

**EXHIBIT C**

**Goldman Sachs Engagement Letter**

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Goldman, Sachs & Co. | 85 Broad Street | New York, New York 10004

**Goldman  
Sachs**

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**PERSONAL AND CONFIDENTIAL**

February 1, 2010

Mr. David Bansmer  
President & Chief Operating Officer  
Sea Island Company  
100 Salt Marsh Lane  
St. Simons Island, GA 31522

Ladies and Gentlemen:

We are pleased to confirm the arrangements under which Goldman, Sachs & Co. ("Goldman Sachs") is exclusively engaged by Sea Island Company and Sea Island Coastal Properties, LLC (collectively, the "Company") as financial advisor to assist the Company in its analysis, consideration and/or implementation of a sale transaction involving all or a portion of the outstanding common stock or all or a significant portion of the Resort Assets of the Company in one or a series of transactions. The "Resort Assets" shall mean all right, title and interest of the Company in and to real property located on Sea Island and personal property used in connection therewith (other than the Excluded Assets (as defined below)).

For purposes of this letter agreement, the term "Transaction" is defined to mean any of the following (whether in one or a series of transactions): (a) a merger or consolidation of the Company, (b) a sale of at least 50% of the equity securities of the Company (whether from the Company or security holders of the Company), in any case whether by sale, exchange, tender offer or otherwise, (c) any transaction which results in a third party having the right to elect a majority of the members of the Board of Directors of the Company, (d) a sale (including, without limitation, by sale, lease, license, exchange or other acquisition) of all or a significant portion of

the Company or its assets (tangible or intangible), (e) a liquidation of the Company or its assets (other than a liquidation by a Chapter 7 trustee), or (f) any other form of disposition, which results in the effective disposition and/or monetization of all or a significant portion of the Company or the Resort Assets, whether or not consummated through a plan of reorganization (including with respect to a prepackaged or prearranged plan of reorganization or other plan pursuant to Chapter 11, Title 11 of the United States Code (the "Bankruptcy Code") or foreclosure; provided, however, that the term "Transaction" shall not include a credit bid by or on behalf of, or other transfer of the Resort Assets (whether by foreclosure, deed-in-lieu or otherwise) to the Lenders.

The scope of this engagement and Transaction expressly excludes (i) large land tracts at Altama, the "Big Pasture", the "Little Pasture" and the "Sinclair" tract which are being marketed separately by brokers, and (ii) a sale of the [Ocean Forest Golf Club] solely to certain of its current members and not to any other parties as part of a Transaction described above (collectively, the "Excluded Assets").

Our fee for such advisory services will include:

- A. Effective as of February 1, 2010, a retention fee of \$150,000 per month (the "Retention Fee") up to an aggregate maximum amount of \$1,000,000 (or such higher amount as the Lenders (as defined in the Lender Consent) consent in writing in their sole discretion) (the "Retention Fee Cap"), payable as follows: (i) \$450,000 shall be paid in cash upon the Company's execution and delivery of this letter, and such amount shall constitute payment of the first three monthly Retention Fees by the Company (which payment shall be deemed fully earned on the execution date of this letter agreement and shall be nonrefundable), and (ii) subject to the Retention Fee Cap, the Retention Fee for May 2010 and each month thereafter shall be paid in cash on the first day of each such month. Notwithstanding anything to the contrary herein, and without limiting the right of Goldman Sachs to terminate this letter agreement in

any other circumstance as provided in this letter agreement, Goldman Sachs shall be entitled, but not obligated, to terminate this letter agreement at any time in the event that the Company fails to pay in cash the full Retention Fee for any month (whether or not the payment of such Retention Fee would cause the aggregate amount of paid Retention Fees to exceed the Retention Fee Cap). Goldman Sachs agrees to credit or refund 100% of the Retention Fees against any Advisory Fee (as defined below) that becomes payable to Goldman Sachs hereunder so long as such Retention Fees have been paid in full and have not been previously credited against any Advisory Fee (as defined below). The Retention Fee, the Advisory Fee and the Break Fee are collectively referred to herein as the "Fees."

- B. Immediately upon the consummation of a Transaction, the Company shall pay to Goldman Sachs a fee of 1.75% of the aggregate consideration paid in such transaction or transactions; provided, that if a Transaction involving all or substantially all of the Cloister, the Lodge, the Spa and the Beach Club (the "Core Assets") is consummated in one or a series of transactions, our aggregate fee hereunder for such transaction or transactions (including for the avoidance of doubt any fees already earned by Goldman Sachs for a Transaction involving less than all or substantially all of the Core Assets) shall in no event be less than \$4,000,000 (such fees payable pursuant to this paragraph, the "Advisory Fee").

The aggregate consideration for purposes of calculating an Advisory Fee shall be:

- (i) in the case of the sale, exchange or purchase of the Company's equity securities, the total consideration paid for such securities (including amounts paid to holders of options, warrants and convertible securities), plus the principal amount of all indebtedness for borrowed money (including, without limitation, any lending lease obligations and any of the Company's membership obligations for deposits) assumed or repaid by the purchaser as part of the Transaction, and

- (ii) in the case of a sale or disposition by the Company of all or a significant portion of the Company's assets, the total consideration paid for such assets with cash or other securities or instruments, plus the net value of any current assets not sold by the Company (and, in the case of the sale of one or more, but not all, of the Core Assets, total consideration shall include the net value of any retained current assets relating to such Core Asset(s) but shall exclude any retained current assets not relating to such Core Asset(s)) and the principal amount of all indebtedness for borrowed money (including, without limitation, any lending lease obligations and any of the Company's membership obligations for deposits) assumed by the purchaser.

Amounts paid into escrow and contingent payments in connection with any Transaction will be included as part of the aggregate consideration. Fees on amounts paid into escrow in respect of any consummated Transaction will be payable upon the establishment of such escrow. If the consideration in connection with any Transaction may be increased by payments related to future events, the portion of our fee relating to such contingent payments will be calculated and paid if and when such contingent payments are made. Aggregate consideration in connection with any Transaction also shall include the aggregate amount of any (i) dividends or other distributions declared by the Company with respect to its stock after the date hereof, other than normal recurring cash dividends in amounts not materially greater than currently paid, and (ii) amounts paid by the Company to repurchase any securities of the Company outstanding on the date hereof.

In connection with a sale of 50% or more of the outstanding common stock of the Company, the Advisory Fee will be payable and calculated under the definition of aggregate consideration set forth above as though 100% of the outstanding common stock on a fully diluted basis had been acquired for the same per share amount paid in the transaction in which 50% or more of the Company's outstanding common stock is acquired by a purchaser or group of affiliated purchasers.

If any portion of the aggregate consideration is paid in the form of securities, the value of such securities, for purposes of calculating the Advisory Fee, will be determined by the average of the last sales prices for such securities on the five trading days ending five trading days prior to the date of the consummation of the transaction. If such securities do not have an existing public trading market, the value of the securities shall be the mutually agreed upon fair market value on the day prior to the consummation of the transaction.

If the Company or any of its affiliates enters into a definitive agreement with respect to a Transaction (the "Transaction Agreement") and (i) such Transaction Agreement is terminated prior to consummation of such Transaction or such Transaction is otherwise not ultimately consummated and (ii) the Company receives a payment (the "Payment") at any time in connection with such termination or non-consummation, the Company agrees to pay to Goldman Sachs a fee of 30% of such Payment in cash if and when such Payment is made to the Company (the "Break Fee"), which Break Fee shall be credited against any Advisory Fees hereunder. In the event that a Transaction Agreement is entered into with a Registered Prospect (as defined below) within twelve months after the termination of this Agreement and the Company receives a Payment pursuant to the terms of such Transaction Agreement, Goldman Sachs shall be entitled to a Break Fee; provided, however, that in the event any portion of the Payment (an "Avoided Payment") is avoided or otherwise set aside and the Company is required to return or disgorge such Avoided Payment, then Goldman Sachs shall remit to the Company its 30% share of such Avoided Payment.

The Fees do not include any services Goldman Sachs or any of its affiliates may render in the future to the Company with respect to any specific transaction other than our role as financial advisor pursuant to the terms of this letter as specifically set forth above. In the event that the Company determines to undertake a specific transaction, the Company shall offer Goldman Sachs or one of its affiliates the right to act in such transaction (the "Other Services") as:

- (i) joint book-running lead manager or joint agent in the case of any offering or placement of securities, including, but not limited to debt, equity, preferred and other hybrid equity securities;
- (ii) joint lead arranger and book-runner, joint syndication agent and administrative agent in the case of a syndicated bank loan or bridge loan (including for the avoidance of doubt any debtor-in-possession financing);
- (iii) lead dealer manager, lead agent, lead advisor, as applicable, in the case of any exchange or tender offer or consent solicitation undertaken by the Company, or any repurchase of debt securities by the Company;
- (iv) principal or counterparty in the case of any foreign exchange or interest rate swap or other hedging or similar transaction (and Goldman Sachs will not be acting as an agent of or advisor to the Company with respect to such transactions or the terms thereto); and
- (v) lead advisor or dealer manager, as applicable, in the case of any other transaction.

If Goldman Sachs agrees to act in such capacity, the Company and Goldman Sachs will enter into an appropriate form of agreement relating to the type of transaction involved and containing customary terms and conditions, including customary fee provisions (providing that, for each such transaction, no other party shall be offered fees or overall economics greater than those offered to Goldman Sachs) and provisions relating to our indemnity. However, unless specifically covered by a separate agreement setting forth such arrangement, the provisions in the attached Annex A shall apply to each such transaction. The Company acknowledges that this letter agreement is neither an expressed nor an implied commitment by Goldman Sachs to act in any capacity in any such transaction, to provide financing or to purchase or place any loans or securities, which commitment shall only be set forth in a separate agreement.

You also agree to reimburse us quarterly, and upon consummation of the transaction or transactions contemplated hereby or upon termination of our services pursuant to this letter, for our reasonable expenses, including the reasonable fees and disbursements of our attorneys, plus any sales, use or similar taxes (including additions to such taxes, if any) arising in connection with any matter referred to in this letter agreement, whether incurred before or after the execution of this letter agreement (such amounts which expressly exclude the indemnity obligations set forth in Annex A, the "Expenses"); provided, however, that such expenses shall not include any allocated overhead or fees of internal personnel including counsel. The fees and disbursements of counsel retained pursuant to the immediately preceding sentence shall not exceed \$100,000 in the aggregate without the prior consent of the Company, such consent not to be unreasonably withheld; provided, however, this sentence shall in no way affect the Company's obligations as set forth in Annex A to this letter. The Company instructs Goldman Sachs to send any invoice related to Expenses to David Bansmer at the address above or at davidbansmer@seaisland.com.

The Company will use reasonable best efforts to promptly secure a consent and acknowledgement (the "Lender Consent") from Columbus Bank and Trust Company, as Agent (the "Agent") under that certain Restructuring Agreement dated as of July 20, 2009, amended and modified to date, in the form attached hereto as Exhibit A, and the effectiveness of this letter agreement is conditioned upon the execution and delivery of such Consent by all parties thereto.

In the event of the commencement of Chapter 11 proceedings, the Company agrees that, if so requested by Goldman Sachs, it will use reasonable best efforts to obtain prompt authorization from the Bankruptcy Court to retain Goldman Sachs on the terms and conditions set forth in this letter, or such terms and conditions as may be otherwise agreed upon in an amended letter, pursuant to sections 327(a) and 328(a) of the Bankruptcy Code and subject to the standard of review provided in section 328(a) of the Bankruptcy Code and not subject to any other standard of review under section 330 of the Bankruptcy Code. Subject to being so retained, Goldman Sachs agrees that during the pendency of any such proceedings, it shall continue to perform its obligations under this letter, or



such amended letter, and that it shall file interim and final applications for allowance of Fees and Expenses payable to it under the terms of this letter pursuant to the applicable Federal Rules of Bankruptcy Procedure, and the local rules and order of the Bankruptcy Court. The Company shall supply Goldman Sachs with a draft of the application and proposed retention order authorizing Goldman Sachs' retention sufficiently in advance of the filing of such application and proposed order to enable Goldman Sachs and its counsel to review and comment thereon. Goldman Sachs shall be under no obligation to provide any services under this letter in the event that the Company becomes a debtor under the Bankruptcy Code unless Goldman Sachs' retention under the terms of this letter is approved under section 328(a) of the Bankruptcy Code by final order of the Bankruptcy Court, which order is acceptable to Goldman Sachs. If Goldman Sachs is authorized by the Bankruptcy Court to be retained in such Chapter 11 case, the Company agrees that the Fees, Expenses and other amounts payable to Goldman Sachs hereunder or any amended letter (including Annex A hereto) shall be entitled to priority as administrative expenses under sections 503(b)(1)(A) and 507(a)(1) of the Bankruptcy Code and any and all such Fees, Expenses and other amounts shall be entitled to the benefit of any "carve outs" for professional fees and expenses in effect in any case commenced by the Company under the Bankruptcy Code pursuant to any financing orders and/or cash collateral orders now or hereafter in effect. In so agreeing to seek Goldman Sachs' retention under sections 327(a) and 328(a) of the Bankruptcy Code, the Company acknowledges that it believes that Goldman Sachs' general restructuring experience and expertise, its knowledge of the capital markets and its merger and acquisition capabilities will inure to the benefit of the Company in pursuing any Transaction, that the value to the Company of Goldman Sachs' services hereunder derives in substantial part from that expertise and experience and that, accordingly, the structure and amount of the contingent Advisory Fee and Break Fee is reasonable regardless of the number of hours to be expended by Goldman Sachs' professionals in the performance of the services to be provided hereunder.

Please note that any written or oral advice provided by Goldman Sachs in connection with our engagement is exclusively for the information of the Board of Directors and senior management of the Company in connection with their consideration of the transaction, and such advice and the terms of this letter may not be disclosed to any third party or circulated or referred to publicly or used or relied on by any other party or for any other purpose without our prior written consent.

In order to coordinate most effectively our efforts together to effect a transaction satisfactory to the Company during the term of our engagement, the Company and its management will promptly inform us of any discussions they may have or of inquiry they may receive concerning a Transaction.

In connection with engagements such as this, it is our firm policy to receive indemnification. The Company agrees to the provisions with respect to our indemnity and other matters set forth in Annex A, which is incorporated by reference into this letter. Each of Sea Island Company and Sea Island Coastal Properties, LLC acknowledges and agrees that all of their obligations pursuant to this letter (including those in Annex A hereto) are joint and several.

As you know, Goldman Sachs is a full service securities firm engaged, either directly or through its affiliates in various activities, including securities trading, investment banking, commercial banking and financial advisory services, investment management, principal investment, financial planning, benefits counseling, risk management, hedging, financing, brokerage activities and other financial and non-financial activities and services for various persons and entities. In the ordinary course of these activities and services, Goldman Sachs and its affiliates may at any time make or hold long or short positions and investments, as well as actively trade or effect transactions, in equity, debt and other securities (or related derivative securities) and financial instruments (including bank loans and other obligations) for their own account and for the accounts of their customers. Such investment and securities activities may involve securities and instruments of the Company, as well as of other entities and persons and their affiliates which may (i) be involved in transactions arising from or relating to the engagement contemplated by this letter, (ii) be customers or competitors of the

Company, or (iii) have other relationships with the Company. In addition, Goldman Sachs and its affiliates may provide investment banking, commercial banking, underwriting and financial advisory services to such other entities and persons. Goldman Sachs and its affiliates may also co-invest with, make direct investments in, and invest or co-invest client monies in or with funds or other investment vehicles managed by other parties, and such funds or other investment vehicles may trade or make investments in securities of the Company or such other entities. The engagement contemplated by this letter may have a direct or indirect impact on the investments, securities or instruments referred to in this paragraph. Although Goldman Sachs in the course of such other activities and relationships may acquire information about the transaction contemplated by this letter or other entities and persons which may be the subject of the engagement contemplated by this letter, Goldman Sachs shall have no obligation to disclose such information, or the fact that Goldman Sachs is in possession of such information, to the Company or to use such information on the Company's behalf.

Our services may be terminated by you or us at any time with or without cause effective upon receipt of written notice to that effect. We will be entitled to the applicable Advisory Fee set forth above in the event that at any time prior to the expiration of twelve months after such termination a Transaction is consummated with a Registered Prospect. For purposes of this agreement, the term "Registered Prospect" shall mean (i) those persons or entities on an initial list of prospects formulated by Goldman Sachs at the commencement of its engagement and whom Goldman Sachs contacts as a part of its engagement, which list shall be delivered to the Company and the Agent promptly after the execution date of this Letter Agreement (as updated from time to time pursuant to this paragraph, the "Prospects List"), and (ii) other persons or entities with whom Goldman Sachs has, during the term of its engagement (and in any event prior to a transfer of all or substantially all of the Resort Assets to the Agent and/or the Lenders or a Lender Affiliate), subsequently engaged in one or more discussions regarding the Resort Assets or a Transaction or expressed some level of bona fide interest (but not necessarily to the level of undertaking substantive due diligence,

executing confidentiality agreements or the like) (in the case of (i) and (ii), or such person's or entity's affiliates) and whom Goldman Sachs has added, in writing (electronic mail satisfying such requirement), to the Prospects List. Within two (2) business days after either: (i) the termination of the Engagement Letter by the Company or (ii) the transfer of all or substantially all of the Resort Assets to the Agent and/or the Lenders or a Lender Affiliate, Goldman Sachs shall provide a final update to the Prospects List. Goldman Sachs shall update the Prospects List and provide such updated list to the Agent and the Company as often as Goldman Sachs deems appropriate or, upon the request of the Agent, which request shall be made not more often than weekly. We will also be entitled to the Break Fee set forth above in the event that at any time prior to the expiration of twelve months after such termination a Transaction Agreement is entered into and a Payment is eventually made; provided, however, that in the event the Company is required to return or disgorge an Avoided Payment, then Goldman Sachs shall remit to the Company its 30% share of such Avoided Payment. The Company's obligations to offer Goldman Sachs the right to act in the capacities set forth above in connection with certain Other Services shall survive any such termination for a period of two years from the date of such termination.

The Company recognizes that, in providing our services pursuant to this letter, we will rely upon and assume the accuracy and completeness of all of the financial, legal, regulatory, accounting, tax and other information provided to, discussed with or reviewed by us for such purposes, and we do not assume any liability therefor or responsibility for the accuracy, completeness or independent verification thereof. Goldman Sachs will have no obligation to conduct any independent evaluation or appraisal of the assets or liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of the Company or any other party or any of their respective affiliates or to advise or opine on any related solvency or viability issues. It is understood and agreed that Goldman Sachs will act under this letter as an independent contractor with duties solely to the Company and nothing in this letter or the nature of our services in connection with this engagement or otherwise shall be deemed to create a fiduciary duty or fiduciary or agency relationship between

us and the Company or its stockholders, employees or creditors, and the Company agrees that it shall not make, and hereby waives, any claim based on an assertion of such a fiduciary duty or relationship. Except as set forth in Annex A hereto, nothing in this letter is intended to confer upon any other person (including stockholders, employees or creditors of the Company) any rights or remedies hereunder or by reason hereof.

The Company shall be responsible for assessing the commercial benefits and implications for the Company, its stockholders and other stakeholders of any proposal which is the subject of this letter (including but not limited to whether any transaction is in the best interests of stockholders) and Goldman Sachs shall not be responsible for advice given by other advisers or any other entity.

In accordance with the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)), Goldman Sachs is required to obtain, verify and record information that identifies its clients, including the Company, which information may include the name and address of its clients, as well as other information that will allow Goldman Sachs to properly identify its clients.

Goldman Sachs does not provide accounting, tax, legal or regulatory advice. Notwithstanding anything herein to the contrary, you are authorized to disclose to any person the U.S. federal and state income tax treatment and tax structure of the potential transaction and all materials of any kind (including tax opinions and other tax analyses) provided to you relating to that treatment and structure, without Goldman Sachs imposing any limitation of any kind. However, any information relating to the tax treatment and tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent necessary to enable any person to comply with securities laws. For this purpose, "tax structure" is limited to any facts that may be relevant to that treatment.

Please confirm that the foregoing is in accordance with your understanding by signing and returning to us the enclosed copy of this letter, which shall become a binding agreement upon our receipt. We are delighted to accept this engagement and look forward to working with you on this assignment.

Very truly yours,

GOLDMAN, SACHS & CO.

Confirmed:

By: Goldman Sachs & Co.  
Name: BENJAMIN LEAHY  
Title: MANAGING DIRECTOR  
Date: 2/16/10

SEA ISLAND COMPANY

By: [Signature]  
Name: David Barsmer  
Title: President, COO  
Date: 2-17-2010

SEA ISLAND COASTAL PROPERTIES, LLC

By: [Signature]  
Name: David Barsmer  
Title: President, COO  
Date: 2-17-2010

**Annex A**

*In the event that Goldman Sachs becomes involved in any capacity in any action, proceeding or investigation brought by or against any person, including stockholders of the Company, in connection with or as a result of either our engagement or any matter referred to in this letter, the Company periodically will reimburse Goldman Sachs for its legal and other expenses (including the cost of any investigation and preparation) incurred in connection therewith. The Company also will indemnify and hold Goldman Sachs harmless against any and all losses, claims, damages or liabilities to any such person in connection with or as a result of either our engagement or any matter referred to in this letter, except to the extent that any such loss, claim, damage or liability results from the gross negligence or bad faith of Goldman Sachs in performing the services that are the subject of this letter. If for any reason the foregoing indemnification is unavailable to Goldman Sachs or insufficient to hold it harmless, then the Company shall contribute to the amount paid or payable by Goldman Sachs as a result of such loss, claim, damage or liability in such proportion as is appropriate to reflect the relative economic interests of the Company and its stockholders on the one hand and Goldman Sachs on the other hand in the matters contemplated by this letter as well as the relative fault of the Company and Goldman Sachs with respect to such loss, claim, damage or liability and any other relevant equitable considerations. The reimbursement, indemnity and contribution obligations of the Company under this paragraph shall be in addition to any liability which the Company may otherwise have, shall extend upon the same terms and conditions to any affiliate of Goldman Sachs and the partners, directors, agents, employees and controlling persons (if any), as the case may be, of Goldman Sachs and any such affiliate, and shall be binding upon and inure to the benefit of any successors, assigns, heirs and personal representatives of the Company, Goldman Sachs, any such affiliate and any such person. The Company also agrees that neither Goldman Sachs nor any of such affiliates, partners, directors, agents, employees or controlling persons shall have any liability to the Company or any person asserting claims on behalf of or in right of the Company in connection with or as a result of either our engagement or any matter referred to in this letter except to the extent that any losses, claims, damages, liabilities or expenses incurred by the Company result from the gross negligence or bad faith of Goldman Sachs in performing the services that are the subject of this letter. Prior to entering into any agreement or arrangement with respect to, or effecting, any proposed sale, exchange, dividend or other distribution or liquidation of all or a significant portion of its assets in one or a series of transactions or any significant recapitalization or reclassification of its outstanding securities that does not directly or indirectly provide for the assumption of the obligations of the Company set forth in this Annex A, the Company will notify Goldman Sachs in writing thereof (if not previously so notified) and, if requested by Goldman Sachs, shall use its reasonable best efforts to arrange in connection therewith alternative means of providing for the obligations of the Company set forth in this paragraph, including the assumption of such obligations by another party, insurance, surety bonds or the creation of an escrow, in each case in an amount and upon terms and conditions satisfactory to Goldman Sachs. Any right to trial by jury with respect to any action or proceeding arising in connection with or as a result of either our engagement or any matter referred to in this letter is hereby waived by the parties hereto. The Company agrees that any suit or proceeding arising in respect to this letter or our engagement will be tried exclusively in the U.S. District Court for the Southern District of New York or, if that court does not have subject matter jurisdiction, in any state court located in the City and County of New York, and the Company agrees to submit to the jurisdiction of, and to venue in, such courts. The provisions of this Annex A shall survive any termination or completion of the engagement provided by this letter, and this letter and any matters related to this engagement shall be governed by and construed in accordance with the laws of the State of New York without regard to conflict of law principles that would result in the application of any law other than the law of the State of New York.*