

RESOLUTION NO. \_\_\_\_\_

**A RESOLUTION APPROVING CERTAIN HOSPITAL REVENUE BONDS  
ISSUED BY THE LEXINGTON COUNTY HEALTH SERVICES DISTRICT, INC.  
PURSUANT TO THE PROVISIONS OF ARTICLES 15 AND 16 OF CHAPTER 7,  
TITLE 44, OF THE CODE OF LAWS OF SOUTH CAROLINA 1976, AS  
AMENDED.**

**WHEREAS**, pursuant to Ordinance No. 88-1 adopted on February 22, 1988, as amended by Ordinance No. 07-14 of 2007, Ordinance No. 09-11 of 2009, and Ordinance No. 11-1 of 2011, the County Council of Lexington County (the ***“County Council”***) created the Lexington County Health Services District, Inc. (the ***“District”***) pursuant to Articles 15, Chapter 7 of Title 44 of the Code of Laws of South Carolina 1976, as amended (the ***“S.C. Code”***); and

**WHEREAS**, the District is a body politic and corporate and a political subdivision of the State of South Carolina; and

**WHEREAS**, the District was incorporated on March 31, 1988, pursuant to Article 16, Chapter 7 of Title 44 of the S.C. Code; and

**WHEREAS**, the District is authorized to issue bonds to provide health care services and facilities and such bonds do not constitute an obligation of Lexington County, South Carolina (the ***“County”***), as further stated in Section 2 hereof; and

**WHEREAS**, the District issued its \$62,705,000 Hospital Revenue Refunding Bonds, Series 2011 (the ***“Series 2011 Bonds”***) for the purpose of providing funds to refund \$64,840,000 principal amount of the \$94,030,000 Lexington County Health Services District, Inc. Hospital Revenue Refunding and Improvement Bonds, Series 1997, the proceeds of which were used (a) to finance certain improvements and renovations to facilities of the District, including the acquisition of equipment therefor; (b) to advance refund the \$63,310,000 Lexington County Health Services District, Inc. Hospital Revenue Bonds, Series 1991, the proceeds of which were used (i) for expansions and renovations to meet healthcare needs of area residents, including a new entrance on the north side of the hospital encompassing a centralized admitting area, new Radiation Therapy Center, Magnetic Resonance Imaging Center, cardiac rehabilitation, physical therapy expansion, and medical day care unit, as well as expansion of the Emergency Department, consolidation and addition of outpatient and inpatient surgery suites, expansion of the Level II nursery, new intensive care units, expansion of parking facilities, and improvements to Rikard Nursing Homes, and (ii) to refund on a current basis the \$10,000,000 Lexington County Hospital Board of Trustees Revenue Note, Series 1985, for building improvements to Rikard Nursing Homes; and (c) to refund on a current basis the \$10,000,000 Lexington County Health Services District, Inc. Hospital Revenue Bond, Series 1994, the proceeds of which were used to construct an addition to the existing Bertha K. Rikard Building and a new building or buildings on the south side of Old Cherokee Road in Lexington County, South Carolina, to serve as a nursing home, and related amenities on that property of LexMed, Inc. and doing business as Rikard Nursing Homes; and

**WHEREAS**, the District issued its \$176,580,000 Hospital Revenue Bonds, Series 2016 (the ***“Series 2016 Bonds”***) for the purpose of providing funds to finance various capital acquisitions and improvements for the District, as follows: (A) the construction of a parking garage, (B) the construction of a hospital tower and renovations, additions, expansions and enlargements to the District’s hospital facilities located on the District’s campus of Lexington Medical Center, and (C) the construction of a central energy plant; and

**WHEREAS**, the District issued its \$146,510,000 Hospital Revenue Refunding Bonds, Series 2017 (the ***“Series 2017 Bonds”***) for the purpose of providing a portion of the funds required to current refund the outstanding \$163,615,000 principal amount of the \$181,575,000 original principal amount of the Hospital Revenue Refunding Bonds, Series 2007, the proceeds of which were used (i) to advance refund the callable

portion of the \$149,390,000 Lexington County Health Services District, Inc., Hospital Revenue Refunding and Improvement Bonds, Series 2002, the proceeds of which were used (i) to refinance (1) the \$10,000,000 Lexington County Health Services District, Inc., Hospital Facilities Revenue Bonds, Series 1999; (2) the \$10,000,000 Lexington County Health Services District, Inc., Hospital Facilities Revenue Bonds, Series 2000; and (3) the \$10,000,000 Lexington County Health Services District, Inc., Hospital Facilities Revenue Bonds, Series 2001; (ii) to finance certain additions, expansions and enlargements to the District's existing healthcare facilities, including the acquisition of equipment therefor; and (iii) to advance refund the callable portion of the \$60,000,000 Lexington County Health Services District, Inc., Hospital Revenue Bonds, Series 2004, the proceeds of which were used to finance the completion of a clinical services expansion and renovation project that will increase surgical capacity and expand ancillary and support services, the addition of a five-story inpatient bed tower, the construction of a business services building and the acquisition of routine capital equipment and furnishings; and

**WHEREAS**, the District issued its \$103,000,000 Hospital Revenue Bond, Series 2018 (the "**Series 2018 Bond**") for the purpose of providing funds to finance various capital acquisitions and improvements for the District, including, but not limited to, the following: (A) the construction of a parking garage, (B) the construction of a hospital tower and renovations, additions, expansions and enlargements to the District's hospital facilities located on the District's campus of Lexington Medical Center, and (C) the construction of a central energy plant; and

**WHEREAS**, the District intends to transfer substantially all of its assets to Lexington Health, Inc. (the "**Corporation**") pursuant to Ordinance No. 20-15 enacted by the County Council on September 8, 2020 and other instruments of conveyance between the District and the Corporation, and among the District, the County and the Corporation (collectively, the "**Instruments of Conveyance**"), which would result in a change in use of the facilities financed or refinanced by the Series 2011 Bonds, the Series 2016 Bonds, the Series 2017 Bonds and the Series 2018 Bond (collectively, the "**Outstanding Bonds**") under federal income tax laws; and

**WHEREAS**, the District intends to take remedial action pursuant to Section 1.141-12 of the IRS regulations (the "**Tax Regulations**") to preserve the exclusion of interest on the Outstanding Bonds for federal income tax purposes despite such change in use; and

**WHEREAS**, the facilities financed or refinanced with proceeds of the Outstanding Bonds (collectively, the "**Projects**") are or will be owned by the District and located in the County, and after the execution of the Instruments of Conveyance, will be operated by the Corporation, a South Carolina not for profit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code (the "**Code**"); and

**WHEREAS**, upon the effective date of the Instruments of Conveyance, the Outstanding Bonds will be deemed to be reissued as new debt obligations for federal income tax purposes under the Tax Regulations (the "**Reissued Bonds**") as Qualified 501(c)(3) Private Activity Bonds, the interest on which the District intends to be excluded from gross income for federal income tax purposes under Section 145 of the Code; and

**WHEREAS**, the Reissued Bonds will be secured by and payable solely from the revenues of the Projects and other health care facilities operated by the District and the Corporation; and

**WHEREAS**, the County Council and the District have on this date jointly held a public hearing, duly noticed by publication in *The State*, a newspaper having general circulation in Lexington County, and an electronic posting on the County's primary public website in an area of that website used to inform its residents about events affecting the residents, not less than 7 days prior to the date hereof, at which all interested persons have been given a reasonable opportunity to express their views or to present their opinions in writing;

**NOW THEREFORE, BE IT RESOLVED** by the County Council of Lexington County, South Carolina, as follows:

**Section 1.** Pursuant to Section 147(f) of the Code, the County Council hereby approves the reissuance of all or a portion of the Outstanding Bonds by the District as Qualified 501(c)(3) Private Activity Bonds to refinance the Projects, which are located entirely in the County.

**Section 2.** The Reissued Bonds shall in no way be an obligation, liability or indebtedness of the County. The Reissued Bonds will be secured by and payable solely from the revenues derived by the District and the Corporation. The Bonds do not represent a general obligation of the State of South Carolina, the District, the County, or any other agency or political subdivision of the State of South Carolina within the meaning of any state constitutional provision or statutory limitation or constitute or give rise to any pecuniary liability of such agency or political subdivision or a charge against their general credit or taxing powers. The District has no taxing authority.

**Section 3.** The County Council conducted the public hearing for purposes of satisfying the federal tax requirements related to the Reissued Bonds as part of its remedial action under Section 1.141-12(f) of the Tax Regulations to preserve the exclusion of interest on the Outstanding Bonds from gross income for federal income tax purposes including public approval of the Reissued Bonds for purposes of Section 147(f) of the Code, Treasury Regulation 1.147(f)-1(b).

**Section 4.** This Resolution shall take effect and be in full force and effect from and after its adoption.

Adopted this 22<sup>nd</sup> day of December, 2020.

**LEXINGTON COUNTY, SOUTH CAROLINA**

Attest:

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Chairman  
Lexington County, South Carolina

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Clerk to County Council  
Lexington County, South Carolina

**STATE OF SOUTH CAROLINA**

**COUNTY OF LEXINGTON**

I, the undersigned Clerk of the County Council of Lexington County, South Carolina, do hereby certify that the foregoing is a true, correct and verbatim copy of a Resolution duly adopted at a meeting of said County Council held on December 22, 2020, at which meeting a quorum was present and acting throughout.

**WITNESS MY HAND** this 22<sup>nd</sup> day of December, 2020.

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Clerk to County Council of  
Lexington County, South Carolina