

NOTICE OF PUBLIC HEARING

NOTICE IS HEREBY GIVEN that a public hearing will be held jointly by Lexington County, South Carolina (the “*County*”) and the Lexington County Health Services District, Inc. (the “*Issuer*”), on December 22, 2020, at 1:00 p.m. in the Dorothy K. Black Chambers located on the Second Floor of the County Administration Building, 212 South Lake Drive, Lexington, South Carolina. The purpose of the Public Hearing is to receive public comments on Resolution No. R-20-10 - “**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**” to be considered in connection with a proposed deemed reissuance of Hospital Revenue Bonds and Hospital Revenue Refunding Bonds (“*Reissued Bonds*”) by the Issuer, currently outstanding in the principal amount of **\$441,985,000**, resulting from a proposed change in use of the healthcare facilities financed or refinanced by the Reissued Bonds which change was authorized pursuant to Ordinance No. 20-15 enacted by the County Council of the County on September 8, 2020 and will be implemented pursuant to certain instruments of conveyance among the Issuer, the County and Lexington Health, Inc. (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*”), expected to be effective on or about February 28, 2021. The healthcare facilities financed or refinanced by the proceeds of the Reissued Bonds will be used by the Corporation as the new operator of such healthcare facilities.

The Issuer intends to preserve the tax exemption of the Reissued Bonds by taking remedial action under Section 1.141-12(f) of the U.S. Treasury Regulations which will cause the Reissued Bonds to be treated as Qualified 501(c)(3) Bonds, as defined in Section 145 of the Code.

The Reissued Bonds will consist of all or a portion of the following obligations:

- (1) \$62,705,000 Lexington County Health Services District, Inc. Hospital Revenue Refunding Bonds, Series 2011, currently outstanding in the principal amount of \$30,110,000;
- (2) \$176,580,000 Lexington County Health Services District, Inc. Hospital Revenue Bonds, Series 2016 currently outstanding in the principal amount of \$176,580,000;
- (3) \$146,510,000 Lexington County Health Services District, Inc. Hospital Revenue Refunding Bonds, Series 2017, currently outstanding in the principal amount of \$132,295,000; and
- (4) \$103,000,000 Lexington County Health Services District, Inc. Hospital Revenue Bond, Series 2018, currently outstanding in the principal amount of \$103,000,000.

The proceeds of the Reissued Bonds were used to finance or refinance a portion of the cost of construction of improvements to, renovations of, additions to, and/or the acquisition of capital equipment for various healthcare facilities operated by the Issuer, as well as to pay the costs of issuance thereof. The Reissued Bonds have been allocated by the Issuer to the following healthcare facilities:

- (1) \$420,926,831 for Lexington Medical Center, a 438-bed acute care medical center located at 2720 Sunset Boulevard, West Columbia, South Carolina 29169;
- (2) \$9,208,399 for Lexington Medical Center Extended Care, a skilled nursing facility located at 815 Old Cherokee Road, Lexington, South Carolina 29072;

- (3) \$6,662,071 for Lexington Medical Center Urgent Care, an urgent care facility located at 811 West Main Street, Lexington, South Carolina 29072;
- (4) \$3,635,531 for Lexington Medical Center Irmo, an outpatient facility located at 7035 St. Andrews Road, Columbia, South Carolina 29212;
- (5) \$732,403 for Lexington Medical Center Chapin, an urgent care facility located at 557 Columbia Avenue, Chapin, South Carolina 29036;
- (6) \$394,551 for Lexington Family Practice - Gilbert, a general physician's office located at 4080 Augusta Hwy, Gilbert, South Carolina 29054;
- (7) \$221,185 for Lexington Family Practice White Knoll, a general physician's office located at 5535 Platt Springs Road, Lexington, South Carolina 29073;
- (8) \$184,018 for Lexington Medical Center Swansea, an urgent care facility located at 935 West 2nd Street, Swansea, South Carolina 29160;
- (9) \$9,981 for Lexington Surgical Associates, a surgical physician practice located at 809 South Lake Drive, Lexington, South Carolina 29072;
- (10) \$3,782 for Wellness Center Irmo, a physical fitness center located at 1674 Lake Murray Blvd, Columbia, South Carolina 29212;
- (11) \$3,173 for Lexington Family Practice Irmo, a general physician practice located at 7037 St. Andrews Road, Columbia, South Carolina 29212; and
- (12) \$3,075 for Lexington Medical Center Batesburg, an urgent care facility located at 338 West Columbia Avenue, Batesburg-Leesville, South Carolina 29070.

The Reissued Bonds which remain outstanding will be payable solely and exclusively out of payments to be made by the Issuer and the other members of the Obligated Group (as defined in the Master Trust Indenture dated as of November 1, 1997, between the Issuer and U.S. Bank National Association, as master trustee), including the Corporation. The Reissued Bonds will not represent a general obligation of the State of South Carolina, the Issuer, 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 Issuer has no taxing authority.

In addition, the Public Hearing will be held electronically in a virtual environment, which will give participants the opportunity to hear but not comment during the Public Hearing. Those wishing to provide written public comments may do so by visiting the Lexington County Council section of the Lexington County website address of www.lex-co.com. Anyone who wishes to submit comments will need to save the form to your device and email the form to countycouncil@lex-co.com. Additionally, comments may be emailed to countycouncil@lex-co.com or mailed to the Clerk of County Council at 212 South Lake Drive, Lexington, SC 29072. All comments should be submitted by 2:00 p.m. on December 21, 2020. All public comments will be read aloud during the Public Hearing and included in the minutes of the County Council meeting. The Public Hearing will be livestreamed on the County's website by visiting the <http://lexingtoncountysc.iqm2.com/Citizens/Default.aspx>. The Public Hearing is also available on Spectrum Cable Channel 1302.

A copy of the Resolution is available for review at the County from the Clerk of Lexington County Council at (803)-785-8103 or by email at BShumpert@lex-co.com. Also, a copy of the Resolution can be viewed on the Lexington County Website (www.lex-co.com) under County Council when the agenda is posted on the County website.

If special accommodations are needed to participate in the Public Hearing, please contact the Lexington County Council office at (803)-785-8103 or BShumpert@Lex-co.com.

Scott R. Whetstone
Chairman
Lexington County Council

RESOLUTION NO. 20-10

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 22nd day of December, 2020.

LEXINGTON COUNTY, SOUTH CAROLINA

Attest:

Chairman
Lexington County, South Carolina

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 22nd day of December, 2020.

Clerk to County Council of
Lexington County, South Carolina