HARGRAY

CHRISTOPHER MCCORKENDALE
VICE PRESIDENT, OPERATIONS,
ENGINEERING & STRATEGIC SALES

June 5, 2014

PRIVATE & CONFIDENTIAL

William B. Harvey, III
Harvey & Battey, PA
1001 Craven Street
Post Office Drawer 1107
Beaufort, South Carolina 29901

Dear Bill:

Thank you again for meeting with me to discuss the possibility of Hargray partnering with the City of Beaufort to ensure the timely completion of the City's Boundary Street Redevelopment Project ("Redevelopment Project"). We appreciate the City's interest in working with Hargray to ensure that it can continue to deliver state-of-the-art communication services to City residents at affordable rates, while also beautifying Boundary Street.

Below is the final draft of a term sheet. It establishes a framework for Hargray to recover 30% of its undergrounding costs related to the Redevelopment Project. We would appreciate your immediate review of these terms with the appropriate City officials. We also respectfully request that, to the extent legally permissible, the City retain the confidentiality of the terms proposed below.

The below terms are not intended to waive or suggest any compromise of claims that Hargray may have either now or in the future with respect to the City of Beaufort or the Redevelopment Project.

Proposed Resolution Term Sheet

- Hargray will cooperate with the City of Beaufort in its efforts to secure grant funding necessary to undertake the Redevelopment Project, and with the City of Beaufort's efforts to meet the requirements of such funding.
- Hargray will work with the City of Beaufort to ensure that the Redevelopment Project is completed with as much speed as is commercially reasonable.
- Hargray and the City of Beaufort will cooperate to minimize service interruptions to Hargray's customers during the Redevelopment Project, and the City of Beaufort will facilitate reasonable access for Hargray to its customer's premises as may be required.

- Except as otherwise detailed in this term sheet, Hargray will be responsible for the costs associated with undergrounding Hargray's facilities into an underground duct bank to be constructed by the City of Beaufort as part of the Redevelopment Project. The projected undergrounding costs are expected to be $1,100,000, but we believe these costs can be reduced through cooperation between the City, SCE&G, and CenturyLink[1].

- Hargray will not pass any undergrounding costs on to customers.

- Hargray will provide the City of Beaufort with a release of liability of all claims pending or that could in the future be brought against the City of Beaufort related to Hargray's undergrounding costs associated with the Redevelopment Project.

- The City of Beaufort will provide Hargray with perpetual access rights to the underground duct bank, free of charge for this access right.

- Hargray will make an effort to share undergrounding costs with other utilities, with a proportionate share of any economies of scale savings being passed to the City of Beaufort.

- City of Beaufort will contribute 30% of total undergrounding costs directly to Hargray (the "Aid in Construction Amount"), with payment being made to Hargray within 30 days of Hargray providing itemization of expenses actually incurred (which Aid in Construction Amount will not exceed $300,000).

- Hargray will cooperate in issuing a mutually acceptable press release if City of Beaufort chooses to issue the same.

- Hargray will retain all rights against SCE&G.

Thank you for your consideration. We look forward to further discussing these terms with you.

Sincerely,

Accepted and agreed:

By: _____

Name: SCOTT F. DADSON

Title: CITY MANAGER, CITY OF BEAUFORT

6-11-14

[1] A breakdown of Hargray's anticipated costs associated with this Beautification Project will be provided at a later date.