include:

- Quoted prices for similar assets and liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted market prices that are observable for the asset or liability.

Level 3 – Inputs to the valuation methodology that are unobservable for an asset or liability and include:

- Fair value is often based on developed models in which there are few, if any, observable inputs.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Equity (Continued)

13. Fair Value (Continued)

The valuation methodologies described above may produce a fair value calculation that may not be indicative of future net realizable values or reflective of future fair values. The City believes that the valuation methods used are appropriate and consistent with GAAP. The use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. There have been no significant changes from the prior year in the methodologies used to measure fair value.

14. Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. Those estimates and assumptions affect reported amounts of assets and deferred outflows of resources and liabilities and deferred inflows of resources and disclosure of these balances as of the date of the financial statements. In addition, they affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ.

15. Comparative Data

Comparative data (i.e. presentation of prior year totals by fund type) has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

The City has elected to present its budgetary comparison information for the General Fund as a separate schedule and not as a financial statement. See the Notes to the Budgetary Comparison Schedule (following the notes to the financial statements) for details regarding the City's budgetary information and process.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

Deposits

Custodial Credit Risk for Deposits: Custodial credit risk for deposits is the risk that, in the event of a bank failure, the City's deposits might not be recovered. The City does not have a formal deposit policy for custodial credit risk but follows the investment policy statutes of the State of South Carolina. As of June 30, 2025, approximately $35,000 of the City's bank balances of approximately $82,540,000 (with a carrying value of approximately $82,198,000) were exposed to custodial credit risk.

As of June 30, 2025, the City had the following investments and maturities:

Investment Type	Fair Value Level (1)	Fair Value	Credit Rating	Weighted Avg Maturity
Certificates of Deposit	n/a	$ 7,674,928	n/a	1-3 yrs
Mutual Funds	1	40,563,706	AAA	n/a
Total		$ 48,238,634		

(1) See Note I.C.13 for the details of the City's fair value hierarchy

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

A. Deposits and Investments (Continued)

Deposits (Continued)

Interest Rate Risk: Interest rate risk is the risk that changes in the market interest rates will adversely affect the fair value of an investment. The City does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

Custodial Credit Risk for Investments: Custodial credit risk for investments is the risk that, in the event of a bank failure, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Credit Risk for Investments: Credit risk for investments is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk for Investments: The City places no limit on the amount the City may invest in any one issuer. Investments issued by or explicitly guaranteed by the U.S. Government and investments in mutual funds, external investment pools and other pooled investments are exempt from concentration of credit risk disclosures.

Certain cash, cash equivalents and investments of the City are legally restricted for specified purposes. The major types of restrictions at June 30, 2025 were (a) those imposed by the revenue source (i.e. hospitality tax, accommodation taxes, etc.) and (b) unspent debt proceeds.

Reconciliation to the Financial Statements

The following table reconciles the amounts reported as deposits and investments in the notes to the financial statements to cash and cash equivalents and investments reported in the statements of net position for governmental activities and fiduciary funds:

Financial Statements		
Cash and Cash Equivalents	$	36,114,845
Cash and Cash Equivalents - Restricted		46,083,079
Investments - Restricted		42,304,532
Investments		5,934,102
Total	$	130,436,558

Notes		
Deposits and Cash on Hand	$	82,197,923
Investments		48,238,634
Total	$	130,436,557

B. Receivables and Related Deferred Inflows

The City's fiscal year 2025 real and business personal property taxes (which were for tax year 2024) were levied on September 30, 2024 and were due beginning on this date based on the assessed valuation as of January 1, 2025. Property taxes were considered late on January 16, 2025. Motor vehicle property tax is levied and collected on a portion of taxable vehicles monthly.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Related Deferred Inflows (Continued)

Assessed values are established by the Horry County Tax Assessor and the South Carolina Department of Revenue. The City's current operating millage rate was 45.0 mills. City property taxes are billed and collected by Horry County under a joint billing and collection agreement.

The City's governmental activities net receivables at June 30, 2025 consisted of the following:

	Property Taxes	Inter-governmental Receivables	Lease Receivables	Other Receivables: Accom Taxes	Other Receivables: Local Hospitality Fee	Other Receivables: Grant and Other	Total
Gross Receivables	$ 1,803,109	331,531	872,856	7,185,587	3,410,303	7,669,468	$ 21,272,854
Allowance for Collectability	(992,851)	-	-	-	-	-	(992,851)
Net Receivables	$ 810,258	331,531	872,856	7,185,587	3,410,303	7,669,468	$ 20,280,003

The City's business-type activities net receivables as of June 30, 2025 consisted of receivables from water and sewer service customers and grants of approximately $3,339,000, less an allowance for doubtful accounts of approximately $5,000.

Lease Receivables

The City leases certain of its facilities to third parties in its governmental and business-type activities.

Governmental Activities

<u>Escod Building</u>
The City entered into a building lease with a tenant. The lease, which had an initial term of two years, can be extended at the written request of the tenant prior to the end of the lease period. The lease has been extended through March 2028. Current monthly lease payments are approximately $17,000, which increases by 3.0% each April. At June 30, 2025, the lease receivable and deferred inflow of resources equaled approximately $557,000 using a discount rate of 3.0%.

<u>Sports Complex Lake and Ground</u>
The City entered into a lease agreement for the operation of a cable wake-board amenity on the lake located in the City's Park and Sports Complex, and to also include a ground lease for the pro shop, restaurant, and grill/concession area. The initial term is 10 years beginning January 2017, with two – ten year optional renewal periods. Lessee is required to pay the City a percentage of annual gross revenues in lieu of rent, but at a minimum of $20,000 per year. The minimum rent is paid in 4 equal quarterly installments, due and payable on the first day of each calendar quarter beginning January 1, 2017. At June 30, 2025, the lease receivable and deferred inflow of resources equaled approximately $316,000 at an implicit annual interest rate of 3.0%.

Business-Type Activities

The City leases space on its water tower facilities to various cellular phone companies for attachment of antennae with terms of twenty-five years (including initial term of five years with four optional five year extensions). The City recognized lease revenue of approximately $50,000 and interest revenue of $84,000 during the year ended June 30, 2025. At June 30, 2025, the lease receivable and deferred inflow of resources equaled approximately $2,774,000 at an implicit annual interest rate of 3.0%.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

B. Receivables and Related Deferred Inflows (Continued)

Future minimum lease payments are as follows:

	Governmental Activities		Business-Type Activities	
Year Ended June 30,	Principal	Interest	Principal	Interest
2026	$ 202,996	23,453	54,238	$ 82,905
2027	215,448	17,195	58,660	81,228
2028	171,253	10,703	63,299	79,417
2029	11,635	8,365	69,878	77,462
2030	11,988	8,012	80,241	75,232
2031-2035	65,623	34,377	368,470	339,083
2036-2040	76,204	23,799	364,008	288,965
2041-2045	88,483	11,517	534,237	222,738
2046-2050	29,226	771	739,392	127,844
2051-2055	-	-	373,281	37,537
2056-2060	-	-	67,932	1,274
Totals	$ 872,856	138,192	2,773,636	$ 1,413,685

C. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables

Interfund balances at June 30, 2025, consisted of the following individual fund receivables and payables:

Fund	Receivables	Payables
Governmental Funds:		
General Fund	$ 6,991,983	$ -
Totals	$ 6,991,983	$ -
Proprietary Funds:		
Internal Service Fund	$ -	$ 6,991,983
	$ -	$ 6,991,983

Interfund receivables and payables are primarily a result of the General Fund financing salaries and other operating expenditures for Special Revenue Funds, Capital Project Funds, Debt Service and Internal Service Funds. All balances are expected to be paid within one year.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

C. Interfund Receivables, Payables, and Transfers (Continued)

Interfund Transfers

Interfund transfers for the year ended June 30, 2025, consisted of the following:

Fund	Transfers In	Transfers Out
Major Funds:		
General Fund	$ 16,193,466	$ 7,959,197
Local Accommodations Tax Fund	-	11,550,000
Local Hospitality Fee Fund	-	16,800,000
Capital Projects Fund	26,005,494	-
Debt Service Fund	650,392	-
Other Non-Major Governmental Funds:		
State Accommodations Tax Fund	-	2,819,989
Proprietary Funds:		
Water and Sewer Utility	-	3,720,166
Totals	$ 42,849,352	$ 42,849,352

During the course of normal operations and in order to support the numerous functions of the City, transactions between funds may occur. The City uses transfers to move unrestricted receipts so that they may be used for various programs in other funds.

Transfers into the General Fund were primarily for approved use of restricted revenue sources for operating expenditures of the City. Transfers out of the General Fund consisted primarily of funds needed to meet the funding requirements of ongoing and future capital projects of the City and to meet grant matching obligations as appropriated by City Council during the fiscal year. The transfers in and out of the other Governmental Funds were processed primarily to meet funding requirements related to various capital projects as appropriated by City Council during the fiscal year and were provided to meet capital and debt service obligations of the City.

Transfers from the Water and Sewer Fund to the General Fund were for the purpose of funding administrative costs provided by the City to support water and sewer operations.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets

Capital asset activity for the City's governmental activities for the year ended June 30, 2025, was as follows:

	Beginning Balance (Restated)	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	$ 32,947,594	8,471,297	-	-	$ 41,418,891
Construction In Progress	41,332,908	37,781,762	-	(5,622,139)	73,492,531
Total Capital Assets, Non-Depreciable	74,280,502	46,253,059	-	(5,622,139)	114,911,422
Capital Assets, Depreciable:					
Buildings	43,261,528	301,266	-	-	43,562,794
Improvements	29,125,052	221,256	9,359	1,836,343	31,173,292
Machinery and Equipment	49,248,421	4,752,685	192,981	2,791,034	56,599,159
Infrastructure	96,548,835	1,387,061	-	994,762	98,930,658
Right-to-Use Lease Asset	152,323	-	-	-	152,323
Right-to-Use Subscription Asset	1,874,927	-	-	-	1,874,927
Total Capital Assets, Depreciable	220,211,086	6,662,268	202,340	5,622,139	232,293,153
Less: Accumulated Depreciation for:					
Buildings	21,964,334	1,173,417	-	-	23,137,751
Improvements	13,977,167	1,200,304	-	-	15,177,471
Machinery and Equipment	34,057,650	3,647,725	202,340	-	37,503,035
Infrastructure	49,486,125	3,433,975	-	-	52,920,100
Right-to-Use Lease Asset	30,464	30,465	-	-	60,929
Right-to-Use Subscription Asset	1,874,927	-	-	-	1,874,927
Total Accumulated Depreciation	121,390,667	9,485,886	202,340	-	130,674,213
Total Capital Assets, Depreciable, Net	98,820,419	(2,823,618)	-	-	101,618,940
Total Capital Assets, Net	$ 173,100,921	43,429,441	-	-	$ 216,530,362

Capital asset depreciation and amortization expense for governmental activities were charged to functions as follows:

Functions/Programs	Depreciation
General Government	$ 3,458,481
Finance	45,921
Information Services	265,521
Public Safety	1,432,479
Planning and Development	34,896
Public Works	3,835,844
Parks and Recreation	366,699
Support Services	46,045
Total	$ 9,485,886

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

D. Capital Assets (Continued)

Capital asset activity for the City's business-type activities for the year ended June 30, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital Assets, Non-Depreciable:					
Land	$ 717,829	-	-	-	$ 717,829
Construction In Progress	342,097	2,719,131	-	-	3,061,228
Total Capital Assets, Non-Depreciable	1,059,926	2,719,131	-	-	3,779,057
Capital Assets, Depreciable:					
Buildings	1,213,360	-	-	-	1,213,360
Water and sewer systems	141,141,066	4,166,469		-	145,307,535
Improvements	5,885	-	-	-	5,885
Machinery and Equipment	7,180,290	734,195	-	-	7,914,485
Right-to-Use Lease Asset	450,000	-	-	-	450,000
Sewer Rights	8,806,057	-	-	-	8,806,057
Total Capital Assets, Depreciable	158,796,658	4,900,664	-	-	163,697,322
Less: Accumulated Depreciation and Amortization for:					
Buildings	796,347	50,715	-	-	847,062
Water and sewer systems	59,635,166	2,784,805	-	-	62,419,971
Improvements	3,826	589	-	-	4,415
Machinery and Equipment	5,942,809	386,250	-	-	6,329,059
Right-to-Use Lease Asset	216,000	18,000	-	-	234,000
Sewer Rights	4,417,337	220,150	-	-	4,637,487
Total Accumulated Depreciation	71,011,485	3,460,509	-	-	74,471,994
Total Capital Assets, Depreciable, Net	87,785,173	1,440,155	-	-	89,225,328
Total Capital Assets, Net	$ 88,845,099	4,159,286	-	-	$ 93,004,385

E. Long-Term Obligations

The City issues bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds ("GOB") are direct obligations and pledge the full faith and credit of the City. Special Assessment Bonds are issued to pay the costs of specific public improvement projects and are repaid by the property owners directly benefiting from the projects. The full faith, credit and taxing powers of the City are not pledged for the payment of special assessment bond obligations nor the interest thereon.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Details on the City's outstanding debt issues, financed purchase agreements and leases, including those issued through direct placement, as of June 30, 2025 are as follows:

	Principal Outstanding at Year End
Governmental Activities	
General Obligation Bond	
$27,000,000 general obligation bonds issued in June 2025, due in annual installments of approximately $2,911,000 to $3,411,000, plus interest at 3.73%. The proceeds from this issue were primarily used to defray the cost of designing and constructing facilities for recreational use and defraying the cost of issuance.	$ 27,000,000
Special Assessment Bond	
$3,242,000 Cherry Grove Improvement District Assessment Bond issued in November 2022, due in annual installments of $597,325 to $692,466, plus interest at 3.40%. The proceeds from this issue were primarily used to defray the cost of certain dredging projects. Debt service is payable from annual assessments against applicable parcels through the approved apportionment of assessments.	1,853,594
Leases	
In December 2022, the City entered into a lessee an office building on 2nd Avenue. The initial term is for 5 years ending December 2027. Annual lease rates increase by $1,250, payable quarterly, which includes interest at 3%.	74,580
	$ 28,928,174
Business-Type Activities	
Leases	
In October 2012, the City entered into a lease for certain real estate for its Crescent Beach Sewer Treatment System. The initial term is 15 years, with 2-five year renewal options. The City plans to exercise the option terms. Annual lease rates increase based on a CPI formula, which has been estimated to be 3% annually.	$ 307,965

In prior years, the City entered into long-term SBITAs with vendors whereby it will finance software, licenses and equipment.

Article Eight, Section Seven of the South Carolina Constitution of 1895, as amended, provides that no Town or City shall incur any bonded debt which shall exceed eight percent (8%) of the assessed value of the property therein and no such debt shall be created without the electors of such Town or City voting in favor of such further bonded debt. As of June 30, 2025, the City had an 8% limit of approximately $52,700,000. There is $27,000,000 outstanding debt subject to the debt limitation.

Interest paid on the debt issued by the City is exempt from federal income tax. The City sometimes temporarily reinvests the proceeds of such tax-exempt debt in higher-yielding taxable securities, especially during construction projects.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

The federal tax code refers to this practice as arbitrage. Excess earnings (the difference between the interest on the debt and the investment earnings received) resulting from arbitrage must be rebated to the federal government. At June 30, 2025, the City had no arbitrage rebate liability

Presented below is a summary of changes in long-term obligations for the City's governmental and business-type activities for the year ended June 30, 2025:

Governmental Activities:

Long-Term Obligations	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Debt:					
General Obligation Debt Series 2025	$ -	27,000,000	-	27,000,000	$ 2,911,000
Special Assessment Bond Cherry Grove Improvement District	2,446,951	-	593,357	1,853,594	597,325
Total Debt	2,446,951	27,000,000	593,357	28,853,594	3,508,325
Leases:					
Santee Cooper Building	104,219	-	29,639	74,580	31,802
Total Debt and Leases	2,551,170	27,000,000	622,996	28,928,174	3,540,127
Compensated Absences**	1,852,196	916,431	-	2,768,627	1,306,653
Total Long-Term Obligations	$ 4,403,366	27,916,431	622,996	31,696,801	$ 4,846,780

Business-Type Activities:

Long-Term Obligations	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Due Within One Year
Leases:					
Land - Sewer System	$ 323,911	-	15,946	307,965	$ 17,195
Total Leases	323,911	-	15,946	307,965	17,195
Compensated Absences	248,303	124,003		372,306	172,070
Total Long-Term Obligations**	$ 572,214	124,003	15,946	680,271	$ 189,265

** The change in compensated absences liability is presented as a net change.

III. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES (CONTINUED)

E. Long-Term Obligations (Continued)

Presented below is a summary of debt service requirements to maturity by year as of June 30, 2025:

Governmental Activities

Year Ended	Debt - Direct Placement		Leases		
June 30,	Principal	Interest	Principal	Interest	Total
2026	$ 3,508,325	689,662	31,802	1,885	$ 4,231,674
2027	3,257,634	941,233	34,031	907	4,233,805
2028	3,376,635	821,762	8,747	65	4,207,209
2029	2,840,000	697,920	-	-	3,537,920
2030	2,946,000	591,988	-	-	3,537,988
2031-2035	12,925,000	1,227,319	-	-	14,152,319
	$ 28,853,594	4,969,884	74,580	2,857	$ 33,900,915

Business-Type Activities

Year Ended	Leases		
June 30,	Principal	Interest	Total
2026	$ 17,195	9,239	$ 26,434
2027	18,504	8,722	27,226
2028	19,875	8,169	28,044
2029	21,314	7,572	28,886
2030	22,820	6,932	29,752
2031-2035	139,283	23,413	162,696
2036-2040	68,974	3,136	72,110
Totals	$ 307,965	67,183	$ 375,148

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters. The City carries commercial property insurance coverage and general liability coverage for these risks, except as noted below. With the creation of its internal service fund for accounting for and reporting insurance activities, premiums are charged to the City's departments and any excess reserves are maintained in the Insurance Reserve Internal Service Fund. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the last three fiscal years.

The City, as a participant of the South Carolina Local Government Assurance Group, is substantially self-funded for employee health insurance. The City utilizes Blue Cross & Blue Shield of South Carolina to provide for the administration and claims management of providing health insurance coverage to all employees. Claims in excess of $300,000 (stop-loss provision) are insured by private carrier. The City pays claims weekly and transfers cash to the administrator to cover the prior week's actual claims for employees and their covered dependents.

IV. OTHER INFORMATION (CONTINUED)

A. Risk Management (Continued)

The City participates in a self-funded workers compensation liability program. The City funds the costs by charging premiums to user departments. Claims in excess of $500,000 (stop-loss provision) are covered by private insurer, Safety National Casualty Corporation. PMA Companies, Inc. is the claims handler for the City. Premiums paid to Insurance Office of America (IOA), for administration and excess coverage equaled $283,000 for the year ended June 30, 2025.

The City participates in a self-funded property and general liability program. The City funds the costs by charging premiums to General Government, then allocating the costs to various funds. Claims in excess of $200,000 ($10,000 for vehicles) are covered by a private insurer, through underwriter Safety National Casualty Corporation. Benefit Source Inc. is the claims handler for the City. Premiums paid to IOA for administration and excess coverage were $1,858,000 for the year ended June 30, 2025.

Changes in the aggregate liabilities for the past few years are as follows:

Fiscal Year	Beginning of Fiscal Year Liability	Claims, Administrative Costs, and Changes in Estimates	Claims/ Administrative Payments	End of Fiscal Year Liability
2022-2023	$ 312,639	9,574,917	(9,401,358)	$ 486,198
2023-2024	486,198	10,202,288	(10,119,241)	569,245
2024-2025	$ 569,245	10,973,259	(10,665,796)	$ 876,708

Claims of the City's self-insured unemployment benefits are administered by South Carolina Department of Employment and Workforce and are then reimbursed by the City. No liability has been accrued at year end for incurred, but not reported claims, as they are expected to be minimal.

B. Retirement Plans

The City maintains two defined contribution plans (Money Purchase Retirement Plans #1 and #2) and also participates in the State of South Carolina Police Officers Retirement System (PORS), a cost-sharing multiple-employer public employee retirement system.

Money Purchase Retirement Plans

Plan Description

The City established a money purchase plan and trust Money Purchase Plans #1 and #2, to be known as "North Myrtle Beach 401(a) Plan for General Employees and Firefighters" in 1994.

The Money Purchase Retirement Plans #1 and #2 are single-employer defined contribution retirement plans administered by the International City Managers' Association (ICMA) Retirement Corporation. The City is the only non-employee contributor to the plans and maintains authority (through the Mayor and Council) to establish and amend contribution requirements. All employees of the City are covered by the two plans with Plan #2 covering certain administrative personnel and Plan #1 covering the balance of the workforce.

The plans provide retirement benefits in return for services rendered, provide an individual account for each participant, and specify how contributions to the participant accounts are to be determined. The benefits participants receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeitures of other participants' benefits that may be allotted to such participant accounts. Contributions made by participants vest immediately and participant loans are permitted.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Basic Provisions

The City adopted the Declaration of Trust of the ICMA Retirement Trust. Under the terms of the trust, the City (as Trustee), or the Plan Administrator acting as agent for the trustee, has investment powers listed in the Declaration with respect to investment of Trust, except to the extent that the investment of trust assets is controlled by participants.

The Trust created under the plan consists of all assets of the Plan derived from employer contributions and participant contributions under the plan plus any income and gains thereon, less any losses, expenses and distributions to participants and beneficiaries.

Contributions from the City and the City's employees are recognized as revenue in the period in which employees provide services to the City. Investment income is recognized as earned by the retirement plan. The net appreciation (depreciation) in the fair value of investments held by the retirement plan is recorded as an increase (decrease) to investment income based on the valuation of investments as of the date of the balance sheet. Investments in securities are valued at current market prices on June 30 annually. Investments of the Trust at June 30, 2025 consisted of only mutual fund shares and money market funds (ie, cash and temporary investments). No investment in any one organization represents 5% or more of the net position available for pension benefits. There are no investments in loans to, or leases with parties related to the pension plan. At June 30, 2025, separate GAAP financial reports have not been issued for the Money Purchase Retirement Plans #1 and #2.

Funding Policy

For Plan #1, the City contributes 8% of the employees' gross earnings and participants are required to contribute 2%. Contributions made by the City are fully vested after 5 years of full-time employment. For Plan #2, the City and participants each contribute 12% and contributions vest immediately. As of June 30, 2025, there were 312 participants in the plans. The gross payroll for the employees covered by the plans was approximately $20,121,000 for the year ended June 30, 2025. Employer contributions to Plan #1 and Plan #2 equaled approximately $1,554,000 and $19,000, respectively, for the year ended June 30, 2025 and represented approximately 8% and 12%, respectively, of covered payroll. Employee contributions to Plan #1 and Plan #2 equaled approximately $385,000 and $19,000 for the year ended June 30, 2025.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Condensed Financial Information

Combining Statement of Plan Net Position
For the Year Ended June 30, 2025

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Assets			
Cash and Temporary Investment	$ 40,563,706	1,740,826	$ 42,304,532
Receivables - Participant Loans	1,499,771	-	1,499,771
Total Assets	$ 42,063,477	1,740,826	$ 43,804,303

Combining Statement of of Changes in Plan Net Position
June 30, 2025

	Pension Trust Funds		
	Money Purchase Retirement Plan #1	Money Purchase Retirement Plan #2	Combined Total
Additions			
Employer Contributions	$ 1,554,260	18,537	$ 1,572,797
Employee (Member) Contributions	385,281	18,537	403,818
Investment Income (Loss)	4,501,397	61,523	4,562,920
Non-Vested Rollover	54,712	-	54,712
Total Additions	6,495,650	98,597	6,594,247
Deductions			
Benefit Payments/Loan Issuance Costs	2,707,746	7,200	2,714,946
Trustee Fees	13,736	-	13,736
Forfeitures	23,059	-	23,059
Total Deductions	2,744,541	7,200	2,751,741
Change in Net Position	3,751,109	91,397	3,842,506
Net Position, Beginning of Year	38,312,368	1,649,429	39,961,797
Net Position, End of Year	$ 42,063,477	1,740,826	$ 43,804,303

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

South Carolina Police Officers Retirement System

Plan Membership

Membership requirements are prescribed in Title 9 of the South Carolina Code of Laws. To be eligible for PORS membership, an employee must be required by the terms of his employment, by election or appointment, to preserve public order, protect life and property, and detect crimes in the state; to prevent and control property destruction by fire; be a coroner in a full-time permanent position; or be a peace officer employed by the Department of Corrections, the Department of Juvenile Justice, or the Department of Mental Health. Probate judges and coroners may elect membership in the PORS. Magistrates are required to participate in the PORS for service as a magistrate. PORS members, other than magistrates and probate judges, must also earn at least $2,000 per year and devote at least 1,600 hours per year to this work, unless exempted by statute. A member of the system with an effective date of membership prior to July 1, 2012, is a Class Two member. A member of the system with an effective date of membership on or after July 1, 2012, is a Class Three member.

Plan Benefits

Benefit terms are prescribed in Title 9 of the South Carolina Code of Laws. PEBA does not have the authority to establish or amend benefit terms without a legislative change in the code of laws. Key elements of the benefit calculation include the benefit multiplier, years of service, and average final compensation/current annual salary. A brief summary of benefit terms is presented below.

- PORS – A Class Two member who has separated from service with at least five or more years of earned service is eligible for a monthly pension at age 55 or with 25 years of service regardless of age. A Class Three member who has separated from service with at least eight or more years of earned service is eligible for a monthly pension at age 55 or with 27 years of service regardless of age. Both Class Two and Class Three members are eligible to receive a deferred annuity at age 55 with five or eight years of earned service, respectively. An incidental death benefit is also available to beneficiaries of active and retired members of employers who participate in the death benefit program. Accidental death benefits are also provided upon the death of an active member working for a covered employer whose death was a natural and proximate result of an injury incurred while in the performance of duty.

  The retirement allowance of eligible retirees or their surviving annuitants is increased by the lesser of one percent or five hundred dollars every July 1. Only those annuitants in receipt of a benefit on July 1 of the preceding year are eligible to receive the increase.

Plan Contributions

Actuarial valuations are performed annually by an external consulting actuary to ensure applicable contribution rates satisfy the funding parameters specified in Title 9 of the South Carolina Code of Laws. Under these provisions, the PORS contribution requirements must be sufficient to maintain an amortization period for the financing of the unfunded actuarial accrued liability ("UAAL") over a period that does not exceed the number of years scheduled in state statute. Effective July 1, 2017, employee rates were increased and capped at 9.75 percent for the PORS. The legislation also increased employer contribution rates beginning July 1, 2017 for PORS until reaching 21.24 percent. The legislation included a further provision that if the scheduled contributions are not sufficient to meet the funding periods set in state statute, the PEBA Board would increase the employer contribution rates as necessary to meet the funding periods set for the applicable year.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Plan Contributions (Continued)

Pension reform legislation modified the statute such that the employer contribution rates for the PORS to be further increased, not to exceed one-half of one percent in any one year if necessary, in order to improve the funding of the plans. The statute set rates intended to reduce the unfunded liability of the PORS to the maximum amortization period of 20 years from 30 years over a ten-year schedule, as determined by the annual actuarial valuations of the Plans. Finally, under the revised statute, the contribution rates for the PORS may not be decreased until the Plans are at least 85 percent funded.

As noted earlier, both employees and the City are required to contribute to the Plans at rates established and as amended by the PEBA. The City's contributions are actuarially determined but are communicated to and paid by the City as a percentage of the employees' annual eligible compensation. Required employer and employee contribution rates for the past year are as follows:

	PORS Rates 2025
Employer Contribution Rate: ^	
Retirement	20.84%
Incidental Death Benefit	0.20%
Accidental Death Contributions	0.20%
	21.24%
Employee Contribution Rate ^	9.75%

Code of Laws.

The actual and required contributions to the PORS were approximately $3,108,000 for the year ended June 30, 2025 and include the nonemployer contributions noted below.

Nonemployer Contributions

In an effort to help offset a portion of the burden of the increased contribution requirement for employers, the State General Assembly ("State") funded 1 percent of the PORS contribution increases for the year ended June 30, 2025. The State's budget appropriated these funds directly to the PEBA for the Police Officers Retirement System Trust Fund. The amount of funds appropriated by the State (nonemployer contributing entity) for the year ended June 30, 2025 were approximately $78,000 for the PORS. These contributions (on-behalf benefits) from the State were recognized as intergovernmental revenues and pension expenditures in the City's governmental fund financial statements.

Actuarial Assumptions and Methods

Actuarial valuations of the plan involve estimates of the reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. South Carolina state statute requires that an actuarial experience study be completed at least once in each five-year period. An experience report on the Systems was most recently issued for the period ending June 30, 2019. A more recent report on the Systems was issued for the period ending June 30, 2023 and will be used for future valuations.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Actuarial Assumptions and Methods (Continued)

The June 30, 2024 total pension liability ("TPL"), net pension liability ("NPL"), and sensitivity information shown in this report were determined by the consulting actuary, Gabriel, Roeder, Smith and Company, and are based on an actuarial valuation performed as of July 1, 2023. The TPL was rolled-forward from the valuation date to the Plans' fiscal year end, June 30, 2024, using generally accepted actuarial principles. There was no legislation enacted during the 2024 legislative session that had a material change in the benefit provisions for any of the systems.

The following table provides a summary of the actuarial assumptions and methods used to calculate the TPL as of June 30, 2024 (measurement date) for the PORS.

	PORS
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Investment Rate of Return*	7.00%
Projected Salary Increases*	3.5% to 10.5% (varies by service)
Benefit Adjustments	Lesser of 1% or $500 annually

* Includes inflation at 2.25%.

The post-retiree mortality assumption is dependent upon the member's job category and gender. The base mortality assumptions, the 2020 Public Retirees of South Carolina Mortality table ("2020 PRSC"), were developed using the Systems' mortality experience. These base rates are adjusted for future improvement in mortality using 80% of Scale UMP projected from the year 2020.

Former Job Class	Males	Females
Educators	2020 PRSC Males multiplied by 95%	2020 PRSC Females multiplied by 94%
General Employees and Members of the General Assembly	2020 PRSC Males multiplied by 97%	2020 PRSC Females multiplied by 107%
Public Safety and Firefighters	2020 PRSC Males multiplied by 127%	2020 PRSC Females multiplied by 107%

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments is based upon 20-year capital market assumptions. The long-term expected rate of returns represent assumptions developed using an arithmetic building block approach primarily based on consensus expectations and market-based inputs. Expected returns are net of investment fees.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Long-Term Expected Rate of Return (Continued)

The expected returns, along with the expected inflation rate, form the basis for the target asset allocation adopted at the beginning of the 2024 fiscal year. The long-term expected rate of return is produced by weighting the expected future real rates of return by the target allocation percentage and adding expected inflation and is summarized in the following table. For actuarial purposes, the 7.00 percent assumed annual investment rate of return used in the calculation of the TPL includes a 4.75 percent real rate of return and a 2.25 percent inflation component.

Allocation/Exposure	Policy Target	Expected Arithmetic Real Rate of Return	Long-Term Expected Portfolio Real Rate of Return
Public Equity	**46.0%**	6.23%	2.86%
Bonds	**26.0%**	2.60%	0.68%
Private Equity	**9.0%**	9.60%	0.86%
Private Debt	**7.0%**	6.90%	0.48%
Real Assets	**12.0%**		
Real Estate	9.0%	4.30%	0.39%
Infrastructure	3.0%	7.30%	0.22%
Total Expected Real Rate of Return	100.0%		5.49%
Inflation for Actuarial Purposes			2.25%
Total Expected Nominal Return			7.74%

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions

The NPL is calculated separately for each System and represents that particular System's TPL determined in accordance with GASB No. 67 less that System's fiduciary net position. NPL totals, as of the June 30, 2024 measurement date, for the PORS, are presented in the following table:

System	Total Pension Liability	Plan Fiduciary Net Position	Employers' Net Pension Liability (Asset)	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
PORS	$ 10,177,904,231	7,178,118,865	$ 2,999,785,366	70.5%

The TPL is calculated by the Systems' actuary, and each Plans' fiduciary net position is reported in the Systems' financial statements. The NPL is disclosed in accordance with the requirements of GASB No. 67 in the Systems' notes to the financial statements and required supplementary information. Liability calculations performed by the Systems' actuary for the purpose of satisfying the requirements of GASB Nos. 67 and 68 are not applicable for other purposes, such as determining the Plans' funding requirements.

At June 30, 2025, the City reported liabilities of approximately $19,083,000 for its proportionate share of the NPL for the PORS. The NPL were measured as of June 30, 2024, and the TPL for the Plans used to calculate the NPL were determined based on the most recent actuarial valuation report of July 1, 2023 that was projected forward to the measurement date. The City's proportion of the NPL were based on a projection of the City's long-term share of contributions to the Plans relative to the projected contributions of all participating South Carolina state and local governmental employers, actuarially determined. At the June 30, 2024 measurement date, the City's PORS proportion was 0.636155 percent, which was an increase of 0.027693 percent from its proportion measured as of June 30, 2023.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

For the year ended June 30, 2025, the City recognized pension expense of approximately $2,860,000 for the PORS. At June 30, 2025, the City reported deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
PORS		
Differences Between Expected and Actual Experience	$ 1,792,169	$ 109,408
Change in Assumptions	415,477	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	1,069,885
Changes in Proportion and Differences Between the Employer's Contributions and Proportionate Share of Contributions	930,226	168,515
Employer Contributions Subsequent to the Measurement Date	3,029,432	-
Total PORS	$ 6,167,304	$ 1,347,808

Approximately $3,029,000 that were reported as deferred outflows of resources related to the City's contributions subsequent to the measurement date to the PORS, respectively, will be recognized as a reduction of the NPL in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources (deferred pension charges) and deferred inflows of resources (deferred pension credits) related to the PORS will increase (decrease) pension expense as follows:

Year Ended June 30,	PORS
2026	$ 162,229
2027	1,603,130
2028	307,581
2029	(282,876)
Total	$ 1,790,064

Discount Rate

The discount rate used to measure the TPL was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers in the PORS will be made based on the actuarially determined rates based on provisions in the South Carolina Code of Laws. Based on those assumptions, each System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

IV. OTHER INFORMATION (CONTINUED)

B. Retirement Plans (Continued)

Sensitivity Analysis

The following table presents the sensitivity of the City's proportionate share of the NPL of the Plans to changes in the discount rate, calculated using the discount rate of 7.00 percent, as well as what it would be if it were calculated using a discount rate that is 1% point lower (6.00 percent) or 1% point higher (8.00 percent) than the current rate:

System	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
City's proportionate share of the net pension liability of the PORS	$ 27,648,040	19,083,295	$ 12,068,325

Plans Fiduciary Net Position

Detailed information regarding the fiduciary net position of the Plans administered by the PEBA is available in the separately issued ACFR containing financial statements and required supplementary information for the PORS. The ACFR is publicly available through the PEBA's website at www.peba.sc.gov, or a copy may be obtained by submitting a request to PEBA, 202 Arbor Lake Drive, Columbia, SC 29223.

Payable to Plans

The City reported a payable of approximately $407,000 to the PEBA as of June 30, 2025, representing required employer and employee contributions for the month of June 2025 for the PORS. This amount is included in Other Accrued Liabilities on the financial statements and was paid in July 2025.

Death, Disability and Retirement Benefit Plan (Terminated)

Plan Description

Prior to fiscal year 1995, the City maintained the City of North Myrtle Beach Death, Disability and Retirement Benefit Plan, a self-funded, single-employer defined benefit pension plan administered by the City, as trustee. Plan assets were held by a commercial bank under the terms of a custodial and management agreement. In 1994, the City terminated the plan, which effectively ceased all future participation requirements and benefit accruals. Those employees who had retired under the terminated plan, or vested employees who left City employment prior to plan termination, received a comparable level of benefits as defined by the plan and trust agreement, or a negotiated settlement.

All City employees who were actively employed by the City as of June 30, 1994 and whose customary employment was for at least 30 hours per week were eligible and required to subsequently participate in the City's Money Purchase Retirement Plans with all applicable net position of the terminated plan being transferred accordingly. The City has recorded a liability of $443,000 related to this plan. The plan does not issue separate stand-alone financial statements and is not included in the financial statements of another activity and, due to immateriality, no additional disclosures have been provided regarding these benefits.

IV. OTHER INFORMATION (CONTINUED)

C. Contingencies and Litigation

Grants

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

Litigation

The City is contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not materially affect the City's financial position.

D. Other Postemployment Benefit Plan

Plan Description

The City sponsors a single-employer defined benefit postemployment healthcare plan (the "OPEB Plan") that provides medical and dental insurance for any employee of the City who has at least 10 years of continuous service with the City and who have reached normal retirement age. The City administers the plan through its approved personnel policies. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue separate stand-alone financial statements and is not included in the financial statements of another entity.

Plan Membership

Inactive Members or Beneficiaries Currently Receiving Benefit Payments	131
Active Members	458
Total Membership	589

Plan Benefits and Contributions

The plan offers retired employees the City's employee group health insurance plan (including dental) at little or no cost. Any employee who retires under a City qualified retirement plan with at least 10 years of service may extend medical coverage, including for the retiree's spouse, if the spouse was covered during the employee's last year of employment. For retirees with at least 20 years of continuous service, the City pays, at its discretion, 100% of the retiree's monthly premium cost. The retiree pays the full premium rate for spouse coverage. The premium rate is set by the City Council each year during budget deliberations. The program covers retired employees until the earlier of (1) the retired employee reaches age 65, or (2) the retired employee qualifies for health insurance under another plan.

IV. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions and Method

The following table provides a summary of the significant actuarial assumptions and methods used in the latest actuarial valuation for the OPEB Plan.

Actuarial Valuation Date	July 1, 2024
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation	2.50%
Discount Rate	4.00%
Healthcare Cost Trend Rate	5.00% for both pre-Medicare and Medicaid
Payroll Growth	4.50%
Coverage Elections	
Active Participation/Marriage	45% of all active employees are assumed to be married with female spouses assumed to be 3 years younger
Mortality Table	1983 GAM without projecttion

The discount rate was 4%. Projections of benefits are based on the substantive program (the program as understood by the City and participants) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the participants to that point. Other assumptions may be made about participant data or other factors. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in total other post-employment benefit liabilities and the actuarial value of other post-employment benefit assets.

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The City's net OPEB liability was measured as of June 30, 2025 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024 that was rolled forward to the measurement date.

	Total OPEB Liability
Balances as of June 30, 2024	$ 19,438,205
Changes for the year:	
Service Cost	780,471
Interest	755,368
Difference Between Expected/Actual Experience	839,958
Benefit Payments	(1,324,574)
Administrative Expense	-
Net Changes	1,051,223
Balances as of June 30, 2025	$ 20,489,428

IV. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB (Continued)

For the year ended June 30, 2025, the City recognized OPEB expense of approximately $1,130,000. At June 30, 2025, the City reported deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to OPEB from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 3,850,764	$ 6,130,684

Amounts reported as deferred outflows of resources (deferred OPEB charges) and deferred inflows of resources (deferred OPEB credits) related to the OPEB Plan will increase (decrease) OPEB expense as follows:

Year Ended June 30,	Total
2026	$ (338,997)
2027	(338,997)
2028	(338,997)
2029	(338,997)
2030	(338,997)
Thereafter	(584,935)
Total	$ (2,279,920)

Discount Rate

The discount rate used to measure the total OPEB liability was 4.00%. The projection of cash flows used to determine the discount rate assumed that the City's contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the OPEB liability.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following table presents the sensitivity of the City's net OPEB liability to changes in the discount rate, calculated using the discount rate of 4.00%, as well as what it would be if it were calculated using a discount rate that is 1% point lower (3.00%) or 1% point higher (5.00%) than the current rate:

	1% Decrease (3.00%)	Current Discount Rate (4.00%)	1% Increase (5.00%)
Net OPEB Liability	$ 23,653,074	20,489,428	$ 17,917,026

IV. OTHER INFORMATION (CONTINUED)

D. Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following table presents the sensitivity of the City's net OPEB liability to changes in the healthcare cost trend rate, calculated using the healthcare cost trend rate of 5.00%, as well as what it would be if it were calculated using a healthcare cost trend rate that is 1% point lower (4.00%) or 1% point higher (6.00%) than the current rate:

	1% Decrease (4.00%)	Cost Trend Rate (5.00%)	1% Increase (6.00%)
Net OPEB Liability	$ 17,448,919	20,489,428	$ 24,374,619

E. Commitments

The City has construction commitments outstanding at June 30, 2025 of approximately $29,439,000 related to various building improvements/renovations, transportation projects, and other construction projects.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

HAYNSWORTH
SINKLER BOYD

HAYNSWORTH SINKLER BOYD, P.A.
1201 MAIN STREET, 22ND FLOOR
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______________, 2026

City Council of the City of North Myrtle Beach, South Carolina
North Myrtle Beach, South Carolina

$____________
City of North Myrtle Beach, South Carolina
Limited Obligation Bonds (Accommodations Fee Pledge), Series 2026

Ladies and Gentlemen:

We have acted as bond counsel to the City of North Myrtle Beach, South Carolina (the "City"), in connection with the issuance by the City of its $____________ Limited Obligation Bonds (Accommodations Fee Pledge), Series 2026 (the "Bonds"). The Bonds are issued in fully registered form in the denomination of $5,000 or any whole multiple thereof, not exceeding the principal amount of the Bonds maturing in each year, dated the date of their delivery, bearing interest from their date payable semiannually thereafter on April 1 and October 1 of each year, commencing April 1, 2027 and will mature on April 1 in each of the years and in the principal amounts as set forth in the Official Statement dated September ____, 2026 (the "Official Statement").

Certain of the Bonds are subject to redemption prior to maturity in the manner and upon the terms and conditions and at the prices set forth therein.

We have examined (1) the Constitution and laws of the State; (2) certified copies of the proceedings of the City Council authorizing the issuance of the Bonds; (3) the Bond Ordinance; (4) the form of the Bonds to be executed; and (5) such other papers, instruments and documents in this matter as we have deemed necessary or advisable. As to questions of fact material to our opinion, we have relied upon representations of officials of the City contained in the Bond Ordinance and in the certified Transcript of Proceedings and other certificates of public officials furnished to us, without undertaking to verify the same by independent investigation.

The Bonds are issued in accordance with the provisions of Article X, Section 14(10) of the South Carolina Constitution, Title 6, Chapter 1, Articles 5 and 7, Code of Laws of South Carolina 1976, as amended, as well as other applicable laws (collectively, the "Act"). The Bonds are issued pursuant to the ordinance enacted by the City Council of the City (the "Council") on June 15, 2026 (the "Bond Ordinance").

The Bonds are being issued to finance (i) renovations to and expansion of the City's Aquatics and Fitness Center, along with equipment and furnishings appurtenant thereto; (ii) to the extent proceeds of the Bonds remain available upon completion of item (i) such other projects and improvements as may be approved by the City Council and permitted under the Act and the Bond Ordinance defined below; and (iii) to pay certain costs of issuance of the Bonds.

Based on the foregoing, we are of the opinion as of the date hereof, under existing law, as follows:

1. The City is validly existing as a body corporate and politic and a political subdivision of the State and has full power and authority under the Act and the laws and Constitution of the State to enact the Bond Ordinance and issue and deliver the Bonds, and to perform its obligations under the Bonds.

2. The Bonds have been duly authorized, executed, and issued in accordance with the Constitution and laws of the State, including particularly the Act, do not and will not conflict with, or violate the Constitution of the State or any existing law or regulation of the State,. The Bonds constitute valid and binding special obligations of the City payable from and secured by a pledge of the Pledged Fees (as defined in the Bond Ordinance), except to the extent that the enforceability of the Bonds may be limited as described below. The Bonds are secured equally and ratably by a pledge of and lien on the Pledged Fees, do not constitute an indebtedness of the City within the meaning of any provision, limitation or restriction of the Constitution or laws of the State, and will never constitute nor give rise to a pecuniary liability of the City or a charge against its general credit or taxing powers. No recourse may be had for the payment of the Bonds against the General Fund of the City, and neither the full faith and credit nor the taxing power of the City shall be deemed pledged to the payment of the Bonds. No further action on the part of the City or any other party is required to secure the same or the interest of the Bondholders therein.

3. The Bond Ordinance has been duly enacted by the City Council; the provisions of the Bond Ordinance are valid and enforceable in accordance with their terms and the holders of the Bonds are entitled to the security and benefits of the Bond Ordinance.

4. The pledge of and lien on the Pledged Fees made to secure the Bonds has priority over all pledges and liens heretofore or hereafter made, except pledges and liens (on a parity with the pledges and liens securing the Bonds) made to secure (a) additional parity bonds, if such additional parity bonds are issued in the manner and under the conditions prescribed by the Bond Ordinance.

5. Interest on the Bonds is excludable from gross income of the registered owners thereof for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Internal Revenue Code of 1986, as amended (the "Code")) for the purpose of computing the alternative minimum tax imposed on corporations. The opinion set forth in the preceding sentence is subject to the condition that the City comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. The City has covenanted to comply with all such requirements. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds and the interest thereon are exempt from all State, county, school district, municipal, and all other taxes or assessments of the State, except for inheritance, estate, transfer or certain franchise taxes. Furthermore, it should be noted that Section 12-11-20 of the Code of Laws of South Carolina, 1976, as amended, imposes upon every bank engaged in business in the State a fee or franchise tax computed on the entire net income of such bank which includes interest paid on the Bonds.

We express no opinion herein as to any other federal or State or local tax consequences to holders of the Bonds.

It is to be understood that the rights of the holder of the Bonds and the enforceability thereof and of the Bond Ordinance may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion, the sovereign police powers of the State and the constitutional powers of the United States of America in appropriate cases.

We have examined the executed Bonds and, in our opinion, their form and execution are in due form of law.

We express no opinion herein regarding the accuracy, adequacy or completeness of the Official Statement relating to the Bonds, or regarding the perfection of the lien on the Pledged Fees or other funds created under the Bond Ordinance (or any other document or instrument mentioned herein). This opinion is provided to the addressees as a legal opinion only and not as a guaranty or warranty of the matters discussed herein or of any transaction or obligation. This opinion is given as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

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APPENDIX D

BOND ORDINANCE

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ORDINANCE NO. ______

STATE OF SOUTH CAROLINA)
)
COUNTY OF HORRY)
)
CITY OF NORTH MYRTLE BEACH)

AUTHORIZING THE ISSUANCE AND SALE OF NOT EXCEEDING $18,000,000 AGGREGATE PRINCIPAL AMOUNT LIMITED OBLIGATION BONDS (ACCOMMODATIONS FEE PLEDGE), SERIES 2026, FOR THE PURPOSES OF DEFRAYING THE COST OF CERTAIN TOURISM-RELATED IMPROVEMENTS WITHIN THE CITY; FIXING THE FORM AND DETAILS OF THE BONDS; LIMITING THE PAYMENT OF THE BONDS FROM THE SOURCES PROVIDED HEREIN; PROVIDING FOR THE DISPOSITION OF THE PROCEEDS THEREOF; PROVIDING FOR THE TERMS AND CONDITIONS UNDER WHICH ADDITIONAL BONDS MAY BE ISSUED; AND OTHER MATTERS RELATING THERETO.

BE IT ORDAINED by the Mayor and City Council of the City of North Myrtle Beach, South Carolina as follows:

ARTICLE I

DEFINITIONS

Unless the context shall clearly indicate some other meaning, the terms defined in this Section shall, for all purposes of this Ordinance and of any ordinance, resolution, certificate, opinion, instrument or other document herein or therein mentioned, have the meanings herein specified, with the definitions to be equally applicable to both the singular and plural forms of any of the terms herein defined and vice versa. The term:

"2026 Construction Fund" shall mean the fund of that name with respect to the 2026 Project created pursuant to Section 8.3(a) hereof.

"2026 Costs of Issuance Account" shall mean the account of that name created pursuant to Section 8.3(c) hereof.

"2026 Project" shall mean (i) renovations to and expansion of the City's Aquatics and Fitness Center, along with equipment and furnishings appurtenant thereto; and (ii) to the extent proceeds of the 2026 Bonds remain available upon completion of item (i) such other projects and improvements as may be approved by the City Council and permitted under the Act and this Ordinance.

"Accommodations Fee" means (a) the local accommodation fee imposed by the Fee Ordinance, and (b) the County Fee.

"Accountant" shall mean an independent certified public accountant or a firm of independent certified public accountants selected by the City.

"Accreted Value" shall mean, except as otherwise provided by Supplemental Ordinance, with respect to any Capital Appreciation Bond an amount equal to the principal amount of such Capital Appreciation Bond (determined on the basis of the principal amount per $5,000 at maturity thereof) plus the amount, assuming semiannual compounding of earnings, which would be produced on the investment of such principal amount, beginning on the date of original issue of such Capital Appreciation Bond and ending at the maturity date thereof, at a yield which, if produced until maturity, will produce $5,000 at maturity. The Accreted Value of any Capital Appreciation Bond shall mean, as of any Valuation Date, the amount set forth for such date in the Supplemental Ordinance authorizing such Capital Appreciation Bond, and as of any date other than a Valuation Date, the sum of (a) the Accreted Value on the preceding Valuation Date and (b) the product of (1) a fraction, the numerator of which is the number of days having elapsed from the preceding Valuation Date and the denominator of which is the number of days from such preceding Valuation Date to the next succeeding Valuation Date, and (2) the difference between the Accreted Values for such Valuation Date.

"Act" shall mean Title 6, Chapter 1, Articles 5 and 7, Code of Laws of South Carolina 1976, as amended from time to time.

"Additional Bonds" shall mean any Bond issued pursuant to a Supplemental Ordinance hereto in accordance with Section 9.1 or Section 9.2 hereof.

"Beneficial Owner" or "Owner" shall mean any purchaser who acquires beneficial ownership interest in a Series 2026 Bond held by the Depository. In determining any Beneficial Owner, the City, the Registrar and the Paying Agent may rely exclusively upon written representations made and information given to the City, the Registrar and the Paying Agent, as the case may be, by the Depository or its Participants with respect to any Series 2026 Bond held by the Depository or its Participants in which a beneficial ownership interest is claimed.

"Bond" or "Bonds" shall mean any Bond, some of the Bonds, or all of the Bonds issued under and pursuant to this Ordinance, including the Series 2026 Bonds and the Additional Bonds, but excluding Junior Lien Bonds.

"Bond Counsel" shall mean any attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on obligations issued by states and political subdivisions, and duly admitted to practice law before the highest court of any state of the United States.

"Bond Fund" shall mean the fund of that name established pursuant to Section 8.1 hereof.

"Bond Redemption Account" shall mean each account of that name of the Bond Fund established with respect to the Series 2026 or any Series of Additional Bonds pursuant to Section 8.2 hereof.

"Bondholders" or the term "holders" or any similar term shall mean the registered owner or owners of any Outstanding Bond or Bonds.

"Book-Entry Form" or "Book-Entry System" shall mean with respect to the Series 2026 Bonds, a form or system, as applicable, under which (a) the ownership of beneficial interests in the Series 2026 Bonds may be transferred only through a book-entry and (b) physical bond certificates in fully-registered form are registered only in the name of the Depository or its nominees as holder, with the physical bond certificates "immobilized" in the custody of the Depository. The book-entry maintained by the Depository is the record that identifies the owners of participatory interests in the Series 2026 Bonds, when subject to the Book-Entry System.

"Books of Registry" shall mean the registration books maintained by the Registrar in accordance with Section 4.2 hereof.

"Business Day" shall mean any day other than a Saturday, a Sunday, or a day which shall be in the State of South Carolina or the state in which the principal corporate trust office of the Trustee is located a legal holiday or a day on which banking institutions are authorized or obligated by law or executive order to close.

"Capital Appreciation Bonds" shall mean any Bonds as to which interest is payable only at the maturity or prior redemption or acceleration of such Bonds. For the purposes of (a) receiving payment of the redemption price of a Capital Appreciation Bond that is redeemed prior to maturity, (b) receiving payment of a Capital Appreciation Bond if the principal of all Bonds of such Series is declared immediately due and payable following an Event of Default as provided in Article XIV hereof, or (c) computing the principal amount of Bonds held by the holder of a Capital Appreciation Bond in giving any notice, consent, request, or demand pursuant to this Ordinance for any purpose whatsoever including, without limitation, for transfer and exchange, the principal amount of a Capital Appreciation Bond shall be deemed to be its Accreted Value on the date set for redemption, or the date of declaration, or the date of computation of the principal amount or on the date of transfer or exchange, as the case may be, or in any other case, on the analogous date as of which the principal amount is intended to be calculated.

"City" shall mean the City of North Myrtle Beach, South Carolina, an incorporated municipality of the State of South Carolina situated in Horry County, South Carolina.

"City Representative" means the person or persons at the time designated to act on behalf of the City for the purpose of performing any act under this Ordinance by a written certificate furnished to the Trustee or Custodian containing the specimen signature of such person or persons and signed on behalf of the City by the Mayor.

"Clerk" means the Clerk of Council or, in his or her absence, the Acting Clerk.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

"Construction Fund" shall mean the 2026 Construction Fund and any fund established with and maintained by a Custodian designated by the City, and derived from certain of the proceeds of the sale of any Series of Additional Bonds and intended to refinance or defray the cost of all or a portion of any Project and to pay Costs of Acquisition and Construction in connection therewith, or Costs of Issuance with respect to such Additional Bonds, as established in the Supplemental Ordinance authorizing the issuance of such Series of Additional Bonds.

"Cost of Acquisition and Construction" shall mean, to the extent permitted by the Act, all costs relating to the acquisition, construction and undertaking of Projects permitted to be financed with the proceeds of bonds under the Act, including capitalized interest on Bonds. Cost of Acquisition and Construction shall include the reimbursement of funds previously advanced by the City with respect to Projects.

"Costs of Issuance" shall mean all items of expense, directly or indirectly payable or reimbursable by or to the City and related to the authorization, sale and issuance of Bonds including, but not limited to, printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees and charges, auditing and accounting fees and charges, fees and disbursements of counsel, consultants and professionals, costs of credit ratings, fees and charges for preparation, execution, transportation and safekeeping of the Bonds, costs and expenses of refunding, bond insurance premiums, financing charges and any other costs, charges or fees in connection with the original issuance of Bonds.

"Council" shall mean the City Council of the City of North Myrtle Beach, South Carolina.

"County Fee" means that portion of fees imposed by the County on accommodations (for purposes of this definition, as defined in Section 19-6 of the Code of Ordinances of Horry County), and required to be delivered to the City pursuant to the terms of the Settlement Agreement.

"Custodian" shall mean any bank, depository or trust company duly qualified and doing business within the State of South Carolina selected by the City as a depositary of moneys or securities held in the Construction Fund. The Trustee will act as Custodian for the Series 2026 Bonds.

"Debt Service" shall mean, with respect to each Series of Bonds and with respect to any particular Fiscal Year, the aggregate of the amounts to be paid or set aside (or estimated to be required to be paid or set aside) in the Bond Fund in such Fiscal Year for the payment of the principal of, redemption premium, if any, and interest (to the extent not paid or expected to be paid from proceeds of such Bonds or earnings thereon) on such Series of Bonds, provided that for any prospective calculation the interest on Variable Rate Indebtedness then Outstanding shall be calculated at the actual average rate of interest on the Variable Rate Indebtedness during the 12 months immediately preceding the date of calculation.

"Default" or "Event of Default" shall mean any of those defaults specified in and defined by Article XIV hereof.

"Depository" shall mean any securities depository that is a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934, operating and maintaining, with its Participants or otherwise, a Book-Entry System to record ownership of beneficial interests in the Bonds, and to effect transfers of Bonds, in Book-Entry Form, and includes and means initially The Depository Trust Company (a limited purpose trust company), New York, New York.

"Fee Ordinance" means Ordinance No. 20-36 of the City Council of the City enacted on May 21, 2021, pursuant to Sections 6-1-500 *et seq*., Code of Laws of South Carolina, 1976, as amended, as such Ordinance may from time to time hereafter be amended.

"Fiscal Year" shall mean the fiscal year for the City, initially being the period from July 1 in any year to and including June 30 in the following year.

"Government Obligations" shall mean, except as limited with respect to the funds and accounts relating to a Series of Bonds by a Supplemental Ordinance, any of the following to the extent now or hereafter permitted by the laws of the State:

(a) non-callable bonds, notes or direct obligations and general obligations of the United States;

(b) non-callable U.S. Treasury Certificates, Notes and Bonds (including State and Local Government Series - "SLGS");

(c) non-callable direct obligations of the U.S. Treasury which have been stripped by the U.S. Treasury;

(d) non-callable obligations issued by any agency or instrumentality of the United States of America which are backed by the full faith and credit of the United States; and

(e) prerefunded municipal bonds which are rated “Aaa” by Moody’s or “AAA” by Standard and Poor’s.

“Interest Account” shall mean each account of that name of the Bond Fund established with respect to the Series 2026 Bonds or any Series of Additional Bonds pursuant to Section 8.2 hereof.

“Interest Payment Date” shall mean, with respect to the Series 2026 Bonds, such dates as shall be determined by the Mayor pursuant to Section 12.1 hereof, and with respect to any Additional Bonds, such dates as are established by the Supplemental Ordinance authorizing the issuance of such Additional Bonds.

“Junior Bonds” shall mean either (a) bonds secured by a pledge of Pledged Fees junior and subordinate in all respects to the pledge of this Ordinance or (b) any other form of indebtedness, including lease purchase obligations, secured by Pledged Fees remaining after provision has been made for all payments required to be made with respect to the Bonds.

“Maximum Annual Debt Service” shall mean the highest aggregate principal and interest requirements (to the extent not capitalized) on the Bonds then Outstanding during any Fiscal Year. For any prospective calculation with respect to Variable Rate Indebtedness for purposes of determining Maximum Annual Debt Service, the applicable interest rate shall be equal to the lesser of (a) the 25-Bond Revenue Index published by The Bond Buyer no more than two weeks prior to, but in no event after, the date of calculation, or (b) the maximum interest rate allowable on such Variable Rate Indebtedness; provided, however, that if the 25-Bond Revenue Index referred to in (a) above is no longer published, any reasonably equivalent nationally recognized index published for the periods in question may be selected by the City for use in its stead.

“Mayor” shall mean the Mayor of the City or, in his or her absence, the Mayor Pro-Tempore.

“Moody’s” shall mean Moody’s Investors Service, Inc., or its successors.

“Ordinance” shall mean this ordinance as originally enacted and, unless the context clearly indicates otherwise, as it may be from time to time hereafter supplemented, modified or amended by any Supplemental Ordinance.

“Outstanding” when used with respect to any Bond shall have the construction given to such word in Article XVI hereof; i.e.; a Bond shall not be Outstanding if such Bond is not, or would not be, at the time, deemed to be Outstanding by reason of the operation and effect of Article XVI hereof.

“Participant” shall mean any bank, brokerage house or other financial institution for which, from time to time, the Depository effects book-entry transfers and pledges of securities deposited with the Depository.

“Paying Agent” shall mean for each Series of Bonds the respective Paying Agent or Paying Agents appointed pursuant to the proceedings authorizing such Bonds.

“Permitted Investments” shall mean (a) any one or more of the investments now or hereafter permitted by Section 6-5-10, Code of Laws of South Carolina 1976, as amended and in effect from time to time, or any authorization relating to the investment of funds hereunder; and (b) the South Carolina Pooled Investment Fund or similar State administered pool investment fund or as otherwise may be limited pursuant to a Supplemental Ordinance.

“Pledged Fees” shall mean the proceeds of the Accommodations Fee collected by the City pursuant to the Fee Ordinance and the County Fee.

“Principal Account” shall mean each account of that name of the Bond Fund established with respect to the Series 2026 or any Series of Additional Bonds pursuant to Section 8.2 hereof.

“Principal Payment Date” shall mean, with respect to the Series 2026 Bonds, such dates as shall be determined by the Mayor pursuant to Section 12.1 hereof, and with respect to any Series of Additional Bonds such dates as are established by the Supplemental Ordinance authorizing the issuance of such Additional Bonds.

“Projects” shall mean the 2026 Project and such other projects as are permitted to be financed under the Act with the proceeds of Bonds.

“Purchase Contract” shall mean the Bond Purchase Agreement to be dated the date of execution and delivery thereof between the City and the Underwriter.

“Rating Agencies” shall mean any rating agency then rating any Bonds.

“Record Date” shall mean with respect to the Series 2026 Bonds the fifteenth day (whether or not a Business Day) of the calendar month immediately preceding each Interest Payment Date on the Series 2026 Bonds and with respect to a Series of Additional Bonds such dates as may be provided in the Supplemental Ordinance authorizing the issuance of the Additional Bonds.

“Registrar” shall mean for each Series of Bonds the respective bank, trust company, depository or transfer agent appointed as registrar pursuant to the proceedings authorizing such Bonds.

“Serial Bonds” shall mean Bonds which are not Term Bonds.

“Series” or “Series of Bonds” or “Bonds of a Series” shall mean all Bonds designated as being of the same Series issued and delivered on original issuance in a simultaneous transaction, and any Bonds thereafter delivered in lieu thereof or in substitution therefor pursuant to this Ordinance or any Supplemental Ordinance.

“Series 2026 Bonds” shall mean the not exceeding $18,000,000 principal amount Limited Obligation Bonds (Accommodations Fee Pledge), Series 2026, of the City authorized by this Ordinance.

“Settlement Agreement” means the settlement agreement in the case of *City of Myrtle Beach, For Itself and a Class of Similarly Situated Plaintiffs v. Horry County,* 2019-CP-26-01732, executed by the parties thereto and approved by the order of the Circuit Court of Horry County filed April 20, 2021

“Standard and Poor’s” shall mean Standard & Poor’s Global Ratings, a Standard & Poor’s Financial Services LLC business, or its successors.

“Supplemental Ordinance” shall mean any ordinance enacted by the Council providing for the issuance of Additional Bonds and any ordinance enacted by the Council pursuant to and in compliance with the provisions of Article XVII hereof amending or supplementing the provisions of the Ordinance.

“Term Bond” shall mean any Bond designated herein or by the Supplemental Ordinance providing for its issuance as being subject to retirement or redemption from moneys credited to the Bond Redemption Account of the Bond Fund as sinking fund installments.

“Trustee” shall mean U.S. Bank Trust Company, National Association.

“Underwriter” shall mean Raymond James & Associates, Inc. or such other financial institution named in a Supplemental Ordinance enacted by the City to authorize the issuance of Additional Bonds.

“Valuation Date” with respect to any Capital Appreciation Bonds, shall have the meaning ascribed to such term in the Supplemental Ordinance authorizing the issuance of such Capital Appreciation Bonds.

“Variable Rate Indebtedness” shall mean indebtedness in the form of Bonds the interest rate on which is not established at a fixed or constant rate to maturity at the time such indebtedness is incurred.

* * * *

ARTICLE II

FINDINGS AND DETERMINATIONS

Section 2.1. Findings. The Council of the City hereby finds and determines:

(a) The City is an incorporated municipality located in Horry County and possesses all powers granted to municipalities by the Constitution of the State of South Carolina, 1895, as amended (the “Constitution”), and general laws of this State.

(b) The City Council of the City has heretofore enacted the Fee Ordinance, which imposes a uniform hospitality fee of one percent (1%) on certain food and beverages sold within the City and further imposes a uniform accommodations fee of one and one-half percent (1½%) on all gross proceeds derived from the rental or charges for any rooms (excluding meeting and conference rooms), campground spaces, lodgings, or sleeping accommodations furnished to transients by any hotel, inn, tourist court, tourist camp, motel, campground, residence, or any place in which rooms, lodgings, or sleeping accommodations are furnished to transients for a consideration within the City.

(c) Pursuant to the Settlement Agreement the proceeds of a 1½ percent county-wide accommodations fee imposed by Horry County are, to the extent collected within the City, less an administrative fee, paid monthly by the County to the City.

(d) The proceeds of the accommodations fees described in Section 2.1(b) and 2.1(c) together constitute the Pledged Fees.

(e) Pursuant to the Act, the City is authorized to issue bonds pursuant to Article X, Section 14(10) of the Constitution, utilizing the procedures of Section 4-29-68, Section 6-17-10 and related sections or Section 6-21-10 and related sections, Code of Laws of South Carolina 1976, as amended, for the purposes enumerated in Section 6-1-530 of the Code of Laws of South Carolina 1976, as amended, which bonds may be payable from and secured by the proceeds of Pledged Fees imposed under Title 6, Chapter 1, Article 5, Code of Laws of South Carolina 1976, as amended, state accommodations taxes allocated pursuant to Title 16, Chapter 4, Code of Laws of South Carolina 1976, as amended, and the pledge of such other nontax revenues as may be available for those purposes for capital projects to attract and support tourism. Article X, Section 14(10) of the Constitution permits the issuance by political subdivisions of the State of indebtedness payable solely from a revenue-producing project or from a special source, which source does not involve revenues from any tax or license. The Act authorizes the proceeds of Pledged Fees to be used for the purpose of financing or refinancing, among other things, tourism-related buildings and tourism-related cultural, recreational or historic facilities.

(f) After due investigation, the Council has found and determined that it is in the best interests of the City and its residents that the City undertake the 2026 Project, which will consist of the renovation and expansion of the City’s Aquatics and Fitness Center. The Aquatics and Fitness Center was originally constructed in 2004 and since its opening has served both residents of the City and numerous tourists. Based upon the City’s actual experience with the Aquatics and Fitness Center, as well as the additional amenities to be provided by the 2026 Project which are intended to be used both by residents of and visitors to the City, the Council has determined that the Aquatics and Fitness Center is and will be a “tourism-related” recreational facility within the meaning of Section 6-1-530(A)(2), Code of Laws of South Carolina 1976, as amended.

(g) The City now desires to issue its limited obligation bonds pursuant to the Act to finance the Cost of Acquisition and Construction of the 2026 Project, and to pay Costs of Issuance of the Series 2026 Bonds.

(h) As authorized by the Act and other applicable law, the Pledged Fees will be pledged to the payment of the Bonds. As of the date of the enactment of this Ordinance, the Pledged Fees are not subject to any lien or pledge, nor does it otherwise secure any obligation of the City.

(i) The provision of recreational facilities to its citizens and visitors is both a valid corporate purpose and a public purpose of the City within the meaning of applicable constitutional and statutory provisions.

The Council further finds that it is now in the best interest of the City for the Council to provide for the issuance and sale of the Series 2026 Bonds of the City pursuant to the aforesaid provisions of the Constitution and laws of the State of South Carolina in the principal amount of not exceeding $18,000,000. The proceeds of the Series 2026 Bonds shall be used for the purposes of (1) financing a portion of the cost of the 2026 Project; and (2) paying the Costs of Issuance of the Series 2026 Bonds. It is also in the best interest of the City for the Council to authorize the pledge of the Pledged Fees to secure the payment of the Bonds issued under this Ordinance and the application of the Pledged Fees to the payment of debt service on the Bonds.

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ARTICLE III

AUTHORIZATION OF THE SERIES 2026 BONDS

Section 3.1 Authorization. Pursuant to the aforesaid provisions of the Constitution and the Act, there are hereby authorized to be issued bonds of the City, in one or more series, in the aggregate principal amount of not exceeding $18,000,000, to be designated ''City of North Myrtle Beach, South Carolina, Limited Obligation Bonds (Accommodations Fee Pledge), Series 2026" (the "Series 2026 Bonds") for the purposes set forth in Article II above.

The Series 2026 Bonds shall be issued in fully registered form; shall be numbered in such fashion as to maintain a proper record thereof; shall bear interest from their date payable on each Interest Payment Date; shall be originally dated the date of their delivery, shall mature on the Principal Payment Date in each of the years and in the principal amounts and shall bear interest at the rates per annum, as determined by the Mayor pursuant to Section 12.1 hereof.

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ARTICLE IV

REGISTRAR AND PAYING AGENT FOR SERIES 2026 BONDS

Section 4.1. Registrar and Paying Agent; Books of Registry. The Trustee is hereby designated as the Registrar and Paying Agent of the Series 2026 Bonds. The City shall cause Books of Registry to be kept at the offices of the Registrar for the registration and transfer of the Bonds. Upon presentation at its office for such purpose the Registrar shall register or transfer, or cause to be registered or transferred, on such Books of Registry, the Bonds under such reasonable regulations as the Registrar may prescribe.

Section 4.2. Registration and Transfer of Bonds; Persons Treated as Holders. Unless and except as is otherwise set forth in the Supplemental Ordinance providing for the issuance of Additional Bonds, each Bond shall be fully registered and transferable only upon the Books of Registry of the City, which shall be kept for that purpose at the office of the Registrar, by the holder thereof or by his attorney, duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Registrar, duly executed by the holder or his or her duly authorized attorney with such signature guaranteed by a participant in the Securities Transfer Agents Medallion Program ("STAMP") or similar program. Upon the transfer of any Bond, the City shall issue, subject to the provisions of Section 4.6 hereof, in the name of the transferee, a new Bond or Bonds of the same Series and of the same aggregate principal amount, interest rate and maturity as the unpaid principal amount of the surrendered Bond.

Any Bondholder requesting any transfer shall pay any tax or other governmental charge required to be paid with respect thereto. As to any Bond, the person in whose name the same shall be registered shall be deemed and regarded as the absolute owner thereof for all purposes and payment of or on account of the principal, redemption premium, if any, and interest on any Bond shall be made only to or upon the order of the Bondholder thereof, or his duly authorized attorney, and neither the City nor the Registrar shall be affected by any notice to the contrary, but such registration may be changed as herein provided. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sum or sums so paid.

Section 4.3. Form of Bonds; Denominations; Medium of Payment. Unless or except as is otherwise provided in the Supplemental Ordinance authorizing the issuance of Additional Bonds, the Bonds: (a) shall be in fully registered form without coupons, and may be issued in Book-Entry Form; (b) shall be issued in denominations of $5,000, or any integral multiple thereof, provided that, upon partial redemption of a Bond requiring surrender thereof and the issuance of a new Bond, such new Bond may be in the denomination of the unredeemed balance; and (c) shall be payable with respect to principal, interest, and premium, if any, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

The Series 2026 Bonds shall be issued in substantially the form as that appearing as Exhibit A to this Ordinance, together with such amendments and modifications to the form thereof as the Mayor shall approve. The Mayor's execution and delivery of the Series 2026 Bonds shall constitute conclusive evidence of his or her approval of the terms thereof.

Section 4.4. Numbers, Date, and Payment Provisions.

(a) The Bonds shall be numbered and designated in such manner as the City, with the concurrence of the Registrar, shall determine. Each Bond of a Series shall bear interest from the Interest Payment Date immediately preceding the date of its authentication, unless authentication shall be upon an Interest Payment Date, in which case it shall bear interest from its authentication, or unless authentication shall precede the first Interest Payment Date for such Bond, in which case it shall bear interest from its date of authentication or as otherwise provided in the Supplemental Ordinance authorizing its issuance; provided, however, that if the date of authentication of any Bond of any Series is after a Record Date and before the corresponding Interest Payment Date therefor, such Bond shall bear interest from such succeeding Interest Payment Date; notwithstanding the foregoing, if at the time of authentication of any Bond any interest on such Bond is in default, such Bond shall bear interest from the date to which interest on such Bond has been paid or if no interest has been paid, such Bond shall bear interest from the date of delivery thereof or from its dated date, or as otherwise provided in the Supplemental Ordinance authorizing the issuance of such Bonds.

(b) The principal of and redemption premium, if any, on the Bonds and Accreted Value of any Capital Appreciation Bonds shall be payable when due in lawful money of the United States of America upon presentation and surrender of such Bonds at the principal office of the applicable Paying Agent. Except as otherwise provided in a Supplemental Ordinance as to a Series of Additional Bonds, payment of interest on Bonds other than Capital Appreciation Bonds shall be made by check or draft drawn upon the Paying Agent and mailed to the holder at his or her address as it appears upon the Books of Registry on the applicable Record Date; provided, however, that interest may be paid by wire transfer to an account within the Continental United States to any Bondholder owning at least $1,000,000 aggregate principal amount of the Bonds of a Series to the address designated in writing by such Bondholder upon the request of such Bondholder delivered to the Trustee at or prior to the Record Date for such payment. The Paying Agent shall maintain a record of the amount and date of any payment of principal and/or interest on the Bonds (whether at the maturity date or the redemption date prior to the maturity or upon the maturity thereof by declaration or otherwise).

Section 4.5. Exchange of Bonds. Bonds, upon surrender thereof at the office of the Registrar with a written instrument of transfer satisfactory to the Registrar, duly executed by the Bondholder or his duly authorized attorney with such signature guaranteed by a participant in STAMP or similar program, may, at the option of the Bondholder thereof, and upon payment by such Bondholder of any charges which the Registrar may make as provided in Section 4.6, be exchanged for a principal amount of Bonds of the same Series and maturity of any other authorized denomination equal to the unpaid principal amount of surrendered Bonds.

Section 4.6. Regulations with Respect to Exchanges and Transfer. In all cases in which the privilege of exchanging or transferring Bonds is exercised, the City shall execute and the Registrar shall authenticate and deliver Bonds in accordance with the provisions of this Ordinance. All Bonds surrendered in any such exchanges or transfers shall forthwith be canceled by the Registrar. There shall be no charge to the Bondholder for such exchange or transfer of Bonds except that the Registrar may make a charge sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or transfer. Neither the City nor the Registrar shall be required (a) to exchange or transfer Bonds (1) from the Record Date to the succeeding Interest Payment Date or (2) for a period of 15 days following any selection of Bonds to be redeemed or thereafter until after the first publication or mailing of any notice of redemption, or (b) transfer any Bonds called for redemption.

Section 4.7. Temporary Bonds. Any Series of Bonds may be initially issued in temporary form, exchangeable for definitive Bonds to be delivered as soon as practicable and subject to the agreement of the City and the purchaser. The temporary Bonds may be printed, lithographed or typewritten, shall be of such denominations as may be determined by the City, shall be without coupons, and may contain such reference to any of the provisions of this Ordinance as may be appropriate. Every temporary Bond shall be executed by the City upon the same conditions and in substantially the same manner as the definitive Bonds. If the City issues temporary Bonds, it will execute and furnish definitive Bonds without delay; and thereupon the temporary Bonds shall be surrendered for cancellation at the principal office of the Registrar, and the Registrar shall deliver and exchange for such temporary Bonds an equal, aggregate principal amount of definitive Bonds of like aggregate principal amount and in authorized denominations of the same Series, maturity or maturities and interest rate or rates. Until so exchanged, the temporary Bonds shall be entitled to the same benefits under this Ordinance as definitive Bonds under this Ordinance.

Section 4.8. Mutilated, Lost, Stolen or Destroyed Bonds. In case any Bond shall at any time become mutilated in whole or in part, or be lost, stolen or destroyed, or be so defaced as to impair the value thereof to the holder, the City shall execute and the Registrar shall authenticate and deliver at the principal office of the Registrar, or send by registered mail to the holder thereof at his request, risk, and expense a new Bond of the same Series, interest rate and maturity, and of like tenor and effect in exchange or substitution for and upon the surrender for cancellation of such defaced, mutilated or partly destroyed Bonds, or in lieu of or in substitution for such lost, stolen or destroyed Bond. In any such event the applicant for the issuance of a substitute Bond shall furnish the Registrar evidence or proof satisfactory to the Registrar of the loss, destruction, mutilation, defacement or theft of the original Bond, and of the ownership thereof, and also such security and indemnity as may be required by the laws of the State of South Carolina or such greater amount as may be required by the City and the Registrar. Any duplicate Bond issued under the provisions of this Section in exchange and substitution for any defaced, mutilated or partly destroyed Bond or in substitution for any allegedly lost, stolen or wholly destroyed Bond shall be entitled to the identical benefits under this Ordinance or any Supplemental Ordinance as the original Bond in lieu of which such duplicate Bond is issued, and shall be entitled to equal and proportionate benefits with all the other Bonds of the same Series issued hereunder. Neither the City nor the Registrar nor any Paying Agent appointed under the proceedings authorizing the Bonds shall be required to treat both the original Bond and any duplicate Bond as being Outstanding for the purpose of determining the principal amount of Bonds which may be issued hereunder or for the purpose of determining any percentage of Bonds Outstanding hereunder, but both the original and duplicate Bond shall be treated as one and the same.

Section 4.9 Book-Entry Bonds. The Series 2026 Bonds will be eligible securities for the purposes of the Book-Entry System of transfer maintained by the Depository, and transfers of beneficial ownership of the Series 2026 Bonds shall be made only through the Depository and its participants in accordance with rules specified by the Depository. Such beneficial ownership must be of $5,000 principal amount of Series 2026 Bonds of the same Series and maturity or any integral multiple of $5,000.

(a) The Series 2026 Bonds shall be issued in fully-registered form, as a single Series 2026 Bond for each Series and maturity of the Series 2026 Bonds, in the name of Cede & Co., as the nominee of the Depository. When any principal of, premium, if any, or interest on the Series 2026 Bonds becomes due, the City shall transmit or cause the Paying Agent to transmit to the Depository an amount equal to such installment of principal, premium, if any, and interest. Such payments will be made to Cede & Co. or other nominee of the Depository as long as it is owner of record on the applicable Record Date. Cede & Co. or other nominee of the Depository shall be considered to be the owner of the Series 2026 Bonds so registered for all purposes of this Ordinance, including, without limitation, payments as aforesaid and receipt of notices. The Depository shall remit such payments to the beneficial owners of the Series 2026 Bonds or their nominees in accordance with its rules and regulations.

(b) Notices of redemption of the Series 2026 Bonds or any portion thereof shall be sent to the Depository in accordance with the provisions of this Ordinance.

(c) The Depository is expected to maintain records of the positions of Participants in the Series 2026 Bonds, and the Participants and persons acting through Participants are expected to maintain records of the Beneficial Owners in the Series 2026 Bonds. The City, the Trustee, the Paying Agent and the Registrar make no assurances that the Depository and its Participants will act in accordance with such rules or expectations on a timely basis, and the City, the Trustee, the Paying Agent and the Registrar shall have no responsibility for any such maintenance of records or transfer of payments by the Depository to its Participants, or by the Participants or persons acting through Participants to the Beneficial Owners.

(d) The City, the Trustee, the Paying Agent and the Registrar may treat the Depository (or its nominee) as the sole and exclusive owner of the Series 2026 Bonds registered in its name for the purpose of payment of the principal of, interest or premium, if any, on the Series 2026 Bonds, giving any notice permitted or required to be given to Bondholders under this Ordinance, registering the transfer of Series 2026 Bonds, obtaining any consent or other action to be taken by Bondholders and for all other purposes whatsoever, and shall not be affected by any notice to the contrary. The City, the Trustee, the Paying Agent and the Registrar shall not have any responsibility or obligation to any Participant, any person claiming a beneficial ownership interest in the Series 2026 Bonds under or through the Depository or any Participant, or any other person which is not shown on the registration books of the City maintained by the Registrar as being a Bondholder, with respect to: the accuracy of any records maintained by the Depository or any Participant; the payment by the Depository or any Participant of any amount in respect of the principal of, interest or premium, if any, on the Series 2026 Bonds; any notice which is permitted or required to be given to Bondholders thereunder or under the conditions to transfers or exchanges adopted by the City or the Registrar; or any consent given or other action taken by the Depository as a Bondholder.

Section 4.10 Successor Depository. If (a) the Depository determines not to continue to act as Depository for the Series 2026 Bonds, or (b) the City has advised the Depository of the City's determination that the Depository is incapable of discharging its duties, the City shall attempt to retain another qualified securities depository to replace the Depository. Upon receipt by the City or the Registrar of the Series 2026 Bonds together with an assignment duly executed by the Depository, the City shall execute and deliver to the successor Depository, the Series 2026 Bonds of the same principal amount, interest rate and maturity. If the City is unable to retain a qualified successor to the Depository, or the City has determined that it is in its best interest not to continue the Book-Entry System of transfer or that interests of the beneficial owners of the Series 2026 Bonds might be adversely affected if the Book-Entry System of transfer is continued (the City undertakes no obligation to make any investigation to determine the occurrence of any events that would permit it to make any such determination), and has made provision to so notify Beneficial Owners of the Series 2026 Bonds by mailing an appropriate notice to the Depository, upon receipt by the City of the Series 2026 Bonds together with an assignment duly executed by the Depository, the City shall execute, authenticate and deliver to the Depository Participants Series 2026 Bonds of the applicable maturity in fully-registered form, in substantially the form provided in this Ordinance in the denomination of $5,000 or any integral multiple thereof.

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ARTICLE V

REDEMPTION OF SERIES 2026 BONDS AND ADDITIONAL BONDS; NOTICE OF REDEMPTION; EFFECT OF REDEMPTION

Section 5.1. Redemption of Bonds. The Series 2026 Bonds shall be subject to redemption prior to their stated maturities upon the terms and conditions and at such dates and redemption prices determined in accordance with Section 12.1 hereof and upon the further terms and conditions as are hereinafter set forth in this Section. Additional Bonds may be made subject to redemption prior to their stated maturities in such order, upon such terms and conditions and at such dates and redemption prices or premiums as shall be set forth in the Supplemental Ordinance providing for the issuance of such Additional Bonds, and, unless and except as otherwise provided in such Supplemental Ordinance, upon the further terms and conditions as are hereinafter set forth in this Section.

In the event of redemption of Series 2026 Bonds, notice of such redemption shall be given as, and such redemption shall have the effect provided in, this Article V. Redemption of Series 2026 Bonds shall be made only from and to the extent of funds on deposit with the Trustee and available for such purpose.

Section 5.2. Selection of Bonds for Redemption. In the event of the redemption at any time of only part of the Bonds of a Series, the Bonds to be redeemed shall be redeemed in such order as directed in writing by a City Representative. Unless otherwise provided by Supplemental Ordinance with respect to a Series of Additional Bonds, if less than all of the Bonds of like maturity of any Series shall be called for prior redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by lot by the Registrar in such manner as the Registrar may determine provided, however, that the portion of any Bond of a denomination of more than $5,000 to be redeemed shall be in the principal amount of $5,000 or an integral multiple thereof, and that, in selecting portions of such Bonds for redemption, the Registrar shall treat each such Bond as representing that number of Bonds by dividing the principal amount or Accreted Value at maturity of such Bond by $5,000.

Section 5.3. Notice of Redemption. Unless or except as otherwise provided in a Supplemental Ordinance authorizing the issuance of Additional Bonds, the provisions of this Section 5.3 apply to each Series of Bonds.

In the event any of the Bonds or portions thereof are called for redemption, the Registrar shall give notice, in the name of the City, of redemption of Bonds by first class mail, postage prepaid, to the holder thereof as shown on the Books of Registry of the City not less than 30 days and not more than 60 days prior to the date fixed for the redemption thereof. Such notice of redemption shall state: (a) the title of such Bonds to be redeemed, CUSIP numbers, date of issue, the Series designation (if any) thereof, the redemption date, the place or places of redemption and the redemption price or redemption premium, if any, payable upon such redemption; (b) if less than all such Bonds of a particular Series are to be redeemed, the distinctive number of such Bonds to be redeemed; (c) that the interest on such Bonds designated for redemption in such notice shall cease to accrue from and after such redemption date; and (d) that on such date there will become due and payable on each such Bond the principal amount thereof to be redeemed at the then applicable redemption premium, if any, and the interest accrued on such principal amount to the redemption date. Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, when mailed, whether or not the holder thereof receives the notice.

Any notice of optional redemption of Bonds may state that it is conditioned upon receipt by the Trustee of moneys sufficient to pay the redemption price of such Bonds or upon the satisfaction of any other condition, or that it may be rescinded upon the occurrence of any other event, and any conditional notice so given may be rescinded at any time before payment of such redemption price of any such condition so specified is not satisfied or if any such other event occurs. Notice of such rescission shall be given by the Trustee to affected owners of Bonds as promptly as practical upon the failure of such condition or the occurrence of such event.

Section 5.4. Partial Redemption of Bonds. Subject in all cases to applicable rules of the Depository, in the event that only part of the principal sum of a Bond shall be called for redemption or prepaid, payment of the amount to be redeemed or prepaid shall be made only upon surrender of such Bonds to the Registrar. Upon surrender of such Bond, the City shall execute and the Registrar shall authenticate and deliver to the holder thereof, at the principal office of the Registrar, or send to such holder by registered mail at his request, risk and expense, a new fully executed Bond or Bonds, of authorized principal sums equal in aggregate principal amount to, and of the same Series, maturity and interest rate as, the unredeemed portion of the Bond surrendered.

Section 5.5. Effect of Redemption. If a Series 2026 Bond and, unless or except as otherwise provided in the Supplemental Ordinance hereto providing for its issuance, any Additional Bond, is subject by its terms to redemption prior to its stated maturity and has been duly called for redemption and notice of the redemption thereof has been duly given as hereinbefore provided, and if moneys for the payment of such Bond at the then applicable redemption price or together with the then applicable redemption premium, if any, and the interest to accrue to the redemption date on such Bond are held for the purpose of such payment by the Paying Agent for the Series of Bonds of which such Bond is one, then such Bond so called for redemption shall, on the redemption date designated in such notice, become due and payable, and interest on the Bond so called for redemption shall cease to accrue; provided, however, that the Trustee shall hold such money for such purpose for two years after the redemption date and any money that remains unclaimed by the Holders for a period of two years (subject to escheat laws) after the date on which such Series of Bonds have become payable shall be paid to the City, or to such successor as may then be entitled by law to receive the same, and thereafter the Holders of such Series of Bonds shall look only to the City or to such successor, as the case may be, for payment and then only to the extent of the amounts so received, without any interest thereon, and the Trustee shall have no responsibility with respect to such money.

Section 5.6. Cancellation. All Bonds which have been redeemed shall be cancelled and either maintained or destroyed by the Registrar and shall not be reissued. A counterpart of the certificate of destruction evidencing such destruction shall be furnished by the Registrar to the City upon the request of the City.

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ARTICLE VI

EXECUTION OF BONDS

Section 6.1. Execution of Bonds. The Bonds shall be executed in the name of the City with the manual or facsimile signature of the Mayor attested by the manual or facsimile signature of the Clerk under a manual or facsimile of the seal of the City which shall be impressed, imprinted or reproduced thereon. The Bonds shall not be valid or become obligatory for any purpose unless there shall have been endorsed thereon a certificate of authentication. Each Bond shall bear a certificate of authentication manually executed by the Registrar in substantially the form set forth herein.

CUSIP identification numbers may be printed on the Bonds, but such numbers shall not be deemed to be a part of the Bonds or a part of the contract evidenced thereby and no liability shall hereafter attach to the City or any of the officers or agents thereof because of or on account of said CUSIP identification numbers.

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ARTICLE VII

SECURITY FOR AND PAYMENT OF BONDS

Section 7.1. Security for Bonds. The City's obligations under this Ordinance, including the payment when due of principal of, interest and redemption premium on the Bonds, is secured by a pledge of and lien upon the Pledged Fees senior to all other pledges and liens upon such Pledged Fees. The principal of the Bonds, together with the interest and redemption premium, if any, thereon shall be payable from and further secured by a pledge of the funds deposited, from time to time, in the Bond Fund and in Construction Funds; provided, however, that amounts on deposit in the applicable accounts within the Bond Fund and within a Construction Fund shall be held solely for the benefit of the Series of Bonds for which such accounts or Fund were established.

The Bonds, and the interest thereon, are special obligations of the City payable solely from the funds pledged hereunder therefor. The full faith, credit, and taxing powers of the City are not pledged for the payment of the Bonds and the interest thereon.

Section 7.2. Transfer of Pledged Fees to the Bond Fund. So long as the Series 2026 Bonds shall be Outstanding, the City will, on or before the fifteenth calendar day prior to each Interest Payment Date or Principal Payment Date with respect to the Series 2026 Bonds, transfer or cause to be transferred Pledged Fees or other legally available moneys which the Council in its sole discretion determines to apply for such purpose, if any, to the Trustee with written instructions for allocation at the times specified in Section 8.2 of this Ordinance, the amounts sufficient to satisfy the requirements of Section 8.2.

Section 7.3. Pledge of Pledged Fees. The City hereby pledges and grants a lien on the Pledged Fees to the payment of the principal of, redemption premium, if any, or interest on the Bonds. Nothing in this Ordinance shall prohibit the City from making a pledge of and lien on the Pledged Fees which is subordinate and inferior to the pledge and Lien made by this Ordinance to secure bonds, notes or other evidences of indebtedness hereafter issued by the City.

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ARTICLE VIII

ESTABLISHMENT OF FUNDS; DISPOSITION OF PROCEEDS OF BONDS

Section 8.1. Establishment of Funds.

The following funds and accounts shall be established by this Ordinance:

(a) The Accommodation Fee Fund, to be held by the City.

(b) The Bond Fund, to be held by the Trustee, together with an Interest Account, Principal Account, a Bond Redemption Account and such sub-accounts as provided in Section 8.2 of this Ordinance.

(c) The 2026 Construction Fund, to be held by the Custodian.

(d) The 2026 Costs of Issuance Account, to be held by the Custodian within the 2026 Construction Fund.

Upon the enactment of this Ordinance and the issuance of Bonds hereunder, there shall be deposited in the Bond Fund the amounts of Pledged Fees at the times and in the amounts required under Section 7.2 and this Article VIII.

The Trustee is hereby authorized to establish such other funds and accounts as may be necessary or desirable with respect to a particular Series of Bonds.

Section 8.2 Deposits into and Payments from Accommodation Fees Fund. All Pledged Fees as collected by the City or received from Horry County, as the case may be, shall be deposited in the Accommodation Fee Fund. Money on deposit in the Accommodation Fee Fund may be invested in Permitted Investments, provided that such investments shall be made with due regard for the dates upon which withdrawals from the Accommodation Fee Fund and corresponding deposits to the Bond Fund must be made. Withdrawals from the Accommodation Fee Fund, including investment earnings, may only be made for the purpose of making deposits to the Bond Fund, except as provided in Section 10.1(f) of this Ordinance.

Section 8.3. Deposits into and Payments from Bond Fund. There shall be, and are hereby authorized to be deposited by the Trustee into the Bond Fund, Pledged Fees and other legally available moneys which the Council in its discretion determines to apply for such purpose, if any, to the extent such Pledged Fees or other moneys have been transferred to the Trustee in accordance with Section 7.2. The allocations authorized herein from the Bond Fund shall be made at the times hereinafter set forth in the following order of priority and ratably with respect to such Series of Bonds. Except as may be stated by written notice from a City Representative to the Trustee, moneys transferred to the Trustee by the City pursuant to this Section 8.3 shall be deemed to be Pledged Fees.

(a) *Interest Account*. There shall be for each Series of Bonds established and maintained for the purpose of paying the interest on the Bonds as the same becomes due and payable an Interest Account in the Bond Fund. On or before the fifteenth day of the calendar month prior to an Interest Payment Date, the City shall transfer or cause to be transferred to the Trustee for deposit into the Bond Fund, Pledged Fees or other legally available moneys which the Council in its sole discretion determines to apply for such purpose, if any (until the moneys on deposit therein equal the amount needed), such that the aggregate of the amounts so paid and credited to the Interest Account would on such Interest Payment Date be equal to the installment of interest then falling due on the applicable Series of Bonds then Outstanding. In making any of the deposits to the Interest Account required by this paragraph (a), consideration shall be given to and allowance made for accrued interest received upon delivery of the applicable Series of Bonds to the initial purchasers, interest on such Bonds to be paid from the proceeds from the sale thereof and for any other credits otherwise made to such Account.

The Trustee shall maintain two separate sub-accounts within each Interest Account into which the (i) Pledged Fees and (ii) other legally available moneys, if any, respectively, shall be deposited. On the Business Day prior to each Interest Payment Date, the Trustee shall credit moneys in such sub-accounts to the Interest Account in the following order of priority. First, Pledged Fees shall be used for the payment of the installment of interest then falling due on the respective Series of Bonds, and, then, to the extent necessary, other legally available moneys shall be so applied. After making such credits to the Interest Account, the Pledged Fees and other legally available moneys (including interest earnings credited thereon) remaining in the sub-accounts for Pledged Fees and other legally available moneys shall be transferred to the City.

(b) *Principal Account*. There shall be for each Series of Bonds established and maintained for the purpose of paying the principal of the Serial Bonds as they mature a Principal Account in the Bond Fund. On or before the fifteenth day of the calendar month prior to a Principal Payment Date, the City shall transfer or cause to be transferred to the Trustee for deposit into the Bond Fund, Pledged Fees or other legally available moneys which the Council in its sole discretion determines to apply for such purpose, if any (until the moneys on deposit therein equal the amount needed), such that the aggregate of the amounts so paid and credited to the Principal Account would on such date be equal to the installment of principal on the applicable Series of Bonds then falling due. In making any of the deposits to the Principal Account required by this paragraph (b), consideration shall be given to and allowance made for any credits made to such Account.

The Trustee shall maintain two separate sub-accounts within each Principal Account into which the (i) Pledged Fees and (ii) other legally available moneys, if any, respectively, shall be deposited. On the Business Day prior to each Principal Payment Date, the Trustee shall credit moneys in such sub-accounts to the Principal Account in the following order of priority. First, Pledged Fees shall be used for the payment of the principal amount then falling due on the respective Series of Bonds, and then, to the extent necessary, other legally available moneys shall be so applied. After making such credits to the Principal Account, Pledged Fees and other legally available moneys (including interest earnings credited thereon) remaining in the sub-accounts for Pledged Fees and other legally available moneys shall be transferred to the City.

(c) *Bond Redemption Account*. There shall be for each Series of Bonds established and maintained, in order to meet the specified sinking fund installment requirements of Term Bonds and to otherwise retire Bonds prior to maturity, a Bond Redemption Account in the Bond Fund. On or before the fifteenth day of the calendar month prior to a Principal Payment Date, the City shall transfer or cause to be transferred to the Trustee for deposit into the Bond Redemption Account, Pledged Fees or other legally available moneys which the Council in its sole discretion determines to apply for such purpose, if any (until the moneys on deposit therein equal the amount needed), such that the aggregate of the amounts so paid and credited to the Bond Redemption Account would on such date be equal to the installment of principal on the respective Series of Bonds then falling due.

The Trustee shall apply the moneys credited to a Bond Redemption Account as sinking fund installments to the retirement of the Term Bonds of the applicable Series by redemption in accordance with the Ordinance or any Supplemental Ordinance providing for the issuance of such Series of Bonds, without further authorization or direction, on each date upon which a sinking fund installment is due with respect to the Term Bonds of such Series. The Trustee shall keep and retain accurate records of application of each deposit of funds under this paragraph. The Trustee shall give notice of all such redemptions in the name and on the behalf of the City in accordance with the provisions of Section 5.3 hereof. In making any of the deposits to a Bond Redemption Account required by this paragraph (c), consideration shall be given to and allowance made for any credits made to such Account.

The Trustee shall maintain two separate sub-accounts within each Bond Redemption Account into which the (i) Pledged Fees and (ii) other legally available moneys, if any, respectively, shall be deposited. On the Business Day prior to each sinking fund payment date, the Trustee shall credit moneys in such sub-accounts to the Bond Redemption Account in the following order of priority. First, Pledged Fees shall be used for the payment of the principal amount then falling due on the respective Series of Bonds, and then, to the extent necessary, other legally available moneys shall be so applied. After making such credits to the Bond Redemption Account, Pledged Fees and other legally available moneys (including interest earnings credited thereon) remaining in the sub-accounts for Pledged Fees and other legally available moneys shall be transferred to the City.

(d) If the City elects to redeem Bonds at its option, the amount so paid shall be deposited with the Trustee and applied promptly by the Trustee, first, to cause the amounts credited to the Interest Account or the Principal Account of the Bond Fund, in that order, to be not less than the amounts then required to be credited thereto for the payment of Bonds and, then, credited to the Bond Redemption Account and applied to retire Bonds by redemption in accordance with the City's written directions. Any balance remaining in the Bond Redemption Account after the redemption of Bonds in accordance with the City's written directions, or in any event on the date following the Principal Payment Date next succeeding the redemption of Bonds, shall be transferred to the Interest Account of the Bond Fund.

Moneys in an Interest Account, Principal Account and Bond Redemption Account shall be used and applied solely to the payment of the interest on and the retirement of the principal of and premium, if any, on the Bonds of the applicable Series and shall be used and applied in accordance with the provisions of this Section and this Ordinance and any applicable Supplemental Ordinance. Withdrawals from such accounts shall be made by the Trustee in order to transfer such moneys to the Paying Agent for the Bonds. Such withdrawals shall be made so that the necessary moneys shall be available to the Paying Agent prior to the date on which principal or interest, or both, are payable on the Bonds. After payments required by (a) through (d) of this Section are made, any balance remaining in the Bond Fund shall, unless directed in writing by the City pursuant to Section 8.5, be transferred by the Trustee to the City.

Section 8.4. Construction Fund for Series 2026 Bonds.

(a) There is hereby established the "City of North Myrtle Beach Construction Fund for Series 2026 Limited Obligation Bonds" (the "2026 Construction Fund") to be held by the Custodian, into which proceeds from the sale of the Series 2026 Bonds in the amount directed by the Mayor shall be deposited. The moneys on deposit in the 2026 Construction Fund shall be used and applied to the payment of the Cost of Acquisition and Construction of the 2026 Project and Costs of Issuance of the Series 2026 Bonds.

(b) Payments from the 2026 Construction Fund for the Cost of Acquisition and Construction of the 2026 Project shall be made by the Custodian only upon receipt of the requisition below described.

A requisition signed by a City Representative, stating, with respect to each payment:

(1) The amount to be paid;

(2) The nature and purpose of the obligation for which such payment is requested;

(3) The person, firm or corporation to whom such obligation is owed or to whom a reimbursable advance has been made;

(4) That such obligation has been properly incurred and is a proper payment under this Ordinance and has not been the basis of any previous advance; and

(5) That such payment does not include any amount which is then entitled to be retained under any holdbacks or retainages provided for in any agreement.

With respect to any such requisition for payment for work, materials or supplies, such requisition shall further state that:

(6) That such obligation was incurred for work, material or supplies in connection with the Cost of Acquisition and Construction of the 2026 Project; and

(7) That such work was actually performed in a satisfactory manner and such materials or supplies were actually used in or for such Cost of Acquisition and Construction of the 2026 Project in accordance with the approved plans and specifications therefor.

In making any such payment from the 2026 Construction Fund, the Custodian may rely on such directions, requisitions and certifications delivered to it pursuant to this Section and the Custodian shall not have any liability with respect to making such payments in accordance with such directions, requisitions and certifications or any liability with respect to the proper application thereof by the City.

If, after the payment in full of the Cost of Acquisition and Construction of the 2026 Project and Costs of Issuance of the Series 2026 Bonds, any moneys remain in the 2026 Construction Fund, as certified by the Mayor to the Trustee, such excess shall be paid into the Interest Account and shall be used only for the payment of the interest on the Series 2026 Bonds, as the case may be.

(c) There is hereby established within the 2026 Construction Fund the 2026 Costs of Issuance Account. Proceeds of the Series 2026 Bonds in the amount directed by the Mayor shall be deposited in the 2026 Costs of Issuance Account and applied by the Custodian to payment of Costs of Issuance of the Series 2026 Bonds as directed in writing by a City Representative.

Section 8.5. Investment Income. All investment income or interest earnings on the 2026 Construction Fund shall inure to the 2026 Construction Fund and be used to pay the Cost of Acquisition and Construction with respect to the 2026 Project or as otherwise provided in Section 8.3 hereof. All investment income or interest earnings on the 2026 Costs of Issuance Account shall inure to the respective account and be applied as provided in Section 8.3(c). All investment income or interest earnings on amounts on deposit in the Bond Fund (and the respective accounts therein) shall be retained therein and applied as a credit against the next interest payment due on the Bonds, if directed in writing by the City, or transferred to the City in accordance with Section 8.3 hereof, and all investment income on a Construction Fund (other than the 2026 Construction Fund) shall be retained therein unless otherwise provided in a Supplemental Ordinance with respect to proceeds of a Series of Additional Bonds issued thereunder.

Section 8.6. Investment of Moneys. Moneys in all funds and accounts held by the Trustee shall be invested by the Trustee, at written the direction of the City, in Permitted Investments which shall mature prior to the respective dates when the moneys held for the credit of such funds or accounts will be required for the purpose intended. Moneys in any other funds established by this Ordinance shall be invested, to the fullest extent practicable, in Permitted Investments, maturing at such times and in such amounts as shall be required at the written direction of the City to provide moneys to make the payments required to be made from such funds. Investment instructions shall be given to the Trustee or to the Custodian, as the case may be, by a City Representative. The Trustee or Custodian, as the case may be, may conclusively rely on the written instructions of the City Representative as to the legality of any directed investment and its compliance with the requirements of this Ordinance. Absent such written instructions from the City, moneys in a fund or account shall remain uninvested.

The Trustee shall not be accountable or liable for any depreciation in the value of any investments in any fund or account or for any losses incurred upon the disposition thereof or for any other loss from investments made pursuant to the provisions of this Section 8.6.

Notwithstanding anything contained herein to the contrary, the Trustee shall have no obligation to enter into any investment contract, forward delivery investment agreement or any similar agreements with respect to the investment of any monies held under this Ordinance unless (i) such agreement is in form and content acceptable to the Trustee in its sole discretion, and (ii) any liability of the Trustee under such agreement is limited to loss occasioned by the gross negligence or willful misconduct of the Trustee.

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ARTICLE IX

ADDITIONAL BONDS; JUNIOR BONDS

Section 9.1. Additional Parity Bonds. To the extent permitted by law, and subject to compliance with the provisions of this Section, the City may from time to time, if not in Default in the payment of principal of or interest on the Bonds then Outstanding and if no other Event of Default has occurred and is continuing, issue Additional Bonds hereunder. Such Additional Bonds may be issued for such purposes as may be permitted by the Act upon compliance with the provisions set forth below in such principal amounts as may be determined by the Council for the purpose of paying all or part of the Costs of Acquisition and Construction of one or more Projects or to refund Bonds.

Bonds issued upon compliance with this Section shall be issued on a parity in all respects *inter sese*, except as to the moneys deposited to an Interest Account, Principal Account, Bond Redemption Account or Construction Fund, if any, with respect to particular Bonds, notwithstanding that they may be in different form, and bear different dates, interest rates, number, date of issuance or date of execution; and in all such instances, the pledge of Pledged Fees made hereunder, and the covenants and remedies hereby granted shall be applicable and available to the holders. Additional Bonds may be issued provided:

(a) The issuance of Additional Bonds shall have been authorized under and pursuant to a Supplemental Ordinance.

(b) The Additional Bonds shall be issued to secure funds to defray any Costs of Acquisition and Construction of one or more Projects or to refund Bonds.

(c) No Default shall exist in the payment of the principal of and interest on Bonds issued pursuant to this Ordinance or any Supplemental Ordinance and no other Event of Default shall have occurred and be continuing; provided, however, if such Default shall have occurred, it shall have been remedied at least six months prior to the issuance of the Additional Bonds.

(d) The proceedings authorizing the issuance of any such Additional Bonds shall provide: (1) for the distinctive Series designation, denominations, method of numbering, date, maturity date or dates, interest rate or rates which rates may, if permitted by law, be variable or floating rates, the first Interest Payment Date, the Custodian (except in the case of Bonds authorized to refund Bonds Outstanding), the Paying Agent and the Registrar; (2) for the form of such Additional Bonds; (3) the establishment of such funds and accounts, consistent with this Ordinance, required for the payment of such Additional Bonds and the deposit of the proceeds thereof, and (4) for the disposition of the proceeds of such Additional Bonds. Such proceedings may also prescribe any other provisions with respect to such Additional Bonds not inconsistent herewith.

(e) Either (i) there shall have been issued a certificate of the Mayor showing that the amount of Pledged Fees received during the Fiscal Year preceding the issuance of any Additional Bonds shall be at least 1.50 times the Maximum Annual Debt Service on the Bonds then to be Outstanding and the Additional Bonds then proposed to be issued, or (ii) the City shall have received a rating letter from a Rating Agency showing that such Series of Bonds are rated in the "A" category or higher (without regard to modifiers.

Section 9.2. Refunding Bonds. Without complying with the provisions of Section 9.1(e) hereof, except as otherwise provided in this Section, the City by means of a Supplemental Ordinance enacted in compliance with the provisions of the Act and any other statutory provisions authorizing the issuance of refunding bonds, including by advance refunding, may issue hereunder refunding Bonds as follows:

(a) Bonds may be issued for the purpose of refunding (including by purchase) at any time within one year prior to maturity or prior to any sinking fund installment due date, the Bonds maturing on such date (or an amount of Bonds subject to redemption from such sinking fund installments not in excess of the amount of Bonds required to be redeemed on such due date) for the payment of which sufficient Pledged Fees are not available, as certified by the Mayor. Any Bonds issued for such purpose shall mature (or sinking fund installments therefor shall commence) not earlier than the latest stated maturity of any Bond not then refunded to be Outstanding after such refunding; or

(b) Bonds may be issued at any time for the purpose of refunding (including by purchase) Bonds, including amounts to pay principal, redemption premium and interest to the date of redemption (or purchase) of the refunded Bonds and the Costs of Issuance; provided that (1) the aggregate Debt Service on all Bonds to be Outstanding after the issuance of the proposed Series of refunding Bonds shall not be greater than would have been the aggregate Debt Service of all Bonds not then refunded and the Bonds to be refunded, as certified by the Mayor; or (2) the requirements of Section 9.1(e) hereof are met with respect to the refunding Bonds.

Section 9.3. Junior Bonds. The City may at any time issue Junior Bonds in such amount as it may from time to time determine, payable from the Pledged Fees, provided that such Junior Bonds are issued to secure funds to defray Costs of Acquisition and Construction of one or more Projects, or to refund Bonds, Junior Bonds, or any notes, bonds, or other obligations issued to finance or to aid in financing Costs of Acquisition and Construction, and provided further that the pledge of Pledged Fees securing Junior Bonds shall at all times be subordinate and inferior to the pledge made by this Ordinance.

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ARTICLE X

COVENANTS

Section 10.1. Covenants. As long as the Bonds are Outstanding and unpaid, the City shall abide by all of the covenants, undertakings and provisions contained in this Ordinance and in any Bond issued hereunder, including the following:

(a) *Lien of Ordinance*. The City will not issue any obligations which have any lien upon, or are secured by a pledge of, the Pledged Fees prior or superior to the lien and pledge of this Ordinance.

(b) *To Pay Principal of and Interest on Bonds*. The City will duly and punctually pay or cause to be paid the principal of and interest on the Bonds.

(c) *Records, Accounts and Audits*. The City will at all times keep, or cause to be kept, proper and current books and accounts (separate from all other records and accounts) in which complete and accurate entries shall be made of all transactions relating to the Pledged Fees. The City will prepare a financial statement or statements of the City for the year, covering the Pledged Fees in reasonable detail, accompanied by an opinion of an Accountant appointed by the City, copies of which will be furnished to any Rating Agency which maintains a rating on the Bonds, the Trustee and, upon written request, to any Bondholder.

(d) *Federal Tax Covenant*. The City will comply with all requirements of the Code in order to preserve the tax-exempt status of the Bonds, including without limitation, (i) the requirement to file information report 8038-G with the Internal Revenue Service, and (ii) the requirement to rebate certain arbitrage earnings to the United States Government pursuant to Section 148(f) of the Code. In this connection, the City covenants to execute any and all agreements, certificates and other documentation as it may be advised by Bond Counsel will enable it to comply with this Section, and such agreements, certificates and other documentation may be executed by the Mayor, the City Manager, or either of them. Notwithstanding the foregoing, a Series of Bonds may be issued in taxable form if the Mayor, upon advice of Bond Counsel and the Municipal Advisor, determines that it is in the bests interest of the City to do so.

The City hereby represents and covenants that it will not take any action which will, or fail to take any action which failure will, cause interest on the Bonds to become includable in the gross income of the Holder thereof for federal income tax purposes pursuant to the provisions of the Code and regulations promulgated thereunder in effect on the date of original issuance of Bonds. Without limiting the generality of the foregoing, the City represents and covenants that:

(i) All property provided by the net proceeds of the Bonds will be owned by the City in accordance with the rules governing the ownership of property for federal income tax purposes.

(ii) The City shall not permit the proceeds of the Bonds or any facility financed or refinanced with the proceeds of the Bonds to be used in any manner that would result in (a) ten percent (10%) or more of such proceeds being considered as having been used directly or indirectly in any trade or business carried on by any natural person or in any activity carried on by a person other than a natural person other than a governmental unit as provided in Section 141(b) of the Code, or (b) five percent (5%) or more of such proceeds being considered as having been used directly or indirectly to make or finance loans to any person other than a governmental unit as provided in Section 141(c) of the Code.

(iii) The City is not a party to nor will it enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds that do not conform to the guidelines set forth in Revenue Procedure 2017-13, as may be subsequently modified by applicable pronouncements of the United States Treasury Department.

(iv) The City will not sell or lease any property provided by the Bonds to any person unless it obtains the opinion of nationally recognized bond counsel that such lease or sale will not affect the tax exemption of the Bonds.

(v) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The City has not entered into any leases or sales or service contract with any federal government agency and will not enter into any such leases or contracts unless it obtains the opinion of nationally recognized bond counsel that such action will not affect the tax exemption of the Bonds..

(e) *Amounts Subject to Legislative Appropriation*. (i) Wherever in this Ordinance there is a statement to the effect that the City may apply such other legally available moneys as the Council shall in its discretion determine to apply for a purpose, or words of similar import, such application shall be made by Council applying its legislative discretion in determining whether to apply such moneys.

(ii) In adopting each annual budget, the Council shall determine whether it expects to collect in the applicable Fiscal Year sufficient Pledged Fees to pay debt service due on the Bonds in such Fiscal Year. If the Council does not expect to have sufficient Pledged Fees for such purpose, the Council shall consider a budgetary appropriation from legally available funds in an amount that together with funds on deposit in the Accommodation Fee Fund and the Bond Fund will be sufficient to provide for the payment of the principal of and interest on the Bonds in such Fiscal Year. Any such lawfully appropriated funds shall be deposited to the Bond Fund not later than the fifteenth (15th) day prior to the Bond Payment Date for which they are needed. In considering such budgetary appropriation, the Council may in its sole discretion determine not to make the budgetary appropriation (a "Determination of Nonappropriation") described above and such Determination of Nonappropriation shall not constitute an Event of Default under this Ordinance, nor shall the City have any obligation to enact such appropriation.

Any payment from other available moneys described in this Ordinance shall constitute a current expense of the City and shall not in any way be construed to be a debt of the City in contravention of any applicable constitutional or statutory limitations or requirements concerning the creation of indebtedness of the City, nor shall anything contained in this Ordinance constitute or give rise to a general obligation or pledge of the general tax revenues, taxing power or full faith or credit of the City. Any such budgetary appropriation shall be subject in all respects to the discretion of Council, and any failure to make such an appropriation, notwithstanding any provision of this Ordinance to the contrary, shall not constitute a default or Event of Default under this Ordinance.

(f) *Covenant as to Pledged Fees*. For so long as Bonds are Outstanding, the City hereby covenants that, in each Fiscal Year it will set aside or reserve on its books an amount of Pledged Fees equal to the Debt Service and other payments to become due and payable with respect to the Bonds during such Fiscal Year, and that, until such time in such Fiscal Year as it has so set aside or reserved Pledged Fees to make such payments on the Bonds, it will expend no Pledged Fees collected in such Fiscal Year for any other purpose. Pledged Fees remaining in the Accommodation Fee Fund after such time in a Fiscal Year as it has so set aside or reserved Pledged Fees to make such payments on the Bonds may be expended by the City to pay amounts due on Junior Lien Bonds, if any, and such other purposes as authorized by the Act.

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ARTICLE XI

TRUSTEE; RESIGNATION OF TRUSTEE; LIABILITY OF TRUSTEE FOR INVESTMENTS

Section 11.1. Trustee. Prior to the delivery of the Series 2026 Bonds, the Trustee shall signify its acceptance of the powers, duties and obligations conferred and imposed upon it by this Ordinance by executing and delivering to the City a written instrument of acceptance.

(a) Prior to the occurrence of an Event of Default of which the Trustee has been notified or deemed to have been notice as provided in Section 11.2(f) herein, and after the cure or waiver of all defaults or Events of Default which may have occurred,

(i) the Trustee undertakes to perform only those duties and obligations which are set forth specifically in this Ordinance, and no duties or obligations shall be implied to the Trustee;

(ii) in the absence of bad faith on its part, the Trustee may rely conclusively, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the procedural requirements of this Ordinance; but in the case of any such certificates or opinions which by any provision hereof are required specifically to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the procedural requirements of this Ordinance.

(b) After the occurrence of an Event of Default of which the Trustee has knowledge or is deemed to have knowledge, the Trustee shall exercise those rights and powers vested in it by this Ordinance and shall use the same degree of care as a prudent person would exercise or use in the circumstances in the conduct of such prudent person's own affairs.

(c) No provision of this Ordinance shall be construed to relieve the Trustee from liability for its own grossly negligent action, its own grossly negligent failure to act, or its own willful misconduct, except that:

(i) this subsection shall not be construed to affect the limitation of the Trustee's duties and obligations provided in subsection (a)(i) of this Section or diminish the Trustee's right to rely on the truth of statements and the correctness of opinions as provided in subsection (a)(ii) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Owners of not less than a majority in principal amount of the Outstanding Bonds relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Ordinance;

(iv) no provision of this Ordinance shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it; and

(v) the Trustee may act upon the opinion or advice of any Counsel. The Trustee shall not be responsible for any loss or damage resulting from any action taken or omitted to be taken in good faith in reliance upon that opinion or advice.

(d) Every provision of this Ordinance relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 11.1. Whenever the Trustee acts in its capacity as Trustee with respect to any document or agreement relating to the Bonds, the provisions of this Section 11.1 shall apply to all such actions.

Section 11.2 Certain Rights and Obligations of the Trustee. Except as otherwise provided in Section 11.1 hereof:

(a) The Trustee (i) may execute any of the trusts or powers hereof and perform any of its duties by or through attorneys, agents, receivers or employees, (ii) shall be entitled to the advice of Counsel concerning all matters of trusts or powers hereof and duties hereunder, and (iii) may pay reasonable compensation in all cases to all of those attorneys, agents, receivers and employees reasonably employed by it in connection with the trusts hereof.

(b) Except as may be specifically provided for elsewhere herein, the Trustee shall not be responsible for:

(i) any recital in this Ordinance or the Bonds,

(ii) the validity, rerecording, or filing of this Ordinance or any Supplemental Ordinance,

(iii) reviewing any financial statements delivered to it,

(iv) any instrument or document of further assurance or collateral assignment,

(v) any financing statements, amendments thereto or continuation statements,

(vi) the validity of the enactment or execution by the City of this Ordinance, any Supplemental Ordinance or instruments or documents of further assurance,

(vii) the sufficiency of the security for the Series 2026 Bonds executed and delivered hereunder or intended to be secured hereby,

(viii) the maintenance of the security for the Bonds.

The Trustee shall not be bound to ascertain or inquire as to the observance or performance of any covenants, agreements or obligations on the part of the City except as set forth hereinafter; but the Trustee may require of the City full information and advice as to the observance or performance of those covenants, agreements and obligations.

(c) The Trustee shall not be accountable for the application by the City or any other person of the proceeds of the Series 2026 Bonds.

(d) The Trustee shall be protected and shall incur no liability, in the absence of bad faith on its part, in acting or proceeding, or in not acting or not proceeding upon any notice, request, consent, certificate, order, affidavit, letter, telegram or other paper or document reasonably believed by it to be genuine and correct and to have been signed or sent by the proper person or persons. The Trustee is under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instruments. Any action taken by the Trustee pursuant to this Ordinance upon the request or authority or consent of any person who is the Owner of any Bond at the time of making, the request or giving the authority or consent, shall be conclusive and binding upon all future Owners of the same Bond and of Bonds executed and delivered in exchange therefor or in place therefor.

(e) As to the existence or nonexistence of any fact for which the City may be responsible or as to the sufficiency or validity of any instrument, document, report, paper or proceeding, the Trustee, in the absence of bad faith on its part, shall be entitled to rely upon a certificate signed on behalf of the City by a City Representative as sufficient evidence of the facts recited therein. Prior to the occurrence of a default or Event of Default of which the Trustee has been notified as provided in paragraph (f) of this Section, and after the waiver or curing thereof, the Trustee may accept a similar certificate to the effect that any particular dealing, transaction or action is necessary or expedient; provided, that the Trustee in its discretion may require and obtain any further evidence which it deems to be necessary or advisable; and, provided further, that the Trustee shall not be bound to secure any further evidence.

(f) The Trustee shall not be deemed to have knowledge of or required to take notice of any default or Event of Default with respect to the Series 2026 Bonds, except Events of Default described in Section 13.1(a) and Section 13.1(b) hereof, unless the Trustee shall have been notified specifically of the default or Event of Default in a written instrument or document delivered to it by the City or the Owners of at least 10% of the aggregate principal amount of Outstanding Series 2026 Bonds. In the absence of delivery of a notice satisfying those requirements, the Trustee may assume conclusively that there is no default or Event of Default, except as noted above.

(g) The Trustee shall not be required to give any bond or surety with respect to execution its duties and responsibilities under this Ordinance.

(h) Notwithstanding anything contained elsewhere in this Ordinance, the Trustee may demand any showings, certificates, reports, opinions, appraisals and other information, and corporate action and evidence thereof, in addition to those required by the terms hereof, as a condition to the execution and delivery of any Bonds or the taking of any action whatsoever within the purview of this Ordinance, if the Trustee deems it to be desirable for the purpose of establishing the right of any person to the taking of any other action by the Trustee; provided, that the Trustee shall not be required to make that demand.

(i) Before taking action hereunder pursuant to Section 14.2 the Trustee may require that a satisfactory indemnity bond be furnished to it by the Owners for the reimbursement of all expenses (including attorneys' fees, costs and expenses) which it may incur and to protect it against all liability by reason of any action so taken, except liability which is adjudicated to have resulted from its gross negligence or willful default.

(j) Unless otherwise provided herein, all moneys received by the Trustee under this Ordinance shall be held in trust for the purposes for which those moneys were received, until those moneys are used, applied or invested as provided herein; provided, that those moneys need not be segregated from other moneys, except to the extent required by this Ordinance or by law. The Trustee shall not have any liability for interest on any moneys received hereunder, except to the extent expressly provided herein.

(k) Any opinions, certificates and other instruments and documents for which provision is made in this Ordinance, may be accepted by the Trustee, in the absence of bad faith on its part, as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the Trustee for its action taken hereunder.

(l) The permissive right of the Trustee to do things enumerated in this Ordinance shall not be construed as a duty.

(m) Notwithstanding the effective date of this Ordinance or anything to the contrary in this Ordinance, the Trustee shall have no liability or responsibility for any act or event relating to this Ordinance which occurs prior to the date the Trustee formally accepts the powers, duties and obligations conferred and imposed upon it by this Ordinance in accordance with Section 11.1 of this Ordinance.

(n) The Trustee shall have no responsibility with respect to any information, statement or recital in any official statement, offering memorandum or any other disclosure material prepared or distributed with respect to the Bonds and shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

(o) The Trustee shall not be responsible or liable for any failure or delay in the performance of its obligations under this Ordinance arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; hurricanes or other storms; wars; terrorism; similar military disturbances; sabotage; epidemic; pandemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Trustee shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

(p) The Trustee agrees to accept and act upon instructions or directions pursuant to this Ordinance or any other document reasonably relating to the Bonds sent by the City by unsecured e-mail, facsimile transmission or other similar unsecured electronic methods, provided, however, that the City shall provide to the Trustee an incumbency certificate listing designated persons with the authority to provide such instructions, which incumbency certificate shall be amended whenever a person is to be added or deleted from the listing. If the City gives the Trustee e-mail or facsimile instructions (or instructions by a similar electronic method) and the Trustee in its discretion elects to act upon such instructions, the Trustee's understanding of such instructions shall be deemed controlling. The Trustee shall not be liable for any losses, costs or expenses arising directly or indirectly from the Trustee's reliance upon and compliance with such instructions notwithstanding such instructions conflict or are inconsistent with a subsequent written instruction. The City agrees to assume all risks arising out of the use of such electronic methods to submit instructions and directions to the Trustee, including without limitation the risk of the Trustee acting on unauthorized instructions, and the risk of interception and misuse by third parties.

Section 11.2. Resignation of Trustee. The Trustee may at any time resign, effective upon the taking of office of its successor, by giving 30 days' written notice to the City and to the holders of the Bonds. No resignation will become effective until a successor Trustee has been appointed and accepts such appointment as provided below. Upon receiving such notice of resignation, the City shall promptly appoint a successor Trustee by an instrument in writing executed by order of its Council. In the event a successor Trustee has not been appointed within 60 days of the date notice of resignation is given, the Trustee, at the City's expense, may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

Section 11.3. Removal of Trustee. Upon 30 days' written notice, the City, at its sole discretion, provided that an Event of Default shall not have occurred and be continuing, may remove the Trustee. The removal of the Trustee under this Section 11.3 shall not be effective until a successor Trustee has been appointed and has accepted the duties of Trustee.

With or without cause, the holders of a majority in aggregate principal amount of the Bonds at the time outstanding may, upon 30 days' written notice to the Trustee and the City, remove the Trustee and appoint a successor Trustee by instrument or instruments in writing signed by such holders of the Bonds. In the event a successor Trustee has not been appointed with 60 days of the date notice of removal is given, the Trustee, at the City's expense, may apply to any court of competent jurisdiction for the appointment of a successor Trustee to act until such time as a successor is appointed as provided in this Section.

Section 11.4. Successor Trustee. Unless otherwise ordered by a court or regulatory body having competent jurisdiction, or unless required by law, any successor Trustee shall, if there is such an institution willing, qualified and able to accept the trust upon reasonable or customary terms, be (a) a bank, or a wholly owned subsidiary of a bank holding company, having a combined capital, surplus and undivided profits of at least $50,000,000; or (b) a trust company having at least $100,000,000 of trust assets under management and a combined capital, surplus and undivided profits of at least $50,000,000 and, in each case, being qualified to do, and doing, trust business in the State.

Any successor Trustee appointed as provided in this Section 11.4 shall execute, acknowledge and deliver to the City and its predecessor Trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts, duties and obligations of its predecessor of the trust hereunder. Upon the request of any such successor Trustee, the City shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and duties. Upon acceptance of appointment by a successor Trustee, the City shall notify the holder of each Bond then Outstanding by first-class mail, postage prepaid.

The predecessor Trustee shall execute any and all documents necessary or appropriate to convey all interest it may have to the successor Trustee. The predecessor Trustee shall promptly transfer all funds to the successor Trustee and deliver all records relating to the trust or copies thereof and communicate all material information it may have obtained concerning the trust to the successor Trustee.

Any corporation or association into which the Trustee may be merged or with which it may be consolidated, or any corporation or association resulting from any merger, or any corporation or association succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto.

Each, every and all funds and accounts held by the Trustee shall be impressed with a trust for the benefit of the holders of the Bonds, under the provisions of this Ordinance and of the Act.

Section 11.5. Liability of Trustee for Investments. The Trustee shall not be liable for the making of any investment authorized by this Ordinance in the manner provided in this Ordinance or for any loss resulting from any such investment so made, except for its own negligence, willful misconduct or breach of trust. All investments shall be made in accordance with Section 8.5 of this Ordinance.

* * * *

ARTICLE XII

SALE OF SERIES 2026 BONDS

Section 12.1. Sale of Series 2026 Bonds. The Mayor of the City is hereby authorized and empowered to determine the original date of the Series 2026 Bonds, the aggregate principal amount of the Series 2026 Bonds, the principal amount of each Series and maturity of the Series 2026 Bonds, the interest rates for the Series 2026 Bonds, the Interest Payment Date and Principal Payment Date for the Series 2026 Bonds, the Series 2026 Bonds to be subject to optional redemption, the redemption prices and redemption dates of the Series 2026 Bonds subject to optional redemption, the designation of any Series 2026 Bonds as Term Bonds and the determination of sinking fund installments therefor and any Underwriter's or original issue discount at which the Series 2026 Bonds will be sold; provided, that (i) aggregate Debt Service on the Series 2026 Bonds in any Fiscal Year shall not exceed $1,800,000, and (ii) the final maturity of the Series 2026 Bonds shall occur no later than April 1, 2041.

The Council hereby authorizes the Mayor, upon advice of the Municipal Advisor and Bond Counsel, to enter into the Purchase Contract with the Underwriter in substantially the form presented to the Council, and authorizes the sale of the Series 2026 Bonds to the Underwriter upon the terms and conditions set forth in the Purchase Contract and upon the basis of the representations therein set forth, together with such amendments and modifications to the form thereof as the Mayor shall negotiate and approve, and authorizes and directs the Mayor to execute the Purchase Contract, as so modified and amended, and deliver the same to the Underwriter, the Mayor's execution and delivery of the Purchase Contract constituting conclusive evidence of his or her approval of the matters therein contained.

Section 12.2. Approval of Preliminary Official Statement. The Council hereby authorizes the City Manager to prepare the Preliminary Official Statement relating to the Series 2026 Bonds (the "Preliminary Official Statement") and to "deem final" the Preliminary Official Statement for purposes of complying with the requirements set forth in Rule 15c2-12 of the Securities and Exchange Commission, promulgated under the Securities Exchange Act of 1934, as amended. The use of the Preliminary Official Statement, when deemed final by City Manager, by the Underwriter in the marketing of the Series 2026 Bonds is hereby approved.

Section 12.3. Final Official Statement. The City hereby authorizes the City Manager to approve the Official Statement of the City to be dated of even date with the Purchase Contract, relating to the Series 2026 Bonds, substantially in the form of the Preliminary Official Statement, with such amendments or modifications as the City Manager approves (the "Official Statement"). The City Manager is hereby authorized and directed to execute copies of the Official Statement and deliver the same to the Underwriter, which execution and delivery shall be conclusive evidence of the approval of any such modifications, and the City hereby authorizes the use of the Official Statement and the information contained therein in connection with the public offering and sale of the Series 2026 Bonds by the Underwriter.

Section 12.4. Authorization of Other Actions. The Mayor, the Clerk, the City Manager, or anyone of them acting alone, be and are hereby authorized and directed to execute and deliver any and all consents, approvals and other documents and instruments and to do and cause to be done any and all acts and things necessary or proper to issue the Series 2026 Bonds and to carry out the transactions contemplated by this Ordinance.

* * * *

ARTICLE XIII

EVENTS OF DEFAULT

Section 13.1. Events of Default. With respect to the Bonds, each of the following shall constitute an "Event of Default" by the City:

(a) If payment by the City of the principal of any Bonds whether at maturity or by proceedings for redemption, or otherwise, is not made on the date such principal is due and payable; or

(b) If payment by the City of any installment of interest on any Bond is not made on the date such installment of interest is due and payable; or

(c) If the City shall fail or refuse to comply with the essential provisions of the Act, or shall fail in the due and punctual performance of any of the covenants, conditions, agreements and provisions contained in the Bonds or in this Ordinance or in any Supplemental Ordinance hereto on the part of the City to be performed, and such failure continues for 60 days after written notice specifying such failure and requiring the same to be remedied has been given to the City by the Trustee or the holders of not less than 25% in principal amount of the Bonds then Outstanding or any trustee or committee therefor; or

(d) If any proceeding is instituted, with the consent or acquiescence of the City, for the purpose of effecting a composition between the City and its creditors and if the claim of such creditors is in any circumstance payable from any of the Pledged Fees or any other moneys pledged and charged in this Ordinance or any Supplemental Ordinance hereto for the payment of the Bonds, or any such proceedings are instituted for the purpose of adjusting the claims of such creditors, pursuant to any federal or State statute now or hereafter enacted.

The Trustee shall be deemed to have notice of an Event of Default described in Sections 13.1(a) and 13.1(b) upon the occurrence of thereof.

Nothing in Sections 14.1, 14.2 or 14.3 hereof or in this Article XIII shall prohibit or limit, or be construed as prohibiting or limiting, any holder of a Bond from enforcing the duties of the City, or any of the officers thereof, under any provisions of this Ordinance by mandamus or other appropriate suit, action or proceeding in any court of competent jurisdiction, even though the failure of the City or any of the officers thereof to perform any such duty may not then constitute an "Event of Default" as defined in this Article XIII.

* * * *

ARTICLE XIV

REMEDIES UPON EVENT OF DEFAULT

Section 14.1. Remedies Upon Event of Default; Declaration of Principal and Interest as Due. Upon the occurrence of an Event of Default, and at any time thereafter while such Event of Default continues, then and in each and every case the holders of not less than 25% in principal amount of the Bonds then Outstanding hereunder may, by written notice to the City filed in the office of the Clerk and the Trustee, declare the principal of all Bonds then Outstanding, together with all accrued and unpaid interest thereon, if not already due, to be due and payable immediately, and upon any such declaration the same shall become and be due and payable immediately. This provision is subject, however, to the condition that if at any time after the principal of the Bonds, together with the accrued and\ unpaid interest thereon and other moneys secured hereby, have been so declared due and payable and before any further action has been taken (other than the making of the above declaration), the principal amount of all Bonds which have matured either according to the maturity date or dates otherwise specified therein (except as a result of such declaration) and all arrears of interest upon all Bonds, except interest accrued but not yet due on said Bonds, have been paid or caused to be paid, and all other Events of Default, if any, which have occurred have been remedied, cured or secured, then and in each and every such case the holders of 25% in principal amount of the Bonds then Outstanding, by notice in writing delivered to the City, may waive such default and its consequences and rescind and annul such declaration. No such waiver, rescission, or annulment shall extend to or affect any subsequent default or impair or exhaust any right or power related to such subsequent default.

The Trustee shall give the holders of the Bonds then Outstanding notice of any Event of Default hereunder of which the Trustee has knowledge as described in Section 11.2(f) herein unless the Trustee determines that giving such notice is not in the best interest of such holders.

Section 14.2. Suits at Law or in Equity and Mandamus. In case any one or more of the Events of Default shall happen and be continuing, then and in every such case, but subject to the provisions, limitations and conditions of Section 15.1 so far as the remedies provided in said provisions are concerned, the holder of any Bond at the time Outstanding, or Trustee therefor, may, for the equal benefit and protection of all holders of the Bonds similarly situated,

(a) by mandamus or other suit, action or proceeding at law or in equity, enforce such bondholder's rights against the City and require and compel the City to perform and carry out its duties and obligations under the Act and this Ordinance, and to perform and carry out its covenants and agreements with the bondholders;

(b) by action or suit in equity require the City to account as if such City were the trustee of an express trust;

(c) by action or suit in equity enjoin any acts or things which may be unlawful or in violation of the rights of the bondholders; or

(d) bring suit upon the Bonds.

Section 14.3. Remedies Not Exclusive; Effect of Waiver of Default; Effect of Abandonment of Proceedings or Adverse Determination. The holders from time to time of the Bonds shall be entitled to all the remedies and benefits of this Ordinance as are and as shall be provided by law, and subject to the provisions of Sections 14.1 and 14.2. Nothing herein shall be construed to limit the rights or remedies of any such holders under any applicable statute that may now exist or be enacted hereafter. No remedy conferred by the Act and this Section upon any holder of any Bond is intended to be exclusive of any other remedy, and each and every such remedy shall be cumulative and shall be in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred by the Act and this Section or by any other law now or hereafter existing. Every substantive right and remedy conferred upon the holder of the Bonds may be enforced and exercised from time to time and as often as may be deemed expedient.

No waiver of any default or breach of duty or contract by any holder of any Bond shall extend to or affect any subsequent default or breach of duty or contract, or shall impair any rights or remedies thereon. No delay or omission of any holder of a Bond to exercise any right or power shall be construed to be a waiver of any such default or acquiescence therein.

In case any suit, action or proceeding to enforce any right or exercise any remedy shall be brought or taken and then discontinued or abandoned, or shall be determined adversely to any holder of the Bonds, then and in every case, the City and such holder shall be restored to their former positions and rights and remedies as if no suit, action or proceeding had been brought or taken.

Section 14.4. Restrictions on Bondholder's Action.

(a) No holder of any Bond shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision of this Ordinance or the execution of any trust under this Ordinance or for any remedy under this Ordinance unless such holder shall have previously given to the Trustee written notice of the happening of an Event of Default and the holders of at least 25% in principal amount of the Bonds then Outstanding shall have filed a written request with the Trustee and shall have offered the Trustee reasonable opportunity, either to exercise the powers granted in this Ordinance or by the laws of the State or to institute such action, suit or proceeding in its own name, and unless such holders shall have offered to the Trustee adequate security and indemnity against the costs, fees (including reasonable attorneys' fees), expenses and liabilities to be incurred therein or thereby, and the Trustee shall have refused to comply with such request for a period of 60 days after receipt by it of such notice, request and offer of indemnity, it being understood and intended that no one or more holders of Bonds shall have any right in any manner whatever to affect, disturb or prejudice the pledge created by this Ordinance, or to enforce any right under this Ordinance, except in the manner herein provided; and that all proceedings at law or in equity to enforce any provision of this Ordinance shall be instituted, had and maintained in the manner provided in this Ordinance and for the equal benefit of all holders of the Outstanding Bonds.

(b) Nothing in this Ordinance or in the Bonds contained shall affect or impair the obligation of the City, which is absolute and unconditional, in accordance with the provisions of this Ordinance, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) and interest on the Bonds to the respective holders thereof, or affect or impair the obligation of the City, which is absolute and unconditional, to pay at the respective dates of maturity and places therein expressed the principal of (and premium, if any) or affect or impair the right of any holder to enforce such payment of such Bond.

Section 14.5. Disposition of Moneys. All moneys received by the Trustee pursuant to any right. given or action taken under the provisions of this Article shall, after payment of the cost and expenses of the proceedings resulting in the collection of such moneys and of the expenses, Liabilities, legal fees, and advances incurred or made by the Trustee, shall be applied as follows (provided, however, that amounts in or credited to an Interest Account, Principal Account, Bond Redemption Account or Construction Fund established for a particular Series of Bonds shall be applied only with respect to such Series of Bonds):

(a) Unless the principal of all the Bonds shall have become or shall have been declared due and payable, all such moneys shall be applied:

First--To the payment of the persons entitled thereto of all installments of interest then due on the Bonds, in the order of the maturity of the installments of such interest and, if the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second--To the payment of the persons entitled thereto of the unpaid principal of and premium, if any, on any of the Bonds which shall have become due (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of this Ordinance) with interest on such Bonds at the rate specified therein from the dates on which they became due and, if the amount available shall not be sufficient to pay in full principal of and premium, if any, on the Bonds, together with such interest, then first to the payment of such interest due on such date and then to the payment ratably, according to the amount of the principal and premium, if any, due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all the Bonds shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the principal, premium, if any, and interest then due and unpaid upon the Bonds, without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal, premium, if any, and interest to the persons entitled thereto without discrimination or privilege.

(c) If the principal of all the Bonds shall have been declared due and payable, and if such declaration shall thereafter have been rescinded and annulled under the provisions of this Article, then, subject to the provisions of subsection (b) of this Section 14.5 (in the event that the principal of all the Bonds shall later become due or be declared due and payable), the moneys shall be applied in accordance with the provisions of subsection (a) of this Section 14.5.

(d) Whenever moneys are to be applied pursuant to the provisions of this Section 14.5, such moneys shall be applied at such times, and from time to time as the Trustee shall determine, having due regard to the amount of such moneys available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an Interest Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any Bond until such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

Whenever all principal of, premium, if any, and interest on all Bonds have been paid under the provisions of this Section and all expenses and charges of the Trustee shall have been paid, any balance remaining in the funds and accounts shall be paid to the City.

* * * *

ARTICLE XV

DEFEASANCE

Section 15.1 Defeasance. The obligations of the City under this Ordinance and the liens, pledges, charges, trusts and the covenants and agreements of the City herein made or provided for, shall be fully discharged and satisfied as to any Series 2026 Bond and, unless or except as otherwise provided in the Supplemental Ordinance hereto providing for the issuance thereof, any Additional Bonds and such Series 2026 Bond or Additional Bond shall no longer be deemed to be Outstanding hereunder when:

(a) such Series 2026 Bond or Additional Bond shall have been purchased by the City and surrendered to the City for cancellation or otherwise surrendered to the City or the Registrar and is cancelled or subject to cancellation by the City or Registrar, or

(b) payment of the principal of, redemption premium if any, of any Bonds to be redeemed, and interest on such Series 2026 Bond or Additional Bond, either (1) shall have been made or caused to be made in accordance with the terms thereof, or (2) shall have been provided for by irrevocably depositing with the Paying Agent, in trust and irrevocably set aside exclusively for such payment, (a) moneys sufficient to make such payment, or (b) Government Obligations, maturing as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to make such payment, and all necessary and proper fees, compensation and expenses of the Paying Agent, or a combination thereof. Defeasance shall be accompanied by a verification report of a nationally recognized Accountant and, if the City elects to redeem any Bonds prior to their stated maturities, the City shall have irrevocably bound and obligated itself to give notice of redemption thereof in accordance with Section 5.3 on or prior to the redemption date or dates of such Bonds. At such time as a Series 2026 Bond or Additional Bond shall no longer be deemed to be Outstanding hereunder, as aforesaid, such Series 2026 Bond or Additional Bond shall cease to draw interest from such date, and, except for the purposes of any such payment from such moneys or Government Obligations, shall no longer be secured by or entitled to the benefits of this Ordinance.

Any moneys so deposited with the Paying Agent as provided in this Article may at the written direction of the City also be invested and reinvested in Government Obligations, maturing in the amounts and times as hereinbefore set forth, and all income from all Government Obligations in the hands of such Paying Agent which is not required for the payment of the Series 2026 Bonds or Additional Bonds and interest thereon with respect to which such moneys shall have been so deposited, shall be returned to the City.

Notwithstanding any provision hereof which may be contrary to the provisions of this Article, all moneys or Government Obligations set aside and held in trust pursuant to the provisions of this Article for the payment of Series 2026 Bonds or Additional Bonds shall be applied to and used solely for the payment of the particular Series 2026 Bonds or Additional Bonds with respect to which such moneys and Government Obligations have been so set aside in trust.

Any provision hereof to the contrary notwithstanding, if moneys or Government Obligations have been deposited or set aside with the Paying Agent pursuant to this Article for the payment of the Bonds and such Bonds shall not have in fact been actually paid in full, no amendment to the provisions of this Article shall be made without the consent of the Bondholder of each Series 2026 Bond or Additional Bonds affected thereby.

If moneys or Government Obligations have been deposited with the Trustee pursuant to clause (b) of the first paragraph under this Article XV for payment of less than all of the Bonds of a Series of a particular maturity, the Series of Bonds of such maturity to be so paid from such deposit shall, subject to the rules of the Depository, be selected by the Trustee by lot by such method as shall provide for the selection of portions (in authorized denominations) of the principal of such Series of Bonds of a maturity of a denomination not smaller than the smallest authorized denomination. Such selection shall be made within seven days after the moneys or Government Obligations have been deposited with the Trustee. This selection process shall be in lieu of the selection process otherwise provided with respect to redemption of Bonds of such Series in Article V. After such selection is made, Bonds that are to be paid from such deposit (including Bonds of a Series issued in exchange for such Series of Bonds pursuant to the transfer or exchange provisions of this Ordinance) shall be identified by a separate CUSIP number or other designation satisfactory to the Trustee. The Trustee shall notify Holders whose Series of Bonds (or portions thereof) have been selected for payment from the moneys or Government Obligations on deposit and shall direct such Holders to surrender their Bonds to the Trustee in exchange for Bonds with the appropriate designation. The selection of Bonds of a Series for payment from such deposit pursuant to this paragraph shall be conclusive and binding on the City. The City shall give to the Trustee in form satisfactory to it irrevocable instructions to give notice of the deposit of moneys or Government Obligations, the selection of Bonds of a Series to be redeemed including CUSIP numbers and the anticipated date of redemption.

* * * *

ARTICLE XVI

AMENDMENTS OR SUPPLEMENTS TO THIS ORDINANCE

Section 16.1 Amendments and Supplements. The City shall not amend this Ordinance except in accordance with the provisions of this Article.

(a) The City may, from time to time and without the consent of any holder of the Bonds, (1) make any amendments or modifications hereto which may be required to permit this Ordinance to be qualified under the Trust Indenture Act of 1939, as amended; (2) make any modification or amendment of this Ordinance not inconsistent herewith required for the correction of language or to cure any ambiguity or defective provisions, omission, mistake or manifest error herein contained; (3) in accordance and upon compliance with the provisions of Article IX hereof, enact ordinances supplemental hereto authorizing the issuance of Additional Bonds; (4) make any amendments or supplements hereto to grant to or confer upon the Bondholders additional rights, remedies, power and authority, or to grant to or confer upon any Bondholders committee or trustee for the Bondholders any additional rights, power or authority; or (5) to add to the security of the holders of the Bonds.

(b) From time to time the holders of a majority in principal amount of the Bonds then Outstanding, by an instrument or instruments in writing signed by such holders and filed with the City and the Trustee, shall have power to assent to and authorize any modification or amendment of the provisions of this Ordinance that may be proposed by the City or of the rights and obligations of the City and of the holders of Bonds issued hereunder; and any action herein authorized to be taken with the assent and authority given as aforesaid of the holders of a majority in principal amount of the Bonds at the time Outstanding shall be effective and binding upon all of the holders of Bonds issued hereunder; and any action herein authorized to be taken with the assent and authority given as aforesaid of the holders of a majority in principal amount of the Bonds at the time Outstanding shall be effective and binding upon all of the holders of Bonds Outstanding and upon the City as fully as though such action were specifically and expressly authorized by the terms of this Ordinance; provided always; that without the consent of the holder of each Bond affected thereby, no such modification shall be made which will (1) extend the time of payment of principal of or the interest on any Bond, or reduce the principal amount thereof or the rate of interest thereon or the premium payable upon the redemption thereof; or (2) give to any Bond or Bonds any preference over any other Bond or Bonds; or (3) authorize the creation of any pledge prior to or, except as provided in Article IX hereof for the issuance of Additional Bonds, on a parity with the pledge afforded by this Ordinance; or (4) reduce the percentage in principal amount of the Bonds required to assent to or authorize any such modification to this Ordinance. For the purpose of computations required by this paragraph, Bonds directly or indirectly owned or controlled by the City shall be disregarded.

Any modification or amendment or supplement of the provisions of this Ordinance or of any Supplemental Ordinance hereto shall be set forth in an ordinance to be enacted by the City.

Notwithstanding anything to the contrary contained herein, no amendment or modification shall be made which affects the obligations, rights or liabilities of the Trustee, without the consent of the Trustee.

* * * *

ARTICLE XVII

CONTINUING DISCLOSURE

Section 17.1 Continuing Disclosure.

(a) Pursuant to Section 11-1-85 of the Code of Laws of South Carolina 1976, as amended ("Section 11-1-85"), the City covenants that it will file with a central repository for availability in the secondary bond market when requested:

(i) An annual independent audit, within 30 days of the City's receipt of the audit; and

(ii) Event specific information within 30 days of an event adversely affecting more than 5% percent of tax revenues or the City's tax base.

The only remedy for failure by the City to comply with the covenant of this paragraph shall be an action for mandamus or specific performance of this covenant. The City specifically reserves the right to amend or delete this covenant to reflect any change in Section 11-1-85, without the consent of any Bondholder. Notwithstanding any other provisions of this Ordinance, failure of the City to comply with the provisions of this paragraph shall not be considered an Event of Default, and no liability for damages shall attach therefor.

(b) In addition, the City hereby covenants and agrees that it will comply with and carry out all of the provisions of a Disclosure Dissemination Agent Agreement in form substantially similar to that appearing as Exhibit B hereto and reasonably satisfactory to the Underwriter. Notwithstanding any other provisions of this Ordinance, failure of the City to comply with the Disclosure Dissemination Agent Agreement shall not be considered an Event of Default, and no liability for damages shall attach therefor. The sole remedy for such failure to comply shall be that any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the City to comply with its obligations under this paragraph.

ARTICLE XVIII

MISCELLANEOUS

Section 18.1. Conflicts. All orders, resolutions, ordinances and parts thereof, procedural or otherwise, in conflict herewith or the proceedings authorizing the issuance of the Bonds are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its passage and approval.

Section 18.2. Notices. All communications under this Ordinance shall be in writing and shall be deemed given when delivered and, if delivered by mail, shall be mailed by first-class mail, postage prepaid.

The City, the Registrar, the Paying Agent and the Trustee may, by notice given to the other parties, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 18.3. Effectiveness of Ordinance; Codification. This Ordinance shall be in full force and effect from and after its adoption as provided by law. This Ordinance shall be forthwith indexed by title and a summary thereof codified in the Code of City Ordinances in the manner required by law and shall be indexed under the general heading "Bond Issue - Not Exceeding $18,000,000 Aggregate Principal Amount Limited Obligation Bonds (Accommodations Fee Pledge), Series 2026, and shall be made available for public inspection at the office of the City Clerk.

Section 18.4. Authorization for Use. Notwithstanding the provisions of the Fee Ordinance, and except as otherwise provided in this Ordinance, no authorization by an annual budget ordinance shall be required to utilize the revenues from the Pledged Fees Account created under the Fee Ordinance for payments required to be made from Pledged Fees under this Ordinance.

DONE IN MEETING DULY ASSEMBLED THIS _____ day of ____________, 2026.

____
Mayor J.O. Baldwin, III

ATTEST:

____

APPROVED AS TO FORM:

____
City Attorney

FIRST READING :____________________
SECOND READING :_________________

REVIEWED:

____
City Manager

ORDINANCE: ______________________

EXHIBIT A

(FORM OF BOND)

UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA
CITY OF NORTH MYRTLE BEACH
LIMITED OBLIGATION BONDS
(ACCOMMODATIONS FEE PLEDGE), SERIES 2026

No. R-1

Interest Rate	Maturity Date	Original Issue Date	CUSIP

Registered Holder: CEDE & CO.

Principal Amount: ____________________________

KNOW ALL MEN BY THESE PRESENTS, that the City of North Myrtle Beach, South Carolina (the "City"), is justly indebted and, for value received, hereby promises to pay to the registered holder named above, or registered assigns, but solely from the special sources hereinafter mentioned and not otherwise, the principal amount shown above on the maturity date shown above (unless the within Bond shall be subject to prior redemption and shall have been duly called for previous redemption and payment of redemption price made or provided for), upon presentation and surrender of this Bond at the principal office of U.S. Bank Trust Company, National Association, as paying agent (the "Paying Agent"), in _________, ________, and to pay interest, but solely from the special sources hereinafter mentioned and not otherwise, on such principal amount from the date hereof at the interest rate per annum shown above until the City's obligation with respect to the payment of such principal sum shall be discharged.

Interest on this bond is payable _______, and semiannually thereafter on _______, and _______, of each year, until this bond matures, and shall be payable by check or draft mailed to the person in whose name this bond is registered on the registration books of the City maintained by the Registrar, presently U.S. Bank Trust Company, National Association, (the "Registrar"), at the close of business on the fifteenth (15th) day of the calendar month next preceding each semiannual interest payment date, or the registered holder of $1,000,000 or more in principal amount of bonds of the Series of which this bond is one may request payment by wire transfer to an account within the Continental United States as provided in the hereinafter defined Ordinance.

The principal and interest on this bond are payable in any coin or currency of the United States of America which is, at the time of payment, legal tender for public and private debts; provided, however, that interest on this fully registered bond shall be paid by check or draft or otherwise as set forth above.

This bond shall not be entitled to any benefit under the Ordinance, nor become valid or obligatory for any purpose, until the certificate of authentication hereon shall have been duly executed by the Registrar.

This bond is one of an authorized Series of Bonds of like tenor and effect, except as to date of original issue, numeration, registered holder, date of maturity, redemption provisions, and rate of interest, aggregating $__________ (the "Series 2026 Bonds"), issued pursuant to and in accordance with the Constitution and laws of the State of South Carolina, including Article X, Section 14(10), of the

Constitution of the State of South Carolina, 1895, as amended, Title 6, Chapter 1, Articles 5 and 7, Code of Laws of South Carolina 1976, as amended (the "Act"), and an Ordinance duly enacted ___________, 2026 (the "Ordinance"), by the City Council of the City. Capitalized terms not otherwise defined herein shall have the meanings given to them in the Ordinance.

This bond and the Series of Bonds of which it is one are issued for the purpose of financing the 2026 Project and paying the Costs of Issuance allocable to the Series 2026 Bonds.

This bond and the Series of Bonds of which it is one and the interest thereon are special obligations of the City payable solely from, and secured by a pledge of certain funds in and to be deposited in a Bond Fund and certain other funds established under the Ordinance. This bond and the Series of Bonds of which it is one are also payable from and secured by a pledge of and lien on the Accommodation Fees. THE FULL FAITH, CREDIT AND TAXING POWERS OF THE CITY ARE NOT PLEDGED FOR THE PAYMENT OF THIS BOND AND THE INTEREST HEREON.

Additional Bonds on a parity with the Series of which this bond is one may hereafter be issued under terms and conditions set forth in the Ordinance. Such Additional Bonds shall be equally and ratably secured with the pledge of the Pledged Fees under the Ordinance.

The Ordinance contains provisions defining terms; sets forth the moneys, funds and revenues pledged for the payment of the principal of and interest on this bond, the Series of which this bond is one, and the bonds of other Series which may hereafter be issued on a parity herewith under the Ordinance; sets forth the nature, extent and manner of enforcement of the security of this bond and of such pledge, and the rights and remedies of the holder hereof with respect thereto; sets forth the terms and conditions upon which this bond is issued and upon which other bonds may be hereafter issued payable as to principal, premium, if any, and interest on a parity with this bond and equally and ratably secured herewith; sets forth the rights, duties and obligations of the City thereunder; and sets forth the terms and conditions upon which the pledge made in the Ordinance for the security of this bond and upon which the covenants, agreements and other obligations of the City made therein may be amended or discharged at or prior to the maturity or redemption of this bond with provision for the payment thereof in the manner set forth in the Ordinance. Reference is hereby made to the Ordinance, to all of the provisions of which any holder of this bond by the acceptance hereof thereby assents. The provisions of the Act and the Ordinance shall be a contract with the holder of this bond.

The Series 2026 Bonds maturing on or prior to ___________, shall not be subject to redemption prior to their stated maturities. The Series 2026 Bonds maturing on and after _____________ shall be subject to redemption prior to maturity at the option of the City on and after ____________, as a whole or in part at any time, in such order of their maturities as the City may determine and by lot within a maturity, at the price of par together with interest accrued thereon to the redemption date.

If less than all the Series 2026 Bonds of any maturity are called for redemption, the Series 2026 Bonds of such maturity to be redeemed shall be selected by lot by the Registrar. In the event this bond is redeemable as aforesaid, and shall be called for redemption, notice of the redemption hereof, describing the Series 2026 Bond and specifying the redemption date and the redemption price payable upon such redemption, shall be given by first-class mail, postage prepaid, to the holder thereof as shown on the Books of Registry of the City not less than thirty (30) days and not more than sixty (60) days prior to the redemption date at its last address appearing upon the registration books of the City. If this bond is redeemable and shall have been duly called for redemption and notice of the redemption hereof mailed as aforesaid, and if on or before the date fixed for such redemption, payment hereof shall be duly made or provided for, interest hereon shall cease to accrue from and after the redemption date hereof.

This bond is transferable as provided in the Ordinance, only upon the books of the City kept for that purpose at the principal office of the Registrar by the registered holder in person or by his duly authorized attorney upon surrender of this bond together with a written instrument of transfer satisfactory to the Registrar duly executed by the registered holder or his duly authorized attorney. Thereupon a new fully registered bond or bonds of the same Series, aggregate principal amount, interest rate, and maturity shall be issued to the transferee in exchange therefor as provided in the Ordinance. The City, the Registrar and the Paying Agent may deem and treat the person in whose name this bond is registered as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes.

Under the laws of the State of South Carolina, this bond and the interest hereon are exempt from all State, county, municipal, school district and all other taxes or assessments, except estate or other transfer taxes, direct or indirect, general or special, whether imposed for the purpose of general revenue or otherwise.

It is hereby certified and recited that all acts, conditions and things required by the Constitution and laws of the State of South Carolina to exist, to happen and to be performed precedent to or in the issuance of this bond exist, have happened and have been performed in regular and due time, form and manner as required by law; that the Series of Bonds of which this bond is a part does not exceed any constitutional or statutory limitation of indebtedness; and that provision has been made for the payment of the principal of and interest on this bond and the Series of Bonds of which it is a part, as provided in the Ordinance.

[reminder of page intentionally left blank]

IN WITNESS WHEREOF, THE CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA, has caused this bond to be signed with the manual or facsimile signature of the Mayor of the City, attested by the manual or facsimile signature of the Clerk of the City, and the seal of the City impressed, imprinted or reproduced hereon.

CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA

(SEAL)

By: ________________________________
Mayor

ATTEST:

By: ________________________________
Clerk

CERTIFICATE OF AUTHENTICATION

This bond is one of the Bonds described in the within mentioned Ordinance of the City of North Myrtle Beach, South Carolina.

U.S. BANK TRUST COMPANY,
NATIONAL ASSOCIATION, as Trustee

By: ________________________________
Authorized Officer

Date of Authentication: _________________, 2026

The following abbreviations, when used in the inscription on the face of this bond, shall be construed as though they were written out in full according to applicable laws or regulations.

TEN COM - as tenants in common	UNIF GIFT MIN ACT -
TEN ENT - as tenants by the entireties	____________ Custodian ____________ (Cust) (Minor)
JT TEN - as joint tenants with right of survivorship and not as tenants in common	under Uniform Gifts to Minors Act __________ (state)

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

(FORM OF ASSIGNMENT)

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

____
(Name and Address of Transferee)

the within bond and does hereby irrevocably constitute and appoint ___________________ attorney to transfer the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: ____________________

Signature Guaranteed	(Authorized Officer)
(Signature must be guaranteed by a participant in the Securities Transfer Agent Medallions Program (STAMP))	Notice: The signature to the assignment must correspond with the name of the registered owner as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

EXHIBIT B

DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of ___________, 20____, is executed and delivered by the City of North Myrtle Beach, South Carolina (the "City") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the City through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and Northing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements of the City for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the City pursuant to Section 9 hereof.

"Disclosure Representative" means the Mayor or City Manager of the City or other officer of the City or his or her designee, or such other person as the City shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the City's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the City in connection with the Bonds, as listed on Appendix A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The City shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than seven months after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 20__. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the City are prepared but not available prior to the Annual Filing Date, the City shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the City pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"
2. "Non-Payment related defaults, if material;"
3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. "Substitution of credit or liquidity providers, or their failure to perform;"
6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"
7. "Modifications to rights of securities holders, if material;"
8. "Bond calls, if material, and tender offers;"
9. "Defeasances;"
10. "Release, substitution, or sale of property securing repayment of the securities, if material;"
11. "Rating changes;"
12. "Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. "The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;"
14. "Appointment of a successor or additional trustee, or the change of name of a trustee, if material;"
15. "Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;" and
16. "Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as "Failure to provide annual financial information as required" when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the City pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. "amendment to continuing disclosure undertaking;"
2. "change in obligated person;"
3. "notice to investors pursuant to bond documents;"
4. "certain communications from the Internal Revenue Service;" other than those communications included in the Rule;
5. "secondary market purchases;"
6. "bid for auction rate or other securities;"
7. "capital or other financing plan;"
8. "litigation/enforcement action;"

9. "change of tender agent, remarketing agent, or other on-going party;" and

10. "other event-based disclosures."

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the City pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. "quarterly/monthly financial information;"

2. "change in fiscal year/timing of annual disclosure;"

3. "change in accounting standard;"

4. "interim/additional financial information/operating data;"

5. "budget;"

6. "investment/debt/financial policy;"

7. "information provided to rating agency, credit/liquidity provider or other third party;"

8. "consultant reports;" and

9. "other financial/operating data."

(viii) provide the City evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The City may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain the following Annual Financial Information with respect to the City, including the financial and statistical information provided in the Official Statement:

(i) Historical Accommodation Fee Collections within City for most recently completed fiscal year in the format presented in the Official Statement under the topic "CERTAIN FISCAL MATTERS— Historical Accommodation Fee Collections."

(ii) Historical Pledged County Fee Collections paid to City for most recently completed fiscal year in the format presented in the Official Statement under the topic "CERTAIN FISCAL MATTERS— Historical Pledged County Fees."

(iii) Ten largest payors of Accommodation Fee in the City for the most recently completed fiscal year in the form shown under "CERTAIN FISCAL MATTERS- Top Ten Accommodation Fee Payors in City."

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with generally accepted accounting principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

The City will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

The City shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the City determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. CUSIP Numbers. The City will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including, but not limited to, the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the City is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the City is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The City has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The City may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the City or DAC, the City agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds.

Notwithstanding any replacement or appointment of a successor, the City shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the City.

SECTION 10. Remedies in Event of Default. In the event of a failure of the City or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the City and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the City or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the City. No such amendment shall become effective if the City shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure 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.

The Disclosure Dissemination Agent and the City have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By: ____
Name: ______________________________________
Title: _______________________________________

CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA

By: ____
Name:
Title:

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Obligated Person(s):	City of North Myrtle Beach, South Carolina
Name of Bond Issue:	$_________ Limited Obligation Bonds (Accommodations Fee Pledge) Series 202_, of the City of North Myrtle Beach
Date of Issuance:	
Date of Official Statement:	
CUSIP Numbers:	

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Obligated Person(s):	City of North Myrtle Beach, South Carolina
Name of Bond Issue:	$_________ Limited Obligation Bonds (Accommodations Fee Pledge) Series 202_, of the City of North Myrtle Beach
Date of Issuance:	
Date of Official Statement:	
CUSIP Numbers:	

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the City and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The City has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by ________________.]

Dated: _______________________

Digital Assurance Certification, L.L.C., as Disclosure
Dissemination Agent, on behalf of the City

____

cc: City

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

City's and/or Other Obligated Person's Name: City of North Myrtle Beach, South Carolina

City's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

Number of pages attached: _____

____ Description of Notice Events (Check One):

1. ______"Principal and interest payment delinquencies;"
2. ______"Non-Payment related defaults, if material;"
3. ______"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4. ______"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5. ______"Substitution of credit or liquidity providers, or their failure to perform;"
6. ______"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7. ______"Modifications to rights of securities holders, if material;"
8. ______"Bond calls, if material;" Tender offers;
9. ______"Defeasances;"
10. _____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11. _____"Rating changes;"
12. _____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13. _____"Merger, consolidation, or acquisition of the obligated person, if material;"
14. _____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material,"
15. _____"Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material," and
16. _____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

Name: ____________________________________ Title: ______________________________________

Digital Assurance Certification, L.L.C.
315 East Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of ________________ between the City of North Myrtle Beach, South Carolina and DAC.

City's and/or Other Obligated Person's Name:

City's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: ______

___Description of Voluntary Financial Disclosure (Check One):

1. ______"quarterly/monthly financial information;"
2. ______"change in fiscal year/timing of annual disclosure;"
3. ______"change in accounting standard;"
4. ______"interim/additional financial information/operating data;"
5. ______"budget;"
6. ______"investment/debt/financial policy;"
7. ______"information provided to rating agency, credit/liquidity provider or other third party;"
8. ______"consultant reports;" and
9. ______"other financial/operating data."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

Name: _______________________________________ Title: ______________________________________

Digital Assurance Certification, L.L.C.
315 East Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: ______________

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of __________ between the City of North Myrtle Beach, South Carolina and DAC.

City's and/or Other Obligated Person's Name: City of North Myrtle Beach, South Carolina

City's Six-Digit CUSIP Number:

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

Number of pages attached: ______

____ Description of Voluntary Event Disclosure (Check One):

1. ______"amendment to continuing disclosure undertaking;"
2. ______"change in obligated person;"
3. ______"notice to investors pursuant to bond documents;"
4. ______"certain communications from the Internal Revenue Service;"
5. ______"secondary market purchases;"
6. ______"bid for auction rate or other securities;"
7. ______"capital or other financing plan;"
8. ______"litigation/enforcement action;"
9. ______"change of tender agent, remarketing agent, or other on-going party;" and
10. _____"other event-based disclosures."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

Name: _______________________________________ Title: ______________________________________

Digital Assurance Certification, L.L.C.
315 East Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: ____________

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APPENDIX E

FORM OF DISCLOSURE DISSEMINATION AGENT AGREEMENT

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DISCLOSURE DISSEMINATION AGENT AGREEMENT

This Disclosure Dissemination Agent Agreement (the "Disclosure Agreement"), dated as of ___________, 20____, is executed and delivered by the City of North Myrtle Beach, South Carolina (the "City") and Digital Assurance Certification, L.L.C., as exclusive Disclosure Dissemination Agent (the "Disclosure Dissemination Agent" or "DAC") for the benefit of the Holders (hereinafter defined) of the Bonds (hereinafter defined) and in order to provide certain continuing disclosure with respect to the Bonds in accordance with Rule 15c2-12 of the United States Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time (the "Rule").

The services provided under this Disclosure Agreement solely relate to the execution of instructions received from the City through use of the DAC system and do not constitute "advice" within the meaning of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Act"). DAC will not provide any advice or recommendation to the City or anyone on the City's behalf regarding the "issuance of municipal securities" or any "municipal financial product" as defined in the Act and Northing in this Disclosure Agreement shall be interpreted to the contrary. DAC is not a "Municipal Advisor" as such term is defined in Section 15B of the Securities Exchange Act of 1934, as amended, and related rules.

SECTION 1. Definitions. Capitalized terms not otherwise defined in this Disclosure Agreement shall have the meaning assigned in the Rule or, to the extent not in conflict with the Rule, in the Official Statement (hereinafter defined). The capitalized terms shall have the following meanings:

"Annual Filing Date" means the date, set in Sections 2(a) and 2(f) hereof, by which the Annual Report is to be filed with the MSRB.

"Annual Financial Information" means annual financial information as such term is used in paragraph (b)(5)(i) of the Rule and specified in Section 3(a) of this Disclosure Agreement.

"Annual Report" means an Annual Report containing Annual Financial Information described in and consistent with Section 3 of this Disclosure Agreement.

"Audited Financial Statements" means the financial statements of the City for the prior fiscal year, certified by an independent auditor as prepared in accordance with generally accepted accounting principles or otherwise, as such term is used in paragraph (b)(5)(i)(B) of the Rule and specified in Section 3(b) of this Disclosure Agreement.

"Bonds" means the bonds as listed on the attached Exhibit A, with the 9-digit CUSIP numbers relating thereto.

"Certification" means a written certification of compliance signed by the Disclosure Representative stating that the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure delivered to the Disclosure Dissemination Agent is the Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure required to be submitted to the MSRB under this Disclosure Agreement. A Certification shall accompany each such document submitted to the Disclosure Dissemination Agent by the City and include the full name of the Bonds and the 9-digit CUSIP numbers for all Bonds to which the document applies.

"Disclosure Dissemination Agent" means Digital Assurance Certification, L.L.C, acting in its capacity as Disclosure Dissemination Agent hereunder, or any successor Disclosure Dissemination Agent designated in writing by the City pursuant to Section 9 hereof.

"Disclosure Representative" means the Mayor or City Manager of the City or other officer of the City or his or her designee, or such other person as the City shall designate in writing to the Disclosure Dissemination Agent from time to time as the person responsible for providing Information to the Disclosure Dissemination Agent.

"Failure to File Event" means the City's failure to file an Annual Report on or before the Annual Filing Date.

"Financial Obligation" as used in this Disclosure Agreement is defined in the Rule as (i) a debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Force Majeure Event" means: (i) acts of God, war, or terrorist action; (ii) failure or shut-down of the Electronic Municipal Market Access system maintained by the MSRB; or (iii) to the extent beyond the Disclosure Dissemination Agent's reasonable control, interruptions in telecommunications or utilities services, failure, malfunction or error of any telecommunications, computer or other electrical, mechanical or technological application, service or system, computer virus, interruptions in Internet service or telephone service (including due to a virus, electrical delivery problem or similar occurrence) that affect Internet users generally, or in the local area in which the Disclosure Dissemination Agent or the MSRB is located, or acts of any government, regulatory or any other competent authority the effect of which is to prohibit the Disclosure Dissemination Agent from performance of its obligations under this Disclosure Agreement.

"Holder" means any person (a) having the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) treated as the owner of any Bonds for federal income tax purposes.

"Information" means, collectively, the Annual Reports, the Audited Financial Statements, the Notice Event notices, the Failure to File Event notices, the Voluntary Event Disclosures and the Voluntary Financial Disclosures.

"MSRB" means the Municipal Securities Rulemaking Board, or any successor thereto, established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934.

"Notice Event" means any of the events enumerated in paragraph (b)(5)(i)(C) of the Rule and listed in Section 4(a) of this Disclosure Agreement.

"Obligated Person" means any person, including the City, who is either generally or through an enterprise, fund, or account of such person committed by contract or other arrangement to support payment of all, or part of the obligations on the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities), as shown on Exhibit A.

"Official Statement" means that Official Statement prepared by the City in connection with the Bonds, as listed on Appendix A.

"Trustee" means the institution, if any, identified as such in the document under which the Bonds were issued.

"Voluntary Event Disclosure" means information of the category specified in any of subsections (e)(vi)(1) through (e)(vi)(10) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(a) of this Disclosure Agreement.

"Voluntary Financial Disclosure" means information of the category specified in any of subsections (e)(vii)(1) through (e)(vii)(9) of Section 2 of this Disclosure Agreement that is accompanied by a Certification of the Disclosure Representative containing the information prescribed by Section 7(b) of this Disclosure Agreement.

SECTION 2. Provision of Annual Reports.

(a) The City shall provide, annually, an electronic copy of the Annual Report and Certification to the Disclosure Dissemination Agent not later than the Annual Filing Date. Promptly upon receipt of an electronic copy of the Annual Report and the Certification, the Disclosure Dissemination Agent shall provide an Annual Report to the MSRB not later than seven months after the end of each fiscal year of the City, commencing with the fiscal year ending June 30, 2026. Such date and each anniversary thereof is the Annual Filing Date. The Annual Report may be submitted as a single document or as separate documents comprising a package and may cross-reference other information as provided in Section 3 of this Disclosure Agreement.

(b) If on the fifteenth (15th) day prior to the Annual Filing Date, the Disclosure Dissemination Agent has not received a copy of the Annual Report and Certification, the Disclosure Dissemination Agent shall contact the Disclosure Representative by telephone and in writing (which may be by e-mail) to remind the City of its undertaking to provide the Annual Report pursuant to Section 2(a). Upon such reminder, the Disclosure Representative shall either (i) provide the Disclosure Dissemination Agent with an electronic copy of the Annual Report and the Certification no later than two (2) business days prior to the Annual Filing Date, or (ii) instruct the Disclosure Dissemination Agent in writing that the City will not be able to file the Annual Report within the time required under this Disclosure Agreement, state the date by which the Annual Report for such year will be provided and instruct the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(c) If the Disclosure Dissemination Agent has not received an Annual Report and Certification by 6:00 p.m. Eastern time on Annual Filing Date (or, if such Annual Filing Date falls on a Saturday, Sunday or holiday, then the first business day thereafter) for the Annual Report, a Failure to File Event shall have occurred and the City irrevocably directs the Disclosure Dissemination Agent to immediately send a Failure to File Event notice to the MSRB in substantially the form attached as Exhibit B without reference to the anticipated filing date for the Annual Report, which may be accompanied by a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

(d) If Audited Financial Statements of the City are prepared but not available prior to the Annual Filing Date, the City shall, when the Audited Financial Statements are available, provide at such time an electronic copy to the Disclosure Dissemination Agent, accompanied by a Certification for filing with the MSRB.

(e) The Disclosure Dissemination Agent shall:

(i) verify the filing specifications of the MSRB each year prior to the Annual Filing Date;

(ii) upon receipt, promptly file each Annual Report received under Sections 2(a) and 2(b) hereof with the MSRB;

(iii) upon receipt, promptly file each Audited Financial Statement received under Section 2(d) hereof with the MSRB;

(iv) upon receipt, promptly file the text of each Notice Event received under Sections 4(a) and 4(b)(ii) hereof with the MSRB, identifying the Notice Event as instructed by the City pursuant to Section 4(a) or 4(b)(ii) hereof (being any of the categories set forth below) when filing pursuant to Section 4(c) of this Disclosure Agreement:

1. "Principal and interest payment delinquencies;"

2. "Non-Payment related defaults, if material;"

3. "Unscheduled draws on debt service reserves reflecting financial difficulties;"

4. "Unscheduled draws on credit enhancements reflecting financial difficulties;"

5. "Substitution of credit or liquidity providers, or their failure to perform;"

6. "Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;"

7. "Modifications to rights of securities holders, if material;"

8. "Bond calls, if material, and tender offers;"

9. “Defeasances;”

10. “Release, substitution, or sale of property securing repayment of the securities, if material;”

11. “Rating changes;”

12. “Bankruptcy, insolvency, receivership or similar event of the obligated person;”

13. “The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;”

14. “Appointment of a successor or additional trustee, or the change of name of a trustee, if material;”

15. “Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material;” and

16. “Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

(v) upon receipt (or irrevocable direction pursuant to Section 2(c) of this Disclosure Agreement, as applicable), promptly file a completed copy of Exhibit B to this Disclosure Agreement with the MSRB, identifying the filing as “Failure to provide annual financial information as required” when filing pursuant to Section 2(b)(ii) or Section 2(c) of this Disclosure Agreement;

(vi) upon receipt, promptly file the text of each Voluntary Event Disclosure received under Section 7(a) hereof with the MSRB, identifying the Voluntary Event Disclosure as instructed by the City pursuant to Section 7(a) (being any of the categories set forth below) when filing pursuant to Section 7(a) of this Disclosure Agreement:

1. “amendment to continuing disclosure undertaking;”

2. “change in obligated person;”

3. “notice to investors pursuant to bond documents;”

4. “certain communications from the Internal Revenue Service;” other than those communications included in the Rule;

5. “secondary market purchases;”

6. “bid for auction rate or other securities;”

7. “capital or other financing plan;”

8. “litigation/enforcement action;”

9. “change of tender agent, remarketing agent, or other on-going party;” and

10. “other event-based disclosures.”

(vii) upon receipt, promptly file the text of each Voluntary Financial Disclosure received under Section 7(b) hereof with the MSRB, identifying the Voluntary Financial Disclosure as instructed by the City pursuant to Section 7(b) (being any of the categories set forth below) when filing pursuant to Section 7(b) of this Disclosure Agreement:

1. “quarterly/monthly financial information;”

2. “change in fiscal year/timing of annual disclosure;”

3. “change in accounting standard;”

4. “interim/additional financial information/operating data;”

5. “budget;”

6. “investment/debt/financial policy;”

7. “information provided to rating agency, credit/liquidity provider or other third party;”

8. “consultant reports;” and

9. “other financial/operating data.”

(viii) provide the City evidence of the filings of each of the above when made, which shall be by means of the DAC system, for so long as DAC is the Disclosure Dissemination Agent under this Disclosure Agreement.

(f) The City may adjust the Annual Filing Date upon change of its fiscal year by providing written notice of such change and the new Annual Filing Date to the Disclosure Dissemination Agent, Trustee (if any) and the MSRB, provided that the period between the existing Annual Filing Date and new Annual Filing Date shall not exceed one year.

(g) Anything in this Disclosure Agreement to the contrary notwithstanding, any Information received by the Disclosure Dissemination Agent before 6:00 p.m. Eastern time on any business day that it is required to file with the MSRB pursuant to the terms of this Disclosure Agreement and that is accompanied by a Certification and all other information required by the terms of this Disclosure Agreement will be filed by the Disclosure Dissemination Agent with the MSRB no later than 11:59 p.m. Eastern time on the same business day; provided, however, the Disclosure Dissemination Agent shall have no liability for any delay in filing with the MSRB if such delay is caused by a Force Majeure Event provided that the Disclosure Dissemination Agent uses reasonable efforts to make any such filing as soon as possible.

SECTION 3. Content of Annual Reports.

(a) Each Annual Report shall contain the following Annual Financial Information with respect to the City, including the financial and statistical information provided in the Official Statement:

(i) Accommodation Fee Collections within City for most recently completed fiscal year in the format presented in the Official Statement under the topic “THE PLEDGED FEES—Historical Accommodation Fee Collections.”

(ii) County Fee Collections paid to City for most recently completed fiscal year in the format presented in the Official Statement under the topic “THE PLEDGED FEES —County Fee Receipts.”

(iii) Ten largest payors of Accommodation Fee in the City for the most recently completed fiscal year in the form shown under "THE PLEDGED FEES - Top Ten Accommodation Fee Payors in City."

(b) Audited Financial Statements as described in the Official Statement will be included in the Annual Report. If audited financial statements are not available, then, unaudited financial statements, prepared in accordance with generally accepted accounting principles as described in the Official Statement will be included in the Annual Report. In such event, Audited Financial Statements (if any) will be provided pursuant to Section 2(d).

Any or all of the items listed above may be included by specific reference from other documents, including official statements of debt issues with respect to which the City is an "obligated person" (as defined by the Rule), which have been previously filed with the Securities and Exchange Commission or available on the MSRB Internet Website. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The City will clearly identify each such document so incorporated by reference.

The City will reserve the right to modify from time to time the specific type of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the City; provided that the City will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 4. Reporting of Notice Events.

(a) The occurrence of any of the following events with respect to the Bonds constitutes a Notice Event:

1. Principal and interest payment delinquencies;

2. Non-payment related defaults, if material;

3. Unscheduled draws on debt service reserves reflecting financial difficulties;

4. Unscheduled draws on credit enhancements reflecting financial difficulties;

5. Substitution of credit or liquidity providers, or their failure to perform;

6. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;

7. Modifications to rights of Bond holders, if material;

8. Bond calls, if material, and tender offers;

9. Defeasances;

10. Release, substitution, or sale of property securing repayment of the Bonds, if material;

11. Rating changes;

12. Bankruptcy, insolvency, receivership or similar event of the Obligated Person;

Note to subsection (a)(12) of this Section 4: For the purposes of the event described in subsection (a)(12) of this Section 4, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an Obligated Person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Obligated Person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Obligated Person.

13. The consummation of a merger, consolidation, or acquisition involving an Obligated Person or the sale of all or substantially all of the assets of the Obligated Person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

14. Appointment of a successor or additional trustee or the change of name of a trustee, if material;

15. Incurrence of a Financial Obligation of an Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of an Obligated Person, any of which affect security holders, if material; and

16. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of an Obligated Person, any of which reflect financial difficulties.

The City shall, in a timely manner not later than nine (9) business days after its occurrence, notify the Disclosure Dissemination Agent in writing of the occurrence of a Notice Event. Such notice shall instruct the Disclosure Dissemination Agent to report the occurrence pursuant to subsection (c) and shall be accompanied by a Certification. Such notice or Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(b) The Disclosure Dissemination Agent is under no obligation to notify the City or the Disclosure Representative of an event that may constitute a Notice Event. In the event the Disclosure Dissemination Agent so notifies the Disclosure Representative, the Disclosure Representative will within two business days of receipt of such notice (but in any event not later than the tenth business day after the occurrence of the Notice Event, if the City determines that a Notice Event has occurred), instruct the Disclosure Dissemination Agent that either (i) a Notice Event has not occurred and no filing is to be made or (ii) a Notice Event has occurred and the Disclosure Dissemination Agent is to report the occurrence pursuant to subsection (c) of this Section 4, together with a Certification. Such Certification shall identify the Notice Event that has occurred (which shall be any of the categories set forth in Section 2(e)(iv) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information (provided that such date is not later than the tenth business day after the occurrence of the Notice Event).

(c) If the Disclosure Dissemination Agent has been instructed by the City as prescribed in subsection (a) or (b)(ii) of this Section 4 to report the occurrence of a Notice Event, the Disclosure Dissemination Agent shall promptly file a notice of such occurrence with MSRB in accordance with Section 2 (e)(iv) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-1.

SECTION 5. <u>CUSIP Numbers</u>. The City will provide the Dissemination Agent with the CUSIP numbers for (i) new bonds at such time as they are issued or become subject to the Rule and (ii) any Bonds to which new CUSIP numbers are assigned in substitution for the CUSIP numbers previously assigned to such Bonds.

SECTION 6. Additional Disclosure Obligations. The City acknowledges and understands that other state and federal laws, including, but not limited to, the Securities Act of 1933 and Rule 10b-5 promulgated under the Securities Exchange Act of 1934, may apply to the City, and that the duties and responsibilities of the Disclosure Dissemination Agent under this Disclosure Agreement do not extend to providing legal advice regarding such laws. The City acknowledges and understands that the duties of the Disclosure Dissemination Agent relate exclusively to execution of the mechanical tasks of disseminating information as described in this Disclosure Agreement.

SECTION 7. Voluntary Filing.

(a) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Event Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Event Disclosure (which shall be any of the categories set forth in Section 2(e)(vi) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(a) to file a Voluntary Event Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Event Disclosure with the MSRB in accordance with Section 2(e)(vi) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-2.

(b) The City may instruct the Disclosure Dissemination Agent to file a Voluntary Financial Disclosure with the MSRB from time to time pursuant to a Certification of the Disclosure Representative. Such Certification shall identify the Voluntary Financial Disclosure (which shall be any of the categories set forth in Section 2(e)(vii) of this Disclosure Agreement), include the text of the disclosure that the City desires to make, contain the written authorization of the City for the Disclosure Dissemination Agent to disseminate such information, and identify the date the City desires for the Disclosure Dissemination Agent to disseminate the information. If the Disclosure Dissemination Agent has been instructed by the City as prescribed in this Section 7(b) hereof to file a Voluntary Financial Disclosure, the Disclosure Dissemination Agent shall promptly file such Voluntary Financial Disclosure with the MSRB in accordance with Section 2(e)(vii) hereof. This notice may be filed with a cover sheet completed by the Disclosure Dissemination Agent in the form set forth in Exhibit C-3.

(c) The parties hereto acknowledge that the City is not obligated pursuant to the terms of this Disclosure Agreement to file any Voluntary Event Disclosure pursuant to Section 7(a) hereof or any Voluntary Financial Disclosure pursuant to Section 7(b) hereof.

(d) Nothing in this Disclosure Agreement shall be deemed to prevent the City from disseminating any other information through the Disclosure Dissemination Agent using the means of dissemination set forth in this Disclosure Agreement or including any other information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure, in addition to that required by this Disclosure Agreement. If the City chooses to include any information in any Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure in addition to that which is specifically required by this Disclosure Agreement, the City shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report, Audited Financial Statements, Notice Event notice, Failure to File Event notice, Voluntary Event Disclosure or Voluntary Financial Disclosure.

SECTION 8. Termination of Reporting Obligation. The obligations of the City and the Disclosure Dissemination Agent under this Disclosure Agreement shall terminate with respect to the Bonds upon the legal defeasance, prior redemption or payment in full of all of the Bonds, when the City is no longer an obligated person with respect to the Bonds, or upon delivery by the Disclosure Representative to the Disclosure Dissemination Agent of an opinion of counsel expert in federal securities laws to the effect that continuing disclosure is no longer required.

SECTION 9. Disclosure Dissemination Agent. The City has appointed Digital Assurance Certification, L.L.C. as exclusive Disclosure Dissemination Agent under this Disclosure Agreement. The City may, upon thirty days written notice to the Disclosure Dissemination Agent and the Trustee, replace or appoint a successor Disclosure Dissemination Agent. Upon termination of DAC's services as Disclosure Dissemination Agent, whether by notice of the City or DAC, the City agrees to appoint a successor Disclosure Dissemination Agent or, alternately, agrees to assume all responsibilities of Disclosure Dissemination Agent under this Disclosure Agreement for the benefit of the Holders of the Bonds. Notwithstanding any replacement or appointment of a successor, the City shall remain liable to the Disclosure Dissemination Agent until payment in full for any and all sums owed and payable to the Disclosure Dissemination Agent. The Disclosure Dissemination Agent may resign at any time by providing thirty days' prior written notice to the City.

SECTION 10. Remedies in Event of Default. In the event of a failure of the City or the Disclosure Dissemination Agent to comply with any provision of this Disclosure Agreement, the Holders' rights to enforce the provisions of this Agreement shall be limited solely to a right, by action in mandamus or for specific performance, to compel performance of the parties' obligation under this Disclosure Agreement. Any failure by a party to perform in accordance with this Disclosure Agreement shall not constitute a default on the Bonds or under any other document relating to the Bonds, and all rights and remedies shall be limited to those expressly stated herein.

SECTION 11. Duties, Immunities and Liabilities of Disclosure Dissemination Agent.

(a) The Disclosure Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Agreement. The Disclosure Dissemination Agent's obligation to deliver the information at the times and with the contents described herein shall be limited to the extent the City has provided such information to the Disclosure Dissemination Agent as required by this Disclosure Agreement. The Disclosure Dissemination Agent shall have no duty with respect to the content of any disclosures or notice made pursuant to the terms hereof. The Disclosure Dissemination Agent shall have no duty or obligation to review or verify any Information or any other information, disclosures or notices provided to it by the City and shall not be deemed to be acting in any fiduciary capacity for the City, the Holders of the Bonds or any other party. The Disclosure Dissemination Agent shall have no responsibility for the City's failure to report to the Disclosure Dissemination Agent a Notice Event or a duty to determine the materiality thereof. The Disclosure Dissemination Agent shall have no duty to determine, or liability for failing to determine, whether the City has complied with this Disclosure Agreement. The Disclosure Dissemination Agent may conclusively rely upon Certifications of the City at all times.

The obligations of the City under this Section shall survive resignation or removal of the Disclosure Dissemination Agent and defeasance, redemption or payment of the Bonds.

(b) The Disclosure Dissemination Agent may, from time to time, consult with legal counsel (either in-house or external) of its own choosing in the event of any disagreement or controversy, or question or doubt as to the construction of any of the provisions hereof or its respective duties hereunder, and shall not incur any liability and shall be fully protected in acting in good faith upon the advice of such legal counsel. The reasonable fees and expenses of such counsel shall be payable by the City.

(c) All documents, reports, notices, statements, information and other materials provided to the MSRB under this Agreement shall be provided in an electronic format and accompanied by identifying information as prescribed by the MSRB.

SECTION 12. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Agreement, the City and the Disclosure Dissemination Agent may amend this Disclosure Agreement and any provision of this Disclosure Agreement may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws acceptable to both the City and the Disclosure Dissemination Agent to the effect that such amendment or waiver does not materially impair the interests of Holders of the Bonds and would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule; provided neither the City or the Disclosure Dissemination Agent shall be obligated to agree to any amendment modifying their respective duties or obligations without their consent thereto.

Notwithstanding the preceding paragraph, the Disclosure Dissemination Agent shall have the right to adopt amendments to this Disclosure Agreement necessary to comply with modifications to and interpretations of the provisions of the Rule as announced by the Securities and Exchange Commission from time to time by giving not less than 20 days written notice of the intent to do so together with a copy of the proposed amendment to the City. No such amendment shall become effective if the City shall, within 10 days following the giving of such notice, send a notice to the Disclosure Dissemination Agent in writing that it objects to such amendment.

SECTION 13. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the City, the Trustee, if any, for the Bonds, the Disclosure Dissemination Agent, the underwriter, and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 14. Governing Law. This Disclosure Agreement shall be governed by the laws of the State of South Carolina (other than with respect to conflicts of laws).

SECTION 15. Counterparts. This Disclosure 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.

The Disclosure Dissemination Agent and the City have caused this Continuing Disclosure Agreement to be executed, on the date first written above, by their respective officers duly authorized.

DIGITAL ASSURANCE CERTIFICATION, L.L.C., as
Disclosure Dissemination Agent

By: ____________________________________
Name: __________________________________
Title: ___________________________________

CITY OF NORTH MYRTLE BEACH,
SOUTH CAROLINA

By: ____________________________________
Name:
Title:

EXHIBIT A

NAME AND CUSIP NUMBERS OF BONDS

Obligated Person(s):	City of North Myrtle Beach, South Carolina
Name of Bond Issue:	$_________ Limited Obligation Bonds (Accommodations Fee Pledge) Series 202_, of the City of North Myrtle Beach
Date of Issuance:	
Date of Official Statement:	

CUSIP Numbers:

EXHIBIT B

NOTICE TO MSRB OF FAILURE TO FILE ANNUAL REPORT

Obligated Person(s):	City of North Myrtle Beach, South Carolina
Name of Bond Issue:	$_________ Limited Obligation Bonds (Accommodations Fee Pledge) Series 202_, of the City of North Myrtle Beach
Date of Issuance:	
Date of Official Statement:	
CUSIP Numbers:	

NOTICE IS HEREBY GIVEN that the City has not provided an Annual Report with respect to the above-named Bonds as required by the Disclosure Agreement between the City and Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent. [The City has notified the Disclosure Dissemination Agent that it anticipates that the Annual Report will be filed by _________________.]

Dated: ________________________

Digital Assurance Certification, L.L.C., as Disclosure Dissemination Agent, on behalf of the City

____

cc: City

EXHIBIT C-1
EVENT NOTICE COVER SHEET

This cover sheet and accompanying "event notice" may be sent to the MSRB, pursuant to Securities and Exchange Commission Rule 15c2-12(b)(5)(i)(C) and (D).

City's and/or Other Obligated Person's Name: City of North Myrtle Beach, South Carolina

____

City's Six-Digit CUSIP Number:

____

____

or Nine-Digit CUSIP Number(s) of the bonds to which this event notice relates:

____

Number of pages attached: _____

____ Description of Notice Events (Check One):

1.______"Principal and interest payment delinquencies;"
2.______"Non-Payment related defaults, if material;"
3.______"Unscheduled draws on debt service reserves reflecting financial difficulties;"
4.______"Unscheduled draws on credit enhancements reflecting financial difficulties;"
5.______"Substitution of credit or liquidity providers, or their failure to perform;"
6.______"Adverse tax opinions, IRS notices or events affecting the tax status of the security;"
7.______"Modifications to rights of securities holders, if material;"
8.______"Bond calls, if material;" Tender offers;
9.______"Defeasances;"
10._____"Release, substitution, or sale of property securing repayment of the securities, if material;"
11._____"Rating changes;"
12._____"Bankruptcy, insolvency, receivership or similar event of the obligated person;"
13._____"Merger, consolidation, or acquisition of the obligated person, if material;"
14._____"Appointment of a successor or additional trustee, or the change of name of a trustee, if material,"
15._____"Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material," and
16._____"Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties."

____ Failure to provide annual financial information as required.

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

____

Name: ________________________________ Title: ________________________________

Digital Assurance Certification, L.L.C.
315 East Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date:

EXHIBIT C-2
VOLUNTARY EVENT DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary event disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of __________ between the City of North Myrtle Beach, South Carolina and DAC.

City's and/or Other Obligated Person's Name: City of North Myrtle Beach, South Carolina

____

City's Six-Digit CUSIP Number:

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: ______

____ Description of Voluntary Event Disclosure (Check One):

1.______"amendment to continuing disclosure undertaking;"
2.______"change in obligated person;"
3.______"notice to investors pursuant to bond documents;"
4.______"certain communications from the Internal Revenue Service;"
5.______"secondary market purchases;"
6.______"bid for auction rate or other securities;"
7.______"capital or other financing plan;"
8.______"litigation/enforcement action;"
9.______"change of tender agent, remarketing agent, or other on-going party;" and
10._____"other event-based disclosures."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

Name: ____ Title: ____

Digital Assurance Certification, L.L.C.
315 East Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: _____________

EXHIBIT C-3
VOLUNTARY FINANCIAL DISCLOSURE COVER SHEET

This cover sheet and accompanying "voluntary financial disclosure" may be sent to the MSRB, pursuant to the Disclosure Dissemination Agent Agreement dated as of _________________ between the City of North Myrtle Beach, South Carolina and DAC.

City's and/or Other Obligated Person's Name:

____

City's Six-Digit CUSIP Number:

____

or Nine-Digit CUSIP Number(s) of the bonds to which this notice relates:

____

Number of pages attached: ______

___Description of Voluntary Financial Disclosure (Check One):

1.______"quarterly/monthly financial information;"
2.______"change in fiscal year/timing of annual disclosure;"
3.______"change in accounting standard;"
4.______"interim/additional financial information/operating data;"
5.______"budget;"
6.______"investment/debt/financial policy;"
7.______"information provided to rating agency, credit/liquidity provider or other third party;"
8.______"consultant reports;" and
9.______"other financial/operating data."

I hereby represent that I am authorized by the City or its agent to distribute this information publicly:

Signature:

Name: ____ Title: ____

Digital Assurance Certification, L.L.C.
315 East Robinson Street
Suite 300
Orlando, FL 32801
407-515-1100

Date: _______________

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CITY OF NORTH MYRTLE BEACH, SOUTH CAROLINA • LIMITED OBLIGATION BONDS (ACCOMMODATIONS FEE PLEDGE), SERIES 2026

THE CITY OF
NORTH
MYRTLE
BEACH
SOUTH CAROLINA

Mixed Sources
Product group from well managed forests, controlled sources and recycled wood or fiber.

Printed by: ImageMaster, LLC
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