

B. ORDINANCE NO. 31-2009/10

An Ordinance To Declare As Surplus Real Property Owned By Florence County Located At 404 East Hampton Street, Olanta, South Carolina And Designated As Tax Map Number 04530-03-029; And To Authorize The Conveyance Or Public Sale Thereof, Including A First Right Of Refusal; And Other Matters Relating Thereto.

C. ORDINANCE NO. 32-2009/10

An Ordinance Authorizing The Execution And Delivery Of Not Exceeding \$215,000,000 Aggregate Principal Amount Hospital Revenue Bonds (McLeod Regional Medical Center Project) Of Florence County, South Carolina, From Time To Time, In One Or More Series, Pursuant To Article 11, Chapter 7, Title 44, Code Of Laws Of South Carolina 1976, As Amended, To Finance The Costs Of Constructing And Equipping An Expansion Of A Hospital Facility Owned And Operated By McLeod Regional Medical Facility Center Of The Pee Dee, Inc., And The Refunding Of Certain Outstanding Revenue Bonds Issued By Florence County On Behalf Of McLeod Regional Medical Center Of The Pee Dee, Inc.; The Entering Into Certain Covenants And Agreements And The Execution And Delivery Of Certain Instruments Relating To The Issuance Of The Aforesaid Bonds Including A Loan Agreement Or Loan Agreements Between Florence County And McLeod Regional Medical Center Of The Pee Dee, Inc., An Assignment By Florence County Of Its Rights Thereunder To The Trustee For Such Bonds, And A Trust Indenture Or Trust Indentures Between Florence County And The Trustee For Such Bonds; And Consenting To The Delivery Of Security Instruments Related To Such Bonds; And Other Matters Relating Thereto.

D. ORDINANCE NO. 33-2009/10

An Ordinance To Ratify FY10 Budget And Grant Resolutions Previously Authorized By Council And Other Matters Related Thereto.

E. ORDINANCE NO. 34-2009/10

An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And McCall Farms, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.

F. ORDINANCE NO. 35-2009/10

An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.

G. ORDINANCE NO. 01-2010/11

An Ordinance To Provide For The Levy Of Taxes In Florence County For The Fiscal Year Beginning July 1, 2010 And Ending June 30, 2011; To Provide For The Appropriation Thereof; To Provide For Revenues For The Payment Thereof; And To Provide For Other Matters Related Thereto.

VII. APPEARANCES:

A. REGINALD COOPER, DIRECTOR – FLORENCE DJJ

[13]

Mr. Cooper Requests To Appear Before Council To Provide An Agency Update.

B. FLORENCE TENNIS ASSOCIATION

[15]

A Representative Of The Florence Tennis Association Will Appear Before Council To Present A Request For Funding For A Restroom Facility For The New Tennis Complex Currently Under Construction In Florence.

C. RICK WALDEN – VETERANS AFFAIRS OFFICER

[17]

Mr. Walden requests to appear before Council to request additional funds for the VA office to use in conjunction with VA programs.

VIII. COMMITTEE REPORTS:

(Items assigned to the Committees in italics. Revisions by Committee Chair requested.)

Administration & Finance

(Council members K. G. “Rusty” Smith, Jr./Chair, Russell W. Culberson, Waymon Mumford and James T. Schofield)

June 18, 2009

Ordinance No.35-2008/09 (Revisions to Procurement Section of County Code)

Public Services & County Planning

(Council members James T. Schofield/Chair, Mitchell Kirby, and Ken Ard)

January 17, 2008

Zoning Ordinance Amendment (Was Ordinance No. 18-2007/08)

February 5, 2009

Voter Registration/Election Office Building

Justice & Public Safety

(Council members Waymon Mumford/Chair, Johnnie D. Rodgers, Jr. and Al Bradley)

Education, Recreation, Health & Welfare

(Council members H. Morris Anderson/Chair, Johnnie D. Rodgers, Jr., and Al Bradley)

October 16, 2008

Air Quality

Agriculture, Forestry, Military Affairs & Intergovernmental Relations

(Council members Russell W. Culberson/Chair, Morris Anderson and Ken Ard)

Ad Hoc Water Study Committee

(Council members Ken Ard/Chair, Mitchell Kirby, Russell W. Culberson, and Johnnie D. Rodgers, Jr.)

City-County Conference Committee

(Council members Alphonso Bradley/Co-Chair, Russell W. Culberson, and Johnnie D. Rodgers, Jr.)

IX. RESOLUTIONS:

A. RESOLUTION NO. 25-2009/10 (*Public Hearing*) [20]

A Resolution In Support Of The Reissuance By The South Carolina Jobs-Economic Development Authority Of Its Economic Development Revenue Bonds (Family Y.M.C.A. Of Greater Florence Project) Series 2000, Outstanding In The Principal Amount Of \$1,500,000, Pursuant To The Provisions Of Title 41, Chapter 43, Of The Code Of Laws Of South Carolina, 1976, As Amended.

B. RESOLUTION NO. 26-2009/10 [23]

A Resolution Expressing The Support And Approval Of The Entry By The Windy Hill Volunteer Fire Company Into A Tax exempt Lease –Purchase Arrangement With Respect To Trucks And Other Fire Fighting Equipment For Use In The Windy Hill Fire District For The Purposes Of Section 147(F) Of The United States Internal Revenue Code Of 1976, As Amended In The Aggregate Principal In The Aggregate Principal Amount Of Not Exceeding \$1,272,588.

X. ORDINANCES IN POSITION:

A. THIRD READING

1. ORDINANCE NO. 22-2009/10 – DEFERRAL [27]

An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And J.P. Morgan Chase, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.

2. ORDINANCE NO. 23-2009/10 – DEFERRAL [54]

An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.

3. ORDINANCE NO. 30-2009/10 [62]

An Ordinance To Zone Property Owned By KAT-ROX LLC, Located At Pamplico Highway And South Flanders Road, Florence County To PD 2010-01, Planned Development District Shown On Florence County Tax Map No. 90147, Block 03, Parcel 66, Consisting Of Approximately 22.08 Acres.

*(Planning Commission **approved** 9 – 0.) (Council District 5)*

B. SECOND READING

1. ORDINANCE NO. 31-2009/10 (Public Hearing) [74]

An Ordinance To Declare As Surplus Real Property Owned By Florence County Located At 404 East Hampton Street, Olanta, South Carolina And Designated As Tax Map Number 04530-03-029; And To Authorize The Conveyance Or Public Sale Thereof, Including A First Right Of Refusal; And Other Matters Relating Thereto.

2. **ORDINANCE NO. 32-2009/10** *(Public Hearing)* [76]
An Ordinance Authorizing The Execution And Delivery Of Not Exceeding \$215,000,000 Aggregate Principal Amount Hospital Revenue Bonds (McLeod Regional Medical Center Project) Of Florence County, South Carolina, From Time To Time, In One Or More Series, Pursuant To Article 11, Chapter 7, Title 44, Code Of Laws Of South Carolina 1976, As Amended, To Finance The Costs Of Constructing And Equipping An Expansion Of A Hospital Facility Owned And Operated By McLeod Regional Medical Facility Center Of The Pee Dee, Inc., And The Refunding Of Certain Outstanding Revenue Bonds Issued By Florence County On Behalf Of McLeod Regional Medical Center Of The Pee Dee, Inc.; The Entering Into Certain Covenants And Agreements And The Execution And Delivery Of Certain Instruments Relating To The Issuance Of The Aforesaid Bonds Including A Loan Agreement Or Loan Agreements Between Florence County And McLeod Regional Medical Center Of The Pee Dee, Inc., An Assignment By Florence County Of Its Rights Thereunder To The Trustee For Such Bonds, And A Trust Indenture Or Trust Indentures Between Florence County And The Trustee For Such Bonds; And Consenting To The Delivery Of Security Instruments Related To Such Bonds; And Other Matters Relating Thereto.
3. **ORDINANCE NO. 33-2009/10** *(Public Hearing)* [353]
An Ordinance To Ratify FY10 Budget And Grant Resolutions Previously Authorized By Council And Other Matters Related Thereto.
4. **ORDINANCE NO. 34-2009/10** *(Public Hearing)* [358]
An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And McCall Farms, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.
5. **ORDINANCE NO. 35-2009/10** *(Public Hearing)* [378]
An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.

6. **ORDINANCE NO. 01-2010/11** *(Public Hearing)* [388]
An Ordinance To Provide For The Levy Of Taxes In Florence County For The Fiscal Year Beginning July 1, 2010 And Ending June 30, 2011; To Provide For The Appropriation Thereof; To Provide For Revenues For The Payment Thereof; And To Provide For Other Matters Related Thereto.

C. INTRODUCTION

- ORDINANCE NO. 36-2009/10** [401]
An Ordinance To Rezone Property Owned By Bryan Gardner Located At 3414 James Turner Road, Florence County From R-1, Single-Family Residential District To RU-1, Rural Community District Shown On Florence County Tax Map No. 00127, Block 01, Parcel 012 Consisting Of Approximately 25 Acres.
(Planning Commission *approved* 9 – 0.) (Council District 5)

XI. APPOINTMENTS TO BOARDS & COMMISSIONS:

XII. REPORTS TO COUNCIL:

A. ADMINISTRATION

1. **MONTHLY FINANCIAL REPORTS** [411]
Monthly Financial Reports Were Provided To Council For Fiscal Year 2010 Through March 31, 2010 As An Item For The Record.
2. **PINE NEEDLES ROAD PROJECT – C FUNDS PROGRAM** [417]
Accept Allocation From The South Carolina Department Of Transportation (SCDOT) Under The Florence County Transportation Committee (FCTC) C Funds Program, PCN #39980 In The Amount Of \$125,607 For The Continuation Of Sidewalk On Pine Needles Road To St. Andrews Lane.

B. EMERGENCY MEDICAL SERVICES (EMS)

NON-EXCLUSIVE AMBULANCE FRANCHISE APPLICATION

[420]

Award A Non-Exclusive Ambulance Franchise To Lifeline Regional Ambulance, Inc.

C. FINANCE/TAX ASSESSOR

LATE FARM APPLICATIONS

[424]

Extend The Deadline For Late Farm Application Consideration; Authorize Parcels To Be Considered; And, Close The Filing Deadline.

D. PROCUREMENT

1. AWARD BID #22-09/10

[426]

Authorize The Award Of Bid #22-09/10 For An Articulating All Wheel Drive Loader, Bucket And Rake To Dougherty Equipment, Ladson, SC In The Amount Of \$124,268.03 Contingent Upon Dougherty Equipment Providing Acceptable Documentation Of Specifications Of The Bucket And Rake To Procurement Within 15 Days Of This Authorization; And Authorize The County Administrator To Alternatively Award The Bid To The Next Lowest Bidder If Dougherty Equipment Fails To Comply Timely.

2. AWARD BID #26-09/10

[429]

Approve Approximately \$12,500 For Interim Sewage Disposal For The McCall Farms Expansion Project To Allow Compliance With Federal Community Development Block Grant (CDBG) Requirements; And Authorize The County Administrator To Award Bid #26-09/10 For A Sewage Pump Station And Force Main At McCall Farms Being Funded By The Sc Department Of Commerce (CDBG #4-ED-09-004).

E. SHERIFF OFFICE

1. DECLARATION OF SURPLUS PROPERTY

[431]

Declare Four (4) Mini 14 Rifles As Surplus Property In Order To Trade In On Replacements.

2. DECLARATION OF SURPLUS PROPERTY

[433]

Declare Three (3) Glock G-17 9mm Handguns, Serial Numbers CHU397US, CHU422US, And CHU581US, As Surplus Property Of The Florence County Sheriff Office For The Purpose Of Awarding To Retiring Employees.

3. **GRANT AWARD – UNITED STATES DEPARTMENT OF JUSTICE (USDOJ)** [436]
Approve The Submission Of A Grant Application For The FY2010 USDOJ Edward Byrne Memorial Justice Grant (JAG) Program Local Solicitation In The Amount Of \$60,843 To Provide Capital/Replacement Equipment For The Florence County Sheriff Office.

XIII. OTHER BUSINESS:

A. INFRASTRUCTURE

1. **LAKE CITY FIRE DEPARTMENT** [438]
Declare Vehicle #V0449 A 1999 Ford F250 Extended Cab Pick-up As Surplus; Authorize The Sale Of The Vehicle To The Lake City Fire Department In The Amount Of \$2,175; And Approve The Expenditure Of Up To \$2,175.00 From Council District 1 Infrastructure Funding Allocation For The Purchase Of The Vehicle For The Lake City Fire Department.
2. **N. ELMORE STREET** [440]
Approve The Expenditure Of Up To \$14,800.00 From Council District 3 Infrastructure Funding Allocations To Pay For The Resurfacing Of 775 Feet Of N. Elmore Street.
3. **PEE DEE COMMUNITY ACTION PARTNERSHIP – DAY CARE HOMES PROGRAM** [441]
Approve The Expenditure Of Up To \$12,425.00 From Council Districts' Infrastructure Funding Allocations (From Each District As Indicated On The Approving Form) To Assist The Pee Dee Community Action Partnership With Replacement Of The Roof At The Day Care Homes Administration Site At 1511 Stokes Road, Florence, SC.
4. **TOWN OF TIMMONSVILLE** [443]
Declare Vehicle #V0994 A 2006 Ford Crown Vic As Surplus; Authorize The Sale Of The Vehicle To The Town Of Timmons ville In The Amount Of \$1,000; Approve The Expenditure Of Up To \$1,000.00 From Council District 4 Infrastructure Funding Allocation For The Purchase Of The Vehicle For The Town Of Timmons ville.
5. **TOWN OF OLANTA** [445]
Approve The Expenditure Of An Amount Not To Exceed \$1,500.00 From Council District 5 Infrastructure Funding Allocation To Provide A Safety Barrier Between The New Playground Equipment And North Liberty Street; An Additional Component At A Community Park In Olanda.

B. ROAD SYSTEM MAINTENANCE FEE (RSMF)

ERNEST LANE

[447]

Approve The Expenditure Of Up To \$11,000.00 From Council District 1 RSMF Funding Allocation To Pay For Rock And Crushed Asphalt For Ernest Lane.

C. UTILITY/INFRASTRUCTURE

LOWER FLORENCE COUNTY PUBLIC SERVICE BUILDING

[448]

Discuss The Expenditure Of Approximately \$55,950.00 From Council District' Utility/Infrastructure Funding Allocations (From Each District As Indicated On The Approving Form) For Proposed Upgrades To The Lower Florence County Public Service Building; \$25,500 – 1”X6”X100’ Steel Gutter Plate And \$30,450 – Parking Expansion And Realignment).

XIV. EXECUTIVE SESSION:

Pursuant to Section 30-4-70 of the South Carolina Code of Laws 1976, as amended.

- contractual matters concerning pending real property transactions
- contractual matters concerning economic development
- legal briefing

XV. INACTIVE AGENDA:

ORDINANCE NO. 35-2008/09

At its regular meeting of June 18, 2009, Council referred this Ordinance to the Committee on Administration & Finance: An Ordinance To Re-Establish And Revise Florence County Procurement Policies and Procedures As Chapter 25.5, Procurement, And To Delete All Conflicting Sections Of The Code; And Other Matters Relating Thereto.

XVI. ADJOURN:

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Minutes

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Council is requested to approve the minutes of the April 15, 2010 regular meeting of County Council.

OPTIONS:

1. Approve minutes as presented.
2. Provide additional directive, should revisions be necessary.

ATTACHMENTS:

Copy of proposed Minutes.

**REGULAR MEETING OF THE FLORENCE COUNTY COUNCIL,
THURSDAY, APRIL 15, 2010, 9:00 A.M., COUNCIL CHAMBERS
ROOM 803, CITY-COUNTY COMPLEX, 180 N. IRBY STREET,
FLORENCE, SOUTH CAROLINA**

PRESENT:

K. G. "Rusty" Smith, Jr., Chairman
Waymon Mumford, Vice-Chairman
H. Morris Anderson, Secretary-Chaplain
Mitchell Kirby, Council Member
Russell W. Culberson, Council Member
Johnnie D. Rodgers, Jr., Council Member
Alphonso Bradley, Council Member
James T. Schofield, Council Member
Richard A. Starks, County Administrator
James C. Rushton, III, County Attorney
Connie Y. Haselden, Clerk to Council

ALSO PRESENT:

Kevin V. Yokim, Finance Director
Dusty Owens, Emergency Management Department Director
Ryon Watkins, EMS Director
Ray McBride, Library Director
David Alford, Voter Recreation/Elections Director
Chuck Tomlinson, Morning News Staff Writer

ABSENT:

J. Ken Ard, Council Member

A notice of the regular meeting of the Florence County Council appeared in the April 14, 2010 edition of the **MORNING NEWS**. Copies of the agenda were faxed to members of the media and posted in the lobby of the City-County Complex, the Doctors Bruce and Lee Foundation Public Library, and on the County's website (www.florenceco.org).

Chairman Smith called the meeting to order. Secretary-Chaplain Anderson provided the invocation and Vice Chairman Mumford led the Pledge of Allegiance to the American Flag. Chairman Smith welcomed everyone attending the meeting.

APPROVAL OF MINUTES:

Councilman Kirby made a motion Council approve the minutes of the March 18, 2010 regular meeting of County Council. Councilman Culberson seconded the motion, which was approved unanimously.

PUBLIC HEARINGS:

There Were No Public Hearings Required, Scheduled, Or Held.

APPEARANCES:

There Were No Appearances Requested Prior To The Deadline For Submission Of Items For The Agenda.

COMMITTEE REPORTS:

COMMITTEE ON PUBLIC SERVICE & COUNTY PLANNING

Committee Chairman Schofield reported he met with the architects, engineers and staff with regard to the Voter Registration/Election Office Building. The Building would not be completed in time for the 2010 elections, but progress was being made.

PROCLAMATIONS:

PUBLIC SAFETY TELECOMMUNICATIONS WEEK

The Clerk published the title of the Proclamation: A Proclamation Declaring The Week Of April 11 – 17, 2010 As Public Safety Telecommunications Week. Councilman Mumford made a motion Council approve the Proclamation as presented. Councilman Anderson seconded the motion, which was approved unanimously.

WEEK OF THE YOUNG CHILD

Councilman Mumford Recognized Ms. Dianne Kirven And Ms. Yvonne Cannon Representing North Vista Elementary School And Stated Earlier In The Week He Presented The School With A Proclamation Recognizing The Week Of April 11 – 17, 2010 As The *Week Of The Young Child*.

RESOLUTIONS:

RESOLUTION NO. 23-2009/10

The Clerk published the title of Resolution No. 23-2009/10: A Resolution Approving The Financing Of The Cost Of Constructing And Equipping Additional Hospital Facilities And Of Refunding Certain Outstanding Indebtedness Benefitting McLeod Regional Medical Center Of The Pee Dee, Inc. Through The Issuance And Delivery Of Florence County, South Carolina, Hospital Revenue Bonds (McLeod Regional Medical Center Project), In One Or More Series, In An Aggregate Amount Not Exceeding \$215,000,000; Authorizing A Petition To The South Carolina State Budget And Control Board For Its Approval Of Such Undertaking Pursuant To Title 44, Chapter 7, Code Of Laws Of South Carolina 1976, As Amended; Approving An Intergovernmental Loan Agreement; Providing For Notice Of Such Approval; Providing For A Public Hearing To Be Held On The Question Of The Issuance Of Such Bonds; Providing For Publication Of Notice Of Such Hearing; And Providing For Other Matters Relating Thereto. Councilman Anderson made a motion Council approve the Resolution as presented. Councilman Bradley seconded the motion, which was approved unanimously.

ORDINANCES IN POSITION:

ORDINANCE NO. 21-2009/10 – THIRD READING

The Clerk published the title of Ordinance No. 21-2009/10: An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina And Wellman Plastics Recycling, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto. Councilman Culberson made a motion Council approve third reading of the Ordinance. Councilman Anderson seconded the motion, which was approved unanimously.

ORDINANCE NO. 22-2009/10 – THIRD READING DEFERRED

The Chairman stated third reading of Ordinance No. 22-2009/10 was deferred: An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And J.P. Morgan Chase, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.

ORDINANCE NO. 23-2009/10 – THIRD READING DEFERRED

The Chairman stated third reading of Ordinance No. 23-2009/10 was deferred: An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.

ORDINANCE NO. 28-2009/10 – THIRD READING

The Clerk published the title of Ordinance No. 28-2009/10: An Ordinance Authorizing The Issuance And Sale Of Florence County, South Carolina, Special Source Revenue Bonds (H.J. Heinz, Monster, And MIT Projects), Series 2010, In The Principal Amount Of \$3,000,000; The Application Of The Proceeds Of Said Bonds To Reimburse The County For Expenditures Previously Made By The County With Respect To Economic Development Projects In The County; And Other Matters Relating Thereto. Councilman Culberson made a motion Council approve third reading of the Ordinance. Councilman Mumford seconded the motion, which was approved unanimously.

ORDINANCE NO. 29-2009/10 – THIRD READING

The Clerk published the Title of Ordinance No. 29-2009/10: An Ordinance Accepting The Transfer By The City Of Florence To The Florence County Election Commission Of The Authority To Conduct The General Election And Associated Primaries And Runoffs Of The City Of Florence And Authorizing The Execution Of An Agreement Providing For Such Transfer And Other Matters Related Thereto. Councilman Anderson made a motion Council approve third reading of the Ordinance. Councilman Mumford seconded the motion, which was approved unanimously.

ORDINANCE NO. 30-2009/10 – SECOND READING

The Clerk published the Title of Ordinance No. 30-2009/10: An Ordinance To Zone Property Owned By KAT-ROX LLC, Located At Pamplico Highway And South Flanders Road, Florence County To PD 2010-01, Planned Development District Shown On Florence County Tax Map No. 90147, Block 03, Parcel 66, Consisting Of Approximately 22.08 Acres. Councilman Rodgers made a motion Council approve second reading of the Ordinance. Councilman Culberson seconded the motion which was approved unanimously.

ORDINANCE NO. 31-2009/10 – INTRODUCED

The Clerk published the Title of Ordinance No. 31-2009/10 and the Chairman declared the Ordinance introduced: An Ordinance To Declare As Surplus Real Property Owned By Florence County Located At 404 East Hampton Street, Olanta, South Carolina And Designated As Tax Map Number 04530-03-029; And To Authorize The Conveyance Or Public Sale Thereof, Including A First Right Of Refusal; And Other Matters Relating Thereto.

ORDINANCE NO. 32-2009/10 – INTRODUCED BY TITLE ONLY

The Clerk published the Title of Ordinance No. 32-2009/10 and the Chairman declared the Ordinance introduced: An Ordinance Authorizing The Execution And Delivery Of Not Exceeding \$215,000,000 Aggregate Principal Amount Hospital Revenue Bonds (McLeod Regional Medical Center Project) Of Florence County, South Carolina, From Time To Time, In One Or More Series, Pursuant To Article 11, Chapter 7, Title 44, Code Of Laws Of South Carolina 1976, As Amended, To Finance The Costs Of Constructing And Equipping An Expansion Of A Hospital Facility Owned And Operated By McLeod Regional Medical Facility Center Of The Pee Dee, Inc., And The Refunding Of Certain Outstanding Revenue Bonds Issued By Florence County On Behalf Of McLeod Regional Medical Center Of The Pee Dee, Inc.; The Entering Into Certain Covenants And Agreements And The Execution And Delivery Of Certain Instruments Relating To The Issuance Of The Aforesaid Bonds Including A Loan Agreement Or Loan Agreements Between Florence County And McLeod Regional Medical Center Of The Pee Dee, Inc., An Assignment By Florence County Of Its Rights Thereunder To The Trustee For Such Bonds, And A Trust Indenture Or Trust Indentures Between Florence County And The Trustee For Such Bonds; And Consenting To The Delivery Of Security Instruments Related To Such Bonds; And Other Matters Relating Thereto.

ORDINANCE NO. 33-2009/10 – INTRODUCED BY TITLE ONLY

The Clerk published the Title of Ordinance No. 32-2009/10 and the Chairman declared the Ordinance introduced: An Ordinance To Ratify FY10 Budget And Grant Resolutions Previously Authorized By Council And Other Matters Related Thereto.

ORDINANCE NO. 34-2009/10 – INTRODUCED BY TITLE ONLY

The Clerk published the Title of Ordinance No. 34-2009/10 and the Chairman declared the Ordinance introduced: An Ordinance To Provide For The Levy Of Taxes In Florence County For The Fiscal Year Beginning July 1, 2010 And Ending June 30, 2011; To Provide For The Appropriation Thereof; To Provide For Revenues For The Payment Thereof; And To Provide For Other Matters Related Thereto.

APPOINTMENTS TO BOARDS AND COMMISSIONS:

ACCOMMODATIONS TAX ADVISORY COMMITTEE

Council Unanimously Approved The Appointment Of Robert Hawkins To Serve In Seat 1 Of The Accommodations Tax Advisory Committee With Appropriate Expiration Term.

ECONOMIC DEVELOPMENT PARTNERSHIP

Council Unanimously Approved The Re-Appointment Of Mr. Larue Kirby (Council District 5) To Serve On The Economic Development Partnership With Appropriate Expiration Term.

WEST FLORENCE RURAL FIRE DISTRICT BOARD

Council Unanimously Approved The Re-Appointment Of Jason Smith To Serve On The West Florence Rural Fire District Board, With Appropriate Expiration Term.

FLORENCE COUNTY BOARD OF HEALTH

Council Unanimously Approved The Re-Appointment Of Debbie Kay Matthews (Council District 5) To Serve On The Florence County Board of Health, With Appropriate Expiration Term.

REPORTS TO COUNCIL:

ADMINISTRATION

MONTHLY FINANCIAL REPORTS

Monthly Financial Reports Were Provided To Council For Fiscal Year 2010 Through February 28, 2010 As An Item For The Record.

REINSTATEMENT OF MEMORANDUM OF UNDERSTANDING

Councilman Kirby made a motion Council Authorize Addendum #2 To The Memorandum Of Understanding (MOU) With Turner's Auto Salvage To Provide For Final Removal Of Waste Tires Estimated To Cost \$9,500.00. Councilman Rodgers seconded the motion, which was approved unanimously.

SOUTH CAROLINA DEPARTMENT OF TRANSPORTATION

Councilman Anderson made a motion Council Accept Allocation From The South Carolina Department Of Transportation (SCDOT) Under The Florence County Transportation Committee (FCTC) C Funds Program, PCN #39865 In The Amount Of \$349,358 For The Construction And Paving Of Industrial Boulevard In Godley Morris Commerce Park. Councilman Mumford seconded the motion, which was approved unanimously.

ECONOMIC DEVELOPMENT

GRANT AWARD SOUTH CAROLINA DEPARTMENT OF COMMERCE

Councilman Rodgers made a motion Council Accept Grant Award #4-ED-09-004 In The Amount Of \$570,000 As Approved By The South Carolina Department Of Commerce Under The Business Development Section Of The Community Development Block Grant (CDBG) Program Approved For The McCall Farms Phase II Expansion Project. Councilman Anderson seconded the motion, which was approved unanimously.

EMERGENCY MANAGEMENT

AUTHORIZATION TO PROCURE – FIRETRAX SOFTWARE UPGRADE

Councilman Anderson made a motion Council Authorize The Procurement Of FireTrax Software Upgrade For The Current Accountability Software Used By The Emergency Management Department From Bridgeway Solutions, The Only Authorized Dealer In South Carolina, In The Amount Of \$19,750.50 Utilizing 2009 Homeland Security Grant Funding. Councilman Rodgers seconded the motion, which was approved unanimously.

AUTHORIZATION TO PROCURE – DISPATCH PROTOCOL SOFTWARE

Councilman Anderson made a motion Council Authorize The Procurement Of Law Enforcement Dispatch Protocol Software From The Current Vendor, Medical Priorities, Inc., To Interface With Current Computer Aided Dispatch (CAD) Software Configuration For The Emergency Management Department Utilizing \$55,246.75 In FY10 Budgeted Funds. Councilman Mumford seconded the motion, which was approved unanimously.

EMERGENCY MEDICAL SERVICES (EMS)

NON-EXCLUSIVE AMBULANCE FRANCHISES

Councilman Rodgers made a motion Council Award Non-Exclusive Ambulance Franchises To Carolina MedCare, Inc., Carolina MedCare/Midlands, Strand Care, LLC, ParaBasic Ambulance Service, MedSouth Transportation, And Lakeside Medical Response, Inc. Councilman Kirby seconded the motion, which was approved unanimously.

PROCUREMENT

AWARD OF BID #18-09/10

Councilman Rodgers made a motion Council Approve The Award Of Bid #18-09/10 For A Mobile Mounted Generator For The Emergency Management Department To National Power Corporation, Raleigh, NC In The Amount Of \$27,561.68 To Be Funded From Budgeted FY10 Funds. Councilman Culberson seconded the motion, which was approved unanimously.

RECREATION/PROCUREMENT

AWARD BID #19-09/10

Councilman Mumford made a motion Council Approve The Award of Bid #19-09/10 -- Tour Events To PML Tours, Marlton, NJ For Various Trips To Be Funded By The Participants If The Minimum Participation Numbers Are Met. Councilman Schofield seconded the motion, which was approved unanimously.

AWARD BID #21-09/10

Councilman Anderson made a motion Council Approve The Award Of Bid #21-09/10 For A Tennis Facility At Ebenezer Park To Mimms Construction, Inc., Hartsville, SC In The Amount Of \$41,333 To Be Funded From Fund 315-441-431-000. Councilman Mumford seconded the motion, which was approved unanimously.

OTHER BUSINESS:

INFRASTRUCTURE FUND

PEE DEE COMMUNITY ACTION PARTNERSHIP TRANSITIONAL SHELTER

Councilman Mumford made a motion Council Approve The Expenditure Of Up To \$35,000.00 From Council Districts 3 And 7 Infrastructure Funding Allocations (\$17,500 From Each District) For The Pee Dee Community Action Partnership Transitional Shelter For Heating, Air, And Electrical Work At The Child Care Facility. Councilman Bradley seconded the motion, which was approved unanimously.

ANNUAL AIR SHOW

Councilman Culberson made a motion Council Approve The Expenditure Of Up To \$1,500.00 From Council District 6 Infrastructure Funding Allocation To Pay For 40 Feet Of 36" Double Wall Solid Pipe For Ditch Under Walkway At The Florence Regional Airport For The Annual Air Show. Councilman Kirby seconded the motion, which was approved unanimously.

AMERICAN LEGION FIELD

Councilman Culberson made a motion Council Approve The Expenditure Of Up To \$2,500.00 From Council Districts 6 And 7 Infrastructure Funding Allocations (\$1,250 From Each District) For Completing Renovations Of The Umpire's Facilities At American Legion Field To Meet Coastal Plains League Standards, Pending The Approval Of Matching Funds By The City Of Florence. Councilman Mumford seconded the motion, which was approved unanimously. Councilmen Mumford and Culberson recognized Mr. Gerald Holley, Chairman of the Florence City-Council Memorial Stadium Commission and expressed appreciation for the excellent job he does. Mr. Holley expressed appreciation for Council's support.

CRIME WATCH SIGNS

Councilman Mumford made a motion Council Approve The Expenditure Of Funds From Council District 7 Infrastructure Funding Allocation In An Amount Estimated At \$129.24 To Assist The Florence County Sheriff Office With The Purchase Of Neighborhood Crime Watch Signs To Be Placed Throughout The Community. Councilman Bradley seconded the motion, which was approved unanimously.

W. HAMPTON POINTE DRIVE & AMESBURY POINTE

Councilman Anderson made a motion Council Approve The Expenditure Of Up To \$13,901.00 From Council District 9 Infrastructure Funding Allocation To Pay For Reclaiming The Intersection Of W. Hampton Pointe Drive And Amesbury Pointe. Councilman Mumford seconded the motion, which was approved unanimously.

The following item was an addition to the agenda:

UTILITY – CITY OF FLORENCE/ROSEMARY AVENUE

Councilman Culberson made a motion Council Approve The Expenditure An Estimated \$2,000.00 From Council District 6 Utility Funding Allocation For Piping To Assist The City Of Florence With The Installation Of A Sewer Line Along A Portion Of Rosemary Avenue. Councilman Rodgers seconded the motion, which was approved unanimously.

EXECUTIVE SESSION:

Councilman Anderson made a motion Council Enter Executive Session, Pursuant To Section 30-4-70 Of The South Carolina Code Of Laws 1976, As Amended, To Discuss The Following: Personnel Matter Regarding The Treasurer Office And An Economic Development Matter. Councilman Mumford seconded the motion, which was approved unanimously.

Council entered executive session at 9:23 a.m. Council reconvened at 9:33 a.m.

Subsequent to Executive Session, Council took the following actions:

RESOLUTION NO. 24-2009/10

Councilman Culberson made a motion Council Approve A Resolution Authorizing An Incentive And Inducement Agreement Between McCall Farms And Florence County, South Carolina. Councilman Mumford seconded the motion, which was approved unanimously.

ORDINANCE NO. 34-2009/10 INTRODUCED BY TITLE ONLY

The Clerk Published the Title of Ordinance No. 34-2009/10 and the Chairman declared the Ordinance Introduced By Title Only: An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And McCall Farms, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.

ORDINANCE NO. 35-2009/10 INTRODUCED BY TITLE ONLY

The Clerk published the title of Ordinance No. 35-2009/10 and the Chairman declared the Ordinance introduced by Title Only: An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.

There being no further business to come before Council, Councilman Anderson made a motion to adjourn. Councilman Mumford seconded the motion, which was approved unanimously.

COUNCIL MEETING ADJOURNED AT 9:34 A.M.

H. MORRIS ANDERSON
SECRETARY-CHAPLAIN

CONNIE Y. HASELDEN
CLERK TO COUNTY COUNCIL

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Public Hearings

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Council will hold public hearing to receive public comment with regard to the following:

A. RESOLUTION NO. 25-2009/10

A Resolution In Support Of The Reissuance By The South Carolina Jobs-Economic Development Authority Of Its Economic Development Revenue Bonds (Family Y.M.C.A. Of Greater Florence Project) Series 2000, Outstanding In The Principal Amount Of \$1,500,000, Pursuant To The Provisions Of Title 41, Chapter 43, Of The Code Of Laws Of South Carolina, 1976, As Amended.

B. ORDINANCE NO. 31-2009/10

An Ordinance To Declare As Surplus Real Property Owned By Florence County Located At 404 East Hampton Street, Olanta, South Carolina And Designated As Tax Map Number 04530-03-029; And To Authorize The Conveyance Or Public Sale Thereof, Including A First Right Of Refusal; And Other Matters Relating Thereto.

C. ORDINANCE NO. 32-2009/10

An Ordinance Authorizing The Execution And Delivery Of Not Exceeding \$215,000,000 Aggregate Principal Amount Hospital Revenue Bonds (McLeod Regional Medical Center Project) Of Florence County, South Carolina, From Time To Time, In One Or More Series, Pursuant To Article 11, Chapter 7, Title 44, Code Of Laws Of South Carolina 1976, As Amended, To Finance The Costs Of Constructing And Equipping An Expansion Of A Hospital Facility Owned And Operated By McLeod Regional Medical Facility Center Of The Pee Dee, Inc., And The Refunding Of Certain Outstanding Revenue Bonds Issued By Florence County On Behalf Of McLeod Regional Medical Center Of The Pee Dee, Inc.; The Entering Into Certain Covenants And Agreements And The Execution And Delivery Of Certain Instruments Relating To The Issuance Of The Aforesaid Bonds Including A Loan Agreement Or Loan Agreements Between Florence County And McLeod Regional Medical Center Of The Pee Dee, Inc., An Assignment By Florence County Of Its Rights Thereunder To The Trustee For Such Bonds, And A Trust Indenture Or Trust Indentures Between Florence County And The Trustee For Such Bonds; And Consenting To The Delivery Of Security Instruments Related To Such Bonds; And Other Matters Relating Thereto.

D. ORDINANCE NO. 33-2009/10

An Ordinance To Ratify FY10 Budget And Grant Resolutions Previously Authorized By Council And Other Matters Related Thereto.

E. ORDINANCE NO. 34-2009/10

An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And McCall Farms, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.

F. ORDINANCE NO. 35-2009/10

An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.

G. ORDINANCE NO. 01-2010/11

An Ordinance To Provide For The Levy Of Taxes In Florence County For The Fiscal Year Beginning July 1, 2010 And Ending June 30, 2011; To Provide For The Appropriation Thereof; To Provide For Revenues For The Payment Thereof; And To Provide For Other Matters Related Thereto.

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Appearances Before Council
 Reginald Cooper, Director
 Florence Department of Juvenile Justice (DJJ)

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Mr. Cooper Requests To Appear Before Council To Provide An Agency Update.

ATTACHMENT:

Copy of the Request To Appear.

Connie Haselden

From: Reginald Cooper [RWCOOP@scdjj.net]
Sent: Friday, March 19, 2010 2:21 PM
To: ClerkToCouncil
Subject: Apperance Before Council

I (Reginald Cooper, Director, Florence County DJJ) am requesting to appear before council on May 20, 2010, to provide an agency update.

Thanks

Reginald Cooper
Florence County Director
S.C Dept. of Juvenile Justice
Telephone: 843-665-3080
Facsimile: 843-679-3574
rwcoop@scdjj.net (email)
www.state.sc.us/djj (Website)

"ICCI-Integrate, Collaborate, Communicate so we don't have to INCARCERATE!"

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Appearances Before Council
 Florence Tennis Association
 Ernie James, Jr. or Ed Sprenger

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

The Florence Tennis Association Requests To Appear Before Council To Present A Request For Funding For A Restroom Facility For The New Tennis Complex Currently Under Construction In Florence.

ATTACHMENT:

Copy of the Request To Appear.

Connie Haselden

From: Ed Sprenger [esprenger@sc.rr.com]
Sent: Friday, April 09, 2010 6:34 AM
To: Connie Haselden
Subject: County Council Meeting May 20th

Connie:

The Florence Tennis Association would like to be put on the agenda for the May 20th County Council meeting to present a request for funding for a restroom facility for the new tennis complex currently under construction in Florence. Speaking on behalf of the FTA will either be current FTA President Ernie James Jr. or myself. Let me know if you need any additional information.

Thanks,
Ed Sprenger
Tournament Chair
Florence Tennis Association
(843)992-2807 - cell
www.TheFTA.com

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Appearances Before Council
Rick Walden, VA Officer

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Mr. Walden Requests To Appear Before Council To Request Additional Funds For The VA Office To Use In Conjunction With VA Programs.

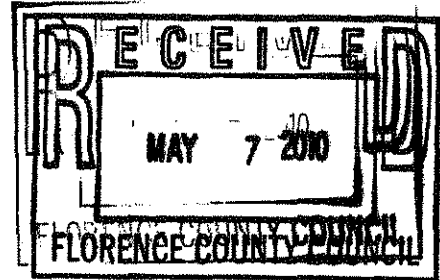
ATTACHMENT:

Copy of the Request To Appear.

MEMO

To: Mr. Richard Starks: County Manager
From: Rick Walden, VA Officer
Date: 5-7-10
RE: Request for Funding

Mr. Starks,



It is respectfully requested that this request for funding be presented to County Council at its next scheduled session.

Issue #1: Frequently, as the Florence County Veterans Affairs Officer; I will receive a call from a veteran who has a scheduled medical appointment at Florence VA Outpatient Clinic or who is scheduled for an appointment at Dorn VA Hospital in Columbia, SC, who has no means of transportation; nor does he have the necessary funds to hire the services of a taxi or pay a private person to take him to the scheduled appointment. I brought this matter to the attention of Council Anderson and Councilman Mumford. As I viewed this condition to be unacceptable for any veteran who had honorably served his country .

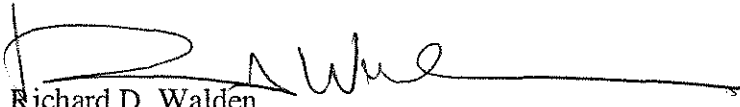
Issue #2: Rally For Our Veterans, on Wednesday, April 21, 2010 a rally was organized by the Veterans Advocacy Program Columbia, Sc to bring certain issues to the elected and appointment officials regarding VA Benefits an the need to provide assess to health and mental health care for eligible veterans, low income and homeless veterans, mainly, in rural areas.

Additionally, to focus on the need of additional State of South Carolina Veteran Nursing Homes and possible improvements to existing nursing facilities and assess to Adult Day Care Services, with a strong focus of placing an additional Nursing Home facility in the Pee Dee.

A bus was chartered to take veterans from the Pee Dee in support of the rally for our veterans to the State House Capital on the 21st of April 2010. A request is hereby made for \$700.00 to pay for the bus that was chartered to take the Florence Veterans to the State House in Columbia, SC.

Recommendation: I recommend that County Council allocate the amount of \$600.00 to be placed in a special line item, in the Florence County Veterans Affairs budget, to be used for the above purpose, and to be disbursed and managed by me on an as needed basis.

Secondly, that Council allocate \$700.00 for XC Charter and Tours of S.C. Inc., to pay for the bus that took the veterans to the rally for our veterans event.

A handwritten signature in black ink, appearing to read 'Richard D. Walden', written over a horizontal line.

Richard D. Walden
Florence County Veterans Affairs Officer

CC: Chairman Rusty Smith
Vice Chairman, Waymon Mumford
Councilman Morris Anderson

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Resolution No. 25-2009/10

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

[A Resolution In Support Of The Reissuance By The South Carolina Jobs-Economic Development Authority Of Its Economic Development Revenue Bonds (Family Y.M.C.A. Of Greater Florence Project) Series 2000, Outstanding In The Principal Amount Of \$1,500,000, Pursuant To The Provisions Of Title 41, Chapter 43, Of The Code Of Laws Of South Carolina, 1976, As Amended.]

OPTIONS:

1. *(Recommended)* Approve Resolution No. 25-2009/10 as presented.
2. Provide An Alternate Directive.

ATTACHMENT:

Resolution No. 25-2009/10

Sponsor(s):	County Council
Adopted:	May 20, 2010
Committee Referral:	N/A
Committee Consideration Date:	N/A
Committee Recommendation:	N/A

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

RESOLUTION NO. 25-2009/10

IN SUPPORT OF THE REISSUANCE BY THE SOUTH CAROLINA JOBS-ECONOMIC DEVELOPMENT AUTHORITY OF ITS ECONOMIC DEVELOPMENT REVENUE BONDS (FAMILY Y.M.C.A. OF GREATER FLORENCE PROJECT) SERIES 2000, OUTSTANDING IN THE PRINCIPAL AMOUNT OF \$1,500,000, PURSUANT TO THE PROVISIONS OF TITLE 41, CHAPTER 43, OF THE CODE OF LAWS OF SOUTH CAROLINA, 1976, AS AMENDED.

WHEREAS:

1. The South Carolina Jobs-Economic Development Authority (the "**Authority**") is authorized and empowered under and pursuant to the provisions of Title 41, Chapter 43, of the Code of Laws of South Carolina 1976, as amended (the "**Act**"), to utilize any of its program funds to establish loan programs for the purpose of reducing the cost of capital to business enterprises which meet the eligibility requirements of Section 41-43-150 of the Act and for other purposes described in Section 41-43-160 of the Act and thus provide maximum opportunities for the creation and retention of jobs and improvement of the standard of living of the citizens of the State of South Carolina; and
2. The Authority is further authorized by Section 41-43-110 of the Act to issue revenue bonds payable by the Authority solely from a revenue producing source and secured by a pledge of said revenues in order to provide funds for any purpose authorized by the Act; and
3. The Authority and the Family Y.M.C.A. of Greater Florence, Inc., a South Carolina nonprofit corporation and an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "**Borrower**"), desires to extend the weighted average maturity of the South Carolina Jobs-Economic Development Authority Economic Development Revenue Bonds (Family Y.M.C.A. of Greater Florence Project) Series 2000 (the "**Bonds**"), in the original principal amount of \$3,250,000, upon the conversion of the interest rate on such Bonds from the Weekly Rate to a Bank Rate; and
4. The Bonds were used to defray the cost of renovating, refurbishing and expanding the Borrower's existing facility located at 1700 Rutherford Drive in Florence, South Carolina, to include an approximately 31,000 square foot building addition, outdoor swimming pool, and parking and driveway improvements (the "**Project**"), and to defray the costs of issuance of the Bonds. The Project is owned and operated by the Borrower; and

5. The County Council of Florence County and the Authority have on this date jointly held a public hearing, duly noticed by publication in a newspaper having general circulation in Florence County, not less than 15 days prior to the date hereof, at which all interested persons have been given a reasonable opportunity to express their views.

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

SECTION 1. It is hereby found, determined and declared that (a) the Project will subserve the purposes of the Act, (b) the Project is anticipated to benefit the general public welfare of Florence County by continuing to provide services, employment, recreation or other public benefits not otherwise provided locally, (c) the Project will give rise to no pecuniary liability of Florence County or a charge against its general credit or taxing power, (d) the amount of bonds required to refinance the Project is not exceeding \$1,500,000; and (e) the documents to be delivered by the Borrower and the Authority with respect to the Bonds will provide, among other things, (i) for the amount necessary in each year to pay the principal of and interest on the Bonds, (ii) whether reserve funds of any nature will be established with respect to the retirement of the Bonds and the maintenance of the Project (and, if any such reserve funds are to be so established, the amount necessary to be paid each year into such funds), and (iii) that the Borrower shall continue to maintain the Project and carry all proper insurance with respect thereto.

SECTION 2. The County Council of Florence County supports the Authority in its determination to reissue the Bonds related to the Project.

SECTION 3. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its adoption.

ATTEST:

Connie Y. Haselden, Council Clerk

SIGNED:

K. G. Rusty Smith, Jr., Chairman

COUNCIL VOTE:

OPPOSED:

ABSENT:

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Approval of Resolution No. 26-2009/10

DEPARTMENT: Administration
Finance

ISSUE UNDER CONSIDERATION:

(A Resolution Expressing The Support And Approval Of The Entry By The Windy Hill Volunteer Fire Company Into A Tax-Exempt Lease-Purchase Arrangement With Respect To Trucks And Other Fire Fighting Equipment For Use In The Windy Hill Fire District For The Purposes Of Section 147(f) Of The United States Internal Revenue Code Of 1976, As Amended, In The Aggregate Principal Amount Of Not Exceeding \$1,272,588.)

POINTS TO CONSIDER:

1. This Resolution approves the financing for fire trucks and other fire fighting equipment for the Windy Hill Volunteer Fire Company through the entering into a tax-exempt lease-purchase arrangement.
2. In order for this lease to be entered into, Internal Revenue Service regulations require Florence County to approve a Resolution authorizing this financing.
3. By approving this Resolution, Florence County incurs no direct liability for the repayment of this lease. This lease will be repaid solely from debt service millage levied by the Fire District.

FUNDING FACTORS:

NONE

OPTIONS:

1. *(Recommended)* Approve Resolution No. 26-2009/10.
2. Provide An Alternate Directive.

ATTACHMENTS:

1. Resolution No. 26-2009/10

Sponsor(s) : County Council
Adopted : May 20, 2010
Committee Referral : N/A
Committee Consideration Date : N/A
Committee Recommendation : N/A

RESOLUTION NO. 26-2009/10

**COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE
COUNTY**

(A Resolution Expressing The Support And Approval Of The Entry By The Windy Hill Volunteer Fire Company Into A Tax-Exempt Lease-Purchase Arrangement With Respect To Trucks And Other Fire Fighting Equipment For Use In The Windy Hill Fire District For The Purposes Of Section 147(f) Of The United States Internal Revenue Code Of 1976, As Amended, In The Aggregate Principal Amount Of Not Exceeding \$1,272,588.)

WHEREAS:

1. The Windy Hill Volunteer Fire Company (the "Fire Company") is a South Carolina nonprofit corporation that provides firefighters and other services to a portion of the Windy Hill/Olanta Volunteer Fire District, (the "District"), an administrative and special tax district of Florence County created pursuant to Title 4 of the Code of Laws of South Carolina, 1976, as amended; and
2. In furtherance to its service to the District, the Fire Company proposes to purchase three (3) tanker trucks and other fire fighting equipment for use in the District (the "Equipment"); and
3. The Fire Company has advised Florence County Council (the "County Council") that the purchase of the equipment maybe financed by the Fire Company on a tax-exempt basis inasmuch as the Fire Company is a qualified volunteer fire company under Section 150 of the Code; and
4. The Fire Company has further requested County Council support and approve the entry by the Fire Company into a tax-exempt lease-purchase arrangement with respect to the equipment, as such arrangement is required to be approved by County Council pursuant to Section 147(f) of the Code; and
5. The Fire Company's Board (the "Board") held a public hearing concerning the entry by the Fire Company into said tax-exempt lease-purchase arrangement on March 4, 2010, such hearing having been duly advertised in the Florence *Morning News* pursuant to Section 147(f) of the Code; and
6. The Board has advised County Council that no comments were received at the public hearing.

NOW, THEREFORE, BE IT RESOLVED by Florence County Council, the governing body of Florence County, South Carolina, as follows:

SECTION 1. County Council hereby supports and approves the entry by the Fire Company into a tax-exempt lease-purchase arrangement with respect to the Equipment.

SECTION 2. All orders and resolutions and parts thereof in conflict herewith are to the extent of such conflict hereby repealed, and this resolution shall take effect and be in full force from and after its adoption.

ATTEST:

Connie Y. Haselden, Council Clerk

SIGNED:

K. G. Rusty Smith, Jr., Chairman

COUNCIL VOTE:

OPPOSED:

ABSENT:

STATE OF SOUTH CAROLINA

COUNTY OF FLORENCE

I, the undersigned Clerk to Florence County Council, 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 _____, 2010, at which meeting a quorum was at all times present.

WITNESS MY HAND this ____ day of May, 2010.

Clerk to Florence County Council
Florence County, South Carolina

DRAFT

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Third Reading - Ordinance No. 22-2009/10 - Deferred

DEPARTMENT: Economic Development

ISSUE UNDER CONSIDERATION:

(An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And J. P. Morgan Chase, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.)

POINTS TO CONSIDER:

Representatives of J. P. Morgan Chase have requested that this item be deferred.

OPTIONS:

1. *(Recommended)* Defer Third Reading of Ordinance No. 22-2009/10.
2. Provide an Alternate Directive

ATTACHMENTS:

Ordinance No. 22-2009/10.

Sponsor(s) : Economic Development
 First Reading/Introduction : November 19, 2009
 Committee Referral : N/A
 Committee Consideration Date : N/A
 Committee Recommendation : N/A
 Second Reading : December 10, 2009
 Public Hearing : December 10, 2009
 Third Reading :
 Effective Date : Immediately

I, _____,
 Council Clerk, certify that this
 Ordinance was advertised for
 Public Hearing on _____.

ORDINANCE NO. 22-2009/10

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

(An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And J. P. Morgan Chase, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.)

WHEREAS:

1. Florence County, South Carolina (the "County"), acting by and through its County Council (the "County Council"), is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44, of the Code of Laws of South Carolina 1976, as amended (the "FILOT Act"), to enter into agreements with any industry or business whereby the industry or business would pay fees-in-lieu-of-taxes with respect to certain properties which constitute "economic development properties" as defined in the Act; through which powers the industrial development of the State of South Carolina (the "State") will be promoted and trade developed by inducing manufacturing and commercial enterprises to locate or remain in the State and thus utilize and employ the manpower, products and resources of the State and benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally; and
2. The County is authorized and empowered, pursuant to Title 4, Chapter 1, of the Code of Laws of South Carolina 1976, as amended, to include property upon which a project is located in a multi-county park, with the appropriate consents and approvals of a partnering county, and by separate ordinance, the County has taken action to place the Project in a multi-county park in cooperation with Williamsburg County; and
3. Pursuant to the Act, and in order to induce certain investment in the County, the County did previously adopt Resolution No. 12-2009/10 dated as of November 19, 2009, authorizing an inducement and millage rate agreement (the "Inducement Agreement") for the benefit of the company identified as J. P. Morgan Chase, with respect to the acquisition of certain land, the construction of certain buildings and improvements thereon, and installation of fixtures, machinery, equipment, and furnishings therein (collectively, the "Project") to constitute a manufacturing facility; and
4. The Project is anticipated to result in a taxable investment of at least \$2,500,000 and in the creation of at least 250 additional fulltime jobs within five years, thereby providing significant economic benefits to the County and surrounding areas; and
5. The County has determined on the basis of the information supplied to it by J. P. Morgan Chase that the Project is a "project" as defined in the Act and is eligible to become "economic development property" as

that term is defined in the Act and that the Project would serve the purposes of the Act; and

6. Pursuant to the Inducement Agreement, the County has agreed to enter into a fee in lieu of tax agreement with J. P. Morgan Chase, whereby the County would provide therein for a payment of fee in lieu of taxes by J. P. Morgan Chase with respect to the Project pursuant to the FILOT Act (collectively, the "Fee Agreement"); and
7. J. P. Morgan Chase has caused to be prepared and presented to this meeting the form of the Fee Agreement which contains the provision for a payment in lieu of taxes which the County proposes to execute and deliver; and
8. It appears that the Fee Agreement, now before this meeting, is in appropriate form and is an appropriate instrument to be approved, executed, and delivered by the County for the purposes intended.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

Section 1. It is hereby found, determined and declared by the County Council as follows:

- (a) The Project constitutes a "project" as defined in the FILOT Act and will constitute "economic development property" as said term is referred to and defined in the FILOT Act, and the County's actions herein will subserve the purposes and in all respects conform to the provisions and requirements of the FILOT Act;
- (b) The terms and provision of the Inducement Agreement are hereby ratified and approved and incorporated herein and made a part hereof;
- (c) The Project will benefit the general public welfare of the County by providing services, employment, and other public benefits not otherwise provided locally;
- (d) The Project will give rise to no pecuniary liability of the county or any incorporated municipality or a charge against the general credit or taxing power of either;
- (e) The inducement of the location of the Project within the County and the State is of paramount importance;
- (f) The purposes to be accomplished by the Project, i.e., economic development, retention of jobs, and addition to the tax base of the County, are proper governmental and public purposes and the benefits of the Project are greater than the costs; and
- (g) Having evaluated the purposes to be accomplished by the Project as proper governmental and public purposes, the anticipated dollar amount and nature of the investment to be made, and the anticipated costs and benefits to the County, the County has determined that the Project is properly classified as economic development property.

Section 2. The forms, terms and provisions of the Fee Agreement presented to this meeting are hereby approved and all of the terms and provisions thereof are hereby incorporated herein by reference as if the Fee Agreement were set out in this Ordinance in its entirety. The Chairman of the County Council is hereby authorized, empowered and directed to execute, acknowledge and deliver the Fee Agreement in the name of and on behalf of the County, and thereupon to cause the Fee Agreement to be delivered to J. P. Morgan Chase and cause a copy of the Fee Agreement to be delivered to the Florence County Auditor and Assessor. The Fee

Agreement is to be in substantially the form now before this meeting and hereby approved, or with such minor changes therein as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of Fee Agreement now before this meeting.

Section 3. The Chairman of the County Council, the County Administrator, and the Clerk to County Council, for and on behalf of the County, are hereby authorized and directed to do any and all things necessary to effect the execution and delivery of the Fee Agreement and the performance of all obligations of the County under and pursuant to the Fee Agreement.

Section 4. The provision of this Ordinance are hereby declared to be separable and if any section, phrase or provisions shall for any reason be declared by a court of competent jurisdiction to be invalid or unenforceable, such declaration shall not affect the validity of the remainder of the sections, phrases and provisions hereunder.

Section 5. All ordinances, resolutions, and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed. This ordinance shall take effect and be in full force from and after its passage by the County Council.

ATTEST:

Connie Y. Haselden, Council Clerk

SIGNED:

K. G. Rusty Smith, Jr., Chairman

Approved as to Form and Content
James C. Rushton, III, County Attorney

COUNCIL VOTE:
OPPOSED:
ABSENT:

FEE AGREEMENT

Between

FLORENCE COUNTY, SOUTH CAROLINA

and

J. P. MORGAN CHASE

Dated as of _____

RECAPITULATION OF CONTENTS OF
FEE AGREEMENT PURSUANT TO S.C. CODE §12-44-55(A)

The parties have agreed to waive this requirement pursuant to S.C. Code Ann. § 12-44-55(B).

DRAFT

FEE AGREEMENT

THIS FEE AGREEMENT (the "Fee Agreement") is made and entered into as of _____, by and between FLORENCE COUNTY, SOUTH CAROLINA (the "County"), a body politic and corporate and a political subdivision of the State of South Carolina (the "State"), acting by and through the Florence County Council (the "County Council") as the governing body of the County, and J. P. MORGAN CHASE, a limited liability company organized and existing under the laws of the State of South Carolina (the "Company").

RECITALS

1. Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended (the "Act") authorizes the County (i) to induce industries to locate in the State; (ii) to encourage industries now located in the State to expand their investments and thus make use of and employ manpower, products, and other resources of the State; and (iii) to enter into a fee agreement with entities meeting the requirements of such Act, which identifies certain property of such entities as economic development property.

2. Pursuant to Section 12-44-40(H)(1) of the Act, the County finds that: (a) the Project (as defined herein) is anticipated to benefit the general public welfare of the County by providing services, employment, recreation, or other public benefits not otherwise adequately provided locally; (b) the Project gives rise to no pecuniary liability of the County or any incorporated municipality and to no charge against its general credit or taxing power; (c) the purposes to be accomplished by the Project are proper governmental and public purposes; and (d) the benefits of the Project are greater than the costs.

3. The County Council has evaluated the Project based on all relevant criteria that include, but are not limited to, the purposes the Project is to accomplish, the anticipated dollar amount and nature of the investment, and the anticipated costs and benefits to the County.

4. An Ordinance that the County Council adopted contemporaneously with the date of this Agreement (the "Fee Ordinance") authorizes the County and the Company to enter into a Fee Agreement that classifies the Project as Economic Development Property under the Act and provides for the payment of fees in lieu of taxes, all as further described herein.

NOW, THEREFORE, FOR AND IN CONSIDERATION of the respective representations and agreements hereinafter contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 The terms that this Article defines shall for all purposes of this Fee Agreement have the meanings herein specified, unless the context clearly requires otherwise:

"Act" shall mean Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended, and all future acts successor or supplemental thereto or amendatory thereof.

"Act Minimum Investment Requirement" shall mean an investment of at least \$2,500,000 by the Company and any Sponsors and Sponsor Affiliates of property eligible as economic development property under the Act, provided, however, that in the event of a reduction of the minimum investment level in Section 12-44-30(14) or any successor section by legislative action, then the Act Minimum Investment Requirement shall equal such reduced amount.

"Commencement Date" shall mean the last day of the property tax year during which the Project or the first Phase thereof is placed in service, which date must not be later than the last day of the property tax year which is three years from the year in which the County and the Company enter into this Fee Agreement.

"Company" shall mean J. P. Morgan Chase and any surviving, resulting, or transferee entity in any merger, consolidation, or transfer of assets; or any other person or entity which may succeed to the rights and duties of the Company.

"County" shall mean Florence County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina, its successors and assigns, acting by and through the County Council as the governing body of the County.

"County Council" shall mean the Florence County Council, the governing body of the County.

"Department" shall mean the South Carolina Department of Revenue.

"Diminution in Value" in respect of the Project or any Phase of the Project shall mean any reduction in the value using the original fair market value (without regard to depreciation) as determined in Step 1 of Section 4.1(a) of this Fee Agreement, of the items which constitute a part of the Project or such Phase and which are subject to FILOT payments which may be caused by (i) the Company's removal and/or disposal of equipment pursuant to Section 4.6 of this Fee Agreement; (ii) a casualty to the Project, such Phase of the Project, or any part thereof, described in Section 4.7 of this Fee Agreement; or (iii) a condemnation of the Project, such Phase of the Project, or any part thereof, described in Section 4.8 of this Fee Agreement.

"Economic Development Property" shall mean those items of real and tangible personal property of the Project which are eligible for inclusion as economic development property under the Act, selected and identified by the Company in its annual filing of a SCDOR PT-300S or comparable form with the Department (as such filing may be amended from time to time) for each year within the Investment Period.

"Equipment" shall mean all of the machinery, equipment, furniture, office equipment, and fixtures, together with any and all additions, accessions, replacements, and substitutions thereto or therefor used or to be used in the County by the Company for the purposes described in Section 2.2(b) hereof, provided, however, that repairs, alterations, or modifications to personal property which is not economic development property or property subject to a fee in lieu of taxes prior to this Fee Agreement, are not eligible to become Economic Development Property, except for modifications which constitute an expansion of existing real property improvements.

"Event of Default" shall mean any event of default specified in Section 5.1 of this Fee Agreement.

"Exemption Period" shall mean the period beginning on the first day of the property tax year after the property tax year in which an applicable piece of Economic Development Property is placed in service and ending on the Termination Date. In case there are Phases of the Project, the Exemption Period applies to each year's investment made during the Investment Period.

"Fee," "Fee in Lieu of Taxes," "FILOT," or "Payments in Lieu of Taxes" shall mean the amount paid or to be paid in lieu of *ad valorem* property taxes as provided herein.

"Fee Agreement" shall mean this Fee Agreement.

"Fee Term" shall mean the period from the date of this Fee Agreement until the Termination Date.

"Improvements" shall mean all improvements to the Real Property, including buildings, building additions, roads, sewer lines, and infrastructure, together with any and all additions, fixtures, accessions, replacements, and substitutions thereto or therefor used or to be used in the County for the purposes described in Section 2.2(b) hereof; provided, however, that repairs, alterations, or modifications to real property which is not economic development property or property subject to a fee in lieu of taxes prior to this Fee Agreement, are not eligible to become Economic Development Property, except for modifications which constitute an expansion of existing real property improvements.

"Industrial Development Park" shall mean the industrial or business park developed by two or more counties as defined in Section 4-1-170 of the Code of Laws of South Carolina, 1976, as amended.

"Investment Period" shall mean the period beginning with the first day of any purchase or acquisition of Economic Development Property and ending five years after the Commencement Date, provided that the Company and the County may agree to a later date pursuant to Section 12-44-30(13) of the Act.

"MCIP Act" shall mean Title 4, Chapter 1, Sections 170 et seq. of the Code of Laws of South Carolina, 1976, as amended.

"Phase" or "Phases" in respect of the Project shall mean that the Equipment, Improvements, and/or Real Property of the Project are placed in service during more than one year in the Investment Period, and the word "Phase" shall therefore refer to the applicable portion of the Project placed in service in a given year in the Investment Period.

"Project" shall mean all the Equipment, Improvements, and/or Real Property located on the Real Property in the County and that the Company determines to be necessary, suitable, or useful for the purposes that Section 2.2(b) describes, and first placed in service in calendar year 2009 or thereafter. The Project shall not include any property which is ineligible for FILOT treatment pursuant to Section 12-44-110 of the Act.

“Real Property” shall mean real property that the Company uses or will use in the County for the purposes that Section 2.2(b) describes, and generally located on the land identified on Exhibit A hereto, together with all and singular the rights, members, hereditaments, and appurtenances belonging or in any way incident or appertaining thereto.

“Removed Components” shall mean the following types of components or Phases of the Project or portions thereof which are subject to FILOT payments, all of which the Company shall be entitled to remove from the Project with the result that the same shall no longer be subject to the terms of the Fee Agreement: (a) components or Phases of the Project or portions thereof which the Company, in its sole discretion, determines to be inadequate, obsolete, worn-out, uneconomic, damaged, unsuitable, undesirable, or unnecessary pursuant to Section 4.6 hereof or otherwise; or (b) components or Phases of the Project or portions thereof which the Company in its sole discretion, elects to be treated as removed pursuant to Section 4.7(c) or Section 4.8(b)(iii) of this Fee Agreement.

“Replacement Property” shall mean any property which is placed in service as a replacement for any item of Equipment, any Improvement, or any Real Property previously subject to this Fee Agreement regardless of whether such property serves the same functions as the property it is replacing and regardless of whether more than one piece of property replaces any item of Equipment, any Improvement, or any Real Property, to the fullest extent that the Act permits.

“Sponsor” shall mean an entity that joins with or is an affiliate of, the Company and that participates in the investment in, or financing of, the Project and which meets the requirements under the Act to be entitled to the benefits of this Agreement with respect to its participation in the Project.

“Termination Date” shall mean in case the entire Project is placed in service in one year, the end of the last day of the property tax year which is the 19th year following the first property tax year in which the entire Project is placed in service, or in case there are Phases of the Project, the Termination Date shall mean with respect to each Phase of the Project the end of the last day of the property tax year which is the 19th year following the first property tax year in which such Phase of the Project is placed in service, provided, that the intention of the parties is that the Company will make at least 20 annual FILOT payments under Article IV hereof with respect to each Phase of the Project and provided further, that if this Fee Agreement is terminated earlier in accordance with the terms hereof, the Termination Date is the date of such termination.

Any reference to any agreement or document in this Article I or otherwise in this Fee Agreement shall include any and all amendments, supplements, addenda, and modifications to such agreement or document.

The term “investment” or “invest” as used herein shall include not only investments made by the Company, but also to the fullest extent permitted by law, those investments made by or for the benefit of the Company in connection with the Project through federal, state, or local grants, to the extent such investments are subject to *ad valorem* taxes or FILOT payments by the Company.

ARTICLE II

REPRESENTATIONS, WARRANTIES, AND AGREEMENTS

Section 2.1 Representations, Warranties, and Agreements of the County. The County hereby represents, warrants, and agrees as follows:

(a) The County is a body politic and corporate and a political subdivision of the State and acts through the County Council as its governing body. The Act authorizes and empowers the County to enter into the transactions that this Fee Agreement contemplates and to carry out its obligations hereunder. The County has duly authorized the execution and delivery of this Fee Agreement and any and all other agreements described herein or therein and has obtained all consents from third parties and taken all actions necessary or that the law requires to fulfill its obligations hereunder.

(b) Based upon representations by the Company, the Project constitutes a "project" within the meaning of the Act, and the County is a County that the Act authorizes to enter into fee in lieu of tax agreements with companies that satisfy the Act Minimum Investment Requirement within the County.

(c) The County has agreed that each item of real and tangible personal property comprising the Project which is eligible to be economic development property under the Act and that the Company selects shall be considered Economic Development Property and is thereby exempt from *ad valorem* taxation in South Carolina.

(d) The millage rate in Section 4.1 hereof is 272.5 mills, the millage rate in effect with respect to the location of the proposed Project on June 30, 2009, as provided under Section 12-44-50(A)(1)(d) of the Act.

(e) The County will not be in default in any of its obligations (contractual or otherwise), including any violation of its statutory debt limit, as a result of entering into and performing under this Fee Agreement and/or as a result of creating an Industrial Development Park encompassing the Project.

(f) The County will take all reasonable action to include the Project in an Industrial Development Park.

Section 2.2 Representations, Warranties, and Agreements of the Company. The Company hereby represents, warrants, and agrees as follows:

(a) The Company is in good standing under the laws of the State of South Carolina, is duly authorized to transact business in the State of South Carolina, has power to enter into this Fee Agreement, and has duly authorized the execution and delivery of this Fee Agreement.

(b) The Company intends to operate the Project as a "project" within the meaning of the Act as in effect on the date hereof. The Company intends to operate the Project

as a molding facility, and for such other purposes that the Act permits as the Company may deem appropriate.

(c) The Company will use commercially reasonable efforts to ensure that its investment in Economic Development Property of the Project will exceed the Act Minimum Investment Requirement.

ARTICLE III

COMMENCEMENT AND COMPLETION OF THE PROJECT

Section 3.1 The Project. The Company intends to invest in Equipment, Improvements, and/or Real Property, which together comprise the Project and which are anticipated to create at least the Act Minimum Investment Requirement in eligible Economic Development Property investment subject to Payments in Lieu of Taxes in the County.

The parties hereto agree that, to the extent that applicable law allows or is revised or construed to allow the benefits of the Act, in the form of Payments-in-Lieu-of-Taxes to be made under Article IV hereof, to be applicable to leased assets including, but not limited to a building and/or personal property to be installed in the buildings and leased to but not purchased by the Company from one or more Sponsors under any form of lease, then such property shall, at the election of the Company, be subject to Payments-in-Lieu-of-Taxes to the same extent as the Company's assets covered by this Fee Agreement, subject, at all times, to the requirement of such applicable law. The parties hereto further agree that this Fee Agreement may be interpreted or modified as may be necessary or appropriate in order to give proper application of this Fee Agreement to such tangible property without such construction or modification constituting an amendment to this Fee Agreement, and thus not requiring any additional action by the County Council. The County Administrator, after consulting with the County Attorney, shall be and hereby is authorized to make such modifications, if any, as may be necessary or appropriate in connection therewith. Such leased property shall constitute a part of the Project for all purposes of this Agreement, including removal, replacement, and termination, and such Sponsor shall be deemed to be a party to this Agreement provided, however, that no Sponsor shall be liable for any payments pursuant to Section 4.2(b) hereof, which shall remain the Company's liability. To the extent the provisions of the Act are held to be inapplicable to the property owned by the County (as improved by Tenant), the County hereby agrees that this Agreement shall be construed to provide for a fees in lieu of taxes pursuant to Section 4-12-10 et seq. of the Code of Laws of South Carolina, 1976, as amended (the "Little Fee Statute") upon the same terms as described in this Agreement, and the inducement agreement and inducement resolution adopted in connection with this Agreement shall constitute the inducement documents pursuant to the Little Fee Statute.

Pursuant to the Act and subject to Section 4.2 hereof, the Company and the County hereby agree that the Company shall identify annually those assets which are eligible for FILOT payments under the Act and which the Company selects for such treatment by listing such assets in its annual PT-300S form (or comparable form) to be filed with the Department (as such may be amended from time to time) and that by listing such assets, such assets shall automatically become Economic Development Property and therefore be exempt from all *ad valorem* taxation during the Exemption Period. Anything contained in this Fee Agreement to the contrary

notwithstanding, the Company shall not be obligated to complete the acquisition of the Project. However, if the Company does not meet the Act Minimum Investment Requirement, this Fee Agreement shall be terminated as provided in Section 4.2 hereof.

Section 3.2 Diligent Completion. The Company agrees to use its reasonable efforts to cause the completion of the Project as soon as practicable, but in any event on or prior to the end of the Investment Period.

Section 3.3 Filings and Reports.

(a) Each year during the term of the Fee Agreement, the Company shall deliver to the County, the County Auditor, the County Assessor, and the County Treasurer, a copy of its most recent annual filings with the Department with respect to the Project, not later than 30 days following delivery thereof to the Department.

(b) The Company shall cause the filing of a copy of this Fee Agreement, as well as a copy of the completed Form PT-443 of the Department, to be filed with the County Auditor and the County Assessor of the County and any partner county, when the Project is placed in a joint county industrial and business park, and the Department within 30 days after the date of execution and delivery hereof by all parties hereto.

ARTICLE IV

PAYMENTS IN LIEU OF TAXES

Section 4.1 Negotiated Payments.

(a) Pursuant to Section 12-44-50 of the Act, the Company is required to make payments in lieu of *ad valorem* taxes to the County with respect to the Economic Development Property. Inasmuch as the Company anticipates an initial investment of sums sufficient for the Project to qualify for a fee in lieu of tax arrangement under Section 12-44-50(A)(1) of the Act, the County and the Company have negotiated the amount of the Payments in Lieu of Taxes in accordance therewith. The Company shall make payments in lieu of *ad valorem* taxes on all Economic Development Property which comprises the Project and is placed in service, as follows: the Company shall make payments in lieu of *ad valorem* taxes during the Exemption Period with respect to the Economic Development Property or, if there are Phases of the Economic Development Property, with respect to each Phase of the Economic Development Property, said payments to be made annually and to be due and payable and subject to penalty assessments on the same dates and in the same manner as prescribed by the County for *ad valorem* taxes. The determination of the amount of such annual Payments in Lieu of Taxes shall be in accordance with the following procedure (subject, in any event, to the procedures that the Act requires):

- Step 1: Determine the fair market value of the Economic Development Property (or Phase of the Economic Development Property) placed in service during the Exemption Period using original income tax basis for State income tax purposes for any Real Property and Improvements without regard to depreciation (provided, the fair market value of real

property, as the Act defines such term, that the Company obtains by construction or purchase in an arms length transaction is equal to the original income tax basis, and otherwise, the determination of the fair market value is by appraisal) and original income tax basis for State income tax purposes for any personal property less depreciation for each year allowable for property tax purposes, except that no extraordinary obsolescence shall be allowable. The fair market value of the Real Property for the first year of the Fee Term remains the fair market value of the Real Property for the life of the Fee Term. The determination of these values shall take into account all applicable property tax exemptions that State law would allow to the Company if the property were taxable, except those exemptions that Section 12-44-50(A)(2) of the Act specifically disallows.

Step 2: Apply an assessment ratio of six percent (6%) to the fair market value in Step 1 to establish the taxable value of the Economic Development Property (or each Phase of the Economic Development Property) in the year it is placed in service and in each of the 19 years thereafter or such longer period of years in which the Act permits the Company to make annual fee payments.

Step 3: Use a fixed millage rate equal to the millage rate in effect on June 30, 2009, which is 272.5 mills, as Section 12-44-50(A)(1)(d) of the Act provides, during the Exemption Period against the taxable value to determine the amount of the Payments in Lieu of Taxes due during the Exemption Period on the payment dates that the County prescribes for such payments or such longer period of years in which the Act permits the Company to make annual fee payments.

(b) In the event that a final order of a court of competent jurisdiction or an agreement of the parties determines that the calculation of the minimum Payment in Lieu of Taxes applicable to this transaction is to be other than by the procedure herein, the payment shall be reset at the minimum permitted level so determined.

In the event that a final order of a court of competent jurisdiction from which no further appeal is allowable declares the Act and/or the herein-described Payments in Lieu of Taxes invalid or unenforceable, in whole or in part, for any reason, the parties express their intentions to reform such payments so as to effectuate most closely the intent thereof and so as to afford the Company with the benefits to be derived herefrom, the intention of the County being to offer the Company a strong inducement to locate the Project in the County. If the Economic Development Property is deemed to be subject to *ad valorem* taxation, this Fee Agreement shall terminate, and the Company shall pay the County regular *ad valorem* taxes from the date of termination, but with appropriate reductions equivalent to all tax exemptions which are afforded to the Company. Any amount determined to be due and owing to the County from the Company, with respect to a year or years for which the Company previously remitted Payments in Lieu of Taxes to the County hereunder, shall (i) take into account all applicable tax exemptions to which the Company would be entitled if the Economic Development Property was not and had not been

Economic Development Property under the Act; and (ii) be reduced by the total amount of Payments in Lieu of Taxes the Company had made with respect to the Project pursuant to the terms hereof. Notwithstanding anything contained herein to the contrary, neither the Company nor any successor in title or interest shall be required to pay FILOT payments and *ad valorem* taxes for the same property over the same period in question.

Section 4.2 Failure to Achieve Act Minimum Investment Requirement.

(a) In the event that the cost of the Economic Development Property (without regard to depreciation) that the Company acquires does not reach the Act Minimum Investment Requirement by the end of the Investment Period, this Fee Agreement shall terminate as to such entity failing to meet the minimum investment level. In such event, the Company shall pay the County an amount (the "Additional Payment") pursuant to the Act which is equal to the excess, if any, of (i) the total amount of *ad valorem* taxes as would result from taxes levied on the Project by the County, municipality or municipalities, school district or school districts, and other political units as if the items of property comprising the Economic Development Property were not Economic Development Property, but with appropriate reductions equivalent to all tax exemptions and abatements to which the Company would be entitled in such a case, through and including the end of the Investment Period, over (ii) the total amount of FILOT payments the Company has made with respect to the Economic Development Property through and including the end of the Investment Period. Any amounts determined to be owing pursuant to the foregoing sentence shall be subject to the minimum amount of interest that the Act may require.

(b) The remedies stated herein shall be the County's sole remedies for the Company's failure to meet any required investment or job creation level.

Section 4.3 Payments in Lieu of Taxes on Replacement Property. If the Company elects to replace any Removed Components and to substitute such Removed Components with Replacement Property as a part of the Economic Development Property, or the Company otherwise utilizes Replacement Property, then, pursuant and subject to Section 12-44-60 of the Act, the Company shall make statutory payments in lieu of *ad valorem* taxes with regard to such Replacement Property in accordance with the following:

(i) Replacement Property does not have to serve the same function as the Economic Development Property it is replacing. Replacement Property is deemed to replace the oldest Economic Development Property subject to the Fee, whether real or personal, which is disposed of in the same property tax year in which the Replacement Property is placed in service. Replacement Property qualifies as Economic Development Property only to the extent of the original income tax basis of Economic Development Property which is being disposed of in the same property tax year. More than one piece of property can replace a single piece of Economic Development Property. To the extent that the income tax basis of the Replacement Property exceeds the original income tax basis of the Economic Development Property which it is replacing, the excess amount is subject to annual payments calculated as if the exemption for Economic Development Property were not allowable. Replacement Property is

entitled to treatment under the Fee Agreement for the period of time remaining during the Exemption Period for the Economic Development Property which it is replacing; and

(ii) The new Replacement Property which qualifies for the Fee shall be recorded using its income tax basis, and the calculation of the Fee shall utilize the millage rate and assessment ratio in effect with regard to the original property subject to the Fee.

Section 4.4 Reductions in Payments of Taxes Upon Removal, Condemnation, or Casualty. In the event of a Diminution in Value of the Economic Development Property or any Phase of the Economic Development Property, the Payment in Lieu of Taxes with regard to the Economic Development Property or that Phase of the Economic Development Property shall be reduced in the same proportion as the amount of such Diminution in Value bears to the original fair market value of the Economic Development Property or that Phase of the Economic Development Property as determined pursuant to Step 1 of Section 4.1(a) hereof; *provided, however*, that if at any time subsequent to the end of the Investment Period, the total value of the Project based on the original income tax basis of the Equipment, Real Property, and Improvements contained therein, without deduction for depreciation, is less than the Act Minimum Investment Requirement, beginning with the first payment thereafter due hereunder and continuing until the end of the Fee Term, the Company shall no longer be entitled to the incentive provided in Section 4.1, and the Company shall therefore commence to pay regular *ad valorem* taxes on the Economic Development Property part of the Project. However, the Company will not be required to make any retroactive payment.

Section 4.5 Place and Allocation of Payments in Lieu of Taxes. The Company shall make the above-described Payments in Lieu of Taxes directly to the County in accordance with applicable law.

Section 4.6 Removal of Equipment. Subject, always, to the other terms and provisions hereof, the Company shall be entitled to remove and dispose of components or Phases of the Project from the Project in its sole discretion with the result that said components or Phases shall no longer be considered a part of the Project and, to the extent such constitute Economic Development Property, shall no longer be subject to the terms of this Fee Agreement to the fullest extent allowed by the Act, as amended. Economic Development Property is disposed of only when it is scrapped or sold or it is removed from the Project. If it is removed from the Project, it is subject to *ad valorem* property taxes to the extent the Property remains in the State and is otherwise subject to *ad valorem* property taxes.

Section 4.7 Damage or Destruction of Economic Development Property.

(a) Election to Terminate. In the event the Economic Development Property is damaged by fire, explosion, or any other casualty, the Company shall be entitled to terminate this Fee Agreement. The Company shall only be required to make FILOT payments as to all or any part of the tax year in which the damage or casualty occurs to the extent property subject to *ad valorem* taxes would otherwise have been subject to such taxes under the same circumstances for the period in question.

(b) Election to Rebuild. In the event the Economic Development Property is damaged by fire, explosion, or any other casualty, and if the Company does not elect to terminate this Fee Agreement, the Company may commence to restore the Economic Development Property with such reductions or enlargements in the scope of the Economic Development Property, changes, alterations, and modifications (including the substitution and addition of other property) as may be desired by the Company. All such restorations and replacements shall be considered, to the fullest extent permitted by law and this Fee Agreement, substitutions of the destroyed portions of the Economic Development Property and shall be considered part of the Economic Development Property for all purposes hereof, including, but not limited to, any amounts due by the Company to the County under Section 4.1 hereof.

(c) Election to Remove. In the event the Company elects not to terminate this Fee Agreement pursuant to subsection (a) and elects not to rebuild pursuant to subsection (b), the damaged portions of the Economic Development Property shall be treated as Removed Components.

Section 4.8 Condemnation.

(a) Complete Taking. If at any time during the Fee Term title to or temporary use of the Economic Development Property should become vested in a public or quasi-public authority by virtue of the exercise of a taking by condemnation, inverse condemnation, or the right of eminent domain; by voluntary transfer under threat of such taking; or by a taking of title to a portion of the Economic Development Property which renders continued use or occupancy of the Economic Development Property commercially unfeasible in the judgment of the Company, the Company shall have the option to terminate this Fee Agreement by sending written notice to the County within a reasonable period of time following such vesting. The Company shall only be required to make FILOT payments as to all or any part of the tax year in which the taking occurs to the extent property subject to *ad valorem* taxes would otherwise have been subject to such taxes under the same circumstances for the period in question.

(b) Partial Taking. In the event of a partial taking of the Economic Development Property or a transfer in lieu thereof, the Company may elect: (i) to terminate this Fee Agreement; (ii) subject to the Act and the terms and provisions of this Fee Agreement, to repair and restore the Economic Development Property, with such reductions or enlargements in the scope of the Economic Development Property, changes, alterations, and modifications (including the substitution and addition of other property) as the Company may desire, and all such changes, alterations, and modifications shall be considered as substitutions of the taken parts of the Economic Development Property; or (iii) to treat the portions of the Economic Development Property so taken as Removed Components.

(c) The Company shall only be required to make FILOT payments as to all or any part of the tax year in which the taking occurs to the extent property subject to *ad valorem* taxes would otherwise have been subject to such taxes under the same circumstances for the period in question.

Section 4.9 Confidentiality/Limitation on Access to Project. The County acknowledges and understands that the Company utilizes confidential and proprietary processes

and materials, services, equipment, trade secrets, and techniques (herein "Confidential Information") and that any disclosure of Confidential Information concerning the Company's operations may result in substantial harm to the Company and could thereby have a significant detrimental impact on the Company's employees and also upon the County. The Company acknowledges that the County is subject to the Freedom of Information Act, and, as a result, must disclose certain documents and information on request absent an exemption. For these reasons, the Company shall clearly label all Confidential Information it delivers to the County "Confidential Information." Therefore, the County agrees that, except as required by law, neither the County nor any employee, agent, or contractor of the County shall (i) request or be entitled to receive any such Confidential Information, or (ii) disclose or otherwise divulge any such Confidential Information to any other person, firm, governmental body or agency, or any other entity unless specifically required to do so by law; provided, however, that the County shall have no less rights concerning information relating to the Project and the Company than concerning any other property or property taxpayer in the County, and, provided further, that the confidentiality of such confidential or proprietary information is clearly disclosed to the County in writing as previously described. Prior to disclosing any Confidential Information, subject to the requirements of law, the Company may require the execution of reasonable, individual, confidentiality and non-disclosure agreements by any officers, employees, or agents of the County or any supporting or cooperating governmental agencies who would gather, receive, or review such information. In the event that the County is required to disclose any Confidential Information obtained from the Company to any third party, the County agrees to provide the Company with as much advance notice as possible of such requirement before making such disclosure, and to cooperate reasonably with any attempts by the Company to obtain judicial or other relief from such disclosure requirement.

Section 4.10 Assignment. With the prior written consent of the County or a subsequent written ratification by the County, which consent or ratification the County will not unreasonably withhold unless Section 12-44-120 of the Act or any successor provision expressly does not require consent, and in accordance with the Act, the Company may assign this Fee Agreement in whole or in part. The Company agrees to notify the County and the Department of the identity of such transferee within 60 days of the transfer. In case of a transfer, the transferee assumes the transferor's basis in the Project for purposes of calculating the Fee. No approval is required for transfers to sponsor affiliates or other financing related transfers, as defined in the Act.

Section 4.11 No Double Payment; Future Changes in Legislation.

(a) Notwithstanding anything contained herein to the contrary, and except as expressly required by law, neither the Company nor any Sponsor shall ever be required to make a Payment in Lieu of Taxes in addition to a regular property tax payment in the same year over the same piece of property, nor shall the Company or any Sponsor be required to make a Payment in Lieu of Taxes on property in cases where, absent this Fee Agreement, property taxes would otherwise not be due on such property.

In case there is any legislation enacted which provides for more favorable treatment for property to qualify as, or for the calculation of the fee related to, Economic Development Property under Sections 4.4, 4.6, 4.7, 4.8, or the calculation of the Investment Period, the County

agrees to give expedient and full consideration to such legislation, with a view to allow for such more favorable treatment or calculation.

Section 4.12 Administration Expenses.

(a) Each party shall be responsible for its own attorneys' fees incurred in connection with this Agreement and any other agreements or instruments entered into pursuant to the matters detailed herein.

ARTICLE V

DEFAULT

Section 5.1 Events of Default. The following shall be "Events of Default" under this Fee Agreement, and the term "Events of Default" shall mean, whenever used with reference to this Fee Agreement, any one or more of the following occurrences:

(a) Failure by the Company to make the Payments in Lieu of Taxes described in Section 4.1 hereof, which failure shall not have been cured within 30 days following receipt of written notice thereof from the County; *provided, however*, that the Company shall be entitled to all redemption rights granted by applicable statutes; or

(b) A representation or warranty made by the Company which is deemed materially incorrect when deemed made; or

(c) Failure by the Company to perform any of the terms, conditions, obligations, or covenants hereunder (other than those under (a) above), which failure shall continue for a period of 30 days after written notice from the County to the Company specifying such failure and requesting that it be remedied, unless the Company shall have instituted corrective action within such time period and is diligently pursuing such action until the default is corrected, in which case the 30-day period shall be extended to cover such additional period during which the Company is diligently pursuing corrective action; or

(d) A representation or warranty made by the County which is deemed materially incorrect when deemed made; or

(e) Failure by the County to perform any of the terms, conditions, obligations, or covenants hereunder, which failure shall continue for a period of 30 days after written notice from the Company to the County specifying such failure and requesting that it be remedied, unless the County shall have instituted corrective action within such time period and is diligently pursuing such action until the default is corrected, in which case the 30-day period shall be extended to cover such additional period during which the County is diligently pursuing corrective action.

Section 5.2 Remedies on Default.

(a) Whenever any Event of Default by the Company shall have occurred and shall be continuing, the County may take any one or more of the following remedial actions:

- (i) terminate the Fee Agreement; or
- (ii) take whatever action at law or in equity may appear necessary or desirable to collect the amounts due hereunder. In no event shall the Company be liable to the County or otherwise for monetary damages resulting from the Company's failure to meet the Act Minimum Investment Requirement, other than as expressly set forth herein.
- (iii) other actions afforded by law.

(b) Whenever any Event of Default by the County shall have occurred or shall be continuing, the Company may take one or more of the following actions:

- (i) bring an action for specific enforcement;
- (ii) terminate the Fee Agreement;
- (iii) withhold so much of the payment as is in dispute with the County until such dispute is fully and finally resolved; or
- (iv) in case of a materially incorrect representation or warranty, take such action as is appropriate, including legal action, to recover its damages, to the extent allowed by law.

Section 5.3 Reimbursement of Legal Fees and Expenses and Other Expenses. Upon the occurrence of an Event of Default hereunder, should a party be required to employ attorneys or incur other reasonable expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement, the successful party shall be entitled, within 30 days of demand therefor, to reimbursement of the reasonable fees of such attorneys and such other reasonable expenses so incurred.

Section 5.4 No Waiver. No failure or delay on the part of any party hereto in exercising any right, power, or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power, or remedy preclude any other or further exercise thereof or the exercise of any other right, power, or remedy hereunder. No waiver of any provision hereof shall be effective unless the same shall be in writing and signed by the waiving party hereto.

ARTICLE VI

MISCELLANEOUS

Section 6.1 Notices. Any notice, election, demand, request, or other communication to be provided under this Fee Agreement shall be effective when delivered to the party named below or when deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, addressed as follows (or addressed to such other address as any party shall have previously furnished in writing to the other party), except where the terms hereof require receipt rather than sending of any notice, in which case such provision shall control:

IF TO THE COMPANY:

J. P. MORGAN CHASE

WITH A COPY TO:

IF TO THE COUNTY:

Florence County, South Carolina
Attn: County Administrator
180 N. Irby Street
MSC-G
Florence, SC 29501

Section 6.2 Binding Effect. This Fee Agreement and each document contemplated hereby or related hereto shall be binding upon and inure to the benefit of the Company, the County, and their respective successors and assigns. In the event of the dissolution of the County or the consolidation of any part of the County with any other political subdivision or the transfer of any rights of the County to any other such political subdivision, all of the covenants, stipulations, promises, and agreements of this Fee Agreement shall bind and inure to the benefit of the successors of the County from time to time and any entity, officer, board, commission, agency, or instrumentality to whom or to which any power or duty of the County has been transferred.

Section 6.3 Counterparts. This Fee Agreement may be executed in any number of counterparts, and all of the counterparts taken together shall be deemed to constitute one and the same instrument.

Section 6.4 Governing Law. This Fee Agreement and all documents executed in connection herewith shall be construed in accordance with and governed by the laws of the State of South Carolina.

Section 6.5 Headings. The headings of the articles and sections of this Fee Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Fee Agreement.

Section 6.6 Amendments. The provisions of this Fee Agreement may only be modified or amended in writing by any agreement or agreements entered into between the parties.

Section 6.7 Further Assurance. From time to time, and at the expense of the Company, to the extent any expense is incurred, the County agrees to execute and deliver to the Company such additional instruments as the Company may reasonably request and as are authorized by law and reasonably within the purposes and scope of the Act and Fee Agreement to effectuate the purposes of this Fee Agreement.

Section 6.8 Invalidity; Change in Laws. In the event that the inclusion of property as Economic Development Property or any other issue is unclear under this Fee Agreement, the County hereby expresses its intention that the interpretation of this Fee Agreement shall be in a manner that provides for the broadest inclusion of property under the terms of this Fee Agreement and the maximum incentive permissible under the Act, to the extent not inconsistent with any of the explicit terms hereof. If any provision of this Fee Agreement is declared illegal, invalid, or unenforceable for any reason, the remaining provisions hereof shall be unimpaired, and such illegal, invalid, or unenforceable provision shall be reformed to effectuate most closely the legal, valid, and enforceable intent thereof and so as to afford the Company with the maximum benefits to be derived herefrom, it being the intention of the County to offer the Company the strongest inducement possible, within the provisions of the Act, to locate the Project in the County. In case a change in the Act or South Carolina laws eliminates or reduces any of the restrictions or limitations applicable to the Company and the Fee incentive, the parties agree that the County will give expedient and full consideration to reformation of this Fee Agreement, with a view toward providing the Company with the benefits of such change in the Act or South Carolina laws.

The County agrees that in case the FILOT incentive described herein is found to be invalid or otherwise does not provide the Company with the economic benefit it is intended to receive from the County as an inducement to locate in the County, the savings lost as a result of such invalidity will be considered a special source revenue credit or infrastructure improvement credit to the Company to the maximum extent permitted by law, and the County will provide a special source revenue credit or infrastructure improvement credit against all FILOT payments or fee payments made or to be made by the Company equal to the amount that the Company would have saved if the FILOT had been valid, to the maximum extent permitted by law.

Section 6.9 Force Majeure. The Company shall not be responsible for any delays or non-performance caused in whole or in part, directly or indirectly, by strikes, accidents, freight embargoes, fires, floods, inability to obtain materials, conditions arising from governmental

orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond the Company's reasonable control.

Section 6.10 Termination by Company. The Company is authorized to terminate this Fee Agreement at any time with respect to all or part of the Project upon providing the County with 30 days' notice; *provided, however*, that (i) any monetary obligations existing hereunder and due and owing at the time of termination to a party hereto; and (ii) any provisions which are intended to survive termination shall survive such termination. In the year following such termination, all property shall be subject to ad valorem taxation or such other taxation or fee in lieu of taxation that would apply absent this agreement. The Company's obligation to make fee in lieu of tax payments under this Fee Agreement shall terminate in the year following the year of such termination pursuant to this section.

Section 6.11 Entire Understanding. This Fee Agreement expresses the entire understanding and all agreements of the parties hereto with each other, and neither party hereto has made or shall be bound by any agreement or any representation to the other party which is not expressly set forth in this Fee Agreement or in certificates delivered in connection with the execution and delivery hereof.

Section 6.12 Waiver. Either party may waive compliance by the other party with any term or condition of this Fee Agreement only in a writing signed by the waiving party.

Section 6.13 Business Day. In the event that any action, payment, or notice is, by the terms of this Fee Agreement, required to be taken, made, or given on any day which is a Saturday, Sunday, or legal holiday in the jurisdiction in which the person obligated to act is domiciled, such action, payment, or notice may be taken, made, or given on the following business day with the same effect as if given as required hereby, and no interest shall accrue in the interim.

Section 6.14 Limitation of Liability. Anything herein to the contrary notwithstanding, any financial obligation the County may incur hereunder, including for the payment of money shall not be deemed to constitute a pecuniary liability or a debt or general obligation of the County; provided, however, that nothing herein shall prevent the Company from enforcing its rights hereunder by suit for *mandamus* or specific performance.

(Signature Page Follows)

IN WITNESS WHEREOF, the County, acting by and through the County Council, has caused this Fee Agreement to be executed in its name and behalf by the County Council Chairman and to be attested by the Clerk of the County Council; and the Company has caused this Fee Agreement to be executed by its duly authorized officer, all as of the day and year first above written.

FLORENCE COUNTY, SOUTH CAROLINA

Signature: _____

Name: K.G. Rusty Smith, Jr.

Title: Chairman of County Council

ATTEST:

Signature: _____

Name: Connie Y. Haselden

Title: Clerk to County Council

J. P. MORGAN CHASE

Signature: _____

Name:

Title:

EXHIBIT A
LEGAL DESCRIPTION

DRAFT

DESCRIPTION OF PREMISES

That certain tract of land in Florence County, South Carolina, being shown and designated as 16.528 acres at 2210 Enterprise Drive, Florence, SC on a Survey prepared for Holmes Smith, LLC, Lepercq Corporate Income Fund, L.P. and First American Title Insurance Company by Power Engineering Company, Inc. dated June 15, 1998, last revised June 25, 1998 (the "Plat"), said Plat being incorporated herein by reference, said property being more particularly described as follows:

Commencing at a 5/8" rod found at the intersection of the southern right of way of Range Way and the eastern right of way of Enterprise Drive, said rod being the point of beginning; thence run along southern right of way of Range Way S54°52'49"E for a distance of 325.18 feet to an iron pin set; thence continuing along said right of way along a curve to the left, having a length of 363.28 feet, a radius of 996.65 feet and being subtended by a chord of S65°19'22"E for a distance of 361.27 feet to an iron pin found; thence turn and run along property now or formerly Fleet Mortgage Co. for the following 12 courses: 1) S21°34'56"W, 574.44 feet to an iron pin found; 2) S68°18'50"E, 10.25 feet to an iron pin found; 3) S36°53'00"W, 381.14 feet to an iron pin found; 4) N64°42'26"W, 394.89 feet to an iron pin set; 5) N36°52'45"E, 67.24 feet to an iron pin set; 6) N69°54'00"W, 131.15 feet to an iron pin set; 7) N64°42'26"W, 97.90 feet to an iron pin set; 8) N31°10'21"W, 12.41 feet to an iron pin set; 9) N53°07'22"W, 59.80 feet to an iron pin set; 10) N20°29'15"W, 121.84 feet to an iron pin set; 11) N43°07'22"W, 38.66 feet to an iron pin set; 12) N08°07'23"W, 28.67 feet to an iron pin set; thence turn and run along the eastern right of way of Enterprise Drive, along a curve to the left, having a length of 762.23 feet, a radius of 10057.33 feet and being subtended by a chord of N37°06'03"E for a distance of 762.05 feet to an iron pin set; thence continuing along said right of way N34°55'47"W for a distance of 56.47 feet to the point of beginning.

TOGETHER WITH non-exclusive perpetual storm drainage easements over and across Drainage Retention Easement area as hereinafter described and a strip of land 36 feet in width bounded on the north by Range Way, extending in a southeastern direction from the aforesaid 16.528 acres to the Drainage Retention Easement area, the Drainage Retention Easement area being more particularly described as follows:

Commencing at a 5/8" rod found on the southern right of way of Range Way, approximately 1083 feet southeast of the intersection of Range Way and Enterprise Drive, said rod being the point of beginning. Thence continuing along the southern right of way of Range Way N82°48'56"E for a distance of 234.94 feet to an iron pin found; thence turn and run along property now or formerly Fleet Mortgage Co. and the western edge of a 40 foot wide South Carolina Pipeline Gas Easement for the following 3 courses: 1) S06°49'30"W, 88.82 feet to an iron pin set; 2) S00°48'33"E, 97.49 feet to an iron pin set; 3) S18°44'20"W, 74.43 feet to an iron pin found; thence turn and run along property now or formerly Fleet Mortgage Co. for the following 2 courses: 1) S82°50'40"W, 169.75 feet to an iron pin found; 2) N07°15'33"W, 249.92 feet to the point of beginning, containing 1.192 acres more or less.

TOGETHER WITH a non-exclusive perpetual easement for ingress and egress over and across the Access Easement area shown on the Plat and being more particularly described as follows:

Commencing at a #5 rebar set on the eastern right of way of Enterprise Drive, approximately 818 feet southwest of the intersection of Enterprise Drive and Range Way, said rebar being the point of beginning. Thence turn and run along property now or formerly Holmes Smith LLC for the following 8 courses: 1) S08°07'23"E, 28.67 feet to an iron pin set; 2) S43°07'22"E, 38.66 feet to an iron pin set; 3) S20°29'15"E, 121.84 feet to an iron pin set; 4) S53°07'22"E, 59.80 feet to an iron pin set; 5) S31°10'21"E, 12.41 feet to an iron pin set; 6) S64°42'26"E, 97.90 feet to an iron pin set; 7) S69°54'00"E, 131.15 feet to an iron pin set; 8) S36°52'45"E, 67.24 feet to an iron pin set; thence turn and run along property now or formerly Fleet Mortgage for the following 3 courses: 1) N62°42'26"W, 237.74 feet to an iron pin found; 2) N53°09'10"W, 182.20 feet to an iron pin found; 3) N08°26'22"W, 61.76 feet to an iron pin set. Thence turn and run along the eastern right of way of Enterprise Drive along a curve to the left, having a length of 111.59 feet, a radius of 10057.33 feet and being subtended by a chord of N39°35'24"E for a distance of 111.59 feet to the point of beginning, containing 0.794 acres more or less.

DERIVATION: This being the same property conveyed to R. Solomon Florence Interest, LLC by Lexington Florence LLC by deed dated January 22, 2002, recorded in the Office of the Register of Deeds for Florence County on January 28, 2002, in Book A-666 at page 126.

TMS #00120-01-082

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Third Reading - Ordinance No. 23-2009/10 - Deferred

DEPARTMENT: Economic Development

ISSUE UNDER CONSIDERATION:

(An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.)

POINTS TO CONSIDER:

Additional property in Williamsburg County included.

OPTIONS:

1. *(Recommended)* Defer Third Reading of Ordinance No. 23-2009/10.
2. Provide an Alternate Directive

ATTACHMENTS:

Ordinance No. 23-2009/10.

Sponsor(s)	: Economic Development
First Reading/Introduction	: November 19, 2009
Committee Referral	: N/A
Committee Consideration Date	: N/A
Committee Recommendation	: N/A
Second Reading	: December 10, 2009
Public Hearing	: December 10, 2009
Third Reading	:
Effective Date	: Immediately

I, _____,
Council Clerk, certify that this
Ordinance was advertised for
Public Hearing on _____.

ORDINANCE NO. 23-2009/10

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

(An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.)

WHEREAS:

1. Florence County, South Carolina, a political subdivision of the State of South Carolina (the "County"), acting by and through its County Council (the "Council"), and Williamsburg County, South Carolina, a political subdivision of the State of South Carolina ("Williamsburg County"), acting by and through its County Council, are authorized pursuant to Article VIII, Section 13 of the Constitution of the State of South Carolina and Title 4, Chapter 1 of the Code of Laws of the State of South Carolina 1976, as amended, (the "Code"), specifically Section 4-1-170 thereof, to develop jointly an industrial or business park with other counties within the geographical boundaries of one or more member counties; and
2. The County and Williamsburg County entered into that certain Agreement for Development for Joint County Industrial Park dated as of December 1, 1998, (the "Agreement"); and
3. The County and Williamsburg County, having determined that an enlargement of the boundaries of the Joint County Industrial Park would promote economic development and thus provide additional employment and investment within said counties, have agreed to enter into an Amendment of the Agreement for Development for Multi-County Industrial or Business Park (the "Amendment") to enlarge the boundaries of the Joint County Industrial Park by including certain properties located in the County.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

1. The provisions, terms, and conditions of the Amendment presented to this meeting and filed with the Clerk to the Council are hereby approved, and all of the provisions, terms and conditions thereof are hereby incorporate herein by reference as if the Amendment were set out in this Ordinance in its entirety. The Chairman of the Council is hereby authorized, empowered, and directed to execute and deliver the Amendment in the name and on behalf of the County; the Clerk to the Council is hereby

authorized, empowered, and directed to attest the same; and the Chairman of the Council is further authorized, empowered, and directed to deliver the Amendment to Williamsburg County. The Amendment is to be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall not materially adversely affect the rights of the County thereunder and as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of Amendment now before this meeting.

2. All orders, resolutions, ordinances, and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force immediately upon public hearing and third reading of the Council.

ATTEST:

Connie Y. Haselden, Council Clerk

SIGNED:

K. G. Rusty Smith, Jr., Chairman

Approved as to Form and Content
James C. Rushton, III, County Attorney

COUNCIL VOTE:
OPPOSED:
ABSENT:

DRAFT

FIFTH AMENDMENT TO AGREEMENT FOR DEVELOPMENT
FOR JOINT COUNTY INDUSTRIAL PARK

This Fifth Amendment to Agreement for Development for Joint Industrial Park dated December 1, 1998, between Florence County, South Carolina ("Florence County") and Williamsburg County, South Carolina ("Williamsburg County"), each a body politic and political subdivisions of the State of South Carolina (collectively the "Counties").

WITNESSETH:

WHEREAS, under the authorization of the Counties pursuant to Article VIII, Section 13 of the Constitution of the State of South Carolina and Title 4, Chapter 1 of the Code of Laws of the State of South Carolina 1976, as amended (the "Code"), specifically Section 4-1-170 thereof; and, pursuant to that certain Agreement for Development for Joint County Industrial Park (the "Agreement") dated as of December 1, 1998, the Counties agreed to develop a multi-county industrial or business park (the "Park"), a portion of which is located in Florence County as described in Exhibit A to that Agreement (the "Florence Property"), and a portion of which is located in Williamsburg County as described in Exhibit B to that Agreement (the "Williamsburg Property"); and

WHEREAS, an Amendment to Agreement for Development for Joint County Industrial Park (the "First Amendment to Agreement") dated September 28, 2006, amended Exhibit A to the Agreement by adding additional property as described in Exhibit A-1 to the First Amendment to Agreement enlarged the boundaries of the Park; and

WHEREAS, pursuant to Ordinance No. 23-2009/10 adopted by Florence County Council on _____, and Ordinance No. _____ adopted by Williamsburg County Council on _____ (collectively, the "Enabling Ordinances"), the Counties have determined that it is in the best interest of the Counties to enlarge the boundaries of the Park as authorized by Section 3 of the Agreement in order to promote economic development and thus provide additional employment opportunities within said Counties.

NOW, THEREFORE, in consideration of the mutual agreement, representations and benefits contained in this Agreement and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Exhibit A to the Agreement which describes the boundaries of the Park with regard to the Florence Property, is amended by adding additional property described on Exhibit A-5 attached hereto.

Section 2. The Agreement as to the property set forth in Exhibit A-5 attached hereto, may not be terminated by either Party for a period of twenty (20) years following the effective date of this Amendment.

Section 3. Except as expressly amended or modified herein, the remaining terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS THEREOF, the parties hereto, each after due authorization, have executed this Fifth Amendment to Agreement for Development for Joint County Industrial Park to be effective as of _____.

FLORENCE COUNTY, SOUTH CAROLINA

(SEAL)

Chairman, Florence County Council

ATTEST:

By: _____
Clerk to County Council
Florence County, South Carolina

WILLIAMSBURG COUNTY, SOUTH CAROLINA

(SEAL)

Chairman, Williamsburg County Council

ATTEST:

By: _____
Clerk to County Council
Williamsburg County, South Carolina

DRAFT

LAND DESCRIPTION
FLORENCE COUNTY

DRAFT

Exhibit A-5 to MCP Agreement and Fifth Amended MCP Agreement

DESCRIPTION OF PREMISES

That certain tract of land in Florence County, South Carolina, being shown and designated as 16.528 acres at 2210 Enterprise Drive, Florence, SC on a Survey prepared for Holmes Smith, LLC, Lepercq Corporate Income Fund, L.P. and First American Title Insurance Company by Power Engineering Company, Inc. dated June 15, 1998, last revised June 25, 1998 (the "Plat"), said Plat being incorporated herein by reference, said property being more particularly described as follows:

Commencing at a 5/8" rod found at the intersection of the southern right of way of Range Way and the eastern right of way of Enterprise Drive, said rod being the point of beginning; thence run along southern right of way of Range Way S54°52'49"E for a distance of 325.18 feet to an iron pin set; thence continuing along said right of way along a curve to the left, having a length of 363.28 feet, a radius of 996.63 feet and being subtended by a chord of S65°19'22"E for a distance of 361.27 feet to an iron pin found; thence turn and run along property now or formerly Fleet Mortgage Co. for the following 12 courses: 1) S21°34'56"W, 574.44 feet to an iron pin found; 2) S68°18'50"E, 10.25 feet to an iron pin found; 3) S36°53'00"W, 381.14 feet to an iron pin found; 4) N64°42'26"W, 394.89 feet to an iron pin set; 5) N36°52'45"E, 67.24 feet to an iron pin set; 6) N69°54'00"W, 131.15 feet to an iron pin set; 7) N64°42'26"W, 97.90 feet to an iron pin set; 8) N31°10'21"W, 12.41 feet to an iron pin set; 9) N53°07'22"W, 59.80 feet to an iron pin set; 10) N20°29'15"W, 121.84 feet to an iron pin set; 11) N43°07'22"W, 38.66 feet to an iron pin set; 12) N08°07'23"W, 28.67 feet to an iron pin set; thence turn and run along the eastern right of way of Enterprise Drive, along a curve to the left, having a length of 762.23 feet, a radius of 10057.33 feet and being subtended by a chord of N37°06'03"E for a distance of 762.05 feet to an iron pin set; thence continuing along said right of way N34°55'47"W for a distance of 56.47 feet to the point of beginning.

TOGETHER WITH non-exclusive perpetual storm drainage easements over and across Drainage Retention Easement area as hereinafter described and a strip of land 36 feet in width bounded on the north by Range Way, extending in a southeastern direction from the aforesaid 16.528 acres to the Drainage Retention Easement area, the Drainage Retention Easement area being more particularly described as follows:

Commencing at a 5/8" rod found on the southern right of way of Range Way, approximately 1083 feet southeast of the intersection of Range Way and Enterprise Drive, said rod being the point of beginning. Thence continuing along the southern right of way of Range Way N82°48'56"E for a distance of 234.94 feet to an iron pin found; thence turn and run along property now or formerly Fleet Mortgage Co. and the western edge of a 40 foot wide South Carolina Pipeline Gas Easement for the following 3 courses: 1) S06°49'30"W, 88.82 feet to an iron pin set; 2) S00°48'33"E, 97.49 feet to an iron pin set; 3) S18°44'20"W, 74.43 feet to an iron pin found; thence turn and run along property now or formerly Fleet Mortgage Co. for the following 2 courses: 1) S82°50'40"W, 169.75 feet to an iron pin found; 2) N07°15'33"W, 249.92 feet to the point of beginning, containing 1.192 acres more or less.

TOGETHER WITH a non-exclusive perpetual easement for ingress and egress over and across the Access Easement area shown on the Plat and being more particularly described as follows:

Commencing at a #5 rebar set on the eastern right of way of Enterprise Drive, approximately 818 feet southwest of the intersection of Enterprise Drive and Range Way, said rebar being the point of beginning. Thence turn and run along property now or formerly Holmes Smith LLC for the following 8 courses: 1) S08°07'23"E, 28.67 feet to an iron pin set; 2) S43°07'22"E, 38.66 feet to an iron pin set; 3) S20°29'15"E, 121.84 feet to an iron pin set; 4) S53°07'22"E, 59.80 feet to an iron pin set; 5) S31°10'21"E, 12.41 feet to an iron pin set; 6) S64°42'26"E, 97.90 feet to an iron pin set; 7) S69°54'00"E, 131.15 feet to an iron pin set; 8) S36°52'45"E, 67.24 feet to an iron pin set; thence turn and run along property now or formerly Fleet Mortgage for the following 3 courses: 1) N62°42'26"W, 237.74 feet to an iron pin found; 2) N53°09'10"W, 182.20 feet to an iron pin found; 3) N08°26'22"W, 61.76 feet to an iron pin set. Thence turn and run along the eastern right of way of Enterprise Drive along a curve to the left, having a length of 111.59 feet, a radius of 10057.33 feet and being subtended by a chord of N39°35'24"E for a distance of 111.59 feet to the point of beginning, containing 0.794 acres more or less.

DERIVATION: This being the same property conveyed to R. Solomon Florence Interest, LLC by Lexington Florence LLC by deed dated January 22, 2002, recorded in the Office of the Register of Deeds for Florence County on January 28, 2002, in Book A-666 at page 126.

TMS #00120-01-082

DRAFT

FLORENCE COUNTY COUNCIL MEETING
Thursday May 20, 2010

AGENDA ITEM: Ordinance No. 30-2009/10
Third Reading

DEPARTMENT: Planning and Building Inspections

ISSUE UNDER CONSIDERATION:

[An Ordinance To Zone Property Owned By KAT-ROX LLC., Located At Pamplico Highway And South Flanders Road, Florence County To PD 2010-01, Planned Development District Shown On Florence County Tax Map 90147, Block 03, Parcel 66, Consisting Of Approx. 22.08 Acres.]

POINTS TO CONSIDER:

1. The applicant proposes to zone the subject property to a Planned Development (PD) district in order to facilitate a townhome development. The current PD application allows for only the single use of townhomes within the development.
2. The South Carolina State Supreme Court ruled on March 15, 2010 that the 1994 Zoning Enabling Act required that all Planned Development (PD) districts must have a mixed use component and further found that PD districts which had been created without a mixed use component were invalid.
3. The applicant would like to amend the application to include a mixed use component and comply with the recent S.C. Supreme Court ruling on this type of zoning application (PD). Therefore the applicant has requested this application for zoning be remanded back to Planning Commission for further study and revision.

OPTIONS:

1. *(Recommended)* Remand application to Planning Commission for further study and revision.
2. Provide An Alternate Directive

ATTACHMENTS:

Copies of the following are attached:

1. Ordinance No. 30-2009/10
2. State Supreme Court Opinion No.26787, March 15 2010 - *Sinkler and APHOA v. County of Charleston and Walpole*

Sponsor(s)	: Planning Commission	
Planning Commission Consideration	: February 23, 2010	I, _____,
Planning Commission Public Hearing	: February 23, 2010	Council Clerk, certify that this
Planning Commission Recommendation	: February 23, 2010 [Approved 9-0]	Ordinance was advertised for
First Reading/Introduction	: March 18, 2010	Public Hearing on _____.
Committee Referral	: N/A	
Second Reading	: April 15, 2010	
Third Reading	: May 20, 2010	
Effective Date	: Immediately	

ORDINANCE NO. 30-2009/10

[An Ordinance To Zone Property Owned By KAT-ROX LLC., Located At Pamplico Highway And South Flanders Road, Florence County To PD 2010-01, Planned Development District Shown On Florence County Tax Map 90147, Block 03, Parcel 66 Consisting Of Approx. 22.08 Acres.]

WHEREAS:

1. Section 30-291 of the Florence County Code establishes that Florence County Council must be satisfied that applications for amendments to the Zoning Atlas of Florence County are not injurious from a public health, safety and general welfare outlook and the effect of the change will not negatively impact the immediate environs or the County generally; and
2. Section 30-297 of the Florence County Code republished January 2008, provides a procedure for amending the official Zoning Map of the County of Florence; and
3. The procedure has been followed by the Florence County Planning Commission at a public hearing on February 23, 2010.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

1. Property located at Pamplico Hwy and South Flanders Rd. bearing Tax Map 90147, Block 03, Parcel 66, approximately 22.08 acres is hereby zoned to PD 2010-01, Planned Development District.

The Planned Development zoning shall be subject to the following requirements:

Allowed Uses (NAICS):
Townhomes (81411)

Residential Density:
9.75 Per acre

Minimum Setback Requirements:
25 Feet Front
0 and 5 Feet Side (Alternating as shown on PD-2010-01 SITE PLAN)
15 Feet Rear

Impervious surface ratio:
50%

Floor area ratio:
55%

Building Heights:

Maximum building height of 38 feet

Water and sewer:

Pump station and force main to be conveyed to City of Florence.

Water mains (6" and 8") water lines to be conveyed to the City of Florence.

All other water and sewer improvements to remain private.

Storm water

Storm water system shall remain private

Site Plan:

Per exhibit PD-2010-01-SITE PLAN

Signage:

Per exhibit PD-2010-01-SIGNAGE

Off-street parking and loading spaces shall comply with the requirements of Sections 30-28 and 30-29, as applicable for the various uses proposed for the PD, and the requirements of Article VI of Chapter 30- Zoning Ordinance of the Florence County Code.

Buffer areas are not required for internal use. The southern property line will utilize a 25 foot wide type A buffer. The eastern property line will utilize a 20 foot wide type C buffer. The western property line will utilize a 20 foot wide type B buffer. The northern property line will utilize a 25 foot wide type C buffer. Buffer areas shall be required for peripheral uses only, and shall be provided in accordance with the minimum requirements for adjacent uses prescribed by Article IV of Chapter 30- Zoning Ordinance of the Florence County Code.

The streets shall remain private and meet the design and construction standards promulgated for public streets; further provided that an acceptable maintenance plan be submitted to and approved by the planning commission prior to permitting.

Landscaping and open space requirements shall comply with the provisions of Article IV of Chapter 30- Zoning Ordinance of the Florence County Code.

2. Public improvements and/or "common" amenities or infrastructure proposed and established herein shall be installed in accord with the development schedule. Where proposed or requirement improvements have not been completed by the applicant/developer prior to the scheduled target date and certified by the zoning administrator, the applicant/developer may provide financial guarantees to ensure the proper installation of such required improvements. The nature and duration of the guarantees shall be structured to achieve this goal without adding unnecessary costs to the developer. See PD-2010-01-SITE PLAN for detail.
3. Official copies of PD-2010-01 PLANNED DEVELOPMENT DISTRICT, PD-2010-01-SITE PLAN and PD-2010-01-SIGNAGE shall be kept on file in the Florence County Planning office. Any zoning requirements not directly addressed in these documents shall comply with the R-3 Single-Family Residential District.
4. Provisions in other Florence County ordinances in conflict with this Ordinance are hereby repealed.
5. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and to this end, the provisions of this

Ordinance are severable.

ATTEST:

Connie Y. Haselden, Council Clerk

Approved as to Form and Content
James C. Rushton, III, County Attorney

SIGNED:

K. G. Rusty Smith, Jr., Chairman

COUNCIL VOTE:

OPPOSED:

ABSENT:

DRAFT

**THE STATE OF SOUTH CAROLINA
In The Supreme Court**

G. Dana Sinkler and Anchorage Plantation
Home Owners Association, Petitioners,

v.

County of Charleston, Charleston County
Council and Theodora Walpole and John D.
Walpole, Respondents.

ON WRIT OF CERTIORARI TO THE COURT OF APPEALS

Appeal From Charleston County
R. Markley Dennis, Jr., Circuit Court Judge

Opinion No. 26787
Heard January 21, 2010 – Filed March 15, 2010

REVERSED

G. Trenholm Walker, Francis M. Ervin, and
Sara E. DeWolf, all of Pratt-Thomas & Walker,
of Charleston, for Petitioners.

County Attorney Joseph Dawson, III, Deputy
County Attorney Bernard E. Ferrara, Jr.,
Assistant County Attorney Austin A. Bruner, all
of North Charleston; and Gerald M. Finkel, of
Finkel Law Firm, of Charleston, for
Respondents.

JUSTICE BEATTY: G. Dana Sinkler and Anchorage Plantation Home Owners Association (collectively, Petitioners) brought this action against the County of Charleston, Charleston County Council, and Theodora and John D. Walpole (collectively, Respondents) challenging an ordinance rezoning the Walpoles' property, Anchorage Plantation, from agricultural to a Planned Development (PD) district. Upon review, the circuit court ruled the ordinance was invalid and that the property should retain its agricultural classification. The Court of Appeals reversed, holding the rezoning to a PD was proper. Sinkler v. County of Charleston, Op. No.

2008-UP-297 (S.C. Ct. App. filed June 5, 2008). We granted a petition for a writ of certiorari to review the decision of the Court of Appeals and now reverse.

I. FACTS

A. Background of Dispute.

The South Carolina Local Government Comprehensive Planning Enabling Act of 1994 (the Enabling Act) granted local governments the authority to create planning commissions to implement comprehensive plans governing development in their communities.^[1] In 1999, Charleston County Council enacted the County of Charleston Comprehensive Plan.

The Comprehensive Plan designated Wadmalaw Island part of the Agricultural Area of Charleston County, where the preferred land uses included farming and resource management, along with "preservation of the rural community character." The Comprehensive Plan further provided that development in areas classified as Agricultural Preservation within the Agricultural Area "should primarily support the needs of the farming industry, secondarily allowing for compatible residential development."

The Enabling Act permits the governing body of a county to adopt zoning ordinances to help implement a comprehensive plan. S.C. Code Ann. § 6-29-720 (2004 & Supp. 2009). Charleston County Council enacted the Charleston County Zoning and Land Development Regulations (ZLDR) in 2001 to implement its Comprehensive Plan.

Petitioners separately own properties on Wadmalaw Island that are adjacent to a tract of land (roughly 750 acres) owned by the Walpoles. The Walpoles' property was used as a tomato farm and was zoned AG-15, an Agricultural Preservation classification.

Under the ZLDR, the AG-15 classification allows a "maximum density" of one dwelling unit per fifteen acres on interior land, with a "minimum lot area" of three acres. ZLDR § 4.4.3(A). For land within one thousand feet of the OCRM^[2] critical line, the AG-15 zoning classification allows a maximum density of one dwelling unit for every three acres. ZLDR § 4.4.3(B). The configuration of the Walpoles' land limited it to a maximum of 107 dwellings under the AG-15 zoning restrictions.

On June 20, 2003, the Walpoles applied to have their property rezoned to a PD district. Charleston County Council adopted an ordinance rezoning the Walpoles' property from AG-15 to a PD district on February 17, 2004. Under the ordinance, the minimum lot size was reduced to one acre, although the allowed uses remained the same as those under the AG-15 classification. The maximum number of dwellings on the property remained unchanged at 107.

Petitioners brought this declaratory judgment action in 2004, asserting the ordinance rezoning the Walpoles' property was invalid because Charleston County Council exceeded its authority and violated provisions of the Enabling Act and the ZLDR in approving the change.

B. Circuit Court's Ruling.

The circuit court found the ordinance rezoning the Walpoles' property from AG-15 to a PD

district was invalid and that the property remained zoned AG-15. The circuit court concluded Charleston County Council exceeded its authority and violated the provisions of both (1) the Enabling Act and (2) the ZLDR.

(1) The Enabling Act. The circuit court first found the ordinance did not meet the essential standards for establishing a PD as provided by sections 6-29-720 and -740 of the Enabling Act.

The circuit court stated the ordinance violated section 6-29-720, governing zoning methods, because the proposed PD plan that was approved failed to meet the statute's definition of a PD. Section 6-29-720 defines a PD as follows:

[A] development project comprised of housing of different types and densities and of compatible commercial uses, or shopping centers, office parks, and mixed-use developments. A planned development district is established by rezoning prior to development and is characterized by a unified site design for a mixed use development[.]

S.C. Code Ann. § 6-29-720(C)(4) (Supp. 2009) (emphasis added).

The circuit court noted the development in the proposed area is residential, the same type of development that is already authorized under its current zoning of AG-15. The court stated, "Distilling the PD Ordinance to its essence, its primary effect was simply to reduce the minimum lot size for the up-to-107 residential dwelling units."

The court found the PD plan submitted to Charleston County does not call for "housing of different types and densities and of compatible commercial uses, or shopping centers, office parks, and mixed-use developments," nor is it "characterized by a unified site design for a mixed use development" as required by section 6-29-720(C)(4).

Respondents had alternatively argued that County Council could implement its own zoning districts and did not have to meet the requirements of a PD district provided in the Enabling Act, based on the portion of section 6-29-720(C) that reads as follows:

The zoning ordinance may utilize the following [listing cluster developments, floating zones, performance zoning, and planned development districts, among others] or any other zoning and planning techniques for implementation of the goals specified above. Failure to specify a particular technique does not cause use of that technique to be viewed as beyond the power of the local government choosing to use it[.]

S.C. Code Ann. § 6-29-720(C).

The circuit court observed that, "[w]hile the County is correct that the legislature did not confine it to the categories of zoning districts listed in S.C. Code Ann. § 6-29-720(C), in this instance the County actually employed one of the enabling statute's specifically defined categories, 'planned development district,' and specifically referred to the Enabling Act as the basis for its authority in § 3.5.1, ZLDR." Accordingly, the circuit court concluded the ordinance was intended to implement a PD as described in section 6-29-720(C) rather than "some new, alternative . . . zoning category."

The circuit court further found the ordinance violated section 6-29-740 of the Enabling Act, entitled "Planned development districts," which allows variances from lot size, use, and density requirements contained in other ordinances and regulations through establishment of a PD. Section 6-29-740 provides in relevant part:

In order to achieve the objectives of the comprehensive plan of the locality and to allow flexibility in development that will result in improved design, character, and quality of new mixed use developments and preserve natural and scenic features of open spaces, the local governing authority may provide for the establishment of planned development districts as amendments to a locally adopted zoning ordinance and official zoning map. The adopted planned development map is the zoning district map for the property. The planned development provisions must encourage innovative site planning for residential, commercial, institutional, and industrial developments within planned development districts.

S.C. Code Ann. § 6-29-740 (2004) (emphasis added).

The court found that, in comparison to the AG-15 zoning, the proposed PD plan simply reduces the required lot size from three acres to one acre, but it includes "no elements that result in improved design, character, and quality of a new mixed use development." The court stated the proposed plan calls for up to 107 residential dwellings, but the AG-15 zoning already allows this residential use, so "the proposed plan cannot . . . be considered to be a 'new mixed use development.'" The court also noted the proposed plan does not specifically identify any particular land as open space or impose any requirement that the owners preserve open space; moreover, "the proposed plan does not result in more open space than AG-15 zoning, since each would allow up to 107 single family houses."

(2) The ZLDR. As an additional ground for invalidating the ordinance, the circuit court found the ordinance violated the ZLDR. The court noted the ZLDR sections defining the AG-10 and AG-8 zoning districts include the provision that an owner may reach maximum density only through the PD process, citing § 4.5.3(B), ZLDR (for AG-10) and § 4.6.3(B), ZLDR (for AG-8). "On the other hand, the ZLDR sections governing the more restrictive AG-25 and AG-15 districts have no parallel provision allowing any adjustment to any of the standards through a planned development district or the 'Planned Development process.'" The court concluded County Council did not intend for a property owner to be able to reduce the residential standards of property zoned AG-15 through a PD process and that the ZLDR do not allow the use of a PD to modify the restrictions of the AG-15 district for residential development.

C. Review by the Court of Appeals.

The Court of Appeals reversed, finding the Walpoles' property was properly rezoned to a PD based on "the deference provided local governing bodies and the flexibility created through the Enabling Act." Sinkler v. County of Charleston, Op. No. 2008-UP-297 (S.C. Ct. App. filed June 5, 2008), slip op. at 2.

The Court of Appeals found "the circuit court exceeded the applicable scope of review because a reviewing court should practice judicial restraint and not supplant its judgment for the local governing authority's judgment." Id. (citing Bob Jones Univ. v. City of Greenville, 243

S.C. 351, 133 S.E.2d 843 (1963)). In addition, citing Lenardis v. City of Greenville, 316 S.C. 471, 472, 450 S.E.2d 597, 598 (Ct. App. 1994), the Court of Appeals stated the appellate court "must leave [the disputed] decision undisturbed if the propriety of that decision is even 'fairly debatable.'" Id.

As to the Enabling Act, the Court of Appeals cited the prefatory language in section 6-29-720(C), which states "[t]he zoning ordinance may utilize the following or any other zoning and planning techniques for implementation of the goals specified above. Failure to specify a particular technique does not cause use of that technique to be viewed as beyond the power of the local government choosing to use it." Id. at 3 (quoting S.C. Code Ann. § 6-29-720(C)) (alteration and emphasis in original). The court stated "Sinkler [Petitioners] [had] argued the County Council did not avail itself of this curative language because County Council utilized one of the definitions," but that it "need not explore Sinkler's argument as this court defers to the County Council's judgment regarding the plan." Id. "In the ordinance, the County Council found that the plan met Article 3.5 of the ZLDR" Id.

The Court of Appeals also found County Council's decision was not arbitrary or capricious, citing Bear Enterprises v. County of Greenville, 319 S.C. 137, 459 S.E.2d 883 (Ct. App. 1995). Id. "County Council reviewed the plan for the property multiple times and the county staff recommended rezoning the property. Accordingly, County Council's decision was neither arbitrary nor capricious." Id. at 3-4.

As to the circuit court's finding that the ordinance conflicted with the provisions of the ZLDR, the Court of Appeals held there was no conflict and nothing to suggest that County Council could not change an ordinance that it created. Id. at 4.

The Court of Appeals concluded that, since Petitioners had failed to show that the enacted ordinance conflicted with state law or the ZLDR, that County Council's decision was arbitrary and unreasonable, or that the rezoning violated Petitioners' constitutional rights, it would not substitute its judgment for that of County Council, and it held the circuit court erred in concluding County Council exceeded its lawfully delegated authority. Id. This Court granted a petition for a writ of certiorari to review the decision of the Court of Appeals.

II. LAW/ANALYSIS

Petitioners assert the Court of Appeals erred in (1) applying the wrong standard of review, (2) reversing the circuit court's invalidation of the ordinance on the basis it violates the provisions of the Enabling Act, and (3) reversing the circuit court's invalidation of the ordinance on the basis it conflicts with the ZLDR.

Because we find it dispositive, we direct our attention to Petitioners' argument that it was error to reverse the circuit court's determination that the rezoning ordinance was invalid because it violated the Enabling Act.

As noted above, the circuit court ruled the ordinance did not meet the qualifications for a PD as contained in sections 6-29-720 and -740 of the Enabling Act. The circuit court first found a PD requires "housing of different types and densities" and mixed use, as expressed by section 6-29-720. The court found the only change effected by the zoning ordinance in this case was to reduce the lot sizes so as to allow the property owners to avoid the density

restriction mandated by the AG-15 category; all other factors remained the same as the AG-15 category.

Section 6-29-720 of the Enabling Act defines a PD as follows:

[A] development project comprised of housing of different types and densities and of compatible commercial uses, or shopping centers, office parks, and mixed-use developments. A planned development district is established by rezoning prior to development and is characterized by a unified site design for a mixed use development[.]

S.C. Code Ann. § 6-29-720(C)(4) (emphasis added).

The circuit court also found the ordinance violated section 6-29-740 of the Enabling Act, governing "Planned development districts," because it includes "no elements that result in improved design, character, and quality of a new mixed use development" as required by the statute. Section 6-29-740 states in relevant part that a PD should "result in improved design, character, and quality of new mixed use developments" and, moreover:

The planned development provisions must encourage innovative site planning for residential, commercial, institutional, and industrial developments within planned development districts.

Id. § 6-29-740.

The Court of Appeals found the ordinance did not violate the Enabling Act, stating it would defer to County Council's recitation in the ordinance that it satisfied the requirements for a PD and accord County Council the flexibility and authority contemplated in the Enabling Act.

We hold the circuit court properly concluded the ordinance did not meet the parameters for a PD. As found by that court, the only effect of the ordinance in this instance was to allow the Walpoles to reduce the lot sizes for the property, thus avoiding the restrictions mandated by AG-15 zoning. The ordinance did not provide for housing of different types and densities and compatible commercial use, and it did not create a new mixed use development as contemplated in the statutes of the Enabling Act. The property continued to have only residential dwellings and the ordinance did not plan for future diversity of development. As noted in the excerpt quoted from section 6-29-740 above, PD plans "must encourage innovative site planning for residential, commercial, institutional, and industrial developments within" the PD districts. S.C. Code Ann. § 6-29-740.

As one treatise has observed, a PD is a zoning method that is used to create a planned mix of residential and commercial uses for the benefit of the community, as opposed to having only a single-use district:

The planned unit development, in contrast to Euclidean zoning which divides a community into districts and explicitly mandates certain uses, . . . is a district in which a planned mix of residential, commercial, and even industrial uses is sanctioned subject to restrictions calculated to achieve compatible and efficient use of the land.

83 Am. Jur. 2d Zoning and Planning § 396 (2003). The goal of a PD district is to have diversification of use and to create, in essence, a self-contained, planned community:

In addition to facilitating flexibility in zoning, the planned unit development also seeks to grant diversification in the location of structures and other site qualities. Thus, the goal of planned unit development is achieved when an entire self-contained little community is permitted to be built within a zoning district, with the rules of density controlling not only the relation of private dwellings to open space, but also the relation of homes to commercial establishments such as theaters, hotels, restaurants, and quasi-commercial uses such as schools and churches.

Id. § 398 (footnotes omitted).

The definitions of commentators and courts vary with the kind of planned unit development under discussion, but the description set forth above has been cited by several commentators. See, e.g., 3 Patricia E. Salkin, American Law of Zoning § 24:8 (5th ed. 2009) (citing the description and its source, the Supreme Court of Pennsylvania, which applied this definition in Cheney v. Village 2 at New Hope, Inc., 241 A.2d 81 (1968)). Accordingly, the essence of a PD under the Enabling Act is that the property will provide for mixed use. See id. at § 24:9 ("Unlike *Euclidian* zoning which forces land development into a preconceived pattern, planned unit development permits the inclusion of a variety of housing types, lot sizes, and even nonresidential uses on a single tract."); Palmer/Sixth St. Props., L.P. v. City of Los Angeles, 96 Cal. Rptr. 3d 875, 878 n.2 (Ct. App. 2009) (noting a land use plan adopted for a specific area of Los Angeles defined a "mixed use" project as "[a]ny Project which combines a commercial use with a residential use, either in the same building or in separate buildings on the same lot or lots" (citing Plan, § 4, Definitions)); Trail v. Terrapin Run, LLC, 920 A.2d 597, 606 (Md. Ct. Spec. App. 2007) (stating planned development "means more than just a subdivision or the concept would be unnecessary" and that "[t]he definition itself 'includes' different uses by virtue of its reference to mixed use development").

Respondents alternatively asserted that they did not have to meet the parameters of a PD under the Enabling Act because County Council was free to employ other zoning techniques, citing the prefatory language of section 6-29-720(C) governing zoning methods, which allows County Council to use one of the enumerated techniques or other techniques. We agree with the circuit court that County Council clearly chose to employ the PD process for the Walpoles' property and, once having invoked that technique, it could not arbitrarily fail to meet the requirements for a PD. Consequently, we hold the circuit court correctly ruled the ordinance is invalid because it did not properly establish a PD as contemplated by the terms of the Enabling Act, and we reverse the Court of Appeals' determination on this point.

III. CONCLUSION

Based on the foregoing, we reverse the decision of the Court of Appeals and hold the circuit court properly invalidated the ordinance rezoning the Walpoles' property from AG-15 to a PD district because the requirements for a PD district under the Enabling Act were not met.

REVERSED.[3]

TOAL, C.J., PLEICONES, HEARN, JJ., and Acting Justice James E. Moore, concur.

[1] See S.C. Code Ann. § 6-29-320 (2004) ("The county council of each county may create a county planning commission."); *id.* § 6-29-510(A) (stating a local planning commission shall develop and maintain a comprehensive plan to guide development in its area of jurisdiction).

[2] OCRM refers to the Office of Ocean and Coastal Resource Management of the South Carolina Department of Health and Environmental Control.

[3] To the extent Petitioners assert the Court of Appeals applied the wrong standard of review, we find no error. The Court of Appeals found Petitioners failed to show the ordinance conflicted with state law or the ZLDR or that County Council had exceeded its lawfully delegated authority. We conclude the cases cited by the Court of Appeals are correct statements of the law in this area. However, because we agree with Petitioners that the circuit court properly invalidated the ordinance on the basis it violated the Enabling Act, we need not reach the remaining argument that the ordinance also violated the ZLDR.

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Second Reading - Ordinance No. 31-2009/10

DEPARTMENT: Procurement

ISSUE UNDER CONSIDERATION:

(An Ordinance To Declare As Surplus Real Property Owned By Florence County Located At 404 East Hampton Street, Olanta, South Carolina And Designated As Tax Map Number 04530-03-029; And to Authorize The Conveyance Or Public Sale Thereof, Including a First Right Of Refusal; And Other Matters Relating Thereto.)

POINTS TO CONSIDER:

1. Florence County currently owns property located at 404 East Hampton Street, Olanta, South Carolina, Tax Map Number 04530-03-029, which formerly served as the Olanta Public Library Branch.
2. The County has no future plans for the property and The Town of Olanta has a possible interest in obtaining the property.
3. Council can declare the property as surplus property and authorize the conveyance thereof to the Town of Olanta or disposal of the property by publicly offered sealed bid.

OPTIONS:

1. *(Recommended)* Approve Second Reading of Ordinance No. 31-2009/10.
2. Provide an Alternate Directive.

ATTACHMENTS:

Ordinance No. 31-2009/10.

Sponsor(s) : Procurement
 First Reading/Introduction : April 15, 2010
 Committee Referral : N/A
 Committee Consideration Date : N/A
 Committee Recommendation : N/A
 Public Hearing : May 20, 2010
 Second Reading : May 20, 2010
 Third Reading :
 Effective Date : Immediately

I, _____,
 Council Clerk, certify that this
 Ordinance was advertised for
 Public Hearing on _____.

ORDINANCE NO. 31-2009/10

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

(An Ordinance To Declare As Surplus Real Property Owned By Florence County Located At 404 East Hampton Street, Olanta, South Carolina And Designated As Tax Map Number 04530-03-029: And to Authorize The Conveyance Or Public Sale Thereof, Including a First Right Of Refusal; And Other Matters Relating Thereto.)

WHEREAS:

1. Florence County currently owns property located at 404 East Hampton Street, Olanta, South Carolina, Tax Map Number 04530-03-029, which formerly served as the Olanta Public Library Branch; and
2. The County has no future plans for the property and The Town of Olanta has a possible interest in obtaining the property; and
3. Council can declare the property as surplus property and authorize the conveyance thereof to the Town of Olanta or disposal of the property by publicly offered sealed bid.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

1. Property designated as Tax Map Number 04530-03-029, formerly known as the Olanta Public Library Branch, is hereby declared surplus.
2. The Town of Olanta is granted a first right of refusal for ninety (90) days after the approval of this ordinance to accept conveyance of the property, except that if the Town of Olanta does not exercise its first right of refusal, the property is to be disposed of by publicly offered sealed bid.
3. In the event the property is disposed of by a publicly offered sealed bid, the property will be sold by quitclaim deed and all closing and associated costs for the transfer of title shall be paid by the buyer.
4. The disposal of said property is hereby authorized as noted above and the County Administrator is authorized to proceed with the execution of a Quitclaim Deed, prepared by the County Attorney.
5. Provisions in other Florence County ordinances in conflict with this Ordinance are hereby repealed.
6. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and to this end, the provisions of this Ordinance are severable.

ATTEST:

SIGNED:

 Connie Y. Haselden, Council Clerk

 K. G. Rusty Smith, Jr., Chairman

COUNCIL VOTE:

OPPOSED:

ABSENT:

 Approved as to Form and Content

James C. Rushton, III, County Attorney

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Second Reading of Ordinance No. 32-2009/10

DEPARTMENT: Administration
Finance

ISSUE UNDER CONSIDERATION:

(An Ordinance Authorizing The Execution And Delivery Of Not Exceeding \$215,000,000 Aggregate Principal Amount Hospital Revenue Bonds (McLeod Regional Medical Center Project) Of Florence County, South Carolina, From Time To Time, In One Or More Series, Pursuant To Article 11, Chapter 7, Title 44, Code Of Laws Of South Carolina 1976, As Amended, To Finance The Costs Of Constructing And Equipping An Expansion Of A Hospital Facility Owned And Operated By McLeod Regional Medical Facility Center Of The Pee Dee, Inc., And The Refunding Of Certain Outstanding Revenue Bonds Issued By Florence County On Behalf Of McLeod Regional Medical Center Of The Pee Dee, Inc.; The Entering Into Certain Covenants And Agreements And The Execution And Delivery Of Certain Instruments Relating To The Issuance Of The Aforesaid Bonds Including A Loan Agreement Or Loan Agreements Between Florence County And McLeod Regional Medical Center Of The Pee Dee, Inc., An Assignment By Florence County Of Its Rights Thereunder To The Trustee For Such Bonds, And A Trust Indenture Or Trust Indentures Between Florence County And The Trustee For Such Bonds; And Consenting To The Delivery Of Security Instruments Related To Such Bonds; And Other Matters Relating Thereto.)

POINTS TO CONSIDER:

1. This Ordinance provides for the issuance of Hospital Revenue Bonds by McLeod Regional Medical Center.
2. In order for these bonds to be issued, state law requires Florence County to adopt an Ordinance approving the issuance of these bonds.
3. By approving this Ordinance, Florence County incurs no liability for the repayment of these bonds. These bonds will be repaid solely by McLeod.

OPTIONS:

1. *(Recommended)* Approve Second Reading of Ordinance No. 32-2009/2010.
2. Provide An Alternate Directive.

ATTACHMENTS:

1. Ordinance No. 32-2009/10

Sponsor(s) : County Council
 First Reading : April 15, 2010
 Committee Referral : N/A
 Committee Consideration Date : N/A
 Committee Recommendation : N/A
 Public Hearing : May 20, 2010
 Second Reading : May 20, 2010
 Third Reading : June 17, 2010
 Effective Date : June 17, 2010

I, _____,
 Council Clerk, certify that this
 Ordinance was advertised for
 Public Hearing on _____.

ORDINANCE NO. 32-2009/10

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

An Ordinance Authorizing The Execution And Delivery Of Not Exceeding \$215,000,000 Aggregate Principal Amount Hospital Revenue Bonds (McLeod Regional Medical Center Project) Of Florence County, South Carolina, From Time To Time, In One Or More Series, Pursuant To Article 11, Chapter 7, Title 44, Code Of Laws Of South Carolina 1976, As Amended, To Finance The Costs Of Constructing And Equipping An Expansion Of A Hospital Facility Owned And Operated By McLeod Regional Medical Facility Center Of The Pee Dee, Inc., And The Refunding Of Certain Outstanding Revenue Bonds Issued By Florence County On Behalf Of McLeod Regional Medical Center Of The Pee Dee, Inc.; The Entering Into Certain Covenants And Agreements And The Execution And Delivery Of Certain Instruments Relating To The Issuance Of The Aforesaid Bonds Including A Loan Agreement Or Loan Agreements Between Florence County And McLeod Regional Medical Center Of The Pee Dee, Inc. or Among Florence County, Dillon County, and McLeod Regional Medical Center of the Pee Dee, Inc., An Assignment By Florence County Of Its Rights Thereunder To The Trustee For Such Bonds, And A Trust Indenture Or Trust Indentures Between Florence County And The Trustee For Such Bonds; And Consenting To The Delivery Of Security Instruments Related To Such Bonds; And Other Matters Relating Thereto.

ARTICLE I

FINDINGS OF FACT

Section 1.1. Findings of Fact. As an incident to the adoption of this Ordinance, Florence County Council ("Council"), which is the governing body of Florence County, South Carolina (the "County"), has made the following findings:

(a) The County is a body politic and corporate and a political subdivision of the State of South Carolina (the "State") and is authorized and empowered by the provisions of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina, 1976, as amended (the "Act");

(i) to enter into agreements (including subsidiary loan agreements) with any hospital agency or public agency (as such terms are defined in the Act) necessary or incidental to the issuance of bonds;

- (ii) to enter into intergovernmental loan agreements with a project county (as such terms are defined in the Act) for the purpose of financing hospital facilities (as defined in the Act) located in the project county;
- (iii) to acquire and, in connection with such acquisition, to enlarge or expand, whether by purchase, gift or lease, hospital facilities;
- (iv) to enter into loan agreements with any hospital agency or public agency, prescribing the payments to be made by the hospital agency or public agency to the county or its assignee to meet the payments that shall become due on bonds, including terms and conditions relative to the acquisition and use of hospital facilities and the issuance of bonds;
- (v) to issue bonds for the purpose of defraying the cost of providing hospital facilities and to secure the payment of such bonds as provided in the Act;
- (vi) to receive and accept from any public agency loans or grants for or in aid of the construction of hospital facilities or any portion thereof, and to receive and accept loans, grants, aid or contributions from any source of either money, property, labor or other things of value to be held, used and applied only for the purposes for which such loans, grants, aid and contributions are made;
- (vii) to mortgage any hospital facilities and the site thereof for the benefit of the holders of bonds issued to finance such hospital facilities;
- (viii) to issue bonds to refinance or to refund outstanding obligations, mortgages or advances heretofore or hereafter issued, made or given by a hospital or public agency for the cost of hospital facilities;
- (ix) to charge to each hospital and public agency utilizing the provisions of the Act any administrative costs and expenses incurred in the exercise of the powers and duties conferred by the Act;
- (x) to do all things necessary or convenient to carry out the purposes of the Act;
- (xi) to make and execute contracts and agreements necessary or incidental to the exercise of its powers and duties under the Act, with persons, firms, Hospitals, governmental agencies and others;
- (xii) to make the proceeds of any bonds available by way of a loan to a hospital or public agency pursuant to a loan agreement (as defined in the Act);
- (xiii) to acquire by purchase, lease, gift or otherwise, or to obtain options for the acquisition of, existing hospital facilities and any property, real or personal, improved or unimproved, including interests in land in fee or less than fee for any hospital facilities, upon such terms and at such costs as shall be agreed upon by the owner and the county board (as defined in the Act);
- (xiv) to arrange or contract with any county, city, town or other political subdivision or instrumentality of the State for the opening or closing of streets or for the furnishing of utility or other services to any hospital facilities;

- (xv) to enter into lease agreements with any hospital or public agency whereby the county board leases hospital facilities to such hospital or public agency; and
- (xvi) to pledge or assign any money, rents, charges, fees or other revenues, including any proceeds of insurance or condemnation awards, pursuant to any loan agreement to the payment of the bonds issued pursuant to such loan agreement,

all as provided in the Act for the purpose of financing, refinancing, acquiring, enlarging, improving, constructing, equipping, and providing hospital facilities to serve the people of the State and promoting the public health and welfare of the people of the State by making accessible to them modern and efficient hospital facilities at the lowest possible expense to those utilizing such hospital facilities.

(b) McLeod Regional Medical Center of the Pee Dee, Inc., a private, not-for-profit South Carolina Hospital (the "Hospital") and a "hospital agency" within the meaning of such term in the Act, has operated hospital facilities in the City of Florence and has provided health care to the citizens of the City of Florence and the Pee Dee region of South Carolina since 1930.

(c) The Hospital has requested that the County exercise the powers vested in it by the Act and issue (i) not exceeding \$165,000,000 Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project), Series 2010A (the "2010A Bonds") for the purposes of (a) financing a portion of the acquisition, construction, furnishing, and equipping of capital items included in McLeod Health's 2015 capital improvement plan, including (1) reconfiguration of patient rooms in the Hospital's Main Tower (the "Main Tower"); (2) general repairs and renovations to the exterior and interior of the Main Tower; (3) addition of a heart and vascular institute in the Main Tower, to include a cardiac day hospital and facilities incident to cardiac surgery and other procedures; (4) addition of orthopedic and sports medicine facilities to the McLeod Health and Fitness Center; (5) addition of two new ICU towers between the Main Tower and the Pavilion; (6) finish out of the eighth floor of the Pavilion; (7) two new parking garages; (8) addition of enclosed pedestrian corridors, concourses, stair towers, and other connectors linking primary facilities of the Main Campus and facilities (such as public toilets, retail and transition spaces, food service areas, and waiting rooms incident to such space); and (9) renovation and remodeling of lobbies and patient registration areas (collectively, the "Projects"), and (b) refinancing all or a portion of the County's \$79,790,000 Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 1998A (the "Series 1998A Bonds") in order to achieve a savings with respect to debt service on said Series 1998A Bonds, and (ii) not exceeding \$50,000,000 Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project), Series 2010B (the "2010B Bonds") (together, the 2010A Bonds and 2010B Bonds, the "Bonds") for the purposes of (a) financing a portion of the Projects, and (b) refinancing the County's \$33,000,000 Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2004B (the "Series 2004B Bonds") and in order to achieve a savings with respect to debt service on said Series 2004B Bonds (together, the Series 1998A Bonds and the Series 2004B Bonds, the "Prior Bonds") (the Projects and the refunding of the Prior Bonds may hereafter separately or collectively be referred to as the "Undertaking"). The Hospital has advised the County that the costs of the Undertaking will not exceed \$215,000,000.

(d) Notwithstanding the foregoing, the Hospital has further advised the County that, depending on market conditions, it may be most cost effective to issue the Bonds as a single series in the principal amount of not exceeding \$215,000,000.

- (e) (i) The Hospital has requested that the County enter into a Loan Agreement with respect to the 2010A Bonds (the "Series 2010A Loan Agreement") among the County, Dillon County and the Hospital whereby (A) an amount designated by the Hospital as sufficient for such

purpose will be loaned by the County to the Hospital for the purpose of assisting the Hospital in the financing of the Projects, and (B) an amount designated by the Hospital as sufficient for such purpose will be loaned by the County to the Hospital and loaned by the County to Dillon County and will be loaned by Dillon County to the Hospital for the purpose of refunding all or a portion of the Series 1998A Bonds. The Series 2010A Loan Agreement provides that it is the "intergovernmental loan agreement" and the "subsidiary loan agreement" contemplated by Sections 44-7-1650 and 44-7-1660, respectively, of the Act.

(ii) The Hospital has further requested that the County enter into a Loan Agreement with respect to the 2010B Bonds (the "Series 2010B Loan Agreement") between the County and the Hospital whereby the proceeds of the 2010B Bonds will be loaned to the Hospital for the purpose of refunding the Series 2004B Bonds and assisting the Hospital in the financing of the Projects. The Series 2010A Loan Agreement and the Series 2010B Loan Agreement are referred to hereinafter collectively as the "Loan Agreements".

In the event the Bonds are issued in a single Series as described in (d) above, a single Loan Agreement will be used with respect to the Bonds, said Loan Agreement to conform in its material respects to "Exhibit A" hereto.

(f) The 2010A Bonds are to be issued and secured pursuant to a Trust Agreement (the "Series 2010A Trust Agreement"), between the County and US Bank National Association, as Trustee (the "Trustee"). The proceeds of the 2010A Bonds will be loaned to the Hospital pursuant to the Series 2010A Loan Agreement. Pursuant to the Series 2010A Loan Agreement, the Hospital will agree to acquire and construct the Projects and the Hospital will issue its Obligation No. 12 ("Obligation No. 12") in favor of the County and Dillon County evidencing the Hospital's obligation to pay such amounts as shall be required to provide for the payment of all amounts due with respect to the 2010A Bonds. As security for the 2010A Bonds the County's rights to repayment under the 2010A Loan Agreement will be assigned and pledged to the Trustee pursuant to the Series 2010A Trust Agreement.

(g) The 2010B Bonds are to be issued and secured pursuant to a Trust Agreement (the "Series 2010B Trust Agreement"), between the County and the Trustee. The proceeds of the 2010B Bonds will be loaned to the Hospital pursuant to the Series 2010B Loan Agreement. Pursuant to the Series 2010B Loan Agreement, the Hospital will agree to acquire and construct the Projects and the Hospital will issue its Obligation No. 13 ("Obligation No. 13") in favor of the County evidencing the Hospital's obligation to pay such amounts as shall be required to provide for the payment of all amounts due with respect to the 2010B Bonds. As security for the 2010B Bonds the County's rights to repayment under the 2010B Loan Agreement will be assigned and pledged to the Trustee pursuant to the Series 2010B Trust Agreement.

(h) In the event the Bonds are issued in a single Series as described in (d) above, a single Trust Agreement will be used with respect to the Bonds, said Trust Agreement to conform in its material respects to "Exhibit B" hereto, and the Hospital will issue its Obligation No. 12 in favor of the County evidencing the Hospital's obligation to pay such amounts as shall be required to provide for the payment of all amounts due with respect to such single issue of Bonds.

(i) The 2010B Bonds tendered for purchase as provided in the Series 2010B Trust Agreement will be funded by an irrevocable, direct-pay letter of credit issued by Wells Fargo bank, National Association.

(j) The Hospital has arranged for the sale of the Bonds to J.P. Morgan Securities Inc. and Wells Fargo Securities (each an "Underwriter," and together, as the case may be, the "Underwriter"). The Bonds will be sold to the Underwriter of each series of Bonds pursuant to separate Bond Purchase Agreements with respect to each series of the Bonds to be dated the date of such sale (the "Bond Purchase Agreements") among

the County, the Hospital, and the Underwriter of the Bonds of such series. Pursuant to each Bond Purchase Agreement, the Underwriter thereunder will make a public offering of the Bonds. In connection with each such offering, there has been prepared a Preliminary Official Statement (together, the "Preliminary Official Statements") for the Bonds containing information with respect to the Bonds, the Hospital, the Projects, the County, and other matters. At the time of the sale of the Bonds to the Underwriter with respect to each series, there will be a final Official Statements (the "Official Statements") with respect to such Bonds for delivery to purchasers of the Bonds of such series.

(k) In the event the Bonds are issued in a single Series as described in (d) above, a single Preliminary Official Statement and Official Statement will be used with respect to the Bonds.

(l) It is intended that the Bonds meet the requirements of the Act and that they be "Qualified 501(c)(3) Bonds" under Section 145(a) of the Internal Revenue Code of 1986, as amended (the "Code"), interest on which is excludable from gross income for federal income tax purposes under Section 103(a) of the Code. In order to satisfy various requirements of the Act and the Code, the following actions have been taken:

- (i) On April 15, 2010, Council adopted a Resolution pursuant to which Council agreed to issue obligations pursuant to the Act in order to finance Undertaking and authorized a petition to the South Carolina State Budget and Control Board (the "State Board") for its approval pursuant to Section 44-7-1590 of the Act and authorized a public hearing and notice of such hearing, on the issuance of the Bonds to finance the Undertaking in accordance with Section 147(f) of the Code.
 - (ii) On April 21, 2010, the County published notice of a hearing on the question of the issuance of the Bonds and the financing of the Florence Projects; such notice was published in the *Florence Morning News*, a newspaper of general circulation in Florence County.
 - (iii) On May 20, 2010, Council, which is the elected legislative body of the County, held a public hearing on the question of the issuance of the Bonds and the financing of the Undertaking, at which hearing all interested persons were given the opportunity to express their views on such subjects.
 - (iv) It is anticipated that on June 15, 2010, the State Board will approve the Bonds pursuant to Section 44-7-1590 of the Act.
 - (v) In the event of such approval, on June 17, 2010, notice of State Board approval of the Bonds will be published in the *Florence Morning News* as required by Section 44-7-1590 of the Act.
- (m) Council is enacting this Ordinance in order to:
- (i) authorize the issuance, delivery and sale of the Bonds;
 - (ii) authorize the execution and delivery on behalf of the County of the Loan Agreements, the Trust Agreements, the Bond Purchase Agreements, and the Official Statements;
 - (iii) approve and ratify the use of the Preliminary Official Statements and the final Official Statements;

- (iv) evidence the approval of the refunding of the Prior Bonds, the financing of the Projects and the issuance of the Bonds by the County;
- (v) authorize the filing of an information report pursuant to Section 149(e) of the Code; and
- (vi) authorize the execution and delivery by, and on behalf of, the County and Council of such other agreements and certificates and the taking of such other action by the County and its officers as shall be necessary or desirable in connection with the issuance and delivery of the Bonds in order to carry out the intent of this Ordinance.

ARTICLE II

THE BONDS

Section 2.1. Authorization of Bonds. (a) Council hereby authorizes the issuance by the County of not exceeding One Hundred Sixty-Five Million Dollars (\$165,000,000) Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010A, pursuant to, and in accordance with, the provisions of the Series 2010A Trust Agreement. The 2010A Bonds shall be in such principal amount not exceeding One Hundred Sixty-Five Million Dollars (\$165,000,000) and shall bear interest at such rate or rates of interest as shall be approved by the Chairman of Council (the "Chairman"), such approval to be evidenced by the Chairman's execution of the Series 2010A Trust Agreement as authorized by this Ordinance. The 2010A Bonds shall mature, bear interest, be subject to redemption and be payable at such times, in the manner, at such places and subject to such terms and conditions, all as provided in the Series 2010A Trust Agreement.

(b) Council hereby authorizes the issuance by the County of not exceeding Fifty Million Dollars (\$50,000,000) Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010B, pursuant to, and in accordance with, the provisions of the Series 2010B Trust Agreement. The 2010B Bonds shall be in such principal amount not exceeding Fifty Million Dollars (\$50,000,000) and shall bear interest at such rate or rates of interest as shall be approved by the Chairman of Council (the "Chairman"), such approval to be evidenced by the Chairman's execution of the Series 2010B Trust Agreement as authorized by this Ordinance. The 2010B Bonds shall mature, bear interest, be subject to redemption and be payable at such times, in the manner, at such places and subject to such terms and conditions, all as provided in the Series 2010B Trust Agreement.

(c) Council further authorizes the Bonds to be issued as a single series in the principal amount of not to exceed \$215,000,000 as set forth in Section 1.1 (d) above and as shall be determined by the Hospital.

Section 2.2. Payment of Bonds by County; Limited Obligation. (a) For the payment of the 2010A Bonds there shall be pledged all of the County's interest in Obligation No. 12 and all of the County's interest in and under the Series 2010A Loan Agreement and all moneys to be paid by the Hospital thereunder except amounts to be paid to the County pursuant to Sections 3.04(v), 8.01 and 8.02 of the Series 2010A Loan Agreement. The 2010A Bonds and the interest thereon shall be limited obligations of the County, payable by the County solely from the aforesaid amounts to be paid by the Hospital pursuant to Obligation No. 12 and the Series 2010A Loan Agreement. The principal of, premium, if any, and interest on, the 2010A Bonds shall be payable solely from the funds pledged for their payment in accordance with the Series 2010A Loan Agreement and the Series 2010A Trust Agreement. The 2010A Bonds and the interest thereon shall never constitute an indebtedness or a charge against the general credit or taxing powers of the County within the meaning of any

constitutional provision or statutory limitation and shall never constitute nor give rise to any pecuniary liability of the County.

(b) For the payment of the 2010B Bonds there shall be pledged all of the County's interest in Obligation No. 13 and all of the County's interest in and under the Series 2010B Loan Agreement and all moneys to be paid by the Hospital thereunder except amounts to be paid to the County pursuant to Sections 4.1(c) and 8.4 of the Series 2010B Loan Agreement. The 2010B Bonds and the interest thereon shall be limited obligations of the County, payable by the County solely from the aforesaid amounts to be paid by the Hospital pursuant to Obligation No. 13 and the Series 2010B Loan Agreement. The principal of, premium, if any, and interest on, the 2010B Bonds shall be payable solely from the funds pledged for their payment in accordance with the Series 2010B Loan Agreement and the Series 2010B Trust Agreement. The 2010B Bonds and the interest thereon shall never constitute an indebtedness or a charge against the general credit or taxing powers of the County within the meaning of any constitutional provision or statutory limitation and shall never constitute nor give rise to any pecuniary liability of the County.

(c) The provisions of (a) and (b) of this Section 2.2 shall apply with respect to a single series of the Bonds payable solely by the Hospital pursuant to Obligation No. 12 and a single Loan Agreement.

(d) Neither the members of Council nor any person executing any of the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 2.3. Sale and Delivery of Bonds; Application of Proceeds. The sale of the 2010A Bonds and the 2010B Bonds to the Underwriter on the terms and conditions, and at the price, provided in the Bond Purchase Agreements is hereby authorized and approved. Provided the conditions for delivery of the 2010A Bonds and the 2010B Bonds imposed by the Bond Purchase Agreements have been satisfied or waived as therein provided, the 2010A Bonds and the 2010B Bonds shall be delivered to the Underwriter at the time and place provided in the Bond Purchase Agreements. The proceeds of the sale of the 2010A Bonds shall be paid to the Trustee in accordance with Section 3.01 of the Series 2010A Loan Agreement and Section 207 of the Series 2010A Trust Agreement and applied in accordance with the terms and provisions of the Series 2010A Loan Agreement and Series 2010A Trust Agreement; provided, however, that the Hospital shall determine subsequent to the adoption of this Ordinance if all or a portion of the refunding of the Series 1998A Bonds shall be undertaken. The proceeds of the sale of the 2010B Bonds shall be paid to the Trustee in accordance with Section 208 of the Series 2010B Trust Agreement and applied in accordance with the terms and provisions of the Series 2010B Loan Agreement and Series 2010B Trust Agreement.

In the event the Bonds are issued as a single series as provided in this Ordinance, the Bonds shall be sold to the Underwriter on the terms and conditions, and at the price, set forth in a single Bond Purchase Agreement conforming in its material respects to "Exhibit E."

ARTICLE III

AGREEMENTS AND OFFICIAL STATEMENT

Section 3.1. Authorization of Loan Agreements, Trust Agreements, and Bond Purchase Agreements. The Series 2010A Loan Agreement, the Series 2010A Trust Agreement, the Series 2010B Loan Agreement, the Series 2010B Trust Agreement, and the Bond Purchase Agreements in substantially the forms attached hereto as Exhibits "A", "B", "C", "D", "E", and "F", respectively, with such changes as the executing officers shall approve (their execution to be conclusive evidence of such approval) are hereby approved and the execution and delivery of the Series 2010A Loan Agreement, the Series 2010A Trust Agreement, the

Series 2010B Loan Agreement, the Series 2010B Trust Agreement, and the Bond Purchase Agreements on behalf of the County are hereby authorized and directed. Each of such agreements shall be executed on behalf of the County by the Chairman of County Council (the "Chairman") and attested by the Clerk of Council (the "Clerk").

Section 3.2. Approval of Preliminary Official Statement; Authorization of Official Statement. Council hereby approves the Preliminary Official Statement and ratifies the use of the Preliminary Official Statement by the Underwriter in connection with the offering of the 2010A Bonds and the 2010B Bonds by the Underwriter. The Chairman is authorized to review and "deem final" within meaning of Rule 15c2-12 of the Securities and Exchange Commission the Preliminary Official Statement. Council hereby authorizes the preparation and distribution of the final Official Statement with respect to the 2010A Bonds and the 2010B Bonds. The final Official Statement shall be approved on behalf of the County by the Chairman, such approval to be evidenced by the Chairman's execution of the final Official Statement, which execution is hereby authorized.

In the event the Bonds are issued and sold as a single Series as provided in this Ordinance, the approvals and delegation of authority set forth in this Article III shall be applicable to a single Loan Agreement, Trust Agreement, Bond Purchase Agreement, Preliminary Official Statement, and Official Statement for such single series.

ARTICLE IV

MISCELLANEOUS

Section 4.1. Approval of Bonds. Council, which is the elected legislative body of the County, which is a governmental unit having jurisdiction over the area in which the Projects are located, following notice and a public hearing as described in Section 1.1(h)(ii), hereby approves the Bonds and intends that this Ordinance evidence such approval for purposes of Section 147(f) of the Code.

Section 4.2. Information Report. The Chairman and Clerk, or either of them, are hereby authorized to execute, deliver and file such information reports with respect to the Bonds, on Form 8038 or such other form as may be prescribed by the United States Department of Treasury, as shall be required or desirable in order to comply with Section 149(e) of the Code.

Section 4.3. Other Instruments and Actions. In order to implement the pledge of revenues under the Series 2010A Trust Agreement and the Series 2010B Trust Agreement to secure the 2010A Bonds and the 2010B Bonds and in order to effect the issuance and delivery of the 2010A Bonds and the 2010B Bonds and to give full effect to the intent and meaning of this Ordinance and the agreements and actions herein authorized, the Chairman and the Clerk are hereby authorized to execute and deliver such certificates, showings, instruments and agreements, including documents relative to the refunding of the Prior Bonds (including without limitation redemption or defeasance escrows as may be required to effect such refundings), and to take such further action as the Chairman shall deem necessary or desirable.

Section 4.4. Ordinance a Contract. This Ordinance shall be a contract between the County and the holders, from time to time, of the 2010A Bonds and the 2010B Bonds, and shall be enforceable as such against the County.

Section 4.5. Effective Date. This Ordinance shall become effective upon receiving approval on third reading by Council.

FLORENCE COUNTY COUNCIL

ATTEST:

SIGNED:

Connie Y. Haselden, Council Clerk

K. G. Rusty Smith, Jr., Chairman

Approved as to Form
James C. Rushton, III, County Attorney

COUNCIL VOTE:
OPPOSED:
ABSENT:

(SEAL)

DRAFT

[FORM OF 2010A LOAN AGREEMENT]

DRAFT

LOAN AGREEMENT

among

FLORENCE COUNTY, SOUTH CAROLINA

DILLON COUNTY, SOUTH CAROLINA

and

**MCLEOD REGIONAL MEDICAL CENTER
OF THE PEE DEE, INC.**

Dated as of _____, 2010

Relating to

\$165,000,000
Florence County, South Carolina
Hospital Revenue Bonds
(McLeod Regional Medical Center Project)
Series 2010A

Substantially all of the rights, title and interest of Florence County, South Carolina in this Loan Agreement has been pledged and assigned to U.S. Bank National Association, as Bond Trustee under a Trust Agreement (the "Trust Agreement") dated as of _____, 2010, between the County and the Bond Trustee.

LOAN AGREEMENT

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(This Table of Contents is not a part of the Loan Agreement and is only for convenience of reference.)

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EXHIBIT "A" -- DESCRIPTION OF THE PROJECT

LOAN AGREEMENT

This **LOAN AGREEMENT**, dated as of _____, 2010, between and among **FLORENCE COUNTY, SOUTH CAROLINA** (the "County"), **DILLON COUNTY, SOUTH CAROLINA** ("Dillon County"), and **MCLEOD REGIONAL MEDICAL CENTER OF THE PEE DEE, INC.**, a private, non-profit corporation duly incorporated and validly existing under and by virtue of the laws of the State of South Carolina (the "Hospital"),

WITNESSETH:

In consideration of the respective representations and agreements herein contained, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.01 Definitions. Unless otherwise required by the context, all terms used herein shall have the meanings assigned to such terms in Section 101 of the Trust Agreement (as hereinafter defined) or as set forth below:

"Act" means Title 44, Chapter 7, Article 11, Code of Laws of South Carolina, 1976, as amended, or any successor statute.

"Agreement" means this Loan Agreement, including any amendments or supplements hereto as herein permitted.

"Architect" means the architect or architects employed by the Hospital in connection with the construction of the Project.

"Bond Fund" means the fund created and so designated by Section 501 of the Trust Agreement.

"Bonds" means Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010A authorized to be issued pursuant to an ordinance of the County in the aggregate principal amount of \$165,000,000, including such Bonds issued in exchange for other such Bonds pursuant to Section 204 of the Trust Agreement, or in replacement for mutilated, destroyed, lost or stolen Bonds pursuant to Section 210 of the Trust Agreement.

"Bond Trustee" means the Bond Trustee at the time serving as such under the Trust Agreement, whether the original or a successor Bond Trustee.

"Bond Year" means the period commencing on _____ of any year and ending on _____ of the next succeeding year.

"Closing" means the date on which this Agreement becomes legally effective, the same being the date on which the Bonds are delivered against payment therefor.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means the date of completion of the acquisition, construction and equipping

of the Project, as such date shall be certified pursuant to Section 4.05 of this Agreement.

“Construction Account” means the account in the Construction Fund created and so designated by Section 401 of the Trust Agreement.

“Construction Fund” means the fund created and so designated by Section 401 of the Trust Agreement.

“Cost”, as applied to the Project, as the case may be, means, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in Section 403(i) or Section 403(iv) of the Trust Agreement, as applicable.

“Cost of Issuance Account” means the account in the Construction Fund created and so designated by Section 401 of the Trust Agreement.

“Costs of Issuance” means (i) the costs of legal fees and expenses, underwriters’ discount, underwriting fees, financing costs, financial advisor’s fees, accounting fees and expenses, consulting fees, the Bond Trustee’s fees and expenses, paying agent and certifying and authenticating agent fees, publication costs and printing and engraving costs incurred in connection with the authorization, sale, issuance and carrying of the Bonds and the preparation of this Agreement, Obligation No. 12, Supplement No. 12, the Trust Agreement and all other documents in connection therewith and (ii) any other costs in connection with the issuance of the Bonds permitted by the Act to be paid or reimbursed from the proceeds of the Bonds.

“County” means Florence County, South Carolina, and any successor thereto.

“County Representative” means each of the persons at the time designated to act on behalf of the County in a written certificate furnished to the Hospital and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the County by the Chairman or Vice Chairman of its County Council.

“Depository” means Depository as defined in Section 101 of the Trust Agreement.

“Dillon County” means Dillon County, South Carolina, and any successor thereto.

“Dillon County Representative” means each of the persons at the time designated to act on behalf of Dillon County in a written certificate furnished to the Hospital and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of Dillon County by the Chairman or Vice Chairman of its County Council.

“Dillon Facilities” means facilities located in Dillon County that were acquired using a portion of the proceeds of the Refunded Bonds.

“Eminent Domain” means the eminent domain or condemnation power by which all or any part of the Operating Assets may be taken for public use or any agreement that is reached in lieu of proceedings to exercise such power.

“Event of Default” means with respect to this Agreement each of those events set forth in Section 6.01 of this Agreement.

“Holder” means Holder as defined in Section 101 of the Trust Agreement.

"Hospital" means McLeod Regional Medical Center of the Pee Dee, Inc., a private, nonprofit corporation duly incorporated and validly existing under and by virtue of the laws of the State of South Carolina, and any successor or successors thereto.

"Hospital Representative" means each of the persons at the time designated to act on behalf of the Hospital in a written certificate furnished to the County and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Hospital by its _____.

"Interest Account" means the account in the Bond Fund created and so designated by Section 501 of the Trust Agreement.

"Interest Payment Date" means May 1 or November 1, as the case may be.

"Loan" means the loan of the proceeds of the Bonds made by the County to the Hospital pursuant to Section 3.01 of this Agreement.

"Loan Repayments" means those payments designated by and set forth in Section 3.03 of this Agreement.

"Master Indenture" means the Amended and Restated Master Trust Indenture between the Hospital and U.S. Bank National Association, successor to Wachovia Bank, National Association (formerly known as First Union National Bank) dated as of January 15, 1998, including all amendments or supplements thereto as therein permitted.

"National Repository" mean the Municipal Securities Rulemaking Board through its Electronic Municipal Market Access ("EMMA") system.

"Obligation No. 12" means Obligation No. 12 issued, authenticated and delivered under the Master Indenture and Supplement No. 12 (as defined in Obligation No. 12) which was delivered to the County and Dillon County as collateral security for the repayment of the Loan and the performance of the Hospital's obligations under this Agreement and which was assigned by the County to the Bond Trustee as security for the Bonds.

"Officer's Certificate" means a certificate signed by a County Representative or a Hospital Representative, as the case may be.

"Official Statement" means the Official Statement dated _____, 2010, relating to the Bonds.

"Operating Assets" means any or all land, leasehold interests buildings, machinery, equipment, hardware and inventory of the Hospital and each other Member of the Obligated Group (as defined in the Master Indenture) used in their respective trades or businesses, whether separately or together with other such assets, but not including cash, investment securities and other Property (as defined in the Master Indenture) held for investment purposes.

"Plans and Specifications" means the plans and specifications prepared for the Project, implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of construction of the Project in accordance with this Agreement.

"Principal Account" means the account in the Bond Fund created and so designated by Section 501 of the Trust Agreement.

"Project" means the health care facilities described in Exhibit A hereto and as provided in the Plans and Specifications, including any modifications thereof, substitutions therefor or additions thereto and excluding deletions therefrom.

"Project Documents" means, collectively, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instruments pertaining to the Project.

"Required Payments under the Agreement" means the payments so designated by and set forth in Section 3.04 of this Agreement.

"Refunded Bonds" means a portion of the outstanding Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 1998A.

"Sinking Fund Account" means the account in the Bond Fund created and so designated by Section 501 of the Trust Agreement.

"Sinking Fund Requirement" means the Sinking Fund Requirement as defined in Section 101 of the Trust Agreement.

"State" means the State of South Carolina.

"Supplement No. 12" means Supplemental Indenture for Obligation No. 12, dated as of _____, 2010, between the Hospital and the Master Trustee.

"Total Required Payments" means the sum of Loan Repayments and Required Payments under the Agreement.

"Trust Agreement" means the Trust Agreement securing the Bonds, dated as of _____, 2010, between the County and U.S. Bank National Association, as Bond Trustee, including any trust agreement amendatory thereof or supplemental thereto.

Section 1.02 Rules of Interpretation. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond," "owner," "Holder" and "person" shall include the plural as well as the singular number and the word "person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

ARTICLE II

REPRESENTATIONS; TAX COVENANTS

Section 2.01 Representations by the County. The County represents that:

- (a) The County is a body politic and corporate and a political subdivision of the State.
- (b) Under the provisions of the Act, the County is duly authorized to enter into and to

execute and deliver this Agreement and the Trust Agreement, to undertake the transactions contemplated by this Agreement and the Trust Agreement, and to carry out its obligations hereunder and thereunder.

(c) By duly adopted ordinance, the County has duly authorized the execution and delivery of this Agreement and the Trust Agreement and the issuance, sale, execution and delivery of the Bonds.

(d) The County will lend \$_____ of the proceeds of the Bonds to the Hospital for the purpose of providing funds, together with other available funds, (A) to refund the Refunded Bonds, (B) to finance or refinance the cost of acquiring, constructing and equipping the Project, and (C) to pay certain expenses incurred in connection with the authorization and issuance of the Bonds.

Section 2.02 Representations by Dillon County. Dillon County represents that:

(a) Dillon County is a body politic and corporate and a political subdivision of the State.

(b) Under the provisions of the Act, Dillon County is duly authorized to enter into and to execute and deliver this Agreement and the Trust Agreement, to undertake the transactions contemplated by this Agreement and the Trust Agreement, and to carry out its obligations hereunder and thereunder.

(c) By duly adopted ordinance, Dillon County has duly authorized the execution and delivery of this Agreement and the Trust Agreement and the issuance, sale, execution and delivery of the Bonds.

(d) Dillon County will lend to the Hospital the proceeds of the Bonds lent to Dillon County by the County for the purpose of providing funds to pay the cost of refunding that portion of the Refunded Bonds allocable to the Dillon Facilities.

Section 2.03 Representations by the Hospital. The Hospital represents that:

(a) The Hospital has been duly incorporated and is validly existing as a private non-profit corporation in good standing under the laws of the State, no part of the net earnings of which inures to the benefit of any private shareholder or individual, is not a private foundation under Section 509(a) of the Code and is an organization described in Section 501(c)(3) of the Code and the regulations thereunder.

(b) The Hospital has authority to enter into this Agreement and Supplement No. 12 and, by proper corporate action, has been duly authorized to execute and deliver this Agreement, Obligation No. 12 and Supplement No. 12.

(c) The execution and delivery of this Agreement, Obligation No. 12 and Supplement No. 12, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not conflict with the Hospital's charter or bylaws, and do not and will not in any material respect conflict with, or constitute on the part of the Hospital a breach of or default under, any indenture, deed of trust, mortgage, agreement or other instrument to which the Hospital is a party or conflict with, violate or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Hospital is subject.

(d) The Hospital is a "hospital agency" within the meaning of the Act.

(e) Obligation No. 12 is the joint and several obligation of each Member of the Obligated Group enforceable in accordance with its terms.

Section 2.04 Representations and Covenants of the Hospital with Respect to Tax Matters.

The Hospital represents and covenants that:

(a) All property provided by the net proceeds of the Bonds or the Refunded Bonds will be owned by the Hospital in accordance with the rules governing the ownership of property for federal income tax purposes.

(b) The Hospital shall not permit the net proceeds of the Bonds or any facility financed with the proceeds of the Bonds or the Refunded Bonds to be used in any manner that would result in five percent (5%) 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.

(c) The Hospital will not enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds (or any function of any such facility) that would cause more than 3% of the facilities provided by the Bonds to be considered to be used in a private trade or business of a non-governmental person within the meaning of Section 141(b) of the Code, treating use by qualified 501(c)(3) organizations with respect to activities not constituting unrelated trades or businesses (determined by applying Section 513(a) of the Code) as use by a governmental unit.

(d) The Hospital will not sell or lease any property provided by the Bonds or the Refunded 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; provided, however, such opinion shall not be required if such sale or lease: (i) is to a Member of the Obligated Group (provided such Member of the Obligated Group is an organization described in Section 501(c)(3) of the Code and exempt from taxation under Section 501(a) of the Code); or (ii) is either (A) in the ordinary course of business in compliance with Section 1.142-2(c)(4) of the Regulations promulgated under the Code, or (B) together with all other transfers of Bond financed facilities will not cause more than 3% of the facilities provided by the Bonds to be considered to be used in a private trade or business of a non-governmental person within the meaning of Section 141(b) of the Code, treating use by qualified 501(c)(3) organizations with respect to activities not constituting unrelated trades or businesses (determined by applying Section 513(a) of the Code) as use by a governmental unit.

(e) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The Hospital has not entered into any leases or sales or service contracts with any federal government agency which contracts result in payments being received by the Hospital 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.

(f) Not more than two percent (2%) of the proceeds of the Bonds will be used to pay costs related to the issuance of the Bonds.

(g) The Hospital (i) shall not take any action which would cause, or omit to take any action the omission of which would cause, the Hospital to cease being an organization described in Section 501(c)(3) of the Code and exempt from taxation under Section 501(a) of the Code, and (ii) shall not, without first obtaining an opinion of nationally recognized bond counsel that such activity will not affect the tax exemption of the Bonds, carry on or permit to be carried on in the Project or in connection with the facilities provided with the Refunded Bonds or permit the Project or the facilities provided with the Refunded Bonds to be used in or for any activities which constitute unrelated trades or businesses, determined by applying Section 513(a) of the Code, of the Hospital or any other 501(c)(3) organization; provided, however, that the Hospital may carry on or permit to be carried on in the Project or in

connection with the facilities provided with the Refunded Bonds or permit the Project or the facilities provided with the Refunded Bonds to be used in or for any activities which constitute unrelated trades or businesses without receiving such an opinion of nationally recognized bond counsel to the extent that the property so used in such unrelated trades or businesses does not exceed 3% of the principal amount of the Bonds.

ARTICLE III

THE LOAN

Section 3.01 Issuance of the Bonds to Fund Loan; Making of the Loan; Security for the Loan Simultaneously with the delivery of this Agreement, the County shall issue and deliver the Bonds to provide it and Dillon County with funds to be loaned to the Hospital pursuant to this Agreement. The Bonds shall be issued in accordance with the Trust Agreement. The Hospital's approval of the terms of the Bonds and the Trust Agreement shall be conclusively established by its execution and delivery of this Agreement.

Section 44-7-1640 of the Act authorizes the governing body of an "authorizing issuer" to authorize an issue of bonds for hospital facilities located outside the jurisdiction of the authorizing issuer, provided hospital facilities will be simultaneously financed pursuant to the Act in the jurisdiction of the authorizing issuer. Section 44-7-1650 of the Act provides that the "project county" (defined in the Act as the county, other than the "authorizing issuer", to which proceeds of bonds are loaned to finance hospital facilities) and the authorizing issuer may enter into a "intergovernmental loan agreement" whereby proceeds of bonds issued by the authorizing issuer are loaned to the project county to finance hospital facilities located in the project county. Section 44-7-1660 of the Act further authorizes a project county to enter into a "subsidiary loan agreement" with a hospital agency (as defined in the Act) whereby bond proceeds loaned to the project county by the authorizing county are loaned to a hospital agency to finance hospital facilities.

A portion of the proceeds of the Refunded Bonds were used to acquire the Dillon Facilities, with the remainder of the proceeds of such Bonds were used to finance improvements in the County. The Project is or will be located in the County. It is the intention of the parties hereto that this Agreement constitute the "intergovernmental loan agreement" between the County, as the authorizing issuer, and Dillon County, as the project county with respect to the Dillon Facilities, contemplated by Section 44-7-1650 of the Act. It is further the intention of the parties that this Agreement constitutes the "subsidiary loan agreement" between Dillon County and the Hospital contemplated by Section 44-7-1660 of the Act.

The County hereby makes a loan to Dillon County in the principal amount of \$_____ for the purpose of lending such amount to the Hospital in order to provide for the refunding of a portion of the Refunded Bonds allocable to the Dillon Facilities. Upon the terms and conditions of this Agreement, the County and Dillon County hereby make a loan to the Hospital in the principal amount of \$_____, the same being the principal amount of the Bonds. The Loan shall be deemed to have been made when the proceeds of the sale of the Bonds are delivered to the Bond Trustee. The proceeds of the Loan shall be used (i) to finance the Costs of acquisition, construction and equipping of the Project, (ii) to refund the Refunded Bonds, and (iii) to pay certain expenses incurred in connection with the authorization and issuance of the Bonds. For the purposes of this Agreement, the amount of any underwriters' discount or fee on, or discount to investors in, the Bonds shall be deemed to have been loaned to the Hospital.

The Hospital hereby accepts the Loan and as evidence of its obligation to repay the same and as collateral security therefore shall deliver to the County and Dillon County herewith Obligation No. 12.

The Hospital shall repay the Loan in accordance with the provisions of Obligation No. 12 and this Agreement. The Hospital acknowledges that the proceeds of the Loan will be delivered to the Bond Trustee and applied on behalf of the Hospital in accordance with this Agreement and the Trust Agreement.

Obligation No. 12 is issued under and secured by the Master Indenture and Supplement No. 12. The Master Indenture provides that the Hospital may issue additional indebtedness secured by the security for Obligation No. 12 on a *pari passu* basis for the purposes, under the terms and conditions and to the extent described in the Master Indenture. In order to secure its obligation to repay the amount of the loan made by the County to it, Dillon County hereby assigns to the County all of its right, title and interest in and to this Agreement (except with respect of its rights under Section 6.05 and Article VIII hereof) and all of its right, title and interest in and to Obligation No. 12 and agrees and directs that the Hospital shall make all repayments with respect to amounts loaned to the Hospital by Dillon County hereunder directly to, or for the account of, the County pursuant to Section 3.03 hereof. Dillon County agrees to execute and deliver to the County and/or the Bond Trustee such instruments of further assurance as may be reasonably required to evidence or effect its assignment hereunder.

Section 3.02 Total Required Payments. The Hospital shall make Total Required Payments under this Agreement when due.

The Hospital's obligation to make the Total Required Payments and to satisfy any other financial liabilities incurred under this Agreement shall be a direct, general and unconditional obligation of the Hospital.

The Hospital shall make Loan Repayments and Required Payments under the Agreement pursuant to Section 3.04 of this Agreement directly to the Bond Trustee or, in the name of the Bond Trustee, to any Depositary for deposit in the Bond Fund. Required Payments under the Agreement pursuant to Section 3.04 shall be made by the Hospital directly to the persons, firms, governmental agencies and other entities entitled to such payments.

Neither of the County or the Bond Trustee is required to give the Hospital notice of any date upon which any of the Total Required Payments is due. Nothing in this Section 3.02 shall require the Hospital to pay the costs and expenses set forth in Section 3.04(i), (iii), (iv) and (v), so long as the validity or the reasonableness thereof shall be contested in good faith and the Hospital shall have delivered to the Bond Trustee an opinion of counsel acceptable to the Bond Trustee to the effect that such contest does not jeopardize the interests of the County, the Bond Trustee or the Holders; otherwise the Hospital shall pay such costs and expenses to the effect that, in the opinion of counsel, the interests of the County and the Bond Trustee or the Holders are not jeopardized. The Hospital may, in good faith, contest the reasonableness or validity of costs and expenses set forth in 3.04(ii) of this Agreement, provided that payment of such expenses as are expenses established by the Bond Trustee in accordance with the Bond Trustee's standard schedule of fees and expenses as published from time to time shall be made when due and any contest thereof shall be made thereafter.

If, after giving effect to the credits specified in Section 502 of the Trust Agreement, any installment of Total Required Payments should be insufficient to enable the Bond Trustee to make the deposits specified in Section 502 of the Trust Agreement, the Hospital shall increase each future installment of the Total Required Payments as may be necessary to make up any previous deficiency.

Section 3.03 Loan Repayments. The Hospital shall repay the Loan in monthly installments, or as otherwise provided in this Agreement. Each monthly installment shall be deemed to be a Loan Repayment and shall be paid at the times and in the amounts set forth below. Loan Repayments shall be

sufficient in the aggregate to repay the Loan, together with interest thereon and to pay in full all Bonds issued under the Trust Agreement, together with the total interest and redemption premium, if any, thereon.

The Loan Repayments shall be due and payable as follows:

(a) on _____, _____, and on or before the _____ day of each _____ and _____ thereafter, into the Interest Account, an amount which, after credits as hereinafter provided for, is equal to the interest payable on the Bonds on the next ensuing Interest Payment Date;

(b) on _____, _____, and on or before the twenty-fifth day of each _____ thereafter, into the Principal Account, the amount required to retire the Serial Bonds maturing on the next ensuing _____ 1;

(c) on _____, _____, and on or before the _____ day of each _____ thereafter, into the Sinking Fund Account, the amount required to retire the Term Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing _____ 1 in accordance with the Sinking Fund Requirement therefor or the maturity thereof; and

(d) any amount that may from time to time be required to enable the County to pay redemption premiums as and when Bonds are called for redemption.

Each Loan Repayment as set forth in this Section 3.03 shall be equal to the sum of the amounts specified above in paragraphs (a) to (d), inclusive.

On the Interest Payment Date immediately following a date on which the Hospital shall have failed to pay to the Bond Trustee the amount due as a Loan Repayment or on which an investment loss shall have been charged to the Bond Fund or any account therein in accordance with Section 502 of the Trust Agreement, the Hospital shall pay, in addition to the Loan Repayment then due, an amount equal to the deficiency in payment or the amount of such loss. To the extent that investment earnings are transferred or credited to the Bond Fund or any account therein in accordance with Articles IV or V of the Trust Agreement or amounts are transferred or credited to such Bond Fund or accounts as a result of the application of Bond proceeds, or otherwise, future Loan Repayments shall be proportionately reduced by the amount so credited unless such transfer is made to cure deficiencies in the fund or account to which the transfer is made.

The Hospital may satisfy all or a portion of its obligations to make the payments required by subparagraphs (b) and (c) of the second paragraph of this Section 3.03, on or before the 45th day next preceding any November 1 on which Bonds are to mature or be retired pursuant to the Sinking Fund Requirement, by delivering to the Bond Trustee Bonds maturing or required to be redeemed on such November 1 in any aggregate principal amount desired. Upon such delivery for cancellation the Hospital will receive a credit against amounts required to be deposited into the Principal Account or the Sinking Fund Account on or before the next succeeding payment date on account of such Bonds in the amount of one hundred percent (100%) of the principal amount of any such Bonds so purchased and canceled. If, on any _____, the face amount of such Bonds plus the amounts deposited to the credit of the Principal Account or the Sinking Fund Account for payment on such _____ are greater than the amount required to be deposited into such Account, such excess shall be returned to the Hospital by the Bond Trustee as an overpayment.

The Hospital may prepay all or any part of the Loan at the times and in the manner provided in

Article VII of this Agreement.

Section 3.04 Required Payments under the Agreement.

The Hospital shall also pay, when due and payable, as Required Payments under the Agreement, certain costs and expenses, exclusive of costs and expenses payable from the proceeds of the Bonds, as follows:

- (i) the fees and other costs incurred for services of the Bond Registrar;
- (ii) the fees and other costs payable to the Bond Trustee;
- (iii) all costs incurred in connection with the purchase or redemption of Bonds to the extent money is not otherwise available therefor;
- (iv) the fees and other costs incurred for services of such engineers, architects, attorneys, management consultants, insurance advisers and accountants as are employed to make examinations, provide services, render opinions or prepare reports required under this Agreement, the Master Indenture or the Trust Agreement;
- (v) reasonable fees and other costs that the Hospital is obligated to pay, not otherwise paid under this Agreement or the Trust Agreement, incurred by the County in connection with its administration and enforcement of, and compliance with, this Agreement or the Trust Agreement, and reasonable attorneys' fees; and

The Required Payments under this Agreement as set forth in this Section 3.04, if any, shall be not less than the sum of the amounts specified in clauses (i) to (v), inclusive.

Section 3.05 Hospital's Payments as Trust Funds. All payments of the Loan Repayments and Required Payments made by or on behalf of the Hospital under this Agreement to the Bond Trustee or in the name of the Bond Trustee to any Depository shall be and constitute trust funds, whether held by the Bond Trustee, the Bond Registrar or any other bank or trust company designated for such purpose, and shall continue to be impressed with a trust until such money is applied in the manner provided in the Trust Agreement.

The Hospital may at any time give to the Bond Trustee written directions respecting the investment of any money held in any of the funds or accounts established under the Trust Agreement, subject, however, to the provisions of Article V of the Trust Agreement. The Bond Trustee may request, orally or in writing, direction or authorization of the Hospital with respect to the proposed investment of money under the provisions of the Trust Agreement. Upon receipt of such request, accompanied by a memorandum setting forth the details of any proposed investment, the Hospital shall either approve such proposed investment in writing or shall give written directions to the Bond Trustee respecting the investment of such money.

Section 3.06 No Set-Off. The obligation of the Hospital to make the Loan Repayments and all other Required Payments under the Agreement and Obligation No. 12 and to perform and observe the other agreements contained in this Agreement shall be absolute and unconditional. The Hospital shall pay without abatement, diminution or deduction (whether for taxes or otherwise) all such amounts regardless of any cause or circumstance whatsoever including, without limitation, any defense, set-off, recoupment or counterclaim that the Hospital may have or assert against the County, Dillon County, the Bond Trustee, any Holder or any other person.

Section 3.07 Pledge and Assignment to Bond Trustee. Simultaneously with the delivery of this Agreement, the County shall pledge and assign to the Bond Trustee as security for the Bonds all of the County's right, title and interest in and to Obligation No. 12, the Master Indenture and this Agreement (except for those certain rights under this Agreement that are set forth in the granting clauses of the Trust Agreement). The Hospital hereby consents to such pledge and assignment and agrees that the Bond Trustee may enforce any and all rights, privileges and remedies of the County under or with respect to Obligation No. 12, the Master Indenture and this Agreement, including those rights reserved by the County.

ARTICLE IV

CONSTRUCTION OF THE PROJECT

Section 4.01 Construction of Project. The Hospital shall acquire, construct and equip, or cause the Project to be acquired, constructed and equipped, with all reasonable dispatch and in accordance with the Project Documents, and shall take all action necessary to enforce the provisions of the Project Documents.

Section 4.02 Revision of Project Documents. Subject to the provisions of Section 2.04 of this Agreement, the Hospital may revise the Project Documents from time to time. In the case of any change in the Project Documents that would render inaccurate the description of the Project in Exhibit A hereto, there shall be delivered to the Bond Trustee and the County (i) a revised Exhibit A containing a description of the Project that reflects the change in the Project Documents, the accuracy of which shall have been certified by a Hospital Representative and (ii) an opinion of counsel nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt revenue bonds that such change in the Project Documents and the description of the Project will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Section 4.03 Disbursements from Construction Fund. The money in the Construction Account shall be applied by the Bond Trustee, upon receipt of a certificate or requisition, as applicable, of the Hospital signed by the Hospital Representative, to the payment of the Cost of the Project in accordance with Article IV of the Trust Agreement, and pending such application such money shall be invested and reinvested in accordance with Article VI of the Trust Agreement. The money in the Cost of Issuance Account shall be applied by the Bond Trustee, upon receipt of a certificate signed by a Hospital Representative, to the payment of Costs of Issuance in accordance with the provisions of Article IV of the Trust Agreement, and pending such application such money shall be invested and reinvested in accordance with Article VI of the Trust Agreement.

Section 4.04 Completion of Payment of Cost of Project. The Hospital shall complete the Project and pay that portion of the Cost of completing the Project as may be in excess of the proceeds of the Bonds available for such purposes. The obligation of the Hospital to pay in full the Cost of completing the Project shall be a direct, general and unconditional obligation of the Hospital.

Upon the request of the Hospital, the County will use its best efforts to issue and sell, upon terms and at prices acceptable to the County and the Hospital, one or more series of bonds for the purpose of financing the Cost of completing the Project; provided, however, that the failure of the County to issue and sell such bonds shall not relieve the Hospital of its obligation to provide the additional money required to pay the Cost of completing the Project. If after exhaustion of the money in the Construction Account the Hospital should pay any portion of the Cost of the Project, it shall not be entitled to any

reimbursement therefor from the County or from the Bond Trustee, and shall not be entitled to any abatement, diminution or postponement of Total Required Payments.

Section 4.05 Establishment of Completion Date. The Completion Date for the Project shall be evidenced to the County and the Bond Trustee by a certificate signed by the Hospital Representative, setting forth the Cost of the Project and stating that, except for amounts not then due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Hospital, (a) the acquisition, construction and equipping of the Project have been completed substantially in accordance with the Plans and Specifications and the Cost of the Project has been paid, and (b) all other facilities necessary in connection with the Project have been acquired, constructed and installed in accordance with the Plans and Specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently come into being.

Section 4.06 No Warranty of Condition or Suitability. The Hospital acknowledges its full familiarity with the Project and that the County has no responsibility for the Plans and Specifications and other Project Documents. The County makes no representation or warranty, either express or implied, and offers no assurance that the proceeds of the Bonds will be sufficient to pay in full the Costs of the Project in accordance with the Project Documents.

ARTICLE V

SPECIAL COVENANTS

Section 5.01 Compliance with Covenants, Conditions and Agreements in Master Indenture. The Hospital covenants that so long as the Bonds are Outstanding it shall comply with, and with respect to the other Members of the Obligated Group (as defined in the Master Indenture) covenants to cause each Member of the Obligated Group to comply with, each and every covenant, condition and agreement in the Master Indenture. Each such covenant, condition and agreement in the Master Indenture is hereby incorporated by reference and made a part of this Agreement with the same effect intended as though the text of each such covenant, condition and agreement were set forth in this Agreement as express covenants, conditions and agreements of the Hospital.

Section 5.02 Examination of Books and Records of the Hospital. The County and the Bond Trustee shall be permitted, during normal business hours and upon reasonable notice, to examine the books and records of the Hospital, including any accountants' work papers, with respect to the Project and compliance with the obligations of the Hospital hereunder and under the Master Indenture.

Section 5.03 Financial Statements and Other Information.

(a) The Hospital shall furnish to the County, the Bond Trustee, S&P, Fitch, and any Holder who requests the same in writing, the financial statements, certificate of no default and other information which the Hospital has covenanted to furnish the Master Trustee pursuant to Section 3.10 of the Master Indenture. Such information shall be furnished to the County, the Bond Trustee, S&P, Fitch, and any Holder who requests such in writing at the times and in the manner provided by Section 3.10 of the Master Indenture for such information to be furnished to the Master Trustee. Simultaneous therewith, the Hospital shall cause to be filed with the County and the Bond Trustee an Officer's Certificate demonstrating compliance with the provisions of Section 3.07 of the Master Indenture.

(b) In addition, so long as any Bonds are Outstanding, the Hospital covenants that it will file

with the Bond Trustee within ten (10) days following its receipt thereof, a copy of any report and recommendations submitted by any Consultant pursuant to Section 3.07(b) of the Master Indenture.

Section 5.04 Further Assurances and Corrective Instruments. Subject to the provisions of Section 10.02 of this Agreement, the County and the Hospital agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Agreement.

Section 5.05 Recording and Filing; Other Instruments. (a) The Hospital covenants that it will, upon the request of the Bond Trustee, cause counsel to render an opinion to the Bond Trustee not earlier than 60 nor later than 30 days prior to each fifth anniversary date after the issuance of the Bonds to the effect that all financing statements and continuation statements have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and to protect to the extent possible under applicable law the rights of the Bond Trustee in the assignment of certain rights of the County under this Agreement and Obligation No. 12 to the Bond Trustee as against creditors of, or purchasers for value from, the County or the Hospital.

(b) The Hospital and the County shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel to enable him to render the opinion referred to in subsection (a) of this Section. The Hospital shall file and re-file and record and re-record or cause to be filed and re-filed and recorded and re-recorded all instruments required to be filed and re-filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be Outstanding, except as otherwise in this Agreement required.

Section 5.06 Inspections; Reports; Repairs. During normal business hours and upon reasonable notice, the County, the Bond Trustee and the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Outstanding Bonds, through their respective officers, employees, consultants and other authorized representatives, shall have free and unobstructed access at all reasonable times to make an inspection of any Operating Assets for purposes of ascertaining whether the Hospital has complied with its agreements and obligations under this Agreement. Upon the request from time to time of the County or the Bond Trustee, which request shall not be made unless any such inspection referred to above shall disclose that the Hospital may have violated any of its agreements under the provisions of this Agreement, the Hospital shall cause an inspection of the Operating Assets to be made by an architect or an engineer acceptable to the County and shall file with the County and the Bond Trustee immediately following each such inspection the report of such architect or engineer setting forth (a) findings as to whether the Operating Assets have been maintained in good repair, working order and condition and (b) recommendations as to the proper maintenance and repair of the Operating Assets during the remaining life of the Bonds then Outstanding. If such report concludes that the Operating Assets have not been maintained in good repair, working order and condition, the Hospital shall restore the Operating Assets promptly to good repair, working order and condition with all expedition practicable.

Section 5.07 Continuing Disclosure. The Hospital undertakes, for the benefit of the Holders of the Bonds, to provide:

(a) by not later than one hundred twenty (120) days after the end of each fiscal year of the Hospital (the "Fiscal Year"), beginning with the Fiscal Year ended September 30, 2010, to the National Repository and to the state information depository for the State of South Carolina ("SID"), if any, the Audited Financial Statements (described below) for such Fiscal Year, if available, or, if such Audited

Financial Statements are not available by one hundred eighty (180) days after the end of such Fiscal Year, the Unaudited Financial Statements (described below) for such Fiscal Year to be replaced subsequently by the Audited Financial Statements to be delivered within fifteen (15) days after such Audited Financial Statements become available for distribution;

(b) by not later than one hundred twenty (120) days after the end of each Fiscal Year, beginning with the Fiscal Year ended September 30, 2010, to the National Repository and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the following information, (i) utilization statistics of the type set forth under the heading "Utilization Statistics" in the Official Statement; (ii) revenue and expense data of the type set forth under the headings "Summary of Historical Revenues and Expenses" and "Management's Discussion of Operations" in the Official Statement; (iii) sources of patient service revenue of the type set forth under the heading "Sources of Patient Revenue" in the Official Statement; (iv) outstanding indebtedness, unless such information is included in the audited financial statements of the Hospital together with such narrative explanation, as may be necessary to avoid misunderstanding, and to assist the reader in understanding the presentation of financial and operating data concerning the Hospital and in judging the financial and operating condition of the Hospital, to the extent such items are not included in the Audited Financial Statements referred to in (a) above;

(c) by not later than forty-five (45) days after the end of the each quarterly fiscal period of each Fiscal Year, beginning with the quarterly fiscal period ending _____, 2010 for Fiscal Year 2011, to the National Repository and to the SID, if any, for such quarterly fiscal period (i) unaudited financial statements, including balance sheet and statement of operations of the Hospital, as of the end of each such quarterly fiscal period, shown in each case in comparative form with the same period of the preceding quarterly fiscal period in reasonable detail; (ii) an update of the financial and statistical data as of a date not earlier than the end of the preceding quarterly fiscal period for the following information: (A) utilization statistics of the type set forth under the heading "UTILIZATION" in Appendix A to the Official Statement; (B) revenue and expense data of the type set forth under the headings "FINANCIAL PERFORMANCE" and "MANAGEMENT'S DISCUSSION" in Appendix A to the Official Statement; (C) sources of patient revenue of the type set forth under the heading "FINANCIAL PERFORMANCE – Sources of Revenue" in Appendix A to the Official Statement; and (D) outstanding indebtedness, unless such information is included in the unaudited financial statements of the Hospital together with such narrative explanation as may be necessary to avoid misunderstanding, and to assist the reader in understanding the presentation of financial and operating data concerning the Hospital and in judging the financial and operating condition of the Hospital, to the extent such items are not included in the unaudited financial statements referred to in (i) above; and (iii) notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on any debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of any credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modification of the rights of the Holders of the Bonds;

- (8) bond calls;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Bonds; and
- (11) rating changes; and

(d) in a timely manner, to the National Repository and to the SID, if any, of a failure of the Hospital to provide any of the information described in this Section 5.07 on or before the date specified.

(e) For purposes of this Section 5.07, "Audited Financial Statements" means the combined financial statements of the Hospital and its affiliates for a twelve-month period, or for such other period for which an audit has been performed, prepared in accordance with generally accepted accounting principles, which have been audited and reported upon by independent certified public accountants. Audited Financial Statements will also include, in an additional information section, unaudited combined financial statements for the same twelve-month period from which the accounts of any affiliate which is not a Member of the Obligated Group have been eliminated and to which the accounts of any Member of the Obligated Group which is not an affiliate have been added; provided, however, that for purposes of adding the accounts of a Member of the Obligated Group which is not an affiliate, the balances of such accounts will be extracted from audited financial statements of such Member of the Obligated Group and its affiliates, if any. For purposes of this Section 5.07, "Unaudited Financial Statements" has the same meaning as Audited Financial Statements, except that such financial statements have not been audited and reported upon by independent certified public accountants.

(f) If the Hospital fails to comply with the undertaking described above, any Holder of the Bonds then Outstanding may take action to protect and enforce the rights of all Bondholders with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking will not be an Event of Default under this Agreement and will not result in any acceleration of payment on the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Holders of the Bonds.

(g) The Hospital reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Hospital, provided that:

(i) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identify, composition, nature or status of the Obligated Group;

(ii) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of the Official Statement relating to the Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(iii) any such modification does not materially impair the interests of the Holders of the Bonds, as determined by bond counsel, or by the approving vote of the Holders of a majority in principal amount of the Bonds then Outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time.

Any annual financial information containing the amended operating data or financial information

shall explain, in narrative form, the reasons for the amendments and the impact of the change in the type of operating data of financial information being provided.

The undertaking described in this Section 5.07 will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full or the principal of and interest on all of the Bonds.

ARTICLE VI

EVENTS OF DEFAULT AND REMEDIES

Section 6.01 Events of Default Defined. The term “Event of Default” shall mean any one or more of the following events:

(a) Default in the due and punctual payment of any Loan Repayment or any payment required under Obligation No. 12; or

(b) (i) Default in the due and punctual payment of any Required Payment under the Agreement set forth in Section 3.04 of this Agreement; or (ii) Default in the performance, observation or compliance with any covenant, condition or agreement on the part of the Hospital under this Agreement (other than a failure to make any payment under subsection (a) of this Section 6.01 or failure to comply with the provisions of Section 5.07 hereof), including any covenant, condition or agreement in the Master Indenture applicable to any Member of the Obligated Group and incorporated by reference in this Agreement pursuant to Section 5.01 hereof, or any covenant, condition, or agreement contained in Section ____ of Supplement No. 12 and, if capable of cure, such default continues for a period of 30 days after the date on which written notice of such default, requiring the same to be remedied, shall have been given to the Hospital by the Bond Trustee, or to the Hospital and the Bond Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such performance, observation or compliance, if capable of achieving cure, requires work to be done, action to be taken or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Hospital shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(c) The Master Trustee shall have declared the outstanding principal amount of Obligation No. 12 and all interest due thereon immediately due and payable in accordance with Section 4.02(a) of the Master Indenture or an Event of Default shall have occurred under the Master Indenture which would entitle the Master Trustee so to accelerate Obligation No. 12; or

(d) Default in the due and punctual payment of any Required Payment under this Agreement;
or

(e) An “Event of Default” shall have occurred under the Trust Agreement or the Master Indenture.

Section 6.02 Remedies on Default. Whenever any Event of Default shall have happened and be continuing, the County may take the following remedial steps:

(a) In the case of an Event of Default described in Section 6.01(a) of this Agreement, the County may take whatever action at law or in equity is necessary or desirable to collect the payments then

due under Obligation No. 12;

(b) In the case of an Event of Default described in Section 6.01(b) of this Agreement, the County (with respect to any obligations of the Hospital hereunder to Dillon County) may take whatever action at law or in equity is necessary or desirable to enforce the performance, observance or compliance by the Hospital with any covenant, condition or agreement by the Hospital under this Agreement;

(c) In the case of an Event of Default described in Section 6.01(c) of this Agreement, the County shall take such action, or cease such action, as the Master Trustee shall direct, but only to the extent such directions are consistent with the provisions of the Master Indenture; and

(d) In the case of an Event of Default described in Section 6.01(c) or (d) of this Agreement, the County shall take such action, or cease such action, as the Bond Trustee shall direct, but only to the extent such directions are consistent with the provisions of the Trust Agreement.

Notwithstanding any other provision of this Agreement or any right, power or remedy existing at law or in equity or by statute, the County shall not under any circumstances declare the entire unpaid aggregate amount of the Loan to be immediately due and payable except in the event that the Master Trustee shall have declared the aggregate principal amount of Obligation No. 12 and all interest due thereon immediately due and payable in accordance with Section 4.02(a) of the Master Indenture and Section ___ of Supplement No. 12.

Section 6.03 Application of Amounts Realized in Enforcement of Remedies. Any amounts collected pursuant to action taken under Section 6.02 hereof shall be paid to the Bond Trustee for deposit in the Bond Fund and applied in accordance with the provisions of the Trust Agreement or, if payment of the Bonds shall have been made or provision therefor shall have been made in accordance with Article XII of the Trust Agreement, shall be applied according to the provisions of Section 10.04 hereof.

Section 6.04 No Remedy Exclusive. Subject to Section 6.02 of this Agreement, no remedy herein conferred upon or reserved to the County is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient.

Section 6.05 Agreement to Pay Attorneys' Fees and Expenses. In any Event of Default, if the County, Dillon County, or the Bond Trustee employs attorneys or incurs other expenses for the collection of amounts payable hereunder or the enforcement of the performance or observance of any covenants or agreements on the part of the Hospital herein contained, whether or not suit is commenced, the Hospital agrees that it will on demand therefor pay to the County, Dillon County, or the Bond Trustee the reasonable fees of such attorneys and such other reasonable expenses so incurred by the County, Dillon County, or the Bond Trustee.

Section 6.06 County, Dillon County, and Hospital to Give Notice of Default. The County, Dillon County, and the Hospital severally covenant that they will, at the expense of the Hospital, promptly give to the Bond Trustee written notice of any Event of Default of which they shall have actual knowledge or written notice, but neither the County nor Dillon County shall be liable for failing to give such notice.

ARTICLE VII

PREPAYMENTS

Section 7.01 Optional Prepayment. The Hospital is hereby granted, and shall have, the option to prepay, together with accrued interest, all or any portion of the unpaid aggregate amount of the Loan in accordance with the terms and provisions of the Trust Agreement. Said prepayment shall be made by the Hospital taking, or causing the County to take, the actions required (a) for payment of the Bonds, whether by redemption or purchase prior to maturity or by payment at maturity, or (b) to effect the purchase, redemption or payment at maturity of less than all of the Bonds according to their terms.

Section 7.02 Extraordinary Prepayment. The Hospital shall have the option to prepay the unpaid aggregate amount of the Loan (in whole or in part upon the occurrence of the events described in (a) below, or in whole upon the occurrence of the events described in (b) below), together with accrued interest to the date of prepayment, upon the occurrence of one of the following events:

(a) Damage or destruction of all or any part of the Operating Assets by fire or casualty, or loss of title to or use of substantially all of the Operating Assets as a result of the failure of title or as a result of Eminent Domain proceedings or proceedings in lieu thereof; or

(b) Changes in the Constitution of the United States of America or of the State or in legislation or administrative action, or failure of administrative action by the United States or the State or any agency or political subdivision of either thereof, or by reason of any judicial decision;

in either event, to such extent that in the opinion of the board of directors of the Hospital (expressed in a resolution) and in the opinion of an independent architect, engineer or management consultant (as may be appropriate for the particular event), both filed with the County and the Bond Trustee, (i) this Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date hereof are imposed on the Hospital.

Subject to the provisions of Section 3.04 of the Master Indenture, this Section 7.02 shall not be construed to prohibit the Hospital from applying insurance proceeds with respect to any casualty loss or condemnation awards or payments in lieu thereof to the optional prepayment of the Loan in accordance with the provisions of Section 7.01 of this Agreement.

Section 7.03 Notice of Prepayment and Right of Revocation.

(a) To make a prepayment pursuant to Section 7.01 or 7.02, the Hospital shall give written notice to the County and the Bond Trustee which shall specify therein (i) the date of the intended prepayment of the Loan, which shall be not less than forty-five (45) days nor more than seventy-five (75) days from the date the notice is mailed, (ii) the aggregate principal amount of the Bonds to be redeemed or paid at maturity and the date or dates on which such redemption or payment is to occur, and which shall include such certificates or opinions as are required by Section 7.02, (iii) the source of the money that will be used by the Hospital to make such prepayment of the Loan, and (iv) the maturity or maturities of the Bonds to be redeemed or paid.

(b) The Hospital shall have the right to revoke any notice given pursuant to this Section 7.03 of a prepayment pursuant to Section 7.01 if, on or prior to the tenth (10th) Business Day preceding any

date fixed for redemption of Bonds pursuant to Section 301(a) of the Trust Agreement, the Hospital Representative notifies the Bond Trustee in writing that the Hospital has elected to revoke its election to redeem such Bonds because it has determined that the source of money for such redemption specified in the notice given by the Hospital Representative pursuant to Section 7.03(a) of this Agreement will not be available.

ARTICLE VIII

INDEMNIFICATION AND NON LIABILITY OF THE COUNTY, DILLON COUNTY, AND THE BOND TRUSTEE

Section 8.01 General. The Hospital shall and hereby does indemnify and hold harmless the County, Dillon County, the Bond Trustee and all members, officers, directors, agents and employees thereof against all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as "Losses") of whatever nature (including but not limited to reasonable attorneys fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to one or more Claims, as hereinafter defined, excluding any such Loss or Claim that arises out of an act of gross negligence or willful misconduct of any member, officer, director, agent or employee of the County, Dillon County, or the Bond Trustee. The word "Claims" as used herein shall mean all claims, lawsuits, causes of action and other legal actions and proceedings of whatever nature, including but not limited to claims, lawsuits, causes of action and other legal actions and proceedings, involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by the County, the Bond Trustee, the Hospital and any other person) brought against the County, Dillon County, or the Bond Trustee or to which the County, Dillon County, or the Bond Trustee is a party, that directly or indirectly result from, arise out of or relate to (i) the design, construction, transfer, sale, operation, use, occupancy, maintenance or ownership of the Project or any part thereof or (ii) the execution, delivery or performance of this Agreement, the Trust Agreement, the Master Indenture or any related instruments or documents. The obligations of the Hospital under this Section 8.01 shall apply to all Losses or Claims, or both, that result from, arise out of or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses or Claims, or both, are asserted prior to termination of this Agreement or thereafter. The County, Dillon County, or the Bond Trustee, as the case may be, shall reimburse the Hospital for payments made by the Hospital pursuant to this Section 8.01 to the extent of any proceeds, net of all expenses of collection, actually received by the County, Dillon County, or the Bond Trustee from any insurance covering such Claims with respect to the Losses sustained. The County and the Bond Trustee shall have the duty to claim any such insurance proceeds and the County, Dillon County, and the Bond Trustee shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the Hospital. In case any action shall be brought against the County, Dillon County, or the Bond Trustee in respect of which indemnity may be sought against the Hospital, then the County, Dillon County, or the Bond Trustee, as the case may be, shall promptly notify the Hospital in writing. Failure to notify the Hospital shall not relieve it from any liability that it may have other than on account of this Agreement except to the extent such failure to notify prejudices the Hospital's ability to defend the claim or mitigate any losses. The Hospital shall have the right to assume the investigation and defense thereof, including the employment of counsel, which counsel shall be reasonably satisfactory to the indemnified parties, and the payment of all expenses. The County and Dillon County shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, and the reasonable fees and expenses of such counsel shall be paid by the Hospital. The Bond Trustee shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Bond Trustee unless the employment of such counsel has been authorized by the Hospital or the Bond Trustee has reasonably objected to a joint defense by the Hospital on the ground that there may be legal defenses available to it

that are different from or in addition to those available to the Hospital, in which case the Bond Trustee shall have the right to designate and retain separate counsel in such action and the reasonable fees and expenses of such counsel shall be paid by the Hospital. If no reasonable objection is made and the Hospital assumes the defense of such action, the Hospital shall not be liable for the fees and expenses of any counsel for the Bond Trustee incurred thereafter in connection with such action. In no event shall the Hospital be liable for the fees and expenses of more than one counsel for the Bond Trustee in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, unless the retaining of additional counsel has been specifically authorized by the Hospital.

Notwithstanding anything in this Section 8.01 to the contrary, the Hospital shall not be liable for any Losses of or Claims of or against the Bond Trustee resulting from the negligent act of or negligent failure to take action by the Bond Trustee.

Section 8.02 Payment of Costs upon Default. The Hospital shall pay, and shall indemnify the County, Dillon County, and the Bond Trustee against, all costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in enforcing any covenant or agreement of the Hospital contained in this Agreement, the Trust Agreement, and the Master Indenture.

ARTICLE IX

TERMINATION OF AGREEMENT

Section 9.01 Termination of Agreement. When all Bonds have been defeased in accordance with Section 1201 of the Trust Agreement and all other obligations incurred by the County and the Hospital under the Trust Agreement and this Agreement have been paid or sufficient funds for such payment are held in trust by the Bond Trustee for such purposes, this Agreement shall terminate and the Bond Trustee shall contemporaneously cancel Obligation No. 12 and shall deliver the same to the Hospital.

ARTICLE X

MISCELLANEOUS

Section 10.01 Members, Officers and Employees of the County, Dillon County, and Hospital not Liable. Neither the officers and employees of the County or Dillon County, nor the members of the board of directors or the officers and employees of the Hospital, shall be personally liable for any costs, losses, damages or liabilities caused or subsequently incurred by the Hospital or any officer, director or agent thereof in connection with or as a result of this Agreement.

Section 10.02 Amendment of Agreement. This Agreement may, without the consent of or notice to any of the Holders, be amended, from time to time, to:

- (a) cure any ambiguity or formal defect or omission in this Agreement or in any supplement thereto;
- (b) grant to or confer upon the Bond Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee;
- (c) add conditions, limitations and restrictions on the Hospital to be observed thereafter.

Other than amendments referred to in the preceding paragraph of this Section and subject to the terms and provisions and the limitations contained in Section 1102 of the Trust Agreement with respect to modification of the Trust Agreement and not otherwise, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Hospital and the County of such supplements and amendments hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a supplement or amendment which would:

- (i) extend the stated maturity of or time for paying interest on Obligation No. 12 or reduce the principal amount of or the redemption premium or rate of interest payable on Obligation No. 12 without the consent of the Holders of all Bonds then Outstanding;
- (ii) except as expressly permitted at the time of execution of this Agreement, grant to the holder of any Indebtedness (as defined in the Master Indenture) a security interest in Pledged Assets (as defined in the Master Indenture) superior to that of the Holders without the consent of the Holders of all Bonds then Outstanding; or
- (iii) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such supplement or amendment without the consent of the Holders of all Bonds then Outstanding.

Copies of any modification of or amendment to this Agreement shall be sent to Standard and Poor's Credit Market Services and Fitch Ratings no later than ten (10) days prior to the effective date thereof.

Section 10.03 Redemption of Bonds. Upon the request of the Hospital made in accordance with this Agreement, the County shall take all steps that may be proper and necessary under the applicable redemption provisions of the Trust Agreement to effect the redemption of all or part of the then Outstanding Bonds in such principal amount and on such redemption date as the Hospital shall direct. All expenses of such redemption shall be paid from money in the hands of the Bond Trustee or by the Hospital and not from funds of the County.

Section 10.04 Surplus Funds. When all Bonds shall have been redeemed or retired and Obligation No. 12 and all other obligations incurred or to be incurred by the County and the Bond Trustee under the Trust Agreement or this Agreement shall have been paid, or sufficient funds or Defeasance Obligations shall be held in trust pursuant to the Trust Agreement for the payment of all such obligations, any surplus funds remaining to the credit of any fund or account established under the Trust Agreement for the security of the Bonds shall be paid to the Hospital as an overpayment of the Total Required Payments.

Section 10.05 Limitation on the County's and Dillon County's Liability. All obligations of the County and Dillon County under this Agreement shall be payable solely from the Total Required Payments and other revenues derived and to be derived from the Hospital. Neither the members, officers nor employees of the County or Dillon County shall be personally liable for the payment of any sum or for the performance of any obligation under this Agreement.

Section 10.06 Hospital's Remedies. In the event the County or Dillon County should fail to perform any of its obligations under this Agreement, the Hospital may institute such action against the

County or Dillon County as the Hospital may deem necessary to compel performance; provided, however, that no such action shall seek to impose, or impose, any pecuniary liability upon the County or Dillon County, or any personal or pecuniary liability upon any officer or employee thereof, except in the case of willful misconduct, nor shall any such failure excuse the obligations of the Hospital hereunder.

Section 10.07 Consents and Approvals. Whenever the written consent or approval of the County or the Hospital shall be required under the provisions of this Agreement, such consent or approval shall not be unreasonably withheld or delayed. Unless otherwise specified herein, consents of the County and Dillon County shall be executed and delivered on behalf of the County by the County Representative and the Dillon County Representative, and consents of the Hospital shall be executed and delivered on behalf of the Hospital by the Hospital Representative.

Section 10.08 Extent of Covenants. All covenants, stipulations, obligations and agreements of the County and the Hospital contained in this Agreement shall be effective to the extent authorized and permitted by applicable law.

Section 10.09 Arbitrage. The County and the Hospital shall proceed with due diligence to spend the proceeds of the Bonds to pay the Cost of the Project and to refund the Refunded Bonds. The County, Dillon County, and the Hospital shall take no action, and shall not approve any action of, or the making of any investment or use of the proceeds of the Bonds by, the Bond Trustee that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the regulations thereunder as such may be applicable to the Bonds at the time of such action, investment or use.

Section 10.10 Notices; Demands; Requests. All notices, demands and requests to be given to or made hereunder by the Hospital, the County, or the Bond Trustee shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail, return receipt requested, postage prepaid, addressed as follows:

- (a) As to the Hospital -

McLeod Regional Medical Center
555 East Cheves Street
Florence, South Carolina 29501
Attention: _____

- (b) As to the County -

Florence County, South Carolina
c/o Florence County Council
Floor G
City-County Complex
Florence, South Carolina 29501
Attention: Chairman

- (c) As to the Bond Trustee -

U.S. Bank National Association

Attn: _____

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by facsimile or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

Section 10.11 Multiple Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original constituting but one and the same instrument.

Section 10.12 Severability. If any one or more of the covenants, agreements or provisions of this Agreement shall be determined by a court of competent jurisdiction to be invalid, the invalidity of such covenants, agreements and provisions shall in no way affect the validity or effectiveness of the remainder of this Agreement, and this Agreement shall continue in force to the fullest extent permitted by law.

Section 10.13 State Law Controlling. This Agreement shall be construed and enforced in accordance with the laws of the State of South Carolina.

Section 10.14 Effective Date of this Agreement. Notwithstanding that this Agreement is dated as of _____, 2010, this Agreement shall take effect when it is fully executed and has been delivered to the parties hereto contemporaneously with the delivery of and payment for the Bonds, and none of the Total Required Payments shall be payable prior to or for any period prior to the effective date of this Agreement.

Section 10.15 Obligations Cumulative; Provisions of Master Indenture Control. The obligations of the Hospital under this Agreement shall be in addition to the obligations of the Hospital under the Master Indenture, and in the event of any conflict between this Agreement and the Master Indenture, the provisions of the Master Indenture shall control.

[The remainder of this page is intentionally left blank.]

IN WITNESS WHEREOF, Florence County, South Carolina and Dillon County, South Carolina, each has caused these presents to be signed in its name and on its behalf by the Chairman of its County Council and its official seal to be hereunto affixed and attested by the Clerk of its County Council; and McLeod Regional Medical Center of the Pee Dee, Inc. has caused these presents to be signed in its name and on its behalf by its President and CEO and its corporate seal to be hereunto affixed and attested by its Chief Financial Officer all as of the _____ day of _____, 2010.

FLORENCE COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, Florence County Council

Attest:

Clerk, Florence County Council

DRAFT

DILLON COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, Dillon County Council

Attest:

Clerk, Dillon County Council

DRAFT

MCLEOD REGIONAL MEDICAL CENTER
OF THE PEE DEE, INC.

(SEAL)

By _____
President and CEO

Attest:

Chief Financial Officer

DRAFT

DESCRIPTION OF THE PROJECT

- (1) Reconfiguration of patient rooms in the Hospital's Main Tower (the "Main Tower");
- (2) General repairs and renovations to the exterior and interior of the Main Tower;
- (3) Addition of a heart and vascular institute in the Main Tower, to include a cardiac day hospital and facilities incident to cardiac surgery and other procedures;
- (4) Addition of orthopedic and sports medicine facilities to the McLeod Health and Fitness Center;
- (5) Addition of two new ICU towers between the Main Tower and the Pavilion;
- (6) Finish out of the eighth floor of the Pavilion;
- (7) Two new parking garages;
- (8) Addition of enclosed pedestrian corridors, concourses, stair towers, and other connectors linking primary facilities of the Main Campus and facilities (such as public toilets, retail and transition spaces, food service areas, and waiting rooms incident to such space); and
- (9) Renovation and remodeling of lobbies and patient registration areas.

[FORM OF 2010A TRUST AGREEMENT]

DRAFT

TRUST AGREEMENT

by and between

FLORENCE COUNTY, SOUTH CAROLINA

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of _____, 2010

Relating to

\$165,000,000
Hospital Revenue Bonds
(McLeod Regional Medical Center Project)
Series 2010A

TRUST AGREEMENT

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(This Table of Contents is not a part of the Trust Agreement and is only for convenience of reference.)

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TRUST AGREEMENT

This TRUST AGREEMENT, dated as of _____, 2010, by and between FLORENCE COUNTY, SOUTH CAROLINA, a body politic and corporate and a political subdivision of the State of South Carolina (the "*County*"), and U.S. BANK NATIONAL ASSOCIATION, a national banking association having a principal office in Columbia, South Carolina, which is authorized under such laws to exercise trust powers and is subject to examination by federal authority (said corporation, and any bank or trust company becoming successor trustee under this Trust Agreement being hereinafter sometimes called the "*Bond Trustee*"),

WITNESSETH:

WHEREAS, the County is authorized under Title 44, Chapter 7, Article 11, Code of Laws of South Carolina, 1976, as amended (the "Act"), to borrow money and to lend the same to any "public agency" or "hospital agency" (as defined in the Act) for the purpose of providing funds to pay all or any part of the cost of "hospital facilities" (as defined in the Act) or for the purpose of refunding any debt issued by any such "public agency" or "hospital agency"; and

WHEREAS, McLeod Regional Medical Center of the Pee Dee, Inc. (the "Hospital") is a South Carolina nonprofit corporation and a "hospital agency" within the meaning and intent of the Act, which owns and operates acute care hospital facilities located in the City of Florence, South Carolina; and

WHEREAS, the Hospital has requested that the County issue its revenue bonds pursuant to the Act for the purpose of providing funds to be used by the Hospital to acquire, construct and equip certain hospital facilities in the County (the "Project") and to refund a portion of the outstanding principal amount of the Florence County, South Carolina, Hospital Revenue Bonds (McLeod Regional Medical Project) Series 1998A (such portion to be refunded being hereinafter referred to as the "Refunded Bonds"); and

WHEREAS, the Hospital has further requested that the County avail itself of the provisions of the Act and loan the proceeds of its revenue bonds to the Hospital for the purpose of financing the Project, refunding the Refunded Bonds, and paying certain expenses incurred in connection with the issuance of the Bonds by the County; and

WHEREAS, inasmuch as a portion of the proceeds of the Refunded Bonds were used to finance improvements now owned by an affiliate of the Hospital in Dillon County, South Carolina, the Hospital has further requested that the County avail itself of the provisions of the Act and loan a portion of the proceeds of its revenue bonds to Dillon County for the purpose of paying a portion of the cost of refunding the Refunded Bonds, such portion allocable to financing of the facilities in Dillon County financed by the Refunded Bonds, and loan the balance of such proceeds to the Hospital for the purpose of financing the Project; and

WHEREAS, the County has determined to issue its hospital revenue bonds in the aggregate principal amount of \$165,000,000 (the "Bonds") and to lend the proceeds thereof to the Hospital for the purpose of providing funds, together with other available funds, (i) to finance the cost of acquiring, constructing and equipping the Project; (ii) to refund the Refunded Bonds; and (iii) to pay certain expenses incurred in connection with the issuance of the Bonds by the County; and

WHEREAS, simultaneously with the issuance of the Bonds, the Hospital, the County, and Dillon County will enter into a loan agreement dated as of _____, 2010 (which loan agreement, together with any and all amendments thereof as herein permitted, is herein called the "Agreement") and as collateral security for the loan the Hospital as the issuer of Obligations under and pursuant to the Master Indenture (as defined in the Agreement) will execute and deliver to the County its Obligation No. 12 (as defined in the Agreement); and

WHEREAS, the County is entering into this Trust Agreement for the purpose of authorizing the Bonds and securing the payment thereof by assigning to the Bond Trustee Obligation No. 12, certain of its rights as holder and assignee thereof under the Master Indenture and certain of its rights under the Agreement; and

WHEREAS, the County has determined that the Bonds and the certificates of authentication to be endorsed by the Bond Registrar on all Bonds as provided herein shall be, respectively, substantially in the forms attached hereto as "Exhibit A", with such variations, omissions and insertions as are required or permitted by this Trust Agreement:

WHEREAS, under the Constitution and laws of the State of South Carolina, including the Act, the County is authorized to enter into this Trust Agreement, to issue the Bonds as hereinafter provided, to lend the proceeds of the Bonds to the Hospital for the purposes hereinbefore stated, and to do or cause to be done all the acts and things herein provided or required to be done as hereinafter covenanted; and

WHEREAS, all acts, conditions and things required by the Constitution and laws of the State of South Carolina, including the Act, to happen, exist and be performed precedent to and in the execution and delivery of this Trust Agreement have happened, exist and have been performed as so required to make this Trust Agreement a valid and binding trust agreement securing the Bonds in accordance with its terms; and

WHEREAS, the Bond Trustee has accepted the trusts created by this Trust Agreement and in evidence thereof has joined in the execution hereof.

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH: that in consideration of the premises, of the acceptance by the Bond Trustee of the trusts hereby created, and of the purchase and acceptance of Bonds by the Holders (as defined herein) thereof, and also for and in consideration of the sum of One Dollar in hand paid by the Bond Trustee at or before the execution and delivery of this Trust Agreement, and for other good and valuable consideration, the receipt of which is hereby acknowledged, and for the purpose of fixing and declaring the terms and conditions upon which Bonds are to be issued, authenticated, delivered, secured and accepted by all persons who shall from time to time be or become Holders thereof, and to secure the payment of all Bonds at any time issued and outstanding under this Trust Agreement and the interest and the redemption premium, if any, thereon according to their tenor, purport and effect, and to secure the performance and observance of all the covenants, agreements and conditions, express or implied, therein and herein contained, the County has executed and delivered this Trust Agreement, and by this Trust Agreement does hereby give, grant, bargain, alien, remise, release, convey, transfer, assign, confirm, set over and pledge unto the Bond Trustee, and its successor or successors in trust:

1. All right, title and interest of the County in and to Obligation No. 12 and under the Master Indenture as holder of Obligation No. 12.

2. All right, title and interest of the County in and to the Agreement (except for those certain rights that are set forth in the next sentence of this clause), it being the intent and purpose hereof that the assignment and transfer to the Bond Trustee of the payments and other sums due and to become due under the Agreement shall be effective and operative immediately and the Bond Trustee shall have the right to collect and receive said payments and other sums for application in accordance with the provisions hereof at all times during the period from and after the date of this Trust Agreement until the indebtedness hereby secured shall have been fully paid and discharged. The County specifically reserves from this assignment the following rights: (a) to receive all notices, opinions, certificates, copies of documents, instruments, reports and correspondence, and evidence of certain actions by the Hospital required to be delivered to the County under the Agreement; (b) to grant approvals and consents and make determinations when required under the Agreement; (c) to make requests for information and inspections where allowed under the Agreement; (d) to receive payments under Sections 3.04(v) and 8.02 of the Agreement; (e) the rights conferred upon the County in Sections 10.01 and 10.05 of the Agreement; and (f) to be indemnified pursuant to Section 8.01 of the Agreement; provided that the reservation of the aforementioned rights shall not prevent the Bond Trustee from enforcing the same on behalf of the County and the Holders. The County is to remain liable to observe and perform all the conditions and covenants in the Agreement provided to be observed and performed by it.

3. All money and securities held by the Bond Trustee in the Bond Fund (as hereinafter defined) and, until applied in payment of any item of the Cost of the Project (as hereinafter defined) in accordance with Section 404 hereof, all money and securities in the Construction Fund (as hereinafter defined) and in any other funds or accounts established under this Trust Agreement.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Bond Trustee and its successor or successors in trust and to them and their assigns forever, subject to the rights of the Hospital under the Agreement and to the exceptions, reservations and matters therein and herein recited.

IN TRUST, NEVERTHELESS, upon the terms and trusts herein set forth, for the benefit, security and protection of all and singular the present and future Holders and owners of the Bonds issued or to be issued under and secured by this Trust Agreement, without preference, priority or distinction as to lien or otherwise, except as may otherwise be provided herein, of any one Bond over any other Bond by reason of priority in their issue, sale or otherwise, all as herein provided;

Provided, however, that if the County or its successors or assigns, shall well and truly pay, or cause to be paid, or provide for the payment of, the principal of Bonds and the interest and any redemption premium due or to become due thereon, at the times and in the manner mentioned in the Bonds and this Trust Agreement, according to the true intent and meaning thereof and hereof, and shall cause the payments to be made into the Bond Fund as required under this Trust Agreement, and shall pay or cause to be paid to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such performance and payments this Trust Agreement and the rights hereby granted shall cease, determine and be void, as provided in Article XII hereof; otherwise this Trust Agreement to be and remain in full force and effect.

THIS TRUST AGREEMENT FURTHER WITNESSETH and it is expressly declared that all Bonds issued and secured hereunder are to be issued, authenticated, delivered and dealt with, and all said property hereby given, granted, bargained, aliened, remised, released, conveyed, transferred, assigned,

confirmed, set over and pledged is to be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the County has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective Holders, from time to time, of Bonds or any part thereof, as follows:

ARTICLE I

DEFINITIONS

Section 101 Meaning of Words and Terms. In addition to words and terms elsewhere defined in this Trust Agreement, the following words and terms as used in this Trust Agreement shall have the following meanings, unless some other meaning is plainly intended:

“Act” means Title 44, Chapter 7, Article 11, Code of Laws of South Carolina, 1976, as amended, or any successor statute.

“Affiliate” means Affiliate as defined in the Master Indenture.

“Agreement” means the Loan Agreement relating to the Bonds, dated as of _____, 2010, among the County, Dillon County, South Carolina, and the Hospital, including all amendments or supplements thereto as therein permitted.

“Architect” means the architect or firm of architects employed by the Hospital in connection with the construction of the Project.

“Average Annual Debt Service” means the average amount of principal and interest due (whether such principal is due at maturity or upon mandatory redemption) on the Bonds during any Bond Year.

“Bond Fund” means the Florence County, South Carolina (McLeod Regional Medical Center Project) Series 2010A Bond Fund created and so designated by Section 501 of this Trust Agreement.

“Bond Registrar” means the Bond Registrar at the time serving as such under this Trust Agreement whether the original or a successor bond registrar.

“Bond Trustee” means the Bond Trustee at the time serving as such under this Trust Agreement whether the original or a successor Bond Trustee.

“Bond Year” means the period commencing on _____ of any year and ending on _____ of the next succeeding year.

“Bonds” means the Bonds issued under Section 207 hereof.

“Business Day” means a day (a) other than a day on which banks located in Columbia, South Carolina or in New York, New York, are authorized or required by law to close and (b) on which The New York Stock Exchange is not closed.

“Closing” means Closing as defined in Section 1.01 of the Agreement.

"Code" means the Internal Revenue Code of 1986, as amended.

"Completion Date" means Completion Date as defined in Section 1.01 of the Agreement.

"Conditional Redemption" means Conditional Redemption as defined in Section 307 hereof.

"Construction Account" means the account in the Construction Fund created and so designated by Section 401 of this Trust Agreement.

"Construction Fund" means the Florence County, South Carolina (McLeod Regional Medical Center Project) Series 2010A Construction Fund created and so designated by Section 401 of this Trust Agreement.

"Cost" means Cost as defined in Section 1.01 of the Agreement.

"Cost of Issuance Account" means the account in the Construction Fund created and so designated by Section 401 of this Trust Agreement.

"Costs of Issuance" means (i) the costs of legal fees and expenses, underwriters' discount, underwriting fees, financing costs, financial advisor's fees, accounting fees and expenses, consulting fees, the Bond Trustee's fees and expenses, paying agent and certifying and authenticating agent fees, publication costs and printing and engraving costs incurred in connection with the authorization, sale, issuance and carrying of the Bonds and the preparation of the Agreement, Obligation No. 12, Supplement No. 12 (as defined in the Agreement), this Trust Agreement and all other documents in connection therewith and (ii) any other costs in connection with the issuance of the Bonds permitted by the Act to be paid or reimbursed from the proceeds of the Bonds.

"County" means Florence County, South Carolina, and any successor thereto.

"County Representative" means the County Representative as defined in Section 1.01 of the Agreement.

"Defaulted Interest" means Defaulted Interest as defined in Section 202 of this Trust Agreement.

"Defeasance Obligations" means (a) noncallable Government Obligations, (b) evidences of ownership of a proportionate interest in specified noncallable Government Obligations, which Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (c) defeased Government Obligations and (d) evidences of ownership of a proportionate interest in specified defeased Government Obligations, which defeased Government Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"Depository" means one or more banks or trust companies authorized under the laws of the United States of America or the State to engage in the banking business within the State having capital, surplus and undivided profits of at least \$50,000,000, and designated by the County, with the approval of the Hospital, as a depository of money under the provisions of this Trust Agreement.

"Event of Default" means with respect to this Trust Agreement each of those events set forth in Section 901 of this Trust Agreement.

"Fitch" means Fitch Investors Service, L.P., a limited partnership organized under the laws of the State of New York, its successors and their assigns, and, if such limited partnership shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Hospital by notice to the Bond Trustee and the County.

"Government Obligations" means direct obligations of, or securities fully and unconditionally guaranteed as to the timely payment of principal and interest by, the United States of America; provided, that the full faith and credit of the United States of America must be pledged to any such direct obligation or guarantee.

"Holder" means a person in whose name a Bond is registered in the registration books provided for in Section 205 of this Trust Agreement.

"Hospital" means the Hospital as defined in Section 1.01 of the Agreement.

"Hospital Representative" means the Hospital Representative as defined in Section 1.01 of the Agreement.

"Interest Account" means the account in the Bond Fund created and so designated by Section 501 hereof.

"Interest Payment Date" means May 1 or November 1, as the case may be.

"Investment Securities," for purposes of this Trust Agreement, mean as follows:

(a) Government Obligations, including (i) repurchase agreements with a qualified depository bank or securities dealers fully collateralized by such obligations, maturing on or before the date such moneys will be required for disbursement, and (ii) shares in money market funds that invest solely in Government Obligations or repurchase agreements described in clause (i) (which may include money market funds advised by the Bond Trustee);

(b) Prime commercial paper rated by Moody's within its NCO/Moody's ratings of "Prime 1", or by Standard & Poor's within its ratings of "A-1", or by Fitch, Inc. within its ratings of "F-1";

(c) Savings accounts, time deposits or certificates of deposit, including a business investment deposit account in the name of the Bond Trustee, maturing on or before the date such moneys will be required for disbursement, held in any bank or trust company organized under the laws of the United States of America or any state thereof, including the Bond Trustee, which has, at the time of the acquisition by the Bond Trustee of such investments, a combined capital, surplus and undivided profits of not less than \$100,000,000 and a short-term bank deposit rating of at least "A-1/P-1" and a long-term bank deposit rating of "A" or better;

(d) Tax-exempt securities that are rated, or that are supported by a letter of credit or similar credit enhancement that is rated, not lower than the second highest rating category of Moody's or Standard & Poor's;

(e) Shares in any money market fund that invests solely in obligations described in (a) through (d) above or obligations determined to be of comparable quality by the board of directors of such fund; and

(f) Such other obligations as may at any time hereafter be approved by the Bond Trustee or authorized under applicable law of the State; provided that the Bond Trustee may require as a condition to the investment of funds under this clause (f) that the Bond Trustee shall have received an opinion of Bond Counsel to the effect that such investment is permitted under applicable law of the State.

"Loan" means the Loan as defined in Section 1.01 of the Agreement.

"Loan Repayments" means those payments designated by and set forth in Section 3.03 of the Agreement.

"Master Indenture" means the Amended and Restated Master Trust Indenture between the Hospital and U.S. Bank National Association (successor in interest to Wachovia Bank, National Association, formerly known as First Union National Bank), as Master Trustee, dated as of January 15, 1998, including all amendments or supplements thereto as therein permitted.

"Master Trustee" means the Master Trustee under the Master Indenture.

"Obligation No. 12" means the obligation so designated issued under the Master Indenture and delivered to the County pursuant to the Agreement.

"Officer's Certificate" means the Officer's Certificate as defined in Section 1.01 of the Agreement.

"Opinion of Counsel" means an opinion in writing signed by an attorney or firm of attorneys acceptable to the Bond Trustee who may be counsel for the County or the Hospital or other counsel.

"Outstanding" when used with reference to Bonds means, as of a particular date, all Bonds theretofore issued under this Trust Agreement, except:

(1) Bonds theretofore canceled by the Bond Registrar or delivered to the Bond Registrar for cancellation;

(2) Bonds for the payment of which money, Defeasance Obligations, or a combination of both, sufficient to pay, on the date when such Bonds are to be paid or redeemed, the principal amount of or Redemption Price of, and the interest accruing to such date on, the Bonds to be paid or redeemed, has been deposited with the Bond Trustee or the Bond Registrar in trust for the Holders of such Bonds; Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date;

(3) Bonds in exchange for or in lieu of which other Bonds have been issued; and

(4) Bonds deemed to have been paid in accordance with Section 1201 of this Trust Agreement.

"Permitted Liens" means Permitted Liens as defined in Section 1.01 of the Master Indenture.

"Predecessor Bonds" of any particular Bond means every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond, and, for purposes of this definition, any Bond authenticated and delivered under Section 210 of this Trust Agreement in lieu of a lost, destroyed or stolen Bond shall be deemed to evidence the same debt as the lost, destroyed or stolen Bond.

"Principal Account" means the account in the Bond Fund created and so designated by Section 501 of this Trust Agreement.

"Project" means the Project as defined in Section 1.01 of the Agreement.

"Project Documents" means the Project Documents as defined in Section 1.01 of the Agreement.

"Rating Category" means one of the general debt rating categories of Moody's, S&P, or Fitch without regard to any refinement or gradation of such rating category by a numerical modifier or otherwise.

"Redemption Account" means the account in the Bond Fund created and so designated by Section 501 of this Trust Agreement.

"Redemption Price" means, with respect to any Bond or portion thereof, the principal amount of such Bond or portion thereof plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with its terms, the terms of the Series Ordinance providing for the issuance thereof and this Trust Agreement.

"Refunded Bonds" means a designated portion of the outstanding principal amount of Florence County, South Carolina, Hospital Refunding Revenue Bonds (McLeod Regional Medical Center of the Pee Dee, Inc. Project) Series 1998A being refunded with a portion of the proceeds of the Bonds.

"Regular Record Date" means, with respect to any Interest Payment Date, the 15th day of the month next preceding such Interest Payment Date.

"Securities Depository" means The Depository Trust Company, New York, New York, or other recognized securities depository selected by the Hospital, which securities depository maintains a book-entry system in respect of the Bonds, and shall include any substitute for or successor to the securities depository initially acting as Securities Depository.

"Securities Depository Nominee" means, as to any Securities Depository, such Securities Depository or the nominee of such Securities Depository in whose name there shall be registered on the registration books maintained by the Bond Registrar the Bond certificates to be delivered to and immobilized at such Securities Depository during the continuation with such Securities Depository of

participation in its book-entry system.

"Serial Bonds" means Bonds which are stated to mature in the years _____ through _____, inclusive.

"Series Ordinance" means the ordinance of the County providing for the issuance of the Bonds that is required by Section 207 of this Trust Agreement to be adopted prior to the issuance of the Bonds.

"Sinking Fund Account" means the account in the Bond Fund created and so designated by Section 501 of this Trust Agreement.

"Sinking Fund Requirement" means, with respect to the Term Bonds maturing on a particular date for any Bond Year, the principal amount fixed or computed as hereinafter provided for the retirement of such Term Bonds by redemption on _____ of the following Bond Year.

[Insert Sinking Fund Requirements]

The Sinking Fund Requirement for each Bond Year shall be met by providing for the retirement of Term Bonds maturing on the appropriate date by purchase and cancellation or redemption on _____ of the following Bond Year. The aggregate amount of such Sinking Fund Requirements for the Term Bonds maturing on a particular date shall be equal to the aggregate principal amount of such Term Bonds. The Sinking Fund Requirements for the Term Bonds of each maturity shall begin in the Bond Year determined as provided above and shall end with the Bond Year immediately preceding the maturity of such Term Bonds (such final installment being payable at maturity and not redeemed).

On or before the 45th day next preceding any _____ on which Term Bonds maturing on a particular date are to be retired pursuant to the Sinking Fund Requirement, the County or the Hospital may deliver to the Bond Trustee to be forwarded to the Bond Registrar for cancellation such Term Bonds in any aggregate principal amount desired and receive a credit against amounts required to be transferred from the Sinking Fund Account on account of such Term Bonds in the amount of one hundred percent (100%) of the principal amount of any such Term Bonds so purchased. Any principal amount of Term Bonds purchased and delivered to the Bond Trustee and canceled in excess of the principal amount of such Term Bonds required to be redeemed on such _____ shall be credited against and reduce the principal amount of future Sinking Fund Requirements for such Term Bonds in such manner as shall be specified in an Officer's Certificate of the Hospital in substantially the form of the Officer's Certificate filed with the Bond Trustee pursuant to Section 406 of this Trust Agreement.

On or before the ____ day of _____ in each Bond Year, the Bond Trustee shall recompute, if necessary, the Sinking Fund Requirement for such Bond Year with respect to Term Bonds maturing on a particular date and all subsequent Bond Years for such Term Bonds Outstanding. The Sinking Fund Requirement for such Bond Year so recomputed shall continue to be applicable during the balance of such Bond Year and no adjustment shall be made therein by reason of Term Bonds redeemed or called for redemption during such Bond Year.

If Term Bonds maturing on a particular date are paid or redeemed by operation of the Redemption Account, the Bond Trustee shall reduce future Sinking Fund Requirements for such Term Bonds in such

manner as shall be specified in an Officer's Certificate of the Hospital in substantially the form of the Officer's Certificate filed with the Bond Trustee pursuant to Section 406 of this Trust Agreement.

"S&P" means Standard & Poor's Ratings Group, a division of a corporation organized and existing under the laws of the State of New York, its successors and their assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the County, with the approval of the Hospital, by notice to the Bond Trustee and the Hospital.

"Special Record Date" for the payment of any Defaulted Interest on Bonds means a date fixed by the Bond Trustee pursuant to Section 202 of this Trust Agreement.

"State" means the State of South Carolina.

"Term Bonds" means the Bonds stated to mature in the years _____.

"Total Required Payments" means the Total Required Payments as defined in Section 1.01 of the Agreement.

"Trust Agreement" means this trust agreement, including any trust agreement amendatory hereof or supplemental hereto.

Section 102 Rules of Construction. Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words "Bond", "owner", "Holder" and "person" shall include the plural as well as the singular number and the word "person" shall mean any individual, corporation, partnership, joint venture, association, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

ARTICLE II

DETAILS OF BONDS; ISSUANCE OF BONDS

Section 201 Limitation on Issuance of Bonds. No Bonds may be issued under the provisions of this Trust Agreement except in accordance with the provisions of this Article.

Section 202 Terms of Bonds. The definitive Bonds are issuable in fully registered form in denominations of \$5,000 or any whole multiple thereof. The definitive Bonds issued under the provisions of this Article shall be substantially in the form hereinabove set forth, with such appropriate variations, omissions and insertions as may be necessary or appropriate to conform to the provisions of this Trust Agreement. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto.

The Bonds shall be dated as of _____, 2010, and shall bear interest until their payment, such interest to the maturity thereof being payable on _____, 20__ and semiannually thereafter on _____.

May 1 and November 1 in each year, and shall be stated to mature (subject to the right of prior redemption), all as hereinafter provided. Each Bond shall bear interest from the Interest Payment Date next preceding the date on which it is authenticated unless it is (a) authenticated upon any Interest Payment Date in which event it shall bear interest from such Interest Payment Date or (b) authenticated prior to the first Interest Payment Date in which event it shall bear interest from its date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest has been paid.

The Bonds shall be executed with the manual or facsimile signatures of the Chairman or Vice-Chairman of the County Council of the County and by the Clerk to the County Council and the official seal or a facsimile of the official seal of the County shall be affixed thereto or printed or impressed thereon.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bonds may bear the facsimile signatures of, or may be signed by, such persons as at the actual time of the execution of such Bonds shall be the proper officers to sign such Bonds although at the date of such Bonds such persons may not have been such officers.

Subject in all respect to Section 211 of this Trust Agreement, the principal of and redemption premium, if any, on the Bonds shall be paid upon the presentation and surrender of said Bonds at the principal corporate trust office of the Bond Trustee. The interest on the Bonds shall be payable by check or draft drawn upon the Bond Trustee and mailed to the registered owners as of the close of business on the Record Date next preceding the Interest Payment Date at their respective addresses as such appear as of the close of business on such Record Date on the bond registration books kept by the Bond Trustee, provided that, owners of Bonds in the aggregate principal amount of not less than \$500,000 may, by written instruction filed with the Bond Trustee on or before the Record Date next preceding such Interest Payment Date, direct that interest payments be transmitted by wire transfer to an account in the continental United States (which wire transfer shall be at the expense of the Holder).

If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid to the owners in whose name any such Bonds (or any Bond or Bonds issued upon transfer or exchange thereof) are registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest. All payments shall be made in lawful money of the United States of America.

Any interest on any Bond which is payable, but is not punctually paid or duly provided for, on any Interest Payment Date (herein called "Defaulted Interest") shall forthwith cease to be payable to the Holder on the relevant Regular Record Date solely by virtue of such Holder having been such Holder; and such Defaulted Interest may be paid by the County, at its election in each case, as provided in Subsection A or B below:

A. The County may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds (or their respective Predecessor Bonds) are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which shall be fixed in the following manner. The County shall notify the Bond Trustee in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be such as will enable the Bond Trustee to comply with the next sentence hereof), and at the same time the County shall deposit or cause to be deposited with the

Bond Trustee an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Trustee for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this Subsection provided. Thereupon the Bond Trustee shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment and not less than 10 days after the receipt by the Bond Trustee of the notice of the proposed payment. The Bond Trustee shall promptly notify the County and the Hospital of such Special Record Date and, in the name and at the expense of the Hospital, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class postage prepaid, to each Holder at his address as it appears in the registration books maintained under Section 205 of this Trust Agreement not less than 10 days prior to such Special Record Date. Notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following Subsection B.

B. The County may make payment of any Defaulted Interest on the Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the County to the Bond Trustee of the proposed payment pursuant to this Subsection, such payment shall be deemed practicable by the Bond Trustee.

Subject to the foregoing provisions of this Section, each Bond delivered under this Trust Agreement upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, which were carried by such other Bond and each such Bond shall bear interest from such date, so that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 203 Authentication of Bonds. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form hereinabove set forth, duly executed by the Bond Registrar, shall be entitled to any benefit or security under this Trust Agreement. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication on the Bond shall have been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Trust Agreement. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 204 Exchange of Bonds. Bonds, upon surrender thereof at the corporate trust office of the Bond Registrar, together with an assignment duly executed by the Holder or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the Holder, be exchanged for an equal aggregate principal amount of Bonds, of any denomination or denominations authorized by this Trust Agreement and in the same form as the Bonds surrendered for exchange.

The County shall make provision for the exchange of the Bonds at the corporate trust office of the Bond Registrar.

Section 205 **Negotiability, Registration and Transfer of Bonds.** The Bond Trustee is hereby appointed as Bond Registrar and as such shall keep books for the registration and registration of transfer of Bonds as provided in this Trust Agreement. Said registration books shall be available at all reasonable times for inspection by the Bond Trustee and its agents and representatives, and the Bond Registrar shall provide to the Bond Trustee, upon its written request, an accurate copy of the names and addresses of the Holders set forth on such books.

The Bond Registrar shall evidence acceptance of the duties, responsibilities and obligations of the Bond Registrar under this Trust Agreement by the execution of the certificate of authentication on the Bonds.

The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon surrender thereof to the Bond Registrar together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar. Upon any such registration of transfer the County shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new registered Bond or Bonds registered in the name of the transferee, of any denomination or denominations authorized by this Trust Agreement in the aggregate principal amount equal to the principal amount of such Bond surrendered or exchanged.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the County shall execute and the Bond Registrar shall authenticate and deliver Bonds at the earliest practicable time in accordance with the provisions of this Trust Agreement. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be canceled by the Bond Registrar. No service charge shall be made for any registration, transfer or exchange of Bonds, but the County and the Bond Registrar may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any transfer or exchange of Bonds.

Section 206 **Ownership of Bonds.** The County, the Bond Trustee, the Bond Registrar and any agent of the County, the Bond Trustee or the Bond Registrar, may treat the person in whose name any Bond is registered as the owner of such Bond for the purpose of receiving payment of principal of and premium, if any, and interest on such Bond, and for all other purposes whatsoever, whether or not such Bond be overdue, and, to the extent permitted by law, neither the County, the Bond Trustee, the Bond Registrar nor any such agent shall be affected by notice to the contrary.

Section 207 **Authorization of Bonds.** There shall be issued under and secured by this Trust Agreement an issue of hospital facilities revenue bonds of the County in the aggregate principal amount of _____ Million Dollars (\$_____) for the purpose of providing funds, together with other available funds, for (i) financing a portion of the Cost of the Project, (ii) refunding the Refunded Bonds, and (iii) paying certain expenses incurred in connection with the issuance of the Bonds. The Bonds shall be designated "Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project), Series 2010A", and shall be dated as of _____, 2010.

The Bonds shall be stated to mature, subject to the right of prior redemption as hereinafter set forth, on November 1 in the following years and amounts, and shall bear interest (based on a three hundred sixty-day year consisting of twelve (12) thirty-day months) at the following rates:

<u>Year of Maturity</u>	<u>Principal Amount</u>	<u>Interest Rate</u>
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The Bonds shall be numbered from R-1 upwards and shall be subject to redemption as provided in Article III of this Trust Agreement.

The Bonds shall be executed substantially in the form and in the manner hereinabove set forth and shall be deposited with the Bond Registrar for authentication, but before the Bonds shall be delivered by the Bond Registrar, there shall be filed or deposited with the Bond Trustee the following:

- (a) a copy, certified by the Clerk or any Assistant or Acting Clerk to the County Council of the County, of the Ordinance for the Bonds;
- (b) a copy, certified by the Secretary or any Deputy Secretary of the South Carolina State Budget and Control Board, of the resolution of the State Budget and Control Board approving the issuance of the Bonds;
- (c) a fully executed counterpart of this Trust Agreement;
- (d) a fully executed counterpart of the Agreement;
- (e) the fully executed Obligation No. 12, which shall either be accompanied by an assignment thereof to the Bond Trustee without recourse, or which shall bear evidence that it has been otherwise transferred to the Bond Trustee;
- (f) a certified copy of the Master Indenture;
- (g) copies of insurance certificates and a statement, signed by the Hospital's insurance agent, to the effect that the insurance required by the Master Indenture is in effect;
- (h) a fully executed counterpart of Supplement No. 12 (as defined in the Agreement);
- (i) an opinion of counsel for the Hospital stating that (1) the Hospital has been duly organized and is validly existing as a corporation in good standing under the laws of the State with power and authority to execute and deliver the Agreement, the Master Indenture, Supplement No. 12 and Obligation No. 12 and to consummate the transactions contemplated by such instruments; (2) the Agreement, the Master Indenture, Supplement No. 12 and Obligation No. 12 have been duly authorized, executed and delivered by the Hospital and constitute valid and binding agreements of the Hospital enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws

affecting creditors' rights generally or by usual equity principles; (3) the Hospital has received and there are currently in full force and effect all permits, licenses and certifications necessary to conduct the operation of an acute care general hospital; (4) the execution and delivery of the Agreement, the Master Indenture, Supplement No. 12 and Obligation No. 12 and compliance with the terms thereof, under the circumstances contemplated thereby, do not conflict with the Hospital's Articles of Incorporation or bylaws and do not in any material respect conflict with, or constitute on the part of the Hospital a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument of which such counsel has knowledge after due investigation to which the Hospital is a party or to such counsel's knowledge materially conflict with, violate or result in a breach of any law, public administrative rule or regulation, judgment, court order or consent decree to which the Hospital is subject; (5) the Hospital has been determined to be an organization that is exempt from Federal income taxes under Section 501(a) of the Code, by virtue of being an organization described in Section 501(c)(3) of the Code and the Hospital is not a "private foundation" as defined in Section 509(a) of the Code and, to such counsel's knowledge, the Hospital has conducted its operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization; (6) there are no liens or encumbrances of record on the Operating Assets (as defined in the Master Indenture), except those that qualify as Permitted Liens; (7) all financing statements (including any financing statement required to be filed under the provisions of the Uniform Commercial Code of the State) have been filed in such manner and in such place as is required by law to establish, preserve and protect, and to maintain the priority of, the security interest granted in the Master Indenture as a first security interest, on all collateral specifically or generally described therein as subject to the lien thereof and under the laws then in force, except that it will be necessary to file continuation statements as required by said Uniform Commercial Code; and (8) all certificates of need and all other approvals required in connection with the construction of the Project have been obtained; and

(j) Any other instrument or document the Bond Trustee reasonably requires.

When the documents mentioned in paragraphs (a) to (k), inclusive, of this Section shall have been filed with the Bond Trustee and when the Bonds shall have been executed and authenticated as required by this Trust Agreement, the Bond Registrar shall deliver the Bonds at one time to or upon the order of the purchasers named in written instructions from the County provided to the Bond Trustee, but only upon payment to the Bond Trustee of the purchase price of the Bonds and the accrued interest thereon. The Bond Trustee shall be entitled to rely upon the Series Ordinance and resolutions mentioned in paragraphs (a) and (b) of this Section as to all matters stated therein.

The proceeds of the Bonds shall be applied by the Bond Trustee, simultaneously with the delivery of the Bonds, as follows:

(1) the Bond Trustee shall deposit the sum of \$ _____ in the Cost of Issuance Account; and

(2) the Bond Trustee shall deposit the balance of said proceeds in the Construction Account.

Section 208 No Additional Bonds. Except as provided in Section 210 of this Trust Agreement, after the delivery of the Bonds no other bonds or other indebtedness of the County may be issued under and secured by this Trust Agreement at any time or for any purpose; provided, however, that

nothing herein shall be construed as prohibiting the County from issuing bonds or other indebtedness under any other trust agreement, indenture or other instrument.

Section 209 Temporary Bonds. Until definitive Bonds are ready for delivery, there may be executed, and upon request of the County, the Bond Registrar shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, typewritten, printed, engraved or lithographed temporary Bonds, in the form of fully registered Bonds in denominations of \$5,000 or any whole multiple thereof, substantially of the tenor of the Bonds set forth in this Trust Agreement and with such appropriate omissions, insertions and variations as may be required.

Until definitive Bonds are ready for delivery, any temporary Bond may, if so provided by the County, be exchanged at the corporate trust office of the Bond Registrar, without charge to the Holder thereof, for an equal aggregate principal amount of temporary fully registered Bonds of authorized denominations, of like tenor, of the same maturity and bearing interest at the same rate.

If temporary Bonds shall be issued, the County shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it at its corporate trust office of any temporary Bond, shall cancel the same and authenticate and deliver in exchange therefor at the place designated by the Holder, without charge to the Holder thereof, a definitive Bond or Bonds of an equal aggregate principal amount, of the same maturity and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged, the temporary Bonds shall in all respects be entitled to the same benefit and security of this Trust Agreement as the definitive Bonds to be issued and authenticated hereunder.

Section 210 Mutilated, Destroyed, or Stolen Bonds. In case any Bond secured hereby shall become mutilated or be destroyed, stolen or lost, the County shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, and the Holder shall pay the reasonable expenses and charges of the County and the Bond Registrar in connection therewith and, in case of a Bond destroyed or lost, the Holder shall file with the Bond Registrar evidence satisfactory to it and to the County that such Bond was destroyed or lost, and of his ownership thereof, and shall furnish the County and the Bond Registrar indemnity satisfactory to them. The Bond Registrar shall notify the Bond Trustee of every Bond issued pursuant to the provisions of this Section 210 in exchange for any Bond which is mutilated, destroyed, lost or stolen.

Every Bond issued pursuant to the provisions of this Section 210 in exchange or substitution for any Bond which is mutilated, destroyed, lost or stolen shall constitute an additional contractual obligation of the County, whether or not the destroyed, lost or stolen Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and proportionately with any and all other Bonds duly issued under this Trust Agreement. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, lost or stolen Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

Section 211 Book-Entry Only System. The Bonds shall be initially issued in the form of a separate single fully registered Bond for each of the maturities thereof. Upon initial issuance, the ownership of the Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of the Securities Depository, and except as hereinafter provided, all of the outstanding Bonds shall be registered in the Bond Register in the name of Cede & Co., as nominee of the Securities Depository.

With respect to Bonds registered in the Bond Register in the name of Cede & Co., as nominee of the Securities Depository, the County, the Bond Trustee, and the Hospital shall have no responsibility or obligation to any Depository Participant or to any person on behalf of whom such a Depository Participant holds a beneficial interest in the Bonds. Without limiting the immediately preceding sentence, the County, the Hospital and the Bond Trustee shall have no responsibility or obligation with respect to (i) the accuracy of the records of the Securities Depository, Cede & Co. or any Depository Participant with respect to any beneficial ownership interest in any Bond, (ii) the delivery to any Depository Participant or any other person, other than a Holder, as shown in the bond register maintained by the Bond Registrar, of any notice with respect to any Bonds, including without limitation any notice of redemption, tender, purchase or any event that would or could give rise to a tender or purchase right or option with respect to any Bond, (iii) the payment to any Depository Participant or any other person, other than a Holder, as shown in the bond register maintained by the Bond Registrar, of any amount with respect to principal or purchase price of, premium, if any, or interest on, or the purchase price of, any Bond, or (iv) any consent given by the Securities Depository as registered owner. Notwithstanding any other provision of this Trust Agreement to the contrary, the County, the Bond Trustee, the Hospital and each paying agent, if any, shall be entitled to treat and consider the Person in whose name each Bond is registered in the Bond Register as the absolute owner of such Bond for the purpose of payment of principal, purchase price, premium, if any, and interest with respect to such Bond, for the purpose of giving notices of redemption, sale, purchase or any event that would or could give rise to a sale or purchase right or option with respect to any Bond, for the purpose of making payment of any purchase price of such Bond, for the purpose of registering transfers with respect to such Bond, and for all other purposes whatsoever. The Bond Trustee and each paying agent, if any, shall pay all principal of, premium, if any, and interest on the Bonds and the Purchase Price of any Bonds only to or upon the order of the respective registered owners, as shown in the bond register maintained by the Bond Registrar, or their respective attorneys duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the County's obligations with respect to payment of principal or purchase price of, premium, if any, and interest on the Bonds and the purchase price of any Bond to the extent of the sum or sum so paid. No person other than a registered owner, as shown in the bond register maintained by the Bond Registrar, shall receive a Bond certificate evidencing the obligation of the County to make payments of principal, premium, if any, and interest pursuant to this Trust Agreement.

The Holders have no right to a depository for the Bonds. The County, at the direction of the Hospital, or the Bond Trustee may remove the Securities Depository or any successor thereto for any reason at any time. In such event, the County or the Bond Trustee if the County shall fail to do so, shall (i) at the request of the Hospital appoint a successor Depository, qualified to act as such under Section 17(a) of the Securities Exchange Act, notify the prior Securities Depository of the appointment of such successor securities depository and transfer one or more separate Bond certificates to such successor securities depository, or (ii) at the request of the Hospital notify the Securities Depository of the availability through the Securities Depository of Bond certificates and transfer one or more separate Bond certificates to Depository Participants having Bonds credited to their Securities Depository accounts. In such event, the Bonds shall no longer be restricted to being registered in the Bond Register in the name of Cede & Co., as nominee of the Securities Depository, but may be registered in the name of the successor securities depository, or its nominee, or in whatever name or names the Depository Participants receiving Bonds shall designate, in accordance with the provisions of this Trust Agreement.

The Securities Depository may exercise the rights of a Holder hereunder only in accordance with the terms hereof applicable to the exercise of such rights.

ARTICLE III

REDEMPTION OF BONDS

Section 301 **Redemption Dates and Prices.** The Bonds may not be called for redemption by the County except as provided below:

(a) If the Hospital exercises its option to prepay the Loan pursuant to Section 7.01 of the Agreement, the Bonds maturing on and after _____, _____, are required to be redeemed by the County at the direction of the Hospital on or after _____, __, in whole or in part on any date, upon payment of the redemption price of par, plus interest accrued to the redemption date.

(b) If the Hospital exercises its option to prepay the Loan in whole or in part as provided in Section 7.02 of the Agreement, the Bonds are required to be redeemed in whole if the Loan is prepaid in whole, or in part (by lot) if the Loan is prepaid in part, on any date, by the County at the direction of the Hospital, in either case, at a redemption price equal to one hundred percent (100%) of the principal amount thereof, without premium, plus accrued interest to the redemption date; provided however, that if the Hospital's prepayment of the Loan is pursuant to Section 7.02(a) of the Loan Agreement, either (i) all Outstanding Bonds shall be redeemed or (ii) the Hospital shall furnish to the Bond Trustee a certificate of an Architect stating that (a) the property forming a part of the Operating Assets that was damaged or condemned is not essential to the Hospital's use or occupancy of the Operating Assets or (b) the Operating Assets have been restored to a condition substantially equivalent to their condition prior to the damage or condemnation;

[(c) Beginning _____, _____, the Term Bonds maturing on _____, _____, are required to be redeemed, to the extent of any Sinking Fund Requirement therefor, on the _____ immediately following each Bond Year in which there is a Sinking Fund Requirement therefor, upon payment of one hundred percent (100%) of the principal amount thereof.

(d) Beginning _____, _____, the Term Bonds maturing on _____, _____, are required to be redeemed, to the extent of any Sinking Fund Requirement therefor, on the _____ immediately following each Bond Year in which there is a Sinking Fund Requirement therefor, upon payment of one hundred percent (100%) of the principal amount thereof.

(e) Beginning _____, _____, the Term Bonds maturing on _____, _____, are required to be redeemed, to the extent of any Sinking Fund Requirement therefor, on the _____ immediately following each Bond Year in which there is a Sinking Fund Requirement therefor, upon payment of one hundred percent (100%) of the principal amount thereof.]

[Add additional Term Bonds]

Section 302 **Selection of Bonds to be Redeemed.** The Bonds shall be redeemed only in whole multiples of \$5,000. The Bond Trustee shall select the Bonds to be redeemed in accordance with the terms and provisions of this Trust Agreement.

If less than all of the Bonds are to be called for redemption (other than pursuant to Section 301(c) hereof), the Bond Trustee shall redeem Bonds in the order of maturities determined by the Hospital. If a book-entry system of registration of the Bonds is not being used and less than all the Bonds of any maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be selected by lot, in such manner as the Bond Trustee in its discretion may determine. If less than all of the beneficial interests in a Bond of a single maturity registered in the name of a Securities Depository or a Securities Depository Nominee are to be redeemed, the beneficial interests to be redeemed shall be selected by lot by the Securities Depository. In either case, each \$5,000 portion of principal of a Bond shall be counted as one Bond for this purpose.

Section 303 Redemption Notice. At least twenty (20) days but not more than sixty (60) days before the redemption date of any Bonds, whether such redemption be in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be mailed, postage prepaid, to all Holders owning Bonds to be redeemed in whole or in part. Failure to mail any such notice to any Holder or any defect in any notice so mailed shall not affect the validity of the proceedings for the redemption of the Bonds of any other Holders; failure to mail any notice to any securities depository or bond information service or any defect in any notice so mailed shall not affect the proceedings for the redemption of Bonds of Holders to whom proper notice was mailed. Each such notice shall set forth the date fixed for redemption, the Redemption Price to be paid, the maturities of the Bonds to be redeemed and, if less than all of the Bonds then Outstanding shall be called for redemption, the distinctive numbers and letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond of the same maturity in principal amount equal to the unredeemed portion of such Bond will be issued. Not more than ninety (90) days following any redemption date, the Bond Trustee shall mail an additional redemption notice to the Holder of any Bond called for redemption on such date but not presented for redemption within sixty (60) days following such date.

Section 304 Effect of Calling for Redemption. On or before the date fixed for redemption, money or Defeasance Obligations maturing prior to the redemption date shall be deposited with the Bond Trustee to pay the principal of and the premium, if any, on the Bonds and interest accruing thereon to the redemption date of the Bonds called for redemption.

On the date fixed for redemption, notice having been given in the manner and under the conditions hereinabove provided, the Bonds or portions thereof called for redemption shall be due and payable at the Redemption Price provided therefor, plus accrued interest to such date. If money or Defeasance Obligations, or a combination of both, sufficient to pay the Redemption Price of the Bonds to be redeemed, and to pay accrued interest thereon to the date fixed for redemption, are held by the Bond Trustee in trust for the Holders of Bonds to be redeemed, interest on the Bonds called for redemption shall cease to accrue; such Bonds shall cease to be entitled to any benefit or security under this Trust Agreement or to be deemed Outstanding; and the Holders of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof plus accrued interest to the date of redemption. Bonds and portions of Bonds for which irrevocable instructions to pay on one or more specified dates or to call for redemption have been given to the Bond Trustee in form satisfactory to it shall not thereafter be deemed to be Outstanding under this Trust Agreement and shall cease to be entitled to the security of or any rights under this Trust Agreement, other than rights to receive payment of the Redemption Price thereof and accrued interest thereon to the date of redemption, to be given notice of redemption in the manner provided in Section 303 hereof, and, to the extent hereinafter provided, to receive Bonds for any unredeemed portions of Bonds if money or Defeasance Obligations, or a combination of both sufficient to pay the Redemption Price of such Bonds or portions thereof, and to pay

accrued interest thereon to the date upon which such Bonds are to be paid or redeemed, are held in separate accounts by the Bond Trustee in trust for the Holder's of such Bonds.

Section 305 Redemption of Portion of Bonds. If a portion of an Outstanding Bond shall be selected for redemption, the Holder thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the principal amount thereof so called for redemption and the redemption premium, if any, on such principal amount, and the County shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same maturity and bearing interest at the same rate.

Section 306 Use of Defeasance Obligations to Redeem Bonds. For purposes of all Sections in this Article, Defeasance Obligations shall be deemed to be sufficient to pay or redeem bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date.

Section 307 Conditional Redemption; Revocation of Redemption Notice. In the case of an optional redemption under Sections 301(a) or (b), the redemption notice may state that (i) it is conditioned upon the deposit of moneys by the Hospital, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the scheduled redemption date or (ii) the Hospital retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a "Conditional Redemption"), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this Section 307. In the case of a Conditional Redemption subject to the deposit of moneys, the failure of the Hospital to make funds available in part or in whole on or before the scheduled redemption date shall not constitute an Event of Default hereunder and any Bonds subject to such Conditional Redemption shall remain Outstanding. Any Conditional Redemption subject to rescission may be rescinded in whole or in part at any time on or prior to the scheduled redemption date if a Hospital Representative instructs the Bond Trustee in writing to rescind the redemption notice. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default hereunder. If a Conditional Redemption for which notice has been sent to Holders pursuant to this Section 307 will not occur, either because the Hospital has not made funds available to effect such redemption on or before the scheduled redemption date or the Hospital has rescinded such notice in accordance with this Section 307, the Bond Trustee shall give immediate notice to the Securities Depository if all of the Bonds are held under the Securities Depository book-entry system or the affected Holders of any Bonds that are not held under the Securities Depository book-entry system that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

Notwithstanding any other provision of this Trust Agreement, if, on any day prior to the tenth Business Day preceding any date fixed for redemption of Bonds pursuant to Section 301(a) or 301(b) hereof, the Hospital Representative notifies the Bond Trustee in writing that the Hospital has elected to revoke its election to redeem such Bonds because the Hospital has determined that the source of money for such redemption specified in the notice given by the Hospital Representative pursuant to Section 7.03 of the Agreement will not be available, the Bonds shall not be redeemed on such date and any notice of redemption mailed to the Holders pursuant to Section 303 hereof shall be null and void. In such event, within five (5) Business Days after the date on which the Bond Trustee received notice of such revocation, the Bond Trustee shall cause a notice of such revocation signed by the Bond Trustee to be mailed to all Holders owning such Bonds.

ARTICLE IV

CONSTRUCTION FUND

Section 401 Construction Fund. A special fund is hereby established with the Bond Trustee and designated Florence County, South Carolina (McLeod Regional Medical Center Project) Series 2010A Construction Fund, in which there is established a Construction Account and a Cost of Issuance Account, to the credit of which deposits shall be made as required by the provisions this Trust Agreement.

The money in the Construction Account shall be held by the Bond Trustee in trust and, subject to the provisions of Section 406 of this Trust Agreement, shall be applied to the payment of the Cost of the Project as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as herein provided.

The money in the Cost of Issuance Account shall be held by the Bond Trustee in trust and shall be applied to the payment of Costs of Issuance and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as herein provided.

Section 402 Payments from Construction Fund. Payment of the Cost of the Project shall be made from the Construction Account. Payment of the Costs of Issuance shall be made from the Cost of Issuance Account. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the County covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Section 403 Cost of Project. For the purpose of this Trust Agreement, the Cost of the Project shall embrace such costs as are eligible costs within the purview of the Act and, without intending thereby to limit or restrict any proper definition of such Cost, shall include the following:

(i) obligations incurred by the Hospital for labor, materials and services provided by contractors, builders and others in connection with the construction and equipping of the Project, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction, the removal or relocation of any structures, and the clearing of lands;

(ii) the cost of acquiring by purchase, if deemed expedient, such lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Hospital Representative for the construction and equipping of the Project, the cost of options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the construction of the Project;

(iii) the reasonable fees and expenses of the Bond Trustee and the Bond Registrar for their services prior to and during construction, and premiums on insurance, if any, in connection with the Project;

(iv) the cost of borings and other preliminary investigations to determine foundation

or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Project and fees and expenses of engineers, architects, management consultants and hospital consultants for making studies, surveys and estimates of costs and of revenues and other estimates, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the acquisition and construction of the Project and the issuance of the Bonds therefor;

(v) legal expenses and fees, financing charges, operating reserves, expenses of recordation of legal instruments, cost of preparation of any feasibility study or report, cost of audits and or preparing and issuing the Bonds, and all other items of expense not elsewhere in this Section specified incident to the construction and equipping of the Project and the financing thereof, including moving expenses, the acquisition of lands, property, rights, rights of way, easements, franchises and interests in or relating to lands, including title insurance, cost of surveys and other expenses in connection with such acquisition, and expenses of administration, all properly chargeable to the acquisition, construction and equipping of the Project; and

(vi) any obligation or expense heretofore or hereafter incurred or paid by the County or by the Hospital for any of the foregoing purposes.

Section 404 Requisitions from Construction Fund. Payments from the Construction Fund shall be made in accordance with the provisions of this Section.

(a) Amounts on deposit in the Construction Account shall be disbursed by the Bond Trustee upon receipt of a requisition, signed by the Hospital Representative, stating:

- (i) the item number of each such payment,
- (ii) the name of the person, firm or corporation to whom each such payment is due,
- (iii) the respective amounts to be paid,
- (iv) the purpose by general classification for which each obligation to be paid was incurred,
- (v) that obligations in the stated amounts have been incurred by the Hospital and are presently due and payable and that each item thereof is a proper charge against the Construction Account and has not been paid; and
- (vi) that no Event of Default has occurred and is continuing.

Upon receipt of each requisition the Bond Trustee shall pay the obligations set forth in such requisition out of money in the Construction Account, and each such obligation shall be paid by wire transfer or check signed by one or more officers or employees of the Bond Trustee designated for such purpose by the Bond Trustee. In making such payments the Bond Trustee may conclusively rely upon such requisitions. If for any reason the Hospital should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Bond Trustee and thereupon the Bond Trustee shall not make such payment.

(b) Money on deposit in the Cost of Issuance Account shall be disbursed by the Bond Trustee upon receipt of a certificate or certificates signed by a Hospital Representative stating the amount to be paid and the payee and that such amount is for the payment of Costs of Issuance. Any amount remaining on deposit in the Cost of Issuance Account on _____, shall be transferred to the Construction Account.

Section 405 Reliance Upon Requisitions. All requisitions, certificates and opinions received by the Bond Trustee as conditions of payment from the Construction Fund may be relied upon by the Bond Trustee and shall be retained by the Bond Trustee, subject at all reasonable times to examination by the County, the Hospital and the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding.

Section 406 Completion of the Project and Disposition of Construction Account Balance. When the construction of the Project shall have been completed, which fact shall be evidenced to the Bond Trustee by an Officer's Certificate of the Hospital delivered to the Bond Trustee pursuant to Section 4.05 of the Agreement, the balance in the Construction Account shall be transferred by the Bond Trustee to the Interest Account.

Section 407 Application of Amounts in Construction Fund Upon Default. The Bond Trustee shall not disburse amounts on deposit in the Construction Fund following the occurrence of an Event of Default.

ARTICLE V

BOND FUND

Section 501 Establishment of Bond Fund. There is hereby established the Florence County, South Carolina (McLeod Regional Medical Center Project) Series 2010A Bond Fund, in which there is established a Principal Account, an Interest Account, a Sinking Fund Account, and a Redemption Account.

The money in each of said funds and accounts shall be held in trust and applied as hereinafter provided and, pending such application, the money in the Bond Fund shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders.

Section 502 Deposits to the Bond Fund. (a) The Bond Trustee shall deposit all amounts received as Loan Repayments in the following order, subject to credits as provided in this Article V:

(i) on _____, _____, and on the _____ day of each _____ and _____ thereafter, into the Interest Account, an amount which, after credits as hereinafter provided for, is equal to the interest payable on the Bonds on the next ensuing Interest Payment Date;

(ii) on _____, _____, and on the _____ day of each _____ thereafter, into the Principal Account, the amount required to retire the Serial Bonds maturing on the next ensuing _____; and

(iii) on _____, _____, and on the _____ day of each _____ thereafter, into the Sinking Fund Account, of the amount required to retire the Term Bonds to be called by mandatory redemption or to be paid at maturity on the next ensuing _____ in

accordance with the Sinking Fund Requirement therefor or the maturity thereof.

(b) If, after giving effect to the credits specified below, any installment of Total Required Payments required above should be increased, the Bond Trustee shall so notify the Hospital and request that each future installment of the Total Required Payments be increased as may be necessary to make up any previous deficiency in any of the required payments and to make up any deficiency or loss in any of the above-mentioned accounts and funds, except as provided in Section 602 hereof.

To the extent that investment earnings are credited to the Interest Account or Sinking Fund Account in accordance with Section 602 of this Trust Agreement or amounts are credited thereto as result of the application of Bond proceeds or a transfer of surplus funds in the Construction Account or a transfer of investment earnings on any other fund or account held by the Bond Trustee, or otherwise, future deposits to such accounts shall be reduced by the amount so credited, and the Loan Repayments due from the Hospital in the months following the date upon which such amounts are credited shall be reduced by the amounts so credited.

All amounts received by the Bond Trustee as principal of or interest accruing on the Bonds to be redeemed as a result of a prepayment of Obligation No. 12 shall be deposited in the Redemption Account and Interest Account, respectively, when received. All amounts received by the Bond Trustee for the payment of redemption premiums shall be deposited in the Redemption Account when received.

Section 503 Application of Money in Interest Account. Unless the Bond Trustee is then also serving as the Bond Registrar, not later than 12:00 noon on the Business Day preceding each Interest Payment Date, date for the payment of Defaulted Interest, or date upon which Bonds are to be redeemed hereunder, the Bond Trustee shall withdraw from the Interest Account and transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amounts required for paying interest on the Bonds to each Holder which is not a Securities Depository Nominee. The Bond Registrar shall, not later than the Business Day next preceding each Interest Payment Date, remit by mail to each Holder which is not a Securities Depository Nominee the amount required for paying interest on such Bonds when due and payable.

Unless the Bond Trustee is then also serving as the Bond Registrar, at such time as to enable the Bond Registrar to make payments of interest on the Bonds in accordance with any existing agreement between the Bond Registrar and any Securities Depository, the Bond Trustee shall withdraw from the Interest Account and transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the amounts required to pay to any Holder which is a Securities Depository Nominee interest on the Bonds on the next succeeding Interest Payment Date; provided, however, that in no event shall the Bond Trustee be required to make such transfer prior to the Business Day next preceding each Interest Payment Date.

In the event the balance in the Interest Account on the twenty-fifth day of the month next preceding an Interest Payment Date or date upon which Bonds are to be redeemed is insufficient for the payment of interest becoming due on the Bonds on the next ensuing Interest Payment Date or date upon which Bonds are to be redeemed, the Bond Trustee shall notify the Hospital of the amount of the deficiency. Upon notification, the Hospital shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

Section 504 Application of Money in Principal Account. Unless the Bond Trustee is then also serving as the Bond Registrar, not later than 12:00 noon on the Business Day preceding each _____, the Bond Trustee shall withdraw from the Principal Account and transfer to the Bond

Registrar, in Federal Reserve or other immediately available funds, the amount necessary to pay the principal of all Bonds maturing on such _____.

In the event the balance in the Principal Account on the twenty-fifth day of the month next preceding a _____ is insufficient for the payment of principal becoming due on the Bonds on the next ensuing _____, the Bond Trustee shall notify the Hospital of the amount of the deficiency. Upon notification, the Hospital shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

Section 505 Application of Money in Sinking Fund Account. Money held for the credit of the Sinking Fund Account shall be applied during each Bond Year to the retirement of Term Bonds then Outstanding in accordance with the provisions of this Section.

The Bond Trustee shall call for redemption on the _____ immediately following such Bond Year, as provided in Section 301(c)-____ of this Trust Agreement, Bonds or portions thereof then subject to redemption in a principal amount equal to the aggregate Sinking Fund Requirement for the Bonds for such Bond Year, less the principal amount of any such Bonds delivered by the Hospital or the County to the Bond Trustee for cancellation during such Bond Year. Such redemption shall be made pursuant to the provisions of Article III of this Trust Agreement. If such _____ is the stated maturity date of any such Bonds, the Bond Trustee shall not call such Bonds for redemption but, not later than 12:00 noon on the Business Day preceding such maturity date, shall withdraw from the Sinking Fund Account and remit to the Bond Registrar, in Federal Reserve or other immediately available funds, the amount required for paying the principal of such Bonds when due and payable. Not later than 12:00 noon on the Business Day preceding each such redemption date, the Bond Trustee shall withdraw from the Interest Account and the Sinking Fund Account and transfer to the Bond Registrar, in Federal Reserve or other immediately available funds the respective amounts required for paying the interest on and the Redemption Price of the Bonds or portions thereof so called for redemption.

If at any date there shall be money in the Sinking Fund Account and no Bonds shall be then Outstanding, the money therein shall be withdrawn by the Bond Trustee and paid to the Hospital.

In the event the balance in the Sinking Fund Account on the twenty-fifth day of the month next preceding a _____ is insufficient for the payment of the Sinking Fund Requirement on the Bonds on the next ensuing _____, the Bond Trustee shall notify the Hospital of the amount of the deficiency. Upon notification, the Hospital shall immediately deliver to the Bond Trustee an amount sufficient to cure the same.

If, on any _____, the face amount of Term Bonds for which there is a payment of a Sinking Fund Requirement on such _____ delivered by the Hospital or the County to the Bond Trustee for cancellation during the preceding Bond Year plus the amounts deposited to the credit of the Sinking Fund Account for payment on such _____ are greater than the amount required to be deposited into such Account, such excess shall be returned to the Hospital by the Bond Trustee as an overpayment.

Upon the retirement of any Bonds by redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the County and the Hospital a statement identifying such Bonds and setting forth the date of redemption, the amount of the purchase price or the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses incurred in connection with the redemption of any such Bonds are required to be paid by the Hospital as part of the Required Payments under the Agreement.

Section 506 Reserved.

Section 507 Application of Money in Redemption Account. Money held for the credit of the Redemption Account shall be applied to redemption of Bonds, as follows:

(a) The Bond Trustee shall call for redemption on each Interest Payment Date such amount of Bonds or portions thereof as, with the redemption premium, if any, will exhaust the money then held for the credit of the Redemption Account as nearly as may be practicable; provided, however, that not less than Fifty Thousand Dollars (\$50,000) principal amount of Bonds shall be called for redemption at any one time. Such redemption shall be made pursuant to the provisions of Article III of this Trust Agreement. Not later than 12:00 noon on the Business Day preceding the redemption date the Bond Trustee shall withdraw from the Interest Account and from the Redemption Account and transfer to the Bond Registrar, in Federal Reserve or other immediately available funds, the respective amounts required for paying the interest on and the Redemption Price of the Bonds or portions thereof so called for redemption; and

(b) Money in the Redemption Account shall be applied by the Bond Trustee in each Bond Year to the redemption of Bonds then Outstanding in accordance with the latest Officer's Certificate filed by the Hospital with the Bond Trustee designating the Bonds to be purchased or redeemed.

Upon the retirement of any Bonds by redemption pursuant to the provisions of this Section, the Bond Trustee shall file with the County and the Hospital a statement identifying such Bonds and setting forth the date of redemption, - the amount of the Redemption Price of such Bonds and the amount paid as interest thereon. The expenses in connection with the redemption of any such Bonds are required to be paid by the Hospital as part of the Required Payments under the Agreement.

Section 508 Reserved.

Section 509 Money Held in Trust. All money that the Bond Trustee shall have withdrawn from the Bond Fund or shall have received from any other source and set aside or transferred to the Bond Registrar for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or by call for redemption or for the purpose of paying any interest on the Bonds hereby secured, shall be held in trust for the respective Holders. Any money that is so set aside or transferred and that remains unclaimed by the Holders for a period of five (5) years after the date on which such Bonds have become payable shall be paid over to the Hospital, and thereafter the Holders of such Bonds shall look only to the Hospital for payment and then only to the extent of the amounts so received, without any interest thereon, and the Bond Trustee, the Bond Registrar and the County shall have no responsibility with respect to such money.

Section 510 Cancellation of Bonds. All Bonds paid or redeemed, either at or before maturity, shall be delivered to the Bond Registrar when such payment or redemption is made, and such Bonds shall be canceled. The Bond Registrar shall certify to the Bond Trustee, the County and the Hospital the details of all Bonds so canceled. Upon cancellation of all Bonds, the Bond Registrar shall give written notice to S&P of the retirement of the Bonds. All Bonds canceled under any of the provisions of this Trust Agreement shall be destroyed by the Bond Registrar, which shall, in such event, execute a certificate in duplicate, describing the Bonds so destroyed, and one executed certificate shall be filed with the County and one executed certificate shall be retained by the Bond Trustee.

Section 511 Disposition of Fund Balances. After provision shall be made for the payment of all Outstanding Bonds, including the interest thereon, and for the payment of all other obligations,

expenses and charges required to be paid under or in connection with this Trust Agreement, Obligation No. 12, the Agreement and the Master Indenture, the Bond Trustee shall pay, as an overpayment of Total Required Payments, all remaining amounts in any fund or account then held by it under this Trust Agreement to the Hospital; provided, however, that if a continuing lien has been imposed on any such balance by another bond order, indenture or agreement, the Bond Trustee shall pay such balance to such person as such bond order, indenture or agreement shall provide.

ARTICLE VI

SECURITY FOR DEPOSITS, INVESTMENT OF FUNDS,

AND COVENANT AS TO ARBITRAGE

Section 601 Security for Deposits. Any and all money deposited with the Bond Trustee (or one or more other Depositaries as provided in this Trust Agreement) shall be trust funds under the terms hereof and shall not be subject to any lien or attachment by any creditor (other than the Holders) of the County or the Hospital. Such money shall be held in trust and applied in accordance with the provisions of this Trust Agreement.

All money deposited with the Bond Trustee or any Depository shall be credited to the particular fund or account to which such money belongs.

Section 602 Investment of Money. Subject to the provisions of Section 604 of this Trust Agreement, money held for the credit of all funds and accounts shall be continuously invested and reinvested by the Bond Trustee at the written direction of the Hospital in Investment Securities to the extent practicable. Any such Investment Securities shall mature not later than the respective dates when the money held for the credit of such funds or accounts will be required for the purposes intended.

No Investment Securities in any fund or account may mature beyond the latest maturity date of any Bonds Outstanding at the time such Investment Securities are deposited.

For the purposes of this section, the maturity date of repurchase agreements for Government Obligations or other obligations is the maturity date of such repurchase agreements and not the maturity date of the underlying Government Obligation or other obligation.

The Hospital may at any time give to the Bond Trustee written directions respecting the investment of any money required to be invested hereunder, subject, however, to the provisions of this Article, and the Bond Trustee shall then invest such money under this Section as so directed by the Hospital.

Investment Securities credited to any fund or account established under this Trust Agreement shall be held by or under the control of the Bond Trustee and while so held shall be deemed at all times to be part of such fund or account in which such money was originally held, and the interest accruing thereon and any profit or loss realized upon the disposition or maturity of such investment shall be credited to or charged against such fund or account; provided that, prior to the Completion Date all earnings on Investment Securities in the Cost of Issuance Account shall be deposited in the Construction Account. The Bond Trustee shall sell or reduce to cash a sufficient amount of such Investment Securities whenever it shall be necessary so to do in order to provide moneys to make any payment or transfer of

moneys from any such fund or account. The Bond Trustee shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of money between two or more of the funds or accounts established pursuant to Article IV of this Trust Agreement is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Securities at a value determined in accordance with this Article VI, provided that the Investment Securities transferred are those in which moneys of the receiving fund or account could be invested at the date of such transfer.

Notwithstanding anything contained herein to the contrary, the Bond 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 Trust Agreement unless (i) such agreement is in form and content acceptable to the Bond Trustee in its reasonable judgment, (ii) any liability of the Bond Trustee under such agreement is limited to loss occasioned by the gross negligence or willful misconduct of the Bond Trustee, (iii) the Bond Trustee is not liable under any circumstances for any termination or similar amount under such agreement, and (iv) the County shall pay to the Bond Trustee an additional fee established by the Bond Trustee in accordance with the customary practices.

Section 603 Valuation. For the purpose of determining the amount on deposit in any fund or account, Investment Securities in which money in such fund or account is invested shall be valued at the lesser of (a) the cost of such Investment Securities minus the amortization of any premium or plus the amortization of any discount thereon or (b) the market value of such obligations.

The Bond Trustee shall value the Investment Securities in the funds and accounts established under this Trust Agreement five Business Days prior to each Interest Payment Date. In addition, the Investment Securities shall be valued by the Bond Trustee at any time requested by the County Representative or the Hospital Representative on reasonable notice to the Bond Trustee (which period of notice may be waived or reduced by the Bond Trustee); provided, however, that the Bond Trustee shall not be required to value the Investment Securities more than once in any calendar month.

Section 604 Covenant as to Arbitrage. The County agrees that money constituting "gross proceeds" of the Bonds (within the meaning of Section 148 of the Code and applicable regulations promulgated from time to time thereunder), whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause the Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and any such applicable regulations. The County shall observe and not violate the requirements of Section 148 of the Code and any such applicable regulations. In the event the County is of the opinion that it is necessary to restrict or limit the yield on the investment of money held by the Bond Trustee pursuant to this Trust Agreement, or to use such money in a certain manner, in order to avoid the Bonds being considered "arbitrage bonds" within the meaning of Section 148 of the Code and any such applicable regulations, the County may issue to the Bond Trustee a written certificate to such effect and appropriate instructions, in which event the Bond Trustee shall take such action as is necessary and reasonably available to the Bond Trustee to restrict or limit the yield on such investment or to use such money in accordance with such certificate and instructions, irrespective of whether the Bond Trustee shares such opinion.

ARTICLE VII

GENERAL COVENANTS AND REPRESENTATIONS

Section 701 Payment of Principal, Interest and Premium. The County shall cause to be paid, when due, the principal of (whether at maturity, by acceleration, by call for redemption or otherwise) and the premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof, provided, that it is understood that such obligations are not general obligations of the County but are limited obligations and are payable solely from revenues and receipts derived in respect of Obligation No. 12 to the extent provided in the Master Indenture, this Trust Agreement and the Agreement and the money attributable to proceeds of Bonds and the income from the investment thereof. The Bonds shall not be secured by a pledge of the full faith and credit of the State or of any political subdivision thereof, including the County and Dillon County, but shall be payable solely from the revenues and other funds provided for their payment under this Trust Agreement, Obligation No. 12 and the Agreement.

Section 702 Covenant to Perform; Authority of County. The County shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Trust Agreement, in any Bond executed, authenticated and delivered hereunder, or in any proceedings of the County pertaining thereto. The County, on behalf of itself and Dillon County, represents that it is duly authorized under the Constitution and laws of the State, particularly the Act, to issue the Bonds authorized hereby and to execute this Trust Agreement, and to assign the Agreement and Obligation No. 12 and pledge the revenues, receipts, proceeds and funds derived in respect thereof, in the manner and to the extent herein set forth as security for the Bonds; that all action on its part for the issuance of the Bonds initially issued hereunder and the adoption of this Trust Agreement has been duly and effectively taken; and that such Bonds in the hands of the Holders thereof are and will be valid and enforceable limited obligations of the County according to their terms.

Section 703 Covenant as to the Agreement. The County covenants that it will fulfill its obligations, and that it will require the Hospital to perform its duties and obligations under Obligation No. 12 and the Agreement. The County shall promptly notify the Bond Trustee of any actual or alleged Event of Default of which it has knowledge and shall not execute or agree to any change, amendment, modification or supplement of or to the Agreement, except as is provided in the Agreement and this Trust Agreement. The County shall administer the Agreement in accordance with its terms and shall not agree to any reduction, abrogation, waiver, diminution or other modification in any manner and to any extent whatsoever of the obligation of the Hospital to make the Total Required Payments and to meet its other obligations as provided in the Agreement.

Section 704 Enforcement of the Agreement. The Bond Trustee may enforce all rights of the County and all obligations of the Hospital under the Agreement, Obligation No. 12 and the Master Indenture for and on behalf of the Holders, whether or not the County is in default hereunder.

Section 705 Further Instruments and Actions. Each of the County and the Bond Trustee shall execute and deliver such further instruments or take such further actions as may be required to carry out the purposes of this Trust Agreement and the Agreement, including without limitation the filing of financing statements under the Uniform Commercial Code and the continuation thereof and other such actions necessary to preserve the priority of the security interest created by this Trust Agreement

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 801 Events of Default. Each of the following events is hereby declared an Event of Default:

(a) payment by the County of any installment of interest on any of the Bonds shall not be made when the same shall become due and payable; or

(b) payment by the County of the principal or the redemption premium, if any, of any Bonds shall not be made when the same shall become due and payable, whether at maturity or by proceedings for redemption or pursuant to a Sinking Fund Requirement or otherwise; or

(c) default in the due and punctual performance of any other of the covenants, conditions, agreements and provisions contained in this Trust Agreement or any agreement supplemental hereto or thereto and such default shall continue for thirty (30) days or such further time (not to exceed sixty (60) days) as may be granted, if such default is capable of cure, in writing by the Bond Trustee after receipt by the Hospital and the County of a written notice from the Bond Trustee specifying such default and requiring the same to be remedied; provided, however, that if such default can be remedied but not within such thirty (30) day period and if the County has taken all action reasonably possible to remedy such default within such thirty (30) day period, such default shall not become an Event of Default for so long as the County shall diligently proceed to remedy the same in accordance with and subject to any directions or limitations of time established by the Bond Trustee, and such cure shall be effected within ninety (90) days of such notice; or

(d) an "Event of Default" shall have occurred under the Agreement or the Master Indenture .

Section 802 Acceleration of Maturities; Remedies on Default. (a) Upon the happening and continuance of any Event of Default specified in Section 801 of this Trust Agreement, the Bond Trustee may, or upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding shall, by notice in writing to the County and the Hospital, declare the principal amount of Bonds then Outstanding (if not then due and payable) to be due and payable immediately, and upon such declaration the same shall become and be immediately due and payable, anything contained in the Bonds or in this Trust Agreement to the contrary notwithstanding; provided, however, that if at any time after the principal of Bonds shall have been so declared to be due and payable, and before the entry of final judgment or decree in any suit, action or proceeding instituted on account of such default, or before the completion of the enforcement of any other remedy under this Trust Agreement, money shall have accumulated in the Bond Fund sufficient to pay the principal of all matured Bonds and arrears of interest, if any, upon all Bonds then Outstanding (except the principal of any Bonds not then due and payable by its terms and the interest accrued on such since the last Interest Payment Date), and the charges, compensations, expenses, disbursements, advances and liabilities of the Bond Trustee and all other amounts then payable by the County hereunder shall have been paid or a sum sufficient to pay the same shall have been deposited with the Bond Trustee, and every other default known to the Bond Trustee in the observance or performance of any covenant, condition or agreement contained in the Bonds or in this Trust Agreement (other than a default in the payment of the principal of such Bonds then due only because of a declaration under this Section) shall have been remedied to the

satisfaction of the Bond Trustee, then and in every such case, the Bond Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds not then due and payable by their terms (Bonds then due and payable only because of a declaration under this Section shall not be deemed to be due and payable by their terms) and then Outstanding and shall, by written notice to the County and the Hospital; rescind and annul such declaration and its consequences, but no such rescission and annulment shall extend to or affect any subsequent Event of Default or impair any right consequent thereon.

(b) Whenever any Event of Default shall have happened and be continuing, the Bond Trustee may take the following remedial steps:

(i) In the case of any Event of Default, the Bond Trustee may by written notice to the County, the Master Trustee and the Hospital declare immediately due and payable the principal amount of the Outstanding Bonds and the payments to be made by the Hospital therefor and accrued interest on the foregoing, whereupon the same shall become immediately due and payable without any further action or notice.

(ii) In the case of an Event of Default described in Section 801(a) or (b) of this Trust Agreement, the Bond Trustee may take whatever action at law or in equity is necessary or desirable to collect the Loan Repayments then due or payments due under Obligation No. 12.

(iii) In the case of an Event of Default described in Section 801(c) of this Trust Agreement, the Bond Trustee may take whatever action at law or in equity is necessary or desirable to enforce the performance, observance or compliance by the County with any covenant, condition or agreement by the County under this Trust Agreement.

(iv) In the case of an Event of Default described in Section 801(d) of this Trust Agreement, the Bond Trustee may take whatever action the County would be entitled to take, and shall take whatever action the County would be required to take, pursuant to the Agreement in order to remedy the Event of Default in question.

Section 803 Bond Trustee May Bring Suit. Upon the happening and continuance of any Event of Default, then and in every such case the Bond Trustee may, and upon the written request of the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding hereunder shall, proceed, subject to the provisions of Section 902 and Section 903 hereof, to protect and enforce its rights and the rights of the Holders under the laws of the State under the Agreement, this Trust Agreement and Obligation No. 12 by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, either for the specific performance of any covenant, condition or agreement contained herein or in aid or execution of any power herein granted or for the enforcement of any proper legal or equitable remedy, as the Bond Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights.

Section 804 Application of Funds. All money received by the Bond Trustee pursuant to any right given or action taken under this Trust Agreement shall, after payment of the costs and expenses of the proceedings resulting in the collection of such money and the fees and expenses of the Bond Trustee, be deposited in the Bond Fund and applied to the payment of the principal of, redemption premium (if any) and interest then due and unpaid on the Bonds in accordance with the provisions of this Trust Agreement, and thereafter to pay the fees and expenses of the County. Anything in this Trust Agreement to the contrary notwithstanding, if at any time the money in the Bond Fund shall not be sufficient to pay the interest on or the principal of Bonds as the same shall become due and payable (either by their terms or by acceleration of maturities under the provisions of Section 802 of this Trust Agreement), such

money, together with any money then available or thereafter becoming available for such purpose, whether through the exercise of the remedies provided for in this Article or otherwise, shall be applied as follows:

(a) If the principal of all the Bonds shall not have become due and payable or shall not have been declared due and payable, all such money shall be applied as follows:

first: to the payment to the persons entitled thereto of all installments of interest on the Bonds then due and payable in the order in which such installments became due and payable with interest on the overdue installments of interest at the same rate to the extent permitted by law 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 preference;

second: to the payment to the persons entitled thereto of the unpaid principal of any Bonds that shall have become due and payable (other than Bonds deemed to have been paid in accordance with Article XII hereof), with interest on the principal amount of such Bonds at the rate specified therein from the respective dates upon which such Bonds became due and payable, and, if the amount available shall not be sufficient to pay in full the principal of Bonds due and payable on any particular date, together with such interest, then to the payment first of such interest, ratably, according to the amount of such interest due on such date, and then to the payment ratably according to the amount of such principal due on such date, to the persons entitled thereto without any discrimination or preference; and

third: to the payment of the interest on and the principal of Bonds and to the redemption of Bonds, all in accordance with the provisions of this Trust Agreement.

(b) If the principal of all Bonds shall have become or shall have been declared due and payable, all such money shall be applied to the payment of principal and interest then due upon the Bonds, without preference or priority of principal over 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 and interest, to the persons entitled thereto without any discrimination or privilege.

(c) If the principal of all Bonds shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled, then, subject to the provisions of paragraph (b) of this Section 804 in the event that the principal of all Bonds shall later become due and payable or be declared due and payable, the money then remaining in and thereafter accruing to the Bond Fund shall be applied in accordance with the provisions of paragraph (a) of this Section 804.

Whenever money is to be applied by the Bond Trustee pursuant to the provisions of this Section, such money shall be applied by the Bond Trustee at such times and from time to time, as the Bond Trustee in its sole discretion shall determine, having due regard for the amount of such money available for such application and the likelihood of additional money becoming available for such application in the future; the setting aside of such money, in trust for the proper purpose, shall constitute proper application by the Bond Trustee, and the Bond Trustee shall incur no liability whatsoever to the County, to any Holder or to any other person for any delay in applying any such money so long as the Bond Trustee acts

with reasonable diligence, having due regard for the circumstances, and ultimately applies the same in accordance with such provisions of this Trust Agreement as may be applicable at the time of application by the Bond Trustee. Whenever the Bond Trustee shall exercise such discretion in applying such money, it shall fix the date (which shall be an Interest Payment Date unless the Bond Trustee 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 date shall cease to accrue. The Bond Trustee shall give notice by first class mail, postage prepaid, to all Holders of the fixing of any such date, and shall not be required to make payment to the Holder of any Bonds until such Bonds shall be surrendered to the Bond Registrar for cancellation if fully paid.

Section 805 Effect of Discontinuance of Proceedings. If any proceeding taken by the Bond Trustee, or Holders on account of any Event of Default shall have been discontinued or abandoned for any reason, then and in every such case, the County, the Bond Trustee, and the Holders shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies, powers and duties of the County, the Bond Trustee, and the Holders shall continue as though no proceeding had been taken.

Section 806 Control of Proceedings by Holders. Anything in this Trust Agreement to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall have the right, subject to the provisions of Section 902 of this Trust Agreement, by an instrument or concurrent instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all remedial proceedings to be taken by the Bond Trustee hereunder, provided that such direction shall be in accordance with law and the provisions of this Trust Agreement.

Section 807 Restrictions Upon Actions by Individual Holders. Except as provided in Section 813 of this Trust Agreement, no Holder shall have any right to institute any suit, action or proceeding in equity or at law on any Bond or for the execution of any trust hereunder or for any other remedy hereunder unless the County or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding previously shall have given to the Bond Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted, and unless also the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding shall have made a written request of the Bond Trustee after the right to exercise such powers or right of action as the case may be, shall have accrued, and shall have afforded the Bond Trustee a reasonable opportunity either to proceed to exercise the powers hereinabove granted or to institute such action, suit or proceedings in its or their name, and unless, also, there shall have been offered to the Bond Trustee reasonable security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby, and the Bond Trustee shall have refused or neglected to comply with such request within a reasonable time. Such notification, request and offer of indemnity are hereby declared in every such case, at the option of the Bond Trustee, to be conditions precedent to the execution of the powers and trusts of this Trust Agreement or to any other remedy hereunder. Notwithstanding the foregoing provisions of this Section and without complying therewith, the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding may institute any such suit, action or proceeding in their own names for the benefit of all Holders hereunder. It is understood and intended that, except as otherwise above provided, no one or more Holders shall have any right in any manner whatsoever by his or their action to affect, disturb or prejudice the security of this Trust Agreement, or to enforce any right hereunder except in the manner provided, that all proceedings at law or in equity shall be instituted, had and maintained in the manner herein provided and for the benefit of all Holders and that any individual rights of action or other right given to one or more of such Holders by law are restricted by this Trust Agreement to the rights and remedies herein provided.

Section 808 Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and of the Holders under this Trust Agreement, the Bond Trustee shall be entitled, as a matter of right, to the appointment of a receiver or receivers of the amounts payable under the Agreement and Obligation No. 12 as assigned to the Bond Trustee under this Trust Agreement, pending such proceedings, with such powers as the court making such appointments shall confer, whether or not any such amounts shall be deemed sufficient ultimately to satisfy the Bonds then Outstanding hereunder.

Section 809 Enforcement of Rights of Action. All rights of action (including the right to file proof of claim) under this Trust Agreement or under any Bonds may be enforced by the Bond Trustee without the possession of any Bonds or the production thereof in any proceedings relating thereto, and any such suit or proceedings instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any Holders hereby secured, and any recovery of judgment shall be for the equal benefit of the Holders.

Section 810 No Remedy Exclusive. No remedy herein conferred upon or reserved to the Bond Trustee or to the Holders is intended to be exclusive of any other remedy or remedies herein provided, and each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or now or hereafter existing at law or in equity.

Section 811 Delay Not a Waiver. No delay or omission by the Bond Trustee or any Holder in the exercise of any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or any acquiescence therein; and every power or remedy given by this Trust Agreement to the Bond Trustee and to the Holders may be exercised from time to time and as often as may be deemed expedient.

The Bond Trustee may, and upon written request of the Holders of not less than a majority in principal amount of the Bonds then Outstanding shall, waive any default which in its opinion shall have been remedied before the entry of final judgment or decree in any suit, action or proceeding instituted by it under the provisions of this Trust Agreement or before the completion of the enforcement of any other remedy under this Trust Agreement, but no such waiver shall extend to or affect any other existing or any subsequent default or defaults or impair any rights or remedies consequent thereon.

Section 812 Notice of Default. The Bond Trustee shall mail by first class mail to all Holders at their addresses as they appear on the registration books, the Master Trustee written notice of the occurrence of any Event of Default set forth in Section 801 of this Trust Agreement within thirty (30) days after the Bond Trustee shall have notice of the same, pursuant to the provisions of Section 908 of this Trust Agreement, that any such Event of Default shall have occurred; provided that, except upon the happening of an Event of Default specified in clause (a) of Section 6.01 of the Agreement and clauses (a) and (b) of Section 801 of this Trust Agreement, the Bond Trustee may withhold such notice to the Holders if in its opinion such withholding is in the interest of the Holders; and provided further that the Bond Trustee shall not be subject to any liability to any Holder by reason of its failure to mail any such notice.

Section 813 Right to Enforce Payment of Bonds Unimpaired. Nothing in this Article shall affect or impair the right of any Holder to enforce the payment of the principal of and interest on his Bond or the obligation of the County to pay the principal of and interest on each Bond to the Holder thereof at the time and place in said Bond expressed.

ARTICLE IX

THE BOND TRUSTEE AND THE BOND REGISTRAR

Section 901 Acceptance of Duties. The Bond Trustee by execution hereof accepts and agrees to fulfill the trusts and obligations imposed upon it by this Trust Agreement and the Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement, to all of which the County and the respective Holders agree. Prior to the occurrence of any Event of Default of which the Trustee is deemed to have knowledge in accordance with Section 908 hereof and after the curing of all such Events of Default that may have occurred, the Bond Trustee shall perform such duties and only such duties of the Bond Trustee as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement or the Agreement against the Bond Trustee. During the existence of any such Event of Default of which the Bond Trustee is deemed to have knowledge in accordance with Section 908 hereof that has not been cured the Bond Trustee shall exercise any of the rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Trust Agreement, any Bond or the Agreement shall be construed to relieve the Bond Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default of which the Bond Trustee is deemed to have knowledge in accordance with Section 908 hereof, and after the curing of any other Events of Default that may have occurred:

(1) the duties and obligations of the Bond Trustee shall be determined solely by the express provisions of this Trust Agreement and the Agreement and the Bond Trustee shall not be liable except for the performance of such duties and obligations of the Bond Trustee as are specifically set forth in this Trust Agreement and the Agreement, and no implied covenants or obligations shall be read into this Trust Agreement or the Agreement against the Bond Trustee, and

(2) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Trust Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Trust Agreement and the Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(1) the Bond Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Bond Trustee unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts, and

(2) the Bond 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 Holders of not less than twenty-five percent (25%) or a majority, as this Trust Agreement shall require, in aggregate principal amount of Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any power conferred upon the Bond Trustee under this Trust Agreement and the Agreement.

None of the provisions contained in this Trust Agreement or the Agreement shall require the Bond Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Whether or not expressly so provided, every provision of this Trust Agreement and of the Agreement relating to the conduct or affecting the liability of or affording protection to the Bond Trustee is subject to the provisions of this Article IX.

Section 902 Indemnification of Bond Trustee as Condition for Remedial Action. The Bond Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Trust Agreement or the Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Bond Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Bond Trustee, without indemnity, and in such case the County, at the request of the Bond Trustee, shall reimburse the Bond Trustee from funds available under the Agreement for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the County shall fail to make such reimbursement, the Bond Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding.

Section 903 Limitations on Obligations and Responsibilities of Bond Trustee; Additional Rights of Bond Trustee. The Bond Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the County or the Hospital, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Trust Agreement, the Bond Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Trust Agreement, or in respect of the validity of Bonds or the due execution or issuance thereof. The Bond Trustee shall be under no obligation to see that any duties herein imposed upon any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Bond Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

The Bond Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Bond Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Bond Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the County and the Hospital, in person or by agent or attorney.

The Bond Trustee may execute any of its trusts or powers or perform any duties under this Trust Agreement either directly or by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided in Section 905, such reasonable compensation as it deems proper to all such agents and attorneys reasonably employed or retained by it, and the Bond Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it.

The Bond Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Trust Agreement or the Agreement.

In the event the Bond Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Trust Agreement, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

The Bond Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Agreement and the Agreement shall extend to the Bond Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Bond Trustee's right to compensation, shall survive the Bond Trustee's resignation or removal, the defeasance or discharge of this Trust Agreement and final payment of the Bonds.

The permissive right of the Bond Trustee to take the actions permitted by this Trust Agreement or the Agreement shall not be construed as an obligation or duty to do so.

The Bond Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds (except statements furnished by it), and the Bond Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 904 Bond Trustee Not Liable for Failure of County to Act. The Bond Trustee shall not be liable or responsible because of the failure of the County or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the County or because of the loss of any money arising through the insolvency or the act or default or omission of any Depository other than a Bond Trustee Depository in which such money shall have been deposited under the provisions of this Trust Agreement. The Bond Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Bond Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 905 Compensation and Indemnification of Bond Trustee and Bond Registrar. Subject to the provisions of any contract between the County and the Bond Trustee or the Bond Registrar relating to the compensation of the Bond Trustee or the Bond Registrar, the County shall cause the Hospital to pay to the Bond Trustee and the Bond Registrar reasonable compensation for all services performed by either of them hereunder and also all their reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder including, without limitation, expenses incurred in connection with the custody and/or valuation of any securities hereunder, and to indemnify and save the Bond Trustee or the Bond Registrar harmless against any liabilities that it may incur in the proper

exercise and performance of its powers and duties hereunder. If the County shall fail to cause any payment required by this Section to be made, the Bond Trustee or the Bond Registrar may make such payment from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The County covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Bond Trustee or the Bond Registrar to make any such payment, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the County in connection therewith.

Section 906 Monthly Statements from Bond Trustee. (a) It shall be the duty of the Bond Trustee, on or before the 15th day of each month, to file with the County and the Hospital a statement setting forth in respect of the preceding calendar month:

- (1) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund or account held by it under the provisions of this Trust Agreement,
- (2) the amount on deposit with it at the end of such month in each such fund or account,
- (3) a brief description of all obligations held by it as an investment of money in each such fund or account,
- (4) the amount applied to the redemption of Bonds under this Trust Agreement and a description of the Bonds or portions thereof so redeemed, and
- (5) any other information that the County or the Hospital may reasonably request and is in the possession or control of the Bond Trustee.

(b) All records and files pertaining to Bonds and the Hospital in the custody of the Bond Trustee shall be open at all reasonable times to the inspection of the County, the Hospital and their agents and representatives.

Section 907 Bond Trustee May Rely on Certificates. If at any time it shall be necessary or desirable for the Bond Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Bond Trustee, and in any case in which this Trust Agreement provides for permitting or taking any action, the Bond Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Bond Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the County to the Bond Trustee shall be deemed to have been signed by the proper party or parties if signed by any County Representative, and the Bond Trustee may accept and rely upon a certificate signed by any County Representative as to any action taken by the County.

Section 908 Notice of Default. Except upon the happening of any Event of Default specified in clause (a) of Section 6.01 of the Agreement and clauses (a) and (b) of Section 801 of this Trust Agreement, the Bond Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Trust Agreement or the Agreement, unless specifically notified in writing of such Event of Default by the County or the Holders of not less than twenty-five percent (25%) in aggregate

principal amount of Bonds then Outstanding and, in the absence of such notice, the Bond Trustee shall conclusively presume no Event of Default exists.

Section 909 Bond Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein, in the Agreement, and in the Bonds shall be taken and construed as made by and on the part of the County and not by the Bond Trustee, and the Bond Trustee assumes and shall be under no responsibility for the correctness of the same.

The Bond Trustee makes no representations as to the value, condition or sufficiency of any assets pledged or assigned as security for the Bonds, the right, title or interest of the County therein, the security provided thereby or by this Trust Agreement, the technical or financial feasibility of the Project, the compliance of the Project with the Act, or the tax-exempt status of the Bonds. The Bond Trustee is not accountable for the use or application by the Hospital of any of the Bonds or the proceeds of the Bonds, or for the use or application of any moneys paid over by the Bond Trustee in accordance with any provision of this Trust Agreement or the Agreement.

Section 910 Bond Trustee Protected in Relving on Certain Documents. The Bond Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Trust Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document believed by it to be genuine and signed by the proper party or parties or upon the written opinion of any attorney, engineer or accountant, and the Bond Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Bond Trustee shall not be under any obligation to see to the recording or filing of this Trust Agreement, the Agreement or otherwise to the giving to any person of notice of the provisions hereof.

Section 911 Bond Trustee May Pay Taxes and Assessments. In case the County or the Hospital shall fail to pay or cause to be paid any tax, assessment or governmental or other charge to the extent, if any, that the County or the Hospital may be deemed by the Bond Trustee liable for same, the Bond Trustee may, but shall not be obligated to, pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the Holders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Bond Trustee by the County solely from funds made available by the Hospital, but the Bond Trustee shall be under no obligation to make any such payment from sources provided in this Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

Section 912 Resignation and Removal of Bond Trustee Subject to Appointment of Successor. Notwithstanding anything herein to the contrary, no resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Bond Trustee under Section 915.

Section 913 Resignation of Bond Trustee. Subject to the provisions of Section 912, the Bond Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the County and the Hospital and mailed, postage prepaid, to the Holders, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Trustee hereunder if such new Bond Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 914 Removal of Bond Trustee. The Bond Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the County and mailed, postage prepaid, to the Holders not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument or instruments filed with the County under the provisions of this paragraph, duly certified by the Clerk or any Assistant or Acting Clerk of the County Council of the County as having been received by the County, shall be delivered promptly by the Clerk or any Assistant or Acting Clerk of the County Council of the County to the Bond Trustee.

Unless an Event of Default has occurred and is continuing, the Bond Trustee may be removed by the County at any time, without cause, upon thirty (30) days' written notice delivered to the Bond Trustee.

The Bond Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Bond Trustee by any court of competent jurisdiction upon the application of the County or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 915 Appointment of Successor Bond Trustee. If at any time hereafter the Bond Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Bond Trustee shall be taken over by any governmental official, agency, department or board, the position of Bond Trustee shall thereupon become vacant. If the position of Bond Trustee shall become vacant for any reason, the Hospital shall recommend and the County shall appoint a Bond Trustee to fill such vacancy, such approval not to be unreasonably withheld. A successor Bond Trustee shall not be required if the Bond Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Bond Trustee is required by operation of law, provided that such vendee, assignee or transferee is a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000). The County shall mail, postage prepaid, notice of any such appointment made by it to all Holders.

At any time within one (1) year after any such vacancy shall have occurred, the Holders of not less than twenty-five percent (25%) in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the County, may nominate a successor Bond Trustee, which the County shall appoint and which shall supersede any Bond Trustee theretofore appointed by the County. Photographic copies, duly certified by the Clerk or any Assistant or Acting Clerk of the County Council of the County as having been received by the County, of each such instrument shall be delivered promptly by the County to the predecessor Bond Trustee and to the Bond Trustee so appointed by the Holders.

If no appointment of a successor Bond Trustee shall be made pursuant to the foregoing provisions of this Section, any Holder hereunder or any retiring Bond Trustee may apply to any court of competent jurisdiction to appoint a successor Bond Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Bond Trustee.

Any successor Bond Trustee hereafter appointed shall be a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000).

Section 916 Vesting of Duties in Successor Bond Trustee. Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the County, an instrument in writing accepting such appointment hereunder, and thereupon such successor Bond Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the County and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 905 of this Trust Agreement, execute and deliver an instrument transferring to such successor Bond Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the County be required by any successor Bond Trustee for more fully and certainly vesting in such Bond Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Bond Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Section 917 Removal and Resignation of Bond Registrar. The Bond Registrar may be removed at any time, with or without cause, by the County upon thirty (30) days' written notice by the County to the Bond Registrar. A copy of such written notice shall be delivered promptly by the County to the Bond Trustee, and the Hospital. Upon receipt of such notice the Bond Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Holders, not less than sixty (60) days before such removal is to take effect.

The Bond Registrar may resign and thereby become discharged from the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement, by written notice delivered to the County, the Hospital, and the Bond Trustee. Upon receipt of such notice the Bond Trustee shall cause notice of such resignation to be mailed, postage prepaid, to the Holders, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Registrar hereunder if such new Bond Registrar shall be appointed before the time limited by such notice and shall then accept the duties, obligations and responsibilities of the Bond Registrar under this Trust Agreement. If at any time thereafter the Bond Registrar shall resign, be removed, be dissolved or otherwise become incapable of acting, or the entity acting as Bond Registrar shall be taken over by any governmental official, agency, department or board, the position of Bond Registrar shall thereupon become vacant. If the position of Bond Registrar shall become vacant for any reason, the County shall appoint a Bond Registrar to fill such vacancy. A successor Bond Registrar shall not be required if the Bond Registrar shall sell or assign substantially all of its business and the vendee or assignee shall be qualified in the sole judgment of the County to carry out the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement. The County shall promptly deliver written notice of any such appointment by it to the Hospital, and the Bond Trustee.

Section 918 Action to be Taken or Consent to be Given by County. For purposes of this Article IX, any action to be taken or consent to be given by the County shall be taken or given by the Chairman or Vice-Chairman of the County Council of the County.

ARTICLE X

EXECUTION OF INSTRUMENTS BY HOLDERS AND PROOF OF OWNERSHIP OF BONDS;

DETERMINATION OF CONCURRENCE OF HOLDERS; LISTS OF HOLDERS OF BONDS;

HOLDERS OF BONDS DEEMED HOLDERS OF OBLIGATION NO. 12

Section 1001 Execution of Instruments by Holders and Proof of Ownership of Bonds.

Any request, direction, consent or other instrument in writing required or permitted by this Trust Agreement to be signed or executed by any Holder may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Holders or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Trust Agreement and shall be conclusive in favor of the Bond Trustee and the County with regard to any action taken by either under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is on behalf of a person other than an individual, such verification or affidavit shall also constitute sufficient proof of the authority of the signer thereof.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 205 of this Trust Agreement.

Nothing contained in this Article shall be construed as limiting the Bond Trustee to such proof, it being intended that the Bond Trustee may accept any other evidence of the matters herein stated which it may deem sufficient. Any request or consent of any Holder shall bind every future Holder of the same Bond in respect of anything done by the Bond Trustee in pursuance of such request or consent.

Notwithstanding any of the foregoing provisions of this Section 1001, the Bond Trustee shall not be required to recognize any person as a Holder or to take any action at his request unless such Bonds shall be deposited with it.

Section 1002 Preservation of Information: Communications to Holders. (a) The Bond Trustee shall preserve, in as current a form as is reasonably practicable, the names and addresses of Holders received by the Bond Trustee from the Bond Registrar.

(b) If a Holder which is a Securities Depository Nominee or three or more Holders which are not Securities Depository Nominees (hereinafter collectively referred to as "applicants") apply in writing to the Bond Trustee and furnish reasonable proof that each such applicant has owned a Bond for a period of at least six months preceding the date of such application, and such application states that the applicants desire to communicate with other Holders with respect to their rights under this Trust Agreement or under the Bonds and is accompanied by a copy of the form of communication which such applicants propose to transmit, then the Bond Trustee shall, within five Business Days after the receipt of such application, at its election, either

(i) afford such applicants access to the information preserved at the time by the Bond Trustee in accordance with subsection (a) of this Section 1002, or

(ii) inform such applicants as to the approximate number of Holders whose names and addresses appear in the information preserved at the time by the Bond Trustee in accordance with subsection (a) of this Section 1002, and as to the approximate cost of mailing to such Holders the form of communication, if any, specified in such application.

If the Bond Trustee shall elect not to afford such applicants access to such information, the Bond Trustee shall, upon the written request of such applicants, mail to each Holder whose name and address appears in the information preserved at the time by the Bond Trustee in accordance with subsection (a) of this Section 1002 a copy of the form of communication which is specified in such request, with reasonable promptness after a tender to the Bond Trustee of the material to be mailed and of payment, or provision for the payment, of the reasonable expenses of mailing.

(c) Every Holder, by receiving and holding one or more Bonds, agrees with the County and the Bond Trustee that neither the County nor the Bond Trustee shall be held accountable by reason of the disclosure of any such information as to the names and addresses of the Holders in accordance with subsection (b) of this Section 1002, regardless of the source from which such information was derived, and that the Bond Trustee shall not be held accountable by reason of mailing any material pursuant to a request made under such subsection.

Section 1003 **Holders of Bonds Deemed Holders of Obligation No. 12.** In the event that any request, direction or consent is requested or permitted by the Master Indenture of the holders of Obligations issued thereunder, including Obligation No. 12, the Holders of Bonds then Outstanding shall be deemed to be holders of Obligation No. 12 for the purpose of any such request, direction or consent in the proportion that the aggregate principal amount of Bonds then Outstanding held by each such Holder of Bonds bears to the aggregate principal amount of all Bonds then Outstanding.

The provisions of this Article X and of Article VIII of the Master Indenture shall govern the execution of any such request, direction, consent or other instrument in writing required or permitted to be signed by Holders and holders of Obligation No. 12, respectively.

ARTICLE XI

SUPPLEMENTAL TRUST AGREEMENTS

Section 1101 **Supplemental Trust Agreements Without Consent of Holders.** The County and the Bond Trustee, from time to time and at any time, may enter into such agreements supplemental hereto as shall be consistent with the terms and provisions of this Trust Agreement and the Agreement and, in the Opinion of Counsel, shall not affect adversely or prejudice the interest of the Holders:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement, or

(b) to grant to or confer upon the Bond Trustee for the benefit of the Holders any

additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee, or

(c) to add to the conditions, limitations and restrictions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the County in this Trust Agreement other covenants and agreements thereafter to be observed by the County or to surrender any right or power herein reserved to or conferred upon the County, or

(e) to permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any federal or state securities law, and, in connection therewith, if the County so determines, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or federal or state securities law, or

(f) to provide for the reissuance of Bonds in bearer form.

Section 1102 Modification of Trust Agreement with Consent of Holders. Subject to the terms and provisions contained in this Section and not otherwise, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding that will be affected by a proposed supplemental trust agreement shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the County and the Bond Trustee of such trust agreement or trust agreements supplemental hereto as shall be deemed necessary or desirable by the County and the Bond Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds issued hereunder, or (b) a reduction in the principal amount of any Bonds or the redemption premium or the rate of interest thereon, or (c) a preference or priority of any Bonds over any other Bonds, or (d) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement without the consent of the Holders of all of the Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by the Holders of the execution of any supplemental trust agreement as authorized in Section 1101 of this Trust Agreement.

Copies of any modification of or supplement or amendment to this Agreement shall be sent to Standard and Poor's Credit Market Services and Fitch Ratings no later than ten (10) days prior to the effective date thereof.

If at any time the County shall request the Bond Trustee to enter into any supplemental trust agreement for any of the purposes of this Section, the Bond Trustee shall, at the expense of the Hospital, cause notice of the proposed execution of such supplemental trust agreement to be mailed, postage prepaid, to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the principal office of the Bond Trustee for inspection by all Holders. The Bond Trustee shall not, however, be subject to any liability to any Holder by any reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental trust agreement when approved and consented to as provided in this Section 1102.

Whenever, at any time within three years after the date of mailing of such notice, the County shall

deliver to the Bond Trustee an instrument or instruments in writing purporting to be executed by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding or the Holders of all of the Bonds then Outstanding, as the case may be, that are affected by a proposed supplemental trust agreement, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Bond Trustee may execute such supplemental trust agreement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

If the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding or the Holders of all of the Bonds then Outstanding, as the case may be, that are affected by a proposed supplemental trust agreement at the time of the execution of such supplemental trust agreement shall have consented to and approved the execution thereof as herein provided, no Holder shall have any right to object to the adoption of such supplemental trust agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the County and the Bond Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental trust agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the County, the Bond Trustee and all Holders shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

For purposes of this Section, Bonds shall be deemed to be "affected" by a supplemental trust agreement that adversely affects or diminishes the rights of Holders against the County or the rights of the Holders in the security for such Bonds. The Bond Trustee may in its discretion determine whether any Bonds would be affected by any supplemental trust agreement and any such determination shall be conclusive upon the Holders of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Bond Trustee shall not be liable for any such determination made in good faith.

Section 1103 Exclusion of Bonds. Bonds owned or held by or for the account of the Hospital, any Affiliate (as defined in the Master Indenture) or any subsidiary of the Hospital or any Affiliate shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, Article VIII hereof or Section 10.02 of the Agreement, and none of such parties as Holders shall be entitled to consent or take any other action provided for in this Article, Article VIII hereof or said Section 10.02. At the time of any consent or other action taken under this Article, Article VIII hereof or said Section 10.02, the Hospital shall furnish the Bond Trustee a certificate signed by a Hospital Representative, upon which the Bond Trustee may rely, describing all Bonds so to be excluded.

Section 1104 Responsibilities of Bond Trustee and County under this Article. The Bond Trustee shall receive, and shall be fully protected in relying upon, the opinion of any counsel who shall be counsel for the County, as conclusive evidence that any such proposed supplemental trust agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental trust agreement.

No amendment of any provision of this Trust Agreement affecting the rights or obligations, or limiting the liability of the Bond Trustee shall be effective without the prior written consent of the Bond Trustee.

Section 1105 Consent of Hospital Required. Anything herein to the contrary notwithstanding, no such supplement or amendment to this Trust Agreement shall become effective unless and until the Hospital shall have consented thereto.

Section 1106 Notice of Supplemental Agreements. Not less than fifteen (15) days prior to the effective date of any trust agreement supplemental hereto, the Bond Trustee shall mail to S&P and Fitch notice of the proposed execution of such supplemental trust agreement and a copy of the form thereof. Within fifteen (15) days after the execution of any supplemental trust agreement, the Bond Trustee shall mail to S&P and Fitch a full transcript of all proceedings relating to such supplemental trust agreement.

ARTICLE XII

DEFEASANCE

Section 1201 Release of Trust Agreement. When (a) if the Bonds shall have become due and payable in accordance with their terms or otherwise as provided in this Trust Agreement, the whole amount of the principal and the interest and premium, if any, so due and payable upon all Bonds shall be paid, and (b) if the Bonds shall not have become due and payable in accordance with their terms, the Bond Trustee or the Bond Registrar shall hold sufficient (i) money or (ii) Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of and the interest and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption thereof, and (c) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption shall have been given by the County to the Bond Trustee, and (d) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the County, then and in that case the right, title and interest of the Bond Trustee in the Pledged Assets (as defined in the Master Indenture) and the funds and accounts mentioned in this Trust Agreement shall thereupon cease, determine and become void and, on demand of the County and upon being furnished with an opinion to the effect that all conditions precedent to the release of this Trust Agreement have been satisfied, the Bond Trustee shall release this Trust Agreement and shall execute such documents to evidence such release as may be reasonably required by the County and shall transfer to the Hospital, any surplus in, and all balances remaining in, all funds and accounts, other than money held for the redemption or payment of Bonds. Otherwise, this Trust Agreement shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Bond Trustee or the Bond Registrar as hereinabove provided, (i) in addition to the requirements set forth in Article III of this Trust Agreement, the Bond Trustee, within thirty (30) days after such Defeasance Obligations shall have been deposited with it, shall cause a notice signed by the Bond Trustee to be mailed, postage prepaid, to all Holders, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Defeasance Obligations so held by it, and (c) that this Trust Agreement has been released in accordance with the provisions of this Section, and (ii) (a) the Bond Trustee shall nevertheless retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any premium for which such Defeasance Obligations have been deposited, and (b) the Bond Registrar shall retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds.

All money and Defeasance Obligations held by the Bond Trustee (or the Bond Registrar)

pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

Section 1301 Effect of Dissolution of County. In the event the County for any reason shall be dissolved or its legal existence shall otherwise be terminated, all of the events, stipulations, obligations and agreements contained in this Trust Agreement by or on behalf of or for the benefit of the County shall bind or inure to the benefit of the successor successors of the County from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the term "County" as used in this Trust Agreement shall include such successor or successors.

Section 1302 Successorship of Depository and Bond Registrar. Any bank or trust company with or into which any Depository or the Bond Registrar may be merged or consolidated, or to which the assets and business of such Depository or the Bond Registrar may be sold, shall be deemed the successor of such Depository and Bond Registrar for the purposes of this Trust Agreement. If the position of any Depository or the Bond Registrar shall become vacant for any reason, the County, at the request of the Bond Trustee or the Hospital and provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the County in connection therewith, shall appoint a bank or trust company to fill such vacancy within thirty (30) days after the County receives notice of such vacancy; provided that if the County shall fail to appoint such Depository or the Bond Registrar within such period, the Bond Trustee shall make such appointment.

Section 1303 Manner of Giving Notice. All notices, demands and requests to be given to or made hereunder by the Hospital, the County, the Bond Trustee, and the Bond Registrar shall be given or made in writing and shall be deemed to be properly given or made if sent by United States registered mail, return receipt requested postage prepaid, addressed as follows:

- (a) As to the Hospital —

McLeod Regional Medical Center
of the Pee Dee, Inc.
555 East Cheves Street
Florence, South Carolina 29501
Attention: _____

- (b) As to the County —

Florence County, South Carolina
c/o Florence County Council
City-County Complex
180 N. Irby Street
Florence, South Carolina 29501
Attention: Chairman

- (c) As to the Bond Trustee —

U.S. Bank National Association
1426 Main Street, 17th Floor, SC 8358
Columbia, South Carolina 29201
Attention: Corporate Trust Department

- (d) As to the Bond Registrar —

U.S. Bank National Association
1426 Main Street, 17th Floor, SC 8358
Columbia, South Carolina 29201
Attention: Corporate Trust Department

- (e) As to Standard & Poor's —

Standard & Poor's Ratings Group
25 Broadway
New York, New York 10004
Attention: Municipal Finance Department

- (f) As to Fitch —

Fitch Ratings

Any such notice, demand or request may also be transmitted to the appropriate above-mentioned party by facsimile or telephone and shall be deemed to be properly given or made at the time of such transmission if, and only if, such transmission of notice shall be confirmed in writing and sent as specified above.

Any of such addresses may be changed at any time upon written notice of such change sent by United States registered mail, postage prepaid, to the other parties by the party effecting the change.

All documents received by the Bond Trustee under the provisions of this Trust Agreement, or photographic copies thereof, shall be retained in its possession until this Trust Agreement shall be released under the provisions of Section 1201 of this Trust Agreement, subject at all reasonable times to the inspection of the County, the Hospital and any Holder and the agents and representatives thereof.

Section 1304 Particular Notices. In addition to the notices otherwise provided for in this Trust Agreement, the Bond Trustee shall give written notice to S&P and Fitch with respect to (a) any change of Bond Trustee, or (b) redemption in full of the Bonds.

Section 1305 Substitute Mailing. If, because of the temporary or permanent suspension of postal service, the County or the Bond Trustee shall be unable to mail any notice required to be given by the provisions of this Trust Agreement, the County or the Bond Trustee shall give notice in such other manner as in the judgment of the County or the Bond Trustee shall most effectively approximate mailing,

and the giving of notice in such manner shall for all purposes of this Trust Agreement be deemed to be in compliance with the requirement for the mailing thereof.

Section 1306 Parties, Bond Registrar, Hospital, and Holders Alone Have Rights Under Trust Agreement. Except as herein otherwise expressly provided, nothing in this Trust Agreement, express or implied, is intended or shall be construed to confer upon any person, firm or corporation, other than the Bond Trustee, the Bond Registrar, the County, the Hospital, and the Holders, any right, remedy or claim, legal or equitable, under or by reason of this Trust Agreement or any provision hereof, this Trust Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the Bond Trustee, the County, the Hospital, the Bond Registrar, and the Holders.

Section 1307 Effect of Partial Invalidity. In case any one or more of the provisions of this Trust Agreement, the Agreement or the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Trust Agreement, the Agreement or the Bonds, but this Trust Agreement, the Agreement and said Bonds shall be construed and enforced as if such illegal or invalid provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement contained in the Bonds, this Trust Agreement or the Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the County or the Hospital to the full extent permitted by law.

Section 1308 Effect of Covenants. All covenants, stipulations, obligations and agreements of the County contained in this Trust Agreement shall be deemed to be covenants, stipulations, obligations and agreements of the County to the full extent permitted by the Constitution and laws of the State. This Trust Agreement is executed and delivered with the intent that the laws of the State shall govern its construction.

Section 1309 No Recourse Against Members, Officers or Employees of County. No recourse under, or upon, any statement, obligation, covenant or agreement contained in this Trust Agreement, in any Bond hereby secured or in any document or certification whatsoever, or under any judgment obtained against the County or by the enforcement of any assessment or by any legal or equitable proceedings by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee, as such, of the County, either directly or through the County, or otherwise, for the payment for or to, the County or any receiver of the County, or for, or to, any Holder or otherwise, of any sum that may be due and unpaid upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the County or any receiver of the County, or for, or to, any Holder or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Trust Agreement and the issuance of the Bonds.

Section 1310 Expenses Payable under Trust Agreement. All expenses incurred in carrying out this Trust Agreement shall be payable solely from funds derived by the County from its loan of the proceeds of the Bonds to the Hospital. Anything in this Trust Agreement to the contrary notwithstanding, the performance by the County of all duties and obligations imposed upon it hereby, the exercise by it of all powers granted to it hereunder, the carrying out of all covenants, agreements and promises made by it hereunder, and the liability of the County for all warranties and other covenants herein shall be limited solely to the money and revenues received from the payments by the Hospital in respect of Obligation No. 12 and under the Agreement, and from money attributable to the proceeds of Bonds, or the income from

the investment thereof, and the County shall not be required to effectuate any of its duties, obligations, powers or covenants except from, and to the extent of, such moneys, revenues, proceeds and payments.

Section 1311 Dealing in Bonds. The Bond Trustee, the Bond Registrar and any bank or trust company acting as Depository under this Trust Agreement and its directors, officers, employees or agents, and any officer, employee or agent of the County, may in good faith, buy, sell, own, hold and deal in any Bonds issued under the provisions of this Trust Agreement and may join in any action which any Holder may be entitled to take with like effect as if such Bond Trustee were not a trustee and such bank or trust company were not the Bond Registrar or a Depository under this Trust Agreement or as if such officer, employee or agent of the County did not serve in such capacity.

Section 1312 Multiple Counterparts. This Trust Agreement may be executed in multiple counterparts, each of which shall be regarded for all purposes as an original, and such counterparts shall constitute but one and the same instrument.

Section 1313 Headings. Any heading preceding the text of the several articles hereof, and any table of contents or marginal notes appended to copies hereof, shall not constitute a part of this Trust Agreement, nor shall they affect its meaning, construction or effect.

Section 1314 Business Days. If the day stated for any action required or payment to be made pursuant to this Trust Agreement shall not be a Business Day, the date for such action to be taken or payment to be made shall be the next succeeding Business Day.

Section 1315 Further Authority. The officers of the County, attorneys, engineers and other agents or employees of the County are hereby authorized to do all acts and things required of them by this Trust Agreement and the Agreement for the full, punctual and complete performance of all of the terms, covenants and agreements contained in the Bonds, the Agreement and this Trust Agreement.

Section 1316 Governing Law. This Trust Agreement and all controversies arising hereunder shall be governed by the laws of the State of South Carolina.

IN WITNESS WHEREOF, the County has caused these presents to be signed in its name and behalf by the County Representative and, to evidence its acceptance of the trust hereby created, the Bond Trustee has caused these presents to be signed in its behalf by its duly authorized officer.

FLORENCE COUNTY, SOUTH CAROLINA

By: _____
Its: _____

U.S. BANK NATIONAL ASSOCIATION
as Bond Trustee

By: _____
Its: _____

EXHIBIT A

[Form of Bonds]

No. _____

\$ _____

FLORENCE COUNTY, SOUTH CAROLINA
HOSPITAL REVENUE BOND
(MCLEOD REGIONAL MEDICAL CENTER PROJECT)
SERIES 2010A

REGISTERED OWNER:

CUSIP: _____

PRINCIPAL AMOUNT:

DOLLARS

INTEREST RATE:

INTEREST PAYMENT DATES:

_____, 20____ and thereafter on
_____, and May 1 of each year.

MATURITY DATE:

Florence County, South Carolina, a body politic and corporate and a political subdivision of the State of South Carolina (the "County"), for value received, promises to pay to the registered owner of this bond, or registered assigns, but solely from the sources hereinafter described, upon presentation and surrender hereof, in lawful money of the United States of America, the principal amount set forth above on the Maturity Date set forth above, unless paid earlier as provided below, with interest at the interest rate set forth above from the most recent Interest Payment Date to which interest has been paid or duly provided for or, if no interest has been paid, from _____, 2010, until paid in full, at the rate set forth above, payable on each Interest Payment Date. Interest shall be computed on the basis of a three hundred sixty (360)-day year consisting of twelve (12) thirty-day months. From and after the date on which this bond becomes due, any unpaid principal will bear interest at the interest rate set forth above until paid or payment is duly provided for.

The principal of and premium, if any, on this bond are payable when due to the registered owner hereof upon presentation and surrender of this bond at the principal office of U.S. Bank National Association (the "Bond Registrar") in Charlotte, North Carolina. [Bonds not issued by means of a book-entry system shall contain the following statement: or, at the request of any owner of \$1,000,000 or more in aggregate principal amount of Bonds (as hereinafter defined), by wire transfer to an account within the continental United States designated by such owner.]

The record date for payment of interest is the fifteenth day of the month immediately preceding the Interest Payment Date. [Bonds not issued by means of a book-entry system shall contain the following statement: Such payment of interest shall be by check mailed to the registered owner at his address as it appears on the bond registration books maintained by the Bond Registrar or, at the request of any owner of \$1,000,000 or more in aggregate principal amount of Bonds, by wire transfer to an account within the continental United States designated by such owner.] All such payments shall be made in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

This Bond is one of a duly authorized issue of revenue bonds of the County, designated "Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010A" (the "Bonds"), in the aggregate principal amount of _____ Dollars (\$ _____) issued under a trust agreement, dated as of _____, 2010 (the "Trust Agreement") between the County and U.S. Bank National Association, as trustee (the "Bond Trustee"). The Bonds are being issued for the purpose of (i) financing a portion of the cost of acquiring, constructing and equipping additional health care facilities to be used by McLeod Regional Medical Center of the Pee Dee, Inc. (the "Hospital") in Florence, South Carolina; (ii) paying a portion of the cost of refunding the County's Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 1998A (the "Refunded Bonds"), and (iii) paying certain expenses incurred in connection with the issuance of the Bonds.

This Bond is a limited obligation of the County. The County is not obligated to pay this Bond or the premium, if any, or the interest thereon except from the revenues and funds assigned to the Bond Trustee or otherwise pledged therefor, and neither the faith and credit nor the taxing power of the State of South Carolina or of any political subdivision thereof is pledged as security for the payment of the principal of or the interest or premium, if any, on this Bond.

The County has entered into a Loan Agreement, dated as of _____, 2010 (the "Agreement"), with Dillon County, South Carolina ("Dillon County") and the Hospital, under which the County and Dillon County have agreed to lend to the Hospital the proceeds of the Bonds and in consideration and as evidence of the loan the Hospital has agreed to make payments to the Bond Trustee (the "Loan Repayments") in such amounts and at such times as are required to provide for timely payment of the principal of, premium, if any, and interest on the Bonds. The Agreement further obligates the Hospital to perform, observe and comply with certain covenants, conditions and agreements set forth in a Amended and Restated Master Trust Indenture dated as of January 15, 1998, together with all such supplements and amendments thereto as therein permitted, being herein called the "Master Indenture"), by and between the Hospital and U.S. Bank National Association (successor to Wachovia Bank, National Association, formerly known as First Union National Bank), as trustee (the "Master Trustee"), including covenants, conditions and agreements with respect to the operation of the Hospital and other Members of the Obligated Group (as defined in the Master Indenture).

As evidence of its indebtedness under the Agreement, the Hospital has executed and delivered to the County its Obligation No. 12 dated _____, 2010 ("Obligation No. 12"). Obligation No. 12 is issued under and secured by the Master Indenture, which provides that the Hospital and other Members of the Obligated Group may incur additional indebtedness by the issuance of Obligations (as defined in the Master Indenture), secured by the security for Obligation No. 12 on a *pari passu* basis for the purposes, under the terms and conditions and to the extent described in the Master Indenture. Pursuant to the Master Indenture the Hospital has heretofore executed and delivered, and there are outstanding, Obligations in the aggregate principal amount of _____. The Hospital is issuing its Obligation No. 13 in the principal amount of \$ _____ for delivery on _____, 2010. Obligation No. 12 ranks *pari passu* with such Obligations and with any additional Obligations issued by the Hospital or any other Members of the Obligated Group under the terms of the Master Indenture.

Pursuant to the Trust Agreement the County has, for the benefit of the owners of the Bonds, assigned the County's rights under the Agreement, including all its rights, title and interest to receive the Loan Repayments (subject to the reservation of certain rights of the County, including its rights to notices, payment of certain expenses and indemnity), to Obligation No. 12 and rights under the Master

Indenture as holder of Obligation No. 12, and to any and all moneys and securities in the Bond Fund under the Trust Agreement to the Bond Trustee in trust.

Reference is made to the Agreement, the Trust Agreement and the Master Indenture for a more complete statement of the provisions thereof and of the rights of the County, the Bond Trustee, the Master Trustee, the Hospital and the owners of the Bonds. Copies of Obligation No. 12, the Master Indenture, the Trust Agreement and the Agreement are on file and may be inspected at the corporate trust office of the Bond Trustee in Columbia, South Carolina. By the purchase and acceptance of this Bond, the registered owner hereof signifies assent to all of the provisions of the aforementioned documents.

This Bond is issued and the Trust Agreement and the Agreement were made and entered into under and pursuant to the Constitution and laws of the State of South Carolina, and particularly in conformity with the provisions, restrictions and limitations of Title 44, Chapter 7, Article 11, Code of Laws of South Carolina, 1976, as amended (the "Act").

Bonds issued pursuant to a book-entry system shall contain the following paragraph: The Bonds are being issued by means of a book-entry system with no physical distribution of Bond certificates to be made except as provided in the Trust Agreement. One Bond certificate with respect to each date on which the Bonds are stated to mature, registered in the name of the Securities Depository Nominee (as defined in the Trust Agreement), is being issued and required to be deposited with the Securities Depository and immobilized in its custody. The book-entry system will evidence positions held in the Bonds by the Securities Depository's participants, beneficial ownership of the Bonds in the principal amount of \$5,000 or any whole multiple thereof being evidenced in the records of such participants. Transfers of ownership shall be effected on the records of the Securities Depository and its participants pursuant to rules and procedures established by the Securities Depository and its participants. The County, the Bond Registrar and the Bond Trustee will recognize the Securities Depository Nominee, while the registered owner of this Bond, as the owner of this Bond for all purposes, including payments of principal of, and redemption premium, if any, and interest on, this Bond, notices and voting. Transfer of principal, interest and any redemption premium payments to participants of the Securities Depository will be the responsibility of the Securities Depository, and transfer of principal, interest and any redemption premium payments to beneficial owners of the Bonds by participants of the Securities Depository will be the responsibility of such participants and other nominees of such beneficial owners. The County will not be responsible or liable for such transfers of payments or for maintaining, supervising or reviewing the records maintained by the Securities Depository, the Securities Depository Nominee, its participants or persons acting through such participants. While the Securities Depository Nominee is the owner of this Bond, notwithstanding the provision hereinabove contained, payments of principal of, redemption premium, if any, and interest on this Bond shall be made in accordance with existing arrangements between the Bond Registrar or its successors under the Trust Agreement and the Securities Depository.

Bonds may be exchanged at the principal corporate trust office of the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Trust Agreement, for an equal aggregate principal amount of Bonds of the same maturity, of any authorized denominations and bearing interest at the same rate.

The transfer of this Bond is registerable by the registered owner hereof in person or by his attorney or legal representative at the corporate trust office of the Bond Registrar, but only in the manner and subject to the limitations and conditions provided in the Trust Agreement and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the County shall execute and the Bond Registrar shall authenticate and deliver in exchange for this Bond a new Bond or Bonds, registered in the

name of the transferee, of the same maturity and rate of interest and of any authorized denominations, in an aggregate principal amount equal to the principal amount of this Bond.

[Optional redemption provisions]

The Bonds are also subject to redemption at the option of the County, upon request of the Hospital (in whole or in part upon the occurrence of the events described in (a) below, or in whole upon the occurrence of the events described in (b) below), at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, upon the occurrence of one of the following events:

(a) Damage or destruction of all or any part of the Operating Assets (as defined in the Agreement) by fire or casualty, or loss of title to or use of substantially all of the Operating Assets as a result of the failure of title or as a result of Eminent Domain (as defined in the Agreement) proceedings or proceedings in lieu thereof; or

(b) Changes in the Constitution of the United States of America or of the State or in legislation or administrative action, or failure of administrative action by the United States or the State or any agency or political subdivision of either thereof, or by reason of any judicial decision;

in either event, to such extent that in the opinion of the board of directors of the Hospital (expressed in a resolution) and in the opinion of an independent architect, engineer or management consultant (as may be appropriate for the particular event), both filed with the County and the Bond Trustee, (i) the Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date of issuance of the Bonds are imposed on the Hospital; provided, that in the case of (a) above, either (i) all Outstanding Bonds shall be redeemed or (ii) the Hospital shall furnish to the Bond Trustee a certificate of an Architect (as defined in the Trust Agreement) stating that (a) the property forming a part of the Operating Assets that was damaged or condemned is not essential to the Hospital's use or occupancy of the Operating Assets or (b) the Operating Assets have been restored to a condition substantially equivalent to their condition prior to the damage or condemnation.

At least twenty (20) days but not more than sixty (60) days before the redemption date of any Bonds, whether such redemption is in whole or in part, the Bond Trustee shall cause a notice of any such redemption signed by the Bond Trustee to be mailed, postage prepaid, to all registered owners owning Bonds to be redeemed in whole or in part, but failure so to mail any such notice to any registered owner or any defect in any notice so mailed shall not affect the validity of the proceedings for the redemption of the Bonds of any other registered owner. On the date fixed for redemption, notice having been mailed in the manner provided in the Trust Agreement, the Bonds or portions thereof called for redemption shall be due and payable at the redemption price provided therefor, plus accrued interest to such date unless the Hospital Representative shall have notified the Bond Trustee that the Hospital has elected to revoke such redemption in accordance with the provisions of the Trust Agreement, in which case the Bonds shall not be redeemed and any notice of redemption mailed to the registered owners will be null and void. If there has been delivered to the Bond Trustee, and the Bond Trustee is then holding in trust, money or Defeasance Obligations (as defined in the Trust Agreement), or a combination of both, sufficient to pay the redemption price of the Bonds to be redeemed plus accrued interest to the date of redemption, interest on the Bonds called for redemption shall cease to accrue; such Bonds or portions thereof shall cease to be entitled to any benefits or security under the Trust Agreement or to be deemed Outstanding (as defined in the Trust Agreement); and the registered owners of such Bonds or portions thereof shall have no rights in

respect thereof except to receive payment of the redemption price thereof, plus accrued interest to the date of redemption.

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement and except that any registered owner may institute action to enforce the payment of the principal of or the interest on this Bond.

Upon the occurrence of certain events, on the conditions, in the manner and with the effect set forth in the Trust Agreement, the principal of all Bonds then outstanding under the Trust Agreement may become or may be declared due and payable before their stated maturities, together with the interest accrued thereon.

Modifications or alterations of the Trust Agreement, the Agreement and the Master Indenture and any agreement supplemental thereto, may be made only to the extent and in the circumstances permitted by the Trust Agreement, the Agreement and the Master Indenture.

This Bond, notwithstanding the provisions for registration of transfer stated herein and contained in the Trust Agreement, at all times shall be and shall be understood to be an investment security within the meaning of and for all the purposes of Article 8 of the Uniform Commercial Code of South Carolina and is issued with the intent that the laws of the State of South Carolina shall govern its construction.

All acts, conditions and things required to happen, exist and be performed precedent to and in the issuance of this Bond and the execution of the Trust Agreement and the Agreement have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Trust Agreement until it shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, Florence County, South Carolina has caused this Bond to be executed with the facsimile signatures of the Chairman of its County Council and the County Administrator of the County and a facsimile of its official seal to be printed hereon and this Bond to be dated the ____ day of ____, 2010.

FLORENCE COUNTY, SOUTH CAROLINA

By _____
Chairman, Florence
County Council

[OFFICIAL SEAL]

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

[Please Print or Typewrite Name and Address of Transferee] the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to the Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

DRAFT

[To be endorsed on all Bonds]

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This Bond is a Bond of the Series designated therein and issued under the provisions of the within-mentioned Trust Agreement.

_____,
Bond Registrar

By _____
Authorized Signatory

DRAFT

[FORM OF 2010B LOAN AGREEMENT]

DRAFT

LOAN AGREEMENT

between

FLORENCE COUNTY, SOUTH CAROLINA

and

**MCLEOD REGIONAL MEDICAL CENTER
OF THE PEE DEE, INC.**

Dated as of _____, 2010

Relating to

\$50,000,000

Florence County, South Carolina

Hospital Revenue Bonds

(McLeod Regional Medical Center Project)

Series 2010B

Substantially all of the rights, title and interest of Florence County, South Carolina in this Loan Agreement has been pledged and assigned to U.S Bank National Association, as Bond Trustee under a Trust Agreement (the "Trust Agreement") dated as of _____, 2010, between the County and the Bond Trustee.

LOAN AGREEMENT

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(This Table of Contents is not a part of the Loan Agreement and is only for convenience of reference.)

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EXHIBIT A – Description of the Project

LOAN AGREEMENT

This **LOAN AGREEMENT**, dated as of _____, 2010 (this "**Loan Agreement**"), is by and between the **FLORENCE COUNTY, SOUTH CAROLINA** (the "**County**"), a body politic and corporate and a political subdivision of the State of South Carolina (the "**State**"), and **McLEOD REGIONAL MEDICAL CENTER OF THE PEE DEE, INC.**, a public agency organized and existing under the laws of the State of South Carolina, and its successors and assigns (the "**Hospital**").

WITNESSETH:

WHEREAS, the County is authorized under Title 44, Chapter 7, Article 11, Code of Laws of South Carolina, 1976, as amended (the "**Act**"), to borrow money and to lend the same to any "public agency" or "hospital agency" (as defined in the Act) for the purpose of providing funds to pay all or any part of the cost of "hospital facilities" (as defined in the Act) or for the purpose of refunding any debt issued by any such "public agency" or "hospital agency"; and

WHEREAS, McLeod Regional Medical Center of the Pee Dee, Inc. (the "**Hospital**") is a South Carolina nonprofit corporation and a "hospital agency" within the meaning and intent of the Act, which owns and operates acute care hospital facilities located in the City of Florence, South Carolina; and

WHEREAS, the Hospital has requested that the County issue its revenue bonds pursuant to the Act for the purpose of providing funds to be used by the Hospital to acquire, construct and equip certain hospital facilities in the County (the "**Project**") and to refund the Florence County, South Carolina, Hospital Refunding Revenue Bonds (McLeod Regional Medical Center Project) Series 2004B (such portion being hereinafter referred to as the "**Refunded Bonds**"), which Refunded Bonds defrayed the cost of certain improvements to the facilities of the Hospital in the City of Florence, South Carolina; and

WHEREAS, the Hospital has further requested that the County avail itself of the provisions of the Act and loan the proceeds of its revenue bonds to the Hospital for the purpose of financing the Project, refunding the Refunded Bonds, paying certain expenses incurred in connection with the issuance of the Bonds by the County, and paying costs associated with the Letter of Credit (as defined herein); and

WHEREAS, the County has determined to issue its hospital revenue bonds in the aggregate principal amount of \$50,000,000 (the "**Bonds**") and to lend the proceeds thereof to the Hospital for the purpose of providing funds for such purposes;

WHEREAS, the County and the Hospital are entering into this Loan Agreement to provide for the loan of the proceeds from the sale of the Bonds by the County to the Hospital to refund the Refunded Bonds and the repayment of such loan by the Hospital in amounts which will be sufficient to pay the principal of, redemption premium, if any, and the interest on the Bonds upon the terms and conditions hereinafter set forth; and

WHEREAS, the Hospital and Wells Fargo Bank, National Association (in such capacity, the "**Bank**") will enter into a Letter of Credit and Reimbursement Agreement dated as of the date hereof (the "**Reimbursement Agreement**") pursuant to which the Bank will issue an irrevocable letter of credit (the "**Letter of Credit**") in an amount not to exceed _____ to the Bond Trustee at the request and for the account of the Hospital upon the terms set forth in the Reimbursement Agreement;

WHEREAS, pursuant to the Trust Agreement, the County has pledged and assigned certain of the County's rights under this Loan Agreement and the Obligation No. 13, excluding certain reserved rights, as security for the Bonds, which Bonds will be payable solely out of the Trust Estate;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants herein made, and subject to the conditions herein set forth, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Section 1.1 Definitions. All words and terms defined in the Trust Agreement shall have the same meaning in this Loan Agreement unless otherwise defined herein.

Section 1.2 Use of Words and Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinabove," "hereinafter," and other equivalent words and phrases refer to this Loan Agreement and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 1.1 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders.

ARTICLE II

REPRESENTATIONS

Section 2.1 Representations by the County. The County represents that:

- (a) The County is a body politic and corporate and a political subdivision of the State.
- (b) Under the provisions of the Act, the County is duly authorized to enter into and to execute and deliver this Loan Agreement and the Trust Agreement, to undertake the transactions contemplated by this Loan Agreement and the Trust Agreement, and to carry out its obligations hereunder and thereunder.
- (c) By duly adopted ordinance, the County has duly authorized the execution and delivery of this Loan Agreement and the Trust Agreement and the issuance, sale, execution and delivery of the Bonds.
- (d) The County will lend \$_____ of the proceeds of the Bonds to the Hospital for the purpose of providing funds, together with other available funds, (A) to refund the Refunded Bonds, (B) to finance or refinance the cost of acquiring, constructing and equipping the Project, (C) to pay certain expenses incurred in connection with the authorization and issuance of the Bonds, including, but not limited to, costs associated with the Letter of Credit.

Section 2.2 Representations by the Hospital. The Hospital represents that:

- (a) The Hospital has been duly incorporated and is validly existing as a private non-profit corporation in good standing under the laws of the State, no part of the net earnings of which inures to the benefit of any private shareholder or individual, is not a private foundation under Section 509(a) of the

Code and is an organization described in Section 501(c)(3) of the Code and the regulations thereunder.

(b) The Hospital has authority to enter into this Loan Agreement and Supplement No. 13 and, by proper corporate action, has been duly authorized to execute and deliver this Loan Agreement, Obligation No. 13 and Supplement No. 13.

(c) The execution and delivery of this Loan Agreement, Obligation No. 13 and Supplement No. 13, the consummation of the transactions contemplated hereby and thereby, and the fulfillment of or compliance with the terms and conditions hereof and thereof do not and will not conflict with the Hospital's charter or bylaws, and do not and will not in any material respect conflict with, or constitute on the part of the Hospital a breach of or default under, any indenture, deed of trust, mortgage, agreement or other instrument to which the Hospital is a party or conflict with, violate or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Hospital is subject.

(d) The Hospital is a "hospital agency" within the meaning of the Act.

(e) Obligation No. 13 is the joint and several obligation of each Member of the Obligated Group enforceable in accordance with its terms.

Section 2.3 Representations and Covenants of the Hospital with Respect to Tax Matters.

The Hospital represents and covenants that:

(a) All property provided by the net proceeds of the Bonds or the Refunded Bonds will be owned by the Hospital in accordance with the rules governing the ownership of property for federal income tax purposes.

(b) The Hospital shall not permit the net proceeds of the Bonds or any facility financed with the proceeds of the Bonds or the Refunded Bonds to be used in any manner that would result in five percent (5%) 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.

(c) The Hospital will not enter into any contracts with any person for the use or management of any facility provided with the proceeds of the Bonds (or any function of any such facility) that would cause more than 3% of the facilities provided by the Bonds to be considered to be used in a private trade or business of a non-governmental person within the meaning of Section 141(b) of the Code, treating use by qualified 501(c)(3) organizations with respect to activities not constituting unrelated trades or businesses (determined by applying Section 513(a) of the Code) as use by a governmental unit.

(d) The Hospital will not sell or lease any property provided by the Bonds or the Refunded 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; provided, however, such opinion shall not be required if such sale or lease: (i) is to a Member of the Obligated Group (provided such Member of the Obligated Group is an organization described in Section 501(c)(3) of the Code and exempt from taxation under Section 501(a) of the Code); or (ii) is either (A) in the ordinary course of business in compliance with Section 1.142-2(c)(4) of the Regulations promulgated under the Code, or (B) together with all other transfers of Bond financed facilities will not cause more than 3% of the facilities provided by the Bonds to be considered to be used in a private trade or business of a non-governmental person within the meaning of Section 141(b) of the Code, treating use by qualified 501(c)(3) organizations with respect to

activities not constituting unrelated trades or businesses (determined by applying Section 513(a) of the Code) as use by a governmental unit.

(e) The Bonds will not be federally guaranteed within the meaning of Section 149(b) of the Code. The Hospital has not entered into any leases or sales or service contracts with any federal government agency which contracts result in payments being received by the Hospital 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.

(f) Not more than two percent (2%) of the proceeds of the Bonds will be used to pay costs related to the issuance of the Bonds.

(g) The Hospital (i) shall not take any action which would cause, or omit to take any action the omission of which would cause, the Hospital to cease being an organization described in Section 501(c)(3) of the Code and exempt from taxation under Section 501(a) of the Code, and (ii) shall not, without first obtaining an opinion of nationally recognized bond counsel that such activity will not affect the tax exemption of the Bonds, carry on or permit to be carried on in the Project or in connection with the facilities provided with the Refunded Bonds or permit the Project or the facilities provided with the Refunded Bonds to be used in or for any activities which constitute unrelated trades or businesses, determined by applying Section 513(a) of the Code, of the Hospital or any other 501(c)(3) organization; provided, however, that the Hospital may carry on or permit to be carried on in the Project or in connection with the facilities provided with the Refunded Bonds or permit the Project or the facilities provided with the Refunded Bonds to be used in or for any activities which constitute unrelated trades or businesses without receiving such an opinion of nationally recognized bond counsel to the extent that the property so used in such unrelated trades or businesses does not exceed 3% of the principal amount of the Bonds.

ARTICLE III

CONSTRUCTION OF THE PROJECT

Section 3.1 Construction of Project. The Hospital shall acquire, construct and equip, or cause the Project to be acquired, constructed and equipped, with all reasonable dispatch and in accordance with the Project Documents, and shall take all action necessary to enforce the provisions of the Project Documents.

Section 3.2 Revision of Project Documents. Subject to the provisions of Section 2.3 of this Loan Agreement, the Hospital may revise the Project Documents from time to time. In the case of any change in the Project Documents that would render inaccurate the description of the Project in Exhibit A hereto, there shall be delivered to the Bond Trustee and the County (i) a revised Exhibit A containing a description of the Project that reflects the change in the Project Documents, the accuracy of which shall have been certified by a Hospital Representative and (ii) an opinion of counsel nationally recognized and experienced in legal work relating to the financing of facilities through the issuance of tax-exempt revenue bonds that such change in the Project Documents and the description of the Project will not adversely affect the exclusion from gross income of interest on the Bonds for federal income tax purposes.

Section 3.3 Disbursements from Construction Fund. The money in the Construction Account shall be applied by the Bond Trustee, upon receipt of a certificate or requisition, as applicable, of the Hospital signed by the Hospital Representative, to the payment of the Cost of the Project in

accordance with Article VI of the Trust Agreement, and pending such application such money shall be invested and reinvested in accordance with Section 1020 of the Trust Agreement. The money in the Cost of Issuance Account shall be applied by the Bond Trustee, upon receipt of a certificate signed by a Hospital Representative, to the payment of Costs of Issuance in accordance with the provisions of Article VI of the Trust Agreement, and pending such application such money shall be invested and reinvested in accordance with Section 1020 of the Trust Agreement.

Section 3.4 Completion of Payment of Cost of Project. The Hospital shall complete the Project and pay that portion of the Cost of completing the Project as may be in excess of the proceeds of the Bonds available for such purposes. The obligation of the Hospital to pay in full the Cost of completing the Project shall be a direct, general and unconditional obligation of the Hospital.

Upon the request of the Hospital, the County will use its best efforts to issue and sell, upon terms and at prices acceptable to the County and the Hospital, one or more series of bonds for the purpose of financing the Cost of completing the Project; provided, however, that the failure of the County to issue and sell such bonds shall not relieve the Hospital of its obligation to provide the additional money required to pay the Cost of completing the Project. If after exhaustion of the money in the Construction Account the Hospital should pay any portion of the Cost of the Project, it shall not be entitled to any reimbursement therefor from the County or from the Bond Trustee, and shall not be entitled to any abatement, diminution or postponement of Total Required Payments.

Section 3.5 Establishment of Completion Date. The Completion Date for the Project shall be evidenced to the County and the Bond Trustee by a certificate signed by the Hospital Representative, setting forth the Cost of the Project and stating that, except for amounts not then due and payable, or the liability for the payment of which is being contested or disputed in good faith by the Hospital, (a) the acquisition, construction and equipping of the Project have been completed substantially in accordance with the Plans and Specifications and the Cost of the Project has been paid, and (b) all other facilities necessary in connection with the Project have been acquired, constructed and installed in accordance with the Plans and Specifications therefor and all costs and expenses incurred in connection therewith have been paid. Notwithstanding the foregoing, such certificate shall state that it is given without prejudice to any rights against third parties that exist at the date of such certificate or which may subsequently come into being.

Section 3.6 No Warranty of Condition or Suitability. The Hospital acknowledges its full familiarity with the Project and that the County has no responsibility for the Plans and Specifications and other Project Documents. The County makes no representation or warranty, either express or implied, and offers no assurance that the proceeds of the Bonds will be sufficient to pay in full the Costs of the Project in accordance with the Project Documents.

ARTICLE IV

PAYMENT PROVISIONS

Section 4.1 Repayment of Bonds and Payment of Other Amounts Payable.

(a) On or before any date that interest on the Bonds is due as set forth in the Trust Agreement, or any date on which principal on the Bonds is due (whether at maturity, any Sinking Fund Account Requirement, upon redemption or otherwise) pursuant to the Trust Agreement, until the principal of and redemption premium, if any, and interest on the Bonds shall have been fully paid or provision for the payment thereof shall have been made in accordance with the Trust Agreement, the Hospital

covenants and agrees to pay or to cause to be paid in lawful money of the United States of America to the Bond Trustee for deposit in the Bond Fund, a sum equal to the amount payable on such payment date as principal (whether at maturity, any Sinking Fund Account Requirement, upon redemption or otherwise) of and redemption premium, if any, and interest on the Bonds as provided in the Trust Agreement and in Obligation No. 13. All payments made pursuant to this Section shall be made in immediately available funds at the principal corporate trust office of the Bond Trustee during normal banking hours. The Hospital's obligation to repay the loan shall be evidenced by Obligation No. 13. The Hospital covenants to make all payments on Obligation No. 13, as and when the same become due.

In the event that the payment of the principal of and accrued interest on the Bonds is accelerated under Section 802 of the Trust Agreement, the Hospital covenants and agrees to pay, or cause to be paid, to the Bond Trustee as provided above a sum equal to all the principal of and redemption premium, if any, and interest on the Bonds then outstanding.

Each payment pursuant to this Section shall at all times be sufficient to pay the total amount of principal (whether at maturity, upon redemption, any Sinking Fund Account Requirement, or otherwise) of and redemption premium, if any, and interest payable on the Bonds on the date that such payment is due; provided that excess Bond Fund moneys held by the Bond Trustee in the Bond Fund on such date and available to pay principal and interest on the Bonds shall be credited against the payment due on such date. Subject to the provisions of the next succeeding sentence, if at any time the amount held by the Bond Trustee in the Bond Fund should be sufficient (and remain sufficient) to pay at the times required the principal of and redemption premium, if any, and interest on the Bonds then remaining unpaid, the Hospital shall not be obligated to make any further payments under the provisions of this Section. Notwithstanding the provisions of the preceding sentence, if on any date excess Bond Fund moneys held by the Bond Trustee in the Bond Fund are insufficient to make the then required payments of principal (whether at maturity, upon redemption or otherwise) of and redemption premium, if any, and interest on the Bonds on such date, the Hospital shall forthwith pay such deficiency as a payment hereunder.

(b) The Hospital agrees to pay such reasonable and necessary advances, fees, costs and expenses, including reasonable attorneys' fees, of the Bond Trustee, the Remarketing Agent, and any Paying Agent relating to the Bonds, including but not limited to payment for services rendered in enforcing the Trust Agreement and this Loan Agreement.

(c) The Hospital agrees to pay the County's reasonable costs (including reasonable attorneys' fees) in connection with (i) the authorization, issuance and sale of the Bonds; (ii) prepayment or redemption of the Bonds; and (iii) administrative costs and expenses of the County, including the reasonable fees of attorneys, accountants, engineers, appraisers or consultants, paid or incurred by the County by reason of the Bonds being outstanding or pursuant to requirements of this Loan Agreement.

(d) The Hospital agrees to pay to the Bond Trustee amounts equal to the purchase price of Bonds tendered pursuant to Section 214 of the Trust Agreement from the sources permitted under Section 1102 of the Trust Agreement, such amounts to be paid by the Hospital to the Bond Trustee on the dates such payments are to be made pursuant to the Trust Agreement; provided, however, that the amount of any such payment hereunder shall be reduced by the amount of moneys available for such payment under Sections 1102(i) and (ii) of the Trust Agreement.

(e) It is understood and agreed that all payments payable by the Hospital under the Obligation No. 13 and this subsection are assigned by the County to the Bond Trustee for the benefit of the Holders. The Hospital assents to such assignment. The County hereby directs the Hospital and the Hospital hereby agrees to pay to the Bond Trustee at the principal corporate trust office of the Bond Trustee all payments payable by the Hospital pursuant to this subsection.

(f) In the event the Hospital should fail to make, or cause to be made, any of the payments required in this Section, the item or installment so in default shall continue as an obligation of the Hospital until the amount in default shall have been fully paid.

(g) In order to provide for the payments required in subsections (a) and (d) of this Section, the Hospital shall cause to be delivered to the Bond Trustee a Letter of Credit simultaneously with the original issue and delivery of the Bonds, and hereby authorizes and directs the Bond Trustee to draw moneys under the Letter of Credit in accordance with the provisions of the Trust Agreement to the extent necessary to make any payments of principal and purchase price of, and interest on the Bonds as and when the same become due. The Hospital shall receive as a credit against its obligations to make the payments described in subsection (a) and (d) of this Section all payments made through draws under the Letter of Credit and all other amounts described in Section 401 of the Trust Agreement.

Section 4.2 No Defense or Set-off – Unconditional Obligation. The obligations of the Hospital to make the payments required in Section 4.1 hereof and payments required by Obligation No. 13 and to perform and observe the other agreements on its part contained herein shall be absolute and unconditional, irrespective of any defense or any right of set-off, recoupment or counterclaim it might otherwise have against the County, the Master Trustee or the Bond Trustee, and the Hospital shall pay during the term of this Loan Agreement the payments to be made as prescribed in Section 4.1 and all other payments required hereunder free of any deductions and without abatement, diminution or set-off; and until such time as the principal of and redemption premium, if any, and interest on the Bonds shall have been fully paid, or provision for the payment thereof shall have been made in accordance with the Trust Agreement, the Hospital: (i) will not suspend or discontinue any payments provided for in Section 4.1 hereof; (ii) will perform and observe all of its other agreements contained in this Loan Agreement; and (iii) except as provided in Article IX hereof, will not terminate this Loan Agreement for any cause.

Section 4.3 Assignment of County's Rights. As security for the payment of the Bonds, the County will assign to the Bond Trustee the County's rights under this Loan Agreement (except for the County's rights under Sections 4.1(c), 5.3, 8.4 and 10.10 hereof and any rights of the County to receive notices, certificates, or other communications hereunder or to give its consent hereunder) and Obligation No. 13, including the right to receive payments hereunder and the proceeds thereof, and hereby directs the Hospital to make said payments, or to cause said payments to be made, directly to the Bond Trustee. The Hospital herewith assents to such assignment and will make payments, or cause payments to be made, directly to the Bond Trustee. Such assigned rights and remedies shall be exercised by the Bond Trustee, subject to the provisions of the Trust Agreement.

Section 4.4 Letter of Credit. The Hospital shall provide for the payment of amounts due under Section 4.1(a) and (d) by delivery to the Bond Trustee on the date of initial authentication and delivery of the Bonds of a Letter of Credit in favor of the Bond Trustee and for the benefit of the holders of the Bonds (other than Bonds held by the Hospital or pledged to the Bank). The Hospital shall be entitled to provide a Substitute Letter of Credit under certain circumstances as provided in the Trust Agreement. Any extension of the Letter of Credit shall be for at least one year or, if less, the 15th day after the maturity date of the Bonds.

ARTICLE V

SPECIAL COVENANTS

Section 5.1 Compliance with Covenants, Conditions and Agreements in Master Indenture. The Hospital covenants that so long as the Bonds are Outstanding it shall comply with, and

with respect to the other Members of the Obligated Group (as defined in the Master Indenture) covenants to cause each Member of the Obligated Group to comply with, each and every covenant, condition and agreement in the Master Indenture. Each such covenant, condition and agreement in the Master Indenture is hereby incorporated by reference and made a part of this Loan Agreement with the same effect intended as though the text of each such covenant, condition and agreement were set forth in this Loan Agreement as express covenants, conditions and agreements of the Hospital.

Section 5.2 Examination of Books and Records of the Hospital. The County, the Bond Trustee and the Bank shall be permitted, during normal business hours and upon reasonable notice, to examine the books and records of the Hospital, including any accountants' work papers, with respect to the Project and compliance with the obligations of the Hospital hereunder and under the Master Indenture.

Section 5.3 Financial Statements and Other Information. (a) The Hospital shall furnish to the County, the Bond Trustee, S&P, Fitch, Bank, and any Holder who requests the same in writing, the financial statements, certificate of no default and other information which the Hospital has covenanted to furnish the Master Trustee pursuant to Section 3.10 of the Master Indenture. Such information shall be furnished to the County, the Bond Trustee, the Bank, S&P, Fitch and any Holder who requests such in writing at the times and in the manner provided by Section 3.10 of the Master Indenture for such information to be furnished to the Master Trustee. Simultaneous therewith, the Hospital shall cause to be filed with the County, the Bond Trustee and an Officer's Certificate demonstrating compliance with the provisions of Section 3.07 of the Master Indenture.

(b) In addition, so long as any Bonds are Outstanding, the Hospital covenants that it will file with the Bond Trustee within ten (10) days following its receipt thereof, a copy of any report and recommendations submitted by any Consultant pursuant to Section 3.07(b) of the Master Indenture.

Section 5.4 Further Assurances and Corrective Instruments. Subject to the provisions of Section 10.5 of this Loan Agreement, the County and the Hospital agree that they will, from time to time, execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, such supplements and amendments hereto and such further instruments as may reasonably be required for carrying out the intention or facilitating the performance of this Loan Agreement.

Section 5.5 Recording and Filing; Other Instruments. (a) The Hospital covenants that it will, upon request of the Bond Trustee, cause counsel to render an opinion to the Bond Trustee not earlier than 60 nor later than 30 days prior to each fifth anniversary date after the issuance of the Bonds to the effect that all financing statements and continuation statements have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and to protect to the extent possible under applicable law the rights of the Bond Trustee in the assignment of certain rights of the County under this Loan Agreement and Obligation No. 13 to the Bond Trustee as against creditors of, or purchasers for value from, the County or the Hospital.

(b) The Hospital and the County shall execute and deliver all instruments and shall furnish all information and evidence deemed necessary or advisable by such counsel to enable him to render the opinion referred to in subsection (a) of this Section. The Hospital shall file and re-file and record and re-record or cause to be filed and re-filed and recorded and re-recorded all instruments required to be filed and re-filed and recorded and re-recorded pursuant to the opinion of such counsel and shall continue or cause to be continued the liens of such instruments for so long as the Bonds shall be Outstanding, except as otherwise in this Loan Agreement required.

Section 5.6 Inspections; Reports; Repairs. During normal business hours and upon reasonable notice, the County, the Bond Trustee and the Holders of not less than twenty-five percent

(25%) in aggregate principal amount of the Outstanding Bonds, through their respective officers, employees, consultants and other authorized representatives, shall have free and unobstructed access at all reasonable times to make an inspection of any Operating Assets for purposes of ascertaining whether the Hospital has complied with its agreements and obligations under this Loan Agreement. Upon the request from time to time of the County or the Bond Trustee, which request shall not be made unless any such inspection referred to above shall disclose that the Hospital may have violated any of its agreements under the provisions of this Loan Agreement, the Hospital shall cause an inspection of the Operating Assets to be made by an architect or an engineer acceptable to the County and shall file with the County and the Bond Trustee immediately following each such inspection the report of such architect or engineer setting forth (a) findings as to whether the Operating Assets have been maintained in good repair, working order and condition and (b) recommendations as to the proper maintenance and repair of the Operating Assets during the remaining life of the Bonds then Outstanding. If such report concludes that the Operating Assets have not been maintained in good repair, working order and condition, the Hospital shall restore the Operating Assets promptly to good repair, working order and condition with all expedition practicable.

Section 5.7 Continuing Disclosure. So long as the Bonds bear interest at a Long-Term Rate pursuant to Section 202(d) of the Trust Agreement, the Hospital undertakes, for the benefit of the Holders of the Bonds, to provide:

(a) by not later than one hundred twenty (120) days after the end of each fiscal year of the Hospital (the "Fiscal Year"), beginning with the Fiscal Year ended September 30, 2010, to the National Repository and to the state information depository for the State of South Carolina ("SID"), if any, the Audited Financial Statements (described below) for such Fiscal Year, if available, or, if such Audited Financial Statements are not available by one hundred eighty (180) days after the end of such Fiscal Year, the Unaudited Financial Statements (described below) for such Fiscal Year to be replaced subsequently by the Audited Financial Statements to be delivered within fifteen (15) days after such Audited Financial Statements become available for distribution;

(b) by not later than one hundred twenty (120) days after the end of each Fiscal Year, beginning with the Fiscal Year ended September 30, 2010, to the National Repository and to the SID, if any, the financial and statistical data as of a date not earlier than the end of the preceding Fiscal Year for the following information, (i) utilization statistics of the type set forth under the heading "Utilization Statistics" in the Official Statement; (ii) revenue and expense data of the type set forth under the headings "Summary of Historical Revenues and Expenses" and "Management's Discussion of Operations" in the Official Statement; (iii) sources of patient service revenue of the type set forth under the heading "Sources of Patient Revenue" in the Official Statement; (iv) outstanding indebtedness, unless such information is included in the audited financial statements of the Hospital together with such narrative explanation, as may be necessary to avoid misunderstanding, and to assist the reader in understanding the presentation of financial and operating data concerning the Hospital and in judging the financial and operating condition of the Hospital, to the extent such items are not included in the Audited Financial Statements referred to in (a) above;

(c) by not later than forty-five (45) days after the end of the each quarterly fiscal period of each Fiscal Year, beginning with the quarterly fiscal period ending _____, 2010 for Fiscal Year 2011, to the National Repository and to the SID, if any, for such quarterly fiscal period (i) unaudited financial statements, including balance sheet and statement of operations of the Hospital, as of the end of each such quarterly fiscal period, shown in each case in comparative form with the same period of the preceding quarterly fiscal period in reasonable detail; (ii) an update of the financial and statistical data as of a date not earlier than the end of the preceding quarterly fiscal period for the following information: (A) utilization statistics of the type set forth under the heading "UTILIZATION" in Appendix A to the

Official Statement; (B) revenue and expense data of the type set forth under the headings "FINANCIAL PERFORMANCE" and "MANAGEMENT'S DISCUSSION" in Appendix A to the Official Statement; (C) sources of patient revenue of the type set forth under the heading "FINANCIAL PERFORMANCE – Sources of Revenue" in Appendix A to the Official Statement; and (D) outstanding indebtedness, unless such information is included in the unaudited financial statements of the Hospital together with such narrative explanation as may be necessary to avoid misunderstanding, and to assist the reader in understanding the presentation of financial and operating data concerning the Hospital and in judging the financial and operating condition of the Hospital, to the extent such items are not included in the unaudited financial statements referred to in (i) above; and (iii) notice of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults;
- (3) unscheduled draws on any debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on any credit enhancements reflecting financial difficulties;
- (5) substitution of any credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions or events affecting the tax-exempt status of the Bonds;
- (7) modification of the rights of the Holders of the Bonds;
- (8) bond calls;
- (9) defeasances;
- (10) release, substitution or sale of any property securing repayment of the Bonds; and
- (11) rating changes; and

(d) in a timely manner, to the National Repository and to the SID, if any, of a failure of the Hospital to provide any of the information described in this Section 5.7 on or before the date specified.

(e) For purposes of this Section 5.7, "Audited Financial Statements" means the combined financial statements of the Hospital and its affiliates for a twelve-month period, or for such other period for which an audit has been performed, prepared in accordance with generally accepted accounting principles, which have been audited and reported upon by independent certified public accountants. Audited Financial Statements will also include, in an additional information section, unaudited combined financial statements for the same twelve-month period from which the accounts of any affiliate which is not a Member of the Obligated Group have been eliminated and to which the accounts of any Member of the Obligated Group which is not an affiliate have been added; provided, however, that for purposes of adding the accounts of a Member of the Obligated Group which is not an affiliate, the balances of such accounts will be extracted from audited financial statements of such Member of the Obligated Group and its affiliates, if any. For purposes of this Section 5.7, "Unaudited Financial Statements" has the same meaning as Audited Financial Statements, except that such financial statements have not been audited and reported upon by independent certified public accountants.

(f) If the Hospital fails to comply with the undertaking described above, any Holder of the

Bonds then Outstanding may take action to protect and enforce the rights of all Bondholders with respect to such undertaking, including an action for specific performance; provided, however, that failure to comply with such undertaking will not be an Event of Default under this Loan Agreement and will not result in any acceleration of payment on the Bonds. All actions shall be instituted, had and maintained in the manner provided in this paragraph for the benefit of all Holders of the Bonds.

(g) The Hospital reserves the right to modify from time to time the information to be provided to the extent necessary or appropriate in the judgment of the Hospital, provided that:

(i) any such modification may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identify, composition, nature or status of the Obligated Group;

(ii) the information to be provided, as modified, would have complied with the requirements of Rule 15c2-12 issued under the Securities Exchange Act of 1934 ("Rule 15c2-12") as of the date of the Official Statement relating to the Bonds, after taking into account any amendments or interpretations of Rule 15c2-12, as well as any changes in circumstances; and

(iii) any such modification does not materially impair the interests of the Holders of the Bonds, as determined by bond counsel, or by the approving vote of the Holders of a majority in principal amount of the Bonds then Outstanding pursuant to the terms of the Trust Agreement, as it may be amended from time to time.

Any annual financial information containing the amended operating data or financial information shall explain, in narrative form, the reasons for the amendments and the impact of the change in the type of operating data of financial information being provided.

The undertaking described in this Section 5.07 will terminate upon payment, or provision having been made for payment in a manner consistent with Rule 15c2-12, in full or the principal of and interest on all of the Bonds.

ARTICLE VI

RESERVED

ARTICLE VII

INDEMNIFICATION AND NON LIABILITY OF THE COUNTY AND THE BOND TRUSTEE

Section 7.1 General. The Hospital shall and hereby does indemnify and hold harmless the County, the Bond Trustee and all members, officers, directors, agents and employees thereof against all losses, costs, damages, expenses and liabilities (collectively referred to hereinafter as "Losses") of whatever nature (including but not limited to reasonable attorneys fees, litigation and court costs, amounts paid in settlement and amounts paid to discharge judgments) directly or indirectly resulting from, arising out of or related to one or more Claims, as hereinafter defined, excluding any such Loss or Claim that arises out of an act of gross negligence or willful misconduct of any member, officer, director, agent or employee of the County or the Bond Trustee. The word "Claims" as used herein shall mean all claims,

lawsuits, causes of action and other legal actions and proceedings of whatever nature, including but not limited to claims, lawsuits, causes of action and other legal actions and proceedings, involving bodily or personal injury or death of any person or damage to any property (including but not limited to persons employed by the County, the Bond Trustee, the Hospital and any other person) brought against the County or the Bond Trustee or to which the County or the Bond Trustee is a party, that directly or indirectly result from, arise out of or relate to (i) the design, construction, transfer, sale, operation, use, occupancy, maintenance or ownership of the Project or any part thereof or (ii) the execution, delivery or performance of this Agreement, the Trust Agreement, the Master Indenture or any related instruments or documents. The obligations of the Hospital under this Section 7.1 shall apply to all Losses or Claims, or both, that result from, arise out of or are related to any event, occurrence, condition or relationship prior to termination of this Agreement, whether such Losses or Claims, or both, are asserted prior to termination of this Agreement or thereafter. The County or the Bond Trustee, as the case may be, shall reimburse the Hospital for payments made by the Hospital pursuant to this Section 7.1 to the extent of any proceeds, net of all expenses of collection, actually received by the County or the Bond Trustee from any insurance covering such Claims with respect to the Losses sustained. The County and the Bond Trustee shall have the duty to claim any such insurance proceeds and the County and the Bond Trustee shall assign their respective rights to such proceeds, to the extent of such required reimbursement, to the Hospital. In case any action shall be brought against the County or the Bond Trustee in respect of which indemnity may be sought against the Hospital, then the County or the Bond Trustee, as the case may be, shall promptly notify the Hospital in writing. Failure to notify the Hospital shall not relieve it from any liability that it may have other than on account of this Agreement except to the extent such failure to notify prejudices the Hospital's ability to defend the claim or mitigate any losses. The Hospital shall have the right to assume the investigation and defense thereof, including the employment of counsel, which counsel shall be reasonably satisfactory to the indemnified parties, and the payment of all expenses. The County shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, and the reasonable fees and expenses of such counsel shall be paid by the Hospital. The Bond Trustee shall have the right to employ separate counsel in any such action and participate in the investigation and defense thereof, but the fees and expenses of such counsel shall be paid by the Bond Trustee unless the employment of such counsel has been authorized by the Hospital or the Bond Trustee has reasonably objected to a joint defense by the Hospital on the ground that there may be legal defenses available to it that are different from or in addition to those available to the Hospital, in which case the Bond Trustee shall have the right to designate and retain separate counsel in such action and the reasonable fees and expenses of such counsel shall be paid by the Hospital. If no reasonable objection is made and the Hospital assumes the defense of such action, the Hospital shall not be liable for the fees and expenses of any counsel for the Bond Trustee incurred thereafter in connection with such action. In no event shall the Hospital be liable for the fees and expenses of more than one counsel for the Bond Trustee in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances, unless the retaining of additional counsel has been specifically authorized by the Hospital.

Notwithstanding anything in this Section 7.1 to the contrary, the Hospital shall not be liable for any Losses of or Claims of or against the Bond Trustee resulting from the negligent act of or negligent failure to take action by the Bond Trustee.

Section 7.2 **Payment of Costs upon Default.** The Hospital shall pay, and shall indemnify the County and the Bond Trustee against, all costs and charges, including reasonable counsel fees, lawfully and reasonably incurred in enforcing any covenant or agreement of the Hospital contained in this Agreement, the Trust Agreement, and the Master Indenture.

ARTICLE VIII

EVENTS OF DEFAULT AND REMEDIES

Section 8.1 Events of Default. Each of the following events shall constitute and is referred to in this Loan Agreement as an "Event of Default":

(a) Failure by the Hospital to make any (i) payments when and as the same shall become due and payable whether at maturity, by proceedings for redemption, by acceleration or otherwise, in accordance with the terms of Obligation No. 13, and (ii) payments required to be made under Section 4.1(a) and (d) hereof, which failure shall have resulted in an "Event of Default" under clause (a), (b) or (c) of Section 801 of the Trust Agreement; or

(b) Failure by the Hospital to observe and perform any covenant, condition or agreement on the part of the Hospital under this Loan Agreement (other than a failure to make any payment under subsection (a) of this Section 8.1 or failure to comply with the provisions of Section 5.7 hereof), including any covenant, condition or agreement in the Master Indenture applicable to any Member of the Obligated Group and incorporated by reference in this Loan Agreement pursuant to Section 5.1 hereof, or any covenant, condition, or agreement contained in Section ____ of Supplement No. 13 and, if capable of cure, such default continues for a period of 30 days after the date on which written notice of such default, requiring the same to be remedied, shall have been given to the Hospital by the Bond Trustee or the Bank, or to the Hospital and the Bond Trustee by the Holders of at least twenty-five percent (25%) in aggregate principal amount of the Bonds then Outstanding; provided, however, that if such performance, observation or compliance, if capable of achieving cure, requires work to be done, action to be taken or conditions to be remedied which by their nature cannot reasonably be done, taken or remedied, as the case may be, within such 30-day period, no Event of Default shall be deemed to have occurred or to exist if, and so long as, the Hospital shall commence such performance, observation or compliance within such period and shall diligently and continuously prosecute the same to completion; or

(c) The Master Trustee shall have declared the outstanding principal amount of Obligation No. 12 and all interest due thereon immediately due and payable in accordance with Section 4.02(a) of the Master Indenture or an Event of Default shall have occurred under the Master Indenture which would entitle the Master Trustee so to accelerate Obligation No. 13; or

(d) An "Event of Default" shall have occurred under the Trust Agreement or the Master Indenture.

Section 8.2 Remedies on Default. Whenever any Event of Default hereunder shall have happened and be continuing, any one or more of the following remedial steps may be taken:

(a) The County with the prior consent of the Bond Trustee, or the Bond Trustee, may at its option, upon providing notice to the County, and shall, if acceleration occurs or is declared pursuant to Section 802 of the Trust Agreement, declare all unpaid amounts payable under this Loan Agreement, together with interest then due thereon, to be immediately due and payable, whereupon the same shall become due and payable.

(b) The County with the prior consent of the Bond Trustee, or the Bond Trustee, may take any action at law or in equity to collect the payments then due and thereafter to come due hereunder, or to enforce performance and observance of any obligation, agreement or covenant of the Hospital under this Loan Agreement.

Any amounts collected pursuant to action taken under this Section shall be applied in accordance with the Trust Agreement, and to the extent applied to the payment of amounts due on the Bonds, shall be credited against Note Payments or other amounts due on Obligation No. 13.

In case any proceeding taken by the County or the Bond Trustee on account of any Event of Default shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the County or the Bond Trustee, then and in every case the County and the Bond Trustee shall be restored to their former positions and rights hereunder, respectively, and all rights, remedies and powers of the County and the Bond Trustee shall continue as though no such proceeding has been taken.

Section 8.3 **No Remedy Exclusive.** No remedy conferred upon or reserved to the County or the Bond Trustee by this Loan Agreement is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given under this Loan Agreement or now or hereafter existing at law or in equity or by statute. No delay or omission to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver thereof, but any such right or power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County or the Bond Trustee to exercise any remedy reserved to it in this Article, it shall not be necessary to give any notice other than such notice as may be required in this Article.

Section 8.4 **Agreement to Pay Attorneys' Fees and Expenses.** In the event the Hospital should default under any of the provisions of this Loan Agreement and the County or the Bond Trustee should employ attorneys or incur other expenses for the collection of payments due hereunder or for the enforcement of performance or observance of any obligation or agreement on the part of the Hospital contained herein, the Hospital agrees that it will on demand therefor pay to the County or the Bond Trustee, as the case may be, the reasonable fees of such attorneys and such other reasonable expenses so incurred. In the event the Hospital fails to pay such amount, the Bond Trustee may, to the extent of funds available under the Trust Agreement, pay such fees and expenses. To the extent the funds are insufficient to pay all of the reasonable fees and expenses, the Bond Trustee is authorized to pay such fees and expenses of the County and Bond Trustee pro rata.

Section 8.5 **Waiver of Breach.** In the event that any agreement contained herein shall be breached by either the Hospital or the County and such breach shall thereafter be waived by the other party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach hereunder. In view of the assignment of the County's rights in and under this Loan Agreement to the Bond Trustee under the Indenture, the County shall have no power to waive any default hereunder by the Hospital without the consent of the Bond Trustee, and the Bond Trustee may exercise any of the rights of the County hereunder.

Section 8.6 **Application of Amounts Realized in Enforcement of Remedies.** Any amounts collected pursuant to action taken under Section 8.2 hereof shall be paid to the Bond Trustee for deposit in the Bond Fund and applied in accordance with the provisions of the Trust Agreement or, if payment of the Bonds shall have been made or provision therefor shall have been made in accordance with Article IX of the Trust Agreement, shall be applied according to the provisions of Section 10.4 hereof.

ARTICLE IX

PREPAYMENTS

Section 9.1 Optional Prepayments. The Hospital shall have, and is hereby granted, the option to prepay all or any portion of the unpaid balance hereunder and under Obligation No. 13, together with interest thereon to the date of redemption of the Bonds, at any time by taking the actions required by the Trust Agreement (i) to discharge the lien thereof through the redemption, or provision for payment or redemption of all Bonds then outstanding or (ii) to effect the redemption, or provision for payment or redemption, of less than all Bonds then outstanding, pursuant to Section 301(a) or 301(c) of the Trust Agreement.

Section 9.2 Extraordinary Prepayment. The Hospital shall have the option to prepay the unpaid aggregate amount of the Loan (in whole or in part upon the occurrence of the events described in (a) below, or in whole upon the occurrence of the events described in (b) below), together with accrued interest to the date of prepayment, upon the occurrence of one of the following events:

(a) Damage or destruction of all or any part of the Operating Assets by fire or casualty, or loss of title to or use of substantially all of the Operating Assets as a result of the failure of title or as a result of Eminent Domain proceedings or proceedings in lieu thereof; or

(b) Changes in the Constitution of the United States of America or of the State or in legislation or administrative action, or failure of administrative action by the United States or the State or any agency or political subdivision of either thereof, or by reason of any judicial decision;

in either event, to such extent that in the opinion of the board of directors of the Hospital (expressed in a resolution) and in the opinion of an independent architect, engineer or management consultant (as may be appropriate for the particular event), both filed with the County and the Bond Trustee, (i) this Loan Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date hereof are imposed on the Hospital.

Subject to the provisions of Section 3.04 of the Master Indenture, this Section 9.2 shall not be construed to prohibit the Hospital from applying insurance proceeds with respect to any casualty loss or condemnation awards or payments in lieu thereof to the optional prepayment of the Loan in accordance with the provisions of Section 9.1 of this Loan Agreement.

Section 9.3 Procedure to Exercise Options. To make a prepayment pursuant to Section 9.1, the Hospital shall give written notice not less than 45 days from the date any Bonds are to be redeemed from such prepayment to the County and the Bond Trustee and which shall specify therein the principal amount to be prepaid and the date or dates on which the prepayment is to occur. All such prepayments shall be in the amount of a Minimum Denomination. In addition, the Hospital shall make such additional payments as shall be necessary to pay any redemption premium on the Bonds in connection with such redemption and accrued interest on the Bonds to be redeemed to the date selected for redemption.

Section 9.4 Prepayment to Include Fees and Expenses. Any prepayment or purchase under this Article shall also include any expenses of prepayment or purchase, as well as all expenses and costs provided for herein.

Section 9.5 Sinking Fund Account Payments. The Hospital shall make prepayments of the Obligation No. 13 in amounts sufficient to satisfy the Sinking Fund Account Requirement set forth in Section 301(e) of the Trust Agreement.

ARTICLE X

MISCELLANEOUS

Section 10.1 Notices. Except as otherwise provided in this Loan Agreement, all notices, certificates or other communications shall be sufficiently given and shall be deemed given when mailed by registered or certified mail, postage prepaid, to the County, the Hospital, the Master Trustee, the Bond Trustee, the Bank or the Remarketing Agent. Facsimiles of each notice, certificate or other communication given hereunder to the Hospital shall, in addition to mailing, be telecopied to the Hospital, and copies of each notice, certificate or other communication given hereunder by or to the Hospital shall be mailed by registered or certified mail, postage prepaid, to the Master Trustee, the Bond Trustee and the Bank; provided, however, that the effectiveness of any such notice shall not be affected by the failure to telecopy any such facsimiles or to send any such copies. Notices, certificates or other communications shall be sent to the following addresses:

- (a) As to the Hospital —

McLeod Regional Medical Center
of the Pee Dee, Inc.
555 East Cheves Street
Florence, South Carolina 29501
Attention: _____

- (b) As to the County —

Florence County, South Carolina
c/o Florence County Council
City-County Complex
180 N. Irby Street
Florence, South Carolina 29501
Attention: Chairman

- (c) As to the Bond Trustee —

U.S. Bank National Association
1426 Main Street, 17th Floor, SC 8358
Columbia, South Carolina 29201
Attention: Corporate Trust Department

- (d) As to the Bank

Wells Fargo Bank, National Association

If notice refers to an Event of Default, mark "Urgent Material Enclosed"

(e) As to the Bond Registrar —

U.S. Bank National Association
1426 Main Street, 17th Floor, SC 8358
Columbia, South Carolina 29201
Attention: Corporate Trust Department

(f) As to the Remarketing Agent —

Wells Fargo Bank, National Association
301 S. College Street, 7th Floor
Charlotte, North Carolina 28288
Attention: Rick White

(g) As to Standard & Poor's —

Standard & Poor's Ratings Group
25 Broadway
New York, New York 10004
Attention: Municipal Finance Department

(h) As to Fitch —

Fitch Ratings

Any of the foregoing may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 10.2 Severability. If any provision of this Loan Agreement shall be held or deemed to be or shall, in fact, be illegal, inoperative or unenforceable, the same shall not affect any other provision or provisions herein contained or render the same invalid, inoperative, or unenforceable to any extent whatever.

Section 10.3 Execution of Counterparts. This Loan Agreement may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument; except that, to the extent that this Loan Agreement shall constitute personal property under the Uniform Commercial Code of South Carolina, no security interest in this Loan Agreement may be created or perfected through the transfer or possession of any counterpart of this Loan Agreement other than the original counterpart, which shall be the counterpart containing the receipt therefor executed by the Bond Trustee following the signatures to this Loan Agreement.

Section 10.4 Amounts Remaining in Bond Fund. It is agreed by the parties hereto that after payment in full of (i) the Bonds (or the provision for payment thereof having been made in accordance with the provisions of the Trust Agreement), (ii) the fees, charges and expenses of the Bond Trustee and any Paying Agent in accordance with the Trust Agreement, (iii) all amounts owing to the Bank under the Reimbursement Agreement, and (iv) all other amounts required to be paid under this Loan Agreement and

the Trust Agreement, any amounts remaining in the Bond Fund shall belong to and be paid by the Bond Trustee to the Hospital.

Section 10.5 Amendments, Changes and Modifications. This Loan Agreement may, without the consent of or notice to any of the Holders, be amended, from time to time, to:

- (a) cure any ambiguity or formal defect or omission in this Loan Agreement or in any supplement thereto;
- (b) grant to or confer upon the Bond Trustee for the benefit of the Holders any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee;
- (c) add conditions, limitations and restrictions on the Hospital to be observed thereafter.

Other than amendments referred to in the preceding paragraph of this Section and subject to the terms and provisions and the limitations contained in Section 1202 of the Trust Agreement with respect to modification of the Trust Agreement and not otherwise, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of the Bonds then Outstanding, subject to the consent of the Bank, shall have the right, from time to time, anything contained herein to the contrary notwithstanding, to consent to and approve the execution by the Hospital and the County of such supplements and amendments hereto as shall be deemed necessary and desirable for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained herein; provided, however, nothing in this Section shall permit or be construed as permitting a supplement or amendment which would:

- (i) extend the stated maturity of or time for paying interest on Obligation No. 13 or reduce the principal amount of or the redemption premium or rate of interest payable on Obligation No. 13 without the consent of the Holders of all Bonds then Outstanding;
- (ii) except as expressly permitted at the time of execution of this Loan Agreement, grant to the holder of any Indebtedness (as defined in the Master Indenture) a security interest in Pledged Assets (as defined in the Master Indenture) superior to that of the Holders without the consent of the Holders of all Bonds then Outstanding; or
- (iii) reduce the aggregate principal amount of Bonds then Outstanding the consent of the Holders of which is required to authorize such supplement or amendment without the consent of the Holders of all Bonds then Outstanding.

Copies of any modification of or amendment to this Loan Agreement shall be sent to Standard and Poor's Credit Market Services and Fitch Ratings no later than ten (10) days prior to the effective date thereof.

Section 10.6 Governing Law. This Loan Agreement shall be governed exclusively by and construed in accordance with the applicable laws of the State.

Section 10.7 Authorized Hospital Representative. An Authorized Hospital Representative shall act on behalf of the Hospital whenever the approval of the Hospital is required or the Hospital requests the County to take some action, and the County and the Bond Trustee shall be authorized to act

on any such approval or request and neither the County nor the Hospital shall have any complaint against the other or against the Bond Trustee as a result of any such action taken at the direction of the Authorized Hospital Representative.

Section 10.8 Term of the Loan Agreement. This Loan Agreement shall be in full force and effect from the date hereof and shall continue in effect so long as any Bonds are outstanding or the Bond Trustee shall hold any moneys under the Trust Agreement, whichever is later. All representations and certifications by the Hospital as to all matters affecting the tax-exempt status of the Bonds shall survive the termination of this Loan Agreement.

Section 10.9 No Personal Liability. To the extent permitted by law, no recourse shall be had for the enforcement of any obligation, promise or agreement of the County contained herein, in the Trust Agreement, the Remarketing Agreement, the Tax Agreement, the Bond Purchase Agreement, or the other bond documents to which the County is a party or by which the County is bound, or for any claim based hereon or thereon or otherwise in respect hereof or thereof against the County, the County Council of the County, any officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the County, the County Council of the County, or of any successor entity, either directly or through the County, the County Council of the County or any successor entity, whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the County, the County Council of the County, or of any successor entity, either directly or through the County, the County Council of the County or any successor entity, under or by reason of any of the obligations, promises or agreements entered into between the County and the Hospital, whether herein contained or contained in the other bond documents to which the County is a party or by which the County is bound or to be implied herefrom or therefrom as being supplemental hereto or thereto; and all personal liability of that character against every such officer, agent, attorney or employee is, by the execution of this Loan Agreement and as a condition of, and as part of the consideration for, the execution of this Loan Agreement, expressly waived and released.

Notwithstanding any other provision of this Loan Agreement, the County shall not be liable to the Hospital or the Bond Trustee or any other person for any failure of the County to take action under this Loan Agreement unless the County (a) is requested in writing by an appropriate person to take such action, (b) is assured of payment of, or reimbursement for, any reasonable expenses in such action, and (c) is afforded, under the existing circumstances, a reasonable period to take such action. In acting under this Loan Agreement, or in refraining from acting under this Loan Agreement, the County may conclusively rely on the advice of its counsel.

Section 10.10 Parties in Interest. This Loan Agreement shall inure to the benefit of and shall be binding upon the County, the Hospital and their respective successors and assigns, and no other person, firm or corporation shall have any right, remedy or claim under or by reason of this Loan Agreement; provided, however, that any obligation of the County created by or arising out of this Loan Agreement shall be payable solely out of the revenues derived from this Loan Agreement or the sale of the Bonds or income earned on invested funds as provided in the Trust Agreement and shall not constitute, and no breach of this Loan Agreement by the County shall impose, a pecuniary liability upon the County or a charge upon the County's general credit.

Section 10.11 Notice to Rating Agency. Notice of the occurrence of any of the following shall be given by the Hospital to the Rating Agency as early as practicable: (i) the resignation or removal of the Bond Trustee or the Remarketing Agent and the appointment of a successor thereto; (ii) any material change in the Trust Agreement, this Loan Agreement, the Letter of Credit or the Reimbursement

Agreement; (iii) the expiration, termination, substitution or extension of the Letter of Credit; (iv) the conversion of an Interest Rate Determination Method; and (v) a redemption or defeasance of the Bonds.

Section 10.12 **Applicability of Agreement to Bond Trustee.** The Hospital and the County agree that the Bond Trustee shall be entitled to enforce and to benefit from the terms and conditions of this Loan Agreement that relate to it, notwithstanding the fact that it is not a signatory hereto and notwithstanding the provisions of Section 10.10.

Section 10.13 **Reasonable Attorneys' Fees.** Whenever the phrase "reasonable attorneys' fees" is used herein, it shall mean that attorneys' fees are limited to the usual and customary rate for attorneys in such attorneys' geographical area and shall be limited to the hours actually expended for those services.

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DRAFT

IN WITNESS WHEREOF, Florence County, South Carolina has caused these presents to be signed in its name and on its behalf by the Chairman of its County Council and its official seal to be hereunto affixed and attested by the Clerk of its County Council; and McLeod Regional Medical Center of the Pee Dee, Inc. has caused these presents to be signed in its name and on its behalf by its President and CEO and its corporate seal to be hereunto affixed and attested by its Chief Financial Officer all as of the _____ day of _____, 2010.

FLORENCE COUNTY, SOUTH CAROLINA

(SEAL)

By _____
Chairman, Florence County Council

Attest:

Clerk, Florence County Council

DRAFT

McLEOD REGIONAL MEDICAL CENTER
OF THE PEE DEE, INC.

(SEAL)

By _____
President and CEO

Attest:

Chief Financial Officer

DRAFT

DESCRIPTION OF PROJECT

- (1) Reconfiguration of patient rooms in the Hospital's Main Tower (the "Main Tower");
- (2) General repairs and renovations to the exterior and interior of the Main Tower;
- (3) Addition of a heart and vascular institute in the Main Tower, to include a cardiac day hospital and facilities incident to cardiac surgery and other procedures;
- (4) Addition of orthopedic and sports medicine facilities to the McLeod Health and Fitness Center;
- (5) Addition of two new ICU towers between the Main Tower and the Pavilion;
- (6) Finish out of the eighth floor of the Pavilion;
- (7) Two new parking garages;
- (8) Addition of enclosed pedestrian corridors, concourses, stair towers, and other connectors linking primary facilities of the Main Campus and facilities (such as public toilets, retail and transition spaces, food service areas, and waiting rooms incident to such space); and
- (9) Renovation and remodeling of lobbies and patient registration areas.

[FORM OF 2010B TRUST AGREEMENT]

DRAFT

TRUST AGREEMENT

by and between

FLORENCE COUNTY, SOUTH CAROLINA

and

U.S. BANK NATIONAL ASSOCIATION,
as Trustee

Dated as of _____, 2010

Relating to

\$50,000,000
Florence County, South Carolina
Hospital Revenue Bonds
(McLeod Regional Medical Center Project)
Series 2010B

TRUST AGREEMENT

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Exhibit A – Form of Bonds

TRUST AGREEMENT

THIS TRUST AGREEMENT, dated as of _____, 2010 (the "**Trust Agreement**"), made by and between **FLORENCE COUNTY, SOUTH CAROLINA**, a public body corporate and politic and an agency of the State of South Carolina, and its successors and assigns (the "**County**"), and **U.S. BANK NATIONAL ASSOCIATION**, which is authorized to exercise corporate trust powers (together with its successors and assigns, the "**Bond Trustee**"),

WITNESSETH:

WHEREAS, the County is authorized under Title 44, Chapter 7, Article 11, Code of Laws of South Carolina, 1976, as amended (the "**Act**"), to borrow money and to lend the same to any "public agency" or "hospital agency" (as defined in the Act) for the purpose of providing funds to pay all or any part of the cost of "hospital facilities" (as defined in the Act) or for the purpose of refunding any debt issued by any such "public agency" or "hospital agency"; and

WHEREAS, McLeod Regional Medical Center of the Pee Dee, Inc. (the "**Hospital**") is a South Carolina nonprofit corporation and a "hospital agency" within the meaning and intent of the Act, which owns and operates acute care hospital facilities located in the City of Florence, South Carolina; and

WHEREAS, the Hospital has requested that the County issue its revenue bonds pursuant to the Act for the purpose of providing funds to be used by the Hospital to acquire, construct and equip certain hospital facilities in the County (the "**Project**") and to refund the Florence County, South Carolina, Hospital Refunding Revenue Bonds (McLeod Regional Medical Center of the Pee Dee, Inc. Project) Series 2004B (the "**Refunded Bonds**"); and

WHEREAS, the Hospital has further requested that the County avail itself of the provisions of the Act and loan the proceeds of its revenue bonds to the Hospital for the purpose of financing the Project, refunding the Refunded Bonds, paying certain expenses incurred in connection with the issuance of the Bonds by the County, and paying costs associated with the Letter of Credit (as defined herein); and

WHEREAS, the County has determined to issue its hospital revenue bonds in the aggregate principal amount of \$50,000,000 (the "**Bonds**") and to lend the proceeds thereof to the Hospital for the purpose of providing funds for such purposes; and

WHEREAS, simultaneously with the issuance of the Bonds, the Hospital and the County will enter into a Loan Agreement dated as of _____, 2010 (which Loan Agreement, together with any and all amendments thereof as herein permitted, is herein called the "**Loan Agreement**") and as collateral security for the loan the Hospital as the issuer of Obligations under and pursuant to the Master Indenture (as defined in the Loan Agreement) will execute and deliver to the County its Obligation No. 13 (as defined in the Loan Agreement); and

WHEREAS, the County is entering into this Trust Agreement for the purpose of authorizing the Bonds and securing the payment thereof by assigning to the Bond Trustee Obligation No. 13, certain of its rights as holder and assignee thereof under the Master Indenture, and certain of its rights under the Loan Agreement; and

WHEREAS, the County has determined that the Bonds and the certificates of authentication to be endorsed by the Bond Registrar on all Bonds as provided herein shall be, respectively, substantially in the forms set forth on Exhibit A attached hereto, with such variations, omissions and insertions as are

required or permitted by this Trust Agreement.

NOW, THEREFORE, KNOW ALL PERSONS BY THESE PRESENTS, THIS TRUST AGREEMENT WITNESSETH:

GRANTING CLAUSES

That the County, in consideration of the premises and the acceptance by the Bond Trustee of the trusts hereby created and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, as security for (i) the payment of the principal and purchase price of (subject to the limitation on the sources of funds to pay any purchase price as provided in Section 1102 hereof), redemption premium, if any, and interest on the Bonds, for the funds which may be advanced by the Bond Trustee pursuant hereto and the performance and observance by the County of the covenants and obligations expressed herein and in the Bonds, and (ii) the payment of all amounts owed to the Bank pursuant to the Reimbursement Agreement, does hereby irrevocably pledge, grant, bargain, sell, convey, transfer and assign unto the Bond Trustee, and its successor or successors in trust and their assigns, the following described property (collectively, the "*Trust Estate*"):

1. All right, title and interest of the County in and to Obligation No. 13 and under the Master Indenture as holder of Obligation No. 13.

2. All right, title and interest of the County in and to the Loan Agreement (except for those certain rights that are set forth in the next sentence of this clause), it being the intent and purpose hereof that the assignment and transfer to the Bond Trustee of the payments and other sums due and to become due under the Loan Agreement shall be effective and operative immediately and the Bond Trustee shall have the right to collect and receive said payments and other sums for application in accordance with the provisions hereof at all times during the period from and after the date of this Trust Agreement until the indebtedness hereby secured shall have been fully paid and discharged. The County specifically reserves from this assignment the following rights: (a) to receive all notices, opinions, certificates, copies of documents, instruments, reports and correspondence, and evidence of certain actions by the Hospital required to be delivered to the County under the Loan Agreement; (b) to grant approvals and consents and make determinations when required under the Loan Agreement; (c) to make requests for information where allowed under the Loan Agreement; (d) to receive payments under Sections 4.1(c) and 8.4 of the Loan Agreement; (e) the rights conferred upon the County in Section 10.09 of the Loan Agreement; and (f) to be indemnified pursuant to Article VII of the Loan Agreement; provided that the reservation of the aforementioned rights shall not prevent the Bond Trustee from enforcing the same on behalf of the County and the Holders. The County is to remain liable to observe and perform all the conditions and covenants in the Loan Agreement provided to be observed and performed by it.

3. All the rights and interest of the County in and to the Bond Fund (as hereinafter defined), and all moneys and investments therein, but subject to the provisions of this Trust Agreement pertaining thereto, including those pertaining to the making of disbursements therefrom; and

4. All moneys, securities and obligations from time to time held by the Bond Trustee under the terms of this Trust Agreement or deposited with or paid to the Bond Trustee for redemption or payment of Bonds which are deemed to have been paid in accordance with Article IX and funds held pursuant to Sections 505 and 506, which shall be held by the Bond Trustee in accordance with the provisions of said Article IX or Sections 505 and 506 as the case may be, and any and all real and personal property of every name and nature from time to time hereafter by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder by the County or by anyone in

its behalf or with its written consent to the Bond Trustee which is hereby authorized to receive any and all such property at any and all times and to hold and apply the same subject to the terms hereof;

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Bond Trustee and its successor or successors in said trusts and to them and their assigns forever;

IN TRUST, NEVERTHELESS, upon the terms and trust herein set forth for the equal and proportionate benefit, security and protection of all owners of the Bonds issued under and secured by this Trust Agreement to the extent of any obligations due under the Bonds, as their respective interests may appear, without privilege, priority or distinction of any of the Bonds over any of the other of the Bonds and for the Bank, to the extent of payments made by it under the Letter of Credit, and to secure payment and performance by the Hospital of its obligations under the Reimbursement Agreement; provided, however, that if the County, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of the Bonds and the interest due thereon at the times and in the manner provided in the Bonds according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required hereunder or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Bond Trustee the amount specified herein, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Trust Agreement to be kept, performed and observed by it, and shall pay, or cause to be paid, to the Bond Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, and the Hospital shall have paid or performed all obligations owing to the Bank under the Reimbursement Agreement, then upon such final payments this Trust Agreement and the rights hereby granted shall cease, determine and be void; otherwise, this Trust Agreement to be and remain in full force and effect; and

THIS TRUST AGREEMENT FURTHER WITNESSETH that, and it is expressly declared, all Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said revenues and income hereby pledged are to be dealt with and disposed of under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes as hereinafter expressed, and the County has agreed and covenanted, and does hereby agree and covenant, with the Bond Trustee and with the respective owners, from time to time of the Bonds, as follows:

ARTICLE I

DEFINITIONS

Section 101 Definitions. In addition to the words and terms elsewhere defined in this Trust Agreement, the Master Indenture, Supplement No. 13, or in the Loan Agreement, the following words and terms as used in this Trust Agreement shall have the following meanings unless the context or use indicates another or different meaning:

"Act" shall mean the Hospital Revenue Bond Act, Title 44, Chapter 7, Code of Laws of South Carolina 1976, as amended through the date hereof.

"Adjustment Date" means, when used with respect to the Bonds, (i) any Mandatory Purchase Date after which Bonds will bear interest at the Index Floating Rate or the Weekly Rate and Thursday of each week thereafter so long as such Bonds bear interest at the Index Floating Rate or the Weekly Rate, and (ii) any Mandatory Purchase Date after which Bonds will bear interest at the LIBOR Index Rate and each Interest Payment Date thereafter so long as such Bonds bear interest at the LIBOR Index Rate.

"Alternate Weekly Rate" shall mean, as of any Calculation Date, the greater of: (1) the SIFMA Municipal Swap Index plus 0.30%, or (2) 75% of LIBOR.

"Applicable Factor" means, with respect to any LIBOR Index Rate Period, the percentage determined by the Remarketing Agent, on or prior to the first day of such LIBOR Index Rate Period.

"Applicable Spread" shall mean (i) for any Index Floating Rate Period, the spread determined in accordance with Section 202(e)(ii) by the Remarketing Agent or other entity appointed by the County; and (ii) for any LIBOR Index Rate Period, the spread determined in accordance with Section 202(f)(ii) by the Remarketing Agent or other entity appointed by the County. Notwithstanding the foregoing, the Applicable Spread during the Initial Period is subject to the maintenance of the current rating(s) assigned to Parity Debt. The Applicable Spread will be increased or decreased pursuant to each downgrade or upgrade of any Parity Debt below its current rating of A- (or equivalent) pursuant to the table below [with such increase or decrease being effective on the same date as the downgrade or upgrade in the rating on the Parity Debt]. In the event of a split rating, the lower rating will prevail. If one or more of the underlying ratings are withdrawn or suspended, or an Event of Default occurs hereunder, the Applicable Spread shall automatically increase to []%.

Credit Rating (S&P/Fitch/Moody's)	Applicable Spread
AA/Aa2 and better	[]%
AA-/Aa3	[]%
A+/A1	[]%
A/A2	[]%
A-/A3	[]%
BBB+/Baa1	[]%

"Available Moneys" shall mean (a) proceeds from the original issuance and sale of the Bonds and investment earnings thereon which were at all times since their receipt by the Bond Trustee held in a separate and segregated account in which only such proceeds and investment earnings thereon are held; (b) moneys on deposit with the Bond Trustee in trust for the benefit of the Bondholders for at least 123 days during which no Event of Bankruptcy with respect to the Hospital or the County shall have occurred and investment earnings thereon which were at all times since their receipt by the Bond Trustee held in a separate and segregated account in which only such moneys and investment earnings thereon are held; (c) proceeds on deposit with the Bond Trustee from the remarketing by the Remarketing Agent of the Bonds pursuant to Section 1101 which were at all times since their receipt by the Bond Trustee held in a separate and segregated account in which only such proceeds are held; (d) moneys drawn under the Letter of Credit which were at all times since their receipt by the Bond Trustee held in a separate and segregated account in which only such moneys are held; and (e) moneys which in the written opinion of counsel experienced in bankruptcy law matters selected by the Hospital, which opinion is acceptable to the Bond Trustee, if used to pay principal, purchase price, redemption premium, if any, or interest on the Bonds, will not constitute an avoidable preferential payment under Section 547 of the Bankruptcy Code recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code.

"Bank" shall mean Wells Fargo Bank, National Association, in its capacity as issuer of the Letter of Credit, its successors in such capacity and their assigns, and upon the delivery and acceptance of a Substitute Letter of Credit, the bank issuing such Substitute Letter of Credit.

"Bankruptcy Code" shall mean Title 11 of the United States Code, as amended, and any successor statute or statutes having substantially the same function.

"Beneficial Owners" shall have the meaning set forth in Section 213.

"Bond Counsel" shall mean any firm of nationally recognized municipal bond counsel selected by the Hospital and not unacceptable to the County and the Bond Trustee.

"Bond Fund" shall mean the fund by that name created and established in Section 501.

"Bonds" shall mean the Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010B, in the aggregate principal amount of \$50,000,000, issued under and secured by this Trust Agreement.

"Bond Registrar" shall mean the Bond Trustee acting in the capacity of registrar for the Bonds under Section 210.

"Bond Trustee" shall mean U.S. Bank National Association and its successors and their assigns.

"Business Day" shall mean a day of the year, other than a Saturday or a Sunday, on which banks located in the cities in which the principal corporate trust office of the Bond Trustee, the principal office of any Paying Agent, the office of the Bank at which drawings on the Letter of Credit are to be made and the principal office of the Remarketing Agent are located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

"Calculation Agent" means entity appointed to serve as Calculation Agent pursuant to Section 1018(b).

"Calculation Agent Agreement" means any Calculation Agent Agreement, as amended or supplemented from time to time, between the Hospital and a Calculation Agent whereby the Calculation Agent undertakes to perform the duties of the Calculation Agent under this Trust Agreement with respect to the Bonds.

"Calculation Date" means, when used with respect to the Bonds, in the case of (a) Index Floating Rate Bonds, (i) the Business Day immediately preceding any Mandatory Purchase Date after which the Bonds will bear interest at the Index Floating Rate and (ii) Wednesday of each week thereafter (or, if any such Wednesday is not a Business Day, the immediately preceding Business Day); (b) Daily Rate Bonds, each Mandatory Purchase Date after which such Bonds will bear interest at the Daily Rate and each Business Day thereafter; (c) Weekly Rate Bonds, (i) the Wednesday of each week beginning the Wednesday next following the Closing Date (or, if any such Wednesday is not a Business Day, the immediately preceding Business Day); (d) Commercial Paper Rate Bonds, each Mandatory Purchase Date after which such Bonds will bear interest at the Commercial Paper Rate and the day immediately succeeding the last day of each Commercial Paper Rate Period thereafter; (e) LIBOR Index Rate Bonds, (i) two London business days prior to each Mandatory Purchase Date after which the Bonds will bear interest at the LIBOR Index Rate, and (ii) two London business days prior to each Interest Payment Date; and (f) Long-Term Rate Bonds or Fixed Rate Bonds, the date selected by the Remarketing Agent on or prior to the first day of each Long-Term Rate Period applicable to such Bonds or the date on which such Bonds are converted to a Fixed Rate, respectively.

"Closing Date" shall mean the date of the initial delivery of the Bonds and the initial payment therefor.

"Code" shall mean the Internal Revenue Code of 1986, as amended, and the regulations under that Code or the statutory predecessor of that Code, and any amendments of, or successor provisions to,

the foregoing as and to the extent applicable. Unless otherwise indicated, reference to a Section of the Code means that Section of the Code, including such applicable regulations, pertinent to that Section of the Code.

“Commercial Paper Rate” means the rate of interest borne by a Bond during each Commercial Paper Rate Period applicable to such Bond, determined pursuant to Section 202(g).

“Commercial Paper Rate Bonds” mean Bonds that bear interest at a Commercial Paper Rate.

“Commercial Paper Rate Period” means a period established in accordance with Section 202(g).

“Conditional Redemption” shall have the meaning set forth in Section 302.

“Conversion Date” shall mean, when used with respect to any Bond, a day on which the Interest Mode applicable to such Bond is changed, including a change from one Index Floating Rate Period to another Index Floating Rate Period or the change from one LIBOR Index Rate Period to another LIBOR Index Rate Period.

“Conversion Notice” shall have the meaning set forth in Section 202(h)(i).

“Cost”, as applied to the Project, as the case may be, shall mean, without intending thereby to limit or restrict any proper definition of such word under the Act, all items of cost set forth in Section 601 or Section 603 of the Trust Agreement, as applicable.

“Costs of Issuance Account” means the account of that name in the Construction Fund created pursuant to Section 601.

“County” shall mean the Florence County, South Carolina and any successor thereto.

“County Representative” shall mean each of the persons at the time designated to act on behalf of the County in a written certificate furnished to the Hospital and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the County by the Chairman or Vice Chairman of its County Council.

“Daily Rate” means, when used with respect to the Bonds, the daily rate of interest determined pursuant to Section 202(d).

“Daily Rate Bonds” means, when used with respect to the Bonds, Bonds that bear interest at the Daily Rate.

“Daily Rate Period” means each period during which a Daily Rate is in effect for the Bonds as set forth in Section 202(d).

“Defeasance Obligations” shall mean (a) noncallable Government Securities, (b) evidences of ownership of a proportionate interest in specified noncallable Government Securities, which Government Securities are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, (c) Defeased Municipal Obligations and (d) evidences of ownership of a proportionate interest in specified Defeased Municipal Obligations, which Defeased Municipal Obligations are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian.

"Defeased Municipal Obligations" shall mean obligations of state and local government municipal bond issuers which are rated in the highest rating category by Standard & Poor's and Moody's, respectively, provision for the payment of the principal of and interest on which shall have been made by deposit with a trustee or escrow agent of (a) noncallable Government Securities or (b) evidences of ownership of a proportionate interest in specified noncallable Government Securities, which Government Securities are held by a bank or trust company organized and existing under the laws of the United States of America or any state thereof in the capacity of custodian, the maturing principal of and interest on such Government Securities or evidences of ownership, when due and payable, being sufficient to provide money to pay the principal of, redemption premium, if any, and interest on such obligations of such state or local government municipal bond issuers.

"DTC" shall mean The Depository Trust Company, a limited purpose company organized under the laws of the State of New York, and its successors and assigns.

"DTC Participant" or "DTC Participants" shall mean securities brokers and dealers, banks, trust companies and clearing corporations that have access, as participants or otherwise (directly or indirectly) to DTC's book-entry system.

"Eminent Domain" shall mean the eminent domain or condemnation power by which all or any part of the Operating Assets may be taken for public use or any agreement that is reached in lieu of proceedings to exercise such power.

"Event of Bankruptcy" shall mean (a) with respect to the Hospital and the County, the filing of a petition in bankruptcy by or against the Hospital or the County, respectively, under the Bankruptcy Code or the commencement of a proceeding by or against the Hospital or the County, respectively, under any other law concerning insolvency, reorganization or bankruptcy; and (b) with respect to the Bank, the Bank shall become insolvent or bankrupt or fail to pay its debts generally as such debts become due or shall admit in writing its inability to pay any of its indebtedness or shall consent to or petition for or apply to any authority for the appointment of a receiver, liquidator or trustee or similar official for itself or for all or any substantial part of its properties or assets or any such trustee, receiver, liquidator or similar official is otherwise appointed or bankruptcy, insolvency, reorganization, arrangement or liquidation proceedings or similar proceedings shall be instituted by or against the Bank or entry of an order of relief by or against the Bank.

"Event of Default" shall mean any Event of Default specified in Section 801.

"Favorable Opinion of Counsel" shall mean, with respect to any action relating to the Bonds, the occurrence of which requires such an opinion, a written legal opinion of Bond Counsel addressed to the Bond Trustee, the Hospital, the Remarketing Agent and the Calculation Agent, as applicable, to the effect that such action is permitted under this Trust Agreement and will not in and of itself impair the exclusion of interest on the Bonds from gross income for purposes of federal income taxation (subject to customary exceptions).

"Fitch" shall mean Fitch Ratings, a corporation organized and existing under the laws of the State of _____, its successor and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Fitch" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Hospital with the approval of the Remarketing Agent, by notice to the County and the Bond Trustee.

"Government Securities" shall mean direct or fully guaranteed obligations of the United States of America (including any such securities issued or held in book-entry form on the books of the Department of Treasury of the United States of America).

"Holder" or "holder" or "Bondholder" or "bondholder" or "owner of the Bonds" or "registered owner" shall mean the registered owner of any Bond.

"Hospital" shall mean McLeod Regional Medical Center of the Pee Dee, Inc., a South Carolina nonprofit corporation and its permitted successors and assigns under the Loan Agreement.

"Hospital Representative" means each of the persons at the time designated to act on behalf of the Hospital in a written certificate furnished to the County and the Bond Trustee, which certificate shall contain the specimen signature(s) of such person(s) and shall be signed on behalf of the Hospital by its

"Immediate Notice" means notice in writing transmitted by telecopier or other electronic means or notice by telephone (promptly confirmed in writing by telecopier or other electronic means), and received by the party addressed.

"Index Floating Rate" means, when used in this Trust Agreement, the rate or rates of interest determined in accordance with Section 202(e).

"Index Floating Rate Bonds" means, when used with respect to the Bonds, Bonds bearing interest at the Index Floating Rate.

"Index Floating Rate Period" means, when used with respect to the Bonds, any period during which Bonds bear interest at the Index Floating Rate.

"Initial Period" means, with respect to the Bonds, the period from the date of issuance of the Bonds to but excluding (a) [], and (b) if a Conversion Date occurs prior to the date set forth in the foregoing clause (a), the Business Day immediately preceding such Conversion Date.

"Interest Mode" means, when used with respect to the Bonds, the Commercial Paper Rate, the Daily Rate, the Index Floating Rate, the LIBOR Index Rate, the Long-Term Rate or the Weekly Rate.

"Interest Payment Date" shall mean, when used in this Trust Agreement and the Loan Agreement with respect to (i) Long-Term Rate Bonds, each March 1 and November 1; (ii) Index Floating Rate Bonds, LIBOR Index Rate Bonds and Weekly Rate Bonds, the first Business Day of each month and each Mandatory Purchase Date applicable to such Bonds; (iii) Daily Rate Bonds, the fifth Business Day of each month and each Mandatory Purchase Date applicable to such Bonds; and (iv) Commercial Paper Rate Bonds, each Mandatory Purchase Date applicable to such Bonds.

"Investment Grade Rating" shall mean a rating assigned to the Bonds that is at least "BBB" by Fitch, "BBB" by Standard & Poor's, or a comparable rating from any other Rating Agency.

"Investment Securities" shall mean any one or more of the following investments, if and to the extent the same are then legal investments under the applicable laws of the State for moneys proposed to be invested therein:

- (a) Government Securities, including (i) repurchase agreements with a qualified depository bank or securities dealers fully collateralized by such obligations, maturing on or

before the date such moneys will be required for disbursement, and (ii) shares in money market funds that invest solely in Government Securities or repurchase agreements described in clause (i) (which may include money market funds advised by the Bond Trustee);

(b) Prime commercial paper rated by Moody's within its NCO/Moody's ratings of "Prime 1", or by Standard & Poor's within its ratings of "A-1", or by Fitch within its ratings of "F-1";

(c) Savings accounts, time deposits or certificates of deposit, including a business investment deposit account in the name of the Bond Trustee, maturing on or before the date such moneys will be required for disbursement, held in any bank or trust company organized under the laws of the United States of America or any state thereof, including the Bond Trustee, which has, at the time of the acquisition by the Bond Trustee of such investments, a combined capital, surplus and undivided profits of not less than \$100,000,000 and a short-term bank deposit rating of at least "A-1/P-1" and a long-term bank deposit rating of "A" by Standard & Poor's or better;

(d) Tax-exempt securities that are rated, or that are supported by a letter of credit or similar credit enhancement that is rated, not lower than the second highest rating category of Moody's or Standard & Poor's;

(e) Shares in any money market fund that invests solely in obligations described in (a) through (d) above or obligations determined to be of comparable quality by the board of directors of such fund; and

(f) Such other obligations as may at any time hereafter be approved by the Bank or authorized under applicable law of the State; provided that the Bond Trustee may require as a condition to the investment of funds under this clause (f) that the Bond Trustee shall have received an opinion of Bond Counsel to the effect that such investment is permitted under applicable law of the State.

"Letter of Credit" shall mean the irrevocable direct-pay letter of credit issued by the Bank in favor of the Bond Trustee for the benefit of the owners of the Bonds on the Closing Date, and any amendments or supplements thereto or extensions thereof, in an amount sufficient to pay the principal of the Outstanding Bonds, plus (i) if such letter of credit is to be in effect while the Bonds bear interest at the Daily Rate or Weekly Rate, interest for a period of not less than ___ days at the Maximum Rate, (ii) if such letter of credit is to be in effect while the Bonds bear interest at a Long-Term Rate, interest at such Long-Term Rate for a period of at least 183 days, (iii) if such letter of credit is to be in effect while the Bonds bear interest at a Commercial Paper Rate, interest at such commercial paper rate for ___ days, or (iv) such greater number of days at the Maximum Rate as may be required by any Rating Agency, and, upon the delivery and acceptance of a Substitute Letter of Credit, such Substitute Letter of Credit.

"LIBOR" shall mean, for any Calculation Date, the rate per annum determined on the basis of the rate for deposits in United States dollars of amounts equal to or comparable to the principal amount of the Bonds to which the Alternate Weekly Rate will apply, offered for a term of one month, which rate appears on the display designated as Page 3750 of the Telerate Service (or such other page as may replace page 3750 of that service or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for United States dollar deposits), determined as of approximately 11:00 a.m., London time, two London business days prior to such Calculation Date, or if such rate is not available, another rate determined to be comparable by the Remarketing Agent or, if the Remarketing Agent fails to do so, the Bond Trustee (who may rely upon an opinion of a commercial or investment banking firm knowledgeable in municipal finance).

"LIBOR Index Rate" means a per annum rate of interest equal to the sum of the Applicable Spread plus the product of LIBOR multiplied by the Applicable Factor.

"LIBOR Index Rate Bonds" means, when used with respect to the Bonds, Bonds bearing interest at the LIBOR Index Rate.

"LIBOR Index Rate Period" means, when used with respect to the Bonds, the Initial Period and any other period during which the Bonds bear interest at a LIBOR Index Rate.

"Loan Agreement" shall mean the Loan Agreement dated as of _____, 2010, by and between the County and the Hospital, and any amendments and supplements thereto permitted hereunder.

"Loan Repayments" means those payments designated by and set forth in Section 4.1 of the Loan Agreement.

"Long-Term Rate" means the interest rate on the Bonds established from time to time pursuant to Section 202(c).

"Long-Term Rate Bonds" means, when used with respect to the Bonds, Bonds that bear interest at a Long-Term Rate.

"Long-Term Rate Period" means a period established for any Bonds in accordance with Section 202(c).

"Mandatory Purchase Date" means (a) the day immediately succeeding the last day of any LIBOR Index Rate Period; (b) each Conversion Date applicable to such Bonds; (c) the day following the last day of each Index Floating Rate Period applicable to such Bonds; (d) the day following the last day of each Commercial Paper Rate Period applicable to such Bonds; (e) (i) each Substitution Date designated by the Hospital pursuant to Section 703, whether or not a Substitute Letter of Credit is delivered to the Bond Trustee on such Substitution Date, or (ii) the 15th day next preceding the stated expiration or termination date of the Letter of Credit, unless by the 40th day next preceding such stated expiration or termination date the Hospital provides to the Bond Trustee (1) evidence satisfactory to the Bond Trustee that the term of such Letter of Credit has been extended, or (2) notice from the Hospital pursuant to Section 703 of its intention to provide a Substitute Letter of Credit and designating a Substitution Date on or prior to the 15th day next preceding such stated expiration or termination date; (f) while the Bonds bear interest at the Daily or Weekly Rate, any Business Day designated by the Hospital, with the consent of the Bank and the Remarketing Agent; and (g) on the first Business Day that is at least 20 days after the Bond Trustee receives written notice from the Bank that an "Event of Default" under the Reimbursement Agreement has occurred and is continuing and directing a mandatory purchase of the Bonds.

"Master Indenture" shall mean the Amended and Restated Master Trust Indenture dated as of January 15, 1998, as amended, between and among the Hospital, McLeod Health, McLeod Regional Medical Center- Dillon, McLeod Physician Associates II, each a South Carolina nonprofit corporation, and the Master Trustee, as supplemented and amended in accordance with its terms.

"Master Trustee" shall mean the Master Trustee under the Master Indenture.

"Maximum Rate" shall mean, during the Initial Period, 12% per annum, or, in all other Interest Modes, such other rate as shall be established in accordance with Section 202(h)(vii).

"Minimum Denominations" shall mean \$100,000 and \$5,000 multiples in excess thereof (except that to the extent that less than \$100,000 in principal amount of Bonds is outstanding, "Minimum Denominations" shall mean such lesser amount); provided that, if the Bonds have been converted to a Long-Term Rate that will be in effect until the final maturity of the Bonds, then during such Long-Term Rate Period "Minimum Denominations" shall mean \$5,000 and integral multiples thereof.

"Obligation No. 13" shall mean the Obligation created and issued pursuant to Supplement No. 13, dated the Closing Date, issued by the Hospital to evidence the Hospital's obligations to repay the loan made to the Hospital from the proceeds of the Bonds, in substantially the form set forth in Supplement No. 13.

"Operating Assets" shall mean any or all land, leasehold interests buildings, machinery, equipment, hardware and inventory of the Hospital and each other Member of the Obligated Group (as defined in the Master Indenture) used in their respective trades or businesses, whether separately or together with other such assets, but not including cash, investment securities and other Property (as defined in the Master Indenture) held for investment purposes.

"Outstanding" shall mean when used with reference to the Bonds, as of any particular date, the aggregate of all Bonds authenticated and delivered under this Trust Agreement except:

- (i) Bonds canceled at or prior to such date or delivered to or acquired by the Bond Trustee at or prior to such date for cancellation;
- (ii) Bonds deemed to be paid in accordance with Article IX;
- (iii) Bonds in lieu of or in exchange or substitution for which other Bonds shall have been authenticated and delivered pursuant to this Trust Agreement; and
- (iv) Untendered Bonds to the extent that there shall be on deposit with the Bond Trustee on the date purchase is required as provided herein an amount sufficient to pay the purchase price thereof.

In determining whether the owners of a requisite aggregate principal amount of Bonds Outstanding have concurred in any request, demand, authorization, direction, notice, consent or waiver under the provisions hereof, Bonds which are held by or on behalf of the Hospital (unless all of the Bonds Outstanding are then owned by the Hospital) or an Affiliate of the Hospital (as defined below) shall be disregarded for the purpose of any such determination; provided that the Bond Trustee shall assume that no Bonds are owned by an Affiliate of the Hospital unless the Bond Trustee has received written notice from the Hospital as to the identity of such Affiliate. For the purpose of this paragraph, an "Affiliate" of any specified entity means any other entity directly or indirectly controlling or controlled by or under direct or indirect common control with such specified entity and "control" when used with respect to any specified entity, means the power to direct the management and policies of such entity, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms "controlling" and "controlled" have meanings correlative to the foregoing. Any Bonds owned by the Hospital but pledged to the Bank under the Reimbursement Agreement shall be deemed to be Outstanding, and the Bank shall be entitled to give any consent, waiver, notice, request, demand, authorization or direction as a Holder under this Trust Agreement.

"Parity Debt" shall mean the long term, unenhanced debt of the Hospital that is secured under the Master Indenture on parity with or senior to, the Bonds.

"Paying Agent" shall mean any bank or trust company, if any, named by the County as the place at which the principal of, redemption premium, if any, and interest on the Bonds are payable.

"Payment of the Bonds" shall mean payment in full of principal of and interest and redemption premium, if any, on the Bonds, or provision for such payment sufficient to discharge this Trust Agreement.

"Person" shall mean any natural person, firm, association, partnership, corporation, limited liability company or public body.

"Plans and Specifications" means the plans and specifications prepared for the Project, implemented and detailed from time to time, and as the same may be revised from time to time prior to the completion of construction of the Project in accordance with the Loan Agreement.

"Pledged Bonds" shall mean any Bonds purchased with proceeds from a draw under the Letter of Credit and pledged to the Bank under the Reimbursement Agreement.

"Project" shall mean the acquisition, construction, furnishing, and equipping of capital items included in McLeod Health's 2015 capital improvement plan, including (1) reconfiguration of patient rooms in the Hospital's Main Tower (the "Main Tower"); (2) general repairs and renovations to the exterior and interior of the Main Tower; (3) addition of a heart and vascular institute in the Main Tower, to include a cardiac day hospital and facilities incident to cardiac surgery and other procedures; (4) addition of orthopedic and sports medicine facilities to the McLeod Health and Fitness Center; (5) addition of two new ICU towers between the Main Tower and the Pavilion; (6) finish out of the eighth floor of the Pavilion; (7) two new parking garages; (8) addition of enclosed pedestrian corridors, concourses, stair towers, and other connectors linking primary facilities of the Main Campus and facilities (such as public toilets, retail and transition spaces, food service areas, and waiting rooms incident to such space); and (9) renovation and remodeling of lobbies and patient registration areas.

"Project Documents" shall mean, collectively, the Plans and Specifications, construction contracts and amendments thereto, other contract documents and agreements, and surety bonds and instruments pertaining to the Project.

"Purchase Agreement" shall mean the Bond Purchase Agreement dated _____, 2010, among the County, the Hospital and the Underwriter, relating to the initial sale of the Bonds to the Underwriter.

"Purchase Date" shall have the meaning set forth in Section 214(a).

"Rating Agency" shall mean Fitch, if such agency's ratings are in effect with respect to the Bonds, and Standard & Poor's, if such agency's ratings are in effect with respect to the Bonds, and their respective successors and assigns. If either such corporation ceases to act as a securities rating agency, the Hospital may, with the approval of the Remarketing Agent and the Bank, appoint any nationally recognized securities rating agency as a replacement by notice to the County and the Bond Trustee.

"Record Date" shall mean with respect to any Interest Payment Date occurring while the Bonds bear interest at the Weekly Rate, the day that is one Business Day prior to such Interest Payment Date; and with respect to any Interest Payment Date occurring while the Bonds bear interest at a Long-Term Rate, the 15th day of the calendar month next preceding such Interest Payment Date, or, if such day shall not be a Business Day, the next succeeding Business Day.

"Refunded Bonds" shall mean the County's \$33,000,000 Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2004B.

"Reimbursement Agreement" shall mean the Letter of Credit and Reimbursement Agreement dated as of _____, 2010, by and between the Hospital (or an affiliate of the Hospital) and the Bank, and any amendments and supplements thereto, and any similar agreement between the Hospital (or an affiliate of the Hospital) and the issuer of a Substitute Letter of Credit.

"Remarketing Agent" shall mean the remarketing agent appointed in accordance with Section 1018, which initially shall be Wells Fargo Bank, National Association.

"Remarketing Agreement" shall mean any agreement between the Hospital and the Remarketing Agent relating to the Bonds, as such agreement may be amended or supplemented from time to time in accordance with its terms.

"SIFMA Municipal Swap Index" shall mean, for any Calculation Date, The Securities Industry and Financial Markets AssociationTM Municipal Swap Index as disseminated by Municipal Market Data, a Thomson Financial Services Company, or its successor, as of such Calculation Date or, if such index is not determined as of such Calculation Date, as of the first date immediately prior to such Calculation Date that such index has been determined, or if such index is not available, another index determined to be comparable by the Remarketing Agent or, if the Remarketing Agent fails to do so, the Bond Trustee (who may rely upon an opinion of a commercial or investment banking firm knowledgeable in municipal finance).

"Sinking Fund Account Requirement" means the sinking fund account requirement for the Bonds, as provided by Section 301(e) herein, pursuant to which the Bonds will be redeemed pursuant to mandatory redemption prior to the stated maturity thereof.

"Standard & Poor's" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., its successors and assigns and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Hospital with the approval of the Remarketing Agent, by notice to the County and the Bond Trustee.

"State" shall mean the State of South Carolina.

"Substitute Letter of Credit" shall mean an irrevocable direct-pay letter of credit other than the Letter of Credit issued by the Bank and delivered to the Bond Trustee on the Closing Date (as such Letter of Credit may be amended, supplemented or extended from time to time), issued by a commercial bank organized or licensed under the laws of the United States or any state of the United States or a branch or agency of a foreign commercial bank located in the United States and subject to regulation by state or federal banking regulatory authorities, in favor of the Bond Trustee for the benefit of the owners of the Bonds, the terms of which are in all material respects the same as the Letter of Credit (except for any appropriate revisions in the forms of certificates attached thereto), with a term of at least one year following the effective date thereof (or, if sooner, a term of at least 15 days following maturity of the Bonds), which shall be delivered in accordance with the terms of Section 703; provided, however, that if such Substitute Letter of Credit is provided in connection with a conversion of the Interest Mode to a Long-Term Rate, the term of such Letter of Credit shall be at least equal to the length of the Long-Term Rate Period. An amendment to any Letter of Credit for the sole purpose of extending the term thereof or increasing the interest component thereof in connection with an increase in the Maximum Rate shall not be deemed to be a Substitute Letter of Credit.

"Substitution Date" shall mean a Business Day not less than 15 days prior to the expiration or termination date of the Letter of Credit then in effect which the Hospital notifies the Bond Trustee pursuant to Section 703 will be the effective date of a Substitute Letter of Credit.

"Supplement No. 13" means Supplemental Master Trust Indenture for Obligation No. 13, dated as of the date hereof, between the Hospital and the Master Trustee, relating to Obligation No. 13 and the Bonds.

"Tax Agreement" shall mean the Arbitrage and Tax Compliance Agreement dated as of the Closing Date between the County and the Hospital.

"Tax Regulations" shall mean the applicable treasury regulations promulgated under the Code.

"Trust Agreement" shall mean this Indenture of Trust and any amendments and supplements hereto permitted hereunder.

"Trust Estate" shall mean the property conveyed to the Bond Trustee pursuant to the Granting Clauses hereof.

"Underwriter" shall mean the underwriter for the Bonds, Wells Fargo Bank, National Association.

"Weekly Rate" shall mean the Weekly Rate of interest on the Bonds determined pursuant to Section 202(b).

"Weekly Rate Period" shall mean with respect to Bonds bearing interest at the Weekly Rate, (i) the period from and including the Closing Date to and including the next succeeding Wednesday, (ii) the period from and including the Conversion Date on which the Interest Mode is changed to the Weekly Rate to and including the next succeeding Wednesday, and (iii) in each case, each succeeding period from and including the first Thursday following a Calculation Date to and including the next succeeding Wednesday or a Conversion Date, if earlier.

Section 102 Use of Words and Phrases. "Herein," "hereby," "hereunder," "hereof," "hereinabove," "hereinafter," and other equivalent words and phrases refer to this Trust Agreement and not solely to the particular portion thereof in which any such word is used. The definitions set forth in Section 101 hereof include both singular and plural. Whenever used herein, any pronoun shall be deemed to include both singular and plural and to cover all genders. All capitalized terms used but not defined herein shall have the meaning given to them in the Loan Agreement and Master Indenture.

ARTICLE II

THE BONDS

Section 201 Authorized Amount of Bonds. No Bonds may be issued under the provisions of this Trust Agreement except in accordance with this Article. The total principal amount of Bonds that may be issued is hereby expressly limited to \$ _____, except as provided in Sections 209 and 212.

Section 202 Details of Bonds: Interest. The Bonds (i) shall be designated "Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010B,"

(ii) shall be issued in the aggregate principal amount of \$ _____, (iii) shall be issued as registered bonds without coupons in Minimum Denominations, (iv) shall be dated and numbered as hereinafter provided, (v) shall bear interest as hereinafter provided, (vi) shall mature on _____, subject to mandatory Sinking Fund Account Requirements, and (vii) shall be initially issued bearing interest at the Weekly Rate.

The Bonds shall be dated the Closing Date. The Bonds shall be numbered consecutively from R-1 upwards in order of issuance according to the records of the Bond Trustee.

(a) **Interest Rate – General.** The Bonds shall bear interest from the Closing Date as hereinafter provided (each manner of bearing interest, an “Interest Mode”). Each Bond shall bear interest from the Interest Payment Date next preceding its date of authentication unless such authentication date (i) is prior to the first Interest Payment Date following the Closing Date, in which event interest shall accrue from the Closing Date, (ii) is after a Record Date and before the subsequent Interest Payment Date, in which event interest shall accrue from such subsequent Interest Payment Date, or (iii) is an Interest Payment Date, in which event interest shall accrue from such authentication date; provided, that if interest on the Bonds is in default, Bonds shall bear interest from the last date to which interest has been paid. The Bonds shall bear interest until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions hereof, whether at maturity, upon redemption or otherwise. Interest on the Bonds shall be paid on each Interest Payment Date and shall be computed as follows: (i) while the Bonds bear interest at the Weekly Rate, Daily Rate, Index Floating Rate, LIBOR Index Rate, and Commercial Paper Rate, on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed, and (ii) while the Bonds bear interest at the Long-Term Rate, on the basis of a year of 360 days consisting of twelve 30-day months.

(b) **Weekly Rate.** The Weekly Rate applicable to Weekly Rate Bonds shall be determined by the Remarketing Agent on each Calculation Date applicable to such Bonds and shall be equal to the lower of (i) the Maximum Rate applicable to such Bonds and (ii) the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all Weekly Rate Bonds on the immediately succeeding Adjustment Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. The Weekly Rate so determined shall be effective from and including such Adjustment Date to, but excluding, the earlier of (A) the immediately succeeding Adjustment Date applicable to such Weekly Rate Bonds, and (B) the immediately succeeding Mandatory Purchase Date applicable to such Weekly Rate Bonds (each, a “Weekly Rate Period”). If a Remarketing Agent shall not have determined the Weekly Rate on a Calculation Date for any Weekly Rate Period, the Weekly Rate for such Weekly Rate Period shall be the Weekly Rate for the immediately preceding Weekly Rate Period; provided however, if the Weekly Rate is so determined for two consecutive Weekly Rate Periods or if such Calculation Date is the first Calculation Date that occurs after a conversion to a Weekly Rate, then the Weekly Rate for the next succeeding Weekly Rate Period shall be the Alternate Weekly Rate.

(c) **Long-Term Rate.** During any Long-Term Rate Period, the Bonds shall bear interest at the Long-Term Rate. The interest rate to be borne by the Bonds from the applicable Conversion Date to the last day of the applicable Long-Term Rate Period shall be the rate determined by the Remarketing Agent on the applicable Calculation Date to be the rate which, if borne by the Bonds would, in the judgment of the Remarketing Agent having due regard for prevailing market conditions for revenue bonds or other securities the interest on which is excluded from gross income of the holders thereof for federal income tax purposes and that are comparable to the Bonds, be the interest rate necessary, but would not exceed the interest rate necessary, to enable the Remarketing Agent to place the Bonds at a price of par (plus accrued interest, if any) on the applicable Conversion Date. Promptly following the determination of any Long-Term Rate, the Remarketing Agent shall give notice thereof to the Bond Trustee and any Paying

Agent. Promptly upon receipt from the Remarketing Agent of any Long-Term Rate, the Bond Trustee or any Paying Agent shall give each Holder notice of the new Long-Term Rate. If no Person is serving as the Remarketing Agent, the Remarketing Agent fails to establish the Long-Term Rate in accordance with the procedure described in this paragraph, or the Long-Term Rate established in accordance with the procedure described in this paragraph is held to be invalid or unenforceable, then the Interest Mode shall be deemed to have converted to the Weekly Rate on the date such interest rate was (or would have been) determined as provided above. The Remarketing Agent (or if no Remarketing Agent is serving as such hereunder, the Bond Trustee) shall notify the Hospital, the Bond Trustee and any Paying Agent immediately by telephone if such a conversion is deemed to have occurred, with written notice to follow promptly. Upon receipt of such notice of a deemed conversion to the Weekly Rate, the Bond Trustee shall give each Holder, the Bank, if any, and each Rating Agency, if any, notice of the deemed conversion.

On the Calculation Date with respect to a Long-Term Rate, the Remarketing Agent shall determine the Long-Term Rate Period. Each Long-Term Rate Period shall be at least one year and shall end no later than the date of maturity of the Bonds or, if earlier, on a day immediately preceding a Business Day. If the Remarketing Agent fails to determine the Long-Term Rate Period or the Long-Term Rate Period so established is held to be invalid or unenforceable, the Long-Term Rate Period shall be (i) if the Interest Mode in effect immediately prior to such Conversion Date was a Long-Term Rate, the shorter of (a) the period equal to the Long-Term Rate Period for such Long-Term Rate (provided, however, that if the last day of such period would not be a day immediately preceding a Business Day, such period shall be extended to the next succeeding day that is a day immediately preceding a Business Day) and (b) the remaining maturity of the Bonds, or (ii) if the Interest Mode in effect immediately prior to such Conversion Date was not a Long-Term Rate, the shorter of (a) the period ending on the first date that is a day immediately preceding a Business Day and is at least one year after the Conversion Date and (b) the remaining maturity of the Bonds.

If requested in the Conversion Notice by the Hospital, the Remarketing Agent may also determine on the Calculation Date redemption premiums, different from those set forth in Section 301, for optional redemption of the Bonds during the Long-Term Rate Period. These redemption premiums shall be consistent with the prevailing market conditions, in the reasonable judgment of the Remarketing Agent. The Remarketing Agent shall not, however, establish redemption premiums different from those set forth in Section 301 unless a Favorable Opinion of Counsel shall be furnished to the Remarketing Agent.

(d) **Daily Rate.** The Daily Rate applicable to Daily Rate Bonds shall be determined by the Remarketing Agent not later than 10:00 a.m. on each Calculation Date applicable to such Bonds and shall be equal to the lower of (i) the Maximum Rate applicable to such Bonds and (ii) the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all Daily Rate Bonds on such Calculation Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. The Daily Rate determined by the Remarketing Agent for Daily Rate Bonds on the date such Bonds are remarketed shall be in effect from and including such Calculation Date to but excluding the earlier of (A) the immediately succeeding Calculation Date and (B) the immediately succeeding Mandatory Purchase Date applicable to such Bonds (each, a "Daily Rate Period"). If a Remarketing Agent shall not have determined the Daily Rate on a Calculation Date for any Daily Rate Period, the Daily Rate for such Daily Rate Period shall be the Daily Rate for the immediately preceding Daily Rate Period.

(e) **Index Floating Rate.**

(i) During an Index Floating Rate Period, each Bond shall bear interest at the Index Floating Rate determined by the Remarketing Agent on each Calculation Date and shall be equal

to the lower of (A) the Maximum Rate applicable to such Bonds and (B) the sum of the SIFMA Municipal Swap Index plus the Applicable Spread. The Index Floating Rate so determined shall be effective from and including each Adjustment Date to, but excluding, the earlier of (X) the immediately succeeding Adjustment Date applicable to such Index Floating Rate Bonds and (Y) the immediately succeeding Mandatory Purchase Date applicable to such Index Floating Rate Bonds.

(ii) Prior to the commencement of any Index Floating Rate Period, the Hospital, on behalf of the County shall appoint a Remarketing Agent or other entity to provide written notice to the Bond Trustee of (A) the Applicable Spread determined for Bonds for such Index Floating Rate Period by 10:00 a.m. on the proposed effective date of an Index Floating Rate Period and (B) the SIFMA Municipal Swap Index on or prior to each Calculation Date during such Index Floating Rate Period at such times as shall be reasonably required by the Bond Trustee. The Applicable Spread for any Index Floating Rate Period shall be the number of basis points (expressed as a percentage) that, when added to or subtracted from (as the case may be) the SIFMA Municipal Swap Index, determined by the Remarketing Agent or other entity appointed by the Hospital on behalf of the County, is equal to the minimum interest rate per annum which, if borne by such Bonds, would enable the Remarketing Agent or such other entity to sell such Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof. If, for any reason, the Applicable Spread is not so determined for an Index Floating Rate Period by 10:00 a.m. on the proposed effective date of an Index Floating Rate Period, then such Bonds shall bear interest at the SIFMA Municipal Swap Index plus the Applicable Spread for such Index Floating Rate Period (which shall be the Applicable Spread in effect during any immediately preceding Index Floating Rate Period).

(iii) Neither the Bond Trustee nor the Remarketing Agent shall incur any liability whatsoever to the County, to any holder of any bonds secured equally and ratably with the Bonds or to any other person with respect to its obligation to set the rate or rates of interest applicable to Index Floating Rate Bonds pursuant to clause (i) above.

(f) ***LIBOR Index Rate.***

(i) During a LIBOR Index Rate Period, each Bond shall bear interest at the LIBOR Index Rate. During each LIBOR Index Rate Period, the LIBOR Index Rate shall be determined by the Calculation Agent on each Calculation Date and shall be equal to the lower of (A) the Maximum Rate applicable to such Bonds and (B) the sum of (I) the product of LIBOR and the Applicable Factor and (II) the Applicable Spread. The LIBOR Index Rate so determined shall be effective from and including each Adjustment Date to, but excluding, the earlier of (X) the immediately succeeding Adjustment Date applicable to such LIBOR Index Rate Bonds, and (Y) the immediately succeeding Mandatory Purchase Date applicable to such LIBOR Index Rate Bonds. The Calculation Agent shall inform the Bond Trustee and the Hospital of the LIBOR Index Rate promptly after each determination thereof.

(ii) Prior to the commencement of any LIBOR Index Rate Period other than the Initial Period, the Hospital, with notice to the County shall appoint a Remarketing Agent or other entity to provide written notice to the Bond Trustee of (A) the Applicable Spread determined for Bonds for such LIBOR Index Rate Period by 10:00 a.m. on the proposed effective date of a LIBOR Index Rate Period and (B) LIBOR on or prior to each Calculation Date during such LIBOR Index Rate Period at such times as shall be reasonably required by the Bond Trustee. The Applicable Spread for any LIBOR Index Rate Period shall be the number of basis points (expressed as a percentage) that, when added to the product of LIBOR, determined by the

Remarketing Agent or other entity appointed by the Hospital on behalf of the County, and the Applicable Factor is equal to the minimum interest rate per annum which, if borne by such Bonds, would enable the Remarketing Agent or such other entity to sell such Bonds on such date at a price (without regard to accrued interest) equal to the principal amount thereof. If, for any reason, the Applicable Spread is not so determined for a LIBOR Index Rate Period by 10:00 a.m. on the proposed effective date of a LIBOR Index Rate Period, then such Bonds shall bear interest at the product of LIBOR and the Applicable Factor plus the Applicable Spread for such LIBOR Index Rate Period (which shall be the Applicable Spread in effect during the immediately preceding LIBOR Index Rate Period).

(iii) Neither the Bond Trustee nor the Calculation Agent nor the Remarketing Agent shall incur any liability whatsoever to the County, to any holder of any bonds secured equally and ratably with the Bonds or to any other person with respect to its obligation to set the rate or rates of interest applicable to LIBOR Index Rate Bonds pursuant to clause (i) above.

(g) ***Commercial Paper Rate.***

(i) The Remarketing Agent shall determine a Commercial Paper Rate Period for each Commercial Paper Rate Bond on each Calculation Date applicable to such Bond. Each such Commercial Paper Rate Period shall terminate on the day immediately preceding a Business Day and shall contain the number of days not in excess of 270 days that, in the judgment of the Remarketing Agent as of the date of determination, when considered together with Commercial Paper Rate Periods applicable to other Commercial Paper Rate Bonds, produces the greatest likelihood of the lowest net interest cost on such Bonds to the County over the life of such Bonds. Each Commercial Paper Rate determined by the Remarketing Agent for any Commercial Paper Rate Period shall remain in effect from the first day of such Commercial Paper Rate Period to, but excluding, the last day of such Commercial Paper Rate Period.

(ii) It is recognized that (A) the Remarketing Agent may, in the exercise of its judgment, determine Commercial Paper Rate Periods that result in interest rates on Commercial Paper Rate Bonds that are higher than those borne by other Commercial Paper Rate Bonds with other Commercial Paper Rate Periods in order to increase the likelihood of achieving the lowest overall debt service cost on such Bonds to the County and (B) in view of the uncertainties involved in forecasting interest rates, the Remarketing Agent may establish different Commercial Paper Rate Periods for Commercial Paper Rate Bonds on the same date in order to achieve an average of Commercial Paper Rate Periods that, in its judgment, is most likely to achieve the lowest debt service on such Commercial Paper Rate Bonds. The determination of Commercial Paper Rate Periods for Commercial Paper Rate Bonds by the Remarketing Agent as herein provided shall be based upon the market for and the relative yields of such Bonds and other securities that bear interest at a variable rate or at fixed rates that, in the judgment of the Remarketing Agent, are otherwise comparable to such Bonds, or any fact or circumstance relating to such Bonds or affecting the market for such Bonds or affecting such other comparable securities in a manner that, in the judgment of the Remarketing Agent, will affect the market for such Bonds. The Remarketing Agent, in the exercise of its judgment, may consider such information and resources as it deems appropriate in making the determinations required by this paragraph, but the Remarketing Agent's determination of the Commercial Paper Rate Period for each Commercial Paper Rate Bond shall be based solely upon the Remarketing Agent's judgment.

(iii) Notwithstanding the foregoing provisions of this paragraph, the Remarketing Agent shall determine Commercial Paper Rate Periods in such manner as shall permit (A) the

redemption of Bonds from the sinking fund installments for such Bonds on the due dates for the payment thereof and (B) upon receipt of notice of the aggregate principal amount of Commercial Paper Rate Bonds to be redeemed on any date at the option of the Hospital, on behalf of the County, or to be converted to another Interest Mode on any date, the Remarketing Agent shall determine Commercial Paper Rate Periods for Commercial Paper Rate Bonds in a manner that shall permit the redemption or conversion, respectively, of such Bonds on such date to the extent possible, taking into account the Commercial Paper Rate Periods then in effect with respect to such Bonds.

(iv) The Commercial Paper Rate for Commercial Paper Rate Bonds shall be determined by the Remarketing Agent on each Calculation Date applicable to such Bonds and shall be equal to the lower of (i) the Maximum Rate applicable to Commercial Paper Rate Bonds and (ii) the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all of such Commercial Paper Rate Bonds on the Calculation Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. It is understood that different Commercial Paper Rates may be determined for Commercial Paper Rate Bonds having identical Commercial Paper Rate Periods. If the Remarketing Agent shall not have determined the Commercial Paper Rate on a Calculation Date for any Commercial Paper Rate Period, the Commercial Paper Rate for such Commercial Paper Rate Period and the Commercial Paper Rate Period shall be the Commercial Paper Rate and Commercial Paper Rate Period, respectively, for the immediately preceding Commercial Paper Rate Period.

(h) ***Conversion of Interest Rate.***

(i) Conversion Notice and Conversion Date. The Interest Mode may be changed under this Section 202(h) by the Hospital giving written notice of such change (a "***Conversion Notice***") to the Remarketing Agent and the Bond Trustee with a copy to the County, any Paying Agent, each Rating Agency, if any, and the Bank, if any. The Conversion Notice must be received by the Remarketing Agent and the Bond Trustee at least 25 days prior to the proposed Conversion Date.

Each Conversion Notice shall state (A) the Interest Mode applicable to the Bonds prior to the proposed change, (B) the Interest Mode to be applicable to such Bonds after such change, (C) if such Bonds will be converted to the Index Floating Rate, LIBOR Index Rate or a Long-Term Rate, the length of the Index Floating Rate Period, LIBOR Index Rate Period or the Long-Term Rate Period, respectively, and (D) the Conversion Date. On the Conversion Date, the Hospital shall deliver a Favorable Opinion of Counsel to the Bond Trustee and the County. The notice described in the preceding sentence shall be delivered to the County and the Bond Trustee at least 25 days before the proposed Conversion Date (or such fewer number of days as shall be acceptable to the Bond Trustee).

(ii) Rescission of Conversion Election. At any time prior to any Conversion Date, the Hospital, on behalf of the County, may rescind its election to change the Interest Mode or the Long-Term Rate Periods applicable to any Bonds by notice to the Bond Trustee. If the Hospital, on behalf of the County, rescinds its election to change the Interest Mode applicable to any Bonds or if any condition precedent to such change shall not have been satisfied, such Bonds shall remain in the then current Interest Mode. Upon receipt of notice of any such rescission, the Bond Trustee shall promptly give notice of such rescission to each Rating Agency and the Holders of such Bonds.

(iii) Appointment of Remarketing Agent. Prior to the conversion of any Bonds to the Daily Rate, the Weekly Rate or the Commercial Paper Rate, the Hospital, on behalf of the County, shall appoint a Remarketing Agent for such Bonds. Upon the resignation or removal of any Remarketing Agent, the Hospital, on behalf of the County, shall appoint a successor.

(iv) Notice of Conversions to Holders. The Bond Trustee shall give written notice to the Holders of a Conversion Date by first-class mail, postage prepaid, at least 15 days prior to the proposed Conversion Date. Such notice shall state (A) that the current Interest Mode is being changed to another Interest Mode or the interest rate applicable during a Long-Term Rate Period is being changed to a new interest rate during a new Long-Term Rate Period, (B) the proposed Conversion Date, and (C) that the Bonds shall be purchased by the Bond Trustee on the proposed Conversion Date in accordance with Section 214 with no right to retain.

(v) Compliance with Rule 15c2-12. Notwithstanding any provision in this Trust Agreement to the contrary, no conversion to a Long-Term Rate shall be permitted unless the Bond Trustee, the County and the Remarketing Agent shall have received, at least two Business Days prior to the proposed Conversion Date, a copy of a continuing disclosure agreement imposing obligations upon the Hospital, the Bond Trustee or any other responsible party to comply with the requirements of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (the "Rule"), with respect to the Bonds, together with such disclosure documents as the Remarketing Agent shall require in order to comply with the Rule, if the Rule will be applicable upon such conversion, and an opinion of counsel to the effect that such agreement complies with the requirements of such Rule.

(vi) Conversion to a Long-Term Rate. The Interest Mode may not be converted to a Long-Term Rate unless the interest component of the Letter of Credit to be in effect immediately following such conversion, if any, provides for payment of at least 183 days of interest on the Bonds at such Long-Term Rate. If a rating for the Bonds is to be maintained after any such conversion, the Bond Trustee and the Remarketing Agent must receive, prior to the effective date of such conversion, written confirmation from each Rating Agency, if any, that such rating will not be reduced or withdrawn.

(vii) Maximum Rate. The Hospital, on behalf of the County, may from time to time change the Maximum Rate applicable to Bonds in any Interest Mode by delivering to the Bond Trustee and the County (i) a notice setting forth the new Maximum Rate, (ii) a Favorable Opinion of Counsel with respect to such change in the Maximum Rate, (iii) the written consent of the Bond Trustee and (iv) an amendment of any Letter of Credit securing such Bonds or other evidence satisfactory to the Bond Trustee that the amount that can be realized under such Letter of Credit for the payment of interest on such Bonds is equal to the number of days' interest on all outstanding Bonds secured by such Letter of Credit that could be realized immediately prior to such change, calculated at the Maximum Rate after giving effect to such change, less, if any pledged Bonds are then outstanding, the amount, if any, that will be restored to the amount available to be realized under the Letter of Credit for the payment of interest on such Bonds on the date such Bonds cease to be pledged Bonds. The Bond Trustee shall give written notice to each Rating Agency of any change in the Maximum Rate promptly upon its receipt of the items referred to in this paragraph.

Section 203 Form. The Bonds shall be substantially in the form attached hereto as Exhibit A, with such appropriate variations, omissions and insertions as are permitted or required by this Trust Agreement. The Bonds may be in printed or typewritten form.

Section 204 Payment. The principal of and redemption premium, if any, on the Bonds shall be paid upon the presentation and surrender of said Bonds at the principal corporate trust office of the Bond Trustee. The interest on the Bonds shall be payable by check or draft drawn upon the Bond Trustee and mailed to the registered owners as of the close of business on the Record Date next preceding the Interest Payment Date at their respective addresses as such appear as of the close of business on such Record Date on the bond registration books kept by the Bond Trustee, provided that, owners of Bonds in the aggregate principal amount of not less than \$500,000 may, by written instruction filed with the Bond Trustee on or before the Record Date next preceding such Interest Payment Date, direct that interest payments be transmitted by wire transfer to an account in the continental United States (which wire transfer shall be at the expense of the Holder). If and to the extent that there shall be a default in the payment of the interest due on any Interest Payment Date, such defaulted interest shall be paid to the owners in whose name any such Bonds (or any Bond or Bonds issued upon transfer or exchange thereof) are registered at the close of business on the fifth Business Day next preceding the date of payment of such defaulted interest. All payments shall be made in lawful money of the United States of America.

Section 205 Execution. The Bonds shall be executed on behalf of the County by the manual or facsimile signatures of the County Representative and shall have impressed or imprinted thereon the seal of the County. A facsimile signature and seal shall have the same force and effect as if personally signed. In case any officer whose signature or facsimile of whose signature shall appear on the Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes, the same as if he had remained in office until delivery.

Section 206 Limited Obligation. The Bonds shall be limited obligations of the County, the principal and purchase price of, premium, if any, and interest on which shall be payable by the County solely out of the Trust Estate, which obligations constitute an indebtedness payable only from a revenue-producing project or special source within the meaning of Article X, Sections 13(9) of the Constitution of the State, which source does not include revenues from any tax or license. The principal and purchase price of, premium, if any, and interest on the Bonds shall be payable and secured solely by the aforesaid revenues; by the pledge to the Bond Trustee made under this Trust Agreement of said revenues and of certain accounts established under this Trust Agreement; and by the assignment by the County of its rights under the Loan Agreement, except for certain reserved rights; and by moneys drawn under the Letter of Credit, for the equal and ratable benefit of the Bondholders, from time to time, of the Bonds.

No breach by the County of the Loan Agreement or the Bonds or the other bond documents to which the County is a party or by which the County is bound, or of any provision or condition hereof or in the Bonds shall result in the imposition of any pecuniary liability upon the County or any charge upon the general credit of the County. The liability of the County under this Trust Agreement and the Bonds and the other bond documents to which the County is a party or by which the County is bound, or any provision or condition hereof or thereof, shall be limited solely and exclusively to the revenues derived by the County from the Hospital under the Loan Agreement. The County shall not be required to execute or perform any of its duties, obligations, powers, or covenants hereunder or under the Bonds or the other bond documents to which the County is a party or by which the County is bound, except to the extent that revenues are available therefor.

No covenant, agreement, or obligation contained in this Trust Agreement or in the Bonds or the other bond documents to which the County is a party or by which the County is bound shall be deemed to be a covenant, agreement, or obligation of any present or future officer, employee, attorney, or agent of the County in their individual capacity, and neither the directors of the County nor any officer thereof executing this Trust Agreement or the Bonds or the other bond documents to which the County is a party or by which the County is bound shall be liable personally on the Bonds or the other bond documents to

which the County is a party or by which the County is bound or hereunder or be subject to any personal liability or accountability by reason of the issuance, execution, or delivery of the Bonds or by reason of the execution or delivery of this Trust Agreement or the other bond documents to which the County is a party or by which the County is bound. No officer, employee, attorney, or agent of the County shall incur any personal liability with respect to any other action taken, or not taken, by them pursuant to the Loan Agreement, this Trust Agreement, the other bond documents to which the County is a party or by which the County is bound, or the Act, provided they do not act with malicious intent.

The Bonds, together with interest thereon, shall be payable from the Bond Fund, as hereinafter set forth, and shall be a valid claim of the holders thereof only against the Bond Fund and the Trust Estate, which Trust Estate is pledged pursuant to the Trust Agreement for the equal and ratable payment of the Bonds (principal, purchase price, redemption premium, if any, and interest) and shall be used for no other purpose than to pay the principal and purchase price of and redemption premium, if any, and interest on the Bonds, and the Paying Agent's and the Bond Trustee's fees, except as may be otherwise expressly authorized in this Trust Agreement.

The provisions of this Section 206 shall control every other provision of this Trust Agreement, anything in such other provisions to the contrary notwithstanding.

Section 207 Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication substantially in the form set hereinabove set forth duly executed by the Bond Trustee shall be entitled to any right or benefit under this Trust Agreement. No Bond shall be valid and obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Bond Trustee, and such certificate of the Bond Trustee upon any such Bond shall be conclusive evidence that such Bond has been authenticated and delivered under this Trust Agreement. The Bond Trustee's Certificate of Authentication on any Bond shall be deemed to have been executed if signed by an authorized officer of the Bond Trustee, but it shall not be necessary that the same officer sign the Certificate of Authentication on all of the Bonds issued hereunder.

Section 208 Delivery of the Bonds. The County shall execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate the Bonds and deliver said Bonds to the Underwriter. Prior to the delivery by the Bond Trustee of any authenticated Bonds there shall be or have been delivered to the Bond Trustee:

- (a) a copy, certified by the Clerk or any Assistant or Acting Clerk to the County Council of the County, of the Ordinance for the Bonds;
- (b) a copy, certified by the Secretary or any Deputy Secretary of the South Carolina State Budget and Control Board, of the resolution of the State Budget and Control Board approving the issuance of the Bonds;
- (c) a fully executed counterpart of this Trust Agreement;
- (d) a fully executed counterpart of the Loan Agreement;
- (e) [Evidence of Delivery of Series A Bonds?];
- (f) an executed copy of the Letter of Credit;
- (g) the fully executed Obligation No. 13, which shall either be accompanied by an

assignment thereof to the Bond Trustee without recourse, or which shall bear evidence that it has been otherwise transferred to the Bond Trustee;

(h) a certified copy of the Master Indenture;

(i) copies of insurance certificates and a statement, signed by the Hospital's insurance agent, to the effect that the insurance required by the Master Indenture is in effect;

(j) a fully executed counterpart of Supplement No. 13;

(k) An opinion of counsel to the Bank to the effect that the Letter of Credit has been duly executed and delivered by the Bank and is a legal, valid and binding obligation of the Bank;

(l) an opinion of counsel for the Hospital stating that (1) the Hospital has been duly organized and is validly existing as a corporation in good standing under the laws of the State with power and authority to execute and deliver the Loan Agreement, the Master Indenture, Supplement No. 13 and Obligation No. 13 and to consummate the transactions contemplated by such instruments; (2) the Loan Agreement, the Master Indenture, Supplement No. 13 and Obligation No. 13 have been duly authorized, executed and delivered by the Hospital and constitute valid and binding agreements of the Hospital enforceable in accordance with their terms, except to the extent that the enforceability of the same may be limited by bankruptcy, insolvency or other laws affecting creditors' rights generally or by usual equity principles; (3) the Hospital has received and there are currently in full force and effect all permits, licenses and certifications necessary to conduct the operation of an acute care general hospital; (4) the execution and delivery of the Loan Agreement, the Escrow Agreement, the Master Indenture, Supplement No. 13 and Obligation No. 13 and compliance with the terms thereof, under the circumstances contemplated thereby, do not conflict with the Hospital's Articles of Incorporation or bylaws and do not in any material respect conflict with, or constitute on the part of the Hospital a breach or default under, any indenture, mortgage, deed of trust, agreement or other instrument of which such counsel has knowledge after due investigation to which the Hospital is a party or to such counsel's knowledge materially conflict with, violate or result in a breach of any law, public administrative rule or regulation, judgment, court order or consent decree to which the Hospital is subject; (5) the Hospital has been determined to be an organization that is exempt from Federal income taxes under Section 501(a) of the Code, by virtue of being an organization described in Section 501(c)(3) of the Code and the Hospital is not a "private foundation" as defined in Section 509(a) of the Code and, to such counsel's knowledge, the Hospital has conducted its operations and has made all necessary filings so as to maintain its status as an exempt organization and has done nothing to impair its status as an exempt organization; (6) there are no liens or encumbrances of record on the Operating Assets (as defined in the Master Indenture), except those that qualify as Permitted Liens; (7) all financing statements (including any financing statement required to be filed under the provisions of the Uniform Commercial Code of the State) have been filed in such manner and in such place as is required by law to establish, preserve and protect, and to maintain the priority of, the security interest granted in the Master Indenture as a first security interest, on all collateral specifically or generally described therein as subject to the lien thereof and under the laws then in force, except that it will be necessary to file continuation statements as required by said Uniform Commercial Code; and (8) all certificates of need and all other approvals required in connection with the construction of the Project have been obtained; and

(m) Any other instrument or document the Bond Trustee reasonably requires.

When the documents mentioned in paragraphs (a) to (m), inclusive, of this Section shall have been filed with the Bond Trustee and when the Bonds shall have been executed and authenticated as required by this Trust Agreement, the Bond Registrar shall deliver the Bonds at one time to or upon the order of the purchasers named in written instructions from the County provided to the Bond Trustee, but only upon payment to the Bond Trustee of the purchase price of the Bonds and the accrued interest thereon. The Bond Trustee shall be entitled to rely upon the Series Ordinance and resolutions mentioned in paragraphs (a) and (b) of this Section as to all matters stated therein.

Upon delivery of the Bonds, there shall be delivered to the Bank an opinion of nationally recognized bond counsel to the effect that the Refunded Bonds have been legally defeased.

The proceeds of the Bonds shall be applied by the Bond Trustee, simultaneously with the delivery of the Bonds, as follows:

- (1) the Bond Trustee shall apply \$ _____ to the redemption of the Refunded Bonds.
- (2) the Bond Trustee shall deposit the sum of \$ _____ in the Cost of Issuance Account.
- (3) the Bond Trustee shall deposit the balance of said proceeds in the Construction Account.

Section 209 Mutilated, Destroyed or Lost Bonds. In case any Bond issued hereunder shall become mutilated or be destroyed or lost, the County, shall, if not then prohibited by law, cause to be executed and the Bond Trustee shall authenticate and deliver a new Bond of like date, number, maturity and tenor in exchange and substitution for and upon cancellation of such mutilated Bond, or in lieu of and in substitution for such Bond destroyed or lost, upon the holder's paying the reasonable expenses and charges of the County and the Bond Trustee in connection therewith, and, in the case of a Bond destroyed or lost, his filing with the Bond Trustee evidence satisfactory to it that such Bonds were destroyed or lost, and of his ownership thereof, and furnishing the County and the Bond Trustee with indemnity satisfactory to them. The Bond Trustee is hereby authorized to authenticate any such new Bond. In the event any such Bonds shall have matured, instead of issuing a new Bond, the County may pay the same without the surrender thereof.

Section 210 Registration and Transfer of Bonds. The County hereby constitutes and appoints the Bond Trustee as Bond Registrar, and as Bond Registrar the Bond Trustee shall keep books for the registration and for the transfer of the Bonds as provided in this Trust Agreement at the principal corporate trust office of the Bond Trustee. The Person in whose name any Bond 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 and purchase price of, redemption premium, if any, and interest on any such Bond shall be made only to or upon the order of the registered owner thereof, or his legal representative, and neither the County, the Bond Trustee, nor the Bond Registrar shall be affected by any notice to the contrary unless such registration is 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.

The transfer of the Bonds may be registered on the books of registration kept by the Bond Trustee by the registered owner in person or by his duly authorized attorney, upon surrender thereof, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney. Upon surrender for transfer of any Bond at the principal corporate trust office of the Bond Trustee, the County shall execute and the Bond Trustee shall authenticate and deliver in the name of the transferee or

transferees a new Bond or Bonds in the same aggregate principal amount and of any Minimum Denomination or Denominations.

Bonds may be exchanged at the principal corporate trust office of the Bond Trustee for an equal aggregate principal amount of Bonds of any Minimum Denomination. The County shall execute and the Bond Trustee shall authenticate and deliver Bonds which the bondholder making the exchange is entitled to receive, bearing numbers not contemporaneously then outstanding.

While the Bonds bear interest at the Long-Term Rate, the Bond Trustee shall not be required to register the transfer of or exchange any Bond during the period from and including a Record Date to the next succeeding Interest Payment Date of such Bond.

The Bond Trustee shall not register any transfer of any Bond, except pursuant to a tender of Bonds on a Purchase Date or a Mandatory Purchase Date, after notice calling such Bond (or portion thereof) for redemption has been given and prior to such redemption, except in the case of any Bond to be redeemed in part, the portion thereof not to be redeemed. In connection with any such transfer pursuant to a tender of Bonds on a Purchase Date or a Mandatory Purchase Date, the Bond Trustee shall deliver to the transferee a copy of the applicable notice of redemption.

Such registrations of transfer or exchanges of Bonds shall be without charge to the holders of such Bonds, but any taxes or other governmental charges required to be paid with respect to the same shall be paid by the holder of the Bond requesting such transfer or exchange as a condition precedent to the exercise of such privilege.

Section 211 Cancellation. All Bonds surrendered for the purpose of payment or retirement, or for purchase, or transfer or exchange, or for replacement shall be canceled upon surrender thereof to the Bond Trustee and, at the option of the Bond Trustee, either cremated, shredded or otherwise disposed of. In the case of cremating, shredding or other disposition, the Bond Trustee shall execute and forward to the County and the Hospital an appropriate certificate describing the Bonds involved and the manner of disposition.

Section 212 Temporary Bonds. Until Bonds in definitive form are ready for delivery, the County may execute, and upon the request of the County the Bond Trustee shall authenticate and deliver, subject to the provisions, limitations and conditions set forth herein, one or more Bonds in temporary form, whether printed, typewritten, lithographed or otherwise produced, substantially in the form of the definitive Bonds, with appropriate omissions, variations and insertions, and in Minimum Denominations. Until exchanged for Bonds in definitive form, such Bonds in temporary form shall be entitled to the benefits of this Trust Agreement. Upon the presentation and surrender of any Bond or Bonds in temporary form, the County shall, without unreasonable delay, prepare, execute and deliver to the Bond Trustee and the Bond Trustee shall authenticate and deliver, in exchange therefor, a Bond or Bonds in definitive form.

Section 213 Book-Entry System. The Bonds will initially be issued by means of a book-entry system administered by DTC with no physical distribution of Bonds made to the public, except as provided in this Section. One Bond shall be issued to DTC or its nominee and immobilized in its custody. A book-entry system shall be maintained by DTC and the DTC Participants and shall evidence beneficial ownership of the Bonds in Minimum Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of these beneficial ownership interests are hereinafter referred to

as the "Beneficial Owners." The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE BOND TRUSTEE AND BOND REGISTRAR SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THIS TRUST AGREEMENT, INCLUDING RECEIPT OF ALL PRINCIPAL AND PURCHASE PRICE OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE BOND TRUSTEE OR PAYING AGENT TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THIS TRUST AGREEMENT.

Payments of principal, interest, purchase price and redemption premium, if any, with respect to the Bonds, so long as DTC or its nominee, Cede & Co., is the only owner of the Bonds, shall be paid by the Bond Trustee directly to DTC or its nominee, Cede & Co. as provided in the Blanket County Letter of Representation that has been executed and delivered by the County to DTC (the "**Letter of Representation**"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The County, the Hospital, the Bond Trustee, and the Remarketing Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (i) DTC determines not to continue to act as securities depository for the Bonds or (ii) the Hospital or the Remarketing Agent determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Bond Trustee shall, at the request of the Hospital or the Remarketing Agent, discontinue the book-entry system with DTC. If the Remarketing Agent fails to identify another qualified securities depository to replace DTC, the Remarketing Agent shall cause the Bond Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner or as otherwise required by the rules and procedures of DTC.

In the event that a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of this Trust Agreement, the Bonds shall be delivered solely as fully registered Bonds without coupons in the Minimum Denominations, shall be lettered "R" and numbered separately from "1" upward, and shall be payable, executed, authenticated, registered, exchanged and cancelled pursuant to the provisions hereof.

THE COUNTY, THE HOSPITAL, THE REMARKETING AGENT AND THE BOND TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE BONDS; (II) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (III) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OF OR PURCHASE PRICE AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (IV) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THIS TRUST AGREEMENT TO BE GIVEN TO BENEFICIAL OWNERS; (V) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (VI) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HEREWITH, THE PROVISIONS OF THIS TRUST AGREEMENT RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

Section 214 Optional and Mandatory Tenders of Bonds.

(a) ***Optional Tender of Bonds.*** While the Bonds bear interest at the Daily Rate or Weekly Rate, any Bond (or portion thereof in a Minimum Denomination) shall be purchased, on the demand of the registered owner thereof, in Minimum Denominations, on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date (as defined below), upon: (i) delivery to the Bond Trustee and the Remarketing Agent at their respective principal offices of telephonic notice, followed by written notice within two Business Days (which may be delivered by telecopy, and which shall be satisfactory to the Remarketing Agent, and a copy of which shall be delivered to the Bond Trustee), which (A) states the name of the registered owner and the principal amount of such Bond (and, if only a portion thereof is to be purchased, the amount of such portion) and (B) states the date on which such Bond shall be purchased pursuant to this Section 214(a), which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Bond Trustee and Remarketing Agent (the "***Purchase Date***"); and (ii) delivery of such Bond (with an appropriate transfer of registration form executed in blank acceptable to the Bond Trustee) at the principal corporate trust office of the Bond Trustee at or prior to 10:00 a.m., prevailing Eastern Time, on the Purchase Date; provided, however, that such Bond (or portion thereof) shall be so purchased pursuant to this Section 214(a) only if the Bond so delivered to the Bond Trustee shall conform in all respects to the description thereof in the aforesaid notice and funds are available from the sources permitted under Section 1102 of this Trust Agreement. Delivery of a notice to the Remarketing Agent to tender a Bond (or portion thereof) or Bonds for purchase and delivery of the Bond or Bonds described therein to the Bond Trustee shall each constitute irrevocable acts on the part of the owner of such Bond or Bonds. If less than all of the principal amount of a Bond is purchased pursuant to this subsection, the bondholder must retain Bonds in Minimum Denominations and a replacement Bond in the remaining principal amount shall be issued to the registered owner tendering his or her Bond.

While the Bonds are held in a book-entry system, a purchase notice pursuant to this Section 214(a) may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in the first paragraph of this Section 214(a) and must identify the DTC Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Bond being tendered (or portion thereof) transferred to the Bond Trustee at or prior to 10:00 a.m., prevailing Eastern Time, on the Purchase Date, but need not otherwise comply with the requirement of delivery of the Bond (or portion thereof) being tendered to the Bond Trustee set forth in the first paragraph of this Section 214(a).

(b) ***Mandatory Purchase of Bonds.*** The Bonds (other than any Pledged Bonds) are subject to mandatory tender and purchase on each Mandatory Purchase Date applicable to such Bonds at a Purchase Price equal to the principal amount thereof plus accrued interest, if any, thereon plus, a premium equal to the premium, if any, that would be payable if such Bonds were redeemed at the option of the County on such Mandatory Tender Date.

(c) ***Notice of Mandatory Purchase Date.*** Notice of a Conversion Date shall be given in accordance with Section 202(h)(iv). Notice of a Substitute Letter of Credit shall be given in

accordance with Section 703. The Bond Trustee shall give written notice of any other Mandatory Purchase Date by first-class mail to all registered owners of the Bonds addressed to each such registered owner at his registered address and placed in the mails not less than 15 days prior to such Mandatory Purchase Date. Such notice shall state: (i) that the Bonds will be purchased by the Bond Trustee on the Mandatory Purchase Date pursuant to this Section 214, and (ii) the Mandatory Purchase Date. Any notice to the registered owners mailed as provided in this subsection shall be conclusively presumed to have been given, whether or not the registered owners receive the notice.

ARTICLE III

REDEMPTION OF BONDS BEFORE MATURITY

Section 301 Redemption and Purchase of Bonds.

(a) *Optional Redemption of Bonds.*

(i) Index Floating Rate Bonds are subject to redemption prior to maturity, at the option of the County at the written direction of the Hospital, in whole or in part at any time, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(ii) Commercial Paper Rate Bonds are subject to redemption prior to maturity at the option of the County at the written direction of the Hospital in whole or in part on the day after the last day of any Commercial Paper Rate Period applicable to such Bonds at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

(iii) Daily Rate Bonds and Weekly Rate Bonds are subject to redemption prior to maturity at the option of the County at the written direction of the Hospital, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

(iv) Long-Term Rate Bonds are subject to redemption prior to maturity at the option of the County at the written direction of the Hospital in whole or in part on the Business Day immediately succeeding the last day of any Long-Term Rate Period applicable to such Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

(v) LIBOR Index Rate Bonds are subject to redemption prior to maturity, at the option of the County at the written direction of the Hospital, in whole or in part at any time, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(b) *Reserved.*

(c) ***Extraordinary Optional Redemption.*** The Bonds are also subject to redemption at the option of the County, upon request of the Hospital (in whole or in part upon the occurrence of the events described in (a) below, or in whole upon the occurrence of the events described in (b) below), at a redemption price equal to the principal amount thereof, without premium, plus accrued interest to the redemption date, upon the occurrence of one of the following events:

(1) Damage or destruction of all or any part of the Operating Assets by fire or casualty, or loss of title to or use of substantially all of the Operating Assets as a result of the failure of title or as a result of Eminent Domain proceedings or proceedings in lieu thereof; or

(2) Changes in the Constitution of the United States of America or of the State or in legislation or administrative action, or failure of administrative action by the United States or the State or any agency or political subdivision of either thereof, or by reason of any judicial decision;

in either event, to such extent that in the opinion of the Board of Trustees of the Hospital (expressed in a resolution) and in the opinion of an independent architect, engineer or management consultant (as may be appropriate for the particular event), both filed with the County and the Bond Trustee, (i) the Loan Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date of issuance of the Bonds are imposed on the Hospital; provided, that in the case of (a) above, either (i) all Outstanding Bonds shall be redeemed or (ii) the Hospital shall furnish to the Bond Trustee a certificate of an Architect (as defined in the Trust Agreement) stating that (a) the property forming a part of the Operating Assets that was damaged or condemned is not essential to the Hospital's use or occupancy of the Operating Assets or (b) the Operating Assets have been restored to a condition substantially equivalent to their condition prior to the damage or condemnation.

(d) **Purchase in Lieu of Redemption.** When Bonds are subject to optional redemption pursuant to Section 301(a) or extraordinary optional redemption pursuant to Section 301(c), Bonds paid by the Hospital or paid from a draw or claim under the Letter of Credit or otherwise paid by or on behalf of the Bank shall be purchased in lieu of redemption on the applicable redemption date at a purchase price equal to the principal amount thereof, plus accrued interest thereon to but not including the date of such purchase, if the Bond Trustee has received a written request on or before said purchase date from the Hospital or the Bank, as the case may be, specifying that the moneys provided or to be provided by such party shall be used to purchase Bonds in lieu of redemption. No purchase of Bonds by the Hospital or the Bank pursuant to this Trust Agreement or advance or use of any moneys to effectuate any such purchase shall be deemed to be a payment or redemption of the Bonds or any portion thereof, and such purchase shall not operate to extinguish or discharge the indebtedness evidenced by such Bonds. Bonds purchased pursuant to this subsection (d) shall not be remarketed by the Remarketing Agent except in accordance with Section 1107. If a Letter of Credit is in effect on the date Bonds are to be purchased in lieu of redemption, the moneys used to purchase Bonds in lieu of redemption shall be Available Moneys.

(e) **Mandatory Sinking Fund Redemption.** The Bonds are subject to mandatory sinking fund redemption in part without premium on each November 1 in the following principal amount of the Sinking Fund Account Requirement per year at a redemption price equal to the principal amount of Bonds to be redeemed plus accrued interest to, but not including, the redemption date, and without premium:

In the event that Bonds are redeemed pursuant to Sections 301(a) or (c) hereof, the Bonds so redeemed may, at the option of the Hospital, be applied as a credit against any subsequent Sinking Fund Account Requirement with respect to Bonds otherwise to be redeemed thereby, such credit to be equal to the principal amount of such Bonds redeemed pursuant to Sections 301(a) or (c) hereof; provided, that the Hospital shall have delivered to the Bond Trustee not less than 45 days prior to the date of such mandatory sinking fund redemption a certificate of a Hospital Representative stating the Hospital's election to apply such Bonds as such a credit. Unless the Bond Trustee receives a certificate of a Hospital Representative electing to apply Bonds redeemed at the option of the Hospital pursuant to Sections 301(a) or (c) as a credit against a particular Sinking Fund Account Requirement, the Bonds so redeemed shall be applied to the Sinking Fund Account Requirement in reverse chronological order.

During the Long-Term Rate Period, at its option, to be exercised on or before the 45th day next preceding any such sinking fund payment date, the Hospital may deliver to the Bond Trustee for cancellation Bonds in any aggregate principal amount desired. Each Bond so delivered shall be credited by the Bond Trustee at 100% of the principal amount thereof to the obligation of the County and the Hospital on such sinking fund payment date and any excess shall be credited on future sinking fund payment obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of the sinking fund as set forth above in this subsection shall be accordingly reduced by the amounts of such credits. If the Hospital wishes to avail itself of the option contained in this paragraph, the Hospital will on or before the 45th day next preceding a sinking fund payment date furnish the Bond Trustee, the County and the Remarketing Agent with its certificate indicating to what extent the provisions of this paragraph are to be availed of with respect to such sinking fund payment. If the credit pursuant to this paragraph is sufficient to fully discharge a particular sinking fund payment, no Bonds shall be redeemed on the applicable sinking fund payment date pursuant to this subsection. Otherwise, if the credit pursuant to this paragraph is available, but insufficient to fully discharge the obligations of the County and the Hospital on a particular sinking fund payment date, the Bond Trustee shall redeem on the applicable sinking fund redemption date the principal amount of the Bonds set forth in the first paragraph of this subsection (e), less the credit provided for in this paragraph.

Section 302 Notice of Redemption; Conditional Redemption. Notice of the call for any redemption identifying the Bonds or portions thereof being called and the date on which they shall be presented for payment, shall be given by the Bond Trustee by first-class mail to each registered owner of each such Bond addressed to such registered owner at his registered address and placed in the mail at least twenty (20) days but not more than sixty (60) days prior to the date fixed for redemption; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond with respect to which no such failure or defect has occurred.

Any notice mailed as provided in this Section shall be conclusively presumed to have been duly given, whether or not the registered owner receives the notice.

If required by law or applicable regulation, notice of redemption shall also be given by the Bond Trustee, by first-class mail, to all organizations registered with the Securities and Exchange Commission as securities depositories, and to at least one information service of national recognition which disseminates redemption information with respect to tax-exempt securities. Failure to give notice specified in this paragraph, or any defect therein, shall not affect the validity of any proceedings for the redemption of any Bonds with respect to which the notice specified in the foregoing paragraph is correctly given.

In the case of an optional redemption under Sections 301(a) or (c) the redemption notice may state that (i) it is conditioned upon the deposit of moneys by the Hospital, in an amount equal to the amount necessary to effect the redemption, with the Bond Trustee no later than the scheduled redemption date or (ii) the Hospital retains the right to rescind such notice on or prior to the scheduled redemption date (in either case, a ***“Conditional Redemption”***), and such notice and optional redemption shall be of no effect if such moneys are not so deposited or if the notice is rescinded as described in this Section 302. In the case of a Conditional Redemption subject to the deposit of moneys, the failure of the Hospital to make funds available in part or in whole on or before the scheduled redemption date shall not constitute an Event of Default hereunder and any Bonds subject to such Conditional Redemption shall remain Outstanding. Any Conditional Redemption subject to rescission may be rescinded in whole or in part at any time on or prior to the scheduled redemption date if a Hospital Representative instructs the Bond Trustee in writing to rescind the redemption notice. Any Bonds subject to Conditional Redemption where redemption has been rescinded shall remain Outstanding, and the rescission shall not constitute an Event of Default hereunder. If a Conditional Redemption for which notice has been sent to Holders pursuant to this Section 302 will not occur, either because the Hospital has not made funds available to effect such redemption on or before the scheduled redemption date or the Hospital has rescinded such notice in accordance with this Section 302, the Bond Trustee shall give Immediate Notice to DTC if all of the Bonds are held under the DTC book-entry system or the affected Holders of any Bonds that are not held under the DTC book-entry system that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

In the case of an optional redemption pursuant to Section 301(a), if a redemption premium will be payable in connection with such optional redemption, a Letter of Credit is in effect and such Letter of Credit does not provide for the payment of such redemption premium, then such redemption shall be a Conditional Redemption and the redemption notice shall state that such redemption is conditioned upon the deposit of Available Moneys by the Hospital, in an amount equal to such redemption premium, with the Bond Trustee no later than the scheduled redemption date.

Section 303 **Redemption Payments.** On or prior to the date fixed for redemption, funds shall be deposited with the Bond Trustee to pay, and the Bond Trustee is hereby authorized and directed to apply such funds in accordance with Section 504 to the payment of, the Bonds or portions thereof called, together with accrued interest thereon to the redemption date and any required redemption premium. If a Letter of Credit is in effect, Available Moneys shall be used to effect any redemption of the Bonds. Upon the giving of notice and the deposit of funds for redemption, interest on the Bonds or portions thereof thus called shall no longer accrue after the date fixed for redemption.

Section 304 **Cancellation.** All Bonds which have been redeemed shall not be reissued but shall be canceled and disposed of by the Bond Trustee in accordance with Section 211.

Section 305 Partial Redemption of Bonds. A portion of a Bond may be redeemed if the holder will retain Bonds in Minimum Denominations following such partial redemption. Upon surrender of any Bond for redemption in part only, the County shall execute and the Bond Trustee shall authenticate and deliver to the holder thereof a new Bond or Bonds in the same form and in Minimum Denominations in an aggregate principal amount equal to the unredeemed portion of the Bond surrendered.

Section 306 Selection of Bonds for Redemption. In the event of a partial redemption of Bonds pursuant to Section 305, the Bond Trustee (or, while the Bonds are held in the DTC book-entry system, DTC) shall select Bonds for redemption in accordance with the following criteria: (a) the Bond Trustee (or DTC) shall first select Pledged Bonds for redemption; and (b) thereafter, the Bond Trustee (or DTC) shall select Bonds for redemption by lot (or, in the case of DTC, pursuant to its rules and procedures). In no event shall the Bond Trustee select a Bond or Bonds for redemption if such redemption will result in any Holder owning Bonds with a principal amount that is less than a Minimum Denomination; provided that, if a redemption cannot be effected to result in Minimum Denominations for all Holders, the Bond Trustee shall select Bonds for redemption such that one Holder owns a Bond or Bonds with a principal amount that is less than a Minimum Denomination, which Bond or Bonds shall be deemed to be authorized under Section 202(a).

ARTICLE IV

GENERAL COVENANTS

Section 401 Payment of Principal, Purchase Price, Redemption Premium and Interest. The County shall promptly pay, or cause to be paid, when due the principal of (whether at maturity, a Sinking Fund Account Requirement, by acceleration or call for redemption or otherwise), purchase price of, redemption premium, if any, and interest on the Bonds at the places, on the dates and in the manner provided herein and in the Bonds according to the true intent and meaning thereof; provided, however, that such obligations are not general obligations of the County but are limited obligations payable solely from the Trust Estate, which Trust Estate is specifically pledged to such purposes in the manner and to the extent provided herein. The Bonds, the purchase price thereof, the redemption premium, if any, and the interest thereon shall not be deemed to constitute a debt or a pledge of the faith and credit of the County and shall never constitute or give rise to a pecuniary liability of the County. The County shall not be obligated to pay the principal of, redemption premium, if any, or interest on or purchase price of the Bonds or other costs incident thereto except from the Trust Estate, and the faith and credit and the taxing power of the County is not pledged to the payment of the principal of, redemption premium, if any, or interest on the Bonds or other costs incident thereto.

Section 402 Performance of Covenants. The County shall faithfully observe and perform all covenants, conditions and agreements on its part contained in this Trust Agreement, in every Bond executed, authenticated and delivered hereunder and in all proceedings of its governing body pertaining thereto; provided, however, that the liability of the County under any such covenant, condition or agreement for any breach or default by the County thereof or thereunder or under the other bond documents to which the County is a party or by which the County is bound shall be limited solely to the Trust Estate and payments under the Letter of Credit. No breach by the County of this Trust Agreement or of any provision or condition hereof or in the Bonds or of any agreement contained herein or in the Bonds or the other bond documents to which the County is a party or by which the County is bound shall result in the imposition of any pecuniary liability upon the County or the State or any other agency or political subdivision of the County or the State or any charge upon the general credit or against the taxing power of the State, or any other agency or political subdivision of the State. The liability of the County under this Trust Agreement and the Bonds, or any provision or condition hereof or thereof, or of any agreement

herein or in the Bonds contained, or of any warranty herein or in the Bonds included, or for any breach or default by the County of any of the foregoing or the other bond documents to which the County is a party or by which the County is bound, shall be limited solely and exclusively to the Trust Estate. The County shall not be required to execute or perform any of its duties, obligations, powers, or covenants hereunder or under the Bonds or the other bond documents to which the County is a party or by which the County is bound except to the extent the Trust Estate is available therefor.

The County represents that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue, sell and deliver the Bonds authorized hereby and to execute this Trust Agreement, to execute and assign the Loan Agreement, to assign the Obligation No. 13 and to pledge the revenues and receipts thereunder and the security therefor in the manner and to the extent herein set forth; that all action on its part for the issuance, sale and delivery of the Bonds, the execution and delivery of this Trust Agreement, the execution and assignment of the Loan Agreement and the assignment of Obligation No. 13 and the security therefor has been duly and effectively taken; and that the Bonds in the hands of the holders thereof are and will be valid and enforceable obligations of the County according to the import thereof.

Section 403 Instruments of Further Assurance. The County covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered, such indenture or indentures supplemental hereto and such further acts, instruments and transfers as the Bond Trustee may reasonably require for the better assuring, transferring, mortgaging, pledging, assigning and confirming unto the Bond Trustee the Trust Estate; provided that, the County shall not be required to do or take any action after the initial issuance of the Bonds and the assignment of Obligation No. 13 and the Loan Agreement to the Bond Trustee unless and until the Hospital has satisfied any demand by the County for advance payment of any fees, or adequate assurance of future payment, for any expenses, or costs that may be incurred or anticipated by it in connection with the performance of any act or thing that it may be called upon or required to do under the terms of the Loan Agreement. The resolutions, opinion, certificates and other instruments provided for in this Trust Agreement may be accepted and relied upon by the County as conclusive evidence of the facts and conclusions stated therein and shall be full warrant, protection and authority to the County for its actions taken hereunder.

Section 404 Recordation and Other Instruments. The Hospital has agreed in the Loan Agreement that it will, and the County and the Bond Trustee covenant that they will cooperate with the Hospital to, cause this Trust Agreement, the Loan Agreement, such security agreements, financing statements and all supplements thereto, including without limitation all continuation statements, and other instruments as may be required from time to time to be kept, to be recorded and filed in such manner and in such places as may be required by law in order to fully preserve and protect the security of the holders and owners of the Bonds and the rights of the Bond Trustee and County hereunder, and to perfect the security interest created by this Trust Agreement.

The Hospital has further covenanted in the Loan Agreement that it will, upon request of the Bond Trustee, cause counsel to render an opinion to the Bond Trustee not earlier than 60 nor later than 30 days prior to each fifth anniversary date after the issuance of the Bonds to the effect that all financing statements and continuation statements have been recorded or filed or re-recorded or re-filed in such manner and in such places required by law in order fully to preserve and to protect to the extent possible under applicable law the rights of the Bond Trustee in the assignment of certain rights of the County under the Loan Agreement and Obligation No. 13 to the Bond Trustee as against creditors of, or purchasers for value from, the County or the Hospital.

Section 405 Reserved.

Section 406 Rights Under Loan Agreement and Obligation No. 13. The Loan Agreement, a duly executed counterpart of which has been filed with the Bond Trustee, sets forth the covenants and obligations of the County and the Hospital, including provisions that subsequent to the issuance of Bonds and prior to their payment in full or provision for payment thereof in accordance with the provisions hereof the Loan Agreement may not be effectively amended, changed, modified, altered or terminated, or any provision waived without the written consent of the Bond Trustee, and reference is hereby made to the same for a detailed statement of said covenants and obligations of the Hospital thereunder.

The County agrees that the Bond Trustee may enforce all rights and obligations of the County and all members of the Obligated Group under this Trust Agreement, the Master Indenture, the Loan Agreement, Supplement No. 13, and Obligation No. 13 for and on behalf of the bondholders whether or not the Hospital is in default hereunder, subject to the rights of the Master Trustee under the Master Indenture upon the declaration of an event of default under the Master Indenture.

Section 407 Prohibited Activities. The County and the Bond Trustee covenant that neither of them shall take any action or suffer or permit any action to be taken or condition to exist which causes or may cause the interest payable on the Bonds to be includable in gross income for purposes of federal income taxation. Without limiting the generality of the foregoing, the County and the Bond Trustee covenant that the proceeds of the sale of the Bonds, the earnings thereon, and any other moneys on deposit in any fund or account maintained in respect of the Bonds (whether such moneys were derived from the proceeds of the sale of the Bonds or from other sources), will not be used directly or indirectly in such manner as to cause the Bonds to be treated as "arbitrage bonds" within the meaning of Section 148 of the Code.

ARTICLE V

REVENUES AND FUNDS

Section 501 Establishment of Bond Fund. There is hereby established a fund to be designated "Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010B Bond Fund." There is also hereby established within the Bond Fund three accounts, designated the "Bond Purchase Account," the "Letter of Credit Account" and the "Hospital Payments Account." As provided in the granting clauses hereof, the Bond Fund is subject to a lien and charge in favor of the Holders of the Bonds and the Bank.

Section 502 Payments Into Bond Fund. There shall be deposited in the Bond Fund, as and when received from Loan Repayments, (a) the payments specified in Section 4.1 of the Loan Agreement, including any Sinking Fund Account Requirement, and Supplement No. 13 to be deposited in the Bond Fund, and (b) all other moneys received by the Bond Trustee under and pursuant to any of the provisions of the Loan Agreement or this Trust Agreement which are required to be paid into the Bond Fund or which are accompanied by directions not inconsistent with the provisions of the Loan Agreement, Supplement No. 13, Obligation No. 13 and this Trust Agreement that such moneys are to be paid into the Bond Fund, including proceeds of any drawing under the Letter of Credit. The Remarketing Agent shall transfer all proceeds of the remarketing of Bonds to the Bond Trustee for deposit into the Bond Purchase Account. The Bond Trustee shall deposit into the Letter of Credit Account all proceeds received from any drawings under the Letter of Credit. The Bond Trustee shall not commingle proceeds of a drawing under

the Letter of Credit with any other funds. The Bond Trustee shall deposit into the Hospital Payments Accounts all proceeds furnished by the Hospital to the Bond Trustee and any other moneys from any other source furnished to the Bond Trustee. So long as a Letter of Credit is in effect, the Bond Trustee shall establish separate subaccounts within the Hospital Payments Account for each deposit (including any investment income thereon) made into the Hospital Payments Account so that the Bond Trustee may at all times ascertain the date of deposit of the moneys in each subaccount.

The Bond Trustee shall cause each of the Bond Purchase Account and the Letter of Credit Account established under the Bond Fund to be maintained as an Eligible Account (as hereinafter defined). In the event that a fund required hereby to be an Eligible Account no longer is such, the Bond Trustee shall promptly (and in, any case, within not more than 30 calendar days) move such account to another financial institution such that the Eligible Account requirement will again be satisfied. As used in this Section 502, the term "Eligible Account" means an account that is either (a) maintained with a federal or state-chartered depository corporation or trust company that has a Standard & Poor's short-term debt rating of at least "A-2" (or, if no short-term debt rating, a long-term debt rating of "BBB+"); or (b) maintained with the corporate trust department of a federal depository corporation or state-chartered depository corporation subject to regulations regarding fiduciary funds on deposit, which, in either case, has corporate trust powers and is acting in its fiduciary capacity.

So long as any of the Bonds are Outstanding the County shall promptly deposit, or cause to be deposited, in the Bond Fund for its account sufficient sums from revenues and receipts derived by it under and pursuant to Obligation No. 13 or the Loan Agreement or from payments pursuant to the Letter of Credit or other security documents to pay the principal of, redemption premium, if any, and interest on the Bonds as the same become due and payable. Nothing herein shall be construed as requiring the County to continue to operate the Project or to use any funds or revenues from any source other than the Trust Estate.

Section 503 Use of Moneys in Bond Fund. Except for (i) moneys in the Bond Purchase Account, which shall be used to pay the purchase price of Bonds, (ii) proceeds of a drawing under the Letter of Credit to pay the purchase price of Bonds, and (iii) Available Moneys, moneys in the Bond Fund shall be used solely for the payment of the principal of, redemption premium, if any, and interest on the Bonds whether on an Interest Payment Date, at maturity, upon acceleration or at redemption prior to maturity or to repay the Bank for draws under the Letter of Credit to pay such principal of, redemption premium, if any (provided that, with respect to the source described in clause (a) below, only if and to the extent the Letter of Credit covers redemption premium), and interest on the Bonds. In addition, moneys in the Bond Fund used for such payments of principal of, redemption premium, if any, and interest on the Bonds shall be used in the following priority:

- (a) moneys representing proceeds of a drawing under the Letter of Credit;
- (b) other Available Moneys; and
- (c) other revenues and moneys furnished by the Hospital to the Bond Trustee pursuant to the Loan Agreement.

Section 504 Withdrawals from Bond Fund. The Bond Fund shall be in the name of the County, designated as set forth in Section 501, and the County hereby irrevocably authorizes and directs the Bond Trustee to withdraw from the Bond Fund sufficient funds to pay the principal of, redemption premium, if any, and interest on the Bonds whether on an Interest Payment Date, at maturity, upon acceleration, at redemption prior to maturity and to purchase such Bonds, and to use such funds for the purpose of paying principal, redemption premium, if any, and interest and the purchase price in

accordance with the provisions hereof pertaining to payment or purchase, which authorization and direction the Bond Trustee hereby accepts; provided, however, that to the extent such payments have been made with proceeds of a drawing under the Letter of Credit and the Hospital does not reimburse the Bank, the Bond Trustee shall promptly reimburse the Bank from funds on deposit in the Bond Fund.

Section 505 Non-Presentment of Bonds. In the event any Bonds shall not be presented for payment when the principal thereof becomes due, whether at maturity, upon acceleration, upon call for redemption, upon demand for purchase, or otherwise, if there shall have been deposited with the Bond Trustee for that purpose, or left in trust if previously so deposited, funds sufficient to pay the principal thereof, and redemption premium, if any, together with all interest unpaid and due thereon, to the due date thereof, for the benefit of the holder thereof, all liability of the County to the holder thereof for the payment of the principal thereof, redemption premium, if any, and interest thereon, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Bond Trustee to hold such fund or funds, without liability for interest thereon, for benefit of the Holder of such Bond, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Trust Agreement or on, or with respect to, the Bond.

Section 506 Fees, Expenses and Charges of County, Bond Trustee, Remarketing Agent, and Paying Agent. It is understood and agreed that pursuant to the provisions of Section 4.1(b) of the Loan Agreement, the Hospital agrees to pay the fees, expenses and charges of the Bond Trustee, the Remarketing Agent, and any Paying Agent as authorized and provided by this Trust Agreement and, pursuant to Section 4.1(c) of the Loan Agreement, the fees, expenses and charges of the County as authorized, required and provided by this Trust Agreement and by the Loan Agreement. All such payments under the Loan Agreement which are received by the Bond Trustee shall not be paid into the Bond Fund, but shall be segregated by the Bond Trustee and expended solely for the purpose for which such payments are received. The County may demand payment in advance, or adequate assurance of future payment, for any and all acts or things that it may be called upon, requested or required to do or perform in the future under the terms hereof.

Section 507 Moneys to be Held in Trust. All moneys required to be deposited with or paid to the Bond Trustee under any provision of this Trust Agreement shall be held by the Bond Trustee in trust for the benefit of the Holders of the Bonds and the Bank as herein provided, and except for (a) moneys deposited with or paid to the Bond Trustee for the redemption of Bonds notice of which redemption has been duly given, (b) moneys held by the Bond Trustee to pay the purchase price of Bonds deemed tendered pursuant to Section 1101(e), (c) moneys held by the Bond Trustee to pay the fees, expenses and charges of the County, the Bond Trustee, the Remarketing Agent and any Paying Agent as contemplated in Section 506, and (d) moneys deposited with or paid to the Bond Trustee pursuant to Article IX, shall, while held by the Bond Trustee, constitute part of the Trust Estate and be subject to the lien hereof. Any moneys received by or paid to the Bond Trustee pursuant to any provisions of the Loan Agreement calling for the Bond Trustee to hold, administer and disburse the same in accordance with the specific provisions of the Loan Agreement shall be held, administered and disbursed pursuant to such provisions, and where required by the provisions of the Loan Agreement the Bond Trustee shall set the same aside in a separate account. The County agrees that if it shall receive any moneys pursuant to applicable provisions of the Loan Agreement, it will forthwith upon receipt thereof pay the same over to the Bond Trustee to be held, administered and disbursed by the Bond Trustee in accordance with the provisions of the Loan Agreement pursuant to which the County may have received the same. Furthermore, if for any reason the Loan Agreement ceases to be in force and effect while any Bonds are Outstanding, the County agrees that if it shall receive any moneys derived from the Project, it will forthwith upon receipt thereof pay the same over to the Bond Trustee to be held, administered and disbursed by the Bond Trustee in accordance with provisions of the Loan Agreement that would be applicable if the Loan Agreement were then in force and effect, and if there be no such provisions which

would be so applicable, then the Bond Trustee shall hold, administer and disburse such moneys solely for the discharge of the County's obligations under this Trust Agreement.

Section 508 Refund to Hospital of Excess Payments. Anything herein to the contrary notwithstanding, and provided no Event of Default has occurred and there are no amounts owing to the Bank under the Reimbursement Agreement and the Letter of Credit is no longer outstanding, the Bond Trustee is authorized and directed to refund to the Hospital all excess amounts as specified in the Loan Agreement, whether such excess amounts be in the Bond Fund or in special accounts.

Section 509 Construction Fund. Bond proceeds in the amount of \$ _____ shall be transferred be deposited in the Construction Fund as hereinafter provided in Section 601 of this Trust Agreement.

ARTICLE VI

CONSTRUCTION FUND

Section 601 Construction Fund. A special fund is hereby established with the Bond Trustee and designated Florence County, South Carolina (McLeod Regional Medical Center Project) Series 2010B Construction Fund, in which there is established a Construction Account and a Cost of Issuance Account, to the credit of which deposits shall be made as required by the provisions this Trust Agreement.

The money in the Construction Account shall be held by the Bond Trustee in trust and, subject to the provisions of Section 606 of this Trust Agreement, shall be applied to the payment of the Cost of the Project as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as herein provided.

The money in the Cost of Issuance Account shall be held by the Bond Trustee in trust and shall be applied to the payment of Costs of Issuance and, pending such application, shall be subject to a lien and charge in favor of the Holders and for the further security of such Holders until paid out or transferred as herein provided.

Section 602 Payments from Construction Fund. Payment of the Cost of the Project shall be made from the Construction Account. Payment of the Costs of Issuance shall be made from the Cost of Issuance Account. All payments from the Construction Fund shall be subject to the provisions and restrictions set forth in this Article, and the County covenants that it will not cause or permit to be paid from the Construction Fund any sums except in accordance with such provisions and restrictions.

Section 603 Cost of Project. For the purpose of this Trust Agreement, the Cost of the Project shall embrace such costs as are eligible costs within the purview of the Act and, without intending thereby to limit or restrict any proper definition of such Cost, shall include the following:

- (i) obligations incurred by the Hospital for labor, materials and services provided by contractors, builders and others in connection with the construction and equipping of the Project, machinery and equipment, necessary water and sewer lines and connections, utilities and landscaping, the restoration or relocation of any property damaged or destroyed in connection with such construction, the removal or relocation of any structures, and the clearing of lands;

(ii) the cost of acquiring by purchase, if deemed expedient, such lands, property, rights, rights of way, easements, franchises and other interests as may be deemed necessary or convenient by the Hospital Representative for the construction and equipping of the Project, the cost of options and partial payments thereon, the cost of demolishing or removing any buildings or structures on land so acquired, including the cost of acquiring any lands to which such buildings or structures may be moved and the amount of any damages incident to or consequent upon the construction of the Project;

(iii) the reasonable fees and expenses of the Bond Trustee and the Bond Registrar for their services prior to and during construction, and premiums on insurance, if any, in connection with the Project;

(iv) the cost of borings and other preliminary investigations to determine foundation or other conditions, expenses necessary or incident to determining the feasibility or practicability of constructing the Project and fees and expenses of engineers, architects, management consultants and hospital consultants for making studies, surveys and estimates of costs and of revenues and other estimates, and fees and expenses of engineers and architects for preparing plans and specifications and supervising construction as well as for the performance of all other duties of engineers and architects set forth herein in relation to the acquisition and construction of the Project and the issuance of the Bonds therefor;

(v) legal expenses and fees, financing charges, bond insurance premium, operating reserves, expenses of recordation of legal instruments, cost of preparation of any feasibility study or report, cost of audits and or preparing and issuing the Bonds, and all other items of expense not elsewhere in this Section specified incident to the construction and equipping of the Project and the financing thereof, including moving expenses, the acquisition of lands, property, rights, rights of way, easements, franchises and interests in or relating to lands, including title insurance, cost of surveys and other expenses in connection with such acquisition, and expenses of administration, all properly chargeable to the acquisition, construction and equipping of the Project; and

(vi) any obligation or expense heretofore or hereafter incurred or paid by the County or by the Hospital for any of the foregoing purposes.

Section 604 Requisitions from Construction Fund. Payments from the Construction Fund shall be made in accordance with the provisions of this Section.

(a) Amounts on deposit in the Construction Account shall be disbursed by the Bond Trustee upon receipt of a requisition, signed by a Hospital Representative, stating:

- (i) the item number of each such payment,
- (ii) the name of the person, firm or corporation to whom each such payment is due,
- (iii) the respective amounts to be paid,
- (iv) the purpose by general classification for which each obligation to be paid was incurred,
- (v) that obligations in the stated amounts have been incurred by the Hospital and are

presently due and payable and that each item thereof is a proper charge against the Construction Account and has not been paid; and

(vi) that no Event of Default has occurred and is continuing.

Upon receipt of each requisition the Bond Trustee shall pay the obligations set forth in such requisition out of money in the Construction Account, and each such obligation shall be paid by wire transfer or check signed by one or more officers or employees of the Bond Trustee designated for such purpose by the Bond Trustee. In making such payments the Bond Trustee may conclusively rely upon such requisitions. If for any reason the Hospital should decide prior to the payment of any item in a requisition not to pay such item, it shall give written notice of such decision to the Bond Trustee and thereupon the Bond Trustee shall not make such payment.

(b) Money on deposit in the Cost of Issuance Account shall be disbursed by the Bond Trustee upon receipt of a certificate or certificates signed by a Hospital Representative stating the amount to be paid and the payee and that such amount is for the payment of Costs of Issuance. Any amount remaining on deposit in the Cost of Issuance Account on _____, shall be transferred to the Construction Account.

Section 605 Reliance Upon Requisitions. All requisitions, certificates and opinions received by the Bond Trustee as conditions of payment from the Construction Fund may be relied upon by the Bond Trustee and shall be retained by the Bond Trustee, subject at all reasonable times to examination by the County, the Hospital and the Holders of not less than twenty-five percent (25%) in aggregate principal amount of the Bonds Outstanding.

Section 606 Completion of the Project and Disposition of Construction Account Balance. When the construction of the Project shall have been completed, which fact shall be evidenced to the Bond Trustee by an Officer's Certificate of the Hospital delivered to the Bond Trustee pursuant to Section 3.5 of the Loan Agreement, the balance in the Construction Account shall be transferred by the Bond Trustee to the Bond Fund.

Section 607 Application of Amounts in Construction Fund Upon Default. The Bond Trustee shall not disburse amounts on deposit in the Construction Fund following the occurrence of an Event of Default.

ARTICLE VII

LETTER OF CREDIT

Section 701 Drawings on Letter of Credit. Except with respect to any Bond held by the County, the Hospital or the Bank, the Bond Trustee shall draw moneys under the Letter of Credit in accordance with the terms thereof to the extent necessary:

(a) To make timely payments of principal of, redemption premium, if any (if the Letter of Credit provides for payment of such redemption premium), and interest on the Bonds;

(b) To pay the purchase price for any Bonds tendered pursuant to Section 214 whenever and to the extent moneys are not available therefor from the sources set forth in clause (i) of Section 1102; and

(c) To pay all unpaid principal of and accrued interest on the Bonds upon declaration of acceleration pursuant to Section 802.

So long as the Letter of Credit is outstanding, the Bond Trustee shall notify the Hospital not later than one Business Day prior to its intended draw on the Letter of Credit with respect to an Interest Payment Date of its computation of the amount of accrued interest. Such notice may be by telephone, but shall be confirmed in writing, including confirmation by telex or telecopy. The failure of the Bond Trustee to provide such notice to the Hospital shall not affect the Bond Trustee's obligation to draw on the Letter of Credit as provided herein.

Section 702 Transfer and Return of Letter of Credit. The Bond Trustee shall not sell, assign or transfer the Letter of Credit except to a successor bond trustee under this Trust Agreement. The Bond Trustee shall return the Letter of Credit to the Bank at such time and together with such certificates or other documents as may be required in accordance with its terms. On any Mandatory Purchase Date occurring because of the expiration or termination of the Letter of Credit or delivery of a Substitute Letter of Credit, the Bond Trustee shall not surrender the Letter of Credit that is expiring, terminating or being substituted until the Bond Trustee shall have made such drawings on such Letter of Credit, if any, and taken such other actions, if any, thereunder as shall be required under this Trust Agreement in order to provide sufficient money for payment of the purchase price of Bonds tendered or deemed tendered on such Mandatory Purchase Date to the extent necessary pursuant to Section 1102, and shall have received the proceeds of such drawing from the Bank.

Section 703 Substitute Letter of Credit. The Hospital may elect to provide a Substitute Letter of Credit by giving written notice to the Bond Trustee, the Remarketing Agent, the County and the Bank not less than 25 days prior to the Substitution Date specified in such notice, stating: (i) its election to provide a Substitute Letter of Credit and specifying the Substitution Date, (ii) the name and a brief description of the bank that will issue the Substitute Letter of Credit, (iii) the expiration date of the Substitute Letter of Credit, (iv) whether the Bonds will be rated by a Rating Agency upon delivery of the Substitute Letter of Credit, (v) if the Bonds will be rated by a Rating Agency upon delivery of the Substitute Letter of Credit, the expected ratings, and (vi) if the Bonds will not be rated upon delivery of the Substitute Letter of Credit, the long-term and short-term senior debt or bank deposit ratings of the bank which will issue the Substitute Letter of Credit by an entity which could be a Rating Agency. The Substitute Letter of Credit must be delivered to the Bond Trustee not later than 10:00 a.m., prevailing Eastern Time, on the Substitution Date, together with the following:

(a) an opinion of counsel not unacceptable to the Bond Trustee to the effect that (i) the Substitute Letter of Credit is a legal, valid and binding obligation of the bank issuing the Substitute Letter of Credit (or, in the case of a branch or agency of a foreign commercial bank, the branch or agency issuing the same), (ii) registration of the Substitute Letter of Credit is not required under the Securities Act of 1933, as amended, and (iii) if required by any Rating Agency, payments of principal, purchase price, redemption premium, if any, or interest on the Bonds with the proceeds of a draw under the Substitute Letter of Credit will not constitute avoidable preferential payments under Section 547 of the Bankruptcy Code recoverable from Holders of the Bonds pursuant to Section 550 of the Bankruptcy Code. In the case of a Substitute Letter of Credit issued by a branch or agency of a foreign commercial bank, there shall also be delivered an opinion of counsel not unacceptable to the Bond Trustee and licensed to practice law in the jurisdiction in which the head office of such bank is located to the effect that the Substitute Letter of Credit is the legal, valid and binding obligation of such bank enforceable in such jurisdiction in accordance with its terms;

(b) an opinion of Bond Counsel to the effect that delivery of such Substitute Letter of Credit is authorized under this Trust Agreement and complies with the terms hereof and that the delivery of such

Substitute Letter of Credit will not have an adverse effect on the exclusion of interest on the Bonds from gross income for federal income tax purposes; and

- (c) the written consent of the Remarketing Agent.

In the event the Substitute Letter of Credit and the items specified in (a) through (c) above are not delivered to the Bond Trustee by 10:00 a.m., prevailing Eastern Time, on the Substitution Date, the Bond Trustee shall not accept delivery of the Substitute Letter of Credit and no substitution shall be deemed to have occurred. During any Long-Term Rate Period, the Bond Trustee shall not accept any Substitute Letter of Credit. The Bond Trustee may accept a Substitute Letter of Credit on the first day of any Long-Term Rate Period.

Upon receipt of the notice from the Hospital required under the first paragraph of this Section 703, the Bond Trustee shall give written notice of the Substitution Date by first-class mail to all registered owners of the Bonds addressed to each such registered owner at its registered address and placed in the mail not less than 15 days prior to such Substitution Date. Such notice shall state: (i) the Substitution Date, (ii) the expiration date of the Letter of Credit for which the Substitute Letter of Credit is to be substituted, (iii) the expiration date of the Substitute Letter of Credit, (iv) the name of the bank that is issuing the Substitute Letter of Credit and include a brief description of such bank, including the long-term and short-term senior debt or bank deposit ratings of such bank, and (v) that the Bonds are subject to mandatory tender for purchase on the Substitution Date in accordance with Section 214(b). The Bonds will be subject to mandatory tender for purchase on the Substitution Date whether or not the Substitute Letter of Credit is delivered on such date.

ARTICLE VIII

DEFAULT PROVISIONS AND REMEDIES OF BOND TRUSTEE AND BONDHOLDERS

Section 801 **Events of Default.** Each of the following events shall constitute and is referred to in this Trust Agreement as an "Event of Default":

- (a) Default in the due and punctual payment of any interest on any Bond Outstanding;

- (b) Default in the due and punctual payment of the principal of and redemption premium, if any, on any Bond, whether at the stated maturity thereof, or upon proceedings for redemption thereof, or upon the maturity thereof by acceleration;

- (c) Default in the due and punctual payment of the purchase price of any Bond due pursuant to Section 214, but solely from the sources specified in Section 1102 hereof;

- (d) Default in the payment of any other amount required to be paid under this Trust Agreement or the performance or observance of any other of the covenants, agreements or conditions contained in this Trust Agreement, or in the Bonds issued under this Trust Agreement, and continuance thereof for a period of 30 days after written notice specifying such failure and requesting that it be remedied, shall have been given to the County and the Hospital by the Bond Trustee, which may give such notice in its discretion and shall give such notice at the written request of bondholders of not less than 10% in aggregate principal amount of the Bonds then Outstanding, unless the Bond Trustee, or the Bond Trustee and bondholders of an aggregate principal amount of Bonds not less than the aggregate principal amount of Bonds the bondholders

of which requested such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, if the failure stated in the notice cannot be corrected within the applicable period but can reasonably be expected to be fully remedied, the County and the Bond Trustee shall not unreasonably withhold their consent to an extension of such time if corrective action is instituted by the County, or the Hospital on behalf of the County, within such period and is being diligently pursued;

- (e) The occurrence of an "Event of Default" under the Loan Agreement;
- (f) Receipt by the Bond Trustee of written notice from the Bank that an "Event of Default" has occurred and is continuing under the Reimbursement Agreement accompanied by a demand by the Bank that the Bond Trustee declare the Bonds to be immediately due and payable;
- (g) If Obligation No. 13 is declared by the Master Trustee to be immediately due and payable;
- (h) If there occurs any Event of Default under the Master Indenture or Supplement No. 13; and
- (i) The occurrence of an Event of Bankruptcy of the Bank.

The term "default" as used in clauses (a), (b), (c) and (d) above shall mean default by the County in the performance or observance of any of the covenants, agreements or conditions on its part contained in this Trust Agreement, or in the Bonds Outstanding hereunder, exclusive of any period of grace required to constitute an "Event of Default" as hereinabove provided.

Section 802 Acceleration.

(a) Upon the occurrence and during the continuation of an Event of Default, the Bond Trustee may, and in certain events shall, declare the principal of all Outstanding Bonds secured by the Trust Agreement and interest accrued thereon immediately due and payable, and such principal and interest shall thereupon become and be immediately due and payable. Such declarations shall be made as follows: Upon the occurrence and continuation of an Event of Default described in clause (a), (b), (c) or (g) of Section 801, the Bond Trustee shall declare the Bonds and the Obligation No. 13 immediately due and payable as set forth above. Upon the occurrence and continuation of an Event of Default described in clause (d) or (e) of Section 801, the Bond Trustee may, and upon the written request of the holders of a majority in aggregate principal amount of Bonds Outstanding hereunder, shall, but, in any case, only with the prior written consent of the Bank so long as the Bank has not wrongfully dishonored, and not otherwise cured, a draw under the Letter of Credit, declare the Bonds and Obligation No. 13 immediately due and payable as set forth above. Upon the occurrence and continuation of an Event of Default described in clause (f) of Section 801 with consent of the Bank so long as the Bank has not wrongfully dishonored, and not otherwise cured, a draw under the Letter of Credit, the Bond Trustee shall declare the Bonds and Obligation No. 13 immediately due and payable as set forth above. In each case, the Bond Trustee shall declare such an Event of Default and acceleration of the Bonds by notice in writing delivered to the County, the Hospital and the Bank. Upon any such declaration the County shall forthwith pay, or cause to be paid, to the Holders of the Bonds the entire unpaid principal of, redemption premium, if any, and accrued interest on the Bonds, but only from the Trust Estate and any other funds herein specifically pledged for such purpose. Interest shall cease to accrue on the Bonds as provided in Section 807.

(b) Upon the acceleration of the maturity of the Bonds, by declaration or otherwise, the Bond Trustee shall, without requirement of the indemnification described in Section 804, immediately draw upon the Letter of Credit for the aggregate unpaid principal amount of the Bonds and all interest accrued thereon which shall be applied as set forth in Section 807.

(c) Notwithstanding the foregoing, if on the next day following the occurrence of an Event of Default under Section 801(f) and the acceleration of the principal of and interest on the Bonds and Obligation No. 13, and the accompanying immediate drawing on the Letter of Credit under Section 802(b), the Hospital advises the Master Trustee, the Bond Trustee and the Registered Owners that it will provide a Substitute Letter of Credit, the effectiveness of the declaration of acceleration of the Bonds and Obligation No. 13 shall be suspended for a period of 60 days during which the Hospital may deliver to the Bond Trustee a Substitute Letter of Credit meeting the requirements of Section 703. If during such 60-day period a Substitute Letter of Credit shall be so delivered, the declaration of acceleration shall be of no force or effect. If the Hospital fails to deliver a Substitute Letter of Credit as hereinbefore described, the declaration shall be effective as of the 60th day following the initial declaration of acceleration.

Section 803 Other Remedies; Rights of Bondholders. Upon the occurrence and during the continuation of an Event of Default, and subject to Section 802(c) which requires the Bond Trustee to declare the Bonds immediately due and payable and draw upon the Letter of Credit, upon an Event of Default described in clause (a), (b), (c), (f) or (g) of Section 801 above, the Bond Trustee may, as an alternative, pursue any available remedy by suit at law or in equity to enforce the payment of the principal of and redemption premium, if any, and interest on the Bonds then Outstanding hereunder.

If an Event of Default shall have occurred, and if it shall have been requested so to do by the holders of a majority in aggregate principal amount of Bonds Outstanding hereunder and shall have been indemnified as provided in Section 1002, the Bond Trustee shall exercise such one or more of the rights and powers conferred upon it by this Section and by Section 802 as the Bond Trustee, being advised by counsel, shall deem most expedient in the interests of the bondholders.

No remedy by the terms of this Trust Agreement conferred upon or reserved to the Bond Trustee (or to the bondholders) is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given hereunder or now or hereafter existing at law or in equity or by statute.

No delay or omission to exercise any right or power accruing upon any default or Event of Default shall impair any such right or power or shall be construed to be a waiver of any such default or Event of Default or acquiescence therein; and every such right and power may be exercised from time to time and as often as may be deemed expedient.

No waiver of any default or Event of Default hereunder, whether by the Bond Trustee or by the bondholders, shall extend to or shall affect any subsequent default or Event of Default or shall impair any rights or remedies consequent thereon.

Section 804 Right of Bondholders to Direct Proceedings. The holders of two-thirds in aggregate principal amount of Bonds Outstanding hereunder shall have the right, at any time, by an instrument or instruments in writing executed and delivered to the Bond Trustee, to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of this Trust Agreement, or for the appointment of a receiver or any other proceeding hereunder; provided that such direction shall not be otherwise than in accordance with the provisions of

law and of this Trust Agreement. The Bond Trustee is entitled to the indemnity provided in Section 1002 before taking any action under this Section.

Section 805 Appointment of Receiver. Upon the occurrence of an Event of Default, and upon the filing of a suit or other commencement of judicial proceedings to enforce the rights of the Bond Trustee and of the bondholders under this Trust Agreement, the Bond Trustee shall be entitled, as a matter of right, to the extent permitted by law, to the appointment of a receiver or receivers of the Trust Estate and of the tolls, rents, revenues, issues, earnings, income, products and profits thereof, pending such proceedings with such powers as the court making such appointment shall confer.

Section 806 Waiver. In case of an Event of Default on its part, as aforesaid, to the extent that such rights may then lawfully be waived, neither the County nor anyone claiming through it or under it shall or will set up, claim, or seek to take advantage of any appraisal, valuation, stay, extension or redemption laws now or hereafter in force, in order to prevent or hinder the enforcement of this Trust Agreement.

Section 807 Application of Moneys. Subject to the provisions of Article IV of the Master Indenture with respect to Gross Receipts, all moneys received by the Bond Trustee pursuant to any right given or action taken under the provisions of this Article VIII shall be deposited in the Bond Fund. Any such moneys remaining after payment (out of moneys derived from a source other than proceeds of a drawing under the Letter of Credit, proceeds from the remarketing of Bonds, and moneys held for the purchase or redemption of Bonds that were not tendered or presented for redemption when required) of all costs, expenses, liabilities and advances incurred or made by the Bond Trustee or the County in carrying out this Trust Agreement or the Loan Agreement shall be retained in the Bond Fund and shall be applied by the Bond Trustee as follows:

(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 to the persons entitled thereto of all installments of interest then due, 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; provided that, payment of interest with respect to Pledged Bonds or Bonds held by the Hospital shall be paid only after payment of interest with respect to all other Bonds Outstanding;

Second: To the payment to the persons entitled thereto of the unpaid principal of 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 Trust Agreement), in the order of their due dates, with interest on such Bonds from the respective dates upon which they become due, and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege of any Bond over any other Bond and without preference or priority of principal over interest or of interest over principal; provided that, payments of principal and interest with respect to Bonds held by the Hospital or Pledged Bonds shall be paid only after payments of principal and interest with respect to all other Bonds Outstanding have been paid;

Third: To the payment of the interest on and the principal of the Bonds, and to the redemption of Bonds, all in accordance with the provisions of Article IV; and

Fourth: To the payment of obligations due to the Bank under the Reimbursement Agreement.

(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 and interest then due and unpaid upon the Bonds, without preference or priority of principal over 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 and interest, to the person entitled thereto without discrimination or privilege provided that, payments of principal and interest with respect to Bonds held by the Hospital or Pledged Bonds shall be paid only after payments of principal and interest with respect to all other Bonds Outstanding have been paid.

(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 VIII then, subject to the provisions of paragraph (b) of this Section 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 paragraph (a) of this Section.

Whenever moneys are to be applied by the Bond Trustee pursuant to the provisions of this Section, such moneys shall be applied by it at such times, and from time to time, as it shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future; provided, however, that any moneys representing a draw under the Letter of Credit pursuant to Section 802 shall be immediately applied to the payment of principal and interest on the Bonds. Whenever the Bond 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; provided, however, if the Bank honors the drawing under the Letter of Credit upon a declaration of acceleration of the maturity of the Bonds, interest on the Bonds shall accrue only to the date of such declaration. The Bond 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 unpaid Bond until such Bond shall be presented to the Bond Trustee for appropriate endorsement or for cancellation if fully paid.

Section 808 Remedies Vested in Bond Trustee. All rights of action (including the right to file proof of claim) under this Trust Agreement or under any of the Bonds may be enforced by the Bond Trustee without the possession of any of the Bonds or the production thereof in any trial or other proceeding relating thereto and any such suit or proceeding instituted by the Bond Trustee shall be brought in its name as Bond Trustee, without the necessity of joining as plaintiffs or defendants any holders of the Bonds hereby secured, and any recovery of judgment shall be for the equal benefit of the holders of the outstanding Bonds.

Section 809 Rights and Remedies of Bondholders. No holder of any Bond shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of this Trust Agreement or for the execution of any trust hereof or for the appointment of a receiver or any other remedy hereunder, unless a default has occurred of which the Bond Trustee has been notified as provided in Section 1008, or of which by said subsection it is deemed to have notice, nor unless such default shall have become an Event of Default and the holders of a majority in aggregate principal amount of Bonds outstanding hereunder shall have made written request to the Bond Trustee and shall have offered it reasonable opportunity either to proceed to exercise the powers hereinbefore granted or to institute such

action, suit or proceeding in its own name, nor unless also they have offered to the Bond Trustee indemnity as provided in Section 1002 nor unless the Bond Trustee shall thereafter fail or refuse to exercise the powers hereinbefore granted, or to institute such action, suit or proceeding in its own name; and such notification, request and offer of indemnity are hereby declared in every such case at the option of the Bond Trustee to be conditions precedent to the execution of the powers and trusts of this Trust Agreement, and to any action or cause of action for the enforcement of this Trust Agreement or for the appointment of a receiver or for any other remedy hereunder; it being understood and intended that no one or more holders of the Bonds shall have any right in any manner whatsoever to affect, disturb or prejudice the lien of this Trust Agreement by his or their action or to enforce any right hereunder except in the manner herein provided, and that all proceedings at law or in equity shall be instituted, held and maintained in the manner herein provided for the equal benefit of the holders of all Bonds outstanding hereunder. Nothing in this Trust Agreement contained shall, however, affect or impair the right of any bondholders to enforce the payment of the principal of, redemption premium, if any, and interest on any Bonds at and after the maturity thereof, or the obligation of the County to pay the principal of, redemption premium, if any, and interest on each of the Bonds issued hereunder to the respective holders thereof at the time and place set forth in the Bonds.

Section 810 Termination of Proceedings. In case the Bond Trustee shall have proceeded to enforce any right under this Trust Agreement by the appointment of a receiver or otherwise, and such proceedings shall have been discontinued or abandoned for any reason, or shall have been determined adversely to the Bond Trustee, then and in every such case the County and the Bond Trustee shall be restored to their former positions and rights hereunder with respect to the property herein conveyed, and all rights, remedies and powers of the Bond Trustee shall continue as if no such proceedings had been taken, except to the extent the Bond Trustee is legally bound by such adverse determination.

Section 811 Waivers of Events of Default. The Bond Trustee, with the written consent of the Bank, may in its discretion waive any Event of Default hereunder and its consequences and rescind any declaration of maturity of principal and shall do so, with the written consent of the Bank, upon the written request of the holders of a majority in principal amount of all Bonds Outstanding hereunder; provided, however, that there shall not be waived any Event of Default described in clause (a), (b), (c) or (f) of Section 801, unless prior to such waiver or rescission all arrears of principal (due otherwise than by declaration) and interest and all expenses of the Bond Trustee and Paying Agent, shall have been paid or provided for, and in case of any such waiver or rescission the County, the Bond Trustee and the bondholders shall be restored to their former positions and rights hereunder respectively; but no such waiver or rescission shall extend to any subsequent or other default, or impair any right subsequent thereon. The Bond Trustee may not waive any Event of Default until the Bond Trustee has received notice in writing from the Bank that the amount available to be drawn under any Letter of Credit then in effect in respect of the principal and purchase price of and interest on the Bonds has been reinstated in full and the Bank has rescinded any notice of an Event of Default under Section 801(f).

Section 812 Disposition of Amounts Drawn on Letter of Credit; Assignment of Rights to Contest.

(a) All amounts drawn on the Letter of Credit by the Bond Trustee in accordance with Section 802 shall be held in the Bond Fund, shall be applied immediately to the payment of principal of and interest accrued on the Bonds unless, prior to or with the proceeds of the draw on the Letter of Credit, the Bond Trustee receives written instructions from the Bank to use such proceeds to purchase all Bonds. If such instructions are received by the Bond Trustee, such draw proceeds shall be immediately applied to the purchase of the Bonds, the acceleration of the Bonds shall be canceled, the Bonds shall become Pledged Bonds and the Bonds shall be registered in the name of the Hospital and pledged under the Reimbursement Agreement as additional security for

repayment of the Hospital's obligations under the Reimbursement Agreement. Thereafter, such Bonds shall not be remarketed by the Remarketing Agent unless the Letter of Credit is reinstated or a Substitute Letter of Credit is delivered pursuant to Section 703.

(b) The Bond Trustee hereby assigns to the Bank all its rights to contest or otherwise dispute in the Bond Trustee's name, place and stead and at the Bank's sole election and cost any claim of preferential transfer made by a bankruptcy trustee, debtor-in-possession or other similar official with respect to any amount paid to the Bond Trustee by or on behalf of the Hospital or the County to be applied to principal of and redemption premium, if any, or interest on or purchase price of the Bonds, to the extent of payments made to the Bond Trustee pursuant to a drawing under the Letter of Credit. The Bond Trustee shall cooperate with and assist the Bank in any such contest or dispute as the Bank may reasonably request; provided, however, that the Bank shall reimburse the Bond Trustee for its reasonable costs incurred in connection with providing such cooperation and assistance. The Bond Trustee shall give the Bank prompt notice of any claim of preferential transfer of which the Bond Trustee has knowledge. The foregoing assignment shall not be deemed to confer upon the Bank any right to contest or otherwise dispute any claim of preferential transfer with respect to any amount as to which there has been no drawing under the Letter of Credit. The assignment set forth above shall in no event be effective until the Bank shall have first furnished to the Bond Trustee an agreement to indemnify the Bond Trustee and the holders of the Bonds against any claim, liability or damage which they might suffer by reason of any such contest or dispute.

Section 813 Letter of Credit Bank Deemed Owner. For all purposes of this Article VIII (other than receipt of payments), the Bank shall, so long as the Letter of Credit shall be in effect and the Bank shall not have wrongfully dishonored any draw under the Letter of Credit (any dishonor for a reason permitted by the Letter of Credit or pursuant to any administrative or judicial order, ruling, finding or decision shall not be deemed "wrongful" for purposes hereof), be deemed the holder and registered owner of all Bonds. As such, the Bank may take all actions permitted by this Article VIII to be taken by the holders or registered owners of the Bonds, to the exclusion of the actual holders and registered owners of the Bonds; the purpose of this Section 813 being to permit the Bank to direct the taking of actions and enforcement of remedies permitted by this Article VIII so long as the Letter of Credit shall be in effect and the Bank shall not have wrongfully dishonored any draw under the Letter of Credit.

Section 814 Subrogation Rights of the Bank.

(a) Notwithstanding anything else contained herein, whenever the Bond Trustee shall make any payment to any Bondholder with funds drawn under Letter of Credit pursuant hereto, the Bond Trustee shall make such payments as agent for the Bank and not as agent for the County, and the Bank and its assigns shall thereafter, to the extent of the amount so paid, be subrogated to the rights thereon of the Bondholders to whom such payment was made, and the Bond Trustee shall, in the event of the payment of principal, keep a written record of such payments. When a Bondholder has been paid the entire principal of and interest on his Bond with funds drawn under the Letter of Credit, such Bond shall be surrendered to the Bond Trustee as agent for the Bank, in lieu of cancellation thereof, and such Bond shall be transferred and delivered to the Bank or as the Bank shall direct.

(b) In the event the Bank makes any payment with respect to the payment of the principal or purchase price of or interest on any Bond to the Bond Trustee under the Letter of Credit, the Bank shall be subrogated to the rights possessed under this Trust Agreement and in and to the Trust Estate by the Bond Trustee, the County and the owners of such Bonds so paid, and the Bank shall be subrogated to the rights of the County and the Bond Trustee under any

other document, instrument or agreement securing repayment of the principal or purchase price of and interest on the Bonds. For purposes of the Bank's subrogation rights hereunder, (i) any reference in this Trust Agreement to the Bondholders shall include the Bank, which shall be entitled to be treated as if the Bank were a registered owner of Bonds in the principal amount of any principal payment made by the Bank under the Letter of Credit, (ii) any portion of any Bond as to which the principal or purchase price is paid with money collected pursuant to the Letter of Credit shall be deemed to be Outstanding under this Trust Agreement and the principal amount of such Bond, together with interest due and unpaid thereon, which shall have been paid by the Bank pursuant to the Letter of Credit shall be deemed to be held by and owing to the Bank, and (iii) the Bank may exercise any and all rights and benefits it would have under this Trust Agreement as a Holder of Bonds to the extent of the principal amount of Bonds owned or deemed to be owned by the Bank and any and all interest so due and unpaid thereon; provided that such Bonds (A) shall not be taken into account in determining any deficiency for which a claim or draw is to be made under the Letter of Credit, and (B) shall be subordinated in right of payment as of any Interest Payment Date or upon the redemption or acceleration of the Bonds. Subrogation rights granted to the Bank hereunder are not intended to be exclusive of any other rights or remedies available to the Bank, and such subrogation rights shall be cumulative and shall be in addition to every right or remedy given hereunder or under any other instrument or agreement with respect to reimbursement of money paid by the Bank pursuant to the Letter of Credit, and every other right or remedy now or hereafter existing at law or in equity or by statute.

ARTICLE IX

DEFEASANCE

Section 901 Defeasance. When (a) if the Bonds secured hereby have become due and payable in accordance with their terms or otherwise as provided in this Trust Agreement, the whole amount of the principal and the interest and redemption premium, if any, so due and payable on all Bonds is paid, or (b) if the Bonds have not become due and payable in accordance with their terms, the Bond Trustee holds in the Bond Fund sufficient Available Moneys or Defeasance Obligations purchased with Available Moneys, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest and redemption premium, if any, on all Bonds then Outstanding to the maturity date or dates of such Bonds or to the date or dates specified for the redemption or tender thereof (assuming that the Bonds bear interest at the Maximum Rate during any period during which the Bonds bear interest at the Weekly Rate) and the County causes to be delivered to the Bond Trustee a verification or other appropriate report to such effect issued by an independent nationally recognized expert acceptable to the Bond Trustee, and (1) if Bonds are to be called for redemption, irrevocable instructions to call the Bonds for redemption have been given by the County to the Bond Trustee, and (2) sufficient funds have also been provided or provision made for paying all other obligations payable hereunder by the County and (3) if the Bonds then bear interest at a Weekly Rate, the Bond Trustee has received written notice from each Rating Agency, if any, that such Rating Agency will not reduce or withdraw its then-current rating on the Bonds, then and in that case the right, title and interest of the Bond Trustee in the funds and accounts mentioned in this Trust Agreement shall then cease, determine and become void and, on demand of the County and on being furnished with an opinion, in form and substance satisfactory to the Bond Trustee, of counsel approved by the Bond Trustee, to the effect that all conditions precedent to the release of this Trust Agreement have been satisfied, the Bond Trustee shall release this Trust Agreement and shall execute such documents to evidence such release as may be reasonably required by the County and shall transfer to the Hospital any surplus in, and all balances remaining in, all funds and accounts, other than money held for the redemption or payment of Bonds. Otherwise, this Trust Agreement shall continue and remain in full force and effect; but if

Available Moneys or Defeasance Obligations are deposited with and held by the Bond Trustee as hereinabove provided, (i) in addition to the requirements set forth in Article III but not as a condition to defeasance, the Bond Trustee, within 30 days after such Available Moneys or Defeasance Obligations have been deposited with it, shall cause a notice signed by the Bond Trustee to be mailed, postage prepaid, to all Owners, setting forth (a) the date or dates, if any, designated for the redemption of the Bonds, (b) a description of the Available Moneys or Defeasance Obligations so held by it, and (c) that this Trust Agreement has been released in accordance with the provisions of this Section, and (ii) (a) the Bond Trustee shall nevertheless retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient in respect of the Bonds for the payment of the principal, interest and any redemption premium for which such Available Moneys or Defeasance Obligations have been deposited, and (b) the Bond Trustee shall retain such rights, powers and privileges under this Trust Agreement as may be necessary and convenient for the registration, transfer and exchange of Bonds.

All Available Moneys and Defeasance Obligations held by the Bond Trustee under this Section shall be held in the Bond Fund in trust and applied to the payment, when due, of the obligations payable therewith. Notwithstanding any other provision of this Trust Agreement to the contrary, all Available Moneys deposited with the Bond Trustee as provided in this Section may be invested and reinvested, at the direction of the Hospital, in Defeasance Obligations (or, in the case of a deposit under this Section made while the Bonds bear interest at the Weekly Rate, in a money market fund that invests solely in Defeasance Obligations and is rated in the highest category by one of Fitch or Standard & Poor's and, if more than one of such rating agencies then rates such money market fund, is rated no less than the highest rating category by each of such rating agencies then rating such money market fund) maturing in the amounts and times as hereinbefore set forth, and all income from all Defeasance Obligations (or money market fund) in the hands of the Bond Trustee pursuant to this Section which is not required for the payment of the Bonds and interest and redemption premium, if any, thereon with respect to which such moneys shall have been so deposited shall be deposited in the Bond Fund as and when realized and collected for use and application as are other moneys deposited in the Bond Fund. Notwithstanding the foregoing provisions of this paragraph, if the Bonds bear interest at the Weekly Rate and are rated by Standard & Poor's at the time a deposit is made under this Section, such Available Moneys may be invested solely in Defeasance Obligations maturing or to be available to be withdrawn at par no later than the earlier of the maturity date, the redemption date, a Mandatory Purchase Date or the next possible Purchase Date.

Notwithstanding any other provision of this Trust Agreement to the contrary, if a Bond has been deemed to be paid under this Section and the Holder or Beneficial Owner of such Bond delivers a tender notice with respect to such Bond that would result in the occurrence of a Purchase Date for such Bond prior to its maturity or redemption date: (1) the Remarketing Agent shall not remarket such Bond; (2) the Bond Trustee shall purchase such Bond on the Purchase Date for such Bond with Available Moneys from the deposit made into the Bond Fund under this Section; and (3) such Bond shall be delivered to the Bond Trustee for cancellation and shall be cancelled.

Notwithstanding any other provision of this Trust Agreement to the contrary, if the Bonds bear interest at the Weekly Rate and all Bonds have been deemed to be paid because a deposit has been made under this Section, and the Bonds are rated by Standard & Poor's at the time such deposit is made, (i) if such deposit is made with proceeds of one or more drawings under the Letter of Credit, any excess funds remaining in the Bond Fund after payment of all of the Bonds at their respective maturities or redemption or tender dates shall be returned to the Bank, or (ii) if such deposit is made with other Available Moneys, there shall be delivered a written opinion of counsel experienced in bankruptcy law matters, in form satisfactory to Standard & Poor's, that the portion of such deposit needed to pay principal of, interest on and purchase price of the Bonds when due will not be subject to the automatic stay under Section 362 of the Bankruptcy Code in the event of an Event of Bankruptcy.

Notwithstanding any other provision of this Trust Agreement to the contrary, if the Bonds bear interest at the Weekly Rate and all Bonds have been deemed to be paid because a deposit has been made under this Section, the interest rate may not thereafter be converted by the Hospital to the Long-Term Rate.

Notwithstanding any other provision of this Trust Agreement to the contrary, if all Bonds have been deemed to be paid because a deposit has been made under this Section with proceeds of one or more drawings under the Letter of Credit, then the surrender by the Bond Trustee of the Letter of Credit to the Bank for cancellation prior to the maturity or redemption date of the Bonds shall not result in a Mandatory Purchase Date.

Section 902 Effect of Defeasance on Bonds. Except as set forth above, the provisions of this Trust Agreement relating to the determination of the rate of interest to be borne by the Bonds, the options of the owners of the Bonds to deliver Bonds to the Bond Trustee for purchase while the Bonds bear interest at Weekly Rate, and the related obligations of the Hospital, the Bond Trustee and the Remarketing Agent shall remain in effect with respect to all Bonds until the principal of and interest on the Bonds shall have been paid in full, notwithstanding that this Trust Agreement has been released pursuant to Section 901.

ARTICLE X

BOND TRUSTEE; PAYING AGENTS; REMARKETING AGENT; CALCULATION AGENT;

INVESTMENT OF MONIES

Section 1001 Acceptance of Duties. The Bond Trustee by execution hereof accepts and agrees to fulfill the trusts and obligations imposed upon it by this Trust Agreement and the Loan Agreement, but only upon the terms and conditions set forth in this Article and subject to the provisions of this Trust Agreement, to all of which the County and the respective Holders agree. Prior to the occurrence of any Event of Default of which the Bond Trustee is deemed to have knowledge in accordance with Section 1008 hereof and after the curing of all such Events of Default that may have occurred, the Bond Trustee shall perform such duties and only such duties of the Bond Trustee as are specifically set forth in this Trust Agreement, and no implied covenants or obligations shall be read into this Trust Agreement or the Loan Agreement against the Bond Trustee. During the existence of any such Event of Default of which the Bond Trustee is deemed to have knowledge in accordance with Section 1008 hereof that has not been cured the Bond Trustee shall exercise any of the rights and powers vested in it by this Trust Agreement and shall use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

No provision of this Trust Agreement, any Bond or the Loan Agreement shall be construed to relieve the Bond Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(a) prior to any such Event of Default of which the Bond Trustee is deemed to have knowledge in accordance with Section 1008 hereof, and after the curing of any other Events of Default that may have occurred:

(1) the duties and obligations of the Bond Trustee shall be determined solely by the express provisions of this Trust Agreement and the Loan Agreement and the Bond Trustee shall not be liable except for the performance of such duties and obligations of

the Bond Trustee as are specifically set forth in this Trust Agreement and the Loan Agreement, and no implied covenants or obligations shall be read into this Trust Agreement or the Loan Agreement against the Bond Trustee, and

(2) in the absence of bad faith on its part, the Bond Trustee may conclusively rely, as to the accuracy of the statements and the correctness of the opinions expressed therein, upon any certificate or opinion furnished to it conforming to the requirements of this Trust Agreement, but in the case of any such certificate or opinion by which any provision hereof is specifically required to be furnished to the Bond Trustee, the Bond Trustee shall be under a duty to examine the same to determine whether or not it conforms to the requirements of this Trust Agreement and the Loan Agreement; and

(b) at all times, regardless of whether or not any such Event of Default shall exist:

(1) the Bond Trustee shall not be liable for any error of judgment made in good faith by a responsible officer or officers of the Bond Trustee unless it shall be proved that the Bond Trustee was negligent in ascertaining the pertinent facts, and

(2) the Bond 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 Holders of not less than twenty-five percent (25%) or a majority, as this Trust Agreement shall require, in aggregate principal amount of Bonds then Outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Bond Trustee, or exercising any power conferred upon the Bond Trustee under this Trust Agreement and the Loan Agreement.

None of the provisions contained in this Trust Agreement or the Loan Agreement shall require the Bond Trustee to expend or risk its own funds or otherwise incur individual financial liability in the performance of any of its duties or in the exercise of any of its rights or powers.

Whether or not expressly so provided, every provision of this Trust Agreement and of the Loan Agreement relating to the conduct or affecting the liability of or affording protection to the Bond Trustee is subject to the provisions of this Article X.

Notwithstanding any provision of this Trust Agreement to the contrary, the Bond Trustee shall not be liable or responsible for any calculation or determination which may be required in connection with or for the purpose of complying with Section 148 of the Code or any applicable Tax Regulations, including, without limitation, the calculation of amounts required to be paid to the United States under the provisions of Section 148 of the Code and the applicable Tax Regulations, the maximum amount which may be invested in "non-purpose obligations" as defined in the Code and the fair market value of any investments made hereunder, and the sole obligation of the Bond Trustee with respect to investment of funds hereunder shall be to invest the moneys received by the Bond Trustee in accordance with this Trust Agreement pursuant to instructions from an authorized representative of the Hospital.

The Bond Trustee shall maintain adequate records pertaining to the funds held by the Bond Trustee, the investment thereof and the disbursement therefrom and shall periodically deliver to the Hospital statements of activity and statements indicating the investments made with moneys in all such funds during the applicable period; notwithstanding anything to the contrary in this Trust Agreement or

the Loan Agreement, the Bond Trustee shall not be required to advance its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder.

Section 1002 Indemnification of Bond Trustee as Condition for Remedial Action. The Bond Trustee shall be under no obligation to institute any suit or to take any remedial proceeding under this Trust Agreement or the Loan Agreement or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of any of the trusts hereby created or in the enforcement of any rights and powers hereunder, until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements, and against all liability. The Bond Trustee nevertheless may begin suit, or appear in and defend suit, or do anything else in its judgment proper to be done by it as such Bond Trustee, without indemnity, and in such case the County, at the request of the Bond Trustee, shall reimburse the Bond Trustee from funds available under the Loan Agreement for all costs, expenses, outlays and counsel fees and other reasonable disbursements properly incurred in connection therewith. If the County shall fail to make such reimbursement, the Bond Trustee may reimburse itself from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding.

Section 1003 Limitation on Obligations and Responsibilities of Bond Trustee. The Bond Trustee shall be under no obligation to effect or maintain insurance or to renew any policies of insurance or to inquire as to the sufficiency of any policies of insurance carried by the County or the Hospital, or to report, or make or file claims or proof of loss for, any loss or damage insured against or that may occur, or to keep itself informed or advised as to the payment of any taxes or assessments, or to require any such payment to be made. Except as to the acceptance of the trusts by its execution of this Trust Agreement, the Bond Trustee shall have no responsibility in respect of the validity, sufficiency, due execution or acknowledgment of this Trust Agreement, or in respect of the validity of Bonds or the due execution or issuance thereof. The Bond Trustee shall be under no obligation to see that any duties herein imposed upon any party other than itself, or any covenants herein contained on the part of any party other than itself to be performed, shall be done or performed, and the Bond Trustee shall be under no obligation for failure to see that any such duties or covenants are so done or performed.

The Bond Trustee is not required to make any inquiry or investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, approval, bond, debenture or other paper or document but the Bond Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit and, if the Bond Trustee determines to make such further inquiry or investigation, it is entitled to examine the books, records and premises of the County and the Hospital, in person or by agent or attorney.

The Bond Trustee may execute any of its trusts or powers or perform any duties under this Trust Agreement either directly or by or through agents or attorneys, and may in all cases pay, subject to reimbursement as provided in Section 1005, such reasonable compensation as it deems proper to all such agents and attorneys reasonably employed or retained by it, and the Bond Trustee shall not be responsible for any misconduct or negligence of any agent or attorney appointed with due care by it.

The Bond Trustee is not required to give any bond or surety with respect to the performance of its duties or the exercise of its powers under this Trust Agreement or the Loan Agreement.

In the event the Bond Trustee receives inconsistent or conflicting requests and indemnity from two or more groups of holders of Bonds, each representing less than a majority in aggregate principal amount of the Bonds Outstanding, pursuant to the provisions of this Trust Agreement, the Bond Trustee, in its sole discretion, may determine what action, if any, shall be taken.

The Bond Trustee's immunities and protections from liability and its right to indemnification in connection with the performance of its duties under this Trust Agreement and the Loan Agreement shall extend to the Bond Trustee's officers, directors, agents, attorneys and employees. Such immunities and protections and right to indemnification, together with the Bond Trustee's right to compensation, shall survive the Bond Trustee's resignation or removal, the defeasance or discharge of this Trust Agreement and final payment of the Bonds.

The permissive right of the Bond Trustee to take the actions permitted by this Trust Agreement or the Loan Agreement shall not be construed as an obligation or duty to do so.

The Bond Trustee shall have no responsibility for any information in any offering memorandum or other disclosure material distributed with respect to the Bonds (except statements furnished by it), and the Bond Trustee shall have no responsibility for compliance with any state or federal securities laws in connection with the Bonds.

Section 1004 Bond Trustee Not Liable for Failure of County to Act. The Bond Trustee shall not be liable or responsible because of the failure of the County or of any of its employees or agents to make any collections or deposits or to perform any act herein required of the County or because of the loss of any money arising through the insolvency or the act or default or omission of any securities depository other than a Bond Trustee Depository in which such money shall have been deposited under the provisions of this Trust Agreement. The Bond Trustee shall not be responsible for the application of any of the proceeds of Bonds or any other money deposited with it and paid out, withdrawn or transferred hereunder if such application, payment withdrawal or transfer shall be made in accordance with the provisions of this Trust Agreement. The immunities and exemptions from liability of the Bond Trustee hereunder shall extend to its directors, officers, employees and agents.

Section 1005 Compensation and Indemnification of Bond Trustee and Bond Registrar. Subject to the provisions of any contract between the County and the Bond Trustee or the Bond Registrar relating to the compensation of the Bond Trustee or the Bond Registrar, the County shall cause the Hospital to pay to the Bond Trustee and the Bond Registrar reasonable compensation for all services performed by either of them hereunder and also all their reasonable expenses, charges and other disbursements and those of its attorneys, agents and employees incurred in and about the administration and the performance of its powers and duties hereunder including, without limitation, expenses incurred in connection with the custody and/or valuation of any securities hereunder, and to indemnify and save the Bond Trustee or the Bond Registrar harmless against any liabilities that it may incur in the proper exercise and performance of its powers and duties hereunder. If the County shall fail to cause any payment required by this Section to be made, the Bond Trustee or the Bond Registrar may make such payment from any money in its possession under the provisions of this Trust Agreement and shall be entitled to a preference therefor over any Bonds Outstanding hereunder. The County covenants that it shall promptly deposit or cause to be deposited to the credit of the respective fund or account the amount withdrawn therefrom by the Bond Trustee or the Bond Registrar to make any such payment, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the County in connection therewith.

Section 1006 Monthly Statements from Bond Trustee. (a) It shall be the duty of the Bond Trustee, on or before the 15th day of each month, to file with the County and the Hospital a statement setting forth in respect of the preceding calendar month:

(1) the amount withdrawn or transferred by it and the amount deposited with it on account of each fund or account held by it under the provisions of this Trust Agreement,

- (2) the amount on deposit with it at the end of such month in each such fund or account,
- (3) a brief description of all obligations held by it as an investment of money in each such fund or account,
- (4) the amount applied to the redemption of Bonds under this Trust Agreement and a description of the Bonds or portions thereof so redeemed, and
- (5) any other information that the County or the Hospital may reasonably request and is in the possession or control of the Bond Trustee.

(b) All records and files pertaining to Bonds and the Hospital in the custody of the Bond Trustee shall be open at all reasonable times to the inspection of the County, the Hospital and their agents and representatives.

Section 1007 Reliance Upon Instruments. If at any time it shall be necessary or desirable for the Bond Trustee to make any investigation respecting any fact preparatory to taking or not taking any action or doing or not doing anything as such Bond Trustee, and in any case in which this Trust Agreement provides for permitting or taking any action, the Bond Trustee may rely upon any certificate required or permitted to be filed with it under the provisions of this Trust Agreement, and any such certificate shall be evidence of such fact or protect the Bond Trustee in any action that it may or may not take or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact. Except as otherwise provided in this Trust Agreement, any request, notice, certificate or other instrument from the County to the Bond Trustee shall be deemed to have been signed by the proper party or parties if signed by any County Representative, and the Bond Trustee may accept and rely upon a certificate signed by any County Representative as to any action taken by the County.

Section 1008 Notice of Default. Except upon the happening of any Event of Default specified in clause (a) of Section 8.1 of the Loan Agreement and clauses (a) and (b) of Section 801 of this Trust Agreement, the Bond Trustee shall not be obliged to take notice or be deemed to have notice of any Event of Default under this Trust Agreement or the Loan Agreement, unless specifically notified in writing of such Event of Default by the County or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding and, in the absence of such notice, the Bond Trustee shall conclusively presume no Event of Default exists.

Section 1009 Bond Trustee Not Responsible for Recitals. The recitals, statements and representations contained herein, in the Loan Agreement, and in the Bonds shall be taken and construed as made by and on the part of the County and not by the Bond Trustee, and the Bond Trustee assumes and shall be under no responsibility for the correctness of the same.

The Bond Trustee makes no representations as to the value, condition or sufficiency of any assets pledged or assigned as security for the Bonds, the right, title or interest of the County therein, the security provided thereby or by this Trust Agreement, the technical or financial feasibility of the Project, the compliance of the Project with the Act, or the tax-exempt status of the Bonds. The Bond Trustee is not accountable for the use or application by the Hospital of any of the Bonds or the proceeds of the Bonds, or for the use or application of any moneys paid over by the Bond Trustee in accordance with any provision of this Trust Agreement or the Loan Agreement.

Section 1010 Bond Trustee Protected in Relving on Certain Documents. The Bond Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Trust Agreement, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document believed by it to be genuine and signed by the proper party or parties or upon the written opinion of any attorney, engineer or accountant, and the Bond Trustee shall be under no duty to make any investigation or inquiry as to any statements contained or matters referred to in any such instrument. The Bond Trustee shall not be under any obligation to see to the recording or filing of this Trust Agreement, the Loan Agreement or otherwise to the giving to any person of notice of the provisions hereof.

Section 1011 Bond Trustee May Pay Taxes and Assessments. In case the County or the Hospital shall fail to pay or cause to be paid any tax, assessment or governmental or other charge to the extent, if any, that the County or the Hospital may be deemed by the Bond Trustee liable for same, the Bond Trustee may, but shall not be obligated to, pay such tax, assessment or governmental charge, without prejudice, however, to any rights of the Bond Trustee or the Holders hereunder arising in consequence of such failure; and any amount at any time so paid under this Section shall be repaid upon demand by the Bond Trustee by the County solely from funds made available by the Hospital, but the Bond Trustee shall be under no obligation to make any such payment from sources provided in this Trust Agreement unless it shall have available or be provided with adequate funds for the purpose of such payment.

Section 1012 Resignation and Removal of Bond Trustee Subject to Appointment of Successor. Notwithstanding anything herein to the contrary, no resignation or removal of the Bond Trustee and no appointment of a successor Bond Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Bond Trustee under Section 1015.

Section 1013 Resignation of Bond Trustee. Subject to the provisions of Section 1012, the Bond Trustee may resign and thereby become discharged from the trusts hereby created, by notice in writing given to the County and the Hospital, and mailed, postage prepaid, to the Holders, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Trustee hereunder if such new Bond Trustee shall be appointed before the time limited by such notice and shall then accept the trusts hereof.

Section 1014 Removal of Bond Trustee. The Bond Trustee may be removed at any time by an instrument or concurrent instruments in writing, executed by the Holders of not less than a majority in aggregate principal amount of Bonds then Outstanding and filed with the County and mailed, postage prepaid, to the Holders not less than sixty (60) days before such removal is to take effect as stated in said instrument or instruments. A photographic copy of any instrument or instruments filed with the County under the provisions of this paragraph, duly certified by the Clerk or any Assistant or Acting Clerk of the County Council of the County as having been received by the County, shall be delivered promptly by the Clerk or any Assistant or Acting Clerk of the County Council of the County to the Bond Trustee.

Unless an Event of Default has occurred and is continuing, the Bond Trustee may be removed by the County at any time, without cause, upon thirty (30) days' written notice delivered to the Bond Trustee.

The Bond Trustee may also be removed at any time for acting or proceeding in violation of, or for failing to act or proceed in accordance with, any provisions of this Trust Agreement with respect to the duties and obligations of the Bond Trustee by any court of competent jurisdiction upon the application of the County or the Holders of not less than twenty-five percent (25%) in aggregate principal amount of Bonds then Outstanding.

Section 1015 Appointment of Successor Bond Trustee. If at any time hereafter the Bond Trustee shall resign, be removed, be dissolved or otherwise become incapable of acting, or the bank or trust company acting as Bond Trustee shall be taken over by any governmental official, agency, department or board, the position of Bond Trustee shall thereupon become vacant. If the position of Bond Trustee shall become vacant for any reason, the Hospital shall recommend and the County shall appoint a Bond Trustee to fill such vacancy, such approval not to be unreasonably withheld. A successor Bond Trustee shall not be required if the Bond Trustee shall sell or assign substantially all of its trust business and the vendee or assignee shall continue in the trust business, or if a transfer of the trust department of the Bond Trustee is required by operation of law, provided that such vendee, assignee or transferee is a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000). The County shall mail, postage prepaid, notice of any such appointment made by it to all Holders.

At any time within one (1) year after any such vacancy shall have occurred, the Holders of not less than twenty-five percent (25%) in principal amount of Bonds then Outstanding, by an instrument or concurrent instruments in writing, executed by such Holders and filed with the County, may nominate a successor Bond Trustee, which the County shall appoint and which shall supersede any Bond Trustee theretofore appointed by the County. Photographic copies, duly certified by the Clerk or any Assistant or Acting Clerk of the County Council of the County as having been received by the County, of each such instrument shall be delivered promptly by the County to the predecessor Bond Trustee and to the Bond Trustee so appointed by the Holders.

If no appointment of a successor Bond Trustee shall be made pursuant to the foregoing provisions of this Section, any Holder hereunder or any retiring Bond Trustee may apply to any court of competent jurisdiction to appoint a successor Bond Trustee. Such court may thereupon, after such notice, if any, as such court may deem proper and prescribe, appoint a successor Bond Trustee.

Any successor Bond Trustee hereafter appointed shall be a bank or trust company within the State which is duly authorized to exercise corporate trust powers and subject to examination by federal or State authority, of good standing, and having a combined capital, surplus and undivided profits aggregating not less than Fifty Million Dollars (\$50,000,000).

Section 1016 Vesting of Duties in Successor Bond Trustee. Every successor Bond Trustee appointed hereunder shall execute, acknowledge and deliver to its predecessor, and also to the County, an instrument in writing accepting such appointment hereunder, and thereupon such successor Bond Trustee, without any further act, shall become fully vested with all the rights, immunities and powers, and subject to all the duties and obligations, of its predecessor; but such predecessor shall nevertheless, on the written request of its successor or of the County and upon payment of the expenses, charges and other disbursements of such predecessor that are payable pursuant to the provisions of Section 1005 of this Trust Agreement, execute and deliver an instrument transferring to such successor Bond Trustee all the rights, immunities and powers of such predecessor hereunder; and every predecessor Bond Trustee shall deliver all property and money held by it hereunder to its successor. Should any instrument in writing from the County be required by any successor Bond Trustee for more fully and certainly vesting in such Bond Trustee the rights, immunities, powers and trusts hereby vested or intended to be vested in the predecessor Bond Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the County.

Section 1017 Removal and Resignation of Bond Registrar. The Bond Registrar may be removed at any time, with or without cause, by the County upon thirty (30) days' written notice by the County to the Bond Registrar. A copy of such written notice shall be delivered promptly by the County to

the Bond Trustee and the Hospital. Upon receipt of such notice the Bond Trustee shall cause notice of such removal to be mailed, postage prepaid, to the Holders, not less than sixty (60) days before such removal is to take effect.

The Bond Registrar may resign and thereby become discharged from the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement, by written notice delivered to the County, the Hospital, and the Bond Trustee. Upon receipt of such notice the Bond Trustee shall cause notice of such resignation to be mailed, postage prepaid, to the Holders, not less than sixty (60) days before such resignation is to take effect, but such resignation shall take effect immediately upon the appointment of a new Bond Registrar hereunder if such new Bond Registrar shall be appointed before the time limited by such notice and shall then accept the duties, obligations and responsibilities of the Bond Registrar under this Trust Agreement. If at any time thereafter the Bond Registrar shall resign, be removed, be dissolved or otherwise become incapable of acting, or the entity acting as Bond Registrar shall be taken over by any governmental official, agency, department or board, the position of Bond Registrar shall thereupon become vacant. If the position of Bond Registrar shall become vacant for any reason, the County shall appoint a Bond Registrar to fill such vacancy. A successor Bond Registrar shall not be required if the Bond Registrar shall sell or assign substantially all of its business and the vendee or assignee shall be qualified in the sole judgment of the County to carry out the duties, obligations and responsibilities of Bond Registrar under this Trust Agreement. The County shall promptly deliver written notice of any such appointment by it to the Hospital and the Bond Trustee.

Section 1018 Remarketing Agent; Calculation Agent. (a) The County, at the direction of the Hospital, hereby appoints Wells Fargo Bank, National Association, as the initial Remarketing Agent for the Bonds. The Remarketing Agent shall designate to the Bond Trustee its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the County and the Bond Trustee under which the Remarketing Agent will agree, particularly:

- (1) at the direction of the Hospital and subject to the provisions of Article XI, to use its best efforts to remarket at par plus accrued interest, if any, any Bonds for which a tender notice has been received or which are subject to mandatory purchase pursuant to Section 214 for settlement on the Purchase Date or Mandatory Purchase Date; and
- (2) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the County, the Bond Trustee and the Hospital at all reasonable times.

(b) Prior to the commencement of any LIBOR Index Rate Period, the County, at the direction of the Hospital, shall appoint a Calculation Agent with respect to the Bonds.

- (1) Each Calculation Agent appointed by the Hospital shall designate its Principal Office in its Calculation Agent Agreement. The Calculation Agent shall signify its acceptance of the duties and obligations imposed upon it under this Trust Agreement by a written instrument of acceptance (which may be a Calculation Agent Agreement) delivered to the Hospital, the County, the Bond Trustee and the Bank.
- (2) Each Calculation Agent shall be a member of the National Association of Securities Dealers, Financial Industry Regulatory Authority, or subject to supervision by the Office of the Comptroller of the Currency, in any case having a combined capital stock, surplus and undivided profits of at least \$50,000,000 and authorized by law to perform all the

duties imposed upon it by this Trust Agreement and the Calculation Agent Agreement. A Calculation Agent may resign or be removed and be discharged of the duties and obligations created by this Trust Agreement as provided in the Calculation Agent Agreement. Appointment of a successor Calculation Agent for a series of Bonds is subject to the approval of the related Bank.

Section 1019 Qualifications of Remarketing Agent. The Remarketing Agent shall be (i) an investment bank or registered broker/dealer having a capitalization of at least \$15,000,000 or (ii) a commercial bank having a capitalization of at least \$100,000,000 and authorized by law to perform all the duties imposed upon it by this Trust Agreement. The Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Trust Agreement by giving at least 60 days' notice to the County, the Hospital, the Paying Agent and the Bond Trustee; provided that such resignation shall not be effective until a successor is appointed and accepts such appointment. The Remarketing Agent may be removed at any time, at the direction of the Hospital (with the prior written consent of the Bank), by an instrument, signed by the County, filed with the Remarketing Agent and the Bond Trustee; provided that such removal shall not be effective until a successor is appointed and accepts such appointment. Upon resignation or removal of the Remarketing Agent, the Hospital shall, with the consent of the County and the Bank, appoint a substitute Remarketing Agent. To the extent permitted by any Remarketing Agreement then in effect, the Remarketing Agent may at any time transfer all of its duties and obligations as Remarketing Agent hereunder to an affiliate of such Remarketing Agent that satisfies the conditions set forth in this Section and, upon such transfer, such affiliate shall automatically become the Remarketing Agent hereunder without any further action.

In the event of the resignation or removal of the Remarketing Agent, the Remarketing Agent shall pay over, assign and deliver any moneys and Bonds held by it in such capacity to its successor.

Section 1020 Investment of Moneys. Except as otherwise provided below, any moneys held in the Bond Fund may be separately invested and reinvested by the Bond Trustee, at the request of and as directed in writing by the Hospital, in Investment Securities.

All such investments shall be held by or under the control of the Bond Trustee and while so held shall be deemed a part of the particular fund in which held. The interest accruing thereon and any profit realized from such investments shall be credited to such fund, and any loss resulting from such investments shall be charged to such fund. The Bond Trustee shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Bond Fund is insufficient for its purposes, regardless of the loss on liquidation.

Any moneys held in the Letter of Credit Account and the Bond Purchase Account shall be held uninvested.

Since the investments permitted by this Section have been included at the request of the Hospital and the making of such investments from time to time will be subject to the Hospital's written direction, the County, without thereby affecting the limitation of its liability set forth in the Loan Agreement and this Trust Agreement, specifically disclaims any obligation to the Bond Trustee or the Hospital for any loss arising from, or tax consequences of, investments pursuant to the provisions of this Section. The Bond Trustee shall not be responsible for any losses on investments made in accordance with this Section or the tax consequences thereof.

The Bond Trustee shall maintain and keep such records of the investments permitted by this Section as are necessary for the Hospital or the County to make all computations required under Section

148(f) of the Code. The Bond Trustee hereby accepts and agrees to perform all of the duties and obligations of the Bond Trustee set forth in the Tax Agreement.

ARTICLE XI

PURCHASE AND REMARKETING OF BONDS

Section 1101 Remarketing of Bonds.

(a) By the end of the Business Day on which the Remarketing Agent receives any notice in accordance with Section 214(a), the Remarketing Agent shall give notice by telephonic, telegraphic or electronic means, promptly confirmed by written notice, to the Bond Trustee specifying the principal amount of Bonds stated in such notice to be delivered to the Bond Trustee for purchase pursuant to Section 214(a) and the Purchase Date selected in such notice.

(b) In the event the Bonds are subject to mandatory purchase under Section 214(b), the Bond Trustee shall send notice to the Remarketing Agent of such mandatory purchase, including the Mandatory Purchase Date, at the time it delivers notice thereof to the holders.

(c) The Remarketing Agent shall use its best efforts to remarket at par plus accrued interest, if any, any Bonds for which a tender notice has been received or which are subject to mandatory purchase pursuant to Section 214 for settlement on the Purchase Date or Mandatory Purchase Date. No later than 3:00 p.m., prevailing Eastern Time, on the Business Day next preceding any Purchase Date or Mandatory Purchase Date, the Remarketing Agent shall give telegraphic or telephonic notice, promptly confirmed by written notice, to the Bond Trustee, the Hospital and the Bank specifying the principal amount of Bonds, if any, remarketed by it and the principal amount of Bonds, if any, not remarketed by it.

(d) No later than 10:00 a.m., prevailing Eastern Time, on the Purchase Date or Mandatory Purchase Date, the Remarketing Agent shall confirm by giving notice electronically or by telephone to the Bond Trustee, the Hospital and the Bank the amount of Bonds it has not remarketed and the amount of remarketing proceeds it has received. By 10:00 a.m., prevailing Eastern Time, on the Purchase Date or Mandatory Purchase Date, the Remarketing Agent shall transfer all remarketing proceeds received by it to the Bond Trustee for deposit into the Bond Purchase Account of the Bond Fund. Thereupon, the Bond Trustee shall no later than 11:00 a.m., prevailing Eastern Time, on the Purchase Date or Mandatory Purchase Date take all action necessary to draw on the Letter of Credit so as to receive by no later than 2:00 p.m. for an amount sufficient, when added to any remarketing proceeds received by it from the Remarketing Agent, to pay the purchase price of the Bonds to be purchased.

(e) Bonds to be purchased on the Purchase Date or the Mandatory Purchase Date must be delivered to the Bond Trustee not later than 10:00 a.m., prevailing Eastern Time, on the Purchase Date or Mandatory Purchase Date. Any Bond subject to purchase on the Purchase Date or the Mandatory Purchase Date that is not tendered by 10:00 a.m., prevailing Eastern Time, on the Purchase Date or Mandatory Purchase Date will be deemed tendered, and to the extent there shall be on deposit with the Bond Trustee on the Purchase Date or Mandatory Purchase Date an amount sufficient to pay the purchase price thereof, such Bond shall cease to be Outstanding, no further interest thereon shall thereafter accrue and such Bond shall constitute and represent only

the right to the payment of the purchase price that was payable on the Purchase Date or Mandatory Purchase Date.

Section 1102 Purchase of Bonds. On any Purchase Date or Mandatory Purchase Date, the Bond Trustee shall purchase, but only from the funds listed below, Bonds subject to purchase from the registered owners thereof at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the date of purchase. Funds for the payment of such purchase price shall be derived from the following sources in the order of priority indicated:

- (i) proceeds of the remarketing of such Bonds on deposit in the Bond Purchase Account pursuant to Section 1101;
 - (ii) moneys representing proceeds of a drawing under the Letter of Credit;
- and
- (iii) any other Available Moneys.

In the event funds are not available from the sources specified above, the failure of the Bond Trustee to purchase Bonds shall not constitute an Event of Default under this Trust Agreement and the Holders shall have no right to proceed against the Hospital for payment of the purchase price of the Bonds.

Section 1103 Delivery of Bonds. Bonds purchased by the Bond Trustee pursuant to Section 1102 shall be delivered by the Bond Trustee as follows:

- (a) Bonds sold by the Remarketing Agent pursuant to Section 1101 shall be delivered to the purchasers thereof upon payment therefor;
- (b) Bonds purchased with moneys described in clause (ii) of Section 1102 shall be registered in the name of the Bank and held by the Bank or its designee (including the Bond Trustee) as agent and bailee for the Bank pending remarketing and the Bond Trustee shall note the same on its records, provided, however, that in the event such Bonds are remarketed, the Bond Trustee shall not release such Bonds to the purchaser thereof until it receives written evidence from the Bank of reinstatement of the Letter of Credit with respect to such Bonds;
- (c) Bonds purchased with moneys described in clause (iii) of Section 1102 shall, at the direction of the Hospital, be (i) delivered to the Bond Trustee for the account of the Hospital, (ii) canceled, or (iii) delivered to the Hospital; provided, however, that any Bonds so purchased after the selection thereof by the Bond Trustee for redemption shall be canceled; and
- (d) Bonds delivered as provided in this Section 1103 shall be registered in the manner directed by the recipient thereof.

Section 1104 Drawings on Letter of Credit. The Bond Trustee shall draw moneys under the Letter of Credit to the extent necessary to make timely payments required to be made pursuant to, and in accordance with, Section 1102.

Section 1105 Delivery of Proceeds of Sale. The proceeds of the sale by the Remarketing Agent of any Bond shall be delivered to the Bondholder selling such Bond (or to the Hospital if the Bonds remarketed are held by or for the benefit of the Hospital, or to the Bank if the proceeds are from the sale of Pledged Bonds).

Section 1106 County to Cooperate. The County shall cooperate with the Bond Trustee and the Hospital to cause the necessary arrangements to be made and to be thereafter continued whereby funds from the sources specified herein and in the Loan Agreement will be made available for the purchase of Bonds delivered to the Bond Trustee and whereby Bonds, executed by the County and authenticated by the Bond Trustee, shall be made available to the extent necessary for delivery pursuant to Section 1203.

Section 1107 No Remarketing Under Certain Conditions. Anything in this Trust Agreement to the contrary notwithstanding, the Remarketing Agent shall not remarket any Bond: (a) while the Bonds bear interest at the Weekly Rate, unless a Letter of Credit providing for the payment of the principal of and interest on, and purchase price of, the Bonds will be in effect following the remarketing of such Bond; (b) in connection with a conversion to a Long-Term Rate, unless a Letter of Credit will be in effect following such conversion or, if no Letter of Credit will be in effect, the Bonds will be rated by a Rating Agency and such long-term and/or short-term rating will be at least an Investment Grade Rating and satisfactory to the County; (c) if there shall have occurred and be continuing an Event of Default described in clause (a), (b) or (c) of the first paragraph of Section 801 or if any event shall have occurred and be continuing which with the lapse of time would constitute such an Event of Default; (d) if such Bond is to be purchased after notice of a redemption or mandatory purchase for such Bond is given but before such redemption or mandatory purchase occurs, unless the purchaser of such Bond (other than the County and the Hospital) is given a copy of such notice of redemption or mandatory purchase upon delivery of such Bond; (e) if the proposed purchaser of such Bond is the County or the Hospital, unless prior to such remarketing the Bond Trustee shall have received the written opinion of counsel experienced in bankruptcy law matters selected by the Hospital, which opinion is acceptable to the Bond Trustee and each Rating Agency, if any, that use of the proceeds of such remarketing to pay purchase price of such Bond will not constitute an avoidable preferential payment under Section 547 of the Bankruptcy Code recoverable from the Holders of such Bond pursuant to Section 550 of the Bankruptcy Code; and (f) if such Bond has been purchased pursuant to Section 301(d), unless the Remarketing Agent specifically agrees to undertake such remarketing.

Section 1108 Duties of Bond Trustee. The Bond Trustee hereby agrees that in performing its duties referred to in this Article XI that the Bond Trustee is acting as the agent and representative of the Hospital, the Bank and the Holders and not the agent or representative of the County.

ARTICLE XII

SUPPLEMENTAL TRUST AGREEMENTS

Section 1201 Supplemental Trust Agreements Without Consent of Holders. The County and the Bond Trustee, from time to time and at any time, may enter into such agreements supplemental hereto as shall be consistent with the terms and provisions of this Trust Agreement and the Loan Agreement and, in the opinion of counsel, shall not affect adversely or prejudice the interest of the Holders:

(a) to cure any ambiguity or formal defect or omission, to correct or supplement any provision herein that may be inconsistent with any other provision herein, to make any other provisions with respect to matters or questions arising under this Trust Agreement, or to modify, alter, amend, add to or rescind, in any particular, any of the terms or provisions contained in this Trust Agreement, or

(b) to grant to or confer upon the Bond Trustee for the benefit of the Holders any

additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Holders or the Bond Trustee, or

(c) to add to the conditions, limitations and restrictions of this Trust Agreement other conditions, limitations and restrictions thereafter to be observed, or

(d) to add to the covenants and agreements of the County in this Trust Agreement other covenants and agreements thereafter to be observed by the County or to surrender any right or power herein reserved to or conferred upon the County, or

(e) to permit the qualification of this Trust Agreement under any federal statute now or hereafter in effect or under any federal or state securities law, and, in connection therewith, if the County so determines, to add to this Trust Agreement or any supplemental trust agreement such other terms, conditions and provisions as may be permitted or required by such federal statute or federal or state securities law, or

(f) to provide for the reissuance of Bonds in bearer form.

Section 1202 Modification of Trust Agreement with Consent of Holders. Subject to the terms and provisions contained in this Section, and not otherwise, the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding that will be affected by a proposed supplemental trust agreement shall have the right, from time to time, anything contained in this Trust Agreement to the contrary notwithstanding, to consent to and approve the execution by the County and the Bond Trustee of such trust agreement or trust agreements supplemental hereto as shall be deemed necessary or desirable by the County and the Bond Trustee for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Trust Agreement; provided, however, that nothing herein contained shall permit, or be construed as permitting (a) an extension of the maturity of the principal of or the interest on any Bonds issued hereunder, or (b) a reduction in the principal amount of any Bonds or the redemption premium or the rate of interest thereon, or (c) a preference or priority of any Bonds over any other Bonds, or (d) a reduction in the aggregate principal amount of Bonds required for consent to such supplemental trust agreement without the consent of the Holders of all of the Bonds then Outstanding. Nothing herein contained, however, shall be construed as making necessary the approval by the Holders of the execution of any supplemental trust agreement as authorized in Section 1301 of this Trust Agreement.

Copies of any modification of or supplement or amendment to this Agreement shall be sent to Standard and Poor's and Fitch no later than ten (10) days prior to the effective date thereof.

If at any time the County shall request the Bond Trustee to enter into any supplemental trust agreement for any of the purposes of this Section, the Bond Trustee shall, at the expense of the Hospital, cause notice of the proposed execution of such supplemental trust agreement to be mailed, postage prepaid, to all Holders. Such notice shall briefly set forth the nature of the proposed supplemental trust agreement and shall state that copies thereof are on file at the principal office of the Bond Trustee for inspection by all Holders. The Bond Trustee shall not, however, be subject to any liability to any Holder by any reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental trust agreement when approved and consented to as provided in this Section 1202.

Whenever, at any time within three years after the date of mailing of such notice, the County shall deliver to the Bond Trustee an instrument or instruments in writing purporting to be executed by the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds then Outstanding

or the Holders of all of the Bonds then Outstanding, as the case may be, that are affected by a proposed supplemental trust agreement, which instrument or instruments shall refer to the proposed supplemental trust agreement described in such notice and shall specifically consent to and approve the execution thereof in substantially the form of the copy thereof referred to in such notice, thereupon, but not otherwise, the Bond Trustee may execute such supplemental trust agreement in substantially such form, without liability or responsibility to any Holder, whether or not such Holder shall have consented thereto.

If the Holders of not less than fifty-one percent (51%) in aggregate principal amount of Bonds Outstanding or the Holders of all of the Bonds then Outstanding, as the case may be, that are affected by a proposed supplemental trust agreement at the time of the execution of such supplemental trust agreement shall have consented to and approved the execution thereof as herein provided, no Holder shall have any right to object to the adoption of such supplemental trust agreement, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the County and the Bond Trustee from executing the same or from taking any action pursuant to the provisions thereof.

Upon the execution of any supplemental trust agreement pursuant to the provisions of this Section, this Trust Agreement shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Trust Agreement of the County, the Bond Trustee and all Holders shall thereafter be determined, exercised and enforced in all respects pursuant to the provisions of this Trust Agreement as so modified and amended.

For purposes of this Section, Bonds shall be deemed to be "affected" by a supplemental trust agreement that adversely affects or diminishes the rights of Holders against the County or the rights of the Holders in the security for such Bonds. The Bond Trustee may in its discretion determine whether any Bonds would be affected by any supplemental trust agreement and any such determination shall be conclusive upon the Holders of all Bonds, whether theretofore or thereafter authenticated and delivered hereunder. The Bond Trustee shall not be liable for any such determination made in good faith.

Section 1203 Consent of Hospital and Bank. Anything herein to the contrary notwithstanding, a supplemental indenture under this Article XII shall not become effective unless and until the Hospital and the Bank shall have consented to the execution and delivery of such supplemental indenture. In this regard, the Bond Trustee shall cause notice of the proposed execution and delivery of any such supplemental indenture together with a copy of the proposed supplemental indenture to be given by certified or registered mail to the Hospital and the Bank at least 15 days prior to the proposed date of execution and delivery of any such supplemental indenture. The Hospital and the Bank shall be deemed to have consented to the execution and delivery of any such supplemental indenture if the Bond Trustee receives a letter or other instrument signed by an authorized officer of the Hospital and the Bank expressing consent.

Section 1204 Exclusion of Bonds. Bonds owned or held by or for the account of the Hospital, any Affiliate (as defined in the Master Indenture) or any subsidiary of the Hospital or any Affiliate shall not be deemed Outstanding Bonds for the purpose of any consent or other action or any calculation of Outstanding Bonds provided for in this Article, Article VIII hereof or Section 10.5 of the Loan Agreement, and none of such parties as Holders shall be entitled to consent or take any other action provided for in this Article, Article VIII hereof or said Section 10.5. At the time of any consent or other action taken under this Article, Article VIII hereof or said Section 10.5, the Hospital shall furnish the Bond Trustee a certificate signed by a Hospital Representative, upon which the Bond Trustee may rely, describing all Bonds so to be excluded.

Section 1205 Responsibilities of Bond Trustee and County under this Article. The Bond Trustee shall receive, and shall be fully protected in relying upon, the opinion of any counsel who shall be counsel for the County, as conclusive evidence that any such proposed supplemental trust agreement does or does not comply with the provisions of this Trust Agreement, and that it is or is not proper for it, under the provisions of this Article, to accept such supplemental trust agreement.

No amendment of any provision of this Trust Agreement affecting the rights or obligations, or limiting the liability of the Bond Trustee shall be effective without the prior written consent of the Bond Trustee.

Section 1206 Notice of Supplemental Agreements. Not less than fifteen (15) days prior to the effective date of any trust agreement supplemental hereto, the Bond Trustee shall mail to Fitch and S&P notice of the proposed execution of such supplemental trust agreement and a copy of the form thereof. Within fifteen (15) days after the execution of any supplemental trust agreement, the Bond Trustee shall mail to Fitch and S&P a full transcript of all proceedings relating to such supplemental trust agreement.

ARTICLE XIII

AMENDMENT TO LOAN AGREEMENT, OBLIGATION NO. 13, AND LETTER OF CREDIT

Section 1301 Amendments Not Requiring Consent of Bondholders. The Bond Trustee may from time to time (with the prior written consent of the Bank), and at any time, consent to any amendment, change or modification of the Loan Agreement, Obligation No. 13 and Letter of Credit (a) for the purpose of curing any ambiguity or formal defect or omission; (b) in connection with the Project described in the Loan Agreement so as to identify the same more precisely or substitute or add additional property acquired with the proceeds of the Bonds; (c) in connection with any reinstatement or reduction of the Letter of Credit as permitted by its original terms; (d) in connection with obtaining a short-term or long-term investment rating on the Bonds from a Rating Agency equal to or comparable with the short-term or long-term rating then associated with the Bank's letters of credit; or (e) to make any other change therein, which in the reasonable judgment of the Bond Trustee is not to the prejudice of the Bond Trustee or the holders of the Bonds. The County shall not enter into, and the Bond Trustee shall not consent to any other amendment, change or modification of the Loan Agreement, Obligation No. 13 and Letter of Credit without the approval or consent of the holders of not less than two-thirds in aggregate principal amount of the Bonds at the time Outstanding, evidenced in the manner provided in Section 1401. No amendment, change or modification may decrease the obligation of the Hospital under Obligation No. 13 to pay amounts sufficient to pay the principal of, redemption premium, if any, and interest on the Bonds as the same become due or the obligation of the Bank under the Letter of Credit.

Section 1302 Amendments Requiring Consent of Bondholders. If at any time the consent of the holders is required pursuant to Section 1301, the Bond Trustee, shall, at the expense of the requesting party, obtain such consent in the same manner as provided by Section 1301 with respect to supplemental indentures. Anything contained in this Trust Agreement to the contrary notwithstanding, the County and the Bond Trustee may consent to any amendment, change or modification of the Loan Agreement, Obligation No. 13 or the Letter of Credit upon receipt of the consent of the holders of all Bonds then Outstanding and the Bank.

ARTICLE XIV

MISCELLANEOUS

Section 1401 Consents of Bondholders. Any request, direction, objection or other instrument required by this Trust Agreement to be signed and executed by the bondholders may be in any number of concurrent writings of similar tenor and may be signed or executed by such bondholders in person or by agent appointed in writing. Proof of the execution of any such request, direction, objection or other instrument or of the writing appointing any such agent and of the ownership of Bonds, if made in the following manner, shall be sufficient for any of the purposes of this Trust Agreement, and shall be conclusive in favor of the Bond Trustee with regard to any action taken by it under such request or other instrument, namely:

(a) The fact and date of the execution by any person of any such writing may be proved by the certificate of any officer in any jurisdiction who by law has power to take acknowledgments within such jurisdiction that the person signing such writing acknowledged before him the execution thereof, or by an affidavit of any witness to such execution.

(b) The fact of ownership of Bonds and the amount or amounts, numbers and other identification of such Bonds, and the date of holding the same shall be proved by the registration books of the County maintained by the Bond Trustee as Bond Registrar.

Section 1402 Notices. Except as otherwise provided in this Trust Agreement, all notices, certificates or other communications shall be sufficiently given and shall be deemed given three Business Days after they have been mailed by registered or certified mail, postage prepaid, to the County, the Hospital, the Bond Trustee, the Remarketing Agent, or any Paying Agent other than the Bond Trustee. Facsimiles of each notice, certificate or other communication given hereunder to the Hospital shall, in addition to mailing, be telecopied to the Hospital, and copies of each notice, certificate or other communication given hereunder by or to the Hospital shall be mailed by registered or certified mail, postage prepaid, to the Bond Trustee; provided, however, that the effectiveness of any such notice shall not be affected by the failure to telecopy any such facsimiles or to send any such copies. Notices, certificates or other communications shall be sent to the following addresses:

(a) As to the Hospital —

McLeod Regional Medical Center
of the Pee Dee, Inc.
555 East Cheves Street
Florence, South Carolina 29501
Attention: _____

(b) As to the County —

Florence County, South Carolina
c/o Florence County Council
City-County Complex
180 N. Irby Street
Florence, South Carolina 29501

Attention: Chairman

- (c) As to the Bond Trustee —

U.S. Bank National Association
1426 Main Street, 17th Floor, SC 8358
Columbia, South Carolina 29201
Attention: Corporate Trust Department

- (d) As to the Bank —

Wells Fargo Bank, National Association

If notice refers to an Event of Default, mark "Urgent Material Enclosed"

- (e) As to the Registrar —

U.S. Bank National Association
1426 Main Street, 17th Floor, SC 8358
Columbia, South Carolina 29201
Attention: Corporate Trust Department

- (f) As to Standard & Poor's —

Standard & Poor's Ratings Group
25 Broadway
New York, New York 10004
Attention: Municipal Finance Department

- (g) As to Fitch —

Fitch Ratings

Any of the foregoing may, by notice given hereunder, designate any further or different addresses to which subsequent notices, certificates or other communications shall be sent.

Section 1403 Limitation of Rights. With the exception of rights herein expressly conferred, nothing expressed or mentioned in or to be implied from this Trust Agreement, or the Bonds issued hereunder, is intended or shall be construed to give to any Person other than the parties hereto, and the holders of the Bonds secured by this Trust Agreement any legal or equitable rights, remedy or claim under or in respect to this Trust Agreement or any covenants, conditions and provisions hereof being intended to be and being for the sole exclusive benefit of the parties hereto and the holders of the Bonds hereby secured as herein provided.

Section 1404 Severability. If any provisions of this Trust Agreement shall be held or deemed to be or shall, in fact, be inoperative or unenforceable as applied in any particular case in any jurisdiction or jurisdictions or in all jurisdictions or in all cases because it conflicts with any provisions or any

constitution or statute or rule of public policy, or for any other reason, such circumstances shall not have the effect of rendering the provision in question inoperative or unenforceable in any other case or circumstance, or of rendering any other provision or provisions herein contained invalid, inoperative or unenforceable to any extent whatever.

The invalidity of any one or more phrases, sentences, clauses or paragraphs in this Trust Agreement contained shall not affect the remaining portions of this Trust Agreement.

Section 1405 Applicable Provisions of Law. This Trust Agreement shall be considered to have been executed in the State and it is the intention of the parties that the substantive law of the State shall govern as to all questions of interpretation, validity and effect.

Section 1406 Counterparts. This Trust 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.

Section 1407 Successors and Assigns. All the covenants, stipulations, provisions, agreements, rights, remedies and claims of the parties hereto in this Trust Agreement contained shall bind and inure to the benefit of their successors and assigns.

Section 1408 Captions. The captions or headings in this Trust Agreement are for convenience only and in no way define, limit or describe the scope or intent of any provisions or sections of this Trust Agreement.

Section 1409 Photocopies and Reproductions. If permitted by applicable law, a photocopy or other reproduction of this Trust Agreement may be filed as a financing statement pursuant to the Uniform Commercial Code as adopted in the State, although the signatures of the County and the Bond Trustee on such reproduction are not original manual signatures.

Section 1410 Bonds Owned by the County or the Hospital. In determining whether bondholders of the requisite aggregate principal amount of the Bonds have concurred in any direction, consent or waiver under this Trust Agreement, Bonds which are owned by the County or the Hospital or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Hospital shall be disregarded and deemed not to be Outstanding for the purpose of any such determination, except that, for the purpose of determining whether the Bond Trustee shall be protected in relying on any such direction, consent or waiver, only Bonds which the Bond Trustee knows are so owned shall be so disregarded. Bonds so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Bond Trustee the pledgee's right so to act with respect to such Bonds and that the pledgee is not the County or the Hospital or any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Hospital. In case of a dispute as to such right, any decision by the Bond Trustee taken upon the advice of counsel shall be full protection to the Bond Trustee.

Section 1411 Limitation of Liability of Officers of County. No covenant, agreement or obligation contained herein or in any Bond or the other bond documents to which the County is a party or by which the County is bound, shall be deemed to be a covenant, agreement or obligation of any present or future officer, employee, attorney or agent of the County in his individual capacity, and neither the directors of the County nor any officer thereof executing the Bonds or the other bond documents to which the County is a party or by which the County is bound or this Trust Agreement shall be liable personally on the Bonds or the other bond documents to which the County is a party or by which the County is bound or under this Trust Agreement or be subject to any personal liability or accountability by reason of the issuance, execution, or delivery of the Bonds or the execution and delivery of this Trust Agreement or

the other bond documents to which the County is a party or by which the County is bound. No officer, employee, attorney or agent of the County shall incur any personal liability with respect to any other action taken by him pursuant to this Trust Agreement, the other bond documents to which the County is a party or by which the County is bound, or the Act. Notwithstanding anything herein to the contrary, no provision, covenant or agreement contained in this Trust Agreement or in the Bonds or the other bond documents to which the County is a party or by which the County is bound or any obligations herein or therein imposed upon the County or the breach thereof, shall constitute or give rise to or impose upon the County a pecuniary liability or a charge upon its general credit or taxing powers, if any. In making the Loan Agreements, provisions and covenants set forth in this Trust Agreement, the County has not obligated itself except with respect to its rights and interest in the Loan Agreement and Obligation No. 13, as hereinabove provided. The issuance of the Bonds under this Trust Agreement shall not be considered a misfeasance in office.

Section 1412 Bank as Third Party Beneficiary. The County and the Bond Trustee acknowledge that this Trust Agreement is also for the benefit of the Bank, so long as the Letter of Credit is outstanding, by virtue of the Bank's obligations under the Letter of Credit and the Hospital's obligations under the Reimbursement Agreement; provided, however, that the Bank's rights hereunder, including its right to give its consents hereunder, shall be suspended as long as there is continuing wrongful dishonor by the Bank of a draw under the Letter of Credit.

Section 1413 Expiration of Letter of Credit. Upon the expiration or earlier termination of the Letter of Credit and the full payment and performance by the Hospital of its obligations under the Reimbursement Agreement, then references in this Trust Agreement to the Bank's right of consent and to receive notices shall be ineffective except to the extent that the context requires otherwise.

Section 1414 Bond Trustee Books Open for Inspection. The County and the Hospital may, following a written request therefor, inspect the books of the Bond Trustee relating to the Bonds during the regular business hours of the Bond Trustee.

Section 1415 Holidays. If the date for making any payment or the last day for performance of any act or the exercising of any right, as provided in this Trust Agreement, is not a Business Day, such payment may be made or act performed or right exercised on the next succeeding Business Day with the same force and effect as if done on the nominal date provided in this Trust Agreement and no interest shall accrue for the period from and after such date.

Section 1416 Notices to Rating Agency. The Bond Trustee shall provide written notice to any Rating Agency then rating the Bonds, with respect to (i) the appointment of any successor Bond Trustee, Remarketing Agent or Paying Agent, (ii) the appointment of any agent by the Bond Trustee to perform any material duties of the Bond Trustee under this Trust Agreement, (iii) the expiration, termination, extension (other than an automatic extension) or substitution of any Letter of Credit, (iv) any Conversion Date, (v) any Mandatory Purchase Date (except Conversion Dates), (vi) any material amendment or supplement to this Trust Agreement, the Letter of Credit, the Reimbursement Agreement or the Remarketing Agreement between the Hospital and the Remarketing Agent, and (vii) the payment in full of all of the Bonds (whether at stated maturity or upon redemption, acceleration or defeasance). Failure of the Bond Trustee to provide any such notice shall not have any effect on the occurrence of such event. The Bond Trustee shall also provide such Rating Agency any other information reasonably requested by such Rating Agency in order to maintain the rating on the Bonds.

Section 1417 Non-Recourse Provision. No recourse shall be had for the enforcement of any obligation, covenant, promise or agreement of the County contained herein or in the Bonds or the other bond documents to which the County is a party or by which the County is bound or for any claim based hereon or

thereon or otherwise in respect hereof or thereof against any officer, agent, attorney or employee, as such, in his/her individual capacity, past, present or future, of the County or of any successor entity, either directly or through the County or any successor entity whether by virtue of any constitutional provision, statute or rule of law, or by the enforcement of any assessment or penalty or otherwise. No personal liability whatsoever shall attach to, or be incurred by, any officer, agent, attorney or employee as such, past, present or future, of the County or of any successor entity, either directly or through the County or any successor entity, under or by reason of any of the obligations, covenants, promises or agreements entered into in the Bonds or the other bond documents to which the County is a party or by which the County is bound or between the County and the Bond Trustee, whether herein contained or to be implied herefrom as being supplemental hereto; and all personal liability of that character against every such officer, agent, attorney and employee is, by the execution of this Trust Agreement and as a condition of, and as part of the consideration for, the execution of this Trust Agreement, expressly waived and released.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the County has caused these presents to be signed in its name and behalf by the County Representative and, to evidence its acceptance of the trust hereby created, the Bond Trustee has caused these presents to be signed in its behalf by its duly authorized officer.

FLORENCE COUNTY, SOUTH CAROLINA

By: _____
Its: _____

U.S. BANK NATIONAL ASSOCIATION
as Bond Trustee

By: _____
Its: _____

[Signature Page to Trust Agreement dated as of _____, 2010]

EXHIBIT A

No. R-__

CUSIP: _____

**UNITED STATES OF AMERICA
STATE OF SOUTH CAROLINA**

Florence County, South Carolina
Hospital Revenue Bonds
(McLeod Regional Medical Center Project)
Series 2010B

Date of Bond: _____, 2010

Maturity Date: _____

Interest Rate: Weekly Rate (subject to conversion to a Long-Term Rate as set forth herein)

Registered Owner: CEDE & CO.

Principal Amount: _____ (\$ _____)

Florence County, South Carolina, a public body corporate and politic and an agency of the State of South Carolina (the "County"), for value received, promises to pay to the registered owner shown above, or registered assigns, but solely from the source and in the manner hereinafter set forth, on the maturity date shown above, the principal amount shown above and in like manner to pay interest on said amount from the date hereof shown above until payment of such principal amount has been made or duly provided for, at the rates and on the dates set forth herein, except as the provisions hereinafter set forth with respect to redemption of this Bond prior to maturity may become applicable hereto.

The Bonds are initially issued bearing interest at the Weekly Rate, and while the Bonds bear interest at such rate, interest on this Bond shall be paid on the first Business Day (as defined below) of each month, commencing _____, 2010. As provided in and subject to the terms of the Trust Agreement (as hereinafter defined), the Bonds of this issue from time to time may be converted to pay interest at a new LIBOR Index Rate, the Commercial Paper Rate, the Daily Rate, the Index Floating Rate, or the Long-Term Rate. Determinations of interest rates, adjustments between interest rates, and conversion of Interest Modes are as provided in the Trust Agreement. Interest shall also be payable on each Conversion Date. Each such date upon which interest is payable is hereinafter referred to as an "Interest Payment Date."

Interest on the Bonds shall be computed as follows: (i) while bear interest at the Weekly Rate, Daily Rate, Index Floating Rate, LIBOR Index Rate, or Commercial Paper Rate, on the basis of a year of 365 or 366 days, as appropriate, for the actual number of days elapsed, and (ii) while the Bonds bear interest at the Long-Term Rate, on the basis of a year of 360 days consisting of twelve 30-day months. While this Bond bears interest at the Weekly Rate or Daily Rate, this Bond shall be purchased on the demand of the registered owner as hereinafter described. The principal and purchase price of and redemption premium, if any, on this Bond is payable in lawful money of the United States of America upon the presentation and surrender hereof at the principal corporate trust office of U.S. Bank National Association, in its capacity as bond trustee under the Trust Agreement described below (together with its successors and assigns, the "Bond Trustee"). Interest on this Bond is payable on each Interest Payment Date in like money to the registered owner hereof by check or draft drawn upon the Bond Trustee and

mailed to the person in whose name this Bond is registered (i) while this Bond bears interest at the Weekly Rate, Daily Rate, Index Floating Rate, LIBOR Index Rate, or Commercial Paper Rate, at the close of business one Business Day prior to such Interest Payment Date, or (ii) while this Bond bears interest at the Long-Term Rate, at the close of business on the 15th day of the calendar month preceding each Interest Payment Date (each, a "Record Date"), provided that, owners of Bonds in the aggregate principal amount of not less than \$500,000 may, by written instruction filed with the Bond Trustee on or before the Record Date next preceding such Interest Payment Date, direct that interest payments be transmitted by wire transfer to an account in the continental United States (which wire transfer shall be at the expense of the holder).

This Bond, designated "Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010B" is one of a series of Bonds in the aggregate principal amount of Fifty Million Dollars (\$50,000,000) (the "Bonds"), issued: to finance the cost of: (A) the acquisition, construction, furnishing, and equipping of capital items included in McLeod Health's 2015 capital improvement plan, including (1) reconfiguration of patient rooms in the Hospital's Main Tower (the "Main Tower"); (2) general repairs and renovations to the exterior and interior of the Main Tower; (3) addition of a heart and vascular institute in the Main Tower, to include a cardiac day hospital and facilities incident to cardiac surgery and other procedures; (4) addition of orthopedic and sports medicine facilities to the McLeod Health and Fitness Center; (5) addition of two new ICU towers between the Main Tower and the Pavilion; (6) finish out of the eighth floor of the Pavilion; (7) two new parking garages; (8) addition of enclosed pedestrian corridors, concourses, stair towers, and other connectors linking primary facilities of the Main Campus and facilities (such as public toilets, retail and transition spaces, food service areas, and waiting rooms incident to such space); and (9) renovation and remodeling of lobbies and patient registration areas (collectively, the "Projects"); (B) refund the outstanding principal amount of the County's original principal amount \$33,000,000 Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2004B (the "Refunded Bonds"); and (C) pay certain costs of issuance of the Bonds, related to the facilities of McLeod Regional Medical Center of the Pee Dee, Inc., a South Carolina nonprofit corporation (the "Hospital") and related entities. The Bonds are issued as registered bonds in denominations of \$100,000 and \$5,000 multiples in excess thereof while the Bonds bear interest at the Weekly Rate and \$5,000 and integral multiples thereof if the Bonds have been converted to a Long-Term Rate that will be in effect until the final maturity of the Bonds (a "Minimum Denomination").

The Bonds are all issued under and are all equally and ratably secured and entitled to the protection given by an Trust Agreement dated as of _____, 2010 (the "Trust Agreement"), between the County and the Bond Trustee. The Hospital's Obligation No. 13 has been issued under the Amended and Restated Master Trust Indenture dated as of January 15, 1998, as amended (the "Master Indenture"), between and among the Hospital, McLeod Health, McLeod Regional Medical Center-Dillon, McLeod Physician Associates II, each a South Carolina nonprofit corporation, and U.S. Bank National Association as master trustee (the "Master Trustee"), and Supplemental Indenture with respect to said Obligation No. 13 dated as of _____, 2010 ("Supplement No. 13"), between and among the same parties. The Hospital issued its Obligation No. 13 to the Bond Trustee for the ratable benefit of the holders of the Bonds. Pursuant to the Master Indenture, as security for the payment of the principal of and interest on Obligations (as defined in the Master Indenture) issued or to be issued under the Master Indenture, the Hospital has granted a security interest in its Pledged Assets (as defined in the Master Indenture) to the account of the Bond Trustee. The payment of the principal of and interest on the Bonds will be unconditionally guaranteed by each member of the Obligated Group.

The terms and conditions of the refunding of the Refunded Bonds, the use of the proceeds of the Bonds by the Hospital for such purpose, and the payment of certain amounts thereunder, are contained in a Loan Agreement dated as of _____, 2010 (the "Loan Agreement"), by and between the County and the Hospital. The Hospital has caused Wells Fargo Bank, National Association (the "Bank") to issue

an irrevocable letter of credit (the "Letter of Credit"), in favor of the Bond Trustee, dated the date of the issuance of the Bonds, in an amount sufficient to pay the outstanding principal amount of and unpaid interest on the Bonds, but not to exceed \$ _____, which Letter of Credit expires on _____, 20___. Substitute letters of credit may be delivered in accordance with Section 803 of the Trust Agreement.

Reference is hereby made to the Trust Agreement, the Loan Agreement, the Master Indenture, Supplement No. 13, Obligation No. 13 and the Letter of Credit and to all amendments and supplements thereto for a description of the provisions, among others, with respect to the nature and extent of the security, the default provisions, the rights, duties and obligations of the County, the Hospital, the Master Trustee, and the Bond Trustee or the rights of the holders of the Bonds and the terms upon which the Bonds are issued and secured. All capitalized terms not defined herein shall have the meanings given them in the Trust Agreement.

The Bonds are issued pursuant to and in full compliance with the laws of the State of South Carolina, particularly Title 44, Chapter 7, Code of Laws of South Carolina 1976, as amended through the date hereof (hereinafter called the "Act"), and pursuant to a resolution of the County which authorized the execution and delivery of the Trust Agreement. This Bond is a limited obligation of the County payable solely from the Trust Estate, as defined in the Trust Agreement, which Trust Estate has been pledged and assigned to the Bond Trustee for the benefit of the Bondholders to secure payment of this Bond, and from the Letter of Credit.

No covenant, agreement or obligation contained in this Bond or the Trust Agreement or any other bond documents to which the County is a party or by which the County is bound shall be deemed to be a covenant, agreement or obligation of any present or future director, member, officer, employee, attorney or agent of the County in his individual capacity, and neither the directors of the County nor any officer thereof executing this Bond shall be liable personally on this Bond or be subject to any personal liability or accountability by reason of the issuance, execution or delivery of this Bond.

The Loan Agreement provides for payments by the Hospital in amounts sufficient to provide for the payment of the principal and purchase price of, redemption premium, if any, and interest on the Bonds as due and payable. Provision has been made in the Loan Agreement for such payments to be paid directly to the Bond Trustee and deposited in a trust fund of and in the name of the County held by the Bond Trustee designated "Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010 Bond Fund" and such payments have been duly assigned to the Bond Trustee for that purpose.

The term "Business Day" shall mean a day of the year, other than a Saturday or a Sunday, on which banks located in the cities in which the principal corporate trust office of the Bond Trustee, the principal office of any Paying Agent, the office of the Bank at which drawings on the Letter of Credit are to be made and the principal office of the Remarketing Agent are located are not required or authorized to remain closed and on which the New York Stock Exchange is not closed.

The County, at the direction of the Hospital, has appointed Wells Fargo Bank, National Association, as Remarketing Agent under the Trust Agreement. The County may from time to time, at the direction of the Hospital, remove the Remarketing Agent.

Interest - General

Each Bond shall bear interest from the Interest Payment Date next preceding its date of authentication unless such authentication date (i) is prior to the first Interest Payment Date following the

date of the initial delivery of the Bonds and the initial payment therefor (the "Closing Date"), in which event interest shall accrue from the Closing Date, (ii) is after a Record Date and before the subsequent Interest Payment Date, in which event interest shall accrue from such subsequent Interest Payment Date, or (iii) is an Interest Payment Date, in which event interest shall accrue from such authentication date; provided, that if interest on the Bonds is in default, Bonds shall bear interest from the last date to which interest has been paid. The Bonds shall bear interest until payment of the principal or redemption price thereof shall have been made or provided for in accordance with the provisions of the Trust Agreement, whether at maturity, upon redemption or otherwise.

Weekly Rate.

The Weekly Rate applicable to Weekly Rate Bonds shall be determined by the Remarketing Agent on each Calculation Date applicable to such Bonds and shall be equal to the lower of (i) the Maximum Rate applicable to such Bonds and (ii) the minimum rate that, in the judgment of the Remarketing Agent, taking into account prevailing market conditions, would enable the Remarketing Agent to sell all Weekly Rate Bonds on the immediately succeeding Adjustment Date at a price equal to the principal amount thereof, plus accrued interest, if any, thereon. The Weekly Rate so determined shall be effective from and including such Adjustment Date to, but excluding, the earlier of (A) the immediately succeeding Adjustment Date applicable to such Weekly Rate Bonds, and (B) the immediately succeeding Mandatory Purchase Date applicable to such Weekly Rate Bonds (each, a "Weekly Rate Period"). If a Remarketing Agent shall not have determined the Weekly Rate on a Calculation Date for any Weekly Rate Period, the Weekly Rate for such Weekly Rate Period shall be the Weekly Rate for the immediately preceding Weekly Rate Period; provided however, if the Weekly Rate is so determined for two consecutive Weekly Rate Periods or if such Calculation Date is the first Calculation Date that occurs after a conversion to a Weekly Rate, then the Weekly Rate for the next succeeding Weekly Rate Period shall be the Alternate Weekly Rate.

Conversion of Interest Rate

The Interest Mode may be changed under the Trust Agreement by the Hospital giving written notice of such change (a "Conversion Notice") to the Remarketing Agent and the Bond Trustee with a copy to the County, any Paying Agent, each Rating Agency, if any, and the Bank, if any. The Conversion Notice must be received by the Remarketing Agent and the Bond Trustee at least 25 days prior to the proposed Conversion Date.

Each Conversion Notice shall state (A) the Interest Mode applicable to the Bonds prior to the proposed change, (B) the Interest Mode to be applicable to such Bonds after such change, (C) if such Bonds will be converted to the Index Floating Rate, LIBOR Index Rate or a Long-Term Rate, the length of the Index Floating Rate Period, LIBOR Index Rate Period or the Long-Term Rate Period, respectively, and (D) the Conversion Date. On the Conversion Date, the Hospital shall deliver a Favorable Opinion of Counsel to the Bond Trustee and the County. The notice described in the preceding sentence shall be delivered to the County and the Bond Trustee at least 25 days before the proposed Conversion Date (or such fewer number of days as shall be acceptable to the Bond Trustee).

Optional Tender of Bonds

While the Bonds bear interest at the Daily or Weekly Rate, any Bond (or portion thereof in a Minimum Denomination) shall be purchased, on the demand of the registered owner thereof, in Minimum Denominations, on any Business Day at a purchase price equal to the principal amount thereof plus accrued interest, if any, to the Purchase Date (as defined below), upon: (i) delivery to the Bond Trustee and the Remarketing Agent at their respective principal offices of telephonic notice, followed by written

notice within two Business Days (which may be delivered by telecopy, and which shall be satisfactory to the Remarketing Agent, and a copy of which shall be delivered to the Bond Trustee), which (A) states the name of the registered owner and the principal amount of such Bond (and, if only a portion thereof is to be purchased, the amount of such portion) and (B) states the date on which such Bond shall be purchased, which date shall be a Business Day not prior to the seventh day next succeeding the date of the delivery of such notice to the Bond Trustee and Remarketing Agent (the "Purchase Date"); and (ii) delivery of such Bond (with an appropriate transfer of registration form executed in blank acceptable to the Bond Trustee) at the principal corporate trust office of the Bond Trustee at or prior to 10:00 a.m., prevailing Eastern Time, on the Purchase Date; provided, however, that such Bond (or portion thereof) shall be so purchased only if the Bond so delivered to the Bond Trustee shall conform in all respects to the description thereof in the aforesaid notice and funds are available from the sources permitted under Section 1102 of the Trust Agreement. Delivery of a notice to the Remarketing Agent to tender a Bond (or portion thereof) or Bonds for purchase and delivery of the Bond or Bonds described therein to the Bond Trustee shall each constitute irrevocable acts on the part of the owner of such Bond or Bonds. If less than all of the principal amount of a Bond is purchased pursuant to this subsection, the bondholder must retain Bonds in Minimum Denominations and a replacement Bond in the remaining principal amount shall be issued to the registered owner tendering his or her Bond.

While the Bonds are held in a book-entry system, a purchase notice set forth in the preceding paragraph may be delivered by a Beneficial Owner. Such purchase notice must be delivered as set forth in above and must identify the DTC Participant through which the Beneficial Owner maintains its interest. Upon delivery of such notice, the Beneficial Owner must make arrangements to have its beneficial ownership interest in the Bond being tendered (or portion thereof) transferred to the Bond Trustee at or prior to 10:00 a.m., prevailing Eastern Time, on the Purchase Date, but need not otherwise comply with the requirement of delivery of the Bond (or portion thereof) being tendered to the Bond Trustee set forth above.

Mandatory Purchase Dates

The Bonds are subject to mandatory purchase on the following dates (each, a "Mandatory Purchase Date") at a purchase price equal to 100% of the principal amount thereof plus interest accrued to but not including the date of purchase:

(a) the day immediately succeeding the last day of any LIBOR Index Rate Period; (b) each Conversion Date applicable to such Bonds; (c) the day following the last day of each Index Floating Rate Period applicable to such Bonds; (d) the day following the last day of each Commercial Paper Rate Period applicable to such Bonds; (e) (i) each Substitution Date designated by the Hospital pursuant to Section 703, whether or not a Substitute Letter of Credit is delivered to the Bond Trustee on such Substitution Date, or (ii) the 15th day next preceding the stated expiration or termination date of the Letter of Credit, unless by the 40th day next preceding such stated expiration or termination date the Hospital provides to the Bond Trustee (1) evidence satisfactory to the Bond Trustee that the term of such Letter of Credit has been extended, or (2) notice from the Hospital pursuant to Section 703 of the Trust Agreement of its intention to provide a Substitute Letter of Credit and designating a Substitution Date on or prior to the 15th day next preceding such stated expiration or termination date; (f) while the Bonds bear interest at the Daily or Weekly Rate, any Business Day designated by the Hospital, with the consent of the Bank and the Remarketing Agent; and (g) on the first Business Day that is at least 20 days after the Bond Trustee receives written notice from the Bank that an "Event of Default" under the Reimbursement Agreement has occurred and is continuing and directing a mandatory purchase of the Bonds.

Notice of mandatory purchase shall be given by the Bond Trustee by first-class mail to all registered owners of the Bonds not less than 15 days prior to such Mandatory Purchase Date.

Redemption of Bonds Before Maturity

The Bonds are subject to redemption prior to maturity as follows:

(i) Index Floating Rate Bonds are subject to redemption prior to maturity, at the option of the County at the written direction of the Hospital, in whole or in part at any time, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(ii) Commercial Paper Rate Bonds are subject to redemption prior to maturity at the option of the County at the written direction of the Hospital in whole or in part on the day after the last day of any Commercial Paper Rate Period applicable to such Bonds at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

(iii) Daily Rate Bonds and Weekly Rate Bonds are subject to redemption prior to maturity at the option of the County at the written direction of the Hospital, in whole or in part at any time, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

(iv) Long-Term Rate Bonds are subject to redemption prior to maturity at the option of the County at the written direction of the Hospital in whole or in part on the Business Day immediately succeeding the last day of any Long-Term Rate Period applicable to such Bonds, at a redemption price equal to 100% of the principal amount thereof, plus accrued interest thereon to the date fixed for redemption.

(v) LIBOR Index Rate Bonds are subject to redemption prior to maturity, at the option of the County at the written direction of the Hospital, in whole or in part at any time, at a redemption price equal to the principal amount of such Bonds to be redeemed, plus accrued interest thereon to the date set for redemption.

(a) **Extraordinary Optional Redemption.** The Bonds shall be subject to optional redemption, in whole, or in the case of (i) or (ii) below, in part, on any Business Day, at a redemption price equal to 100% of the principal amount thereof, plus interest accrued to the redemption date, but only with the prior written consent of the Bank in the event the Hospital elects to exercise its option to prepay the Loan Agreement upon the occurrence of any of the following events:

(a) Damage or destruction of all or any part of the Operating Assets (as defined in the Loan Agreement) by fire or casualty, or loss of title to or use of substantially all of the Operating Assets as a result of the failure of title or as a result of Eminent Domain (as defined in the Loan Agreement) proceedings or proceedings in lieu thereof; or

(b) Changes in the Constitution of the United States of America or of the State or in legislation or administrative action, or failure of administrative action by the United States or the State or any agency or political subdivision of either thereof, or by reason of any judicial decision;

in either event, to such extent that in the opinion of the Board of Trustees of the Hospital (expressed in a resolution) and in the opinion of an independent architect, engineer or management consultant (as may be appropriate for the particular event), both filed with the County and the Bond Trustee, (i) the Loan

Agreement is impossible to perform without unreasonable delay or (ii) unreasonable burdens or excessive liabilities not being imposed on the date of issuance of the Bonds are imposed on the Hospital; provided, that in the case of (a) above, either (i) all Outstanding Bonds shall be redeemed or (ii) the Hospital shall furnish to the Bond Trustee and the Bank a certificate of an Architect (as defined in the Trust Agreement) stating that (a) the property forming a part of the Operating Assets that was damaged or condemned is not essential to the Hospital's use or occupancy of the Operating Assets or (b) the Operating Assets have been restored to a condition substantially equivalent to their condition prior to the damage or condemnation.

(b) **Notice of Redemption; Conditional Redemption; Partial Redemptions.** In the event any of the Bonds or portions thereof (which shall be in Minimum Denominations) are called for redemption, notice thereof (other than a redemption pursuant to Section 301(e) of the Trust Agreement) shall be given by the Bond Trustee as provided in the Trust Agreement; provided, however, that failure to give such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of any Bond with respect to which no such failure or defect has occurred. In the case of an optional redemption, such notice may state that the redemption of the Bonds is conditional upon certain events or is subject to rescission by the Hospital in accordance with the provisions of the Trust Agreement. If Bonds are redeemed in part, a portion of a Bond may be redeemed only if the holder of such Bond will hold, following such partial redemption, Bonds in Minimum Denominations; provided that, if a redemption cannot be effected to result in Minimum Denominations for all holders, the Bond Trustee shall select Bonds for redemption so that one holder owns Bonds with a principal amount that is less than a Minimum Denomination.

(c) **Certain Mandatory Redemptions.** The Bonds are subject to mandatory sinking fund redemption in part without premium on each _____ in the following amount of the Sinking Fund Requirements per year at a redemption price equal to the amount of Bonds to be redeemed plus accrued interest to, but not including, the redemption date, and without premium:

In the event that Bonds are redeemed pursuant to Sections 301(a) or (b) of the Trust Agreement, the Bonds so redeemed may, at the option of the Hospital, be applied as a credit against any subsequent Sinking Fund Account Requirement with respect to Bonds otherwise to be redeemed thereby, such credit to be equal to the principal amount of such Bonds redeemed pursuant to Sections 301(a) or (b) of the Trust Agreement; provided, that the Hospital shall have delivered to the Bond Trustee not less than 45 days prior to the date of such mandatory sinking fund redemption a certificate of a Hospital Representative stating the Hospital's election to apply such Bonds as such a credit. Unless the Bond Trustee receives a certificate of a Hospital Representative electing to apply Bonds redeemed at the option of the Hospital pursuant to Sections 301(a) or (b) as a credit against a particular Sinking Fund Account Requirement, the Bonds so redeemed shall be applied to the Sinking Fund Account Requirement in reverse chronological order.

During the Long-Term Rate Period, at its option, to be exercised on or before the 45th day next preceding any such sinking fund payment date, the Hospital may deliver to the Bond Trustee for cancellation Bonds in any aggregate principal amount desired. Each Bond so delivered shall be credited by the Bond Trustee at 100% of the principal amount thereof to the obligation of the County and the Hospital on such sinking fund payment date and any excess shall be credited on future sinking fund payment obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of the sinking fund as set forth above in this subsection shall be accordingly reduced by the amounts of such credits. If the Hospital wishes to avail itself of the option contained in this paragraph, the Hospital will on or before the 45th day next preceding a sinking fund payment date furnish the Bond Trustee, the County and the Remarketing Agent with its certificate indicating to what extent the provisions of this paragraph are to be availed of with respect to such sinking fund payment. If the credit pursuant to this paragraph is sufficient to fully discharge a particular sinking fund payment, no Bonds shall be redeemed on the applicable sinking fund payment date pursuant to this subsection. Otherwise, if the credit pursuant to this paragraph is available, but insufficient to fully discharge the obligations of the County and the Hospital on a particular sinking fund payment date, the Bond Trustee shall redeem on the applicable sinking fund redemption date the principal amount of the Bonds set forth above, less the credit provided for in this paragraph.

Registration and Transfer of Bonds

This Bond may be transferred on the books of registration kept by the Bond Trustee by the registered owner or by his duly authorized attorney upon surrender hereof, together with a written instrument of transfer duly executed by the registered owner or his duly authorized attorney.

Book-Entry System

This Bond is issued initially by means of a book-entry system administered by The Depository Trust Company ("DTC") with no physical distribution of Bonds made to the public. One Bond shall be issued to DTC or its nominee and immobilized in its custody. The book-entry system shall be maintained by DTC and the DTC Participants and shall evidence beneficial ownership of the Bonds in Minimum Denominations, with transfers of beneficial ownership effected on the records of DTC and the DTC Participants pursuant to rules and procedures established by DTC.

Each DTC Participant shall be credited in the records of DTC with the amount of such DTC Participant's interest in the Bonds. Beneficial ownership interests in the Bonds may be purchased by or through DTC Participants. The holders of such beneficial ownership interests are hereinafter referred to as the "Beneficial Owners." The Beneficial Owners shall not receive Bonds representing their beneficial ownership interests. The ownership interests of each Beneficial Owner shall be recorded through the records of the DTC Participant from which such Beneficial Owner purchased its Bonds. Transfers of ownership interests in the Bonds shall be accomplished by book entries made by DTC and, in turn, by DTC Participants acting on behalf of Beneficial Owners. SO LONG AS CEDE & CO., AS NOMINEE FOR DTC, IS THE REGISTERED OWNER OF THE BONDS, THE BOND TRUSTEE AND REGISTRAR SHALL TREAT CEDE & CO. AS THE ONLY HOLDER OF THE BONDS FOR ALL PURPOSES UNDER THE TRUST AGREEMENT, INCLUDING RECEIPT OF ALL PRINCIPAL AND PURCHASE PRICE OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS, RECEIPT OF NOTICES, VOTING AND REQUESTING OR DIRECTING THE BOND TRUSTEE TO TAKE OR NOT TO TAKE, OR CONSENTING TO, CERTAIN ACTIONS UNDER THE TRUST AGREEMENT.

Payments of principal, interest, purchase price and redemption premium, if any, with respect to the Bonds, so long as DTC or its nominee, Cede & Co., is the only owner of the Bonds, shall be paid by

the Bond Trustee directly to DTC or its nominee, Cede & Co., as provided in the Blanket County Letter of Representation that has been executed and delivered by the County to DTC (the "Letter of Representation"). DTC shall remit such payments to DTC Participants, and such payments thereafter shall be paid by DTC Participants to the Beneficial Owners. The County, the Hospital, the Bond Trustee, and the Remarketing Agent shall not be responsible or liable for payment by DTC or DTC Participants, for sending transaction statements or for maintaining, supervising or reviewing records maintained by DTC or DTC Participants.

In the event that (a) DTC determines not to continue to act as securities depository for the Bonds or (b) the Hospital or the Remarketing Agent determines that the continuation of the book-entry system of evidence and transfer of ownership of the Bonds would adversely affect their interests or the interests of the Beneficial Owners of the Bonds, the Bond Trustee at the request of the Hospital or the Remarketing Agent shall discontinue the book-entry system with DTC. If the Remarketing Agent fails to identify another qualified securities depository to replace DTC, the Remarketing Agent shall cause the Bond Trustee to authenticate and deliver replacement Bonds in the form of fully registered Bonds to each Beneficial Owner or as otherwise required by the rules and procedures of DTC.

In the event that a book-entry system of evidence and transfer of ownership of the Bonds is discontinued pursuant to the provisions of the Trust Agreement, the Bonds shall be delivered solely as fully registered Bonds without coupons in Minimum Denominations, shall be lettered "R" and numbered separately from "1" upward, and shall be payable, executed, authenticated, registered, exchanged and cancelled pursuant to the provisions hereof and of the Trust Agreement.

THE COUNTY, THE HOSPITAL, THE REMARKETING AGENT AND THE BOND TRUSTEE SHALL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO ANY DTC PARTICIPANT OR ANY BENEFICIAL OWNER WITH RESPECT TO (A) THE BONDS; (B) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (C) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR PURCHASE PRICE OF AND REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE BONDS; (D) THE DELIVERY OR TIMELINESS OF DELIVERY BY DTC OR ANY DTC PARTICIPANT OF ANY NOTICE DUE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE TRUST AGREEMENT TO BE GIVEN TO BENEFICIAL OWNERS; (E) THE SELECTION OF BENEFICIAL OWNERS TO RECEIVE PAYMENTS IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (F) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC, OR ITS NOMINEE, CEDE & CO., AS OWNER.

SO LONG AS A BOOK-ENTRY SYSTEM OF EVIDENCE OF TRANSFER OF OWNERSHIP OF ALL THE BONDS IS MAINTAINED IN ACCORDANCE HERewith, THE PROVISIONS OF THE TRUST AGREEMENT RELATING TO THE DELIVERY OF PHYSICAL BOND CERTIFICATES SHALL BE DEEMED TO GIVE FULL EFFECT TO SUCH BOOK-ENTRY SYSTEM.

Miscellaneous

The registered owner of this Bond shall have no right to enforce the provisions of the Trust Agreement or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Trust Agreement, or to institute, appear in and defend any suit or other proceeding with respect thereto, except as provided in the Trust Agreement. In certain events, on the conditions, in the manner and with the effect set forth in the Trust Agreement, the principal of this Bond

may be declared and may become due and payable before the stated maturity thereof, together with accrued interest thereon.

Modifications or alterations of the Master Indenture, the Trust Agreement, the Loan Agreement, or of any indenture or agreement supplemental thereto, may be made only to the extent and in the circumstances permitted by the Master Indenture, the Trust Agreement, and the Loan Agreement.

This Bond is issued with the intent that the laws of the State of South Carolina will govern its construction.

IT IS HEREBY CERTIFIED, RECITED AND DECLARED that all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of the Bonds do exist, have happened and have been performed in due time, form and manner as required by law; that the indebtedness represented by the Bonds, together with all obligations of the County, does not exceed any constitutional or statutory limitation.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any security or benefit under the Trust Agreement until the Certificate of Authentication hereon shall have been signed by the Bond Trustee.

IN WITNESS WHEREOF, Florence County, South Carolina has caused this Bond to be executed with the facsimile signatures of the Chairman of its County Council and the County Administrator of the County and a facsimile of its official seal to be printed hereon and this Bond to be dated the ____ day of ____, 2010.

FLORENCE COUNTY, SOUTH CAROLINA

By: _____
Chairman, Florence County Council

[OFFICIAL SEAL]

[FORM OF ASSIGNMENT]

FOR VALUE RECEIVED the undersigned hereby sells, assigns and transfers unto _____

[Please Print or Typewrite Name and Address of Transferee] the within Bond and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to the Assignment must correspond with the name as it appears upon the face of the within Bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed:

NOTICE: Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company.

[To be endorsed on all Bonds]

Date of Authentication:

CERTIFICATE OF AUTHENTICATION

This Bond is a Bond of the Series designated therein and issued under the provisions of the within-mentioned Trust Agreement.

_____,
Bond Registrar

By _____
Authorized Signatory

[FORM OF BOND PURCHASE AGREEMENT – SERIES 2010A]

DRAFT

BOND PURCHASE AGREEMENT

§ _____
Florence County, South Carolina
Hospital Revenue Bonds
(McLeod Regional Medical Center Project)
Series 2010A

_____, 2010

Florence County, South Carolina
c/o Florence County Council
Floor G
City-County Complex
Florence, South Carolina 29501

Ladies and Gentlemen:

J.P. Morgan Securities Inc., as representative (the "*Representative*") on behalf of itself and Wells Fargo Bank, National Association (together, the "*Underwriters*"), hereby offers to enter into this Bond Purchase Agreement with you, Florence County, South Carolina (the "*Issuer*"), acting by and through its County Council (the "*County Council*"), for the purchase by the Underwriters and sale by you of the Bonds specified below. This offer is made subject to acceptance by you and approval by McLeod Regional Medical Center of the Pee Dee, Inc., a South Carolina nonprofit corporation (the "*Borrower*"), prior to 5:00 P.M., Florence, South Carolina time, on the date hereof, and upon such acceptance and approval this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon both the Issuer and the Representative. All capitalized terms used in this Bond Purchase Agreement and not otherwise defined herein have the same meaning as in the Official Statement hereinafter referred to.

1. Upon the terms and conditions and on the basis of the representations herein set forth, the Representative hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Representative all (but not less than all) of the \$ _____ Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010A (the "*Bonds*") at the aggregate purchase price of \$ _____ (reflecting underwriting discount of \$ _____, original issue premium of \$ _____ and original issue discount of \$ _____). The Bonds shall be as described in and shall be issued and secured under and pursuant to a Trust Agreement dated as of _____ 1, 2010 (the "*Trust Agreement*"), by and between the Issuer and U.S. Bank National Association, as trustee (the "*Trustee*"), and an Ordinance duly enacted by County Council Issuer on _____, 20____, (the "*Bond Ordinance*"). The Bonds will mature in the amounts and on the dates, and have those additional terms set forth on Schedule I hereto and in the Trust Agreement. The proceeds from the sale of the Bonds will be applied, together with other moneys, to acquire, construct and equip certain hospital facilities of the Borrower, refund a portion of the outstanding principal amount of the Issuer's Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 1998A (the "*Refunded Bonds*") and pay certain costs of issuance of the Bonds.

2. *Public Offering.* The Underwriters intend to make an initial bona fide public offering of all of the Bonds at not in excess of the initial public offering price or prices, or with yield or yields not lower than the yield or yields, as set forth on *Schedule I* hereto, but reserve the right to change such initial prices or yields as the Underwriters deem necessary in connection with the marketing of the Bonds. The foregoing notwithstanding, the Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower, or yields higher, than the public offering prices, or yields, set forth on *Schedule I* hereto.

3. *Preliminary Official Statement.* Until the Official Statement has been prepared and is available for distribution, the Issuer shall provide or cause the Borrower to provide to the Underwriters, at the expense of the Borrower, sufficient quantities of the Preliminary Official Statement dated _____, 2010 (the "*Preliminary Official Statement*") as the Underwriters deem necessary to satisfy the obligations the Underwriters under Rule 15c2-12 of the Securities and Exchange Commission, as amended ("*Rule 15c2-12*") with respect to distribution to each potential customer, upon request, of a copy of the Preliminary Official Statement.

4. *Official Statement.* As soon as practicable after the date hereof, and in any event within seven business days of the date hereof and in any event, no later than three business days prior to the Closing Date (as hereinafter defined), the Issuer shall provide or cause the Borrower to provide to the Underwriters executed copies of the Official Statement dated the date hereof, relating to the Bonds, in substantially the form of the Preliminary Official Statement, with only such changes therein as shall have been approved by the Issuer, the Borrower and the Underwriters (the delivery of the Official Statement by the Issuer to the Underwriters and the acceptance thereof by the Underwriters to constitute in all events such approval), executed on behalf of the Borrower by a duly authorized officer. The Official Statement shall be provided for distribution, at the expense of the Borrower, in such quantity as shall be requested by the Underwriters in order to permit the Underwriters to comply with the provisions of Rule 15c2-12 and the applicable rules of the Municipal Securities Rulemaking Board with respect to distribution to each potential customer, upon request, and to each customer of a copy of the final Official Statement. The Issuer and the Borrower ratify the use of the Preliminary Official Statement and authorize the Official Statement to be used in connection with the offering of the Bonds, and ratify and approve the prior distribution of the current drafts of each thereof by the Underwriters prior to the availability of the final version thereof. The Representative agrees to make the Official Statement available through a nationally recognized securities repository.

5. *Supplements to Official Statement.* If during the period from the date hereof to and including the date which is 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12) for the Bonds, the Issuer or the Borrower becomes aware of any fact or event that might or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, it shall notify the Representative, and if in the opinion of the Representative such fact or event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will, at the expense of the Borrower, cooperate with the Borrower to supplement or amend the Official Statement in a form and in a manner approved by the Representative and furnish to the Representative (a) a reasonable number of copies of the supplement or amendment, and (b) if such notification shall be subsequent to the Closing Date, such legal opinions, certificates, instruments, and other documents as the Representative may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The obligations of the Issuer set forth in this paragraph shall not require the Issuer to monitor the business and affairs of the Borrower.

6. *End of Underwriting.* The Issuer and the Borrower may request from the Representative from time to time, and the Representative shall provide to the Issuer and the Borrower upon such request, such information as may be reasonably required by the Issuer and the Borrower in order to determine whether the "end of the underwriting period" for the Bonds has occurred under Rule 15c2-12 with respect to the unsold balances of the Bonds that were originally sold to the Representative for resale to the public and which are held by the Representative for resale to the public. If, at the time of such request, for purposes of Rule 15c2-12 the Representative does not retain for sale to the public any unsold balance of the Bonds originally sold to the Representative pursuant to this Bond Purchase Agreement, then the Representative shall promptly notify the Issuer and the Borrower in writing that the "end of the underwriting period" for the Bonds under Rule 15c2 12 has occurred on a date which shall be set forth in such notification. The Issuer and the Borrower shall be entitled to treat as the "end of the underwriting period" for the Bonds the Closing Date, unless another date is specified in a notice from the Representative stating the date which is the "end of the underwriting period."

7. The Issuer represents to and agrees with the Representative that:

(a) The statements and information contained with respect to the Issuer under the caption "THE ISSUER" in the Preliminary Official Statement are, and as of the date of the Official Statement and as of the Closing such information in the Preliminary Official Statement and the Official Statement will be, true and correct in all material respects. If, at any time prior to 90 days after the Closing, any event occurs with respect to the Issuer as a result of which such statements and information contained in the Official Statement as then amended or supplemented might include an untrue statement of a material fact, the Issuer shall promptly notify the Representative and the Borrower in writing of such events. Any information supplied by the Issuer for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer.

(b) The Issuer is a body corporate and politic, duly created and existing as a political subdivision under the Constitution and Laws of the State of South Carolina (the "State") and is authorized pursuant to Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended (the "Act") to issue its revenue bonds for the purpose of financing or refinancing "hospital facilities" (as defined in the Act), to refund the Refunded Bonds, to enter into this Bond Purchase Agreement, the Trust Agreement, the Loan Agreement and the [TAX CERTIFICATE] (the "Tax Certificate"), to pledge the trust estate as provided in the Trust Agreement and as described in the Official Statement, and to loan the proceeds of the Bonds to the Borrower for the purposes described in the Official Statement.

(c) To the knowledge of the Issuer, without inquiry or investigation, the execution and delivery of this Bond Purchase Agreement does not, and the execution and delivery of the Bonds, the Loan Agreement, the Trust Agreement and the Tax Certificate, and the adoption of the Bond Ordinance, and compliance with the provisions of each of them, under the circumstances contemplated thereby, will not, in any material respect, conflict with or constitute on the part of the Issuer a breach of or default under any other agreement or instrument to which the Issuer is a party or any existing law, administrative regulation, court order or consent decree to which the Issuer is subject.

(d) With respect to such matters that are preconditions to the issuance of the Bonds, the Issuer will rely on Bond Counsel to ensure that, at the date of the Closing, the Issuer will have in all respects complied with the Act and the Internal Revenue Code of 1986, as amended (the "Code").

(e) To the knowledge of the Issuer, all approvals, consents and orders of any governmental authority, board, agency, commission or other body in or of the State having jurisdiction which would constitute a condition precedent to the adoption of the Bond Ordinance and the performance

by the Issuer of its obligations hereunder and under the Trust Agreement, the Loan Agreement, the Tax Certificate and the Bonds, have been obtained or, if not, the Issuer will rely on Bond Counsel to ensure that approvals, consents and orders will be obtained at the time of or prior to the Closing, provided that no representation is made as to approvals or consents under state securities laws.

(f) The Issuer represents, based solely on the opinion of Bond Counsel, that the Bonds, when duly issued, authenticated and delivered in accordance with the Bond Ordinance and the Trust Agreement and sold to the Underwriters as provided herein, will be validly issued and outstanding limited obligations of the Issuer payable by the Issuer solely from the funds, accounts and other sources pledged under the Trust Agreement. Neither the general credit nor the taxing power of the State of South Carolina or any political subdivision thereof is pledged for the payment of the Bonds. The Bonds and payments thereon are not and shall never constitute an indebtedness of the Issuer or the State of South Carolina within the meaning of any constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer, the State of South Carolina or any political subdivision thereof, or a charge against their general credit or taxing powers.

(g) The Issuer represents, based solely on the opinion of Bond Counsel, that the Bond Ordinance and this Bond Purchase Agreement, and the Trust Agreement, the Loan Agreement and the Tax Certificate, when each of them has been executed and delivered by the Issuer, will, assuming due authorization, execution and delivery by the Borrower and the Trustee, each constitute a valid and binding special, limited obligation of the Issuer; provided that the enforceability of such obligations may be subject to bankruptcy, insolvency, reorganization, moratorium or 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 in appropriate cases and to general principles of equity.

(h) No litigation is pending or, to the knowledge of the Issuer, without inquiry or investigation, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds or the application of proceeds of the Bonds as provided in the Trust Agreement and Loan Agreement or the collection of revenues of the Issuer pledged under the Trust Agreement, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Trust Agreement, the Loan Agreement, the Bond Ordinance, the Tax Certificate or this Bond Purchase Agreement, or (iii) in any way contesting the existence or powers of the Issuer.

(i) The Issuer is not in default as to the principal of or interest on any obligation that it has issued (excepting those that it has issued as a conduit for an entity other than the Borrower; as to which no representation is made).

(j) The Bond Ordinance has been duly enacted by the County Council, has not been amended and remains in full force and effect.

(k) The payment for the Bonds (the "Closing") will take place at _____ A.M., _____, Florence, South Carolina time, and in such place as the Representative, the Issuer and the Borrower shall agree upon, on _____, 2010, or at such other time or on such earlier or later date as the Representative, the Issuer and the Borrower mutually agree upon (the "Closing Date"). The Borrower, the Representative, and Bond Counsel will make arrangements to ensure that (i) the Bonds will be delivered as definitive fully registered bonds in denominations as provided in the Trust Agreement registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), and in such amounts as the Representative may request not less than one business day prior to the Closing; (ii) the Bonds shall be delivered to the Trustee through DTC's FAST System or shall be deposited for safekeeping with DTC not less than one business day prior to the Closing, subject to release by the

Trustee upon completion of the Closing; and (iii) the Bonds, while on deposit with DTC, will be made available to the Representative for checking not less than 24 hours prior to the Closing Date.

8. The Representative has entered into this Bond Purchase Agreement in reliance upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date, and in reliance upon the representations and covenants of the Borrower pursuant to Exhibit A hereto, both as of the date hereof and as of the Closing Date. The Underwriters have the right to cancel their obligation to purchase the Bonds by delivering to the Issuer a written notice signed by the Representative setting forth in reasonable detail the reasons for their election to do so, if between the date hereof and the Closing Date any of the following events occur that, in the Representative's reasonable judgment, makes it impracticable for the Underwriters to market the Bonds or to enforce contracts for the sale of the Bonds, in either case at the prices or yields set forth in the Official Statement, or materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds:

(a) the President of the United States or any agency or instrumentality of the federal government announces a plan, program or proposed legislation that, if implemented or adopted, would adversely affect the tax-exempt nature of the revenues or other income derived by the Issuer or any similar body, the revenues received by the Borrower or the interest on the Bonds or obligations of the general character of the Bonds [or would eliminate or reduce any reimbursement of depreciation or interest expense to the Borrower by Medicare or Medicaid, on account of those portions of the Borrower's property and equipment, if any, now eligible for reimbursement or reduce any such reimbursement to the Borrower on account of property and equipment similar in type]; or

(b) legislation is enacted by or introduced in the Congress of the United States or is reported out of a committee thereof or a decision is rendered by a court of the United States or the Tax Court of the United States, or a ruling is made or a regulation is proposed or made by the Treasury Department of the United States or the Internal Revenue Service, or other federal agency or authority, with respect to federal taxation upon revenues or other income derived by the Issuer, any similar body, or the Borrower, or upon interest received on the Bonds or obligations of the general character of the Bonds; or

(c) any other action or event transpires which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith or contemplated by the Official Statement, including the tax-exempt status of the Borrower or any other member of the Obligated Group under Sections 501(a) and 501(c)(3) of the Code, and which, in the reasonable opinion of the Representative, materially adversely affects the market for the Bonds or the sale, at the contemplated offering price, by the Underwriters of the Bonds; or

(d) there exists any event that in the Representative's reasonable judgment either (i) makes untrue or incorrect in any material respect as of such time any statement or information in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading, in the light of the circumstances in which they were made, in any material respect; or

(e) there occurs any outbreak or any escalation of existing hostilities or other local, national or international financial or other calamity, crisis or emergency, or default with respect to the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any State of the United States or agency thereof, or any city in the United States having a population of

over 1,000,000, any of which, in the reasonable opinion of the Representative, materially adversely affects the market for the Bonds or for obligations of the general character of the Bonds; or

(f) there is in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading are fixed and are in force or maximum ranges for prices for securities are required and are in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or

(g) a general banking moratorium is declared by any state or the United States of America and is in force; or

(h) legislation is enacted or proposed or actively considered for enactment, or a decision by a court of the United States is rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter is made, to the effect that (i) the Bonds or any securities of the Issuer or any securities similar to the type contemplated herein (exclusive of industrial development bonds described in Section 3(a)(2) of the Securities Act of 1933, as amended and as then in effect (the "Securities Act")) are not exempt from the registration, qualification or other requirements of the Securities Act or the reporting requirements of the Securities Exchange Act of 1934, as amended and as then in effect, or (ii) the Trust Agreement, the Loan Agreement, the Master Trust Indenture, the Series 2010A Supplemental Master Indenture or the 2010A Obligation or any similar instrument is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(i) there is any material adverse change in the affairs of the Issuer or the Obligated Group or the Borrower; or

(j) there is a withdrawal or downgrading or negative change in credit watch status of any rating on the Bonds or on any other obligations of the Obligated Group from a rating assigned at the date of this Bond Purchase Agreement; or

(k) the Constitution of the State of South Carolina shall be amended, legislation shall be enacted or actively considered for enactment by the South Carolina legislature, or a South Carolina court decision shall be announced which, in the reasonable opinion of the Representative, materially adversely affects the market for the Bonds or of obligations of the general character of the Bonds, including without limitation any such legislation or court decision which materially adversely affects the status of interest on the Bonds under South Carolina law; or

(l) in the reasonable judgment of the Representative, the market for the Bonds or of obligations of the general character of the Bonds may be materially adversely affected by: (i) the imposition of additional material restrictions not in force as of the date hereof upon trading in securities generally by any governmental authority or by any national securities exchange or (ii) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, as to the Bonds or similar obligations of any material restrictions not now in force, or a material increase in those restrictions, those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters or broker-dealers; or

(m) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way protesting or affecting any authority for or the validity of the Bond Ordinance, the Bonds, the Trust Agreement, the Master Trust Indenture, the Series

2010A Supplemental Master Indenture, the Loan Agreement, the 2010A Obligation or the existence or powers of the Issuer, the Borrower or any other member of the Obligated Group; or

(n) a supplement or amendment shall have been made to the Official Statement subsequent to the date hereof which in the reasonable judgment of the Representative, materially adversely affects the marketability of the Bonds or the market price thereof; or

(o) the Obligated Group shall have sustained an uninsured loss by strike, fire, flood, accident or other calamity of such character as to interfere materially with the conduct of its business and operations[]; or

(p) there shall be a commencement of termination proceedings as to the Borrower's participation in third party reimbursement or payment arrangements or receipt by the Borrower of notice that its current participation in any third party reimbursement or payment arrangement is subject to any contest, termination or suspension as a result of any non-compliance with participation requirements, which in the reasonable judgment of the Representative materially adversely affects the market for the Bonds].

9. The Underwriters' obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) at the time of Closing, (i) the Official Statement, the Trust Agreement, the Loan Agreement, the Master Trust Indenture, the Series 2010A Supplemental Master Indenture, the 2010A Obligation, the Tax Certificate, the Bond Ordinance and the Letter of Representation, shall be in full force and effect and in such form as shall have been approved by the Representative, (ii) the County Council shall have duly adopted and there shall be in full force and effect the Bond Ordinance and additional resolutions as, in the opinion of Bond Counsel, are necessary in connection with the transactions contemplated hereby, and (iii) the Borrower shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of counsel to the Underwriters, are necessary in connection with the transaction contemplated hereby;

(b) at or prior to the Closing, the Representative shall receive the following:

(i) the approving opinion of Bond Counsel, dated the Closing Date in the form set forth in Appendix D to the Official Statement, and a supplemental opinion of Bond Counsel addressed to the Representative and the Issuer, dated the Closing Date, in the form set forth in Exhibit B to this Bond Purchase Agreement;

(ii) the opinion of counsel to the Borrower, addressed to the Representative and the Issuer, dated the Closing Date, in form set forth in Exhibit C to this Bond Purchase Agreement;

(iii) the opinion of counsel to the Underwriters, dated the Closing Date and addressed to the Representative, in a form acceptable to the Representative;

(iv) the Issuer's certificate, dated the Closing Date, signed by its Chairman and in form satisfactory to the Representative, to the effect that:

(1) the representations of the Issuer herein are true and correct in all material respects as of the Closing Date,

(2) no litigation, proceedings or investigations are pending or, to the signatory's knowledge, threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, the use of the proceeds thereof as contemplated by the Trust Agreement, or the collection of revenues pledged under the Trust Agreement, (B) in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bond Ordinance, the Bonds, the Trust Agreement, the Loan Agreement, this Bond Purchase Agreement or the Tax Certificate, (C) in any way contesting the existence or powers of the Issuer or the County Council or the title of any of the County Council members or other officers of the Issuer to their respective offices, or (D) wherein an unfavorable ruling would materially adversely affect the transactions contemplated in the Official Statement, the tax-exempt status of the interest on the Bonds or amounts to be received by the Issuer pursuant to the Loan Agreement or the 2010A Obligation,

(3) to the knowledge of the Issuer, no event affecting the Issuer has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date the information set forth under the caption "THE ISSUER" of the Official Statement,

(4) the Bond Ordinance has been adopted and as of the Closing Date have not been amended or repealed.

(v) the Borrower's certificate, signed by an authorized officer of the Borrower, dated the Closing Date, to the effect that:

(1) the representations and warranties of the Borrower set forth in the Letter of Representation, the Master Trust Indenture, the Series 2010A Supplemental Master Indenture and the Loan Agreement are true and correct in all material respects as of the date hereof,

(2) no event has occurred that would constitute a material default on the part of any member of the Obligated Group (including, but not limited to, any event that would permit acceleration) in any agreement relating to material debt of any member of the Obligated Group, or, to the best knowledge of the signatory, that would cause the signatory to believe that such member will default in any material way with respect to its obligations under any such agreement,

(3) no litigation, proceedings or investigations are pending against any member of the Obligated Group or to the best knowledge of the signatory otherwise pending or threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, the use of the proceeds thereof as contemplated by the Trust Agreement, or the collection of revenues pledged under the Trust Agreement, (B) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Trust Agreement, the Loan Agreement, the Master Trust Indenture, the Series 2010A Supplemental Master Indenture, the 2010A Obligation, the Letter of Representation, the Tax Certificate or this Bond Purchase Agreement, (C) in any way contesting the corporate existence or tax-exempt status or powers of any member of the Obligated Group, (D) that in any manner questions the right of the members of

the Obligated Group to enter into the transactions described in the Official Statement, or (E) for which the probable ultimate recoveries and the estimated costs and expenses of defense will not be entirely within the applicable insurance policy limits (subject to applicable deductibles) or reserves held under its self-insurance program or otherwise available, or if such recoveries, costs and expenses may be outside such limits or reserves held under its self-insurance program or otherwise available, will result in a materially adverse effect on the financial condition or results of operations of any member of the Obligated Group,

(4) to the best of the signatory's knowledge, no event affecting the Obligated Group or any member thereof has occurred since the date of the Official Statement that should be disclosed in the Official Statement in order to make the statements and information therein, in the light of the circumstances in which they were made, not misleading in any material respect,

(5) since [September 30, 2009] (A) there has been no material and adverse change in the financial condition or results of operation of any member of the Obligated Group, and (B) no member of the Obligated Group has incurred any liabilities that are material to the Obligated Group, other than, in the case of (A) and (B), in the ordinary course of business or as set forth in or contemplated by the Official Statement;

(vi) letters of Deloitte & Touche LLP, addressed to the Issuer and the Representative, dated the date of this Bond Purchase Agreement and the Closing Date, agreeing to the use of its name and references to it in the Official Statement under the heading "FINANCIAL STATEMENTS" and, with respect to certain financial information, to the extent permitted by Statement in Auditing Standards No. 76 issued by the American Institute of Certified Public Accountants, other matters as may be reasonably specified by the Representative, substantially in the forms attached as Exhibit D to this Bond Purchase Agreement;

(vii) two copies of the Trust Agreement, the Loan Agreement, the Letter of Representation, the Series 2010A Supplemental Master Indenture, the 2010A Obligation and the Tax Certificate, each duly executed by the parties thereto;

(viii) two certified copies of the Bond Ordinance;

(ix) two copies of the Articles of Incorporation (or equivalent constitutive document) of each member of the Obligated Group, as then in effect, certified as of a recent date by the Secretary of State of the State of South Carolina; two copies of the Good Standing Certificate (or equivalent document) of each member of the Obligated Group, certified as of a recent date by the Secretary of State of the State of South Carolina; two copies of the Bylaws of each member of the Obligated Group, as then in effect, certified by the Secretary or Assistant Secretary of the Borrower and appropriate resolutions authorizing the execution and delivery of each document contemplated herein to which it is a party or by which its property is bound, including the Loan Agreement, the Master Trust Indenture, the Series 2010A Supplemental Master Indenture, the 2010A Obligation, the Tax Certificate, the Official Statement and the Letter of Representation, and authorizing the approval of this Bond Purchase Agreement and all transactions contemplated by the Official Statement or this Bond Purchase

Agreement (including the execution and delivery by the appropriate parties of the Trust Agreement), all certified by the Secretary or Assistant Secretary of the Borrower;

(x) copies of the Internal Revenue Service determination letters regarding the status of each Member of the Obligated Group as an organization described in Section 501(c)(3) of the Code;

(xi) specimen Bonds;

(xii) the certificates and opinions required by the Trust Agreement for the issuance thereunder of the Bonds;

(xiii) defeasance opinion of Bond Counsel;

(xiv) any opinions of counsel required under the Trust Agreement dated as of January 15, 1998 relating to the Refunded Bonds (the "1998 Indenture") to be delivered in connection with the refunding of the Refunded Bonds;

(xv) the certificates and opinions required by the Master Trust Indenture for the issuance thereunder of the 2010A Obligation;

(xvi) a copy of Federal IRS Form 8038 prepared with respect to the Bonds and executed by a representative of the Issuer;

(xvii) a certificate executed by the Borrower which establishes to the satisfaction of Bond Counsel that the average maturity of the Bonds does not exceed 120% of the weighted average reasonably expected economic life of the assets financed or refinanced with the proceeds of the Bonds;

(xviii) the letter of representations from the Issuer and accepted by DTC;

(xix) evidence that Standard & Poor's Credit Market Services, a Division of The McGraw-Hill Companies, Inc. and Fitch Ratings have issued ratings of " " and " " , respectively, for the Bonds and that such ratings are in effect at the Closing Date and are not then being reviewed;

(xx) evidence that financing statements have been filed for record with the Secretary of State of the State of South Carolina with respect to the security interests granted or assigned in the Master Indenture;

(xxi) such additional legal opinions, certificates, proceedings, instruments and other documents as Underwriters' Counsel, Bond Counsel or counsel to the Borrower may reasonably request to evidence compliance by the Issuer and the Borrower with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations and warranties of the Borrower and the Issuer in this Bond Purchase Agreement, the Trust Agreement, the Tax Certificate, the Loan Agreement, the Master Trust Indenture, the Series 2010A Supplemental Master Indenture, the 2010A Obligation and the Letter of Representation and the due performance or satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the Issuer and the Borrower,

provided, however, that any additional opinions relating to performance or satisfaction of any agreement by the Issuer will be delivered by Bond Counsel.

If the Issuer is unable to satisfy the conditions to the Underwriters' obligations in this Bond Purchase Agreement or if the Underwriters' obligations are terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement will terminate and none of the Underwriters, the Issuer and the Borrower will have any further obligation hereunder except pursuant to the Letter of Representation.

10. (a) If the Bonds are sold and delivered, all expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriters, including the fees and expenses of the Issuer's counsel and advisors and the costs of printing or reproducing the Bonds, the Official Statement, the Loan Agreement, the Trust Agreement, the Tax Certificate, this Bond Purchase Agreement and the other underwriting documents, in reasonable quantities, fees of the Borrower's consultants and accountants, fees of rating agencies, CUSIP Service Bureau charges, fees and expenses of Bond Counsel, fees of the South Carolina Municipal Advisory Board and all out-of-pocket expenses of the Underwriters, including traveling and other expenses, and the reasonable fees and expenses of their counsel, shall be paid from the proceeds of the Bonds or by the Borrower.

(b) If either the Issuer or the Borrower is unable to satisfy the conditions to the obligations of the Underwriters contained herein, or if the obligations of the Underwriters to purchase and accept delivery of the Bonds are terminated for any reason hereunder, responsibility for fees, expenses and costs shall be determined in accordance with paragraph (cc) of the Letter of Representation attached hereto as Exhibit A and the Issuer shall have no obligation for any such fees, expenses or costs.

11. Any notice or other communication to be given under this Bond Purchase Agreement must be in writing and either hand-delivered, sent by facsimile (with appropriate form of confirmation received) or mailed by registered or certified mail, return receipt requested or by a nationally recognized express delivery service, postage prepaid, to:

ISSUER:

Florence County, South Carolina
c/o Florence County Council
Floor G
City-County Complex
Florence, South Carolina 29501
Attention: Chairman

BORROWER:

McLeod Regional Medical Center
555 East Cheves Street
Florence, South Carolina 29501
Attention:

REPRESENTATIVE:

J.P. Morgan Securities Inc.
383 Madison Avenue, 8th Floor
Mail Code NY1-M105
New York NY 10179
Attention: Christopher J. McCann

12. This Bond Purchase Agreement is made solely for the benefit of the Issuer and the Representative (including successors or assigns of the Representative) and no other person,

partnership, association or corporation, including, without limitation, any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof. All representations and agreements of the Issuer in this Bond Purchase Agreement shall survive the delivery and payment for the Bonds.

13. This Bond Purchase Agreement shall be deemed made under the laws of the State of South Carolina and for all purposes shall be governed by and construed in accordance with the laws of the State of South Carolina and may be signed in counterparts.

14. Notwithstanding anything to the contrary contained herein, no failure of the Issuer to comply with any term, condition, representation, warranty, covenant or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from such revenues or proceeds of the Bonds; and no execution on any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or taxing powers of the Issuer.

[Remainder of page intentionally left blank]

J.P. MORGAN SECURITIES INC.

By: _____
Its:

Accepted on the date first above written:

FLORENCE COUNTY, SOUTH CAROLINA

By: _____
Its:

DRAFT

SCHEDULE I

TERMS OF THE BONDS

The Bonds shall bear interest (based on a 360-day year of twelve 30-day months) at the respective rates and shall mature on November 1 of the years and in the principal amounts set forth below:

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate (%)</u>
	\$	

Mandatory Sinking Fund Redemption:

Mandatory Sinking
Fund Redemption Dates
(November 1)

Mandatory Sinking Fund
Redemption Payments

\$

20__†

†Maturity

Optional Redemption Provisions:

As provided in the Trust Agreement

LETTER OF REPRESENTATION

_____, 2010

Florence County, South Carolina
c/o Florence County Council
Floor G
City-County Complex
Florence, South Carolina 29501

J.P. Morgan Securities Inc.
383 Madison Avenue, 8th Floor
Mail Code NY1-M105
New York NY 10179

Ladies and Gentlemen:

The Florence County, South Carolina (the "*Issuer*") and the undersigned, McLeod Regional Medical Center of the Pee Dee, Inc. (the "*Borrower*"), have entered into a Loan Agreement dated as of _____, 2010 (the "*Loan Agreement*"). Pursuant to a Bond Purchase Agreement, dated _____, 2010 (the "*Bond Purchase Agreement*") with J.P. Morgan Securities Inc., as representative (the "*Representative*"), on behalf of itself and Wells Fargo Bank, National Association (together, the "*Underwriters*") which the Borrower has approved, the Issuer proposes to issue \$ _____ Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010A (the "*Bonds*"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Purchase Agreement.

In order to induce you to enter into the Bond Purchase Agreement and to make the offering and sale of the Bonds therein contemplated, the Borrower hereby represents, warrants and agrees with you as follows, and the Representative, in consideration of the agreements of the Borrower set forth herein, agrees with the Borrower as to the matters set forth in paragraph (bb)(B) below:

(a) The Borrower is a member of the Obligated Group as of date hereof.

(b) The Borrower has delivered to the Representative copies of the Preliminary Official Statement dated _____, 2010 (the "*Preliminary Official Statement*"), relating to the Bonds. The Preliminary Official Statement has been provided for distribution, at the expense of the Borrower, in such quantity as has been requested by the Representative in order to permit each "participating underwriter" to comply with the provisions of Rule 15c2-12 and the applicable rules of the Municipal Securities Rulemaking Board with respect to distribution to

each potential customer, upon request, and each customer of a copy of the Preliminary Official Statement.

(c) The Issuer has agreed to provide or cause the Borrower to provide to the Representative, pursuant to the Bond Purchase Agreement, executed copies of the Official Statement dated the date hereof, relating to the Bonds, in substantially the form of the Preliminary Official Statement, with only such changes therein as shall have been approved by the Issuer, the Borrower and the Representative (the delivery of the Official Statement to the Representative and the acceptance thereof by the Representative to constitute in all events such approval), executed on behalf of the Borrower by a duly authorized officer. The Official Statement shall be provided for distribution, at the expense of the Borrower, in such quantity as shall be requested by the Representative in order to permit each "participating underwriter" under Rule 15c2-12 to comply with the provisions of Rule 15c2-12 and the applicable rules of the Municipal Securities Rulemaking Board with respect to distribution to each potential customer, upon request, and to each customer of a copy of the final Official Statement. The Borrower ratifies the use of the Preliminary Official Statement and authorizes the Official Statement to be used in connection with the offering of the Bonds, and ratifies and approves the prior distribution thereof by the Representative prior to the availability of the final version thereof. The Representative agrees to make the Official Statement available through a nationally recognized securities repository.

(d) The Borrower ratifies the distribution and use of the Preliminary Official Statement. The Borrower has reviewed and hereby approves the statements and information set forth in the Preliminary Official Statement, and to be set forth in the Official Statement. The statements and the information set forth and incorporated by reference in the Preliminary Official Statement are true and correct in all material respects (except for the statements and information contained under the captions "THE ISSUER," "THE 2010A BONDS - Book-Entry Only System," "THE BOND TRUSTEE," "UNDERWRITING," "CERTAIN RELATIONSHIPS," "TAX EXEMPTION" and "LITIGATION (as it pertains to the Issuer)," and in Appendix D, and the same information as may otherwise be contained in the Official Statement, as to which the Borrower makes no representation), and the Preliminary Official Statement does not and the Official Statement, as of its date and as of the Closing Date will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made, not misleading.

(e) After Closing, the Borrower will not approve, adopt or distribute any amendment of or supplement to the Official Statement, except with the prior written consent of the Issuer and the Representative. If, during the period from the date hereof through and including the date 25 days following the "end of the underwriting period" (as such term is described in Rule 15c2-12 and the Bond Purchase Agreement), the Borrower becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement or omit to state a material fact required to be stated therein or necessary to make the statements contain therein, in the light of the circumstances under which they were made, not misleading, the Borrower shall promptly notify the Representative thereof in writing. Upon the request of the Representative, the Borrower shall prepare and deliver to the Representative at the expense of the Borrower as many copies of an amendment or supplement to the Official Statement which will correct any untrue statement or omission therein as the Representative may reasonably request. Any information supplied for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Borrower is a duly organized and validly existing nonprofit corporation, created and existing under the laws of the State of South Carolina with full legal right, power and authority (i) to enter into this Letter of Representation, the Loan Agreement, the Tax Certificate, the 2010A Obligation, the Series 2010A Supplemental Master Indenture (collectively, the "Borrower Documents"), (ii) to issue the 2010A Obligation, and (iii) to carry out and consummate all transactions contemplated by this Letter of Representation and the other Borrower Documents.

(g) The execution and delivery of this Letter of Representation does not, and the execution and delivery of the other Borrower Documents, and compliance with the provisions of each of them, under the circumstances contemplated thereby, will not, in any material respect, conflict with or constitute a breach of or default under the Articles of Incorporation or the bylaws of any member of the Obligated Group or any agreement or instrument to which any member of the Obligated Group is a party or any existing law, administrative regulation, court order or consent decree to which the Borrower or any other member of the Obligated Group or any of its property is subject.

(h) All approvals, consents and orders of any governmental authority, board, agency, Board, commission or other body in or of any State and the federal government having jurisdiction which would constitute a condition precedent to the performance by the Borrower of its obligations hereunder and under the other Borrower Documents or by any other member under the Borrower Documents (except for Blue Sky laws, as to which no representation is made), have been obtained or, if not, will be obtained at the time of or prior to the Closing.

(i) This Letter of Representation is, and the other Borrower Documents, when each of them has been executed and delivered by the Borrower, will, assuming due authorization, execution and delivery by the other parties thereto, each constitute a valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

(j) No litigation, proceedings or investigations are pending against the Borrower or to the best knowledge of the signatory otherwise pending or threatened (i) to restrain or enjoin the issuance or delivery of any of the Bonds, the use of the proceeds thereof as contemplated by the Trust Agreement, or the collection of revenues pledged under the Trust Agreement, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Trust Agreement or the Borrower Documents, (iii) in any way contesting the corporate existence or tax-exempt status or powers of any member of the Obligated Group, (iv) that in any manner questions the right of the members of the Borrower to enter into the transactions described in the Official Statement, or (v) for which the probable ultimate recoveries and the estimated costs and expenses of defense will not be entirely within the applicable insurance policy limits (subject to applicable deductibles) or reserves held under its self-insurance program or otherwise available, or if such recoveries, costs and expenses may be outside such limits or reserves held under its self-insurance program or otherwise available, will result in a materially adverse effect on the financial condition or results of operations of any member of the Obligated Group.

(k) Each Member of the Obligated Group is an organization described in Section 501(c)(3) of the Code, is not a private foundation as described in Section 509(a) of the Code, and is exempt from federal income taxes under Section 501(a) of the Code (a "Tax-Exempt Organization"). Neither the Borrower nor any other Member of the Obligated Group will carry on any trade or business at the Facilities which is an unrelated trade or business determined by

applying Section 513(c) of the Code to such an extent as to jeopardize the status of such Member as a Tax-Exempt Organization; and, in any case, none of the proceeds of the Bonds will be used to finance or refinance property which will be used in such an unrelated trade or business.

(l) No member of the Obligated Group has “unrelated business taxable income” as defined in Section 512 of the Code of such a magnitude which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal income taxation, would have a material adverse effect on the condition, financial or otherwise, of the Obligated Group.

(m) The Borrower is a corporation organized and operated exclusively for charitable purposes, not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of section 3(a)(4) of the Securities Act of 1933, as amended, and of section 12(g)(2)(D) of the Securities Exchange Act of 1934, as amended.

(n) Reserved.

(o) No member of the Obligated Group is in breach of or in default under any existing law, court or administrative regulation, decree or order, or any agreement, indenture, mortgage, lease, sublease or other instrument to which it is a party or by which it or its property is or may be bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to any extent which could have a material adverse effect on the financial condition or results of operations of such member, the operation by such member of its properties, the transactions contemplated by this Letter of Representation and the Official Statement or the status of the Borrower or any other Member as a Tax-Exempt Organization or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Bonds, the Trust Agreement or the Borrower Documents or in any way adversely affect the corporate existence or powers of the Borrower or any other member.

(p) Each member of the Obligated Group has or will have all necessary licenses, approvals and permits presently required under federal, state and local law to operate its facilities.

(q) The Preliminary Official Statement is “deemed final” by the Borrower within the meaning of Rule 15c2-12.

(r) Since September 30, 2009, the date of the latest available audited financial statements of the System to be included in the Official Statement, (i) there has been no material and adverse change in the financial condition or results of operations of any member of the Obligated Group, and (ii) no Member has incurred any liabilities that are material to such member, other than in the case of (i) or (ii), in the ordinary course of business or as set forth in or contemplated by the Official Statement.

(s) The audited financial statements of the System for the years ended September 30, 2009 and 2008 contained in Appendix B to the Official Statement present fairly the financial position of the System and the Obligated Group as of the dates indicated and the results of its operations, changes in net assets and cash flows for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as stated in the notes thereto. The unaudited financial statements for the fiscal year periods ending as of April 30, 2010

and 2009 included in Appendix A present fairly the financial position of the System and the Obligated Group as of the dates indicated and the results of its operations for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved.

(t) Each member of the Obligated Group is qualified under applicable statutes, regulations and administrative practices for payments to health-care providers under Medicare and Medicaid and for contractual payments made by other third party providers. No member of the Obligated Group is engaged in termination proceedings as to its participation in any material third party reimbursement or payment arrangements and no member of the Obligated Group has received notice that its current participation in any material third party reimbursement or payment arrangements is subject to any termination or suspension as a result of alleged violations or any non-compliance with participation requirements.

(u) The Obligated Group has in effect, or has provided for, as of the Closing Date, all insurance coverage required by the Master Trust Indenture, with deductible amounts not in excess of those permitted by the Master Trust Indenture.

(v) Each member of the Obligated Group has good title to or a leasehold interest in its material real Property and good title to its other Property, subject in all cases to only Permitted Liens (as such terms are defined in the Master Trust Indenture).

(w) [The signatory has no knowledge of any defect in the title to the Property of the Obligated Group or any liens, encumbrances, covenants, conditions or restrictions affecting Property of any member of the Obligated Group, other than Permitted Liens. All liens, encumbrances, covenants, conditions and restrictions, if any, on the Property do not and will not materially adversely affect the value of, or materially interfere with or materially impair the operation of, the Property currently affected thereby for the purpose for which it was acquired or is held (or, if such Property is not being operated, the operation for which it was designed or last modified).]

(x) [The Obligated Group has not received notice of an alleged violation and, to the best of the Borrower's knowledge, no member of the Obligated Group is in violation of any zoning, land use, environmental or other similar law or regulation applicable to any of its property which could materially adversely affect the operations or financial condition of such member.]

(y) At the date hereof, no default or event of default of the Borrower or other member of the Obligated Group has occurred and is continuing and no event caused by the Borrower or other member of the Obligated Group has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute an event of default under the Trust Agreement, the Master Trust Indenture, the Series 2010A Supplemental Master Indenture, the Loan Agreement, the Bond Purchase Agreement, the 2010A Obligation, this Letter of Representation or any other material agreement or material instrument to which the Borrower or any other member of the Obligated Group is a party or by which any member of the Obligated Group is or may be bound or to which any of their Property or other assets is or may be subject, including all such agreements or instruments to which the Issuer is a party.

(z) In addition to the foregoing, the Borrower hereby makes to the Representative and the Issuer the same representations and warranties as are set forth by it in each Obligated

Group Document, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Representative and the Issuer with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Obligated Group Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Representative and the Issuer.

(aa) The Borrower will use commercially reasonable efforts to assure that each of the conditions to the obligations of the Representative under the Bond Purchase Agreement set forth in Section 9 thereof (other than Section 9(b)(iii) thereof) are satisfied at or prior to the Closing.

(bb) *Indemnification.*

(A) (i) The Borrower agrees to indemnify and hold harmless the Issuer and its officials, employees, agents, advisors and counsel (collectively, the "Issuer Parties") and the Representative and each person, if any, who controls the Issuer or the Representative within the meaning of the Securities Act of 1933, as amended (the "Indemnified Parties"), from and against any and all judgments, losses, claims, damages and liabilities, joint and several (including reasonable fees and expenses of counsel) to which any such Indemnified Party may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulations, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact set forth in the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, and to the extent of the aggregate amount paid in settlement of any litigation or other action commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement, omission or alleged omission or obligation or determination if such settlement is effected with the written consent of the Borrower, and will reimburse, as incurred any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that such indemnity shall not with respect to the Issuer extend to statements in or omissions from the Official Statement under the heading "ISSUER," or with respect to the Underwriters extend to statements in or omissions from the Official Statement under the heading "UNDERWRITING," or to such other portions of the Official Statement where the information contained in such statements appears.

(ii) Promptly after receipt by an Indemnified Party under this Section of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against the Borrower under this Section, give notice to the Borrower of the commencement thereof; but the omission so to notify the Borrower will not relieve the Borrower from any liability that it may have to any Indemnified Party otherwise than under this Section unless the omission to give timely notice would materially impair the ability of the Borrower to conduct an adequate defense. The Borrower will assume the defense of any action against any Indemnified Party based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel and the payment of counsel fees and all other expenses relating to

such defense; provided, however, that such counsel shall be satisfactory to the Indemnified Party and the Indemnified Party may retain separate counsel in any such action and may participate in the defense thereof which retention and participation shall be at the expense of such Indemnified Party unless such retaining of separate counsel has been specifically authorized in writing by the Borrower; provided, further that the Indemnified Party may retain separate counsel at the expense of the Borrower if the Indemnified Party shall be advised in an opinion of counsel that there may be legal defenses available to the Indemnified Party which are adverse to or in conflict with those available to the Borrower. After notice from the Borrower to an Indemnified Party of its assumption of the defense thereof, the Borrower will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation and of retaining separate counsel specifically authorized by the Borrower. This indemnity agreement will be in addition to any liability which the Obligated Group may otherwise have.

(iii) In order to provide for just and equitable contribution in circumstances in which the indemnification provided to the Indemnified Parties in the preceding paragraph is due in accordance with its terms but is for any reason held by a court to be unavailable from the Borrower on grounds of policy or otherwise, the Borrower and the Representative shall contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense reasonably incurred) to which they may be subject. Notwithstanding the previous sentence, in no case shall the Representative be responsible for any amount in excess of the underwriting fees applicable to the Bonds offered by the Representative. However, in no case will any person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person who controls the Indemnified Parties within the meaning of Section 15 of the Securities Act of 1933, as amended, will have the same rights to contribution as the Indemnified Parties, and each person who controls the Borrower within the meaning of the Securities Act and each officer and each director of a Member of the Borrower will have the same rights to contribution as such Member, subject to the foregoing sentence. Any party entitled to contribution will, promptly after receiving notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made under this paragraph, notify each party from whom contribution may be sought, but the omission to notify such party shall not relieve any party from whom contribution may be sought from any other obligation it may have otherwise than under this paragraph unless the omission to give timely notice would materially impair the ability of the Indemnified Party to conduct an adequate defense.

(B) (i) The Representative agrees to indemnify and hold harmless the Borrower from and against any and all judgments, losses, claims, damages and liabilities (including reasonable fees and expenses of counsel reasonably incurred) to which the Borrower may become subject under federal laws or regulations or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact set forth in the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, and to

the extent of the aggregate amount paid in settlement of any litigation or other action commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Representative; and will reimburse any legal or other expenses reasonably incurred by the Borrower in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that such indemnity shall extend only to statements in or omissions from the Official Statement under the heading "UNDERWRITING" or such other portions of the Official Statement where the information contained in such statements appears.

(ii) Promptly after receipt by the Borrower under this Section of notice of the commencement of any action, the Borrower will, if a claim in respect thereof is to be made against the Representative under this Section, give notice to the Representative of the commencement thereof; but the omission so to notify the Representative will not relieve the Representative of any liability under this Section unless the omission to give timely notice would materially impair the ability of the Representative to conduct an adequate defense. The Representative will assume the defense of any action against the Borrower based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel satisfactory to the Borrower and the payment of counsel fees and all other expenses relating to such defense; provided, however, that the Borrower may retain separate counsel in any such action and may participate in the defense thereof which retention and participation shall be at the expense of the Borrower unless such retaining of separate counsel has been specifically authorized in writing by the Representative; provided, further that the Borrower may retain separate counsel at the expense of the Representative if the Borrower shall be advised in an opinion of counsel that there may be legal defenses available to the Borrower which are adverse or in conflict with those available to the Representative. After notice from the Representative to the Borrower of its assumption of the defense thereof, the Representative will not be liable to the Borrower under this Section for any legal or other expenses subsequently incurred by the Borrower in connection with the defense thereof other than reasonable costs of investigation and of retaining separate counsel specifically authorized by the Representative. This indemnity agreement will be in addition to any liability which the Representative may otherwise have.

(C) The Borrower acknowledges that in connection with the offering of the Bonds and the discussions and negotiations relating to the terms of the Bonds set forth in the Bond Purchase Agreement: (i) the Underwriters have acted at arms length, are not agents of or advisors to, and owe no fiduciary duties to, the Borrower or any other member of the Borrower or person, (ii) the Underwriters' duties and obligations to the Borrower or any other member of the Borrower shall be limited to those contractual duties and obligations set forth in the Bond Purchase Agreement and (iii) the Underwriters may have interests that differ from those of the Borrower or the other members of the Borrower. The Borrower waives to the full extent permitted by applicable law any claims it or they may have against the Underwriters arising from an alleged breach of fiduciary duty in connection with the offering of the Bonds.

(cc) If the Bonds are sold and delivered, the Borrower agrees to comply with Section 10(a) of the Bond Purchase Agreement, which provides for the payment of fees, expenses and costs identified therein from the proceeds of the Bonds or by the Borrower.

(i) If either the Issuer or the Borrower is unable to satisfy the conditions to the obligations of the Underwriters contained in the Bond Purchase Agreement, or if the obligations of the Underwriters to purchase and accept delivery of the Bonds are terminated for any reason permitted thereunder, the Borrower shall pay those expenses and costs referred to in Section 10(a) of the Bond Purchase Agreement and all other fees, expenses and costs incurred by the Issuer and all fees, expenses and costs reasonably incurred by the Underwriters, including the reasonable fees and expenses of their counsel, in connection with the transactions contemplated by the Bond Purchase Agreement.

(ii) If the obligations of the Representative to purchase and accept delivery of the Bonds are terminated due to the occurrence of an event described in Section 8 of the Bond Purchase Agreement that does not arise from an act or omission by the Borrower, the Borrower shall pay those fees, expenses and costs referred to in subparagraph (i) of this paragraph (cc), other than the fees of the Representative and its counsel.

(dd) During the last [five] years the Borrower has not failed to comply in all material respects with any prior continuing disclosure undertaking pursuant to the Rule.

The representations, warranties, agreements and indemnities contained herein shall survive the Closing under the Bond Purchase Agreement and any investigation made by or on behalf of you of any matters described in or related to the transactions contemplated hereby and by the Bond Purchase Agreement or the Borrower Documents.

This Letter of Representation shall be binding upon and inure solely to the benefit of you, and, to the extent set forth herein, persons controlling you, and your personal representatives, successors and assigns, and no other persons or firm shall acquire or have any right by virtue of this Letter of Representation.

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to the Borrower the enclosed duplicate of this letter of agreement whereupon this will constitute a binding agreement between us in accordance with the terms hereof.

Very truly yours,

MCLEOD HEALTH REGIONAL MEDICAL
CENTER OF THE PEE DEE, INC.

By: _____
Its: _____

Accepted and agreed as of
the date first above written

J.P. MORGAN SECURITIES INC.

By: _____
Its: _____

FLORENCE COUNTY, SOUTH
CAROLINA

By: _____
Its: _____

DRAFT

**FORM OF SUPPLEMENTAL
OPINION OF BOND COUNSEL**

DRAFT

FORM OF OPINION TO BORROWER

[Counsel to the Borrower will deliver an opinion containing at least the following opinion points. Counsel's form of opinion will be appended as this Exhibit C.]

1. Each member of the Obligated Group is a nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State of South Carolina, with full legal right, power and authority to (a) conduct its businesses substantially as presently conducted, (b) to execute, deliver, and perform its obligations, if any, under the Loan Agreement, the Letters of Representation, the Tax Certificate, the 2010A Obligation, the Series 2010A Supplemental Master Indenture and the other certificates and agreements executed by Borrower (collectively, the "Borrower Documents") in connection with the issuance of the Bonds and the loan of the proceeds thereof, (c) to issue the 2010A Obligation and (d) to carry out and consummate all transactions contemplated by the Borrower Documents.

2. Each member of the Obligated Group is exempt from federal income tax under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code, other than taxation of unrelated business income subject to taxation under Section 511 of the Code, and is not a "private foundation" as defined in Section 509(a) of the Code.

3. The Official Statement and the Borrower Documents have been duly authorized, executed, and delivered by the Borrower, and the Borrower Documents are legal, valid, and binding obligations of the Borrower and the other members of the Obligated Group, as applicable, enforceable against the Borrower and the other members of the Obligated Group, as applicable, in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally, and except as the enforceability of the indemnifications set forth in the Letters of Representation may be limited by principles of public policy.

4. The undertaking of the Project, the refunding of the Refunded Bonds and the execution and delivery of the Borrower Documents by the Borrower and the approval by the Borrower of the Bond Purchase Agreement, the Trust Agreement, the Bonds and the Official Statement, and compliance by the Borrower with the provisions thereof, do not and will not conflict with or constitute a breach of or a default under the provisions of the articles of incorporation, by-laws or resolutions of the Borrower and will not in any material respect constitute on the part of the Borrower a breach or default under any indenture, deed of trust, document, mortgage, lease, sublease, agreement or other instrument to which the Borrower is a party or by which it or its properties are bound, and, to best of our knowledge after diligent inquiry, do not materially conflict with, violate, or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Borrower is subject.

5. To our knowledge after diligent inquiry, neither the Borrower nor its affiliates is in material breach of or in default under (a) any existing law, ordinance, court or administrative regulation, decree or order, or (b) any agreement, indenture, deed of trust, document, mortgage, lease, sublease, or other instrument to which it is a party or by which it or any of its properties are bound, which

breach or default would affect adversely the undertaking of the Project, the refunding of the Refunded Bonds, the validity or enforceability against the Borrower or the other members of the Obligated Group of any of the Borrower Documents, or would affect materially and adversely the financial condition, operations, or properties of the Borrower and its affiliates or the ability of any member of the Obligated Group to perform its obligations thereunder or to carry out and consummate the transactions contemplated by the Bond Purchase Agreement and the Official Statement. To our knowledge after diligent inquiry, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach or default of the nature described in the preceding sentence.

6. Except as is disclosed in the Official Statement, to our knowledge after diligent inquiry, there is no, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending, threatened against, or affecting the Borrower or its affiliates (a) contesting the corporate existence, tax-exempt status or powers of any member of the Obligated Group or the titles of their respective directors and officers to their respective offices, (b) contesting the validity of, the power of the Borrower to execute and deliver, or affecting the enforceability of the Borrower Documents or any of the other instruments pertaining to the transactions described in the Bond Purchase Agreement and the Official Statement to which the Borrower is a party, or contesting or affecting the power of the Borrower and the Obligated Group, as applicable, to consummate the transactions contemplated in such documents or to undertake the Project or the refunding of the Refunded Bonds, (c) contesting in any way the completeness or accuracy of the Official Statement, or (d) wherein an unfavorable decision, ruling, or finding would materially adversely affect the operations, properties or consolidated financial position of the Borrower or its affiliates.

7. The Borrower has received and there remains in full force and effect all governmental consents, permits, licenses and approvals, including certificates of need, that would constitute a condition precedent to, or the lack of which would materially adversely affect, the performance by any member of the Obligated Group of its obligations under the Borrower Documents and to undertake the Project and the refunding of the Refunded Bonds, except for those governmental consents, permits, licenses and approvals (e.g., an occupancy permit), which are not required to be obtained as of the date hereof. However, we know of no matter presently existing that would prohibit any material governmental consents, permits, licenses and approvals which have not yet been obtained from being obtained in a timely manner as required.

8. Nothing has come to our attention which would lead us to believe that the information in the Official Statement (excluding the materials under the captions "THE ISSUER," "THE 2010A BONDS – Book-Entry Only System," "THE BOND TRUSTEE," "UNDERWRITING," "TAX EXEMPTION," "LITIGATION (as it pertains to the Issuer)," Appendix D and financial and statistical data included in the Official Statement, as to which no opinion is expressed) contains an untrue statement of a material fact or omits to state a material fact that is required to be stated therein or is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

FORMS OF LETTER FROM AUDITORS

[Forms of Consent to Inclusion and Agreed Upon Procedures Letters]

DRAFT

[FORM OF BOND PURCHASE AGREEMENT – SERIES 2010B]

DRAFT

BOND PURCHASE AGREEMENT

\$ _____
Florence County, South Carolina
Hospital Revenue Bonds
(McLeod Regional Medical Center Project)
Series 2010B

_____, 2010

Florence County, South Carolina
c/o Florence County Council
Floor G
City-County Complex
Florence, South Carolina 29501

Ladies and Gentlemen:

Wells Fargo Bank, National Association (the "*Underwriter*") hereby offers to enter into this Bond Purchase Agreement with you, Florence County, South Carolina (the "*Issuer*"), acting by and through its County Council (the "*County Council*"), for the purchase by the Underwriter and sale by you of the Bonds specified below. This offer is made subject to acceptance by you and approval by McLeod Regional Medical Center of the Pee Dee, Inc., a South Carolina nonprofit corporation (the "*Borrower*") prior to 5:00 P.M., Florence, South Carolina time, on the date hereof, and upon such acceptance and approval this Bond Purchase Agreement shall be in full force and effect in accordance with its terms and shall be binding upon both the Issuer and the Underwriter. All capitalized terms used in this Bond Purchase Agreement and not otherwise defined herein have the same meaning as in the Official Statement hereinafter referred to.

1. Upon the terms and conditions and on the basis of the representations herein set forth, the Underwriter hereby agrees to purchase from the Issuer and the Issuer hereby agrees to sell to the Underwriter all (but not less than all) of the \$ _____ Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010B (the "*Bonds*") at the aggregate purchase price of \$ _____ (which equals the par amount of the Bonds less underwriting discount of \$ _____). The Bonds shall be as described in and shall be issued and secured under and pursuant to a Trust Agreement dated as of _____ 1, 2010 (the "*Trust Agreement*"), by and between the Issuer and U.S. Bank National Association, as trustee (the "*Trustee*"), and an Ordinance duly passed by the Issuer on _____, 20____, (the "*Bond Ordinance*"). The Bonds will mature in the amount[s] on the date[s], and have those additional terms set forth on Schedule I hereto and in the Trust Agreement. The proceeds from the sale of the Bonds will be applied, together with other moneys, to acquire, construct and equip certain hospital facilities of the Borrower, refund a portion of the outstanding principal amount of the Issuer's Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2004B (the "*Refunded Bonds*") and pay certain costs of issuance of the Bonds.

2. *Public Offering.* The Underwriter intends to make an initial bona fide public offering of all of the Bonds at not in excess of the initial public offering price or prices, or with yield or yields not lower than the yield or yields, as set forth on *Schedule I* hereto, but reserve the right to change such initial prices or yields as the Underwriter deems necessary in connection with the marketing of the Bonds. The foregoing notwithstanding, the Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing Bonds into investment trusts) at prices lower, or yields higher, than the public offering prices, or yields, set forth on *Schedule I* hereto.

3. *Official Statement.* The Issuer shall provide or cause the Borrower to provide to the Underwriter executed copies of the Official Statement dated _____, 2010, relating to the Bonds, executed on behalf of the Borrower by a duly authorized officer. The Official Statement shall be provided for distribution, at the expense of the Borrower, in such quantity as shall be requested by the Underwriter in order to permit the Underwriter to comply with the provisions of Rule 15c2-12 of the Securities and Exchange Commission, as amended ("*Rule 15c2-12*") and the applicable rules of the Municipal Securities Rulemaking Board with respect to distribution to each potential customer, upon request, and to each customer of a copy of the Official Statement. The Issuer and the Borrower authorize the Official Statement to be used in connection with the offering of the Bonds, and ratify and approve the prior distribution of the current drafts of each thereof by the Underwriter prior to the availability of the final version thereof. The Underwriter agrees to make the Official Statement available through a nationally recognized securities repository.

4. *Supplements to Official Statement.* If during the period from the date hereof to and including the date which is 25 days following the "end of the underwriting period" (as defined in Rule 15c2-12) for the Bonds, the Issuer or the Borrower becomes aware of any fact or event that might or would cause the Official Statement, as then supplemented or amended, to contain an untrue statement of a material fact or to omit to state a material fact required to be stated therein or necessary to make the statements contained therein, in the light of the circumstances under which they were made, not misleading, it shall notify the Underwriter, and if in the opinion of the Underwriter such fact or event requires the preparation and publication of a supplement or amendment to the Official Statement, the Issuer will, at the expense of the Borrower, cooperate with the Borrower to supplement or amend the Official Statement in a form and in a manner approved by the Underwriter and furnish to the Underwriter (a) a reasonable number of copies of the supplement or amendment, and (b) if such notification shall be subsequent to the Closing Date, such legal opinions, certificates, instruments, and other documents as the Underwriter may deem necessary to evidence the truth and accuracy of such supplement or amendment to the Official Statement. The obligations of the Issuer set forth in this paragraph shall not require the Issuer to monitor the business and affairs of the Borrower.

5. *End of Underwriting.* The Issuer and the Borrower may request from the Underwriter from time to time, and the Underwriter shall provide to the Issuer and the Borrower upon such request, such information as may be reasonably required by the Issuer and the Borrower in order to determine whether the "end of the underwriting period" for the Bonds has occurred under Rule 15c2-12 with respect to the unsold balances of the Bonds that were originally sold to the Underwriter for resale to the public and which are held by the Underwriter for resale to the public. If, at the time of such request, for purposes of Rule 15c2-12 the Underwriter does not retain for sale to the public any unsold balance of the Bonds originally sold to the Underwriter pursuant to this Bond Purchase Agreement, then the Underwriter shall promptly notify the Issuer and the Borrower in writing that the "end of the underwriting period" for the Bonds under Rule 15c2 12 has occurred on a date which shall be set forth in such notification. The Issuer and the Borrower shall be entitled to treat as the "end of the underwriting period" for the Bonds the Closing Date, unless another date is specified in a notice from the Underwriter stating the date which is the "end of the underwriting period."

6. The Issuer represents to and agrees with the Underwriter that:

(a) The statements and information contained in the Official Statement with respect to the Issuer under the caption "THE ISSUER" are as of the date of the Official Statement and will be as of the date of the Closing true and correct in all material respects. If, at any time prior to 90 days after the Closing, any event occurs with respect to the Issuer as a result of which such statements and information contained in the Official Statement as then amended or supplemented might include an untrue statement of a material fact, the Issuer shall promptly notify the Underwriter and the Borrower in writing of such events. Any information supplied by the Issuer for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact relating to the Issuer.

(b) The Issuer is a body corporate and politic, duly created and existing as a political subdivision under the Constitution and Laws of the State of South Carolina (the "State") and is authorized pursuant to Title 44, Chapter 7, Article 11, Code of Laws of South Carolina 1976, as amended (the "Act") to issue its revenue bonds for the purpose of financing or refinancing "hospital facilities" (as defined in the Act), to refund the Refunded Bonds, to enter into this Bond Purchase Agreement, the Trust Agreement, the Loan Agreement and the [TAX CERTIFICATE] (the "*Tax Certificate*"), to pledge the trust estate as provided in the Trust Agreement and as described in the Official Statement, and to loan the proceeds of the Bonds to the Borrower for the purposes described in the Official Statement.

(c) To the knowledge of the Issuer, without inquiry or investigation, the execution and delivery of this Bond Purchase Agreement does not, and the execution and delivery of the Bonds, the Loan Agreement, the Trust Agreement and the Tax Certificate, and the adoption of the Bond Ordinance, and compliance with the provisions of each of them, under the circumstances contemplated thereby, will not, in any material respect, conflict with or constitute on the part of the Issuer a breach of or default under any other agreement or instrument to which the Issuer is a party or any existing law, administrative regulation, court order or consent decree to which the Issuer is subject.

(d) With respect to such matters that are preconditions to the issuance of the Bonds, the Issuer will rely on Bond Counsel to ensure that, at the date of the Closing, the Issuer will have in all respects complied with the Act and the Internal Revenue Code of 1986, as amended (the "*Code*").

(e) To the knowledge of the Issuer, all approvals, consents and orders of any governmental authority, board, agency, commission or other body in or of the State having jurisdiction which would constitute a condition precedent to the adoption of the Bond Ordinance and the performance by the Issuer of its obligations hereunder and under the Trust Agreement, the Loan Agreement, the Tax Certificate and the Bonds, have been obtained or, if not, the Issuer will rely on Bond Counsel to ensure that approvals, consents and orders will be obtained at the time of or prior to the Closing, provided that no representation is made as to approvals or consents under state securities laws.

(f) The Issuer represents, based solely on the opinion of Bond Counsel, that the Bonds, when duly issued, authenticated and delivered in accordance with the Bond Ordinance and the Trust Agreement and sold to the Underwriter as provided herein, will be validly issued and outstanding limited obligations of the Issuer payable by the Issuer solely from the funds, accounts and other sources pledged under the Trust Agreement. Neither the general credit nor the taxing power of the State of South Carolina or any political subdivision thereof is pledged for the payment of the Bonds. The Bonds and payments thereon are not and shall never constitute an indebtedness of the Issuer or the State of South Carolina within the meaning of any constitutional provision or statutory limitation and shall never constitute nor give rise to a pecuniary liability of the Issuer, the State of South Carolina or any political subdivision thereof, or a charge against their general credit or taxing powers.

(g) The Issuer represents, based solely on the opinion of Bond Counsel, that the Bond Ordinance and this Bond Purchase Agreement, and the Trust Agreement, the Loan Agreement and the Tax Certificate, when each of them has been executed and delivered by the Issuer, will, assuming due authorization, execution and delivery by the Borrower and the Trustee, each constitute a valid and binding special, limited obligation of the Issuer; provided that the enforceability of such obligations may be subject to bankruptcy, insolvency, reorganization, moratorium or 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 in appropriate cases and to general principles of equity.

(h) No litigation is pending or, to the knowledge of the Issuer, without inquiry or investigation, threatened (i) seeking to restrain or enjoin the issuance or delivery of any of the Bonds or the application of proceeds of the Bonds as provided in the Trust Agreement and Loan Agreement or the collection of revenues of the Issuer pledged under the Trust Agreement, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Trust Agreement, the Loan Agreement, the Bond Ordinance, the Letter of Credit, [Reimbursement Agreement] dated the Closing Date (the "*Reimbursement Agreement*") among the Borrower, the Trustee and Wells Fargo Bank, National Association (the "*Bank*"), the Remarketing Agreement relating to the Bonds dated the Closing Date (the "*Remarketing Agreement*") the Tax Certificate or this Bond Purchase Agreement, or (iii) in any way contesting the existence or powers of the Issuer.

(i) The Issuer is not in default as to principal of or interest on any obligation which it has issued (excepting those which it has issued as a conduit for an entity other than the Borrower; as to which no representation is made).

(j) The Bond Ordinance has been adopted by the County Council, has not been amended and remains in full force and effect.

(k) The payment for the Bonds (the "*Closing*") will take place at _____ A.M., _____, Florence, South Carolina time, and in such place as the Underwriter, the Issuer and the Borrower shall agree upon, on _____, 2010, or at such other time or on such earlier or later date as the Underwriter, the Issuer and the Borrower mutually agree upon (the "*Closing Date*"). The Borrower, the Underwriter, and Bond Counsel will make arrangements to ensure that (i) the Bonds will be delivered as definitive fully registered bonds in denominations as provided in the Trust Agreement registered in the name of Cede & Co., as nominee of The Depository Trust Company ("*DTC*"), and in such amounts as the Underwriter may request not less than one business day prior to the Closing; (ii) the Bonds shall be delivered to the Trustee through DTC's FAST System or shall be deposited for safekeeping with DTC not less than one business day prior to the Closing, subject to release by the Trustee upon completion of the Closing; and (iii) the Bonds, while on deposit with DTC, will be made available to the Underwriter for checking not less than 24 hours prior to the Closing Date.

7. The Underwriter has entered into this Bond Purchase Agreement in reliance upon the performance by the Issuer of its obligations hereunder, both as of the date hereof and as of the Closing Date, and in reliance upon the representations and covenants of the Borrower pursuant to Exhibit A hereto, both as of the date hereof and as of the Closing Date. The Underwriter has the right to cancel its obligation to purchase the Bonds by delivering to the Issuer a written notice signed by the Underwriter setting forth in reasonable detail the reasons for its election to do so, if between the date hereof and the Closing Date any of the following events occur that, in the Underwriter's reasonable judgment, makes it impracticable for the Underwriter to market the Bonds or to enforce contracts for the sale of the Bonds, in either case at the prices or yields set forth in the Official Statement, or materially adversely affect the market for the Bonds or the market price generally of obligations of the general character of the Bonds:

(a) the President of the United States or any agency or instrumentality of the federal government announces a plan, program or proposed legislation that, if implemented or adopted, would adversely affect the tax-exempt nature of the revenues or other income derived by the Issuer or any similar body, the revenues received by the Borrower or the interest on the Bonds or obligations of the general character of the Bonds[or would eliminate or reduce any reimbursement of depreciation or interest expense to the Borrower by Medicare or Medicaid, on account of those portions of the Borrower's property and equipment, if any, now eligible for reimbursement or reduce any such reimbursement to the Borrower on account of property and equipment similar in type]; or

(b) legislation is enacted by or introduced in the Congress of the United States or is reported out of a committee thereof or a decision is rendered by a court of the United States or the Tax Court of the United States, or a ruling is made or a regulation is proposed or made by the Treasury Department of the United States or the Internal Revenue Service, or other federal agency or authority, with respect to federal taxation upon revenues or other income derived by the Issuer, any similar body, or the Borrower, or upon interest received on the Bonds or obligations of the general character of the Bonds; or

(c) any other action or event transpires which has the purpose or effect, directly or indirectly, of materially adversely affecting the federal income tax consequences of any of the transactions contemplated in connection herewith or contemplated by the Official Statement, including the tax-exempt status of the Borrower or any other member of the Obligated Group under Sections 501(a) and 501(c)(3) of the Code, and which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or the sale, at the contemplated offering price, by the Underwriter of the Bonds; or

(d) there exists any event that in the Underwriter's reasonable judgment either (i) makes untrue or incorrect in any material respect as of such time any statement or information in the Official Statement or (ii) is not reflected in the Official Statement but should be reflected therein in order to make the statements and information therein not misleading, in the light of the circumstances in which they were made, in any material respect; or

(e) there occurs any outbreak or any escalation of existing hostilities or other local, national or international financial or other calamity, crisis or emergency, or default with respect to the debt obligations of, or the institution of proceedings under the federal bankruptcy laws by or against, any State of the United States or agency thereof, or any city in the United States having a population of over 1,000,000, any of which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or for obligations of the general character of the Bonds; or

(f) there is in force a general suspension of trading on the New York Stock Exchange or minimum or maximum prices for trading are fixed and are in force or maximum ranges for prices for securities are required and are in force on the New York Stock Exchange, whether by virtue of a determination by that Exchange or by order of the Securities and Exchange Commission or any other governmental authority having jurisdiction; or

(g) a general banking moratorium is declared by any state or the United States of America and is in force; or

(h) legislation is enacted or proposed or actively considered for enactment, or a decision by a court of the United States is rendered, or a ruling, regulation, proposed regulation or statement by or on behalf of the Securities and Exchange Commission or other governmental agency having jurisdiction of the subject matter is made, to the effect that (i) the Bonds or any securities of the

Issuer or any securities similar to the type contemplated herein (exclusive of industrial development bonds described in Section 3(a)(2) of the Securities Act of 1933, as amended and as then in effect (the "Securities Act")) are not exempt from the registration, qualification or other requirements of the Securities Act or the reporting requirements of the Securities Exchange Act of 1934, as amended and as then in effect, or (ii) the Trust Agreement, the Loan Agreement, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture or the 2010B Obligation or any similar instrument is not exempt from the registration, qualification or other requirements of the Trust Indenture Act of 1939, as amended and as then in effect; or

(i) there is any material adverse change in the affairs of the Issuer or the Obligated Group or the Borrower; or

(j) there is a withdrawal or downgrading or negative change in credit watch status of any rating on the Bonds or on any other obligations of the Obligated Group from a rating assigned at the date of this Bond Purchase Agreement; or

(k) the Constitution of the State of South Carolina shall be amended, legislation shall be enacted or actively considered for enactment by the South Carolina legislature, or a South Carolina court decision shall be announced which, in the reasonable opinion of the Underwriter, materially adversely affects the market for the Bonds or of obligations of the general character of the Bonds, including without limitation any such legislation or court decision which materially adversely affects the status of interest on the Bonds under South Carolina law; or

(l) in the reasonable judgment of the Underwriter, the market for the Bonds or of obligations of the general character of the Bonds may be materially adversely affected by: (i) the imposition of additional material restrictions not in force as of the date hereof upon trading in securities generally by any governmental authority or by any national securities exchange or (ii) the imposition by the New York Stock Exchange or other national securities exchange, or any governmental authority, as to the Bonds or similar obligations of any material restrictions not now in force, or a material increase in those restrictions, those now in force, with respect to the extension of credit by, or the charge to the net capital requirements of, underwriters or broker-dealers; or

(m) any litigation shall be instituted, pending or threatened to restrain or enjoin the issuance or sale of the Bonds or in any way protesting or affecting any authority for or the validity of the Bond Ordinance, the Bonds, the Trust Agreement, the Reimbursement Agreement, the Letter of Credit, the Remarketing Agreement, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture, the Loan Agreement, the 2010B Obligation or the existence or powers of the Issuer, the Borrower or any other member of the Obligated Group; or

(n) a supplement or amendment shall have been made to the Official Statement subsequent to the date hereof which in the reasonable judgment of the Underwriter, materially adversely affects the marketability of the Bonds or the market price thereof; or

(o) the Obligated Group shall have sustained an uninsured loss by strike, fire, flood, accident or other calamity of such character as to interfere materially with the conduct of its business and operations; or

(p) there shall be a commencement of termination proceedings as to the Borrower's participation in third party reimbursement or payment arrangements or receipt by the Borrower of notice that its current participation in any third party reimbursement or payment arrangement is subject to any contest, termination or suspension as a result of any non-compliance with participation

requirements, which in the reasonable judgment of the Underwriter materially adversely affects the market for the Bonds.

8. The Underwriter's obligations under this Bond Purchase Agreement are and shall be subject to the following further conditions:

(a) at the time of Closing, (i) the Official Statement, the Trust Agreement, the Loan Agreement, the Reimbursement Agreement, the Letter of Credit, the Remarketing Agreement, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture, the 2010B Obligation, the Tax Certificate, the Bond Ordinance and the Letter of Representation, shall be in full force and effect and in such form as shall have been approved by the Underwriter, (ii) the County Council shall have duly adopted and there shall be in full force and effect the Bond Ordinance and additional resolutions as, in the opinion of Bond Counsel, are necessary in connection with the transactions contemplated hereby, and (iii) the Borrower shall have duly adopted and there shall be in full force and effect such resolutions as, in the opinion of counsel to the Underwriter, are necessary in connection with the transaction contemplated hereby;

(b) at or prior to the Closing, the Underwriter shall receive the following:

(i) the approving opinion of Bond Counsel, dated the Closing Date in the form set forth in Appendix D to the Official Statement, and a supplemental opinion of Bond Counsel addressed to the Underwriter and the Issuer, dated the Closing Date, in the form set forth in Exhibit B to this Bond Purchase Agreement;

(ii) the opinion of counsel to the Borrower, addressed to the Underwriter and the Issuer, dated the Closing Date, in form set forth in Exhibit C to this Bond Purchase Agreement;

(iii) the opinion of counsel to the Underwriter, dated the Closing Date and addressed to the Underwriter, in a form acceptable to the Underwriter;

(iv) an opinion of counsel to the Bank (which may be provided by the Bank's in-house counsel) dated the Closing Date and addressed to the Issuer, the Borrower, the Trustee, the Underwriter and Bond Counsel, in the form set forth as Exhibit D, to the effect that:

(1) the Bank is a national banking association and has full power and authority to issue and perform its obligations under the Letter of Credit;

(2) the Letter of Credit has been duly authorized, executed and delivered and constitutes the legal, valid and binding obligation of the Bank, enforceable against the Bank in accordance with its terms, except (A) as limited by bankruptcy, insolvency, reorganization, moratorium and other laws relating to or affecting generally the enforcement of creditors' rights and remedies against the Bank; and (B) general principles of equity; and

(3) the information contained in the Official Statement describing the Bank is true and correct in all material respects;

(v) the Issuer's certificate, dated the Closing Date, signed by its Chairman and in form satisfactory to the Underwriter, to the effect that:

(1) the representations of the Issuer herein are true and correct in all material respects as of the Closing Date,

(2) no litigation, proceedings or investigations are pending or, to the signatory's knowledge, threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, the use of the proceeds thereof as contemplated by the Trust Agreement, or the collection of revenues pledged under the Trust Agreement, (B) in any way contesting or affecting the authority for the issuance of the Bonds or the validity of the Bond Ordinance, the Bonds, the Trust Agreement, the Loan Agreement, this Bond Purchase Agreement or the Tax Certificate, (C) in any way contesting the existence or powers of the Issuer or the County Council or the title of any of the County Council members or other officers of the Issuer to their respective offices, or (D) wherein an unfavorable ruling would materially adversely affect the transactions contemplated in the Official Statement, the tax-exempt status of the interest on the Bonds or amounts to be received by the Issuer pursuant to the Loan Agreement or the 2010B Obligation,

(3) to the knowledge of the Issuer, no event affecting the Issuer has occurred since the date of the Official Statement which either makes untrue or incorrect in any material respect as of the Closing Date the information set forth under the caption "THE ISSUER" of the Official Statement,

(4) the Bond Ordinance has been adopted and as of the Closing Date have not been amended or repealed.

(vi) the Borrower's certificate, signed by an authorized officer of the Borrower, dated the Closing Date, to the effect that:

(1) the representations and warranties of the Borrower set forth in the Letter of Representation, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture and the Loan Agreement are true and correct in all material respects as of the date hereof,

(2) no event has occurred that would constitute a material default on the part of any member of the Obligated Group (including, but not limited to, any event that would permit acceleration) in any agreement relating to material debt of any member of the Obligated Group, or, to the best knowledge of the signatory, that would cause the signatory to believe that such member will default in any material way with respect to its obligations under any such agreement,

(3) no litigation, proceedings or investigations are pending against any member of the Obligated Group or to the best knowledge of the signatory otherwise pending or threatened (A) to restrain or enjoin the issuance or delivery of any of the Bonds, the use of the proceeds thereof as contemplated by the Trust Agreement, or the collection of revenues pledged under the Trust Agreement, (B) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Trust Agreement, the Loan Agreement, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture, the 2010B Obligation, the Letter of Representation, the Tax Certificate or this Bond Purchase Agreement, (C) in any way contesting the corporate existence or tax-exempt status or powers of any member of the Obligated Group, (D) that in any manner questions the right of the members of the Obligated Group to enter into the transactions described in the Official Statement, or (E) for which the probable ultimate recoveries and the estimated costs and expenses of defense will not be entirely within the applicable insurance policy limits (subject to applicable deductibles) or reserves held

under its self-insurance program or otherwise available, or if such recoveries, costs and expenses may be outside such limits or reserves held under its self-insurance program or otherwise available, will result in a materially adverse effect on the financial condition or results of operations of any member of the Obligated Group,

(4) to the best of the signatory's knowledge, no event affecting the Obligated Group or any member thereof has occurred since the date of the Official Statement that should be disclosed in the Official Statement in order to make the statements and information therein, in the light of the circumstances in which they were made, not misleading in any material respect,

(5) since [September 30, 2009] (A) there has been no material and adverse change in the financial condition or results of operation of any member of the Obligated Group, and (B) no member of the Obligated Group has incurred any liabilities that are material to the Obligated Group, other than, in the case of (A) and (B), in the ordinary course of business or as set forth in or contemplated by the Official Statement.

(vii) letters of Deloitte & Touche LLP, addressed to the Issuer and the Underwriter, dated the Closing Date, agreeing to the use of its name and references to it in the Official Statement under the heading "FINANCIAL STATEMENTS" and, with respect to certain financial information, to the extent permitted by Statement in Auditing Standards No. 76 issued by the American Institute of Certified Public Accountants, other matters as may be reasonably specified by the Underwriter, substantially in the forms attached as Exhibit E to this Bond Purchase Agreement;

(viii) two copies of the Trust Agreement, the Loan Agreement, the Reimbursement Agreement; the Letter of Representation, the Series 2010B Supplemental Master Indenture, the 2010B Obligation, the Tax Certificate and the Remarketing Agreement, each duly executed by the parties thereto;

(ix) two certified copies of the Bond Ordinance;

(x) two copies of the Articles of Incorporation (or equivalent constitutive document) of each member of the Obligated Group, as then in effect, certified as of a recent date by the Secretary of State of the State of South Carolina; two copies of the Good Standing Certificate (or equivalent document) of each member of the Obligated Group, certified as of a recent date by the Secretary of State of the State of South Carolina; two copies of the Bylaws of each member of the Obligated Group, as then in effect, certified by the Secretary or Assistant Secretary of the Borrower and appropriate resolutions authorizing the execution and delivery of each document contemplated herein to which it is a party or by which its property is bound, including the Loan Agreement, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture, the 2010B Obligation, the Tax Certificate, the Official Statement and the Letter of Representation, and authorizing the approval of this Bond Purchase Agreement and all transactions contemplated by the Official Statement or this Bond Purchase Agreement (including the execution and delivery by the appropriate parties of the Trust Agreement), all certified by the Secretary or Assistant Secretary of the Borrower;

(xi) copies of the Internal Revenue Service determination letters regarding the status of each Member of the Obligated Group as an organization described in Section 501(c)(3) of the Code;

- (xii) specimen Bonds;
- (xiii) specimen Letter of Credit;
- (xiv) the certificates and opinions required by the Trust Agreement for the issuance thereunder of the Bonds;
- (xv) evidence that the Issuer's \$_____ aggregate principal amount of Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010A have been issued;
- (xvi) defeasance opinion of Bond Counsel;
- (xvii) any opinions of counsel required under the Trust Agreement dated as of April 1, 2004 relating to the Refunded Bonds (the "2004 Indenture") to be delivered in connection with the refunding of the Refunded Bonds;
- (xviii) the certificates and opinions required by the Master Trust Indenture for the issuance thereunder of the 2010B Obligation;
- (xix) a copy of Federal IRS Form 8038 prepared with respect to the Bonds and executed by a representative of the Issuer;
- (xx) a certificate executed by the Borrower which establishes to the satisfaction of Bond Counsel that the average maturity of the Bonds does not exceed 120% of the weighted average reasonably expected economic life of the assets financed or refinanced with the proceeds of the Bonds;
- (xxi) the letter of representations from the Issuer and accepted by DTC;
- (xxii) evidence that Standard & Poor's Credit Market Services, a Division of The McGraw-Hill Companies, Inc. and Fitch Ratings have issued long-term ratings of "____" and "____," short-term ratings of "____" and "____," and underlying ratings of "____" with [stable outlook] and "____" with [stable outlook], respectively, for the Bonds, and that such ratings are in effect at the Closing Date and are not then being reviewed;
- (xxiii) evidence that financing statements have been filed for record with the Secretary of State of the State of South Carolina with respect to the security interests granted or assigned in the Master Indenture;
- (xxiv) such additional legal opinions, certificates, proceedings, instruments and other documents as Underwriters' Counsel, Bond Counsel or counsel to the Borrower may reasonably request to evidence compliance by the Issuer and the Borrower with legal requirements, the truth and accuracy, as of the time of Closing, of the respective representations and warranties of the Borrower and the Issuer in this Bond Purchase Agreement, the Trust Agreement, the Tax Certificate, the Loan Agreement, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture, the 2010B Obligation and the Letter of Representation and the due performance or satisfaction by the Issuer and the Borrower at or prior to such time of all agreements then to be performed and all conditions then to be satisfied by the

Issuer and the Borrower, provided, however, that any additional opinions relating to performance or satisfaction of any agreement by the Issuer will be delivered by Bond Counsel.

If the Issuer is unable to satisfy the conditions to the Underwriter's obligations in this Bond Purchase Agreement or if the Underwriter's obligations are terminated for any reason permitted by this Bond Purchase Agreement, this Bond Purchase Agreement will terminate and none of the Underwriter, the Issuer and the Borrower will have any further obligation hereunder except pursuant to the Letter of Representation.

9. (a) If the Bonds are sold and delivered, all expenses and costs of the Issuer incident to the performance of its obligations in connection with the authorization, issuance and sale of the Bonds to the Underwriter, including the fees and expenses of its counsel and advisors and the costs of printing or reproducing the Bonds, the Official Statement, the Loan Agreement, the Trust Agreement, the Tax Certificate, this Bond Purchase Agreement and the other underwriting documents, in reasonable quantities, fees of the Borrower's consultants and accountants, fees of rating agencies, CUSIP Service Bureau charges, fees and expenses of Bond Counsel, fees of the South Carolina Municipal Advisory Board and all out-of-pocket expenses of the Underwriter, including traveling and other expenses, and the reasonable fees and expenses of their counsel, shall be paid from the proceeds of the Bonds or by the Borrower.

(b) If either the Issuer or the Borrower is unable to satisfy the conditions to the obligations of the Underwriter contained herein, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds are terminated for any reason hereunder, responsibility for fees, expenses and costs shall be determined in accordance with paragraph (cc) of the Letter of Representation attached hereto as Exhibit A and the Issuer shall have no obligation for any such fees, expenses or costs.

10. Any notice or other communication to be given under this Bond Purchase Agreement must be in writing and either hand-delivered, sent by facsimile (with appropriate form of confirmation received) or mailed by registered or certified mail, return receipt requested or by a nationally recognized express delivery service, postage prepaid, to:

ISSUER:

Florence County, South Carolina
c/o Florence County Council
Floor G
City-County Complex
Florence, South Carolina 29501
Attention: Chairman

BORROWER:

McLeod Regional Medical Center
555 East Cheves Street
Florence, South Carolina 29501
Attention: Administrator

UNDERWRITER:

Wells Fargo Bank, National Association
7 St. Paul Street, 1st Floor
MAC: R1230-01L
Baltimore, MD 21202
Attention: William Bass, Director

11. This Bond Purchase Agreement is made solely for the benefit of the Issuer and the Underwriter (including successors or assigns of the Underwriter) and no other person, partnership,

association or corporation, including, without limitation, any purchaser of the Bonds, shall acquire or have any right hereunder or by virtue hereof. All representations and agreements of the Issuer in this Bond Purchase Agreement shall survive the delivery and payment for the Bonds.

12. This Bond Purchase Agreement shall be deemed made under the laws of the State of South Carolina and for all purposes shall be governed by and construed in accordance with the laws of the State of South Carolina and may be signed in counterparts.

13. Notwithstanding anything to the contrary contained herein, no failure of the Issuer to comply with any term, condition, representation, warranty, covenant or agreement herein shall subject the Issuer to liability for any claim for damages, costs or other financial or pecuniary charge except to the extent that the same can be paid or recovered from such revenues or proceeds of the Bonds; and no execution on any claim, demand, cause of action or judgment shall be levied upon or collected from the general credit, general funds or taxing powers of the Issuer.

[Remainder of page intentionally left blank]

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____
Its: _____

Accepted on the date first above written:

FLORENCE COUNTY, SOUTH CAROLINA

By: _____
Its: _____

DRAFT

SCHEDULE I

TERMS OF THE BONDS

\$ _____ 2010B Bonds maturing November 1, 20__

Interest: The Bonds will bear interest from their date of original issuance to and including _____, 2010, at the rate of ____% per annum; and thereafter, the Bonds will bear interest at the Weekly Rate unless and until the Bonds are converted to bear interest in another interest rate mode pursuant to the Trust Agreement. Interest on the Bonds is payable commencing on November 1, 2010, and thereafter on the first Business Day of each month, computed on the basis of a year of 365 or 366 days for the actual number of days elapsed.

Mandatory Sinking Fund Redemption:

Mandatory Sinking
Fund Redemption Dates
(November 1)

Mandatory Sinking Fund
Redemption Payments

\$

20__[†]

[†]Maturity

Optional Redemption Provisions: As provided in the Trust Agreement

Purchase Provisions: As provided in the Trust Agreement

LETTER OF REPRESENTATION

_____, 2010

Florence County, South Carolina
c/o Florence County Council
Floor G
City-County Complex
Florence, South Carolina 29501

Wells Fargo Bank, National Association
7 St. Paul Street, 1st Floor
MAC: R1230-01L
Baltimore, MD 21202
Attention:

Ladies and Gentlemen:

The Florence County, South Carolina (the "*Issuer*") and the undersigned, McLeod Regional Medical Center of the Pee Dee, Inc. (the "*Borrower*"), have entered into a Loan Agreement dated as of _____, 2010 (the "*Loan Agreement*"). Pursuant to a Bond Purchase Agreement, dated _____, 2010 (the "*Bond Purchase Agreement*") with Wells Fargo Bank, National Association (the "*Underwriter*"), which the Borrower has approved, the Issuer proposes to issue \$_____ Florence County, South Carolina Hospital Revenue Bonds (McLeod Regional Medical Center Project) Series 2010B (the "*Bonds*"). Capitalized terms used but not defined herein shall have the meanings assigned to them in the Bond Purchase Agreement.

In order to induce you to enter into the Bond Purchase Agreement and to make the offering and sale of the Bonds therein contemplated, the Borrower hereby represents, warrants and agrees with you as follows, and the Underwriter, in consideration of the agreements of the Borrower set forth herein, agrees with the Borrower as to the matters set forth in paragraph (bb)(B) below:

- (a) The Borrower is a member of the Obligated Group as of date hereof.
- (b) The Borrower has delivered to the Underwriter copies of the Official Statement dated _____, 2010 (the "*Official Statement*"), relating to the Bonds. The Official Statement has been provided for distribution, at the expense of the Borrower, in such quantity as has been requested by the Underwriter in order to permit the Underwriter to comply with the provisions of Rule 15c2-12 and the applicable rules of the Municipal Securities Rulemaking Board with respect to distribution to each potential customer, upon request, and each customer of a copy of the Official Statement.

(c) The Issuer shall provide or cause the Borrower to provide to the Underwriter executed copies of the Official Statement dated the date hereof, executed on behalf of the Borrower by a duly authorized officer. The Official Statement shall be provided for distribution, at the expense of the Borrower, in such quantity as shall be requested by the Underwriter in order to permit the Underwriter to comply with the provisions of Rule 15c2-12 and the applicable rules of the Municipal Securities Rulemaking Board with respect to distribution to each potential customer, upon request, and to each customer of a copy of the final Official Statement. The Borrower authorizes the Official Statement to be used in connection with the offering of the Bonds, and ratifies and approves the distribution thereof by the Underwriter. The Underwriter agrees to make the Official Statement available through a nationally recognized securities repository.

(d) The Borrower authorizes the Official Statement to be used in connection with the offering of the Bonds. The Borrower has reviewed and hereby approves the statements and information set forth in the Official Statement. The statements and the information set forth and incorporated by reference in the Official Statement are true and correct in all material respects (except for the statements and information contained under the captions "THE ISSUER," "THE 2010A BONDS – Book-Entry Only System," "THE BOND TRUSTEE," "UNDERWRITING," "CERTAIN RELATIONSHIPS," "TAX EXEMPTION" and "LITIGATION (as it pertains to the Issuer)," and in Appendix D, and the same information as may otherwise be contained in the Official Statement, as to which the Borrower makes no representation), and the Official Statement does not and as of the Closing Date will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein in the light of the circumstances under which they were made, not misleading.

(e) After Closing, the Borrower will not approve, adopt or distribute any amendment of or supplement to the Official Statement, except with the prior written consent of the Issuer and the Underwriter. If, during the period from the date hereof through and including the date 25 days following the "end of the underwriting period" (as such term is described in Rule 15c2-12 and the Bond Purchase Agreement), the Borrower becomes aware of any fact or event which might or would cause the Official Statement, as then supplemented or amended, to contain any untrue statement or omit to state a material fact required to be stated therein or necessary to make the statements contain therein, in the light of the circumstances under which they were made, not misleading, the Borrower shall promptly notify the Underwriter thereof in writing. Upon the request of the Underwriter, the Borrower shall prepare and deliver to the Underwriter at the expense of the Borrower as many copies of an amendment or supplement to the Official Statement which will correct any untrue statement or omission therein as the Underwriter may reasonably request. Any information supplied for inclusion in any amendments or supplements to the Official Statement will not contain any untrue or misleading statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(f) The Borrower is a duly organized and validly existing nonprofit corporation, created and existing under the laws of the State of South Carolina with full legal right, power and authority (i) to enter into this Letter of Representation, the Loan Agreement, the Reimbursement Agreement, the Tax Certificate, the 2010B Obligation, the Series 2010B Supplemental Master Indenture and the Remarketing Agreement (collectively, the "Borrower Documents"), (ii) to issue the 2010B Obligation, and (iii) to carry out and consummate all transactions contemplated by this Letter of Representation and the other Borrower Documents.

(g) The execution and delivery of this Letter of Representation does not, and the execution and delivery of the other Borrower Documents, and compliance with the provisions of each of them, under the circumstances contemplated thereby, will not, in any material respect, conflict with or constitute a breach of or default under the Articles of Incorporation or the bylaws of any member of the Obligated Group or any agreement or instrument to which any member of the Obligated Group is a party or any existing law, administrative regulation, court order or consent decree to which the Borrower or any other member of the Obligated Group or any of its property is subject.

(h) All approvals, consents and orders of any governmental authority, board, agency, Board, commission or other body in or of any State and the federal government having jurisdiction which would constitute a condition precedent to the performance by the Borrower of its obligations hereunder and under the other Borrower Documents or by any other member under the Borrower Documents (except for Blue Sky laws, as to which no representation is made), have been obtained or, if not, will be obtained at the time of or prior to the Closing.

(i) This Letter of Representation is, and the other Borrower Documents, when each of them has been executed and delivered by the Borrower, will, assuming due authorization, execution and delivery by the other parties thereto, each constitute a valid and binding obligation of the Borrower, enforceable in accordance with its terms, subject to any applicable bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

(j) No litigation, proceedings or investigations are pending against any member of the Obligated Group or to the best knowledge of the signatory otherwise pending or threatened (i) to restrain or enjoin the issuance or delivery of any of the Bonds, the use of the proceeds thereof as contemplated by the Trust Agreement, or the collection of revenues pledged under the Trust Agreement, (ii) in any way contesting or affecting any authority for the issuance of the Bonds or the validity of the Bonds, the Trust Agreement or the Borrower Documents, (iii) in any way contesting the corporate existence or tax-exempt status or powers of any member of the Obligated Group, (iv) that in any manner questions the right of the Borrower to enter into the transactions described in the Official Statement, or (v) for which the probable ultimate recoveries and the estimated costs and expenses of defense will not be entirely within the applicable insurance policy limits (subject to applicable deductibles) or reserves held under its self-insurance program or otherwise available, or if such recoveries, costs and expenses may be outside such limits or reserves held under its self-insurance program or otherwise available, will result in a materially adverse effect on the financial condition or results of operations of any member of the Obligated Group.

(k) Each Member of the Obligated Group is an organization described in Section 501(c)(3) of the Code, is not a private foundation as described in Section 509(a) of the Code, and is exempt from federal income taxes under Section 501(a) of the Code (a "*Tax-Exempt Organization*"). Neither the Borrower nor any other Member of the Obligated Group will carry on any trade or business at the Facilities which is an unrelated trade or business determined by applying Section 513(c) of the Code to such an extent as to jeopardize the status of such Member as a Tax-Exempt Organization; and, in any case, none of the proceeds of the Bonds will be used to finance or refinance property which will be used in such an unrelated trade or business.

(l) No member of the Obligated Group has "unrelated business taxable income" as defined in Section 512 of the Code of such a magnitude which could have a material adverse effect on its status as a Tax-Exempt Organization or which, if such income were subject to federal

income taxation, would have a material adverse effect on the condition, financial or otherwise, of the Obligated Group.

(m) The Borrower is a corporation organized and operated exclusively for charitable purposes, not for pecuniary profit, and no part of the net earnings of which inures to the benefit of any person, private stockholder or individual, all within the meaning, respectively, of section 3(a)(4) of the Securities Act of 1933, as amended, and of section 12(g)(2)(D) of the Securities Exchange Act of 1934, as amended.

(n) Reserved.

(o) No member of the Obligated Group is in breach of or in default under any existing law, court or administrative regulation, decree or order, or any agreement, indenture, mortgage, lease, sublease or other instrument to which it is a party or by which it or its property is or may be bound, and no event has occurred or is continuing which, with the passage of time or the giving of notice, or both, would constitute a default or an event of default thereunder, in either case in any manner or to any extent which could have a material adverse effect on the financial condition or results of operations of such member, the operation by such member of its properties, the transactions contemplated by this Letter of Representation and the Official Statement or the status of the Borrower or any other Member as a Tax-Exempt Organization or have an adverse effect on the validity or enforceability in accordance with their respective terms of the Bonds, the Trust Agreement or the Borrower Documents or in any way adversely affect the corporate existence or powers of the Borrower or any other member.

(p) Each member of the Obligated Group has or will have all necessary licenses, approvals and permits presently required under federal, state and local law to operate its facilities.

(q) Since September 30, 2009, the date of the latest available audited financial statements of the System to be included in the Official Statement, (i) there has been no material and adverse change in the financial condition or results of operations of any member of the Obligated Group, and (ii) no Member has incurred any liabilities that are material to such member, other than in the case of (i) or (ii), in the ordinary course of business or as set forth in or contemplated by the Official Statement.

(r) The audited financial statements of the System for the years ended September 30, 2009 and 2008 contained in Appendix B to the Official Statement present fairly the financial position of the System and the Obligated Group as of the dates indicated and the results of its operations, changes in net assets and cash flows for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved, except as stated in the notes thereto. The unaudited financial statements for the fiscal year periods ending as of April 30, 2010 and 2009 included in Appendix A present fairly the financial position of the System and the Obligated Group as of the dates indicated and the results of its operations for the periods specified, and such financial statements have been prepared in conformity with generally accepted accounting principles consistently applied in all material respects to the periods involved.

(s) Each member of the Obligated Group is qualified under applicable statutes, regulations and administrative practices for payments to health-care providers under Medicare and Medicaid and for contractual payments made by other third party providers. No member of the Obligated Group is engaged in termination proceedings as to its participation in any material

third party reimbursement or payment arrangements and no member of the Obligated Group has received notice that its current participation in any material third party reimbursement or payment arrangements is subject to any termination or suspension as a result of alleged violations or any non-compliance with participation requirements.

(t) The Obligated Group has in effect, or has provided for, as of the Closing Date, all insurance coverage required by the Master Trust Indenture, with deductible amounts not in excess of those permitted by the Master Trust Indenture.

(u) Each member of the Obligated Group has good title to or a leasehold interest in its material real Property and good title to its other Property, subject in all cases to only Permitted Liens (as such terms are defined in the Master Trust Indenture).

(v) [The signatory has no knowledge of any defect in the title to the Property of the Obligated Group or any liens, encumbrances, covenants, conditions or restrictions affecting Property of any member of the Obligated Group, other than Permitted Liens. All liens, encumbrances, covenants, conditions and restrictions, if any, on the Property do not and will not materially adversely affect the value of, or materially interfere with or materially impair the operation of, the Property currently affected thereby for the purpose for which it was acquired or is held (or, if such Property is not being operated, the operation for which it was designed or last modified).]

(w) [The Obligated Group has not received notice of an alleged violation and, to the best of the Borrower's knowledge, no member of the Obligated Group is in violation of any zoning, land use, environmental or other similar law or regulation applicable to any of its property which could materially adversely affect the operations or financial condition of such member.]

(x) At the date hereof, no default or event of default of the Borrower or other member of the Obligate Group has occurred and is continuing and no event caused by the Borrower or other member of the Obligate Group has occurred and is continuing which, with the lapse of time or the giving of notice, or both, would constitute an event of default under the Trust Agreement, the Master Trust Indenture, the Series 2010B Supplemental Master Indenture, the Loan Agreement, the Bond Purchase Agreement, the 2010B Obligation, this Letter of Representation or any other material agreement or material instrument to which the Borrower or any other member of the Obligated Group is a party or by which any member of the Obligated Group is or may be bound or to which any of their Property or other assets is or may be subject, including all such agreements or instruments to which the Issuer is a party.]

(y) In addition to the foregoing, the Borrower hereby makes to the Underwriter and the Issuer the same representations and warranties as are set forth by it in each Borrower Document, which representations and warranties, as well as the related defined terms contained therein, are hereby incorporated herein by reference for the benefit of the Underwriter and the Issuer with the same effect as if each and every such representation and warranty and defined term were set forth herein in its entirety. No amendment to such representations and warranties or defined terms made pursuant to any Borrower Document shall be effective to amend such representations and warranties and defined terms as incorporated by reference herein without the prior written consent of the Underwriter and the Issuer.

(z) The Borrower will use commercially reasonable efforts to assure that each of the conditions to the obligations of the Underwriter under the Bond Purchase Agreement set forth in Section 9 thereof (other than Section 9(b)(iii) thereof) are satisfied at or prior to the Closing.

(aa) During the last five years the Borrower has not failed to comply in all material respects with any prior continuing disclosure undertaking pursuant to the Rule.

(bb) *Indemnification.*

(A) (i) The Borrower agrees to indemnify and hold harmless the Issuer and its officials, employees, agents, advisors and counsel (collectively, the "Issuer Parties") and the Underwriter and each person, if any, who controls the Issuer or the Underwriter within the meaning of the Securities Act of 1933, as amended (the "Indemnified Parties"), from and against any and all judgments, losses, claims, damages and liabilities, joint and several (including reasonable fees and expenses of counsel) to which any such Indemnified Party may become subject under the Securities Act, the Exchange Act or other federal or state statutory law or regulations, at common law or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact set forth in the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, and to the extent of the aggregate amount paid in settlement of any litigation or other action commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement, omission or alleged omission or obligation or determination if such settlement is effected with the written consent of the Borrower; and will reimburse, as incurred any legal or other expenses reasonably incurred by any such Indemnified Party in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that such indemnity shall not with respect to the Issuer extend to statements in or omissions from the Official Statement under the heading "ISSUER," or with respect to the Underwriters extend to statements in or omissions from the Official Statement under the heading "UNDERWRITING," or to such other portions of the Official Statement where the information contained in such statements appears.

(ii) Promptly after receipt by an Indemnified Party under this Section of notice of the commencement of any action, such Indemnified Party will, if a claim in respect thereof is to be made against the Borrower under this Section, give notice to the Borrower of the commencement thereof; but the omission so to notify the Borrower will not relieve the Borrower from any liability that it may have to any Indemnified Party otherwise than under this Section unless the omission to give timely notice would materially impair the ability of the Borrower to conduct an adequate defense. The Borrower will assume the defense of any action against any Indemnified Party based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel and the payment of counsel fees and all other expenses relating to such defense; provided, however, that such counsel shall be satisfactory to the Indemnified Party and the Indemnified Party may retain separate counsel in any such action and may participate in the defense thereof which retention and participation shall be at the expense of such Indemnified Party unless such retaining of separate counsel has been specifically authorized in writing by the Borrower; provided, further that the Indemnified Party may retain separate counsel at the expense of the Borrower if the

Indemnified Party shall be advised in an opinion of counsel that there may be legal defenses available to the Indemnified Party which are adverse to or in conflict with those available to the Borrower. After notice from the Borrower to an Indemnified Party of its assumption of the defense thereof, the Borrower will not be liable to such Indemnified Party under this Section for any legal or other expenses subsequently incurred by such Indemnified Party in connection with the defense thereof other than reasonable costs of investigation and of retaining separate counsel specifically authorized by the Borrower. This indemnity agreement will be in addition to any liability which the Obligated Group may otherwise have.

(iii) In order to provide for just and equitable contribution in circumstances in which the indemnification provided to the Indemnified Parties in the preceding paragraph is due in accordance with its terms but is for any reason held by a court to be unavailable from the Borrower on grounds of policy or otherwise, the Borrower and the Underwriter shall contribute to the total losses, claims, damages and liabilities (including legal or other expenses of investigation or defense reasonably incurred) to which they may be subject. Notwithstanding the previous sentence, in no case shall the Underwriter be responsible for any amount in excess of the underwriting fees applicable to the Bonds offered by the Underwriter. However, in no case will any person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act of 1933, as amended) be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. For purposes of this paragraph, each person who controls the Indemnified Parties within the meaning of Section 15 of the Securities Act of 1933, as amended, will have the same rights to contribution as the Indemnified Parties, and each person who controls the Borrower within the meaning of the Securities Act and each officer and each director of the Borrower will have the same rights to contribution as such Member, subject to the foregoing sentence. Any party entitled to contribution will, promptly after receiving notice of commencement of any action, suit or proceeding against such party in respect of which a claim for contribution may be made under this paragraph, notify each party from whom contribution may be sought, but the omission to notify such party shall not relieve any party from whom contribution may be sought from any other obligation it may have otherwise than under this paragraph unless the omission to give timely notice would materially impair the ability of the Indemnified Party to conduct an adequate defense.

(B) (i) The Underwriter agrees to indemnify and hold harmless the Borrower from and against any and all judgments, losses, claims, damages and liabilities (including reasonable fees and expenses of counsel reasonably incurred) to which the Borrower may become subject under federal laws or regulations or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact set forth in the Official Statement, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or which is necessary to make the statements made therein, in light of the circumstances in which they were made, not misleading in any material respect, and to the extent of the aggregate amount paid in settlement of any litigation or other action commenced or threatened arising from a claim based upon any such untrue statement or alleged untrue statement or omission or alleged omission if such settlement is effected with the written consent of the Underwriter; and will reimburse any legal or other expenses reasonably incurred by the Borrower in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that such

indemnity shall extend only to statements in or omissions from the Official Statement under the heading "UNDERWRITING" or such other portions of the Official Statement where the information contained in such statements appears.

(ii) Promptly after receipt by the Borrower under this Section of notice of the commencement of any action, the Borrower will, if a claim in respect thereof is to be made against the Underwriter under this Section, give notice to the Underwriter of the commencement thereof; but the omission so to notify the Underwriter [will not relieve the Borrower from any liability which the Borrower Group may have to the Underwriter otherwise than under this Section and such omission] will not relieve the Underwriter of any liability under this Section unless the omission to give timely notice would materially impair the ability of the Underwriter to conduct an adequate defense. The Underwriter will assume the defense of any action against the Borrower based upon allegations of any such loss, claim, damage, liability or action, including the retaining of counsel satisfactory to the Borrower and the payment of counsel fees and all other expenses relating to such defense; provided, however, that the Borrower may retain separate counsel in any such action and may participate in the defense thereof which retention and participation shall be at the expense of the Borrower unless such retaining of separate counsel has been specifically authorized in writing by the Underwriter; provided, further that the Borrower may retain separate counsel at the expense of the Underwriter if the Borrower shall be advised in an opinion of counsel that there may be legal defenses available to the Borrower which are adverse or in conflict with those available to the Underwriter. After notice from the Underwriter to the Borrower of its assumption of the defense thereof, the Underwriter will not be liable to the Borrower under this Section for any legal or other expenses subsequently incurred by the Borrower in connection with the defense thereof other than reasonable costs of investigation and of retaining separate counsel specifically authorized by the Underwriter. This indemnity agreement will be in addition to any liability which the Underwriter may otherwise have.

(C) The Borrower acknowledges that in connection with the offering of the Bonds and the discussions and negotiations relating to the terms of the Bonds set forth in the Bond Purchase Agreement: (i) the Underwriter has acted at arms length, are not agents of or advisors to, and owe no fiduciary duties to, the Borrower or any other member of the Obligated Group or person, (ii) the Underwriter's duties and obligations to the Borrower or any other member of the Obligated Group shall be limited to those contractual duties and obligations set forth in the Bond Purchase Agreement and (iii) the Underwriter may have interests that differ from those of the Borrower or the other members of the Obligated Group. The Borrower waives to the full extent permitted by applicable law any claims it or they may have against the Underwriter arising from an alleged breach of fiduciary duty in connection with the offering of the Bonds.

(cc) If the Bonds are sold and delivered, the Borrower agrees to comply with Section 10(a) of the Bond Purchase Agreement, which provides for the payment of fees, expenses and costs identified therein from the proceeds of the Bonds or by the Borrower.

(i) If either the Issuer or the Borrower is unable to satisfy the conditions to the obligations of the Underwriter contained in the Bond Purchase Agreement, or if the obligations of the Underwriter to purchase and accept delivery of the Bonds are terminated for any reason permitted thereunder, the Borrower shall pay those expenses and costs referred to in Section 10(a) of the Bond Purchase Agreement and all other fees, expenses and costs incurred by the Issuer and all fees, expenses and costs reasonably incurred by the Underwriter, including the

reasonable fees and expenses of its counsel, in connection with the transactions contemplated by the Bond Purchase Agreement.

(ii) If the obligations of the Underwriter to purchase and accept delivery of the Bonds are terminated due to the occurrence of an event described in Section 8 of the Bond Purchase Agreement that does not arise from an act or omission by the Borrower, the Borrower shall pay those fees, expenses and costs referred to in subparagraph (i) of this paragraph (cc), other than the fees of the Underwriter and its counsel.

The representations, warranties, agreements and indemnities contained herein shall survive the Closing under the Bond Purchase Agreement and any investigation made by or on behalf of you of any matters described in or related to the transactions contemplated hereby and by the Bond Purchase Agreement or the Borrower Documents.

This Letter of Representation shall be binding upon and inure solely to the benefit of you, and, to the extent set forth herein, persons controlling you, and your personal representatives, successors and assigns, and no other persons or firm shall acquire or have any right by virtue of this Letter of Representation.

DRAFT

If the foregoing is in accordance with your understanding of the agreement between us, kindly sign and return to the Borrower the enclosed duplicate of this letter of agreement whereupon this will constitute a binding agreement between us in accordance with the terms hereof.

Very truly yours,

MCLEOD HEALTH REGIONAL MEDICAL
CENTER OF THE PEE DEE, INC.

By: _____
Its: _____

Accepted and agreed as of
the date first above written

WELLS FARGO BANK, NATIONAL
ASSOCIATION

By: _____
Its: _____

FLORENCE COUNTY, SOUTH
CAROLINA

By: _____
Its: _____

DRAFT

**FORM OF SUPPLEMENTAL
OPINION OF BOND COUNSEL**

DRAFT

FORM OF OPINION TO BORROWER

[Counsel to the Borrower will deliver an opinion containing at least the following opinion points. Counsel's form of opinion will be appended as this Exhibit C.]

1. Each member of the Obligated Group is a nonprofit corporation duly organized, validly existing, and in good standing under the laws of the State of South Carolina, with full legal right, power and authority to (a) conduct its businesses substantially as presently conducted, (b) to execute, deliver, and perform its obligations, if any, under the Loan Agreement, the Reimbursement Agreement, the Letters of Representation, the Tax Certificate, the 2010B Obligation, the Series 2010B Supplemental Master Indenture, the Remarketing Agreement and the other certificates and agreements executed by Borrower (collectively, the "Borrower Documents") in connection with the issuance of the Bonds and the loan of the proceeds thereof, (c) to issue the 2010B Obligation and (d) to carry out and consummate all transactions contemplated by the Borrower Documents.

2. Each member of the Obligated Group is exempt from federal income tax under Section 501(a) of the Code by virtue of being an organization described in Section 501(c)(3) of the Code, other than taxation of unrelated business income subject to taxation under Section 511 of the Code, and is not a "private foundation" as defined in Section 509(a) of the Code.

3. The Official Statement and the Borrower Documents have been duly authorized, executed, and delivered by the Borrower, and the Borrower Documents are legal, valid, and binding obligations of the Borrower and the other members of the Obligated Group, as applicable, enforceable against the Borrower and the other members of the Obligated Group, as applicable, in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, or other similar laws affecting the enforcement of creditors' rights generally, and except as the enforceability of the indemnifications set forth in the Letters of Representation may be limited by principles of public policy.

4. The undertaking of the Project, the refunding of the Refunded Bonds and the execution and delivery of the Borrower Documents by the Borrower and the approval by the Borrower of the Bond Purchase Agreement, the Trust Agreement, the Bonds and the Official Statement, and compliance by the Borrower with the provisions thereof, do not and will not conflict with or constitute a breach of or a default under the provisions of the articles of incorporation, by-laws or resolutions of the Borrower and will not in any material respect constitute on the part of the Borrower a breach or default under any indenture, deed of trust, document, mortgage, lease, sublease, agreement or other instrument to which the Borrower is a party or by which it or its properties are bound, and, to best of our knowledge after diligent inquiry, do not materially conflict with, violate, or result in a breach of any existing law, public administrative rule or regulation, judgment, court order or consent decree to which the Borrower is subject.

5. To our knowledge after diligent inquiry, neither the Borrower nor its affiliates is in material breach of or in default under (a) any existing law, ordinance, court or administrative regulation, decree or order, or (b) any agreement, indenture, deed of trust, document, mortgage, lease, sublease, or other instrument to which it is a party or by which it or any of its properties are bound, which breach or default would affect adversely the undertaking of the Project, the refunding of the Refunded Bonds, the validity or enforceability against the Borrower or the other members of the Obligated Group of any of the Borrower Documents, or would affect materially and adversely the financial condition, operations, or properties of the Borrower and its affiliates or the ability of any member of the Obligated Group to perform its obligations thereunder or to carry out and consummate the transactions contemplated by the Bond Purchase Agreement and the Official Statement. To our knowledge after diligent inquiry, no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, would constitute a breach or default of the nature described in the preceding sentence.

6. Except as is disclosed in the Official Statement, to our knowledge after diligent inquiry, there is no, action, suit, proceeding, inquiry or investigation, at law or in equity, before or by any court, governmental agency, public board or body, pending, threatened against, or affecting the Borrower or its affiliates (a) contesting the corporate existence, tax-exempt status or powers of any member of the Obligated Group or the titles of their respective directors and officers to their respective offices, (b) contesting the validity of, the power of the Borrower to execute and deliver, or affecting the enforceability of the Borrower Documents or any of the other instruments pertaining to the transactions described in the Bond Purchase Agreement and the Official Statement to which the Borrower is a party, or contesting or affecting the power of the Borrower and the Obligated Group, as applicable, to consummate the transactions contemplated in such documents or to undertake the Project or the refunding of the Refunded Bonds, (c) contesting in any way the completeness or accuracy of the Official Statement, or (d) wherein an unfavorable decision, ruling, or finding would materially adversely affect the operations, properties or consolidated financial position of the Borrower or its affiliates.

7. The Borrower has received and there remains in full force and effect all governmental consents, permits, licenses and approvals, including certificates of need, that would constitute a condition precedent to, or the lack of which would materially adversely affect, the performance by any member of the Obligated Group of its obligations under the Borrower Documents and to undertake the Project and the refunding of the Refunded Bonds, except for those governmental consents, permits, licenses and approvals (e.g., an occupancy permit), which are not required to be obtained as of the date hereof. However, we know of no matter presently existing that would prohibit any material governmental consents, permits, licenses and approvals which have not yet been obtained from being obtained in a timely manner as required.

8. Nothing has come to our attention which would lead us to believe that the information in the Official Statement (excluding the materials under the captions "THE ISSUER," "THE 2010B BONDS – Book-Entry Only System," "THE BOND TRUSTEE," "UNDERWRITING," "TAX EXEMPTION," "LITIGATION (as it pertains to the Issuer)," Appendix D and financial and statistical data included in the Official Statement, as to which no opinion is expressed) contains an untrue statement of a material fact or omits to state a material fact that is required to be stated therein or is necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. .

FORM OF OPINION OF BANK COUNSEL

DRAFT

FORMS OF LETTER FROM AUDITORS

[Forms of Consent to Inclusion and Agreed Upon Procedures Letters]

DRAFT

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Second Reading of Ordinance No. 33-2009/10

DEPARTMENT: Finance

ISSUE UNDER CONSIDERATION:

(An Ordinance To Ratify FY10 Budget And Grant Resolutions Previously Authorized By Council And Other Matters Related Thereto.)

POINTS TO CONSIDER:

1. There have been grants received during the year that need to be formally appropriated by Council.
2. At its regular meeting on November 19, 2009, Florence County Council allocated \$106,975 to the Florence County Sheriff's Office for five (5) additional patrol deputy slots.
3. Participation in the Recreation Department tours program has been greater than anticipated, requiring an additional appropriation of \$65,000 above the original FY10 budget.
4. Upon initiation of the South Carolina Case Management System by the Florence County Magistrates Offices, a one time transfer of \$8,733 was determined to be necessary. In an unrelated matter, the petty cash accounts of Lynches River Park were closed at the end of the 2009 season and internal audit determined that a one time transfer of \$209 was necessary to initiate and balance to new cash control processes.
5. Florence County Council committed to provide one-third of the cost to upfit the Lake City spec building in the amount of \$548,333.
6. Contracts and related purchase orders in various stages of completion at the end of FY09 and incomplete as of June 30, 2009 in the amount of \$163,077 require the unexpended balances of the purchase orders to be added to General Fund fund balance.

FUNDING FACTORS:

1. County Council has previously accepted the various grant agreements. This Ordinance approves the formal appropriation for the related grant expenditures.
2. The allocation to the Florence County Sheriff's Office in the amount of \$106,975 is being funded from General Fund fund balance.
3. The appropriation to the Recreation Department tours program is being funded from the increased revenue from the program.
4. The allocation to the Florence County Magistrates Offices in the amount of \$8,733 and the allocation to the Recreation Department in the amount of \$209 are being funded from General Fund fund balance.
5. The allocation to upfit the Lake City spec building in the amount of \$548,333 is being funded from General Fund fund balance.
6. The allocation for contracts and related purchase orders in various stages of completion at the end of FY09 and incomplete as of June 30, 2009 in the amount of \$163,077 is being funded from General Fund fund balance, since savings in this amount was realized in FY09.

OPTIONS:

1. *(Recommended)* Approve Second Reading of Ordinance #33-2009/2010.
2. Provide An Alternate Directive

ATTACHMENT:

1. Ordinance #33-2009/2010

Sponsor(s) : County Council
Introduction : April 15, 2010
Committee Referral : N/A
Committee Consideration Date : N/A
Committee Recommendation : N/A
Public Hearing : May 20, 2010
Second Reading : May 20, 2010
Third Reading : June 17, 2010
Effective Date : June 17, 2010

I, _____,
Council Clerk, certify that the
ad for a Public Hearing on this
Ordinance ran on: _____.

ORDINANCE NO. 33-2009/2010

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

[An Ordinance To Ratify FY10 Budget And Grant Resolutions Previously Authorized By Council And Other Matters Related Thereto.]

WHEREAS:

1. The previous adoption of various resolutions by County Council requires supplemental appropriations for unanticipated revenues received after the adoption of the budget; and
2. As a result of these resolutions, the County Council will adopt a final budget amendment ordinance ratifying budget resolutions authorized by Council during the fiscal year, as well as grants, any other supplemental appropriation actions, and other non-recurring allocations in accordance with the 1976 South Carolina Code of Laws, as amended.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

1. The Florence County Council hereby amends the FY10 budgetary appropriations and directs the allocation of the receipt of nonrecurring revenue as detailed hereinafter, and authorizes and directs the Florence County Administrator to make the following changes to the FY10 appropriated budgets:

a. GENERAL FUND (FUND #10)

- 1) Based on the fact that participation in the Recreation Department tours program has been greater than was anticipated, Florence County Council hereby directs that budgeted revenue and expenditures be increased accordingly as follows:

Revenue	10-351-347-800-0000	\$ 65,000
Expenditures	10-471-451-400-9086	\$ 65,000

- 2) During the conversion by the Florence County Magistrates Offices to the South Carolina Case Management System (CMS) a one time transfer of \$8,733.33 was determined to be necessary at the time of initiation of the CMS; in an unrelated matter, the petty cash accounts of Lynches River Park were closed at the end of the 2009 season and internal audit determined that a one time transfer of \$209 was necessary to initiate and balance to new cash control processes. Therefore, Florence County Council hereby directs the non-recurring appropriation of the following expenditure use of fund balance:

Revenue	10-399-999-999-9500	\$ 8,942
Expenditures	10-411-407-100-7904	\$ 8,733
	10-471-451-200-7904	\$ 209

- 3) Based on the commitment by Florence County Council at its regular scheduled meeting on November 19, 2009 to fund five new patrol deputies for the remainder of FY10 at a cost of \$106,975, Florence County Council hereby directs the appropriation of the following expenditure and the use of fund balance for its funding:

Revenue	10-399-999-999-9500	\$106,975
Expenditures	10-421-421-110-0100	\$106,975

- 4) Based on the commitment to provide one-third of the cost to upfit the Lake City spec building in the amount of \$548,333 from General Fund Contingency, Florence County Council hereby directs the appropriation of the following expenditure and the use of fund balance for its funding:

Revenue	10-399-999-999-9500	\$548,333
Expenditures	10-411-488-000-8800	\$548,333

- 5) Contracts and related purchase orders in various stages of completion at the end of FY09 and incomplete as of June 30, 2009 require the unexpended balances of the purchase orders to be added to General Fund fund balance. These unexpended balances are in need of being carried over into FY10. Based on various FY09 uncompleted contracts and purchase orders being carried over into FY10, Florence County Council hereby directs the appropriation of the following expenditure and the use of fund balance for its funding:

Revenue	10-399-999-999-9500	\$163,077
Expenditures	10-471-451-100-8600	\$ 8,515
	10-471-451-100-5100	\$ 1,900
	10-411-418-100-1200	\$150,892
	10-411-418-100-9500	\$ 1,770

b. GRANT FUND (FUND #141)

The FY10 Budget is hereby amended to increase revenue and expenditures for various grants awarded during the fiscal year. The grants, grant numbers, and amounts are as follows:

Solicitor's Arbitrator	4399	\$ 79,572
Solicitor's Salary Supplement	4400	\$ 185,959
Solicitor's Pre-trial Intervention	4401	\$ 161,710
Juvenile Drug Court	4402	\$ 57,707
School Dist #1 SRO	4447	\$ 51,193
School Dist #3 SRO	4448	\$ 54,598
Turner Waste Tire removal	4449	\$ 9,700
School Dist #2 SRO	4455	\$ 53,406
SRO Sneed	4202	\$ 52,474
School Dist#3 SRO	4205	\$ 60,986
EMS Grant-in-Aid	4215	\$ 25,581
School Dist #1 Roving SRO	4216	\$ 63,485
Used Oil contract	4222	\$ 13,017
SLED #HS 8SHSP42	4225	\$ 50,000
SCDOT PCN #39116	4229	\$ 50,000
SCDOT PCN #39114	4236	\$ 50,000
JAG Grant - CDV Investigator	4239	\$ 64,281

JAG Grant – Gang Investigator	4241	\$ 65,763
School Dist #1 SRO	4242	\$ 52,268
School Dist #5 SRO	4243	\$ 56,843
Public Defender	4248	\$ 70,645
Circle Park	4251	\$ 4,500
DUI Prosecutor	4253	\$ 55,789
Victim Witness – Solicitor	4254	\$ 41,841
Pee Dee Electric RDA Funds	4261	\$ 140,000
SCDOT PCN #39115	4266	\$ 50,000
SCEMD #8EMPG01	4268	\$ 5,121
Lynches River County Park Fall Frenzy	4270	\$ 1,000
First Responder	4273	\$ 29,184
Florence Museum	4293	\$ 3,900,000
CDV – Solicitor	4294	\$ 55,686
Lynches River County Park	4296	\$ 540
VOCA Grant	4298	\$ 47,000
SCDHEC #21 wo 10	4301	\$ 2,000
SFHS SRO	4302	\$ 64,702
SCDOT PCN #39113	4304	\$ 78,600
SCDOT PCN #39117	4305	\$ 30,000
SCDOT PCN #39118	4306	\$ 20,000
USDOJ Grant	4307	\$ 66,383
Bulletproof vests	4308	\$ 2,075
JAG Grant	4309	\$ 149,920
USDOE Energy Grant	4311	\$ 572,300
USDOE Energy Grant - Sheriff	4312	\$ 60,000
SC State Library	4314	\$ 52,820
12 th Judicial Circuit Law Network	4315	\$ 25,000
The Conservation Fund – Recreation	4317	\$ 647
Library donations	4318	\$ 725
SLED # HS 9SHSP11	4319	\$ 50,000
SLED # HS 9SHSP38	4320	\$ 40,000
SCDHEC #21 wt 10	4321	\$ 41,500
Timmonsville Library donations	4322	\$ 10,000
EKG Transmission Equipment	4323	\$ 40,384
SCEMD Grant	4324	\$ 3,750
Morris Street sidewalks	4326	\$ 15,940
Johnsonville Library donations	4327	\$ 5,000
Library donations	4328	\$ 1,330
Library donations	4329	\$ 407
SCDOT - Red Doe	4330	\$ 30,000
SCDOT PCN #39865	4331	\$ 349,358
SC Commerce – McCall Farms	4332	\$ 570,000

2. This Ordinance includes the ratification of all grant and budget related resolutions and actions previously approved by Florence County Council for the fiscal year ending 06/30/10.
3. All provisions in other County Ordinances or Resolutions in conflict with this Ordinance are hereby repealed.

4. If any provision of this Ordinance or the application thereof to any person or circumstances is held invalid, the invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and to this end, the provisions of this Ordinance are severable.

ATTEST:

SIGNED:

Connie Y. Haselden
Clerk to Council

K.G. Rusty Smith, Jr., Chairman
Florence County Council

Approved as to Form & Content
James C. Rushton, III, County Attorney

COUNCIL VOTE:
OPPOSED:
ABSENT:

DRAFT

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Second Reading - Ordinance No. 34-2009/10

DEPARTMENT: Economic Development

ISSUE UNDER CONSIDERATION:

(An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And McCall Farms, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.)

OPTIONS:

1. *(Recommended)* Approve Second Reading of Ordinance No. 34-2009/10
2. Provide an Alternate Directive

ATTACHMENTS:

Ordinance No. 34-2009/10

Sponsor(s) : Economic Development
 First Reading/Introduction : April 15, 2010
 Committee Referral : N/A
 Committee Consideration Date : N/A
 Committee Recommendation : N/A
 Public Hearing : May 20, 2010
 Second Reading : May 20, 2010
 Third Reading :
 Effective Date : Immediately

I, _____,
 Council Clerk, certify that this
 Ordinance was advertised for
 Public Hearing on _____.

ORDINANCE NO. 34-2009/10

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

(An Ordinance Authorizing The Execution And Delivery Of A Fee In Lieu Of Tax Agreement By And Between Florence County, South Carolina, And McCall Farms, With Respect To Certain Economic Development Property, Whereby Such Property Will Be Subject To Certain Payments In Lieu Of Taxes And Other Matters Related Thereto.)

WHEREAS:

1. Florence County, South Carolina ("County"), acting by and through its County Council ("County Council") is authorized and empowered under and pursuant to the provisions of Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended ("Act"), (i) to enter into agreements with qualifying industry to encourage investment in projects constituting economic development property through which the industrial development of the State of South Carolina will be promoted by inducing new and existing manufacturing and commercial enterprises to locate and remain in the State and thus utilize and employ manpower and other resources of the State; and (ii) to covenant with such industry to accept certain payments in lieu of *ad valorem* taxes ("FILOT") with respect to such investment; and
2. McCall Farms, a corporation, organized and existing under the laws of the State of South Carolina, but authorized to and conducting business in South Carolina, ("Company"), is planning an investment consisting of the expenditure of approximately \$10,000,000 and the creation of approximately 65 new jobs in order to establish and support a processing, packaging and distribution facility within the County ("Project"); and
3. The County hereby identifies the Project, as required by the Act; and
4. The County has determined to offer the Company a FILOT incentive package at an assessment ratio of 6%, with a fixed millage rate of 287.2 for 20 years; and
5. The County has agreed to provide the Company with a Special Source Revenue Credit with respect to the investment, the terms and conditions of these incentives are more fully described in the Fee Agreement ("Fee Agreement") attached hereto as Exhibit A.

NOW THEREFORE, BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

Section 1. *Authorization to Execute and Deliver Fee Agreement.* The Chairman of County Council and the County Administrator are hereby authorized and directed to execute the Fee Agreement which is in substantially final form as hereto attached, with any minor modifications and revisions as may be approved by the Chairman of County Council and the County Administrator, in the name of and on behalf of the County and other documents as necessary, and the Clerk to County Council is hereby authorized and directed to attest the same; and the Chairman of County Council and the County Administrator are hereby further authorized and directed to deliver the executed Fee Agreement and all related documents to the Company.

Section 2. *Statutory Findings.* The County hereby finds: (i) the Project will benefit the general public welfare of the County by providing service, employment, recreation or other public benefits not otherwise provided locally; (ii) the Project gives rise to no pecuniary liability of the County or incorporated municipality or to no charge against its general credit or taxing power; (iii) the purposes to be accomplished by the Project are proper governmental and public purposes; and (iv) the benefits of the Project to the public are greater than the costs to the public.

Section 3. *General Repealer.* All ordinances, resolutions, and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed.

ATTEST:

Connie Y. Haselden, Council Clerk

Approved as to Form and Content
James C. Rushton, III, County Attorney

SIGNED:

K. G. Rusty Smith, Jr., Chairman

COUNCIL VOTE:

OPPOSED:

ABSENT:

EXHIBIT A

Fee In Lieu of Ad Valorem Taxes Agreement

DRAFT

FEE-IN-LIEU OF *AD VALOREM* TAXES AGREEMENT

BETWEEN

McCALL FARMS

AND

FLORENCE COUNTY, SOUTH CAROLINA

DATED AS OF _____, 2010

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DRAFT

FEE-IN-LIEU OF AD VALOREM TAXES AGREEMENT

THIS FEE-IN-LIEU OF AD VALOREM TAXES AGREEMENT ("Fee Agreement") is made and entered into as of _____, 2010, by and between Florence County, South Carolina ("County"), a body politic and corporate and a political subdivision of the State of South Carolina ("State"), acting by and through the Florence County Council ("County Council") as the governing body of the County, and McCall Farms, a corporation, organized and existing under the laws of the State of South Carolina ("Company").

WITNESSETH:

(a) The County is authorized by Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as amended ("Act") to enter into a fee agreement with qualifying industries to induce such industries to locate in the State and to encourage industries now located in the State to expand their investments and thus make use of and employ manpower and other resources of the State.

(b) Pursuant to the Act, the County finds that (a) the Project (as defined herein) is anticipated to benefit the general public welfare of the County by providing services, employment, recreation, or other public benefit not otherwise adequately provided locally; (b) the Project gives rise to no pecuniary liability of the County or incorporated municipality and to no charge against its general credit or taxing power; (c) the purposes to be accomplished by the Project are proper governmental and public purposes; and (d) the benefits of the Project to the public are greater than the costs to the public.

(c) The Company has agreed to establish a processing, packaging and distribution facility within the County ("Project"). The Company's total investment in the Project is estimated to be approximately \$10,000,000 ("Project Commitment"), which qualifies the Project for benefits under the Act.

(d) Pursuant to a Resolution adopted on April 15, 2010, the County Council identified the Project and, pursuant to an Ordinance adopted on _____, 2010, ("Fee Ordinance") authorized the County to enter into a Fee Agreement with the Company which identifies the property comprising the Project as Economic Development Property under the Act subject to the terms and conditions hereof.

NOW, THEREFORE, AND IN CONSIDERATION of the respective representations and agreements hereinafter contained, the parties hereto agree as follows, with the understanding that no obligation of the County described herein shall create a pecuniary liability or charge upon its general credit or taxing powers, but shall be payable solely out of the sources of payment described herein and shall not under any circumstances be deemed to constitute a general obligation to the County:

ARTICLE I DEFINITIONS

Section 1.1. Terms. The terms defined in this Article shall for all purposes of this Fee Agreement have the meaning herein specified, unless the context clearly requires otherwise.

"Chairman" means the Chairman of the County Council of Florence County, South Carolina.

"Clerk of County Council" means the Clerk to the County Council of Florence County, South Carolina.

"Code" means the South Carolina Code of Laws, 1976, as amended.

"County" means Florence County, South Carolina, a body politic and corporate and political subdivision of the State of South Carolina, its successors and assigns, acting by and through the Florence County Council as the governing body of the County.

"County Council" means the Florence County Council, the governing body of the County.

"Credit" (or "Special Source Revenue Credits") shall mean the credits to the Company's payments in lieu of taxes to reimburse the Company for the cost of the infrastructure in the amounts set forth in Section 3.1 hereof.

"Diminution of Value" in respect of any Phase of the Project means any reduction in the value based on original fair market value as determined in Step 1 of Section 3.1 of this Fee Agreement, of the items which constitute a part of the Phase which may be caused by (i) the Company's removal of equipment pursuant to Section 3.5 of this Fee Agreement, (ii) a casualty to the Phase of the Project, or any part thereof, described in Section 3.6 of this Fee Agreement, or (iii) a condemnation to the Phase of the Project, or any part thereof, described in Section 3.7 of this Fee Agreement.

"Economic Development Property" means all items of real and tangible personal property comprising the Project which qualify as economic development property under the Act, become subject to the Fee Agreement, and which are identified by the Company in connection with their annual filing of a SCDOR PT-100, PT-300 or comparable forms with the South Carolina Department of Revenue (as such filing may be amended from time to time) for each year within the Investment Period. Title to all Economic Development Property shall at all times remain vested in the Company, except as may be necessary to take advantage of the effect of Section 12-44-160.

"Equipment" means all of the machinery, equipment, furniture and fixtures, together with any and all additions, accessions, replacements and substitutions thereto or therefor acquired by the Company during the Investment Period as a part of the Project.

"Event of Default" means any Event of Default specified in Section 3.12 of this Fee Agreement.

"Fee Term" or "Term" means the period from the date of delivery of this Fee Agreement until the last Phase Termination Date unless sooner terminated or extended pursuant to the terms of this Fee Agreement.

"FILOT Payments" means the payments in lieu of taxes which the Company is obligated to pay to the County.

"Improvements" means improvements, together with any and all additions, accessions, replacements and substitutions thereto or therefor acquired by the Company during the Investment Period.

"Initial Investment Period" means the period beginning with the first day that economic development property is purchased or acquired and ending five years after the commencement date. The minimum investment must be completed within five years of the commencement date. As described in Section 3.1 of this Agreement, this date is extended automatically, in accordance with the Act, for five additional years if Company makes a minimum investment of \$2,500,000, within the Initial Investment Period.

"Phase" or "Phases" in respect to the Project means the Equipment, Improvements and Real Property, if any, placed in service during each year of the Investment Period.

“Phase Termination Date” means with respect to each Phase of the Project the day twenty years after each such Phase of the Project becomes subject to the terms of this Fee Agreement. Anything contained herein to the contrary notwithstanding, the last Phase Termination Date shall be no later than December 31 of the year of the expiration of the maximum period of years that the annual fee payment is available to the Company under Section 12-44-30(20) of the Act, as amended.

“Project” means the Equipment, Improvements, and Real Property, together with the acquisition, construction, installation, design and engineering thereof, in phases. The Project involves an initial investment of sufficient sums to qualify under the Act.

“Real Property” means real property identified on Exhibit A hereto, together with all and singular the rights, members, hereditaments and appurtenances belonging or in any way incident or appertaining thereto acquired or constructed by the Company; all Improvements now or hereafter situated thereon; and all fixtures now or hereafter attached thereto, but only to the extent such Improvements and fixtures are deemed to become part of the Project under the terms of this Fee Agreement.

“Removed Components” means the following types of components or Phases of the Project or portions thereof, all of which the Company, as the case may be, shall be entitled to remove from the Project with the result that the same shall no longer be subject to the terms of the Fee Agreement: (a) components or Phases of the Project or portions thereof which the Company in its sole discretion, determines to be inadequate, obsolete, worn-out, uneconomic, damaged, unsuitable, undesirable or unnecessary; or (b) components or Phases of the Project or portions thereof which the Company in its sole discretion, elects to remove pursuant to Section 3.6(c) or Section 3.7(b)(iii) of this Fee Agreement.

“Replacement Property” means any property which is placed in service as a replacement for any item of Equipment or any Improvement which is scrapped or sold by the Company and treated as a Removed Component under Section 3.6 hereof regardless of whether such property serves the same function as the property it is replacing and regardless of whether more than one piece of property replaces any item of Equipment or any Improvement.

Any reference to any agreement or document in this Article I or otherwise in this Fee Agreement is deemed to include any and all amendments, supplements, addenda, and modifications to such agreement or document.

ARTICLE II REPRESENTATIONS AND WARRANTIES

Section 2.1. *Representations of the County.* The County hereby represents and warrants to the Company as follows:

(a) The County is a body politic and corporate and a political subdivision of the State which acts through the County Council as its governing body and by the provisions of the Act is authorized and empowered to enter into the transactions contemplated by this Fee Agreement and to carry out its obligations hereunder. The County has duly authorized the execution and delivery of this Fee Agreement and any and all other agreements described herein or therein.

(b) The Project constitutes a “project” within the meaning of the Act.

(c) By due corporate action, the County has agreed that, subject to compliance with applicable laws, each item of real and tangible personal property comprising the Project shall be considered Economic Development Property under the Act.

Section 2.2. *Representations of the Company.* The Company hereby represents and warrants to the County as follows:

(a) The Company is a corporate entity, duly organized and in existence under the laws of the State of South Carolina and has power to enter into this Fee Agreement.

(b) The Company's execution and delivery of this Fee Agreement and its compliance with the provisions hereof do not result in a default, not waived or cured, under any Company restriction or any agreement or instrument to which the Company is now a party or by which it is bound.

(c) The Company intends to operate the Project as a "project" within the meaning of the Act as in effect on the date hereof. The Company intends to operate the Project for the purpose of canning vegetables and all matters incidental thereto, and for such other purposes permitted under the Act, as the Company may deem appropriate.

(d) The availability of the payment in lieu of taxes with regard to the Economic Development Property authorized by the Act has induced the Company to undertake the Project in the County.

(e) As required by the Act, the Company will invest a minimum of \$2,500,000 by the end of the Initial Investment Period.

ARTICLE III FILOT PAYMENTS

Section 3.1. *Negotiated Payments.*

(a) Pursuant to Section 12-44-50 of the Act, the Company is required to make payments in lieu of *ad valorem* taxes ("FILOT Payments") on all Economic Development Property comprising the Project and placed in service, as follows: (i) the Company shall make FILOT Payments in lieu of *ad valorem* taxes with respect to each Phase of the Project placed in service on or before each December 31 through December 31, 2014; (ii) provided, however, if Company invests at least \$2,500,000, prior to the end of the Initial Investment Period, the period for completion of the Project is automatically, without further action of the County or Company, extended by five years to the tenth anniversary of the end of the property tax year in which the Company places in service the initial assets comprising the Project. However, under no circumstances may the period for compliance with the \$2,500,000 minimum investment be extended beyond the Initial Investment Period. As fully extended, the total investment period is anticipated to extend through December 31, 2019.

(b) The amount of such annual FILOT Payments shall be determined by the following procedure (subject, in any event, to the required procedures under the Act and to Section 3.3 hereof):

Step 1: Determine the fair market value of the Phase of the Project placed in service in any given year for such year and for the following 19 years using original income tax basis for State income tax purposes for any real property (provided, if real property is constructed for the fee or is purchased in an arms length transaction, fair market value is deemed to equal the original income tax basis, otherwise, the Department of Revenue and Taxation will determine fair market value by appraisal) and original income tax basis for State income tax purposes less depreciation for each year allowable to the Company for any personal property as determined in accordance with Title 12 of the Code, as amended and in effect on December 31 of the year in which each Phase becomes subject to the Fee Agreement, except that no extraordinary obsolescence shall be allowable but taking into account all

applicable property tax exemptions which would be allowed to Company under State law, if the property were taxable, except those exemptions specifically disallowed under Section 12-44-50(A)(2) of the Act, as amended and in effect on December 31 of the year in which each Phase becomes subject to the Fee Agreement.

- Step 2: Apply an assessment ratio of 6% to the fair market value as determined for each year in Step 1 to establish the taxable value of each Phase of the Project in the year it is placed in service and in each of the 19 years thereafter or such longer period of years that the annual fee payment is permitted to be made by the Company under the Act, as amended.
- Step 3: Use a millage rate of 287.2 (which millage rate shall be a fixed rate for the term of this Fee Agreement) to determine the amount of the FILOT Payments which would be due in each year of the Fee Term on the payment dates prescribed by the County for such payments or such longer period of years that the annual fee payment is permitted to be made by the Company under the Act, as amended.
- Step 4: As authorized under Sections 4-1-175, 4-29-68 and 12-44-70 of the Code, the Company is entitled to claim a 25% Special Source Revenue Credit against that portion of each of the first ten FILOT Payments due with respect to the investment (each a "Credit").

(c) In the event that it is determined by a final order of a court of competent jurisdiction or by agreement of the parties that the minimum payment in lieu of taxes applicable to this transaction is to be calculated differently than described above, the payment shall be reset at the minimum permitted level so determined.

(d) In the event that the Act and/or the above-described FILOT Payments are declared invalid or unenforceable, in whole or in part, for any reason, the parties express their intentions that such payments and this Fee Agreement be reformed so as to most closely effectuate the legal, valid, and enforceable intent thereof and so as to afford the Company, with the benefits to be derived hereunder. If the Project is deemed to be subject to *ad valorem* taxation, the payment in lieu of *ad valorem* taxes to be paid to the County by the Company shall become equal to the amount which would result from taxes levied on the Project by the County, municipality or municipalities, school district or school districts, and other political units as if the Project was and had not been Economic Development Property under the Act. In such event, any amount determined to be due and owing to the County from the Company, as the case may be, with respect to a year or years for which payments in lieu of *ad valorem* taxes have been previously remitted by the Company to the County hereunder, shall be reduced by the total amount of payments in lieu of *ad valorem* taxes made by the Company with respect to the Project pursuant to the terms hereof, and further reduced by any abatements provided by law.

Section 3.2. FILOT Payments on Replacement Property. If the Company elects to replace any Removed Components and to substitute such Removed Components with Replacement Property as a part of the Project, then, pursuant and subject to Section 12-44-60 of the Act, the Company shall make statutory payments in lieu of *ad valorem* taxes with regard to such Replacement Property as follows:

(a) to the extent that the income tax basis of the Replacement Property ("Replacement Value") is less than or equal to the original income tax basis of the Removed Components ("Original Value") the amount of the FILOT Payments to be made by the Company with respect to such Replacement Property shall be calculated in accordance with Section 3.1 hereof; provided, however, in making such calculations, the original cost to be used in Step 1 of Section 3.1 shall be equal to the lesser of (x) the Replacement Value or (y) the Original Value, and the number of annual payments to be made with respect to the Replacement Property shall be equal to twenty (20) (or, if greater, the maximum number of years for which the annual

fee payments are available to the Company for each portion of the Project under the Act, as amended) minus the number of annual payments which have been made with respect to the oldest Removed Components disposed of in the same property tax year as the Replacement Property is placed in service; and

(b) to the extent that the Replacement Value exceeds the Original Value of the Removed Components ("Excess Value"), the FILOT Payments to be made by the Company with respect to the Excess Value shall be equal to the payment that would be due if the property were not Economic Development Property.

Section 3.3. Reductions in Payments of Taxes Upon Removal, Condemnation or Casualty. In the event of a Diminution in Value of any Phase of the Project, the payment in lieu of taxes with regard to that Phase of the Project shall be reduced in the same proportion as the amount of such Diminution in Value bears to the original fair market value of that Phase of the Project as determined pursuant to Step 1 of Section 3.1 hereof.

Section 3.4. Place and Allocation of FILOT Payments. The Company shall make the above-described FILOT Payments directly to the County in accordance with applicable law. FILOT payments are allocated in accordance with the Act.

Section 3.5. Removal of Equipment. The Company shall be entitled to remove the following types of components or Phases of the Project from the Project with the result that said components or Phases ("Removed Components") shall no longer be considered a part of the Project and shall no longer be subject to the terms of this Fee Agreement: (a) components or Phases which become subject to statutory payments in lieu of *ad valorem* taxes; (b) components or Phases of the Project or portions thereof which the Company, in its sole discretion, determines to be inadequate, obsolete, uneconomic, worn-out, damaged, unsuitable, undesirable or unnecessary; or (c) components or Phases of the Project or portions thereof which the Company, in its sole discretion, elects to remove pursuant to Section 3.6(c) or Section 3.7(b)(iii) hereof.

Section 3.6. Damage or Destruction of Project.

(a) *Election to Terminate.* In the event the Project is damaged by fire, explosion, or any other casualty, the Company shall be entitled to terminate this Agreement.

(b) *Election to Rebuild.* In the event the Project is damaged by fire, explosion, or any other casualty, and if the Company does not elect to terminate this Agreement, the Company may, in its sole discretion, commence to restore the Project with such reductions or enlargements in the scope of the Project, changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Company. All such restorations and replacements shall be considered substitutions of the destroyed portions of the Project and shall be considered part of the Project for all purposes hereof, including, but not limited to, any amounts due by the Company to the County under Section 3.1 hereof.

(c) *Election to Remove.* In the event the Company elects not to terminate this Agreement pursuant to subsection (a) and elects not to rebuild pursuant to subsection (b), the damaged portions of the Project shall be treated as Removed Components.

Section 3.7. Condemnation.

(a) *Complete Taking.* If at any time during the Fee Term title to or temporary use of the entire Project should become vested in a public or quasi-public authority by virtue of the exercise of a taking by

condemnation, inverse condemnation or the right of eminent domain, or by voluntary transfer under threat of such taking, or in the event that title to a portion of the Project shall be taken rendering continued occupancy of the Project commercially infeasible in the judgment of the Company, the Company shall have the option to terminate this Fee Agreement as of the time of vesting of title by sending written notice to the County within a reasonable period of time following such vesting.

(b) *Partial Taking.* In the event of a partial taking of the Project or transfer in lieu thereof, the Company may elect: (i) to terminate this Fee Agreement; (ii) to repair and restore the Project, with such reductions or enlargements in the scope of the Project, changes, alterations and modifications (including the substitution and addition of other property) as may be desired by the Company; or (iii) to treat the portions of the Project so taken as Removed Components.

Section 3.8. Maintenance of Existence. The Company agrees (i) that it shall not take any action which will materially impair the maintenance of its corporate existence and (ii) that it will maintain its existence under all applicable provisions of State law. Notwithstanding the foregoing, any changes in the Company's corporate existence that result from internal restructuring or reorganization of the Company or its parent are specifically authorized hereunder. Likewise, benefits granted to the Company under this Fee Agreement shall, in the event of any such restructuring or reorganization, be transferred to the successor entity under the provisions of Section 3.11 hereof. Such transfers are specifically approved and authorized by the County without any further action by the County Council.

Section 3.9. Indemnification Covenants. (a) Except as provided in paragraph (b) below, the Company shall indemnify and save the County, its past, present, and future employees, elected officials, officers and agents (each, an "Indemnified Party") harmless against and from all claims by or on behalf of any person arising from the County's execution of this Agreement, performance of the County's obligations under this Agreement or the administration of its duties pursuant to this Agreement, or otherwise by virtue of the County having entered into this Agreement. If such a claim is made against any Indemnified Party, then subject to the provisions of (b) below, the Company shall defend the Indemnified Party in any action or proceeding.

(b) Notwithstanding anything herein to the contrary, the Company is not required to indemnify any Indemnified Party against any claim or liability (1) occasioned by the acts of that Indemnified Party, which are unrelated to the execution of this Agreement, performance of the County's obligations under this Agreement, or the administration of its duties under this Agreement, or otherwise by virtue of the County having entered into this Agreement; (2) resulting from that Indemnified Party's own negligence, bad faith, fraud, deceit, or willful misconduct.

(c) An Indemnified Party may not avail itself of the indemnification provided in this Section unless it provides the Company with prompt notice, reasonable under the circumstances, of the existence or threat of any claim or liability, including, without limitation, copies of any citations, orders, fines, charges, remediation requests, or other claims or threats of claims, in order to afford the Company notice, reasonable under the circumstances, within which to defend or otherwise respond to a claim.

(d) Following this notice, the Company shall resist or defend against any claim or demand, action or proceeding, at its expense, using counsel of its choice. The Company is entitled to manage and control the defense of or response to any claim, charge, lawsuit, regulatory proceeding or other action, for itself and the Indemnified Party; provided the Company is not entitled to settle any matter at the separate expense or liability of any Indemnified Party without the consent of that Indemnified Party. To the extent any Indemnified Party desires to use separate counsel for any reason, other than a conflict of interest, that Indemnified Party is responsible for its independent legal fees.

Section 3.10. Confidentiality/Limitation on Access to Project. The County acknowledges and understands that the Company utilizes confidential and proprietary "state-of-the-art" manufacturing equipment and techniques and that a disclosure of any information relating to such equipment or techniques, including, but not limited to, disclosures of financial or other information concerning the Company's operations would result in substantial harm to the Company and could thereby have a significant detrimental impact on the Company's employees and also upon the County. Therefore, the County agrees that, except as required by law and pursuant to the County's police powers, neither the County nor any employee, agent or contractor of the County: (i) shall request or be entitled to receive any such confidential or proprietary information; (ii) shall request or be entitled to inspect the Project or any property associated therewith; provided, however, that if an Event of Default shall have occurred and be continuing hereunder, the County shall be entitled to inspect the Project provided they shall comply with the remaining provisions of this Section; or (iii) shall disclose or otherwise divulge any such confidential or proprietary information to any other person, firm, governmental body or agency, or any other entity unless specifically required to do so by State law. Prior to disclosing any confidential or proprietary information or allowing inspections of the Project or any property associated therewith, the Company may require the execution of reasonable, individual, confidentiality and non-disclosure agreements by any officers, employees or agents of the County or any supporting or cooperating governmental agencies who would gather, receive or review such information or conduct or review the results of any inspections.

Section 3.11. Assignment and Subletting. This Fee Agreement may be assigned in whole or in part and the Project may be subleased as a whole or in part by the Company so long as such assignment or sublease is made in compliance with Section 12-44-120 of the Act. The County hereby consents to such transfers and to the extent any further consent is requested, the County may grant such consent by adoption of a Resolution.

Section 3.12. Events of Default. The following are "Events of Default" under this Fee Agreement, and the term "Events of Default" means, whenever used with reference to this Fee Agreement, any one or more of the following occurrences:

(a) Failure by the Company to make, upon levy, the FILOT Payments described in Section 3.1 hereof; provided, however, that the Company shall be entitled to all redemption rights granted by applicable statutes; or

(b) Failure by the Company to perform any of the other material terms, conditions, obligations or covenants of the Company hereunder, which failure shall continue for a period of ninety (90) days after written notice from the County to the Company specifying such failure and requesting that it be remedied, unless the County shall agree in writing to an extension of such time prior to its expiration.

The benefits of the Company shall continue hereunder, as provided for under Section 12-44-100 of the Act, so long as the Company has achieved the minimum investment of \$2,500,000 by the end of the Investment Period.

Section 3.13. Remedies on Default. Whenever any Event of Default shall have occurred and shall be continuing, the County, after having given written notice to the Company of such default and after the expiration of a thirty (30) day cure period, shall have the option to take any one or more of the following remedial actions:

(a) Terminate the Fee Agreement; or

(b) Take whatever action at law or in equity that may appear necessary or desirable to collect the other amounts due and thereafter to become due or to enforce performance and observance of any obligation, agreement or covenant of the Company under this Fee Agreement.

Section 3.14. Remedies Not Exclusive. No remedy conferred upon or reserved to the County under this Fee Agreement is intended to be exclusive of any other available remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other lawful remedy now or hereafter existing. No delay or omission to exercise any right or power accruing upon any continuing default hereunder shall impair any such right or power or shall be construed to be a waiver thereof, but any such right and power may be exercised from time to time and as often as may be deemed expedient. In order to entitle the County to exercise any remedy reserved to it, it shall not be necessary to give notice, other than such notice as may be herein expressly required and such notice required at law or equity which the Company is not competent to waive.

Section 3.15. Waiver of Recapitulation Requirements. As permitted under Section 12-44-55 of the Act, the Company and County hereby waive application of any of the recapitulation requirements as set forth in Section 12-44-55.

ARTICLE IV MISCELLANEOUS

Section 4.1. Notices. Any notice, election, demand, request or other communication to be provided under this Fee Agreement shall be effective when delivered to the party named below or when deposited with the United States Postal Service, certified mail, return receipt requested, postage prepaid, addressed as follows (or addressed to such other address as any party shall have previously furnished in writing to the other party), except where the terms hereof require receipt rather than sending of any notice, in which case such provision shall control:

AS TO THE COUNTY: Florence County, South Carolina
Richard A. Starks, County Administrator
180 North Irby Street, MSC-G
Florence, South Carolina 29501
Telephone: (843) 665-3035
Facsimile: (843) 665-3070

WITH COPIES TO: James C. Rushton, III, Esquire
County Attorney
The Hyman Law Firm, LLP
170 Courthouse Square
Post Office Box 1770
Florence, South Carolina 29501
Telephone: (843) 662-5000
Facsimile: (843) 678-9273

AS TO THE COMPANY: McCall Farms
ATTN: Marion Swink
6615 South Irby Street
Effingham, SC 29541
Telephone:
Facsimile:

WITH A COPY TO:

Hugh L. Willcox, Jr., Esquire
Willcox, Buyck & Williams, PA
248 West Evans Street
Post Office Box 1909
Florence, South Carolina 29503
Telephone: (843) 662-3258
Facsimile: (843) 662-1342

Section 4.2. Binding Effect. This Fee Agreement is binding, in accordance with its terms, upon and inure to the benefit of the Company and the County, and their respective successors and assigns. In the event of the dissolution of the County or the consolidation of any part of the County with any other political subdivision or the transfer of any rights of the County to any other such political subdivision, all of the covenants, stipulations, promises and agreements of this Fee Agreement shall bind and inure to the benefit of the successors of the County from time to time and any entity, officer, board, commission, agency or instrumentality to whom or to which any power or duty of the County has been transferred.

Section 4.3. Counterparts. This Fee Agreement may be executed in any number of counterparts, and all of the counterparts taken together shall be deemed to constitute one and the same instrument.

Section 4.4. Governing Law. This Fee Agreement and all documents executed in connection herewith shall be construed in accordance with and governed by the laws of the State.

Section 4.5. Headings. The headings of the articles and sections of this Fee Agreement are inserted for convenience only and shall not be deemed to constitute a part of this Fee Agreement.

Section 4.6. Amendments. The provisions of this Fee Agreement may only be modified or amended in writing by an agreement or agreements entered into between the parties.

Section 4.7. Further Assurance. From time to time the County agrees to execute and deliver to the Company such additional instruments as either may reasonably request to effectuate the purposes of this Fee Agreement.

Section 4.8. Severability. If any provision of this Fee Agreement is declared illegal, invalid or unenforceable for any reason, the remaining provisions hereof shall be unimpaired, and such illegal, invalid or unenforceable provision shall be reformed so as to most closely effectuate the legal, valid and enforceable intent thereof and so as to afford the Company with the maximum benefits to be derived herefrom, it being the intention of the County to offer the Company the strongest inducement possible to locate the Project in the County.

Section 4.9. Limited Obligation. THE PROJECT SHALL GIVE RISE TO NO PECUNIARY LIABILITY OF THE COUNTY OR ANY INCORPORATED MUNICIPALITY NOR TO ANY CHARGE AGAINST ITS GENERAL CREDIT OR TAXING POWER.

Section 4.10. Force Majeure. Company shall not be responsible for any delays or non-performance caused in whole or in part, directly or indirectly, by strikes, accidents, freight embargoes, fire, floods, inability to obtain materials, conditions arising from government orders or regulations, war or national emergency, acts of God, and any other cause, similar or dissimilar, beyond Company's reasonable control.

Section 4.11. Execution Disclaimer. Notwithstanding any other provision, the County is executing as statutory accommodation to assist the Company in achieving the intended benefits and purposes of the

Act. The County has made no independent legal or factual investigation regarding the particulars of this transaction and it executes in reliance upon representations by the Company that this document complies with all laws and regulations, particularly those pertinent to industrial development projects in South Carolina.

IN WITNESS WHEREOF, the County, acting by and through the County Council, has caused this Fee Agreement to be executed in its name and on its behalf by the Chairman of County Council and to be attested by the Clerk to County Council; and the Company has caused this Fee Agreement to be executed by its duly authorized officer, all as of the day and year first above written.

FLORENCE COUNTY, SOUTH CAROLINA

K.G. Rusty Smith, Jr., Chairman of County Council
Florence County, South Carolina

ATTEST:

Connie Y. Haselden, Clerk to County Council
Florence County, South Carolina

McCALL FARMS

BY
ITS

**EXHIBIT A
LEGAL DESCRIPTION**

DRAFT

EXHIBIT "A"

ALL of that certain piece, parcel or tract of land, situate, lying and being in the County of Florence, State of South Carolina, **containing 25.04 acres, more or less**, and being more particularly described as follows: Beginning at a point located on the right-of-way of US Hwy. No. 52, said point being 450 feet from Lynches River, thence from said point running S 57° 26' 50" W for a distance of 667.58 feet to a point, thence turning and running N 31° 37' 28" W for a distance of 1369.13 feet to a point, thence turning and running N 63° 24' 30" W for a distance of 291.30 feet to a point, thence turning and running N 63° 21' 04" W for a distance of 568.88 feet to a point; thence turning and running S 29° 50' 09" E for a distance of 362.19 feet to point, thence S 36° 10' 38" E for a distance of 180.73 feet to a point, thence curving to the right for a chord of S 22° 0' 41" E for a distance of 583.12 feet, a radius of 2163.20 to a point, thence S 01° 40' 39" E for a distance of 191.81 feet to the point and place of beginning. Reference is had to that certain survey prepared for McCall Farms, Inc., by Ervin Engineering Co., Inc., dated October 24, 2002 and revised on September 8, 2004 and being filed on September 9, 2004 in Plat Book 84 at page 454, Florence County Records.

This being the major portion of Florence County Tax Map Parcel No. 185-01-046.

This being a portion of the property conveyed to McCall Farms, Inc. by deed of Harriet McCall Swink filed May 28, 1998 in Deed Book A524 at page 2421 and also by deed of Harriet McCall Swink filed June 1, 1995, Florence County Records.

ALSO

ALL of that certain piece, parcel or tract of land lying, being and situate in the County of Florence, State of South Carolina. Said tract **containing 22.41 acres**, and being more particularly shown and described on that certain survey prepared for McCall Farms, by Nesbitt Surveying Co., Inc., dated July 29, 2008 and filed of record in Plat Book 94 at page 187, Florence County Records.

This being the same property conveyed to McCall Farms, Inc., by deed of Harriet McCall Swink, dated and filed of record August 29, 2008 in Deed Book B205 at page 587, Florence County Records.

Tax Map No. : Portion of 156-01-014, to be added to 185-01-046

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Second Reading - Ordinance No. 35-2009/10

DEPARTMENT: Economic Development

ISSUE UNDER CONSIDERATION:

(An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.)

POINTS TO CONSIDER:

Additional property in Williamsburg County included.

OPTIONS:

1. *(Recommended)* Approve Second Reading of Ordinance No. 35-2009/10
2. Provide an Alternate Directive

ATTACHMENTS:

Ordinance No. 35-2009/10

Sponsor(s) : Economic Development
 First Reading/Introduction : April 15, 2010
 Committee Referral : N/A
 Committee Consideration Date : N/A
 Committee Recommendation : N/A
 Public Hearing : May 20, 2010
 Second Reading : May 20, 2010
 Third Reading :
 Effective Date : Immediately

I, _____,
 Council Clerk, certify that this
 Ordinance was advertised for
 Public Hearing on _____.

ORDINANCE NO. 35-2009/10

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

(An Ordinance To Amend The Agreement For Development Of A Joint County Industrial Park Dated As Of December 1, 1998 Between Florence County, South Carolina And Williamsburg County, South Carolina To Include Additional Properties In The County As Part Of The Multi-County Industrial Or Business Park.)

WHEREAS:

1. Florence County, South Carolina, a political subdivision of the State of South Carolina (the "County"), acting by and through its County Council (the "Council"), and Williamsburg County, South Carolina, a political subdivision of the State of South Carolina ("Williamsburg County"), acting by and through its County Council, are authorized pursuant to Article VIII, Section 13 of the Constitution of the State of South Carolina and Title 4, Chapter 1 of the Code of Laws of the State of South Carolina 1976, as amended, (the "Code"), specifically Section 4-1-170 thereof, to develop jointly an industrial or business park with other counties within the geographical boundaries of one or more member counties; and
2. The County and Williamsburg County entered into that certain Agreement for Development for Joint County Industrial Park dated as of December 1, 1998, (the "Agreement"); and
3. The County and Williamsburg County, having determined that an enlargement of the boundaries of the Joint County Industrial Park would promote economic development and thus provide additional employment and investment within said counties, have agreed to enter into an Amendment of the Agreement for Development for Multi-County Industrial or Business Park (the "Amendment") to enlarge the boundaries of the Joint County Industrial Park by including certain properties located in the County.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

1. The provisions, terms, and conditions of the Amendment presented to this meeting and filed with the Clerk to the Council are hereby approved, and all of the provisions, terms and conditions thereof are hereby incorporate herein by reference as if the Amendment were set out in this Ordinance in its entirety. The Chairman of the Council is hereby authorized, empowered,

and directed to execute and deliver the Amendment in the name and on behalf of the County; the Clerk to the Council is hereby authorized, empowered, and directed to attest the same; and the Chairman of the Council is further authorized, empowered, and directed to deliver the Amendment to Williamsburg County. The Amendment is to be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall not materially adversely affect the rights of the County thereunder and as shall be approved by the officials of the County executing the same, their execution thereof to constitute conclusive evidence of their approval of any and all changes or revisions therein from the form of Amendment now before this meeting.

2. All orders, resolutions, ordinances, and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force immediately upon public hearing and third reading of the Council.

ATTEST:

Connie Y. Haselden, Council Clerk

SIGNED:

K. G. Rusty Smith, Jr., Chairman

Approved as to Form and Content
James C. Rushton, III, County Attorney

COUNCIL VOTE:

OPPOSED:

ABSENT:

DRAFT

FIFTH AMENDMENT TO AGREEMENT FOR DEVELOPMENT
FOR JOINT COUNTY INDUSTRIAL PARK

This Fifth Amendment to Agreement for Development for Joint Industrial Park dated December 1, 1998, between Florence County, South Carolina ("Florence County") and Williamsburg County, South Carolina ("Williamsburg County"), each a body politic and political subdivisions of the State of South Carolina (collectively the "Counties").

WITNESSETH:

WHEREAS, under the authorization of the Counties pursuant to Article VIII, Section 13 of the Constitution of the State of South Carolina and Title 4, Chapter 1 of the Code of Laws of the State of South Carolina 1976, as amended (the "Code"), specifically Section 4-1-170 thereof; and, pursuant to that certain Agreement for Development for Joint County Industrial Park (the "Agreement") dated as of December 1, 1998, the Counties agreed to develop a multi-county industrial or business park (the "Park"), a portion of which is located in Florence County as described in Exhibit A to that Agreement (the "Florence Property"), and a portion of which is located in Williamsburg County as described in Exhibit B to that Agreement (the "Williamsburg Property"); and

WHEREAS, an Amendment to Agreement for Development for Joint County Industrial Park (the "First Amendment to Agreement") dated September 28, 2006, amended Exhibit A to the Agreement by adding additional property as described in Exhibit A-1 to the First Amendment to Agreement enlarged the boundaries of the Park; and

WHEREAS, pursuant to Ordinance No. 35-2009/10 adopted by Florence County Council on _____, and Ordinance No. _____ adopted by Williamsburg County Council on _____ (collectively, the "Enabling Ordinances"), the Counties have determined that it is in the best interest of the Counties to enlarge the boundaries of the Park as authorized by Section 3 of the Agreement in order to promote economic development and thus provide additional employment opportunities within said Counties.

NOW, THEREFORE, in consideration of the mutual agreement, representations and benefits contained in this Agreement and for other good and valuable consideration, the adequacy of which is hereby acknowledged, the Parties hereby agree as follows:

Section 1. Exhibit A to the Agreement which describes the boundaries of the Park with regard to the Florence County Property and Exhibit B to the Agreement describes the boundaries of the Park with regard to the Williamsburg County Property, is amended by adding additional property described on Exhibit A-5 attached hereto.

Section 2. The Agreement as to the property set forth in Exhibit A-5 attached hereto, may not be terminated by either Party for a period of twenty (20) years following the effective date of this Amendment.

Section 3. Except as expressly amended or modified herein, the remaining terms and conditions of the Agreement shall remain in full force and effect.

IN WITNESS THEREOF, the parties hereto, each after due authorization, have executed this Fifth Amendment to Agreement for Development for Joint County Industrial Park to be effective as of _____.

FLORENCE COUNTY, SOUTH CAROLINA

(SEAL)

Chairman, Florence County Council

ATTEST:

By: _____
Clerk to County Council
Florence County, South Carolina

WILLIAMSBURG COUNTY, SOUTH CAROLINA

(SEAL)

Chairman, Williamsburg County Council

ATTEST:

By: _____
Clerk to County Council
Williamsburg County, South Carolina

LAND DESCRIPTION
FLORENCE COUNTY

DRAFT

EXHIBIT "A"

ALL of that certain piece, parcel or tract of land, situate, lying and being in the County of Florence, State of South Carolina, **containing 25.04 acres, more or less**, and being more particularly described as follows: Beginning at a point located on the right-of-way of US Hwy. No. 52, said point being 450 feet from Lynches River, thence from said point running S 57° 26' 50" W for a distance of 667.58 feet to a point, thence turning and running N 31° 37' 28" W for a distance of 1369.13 feet to a point, thence turning and running N 63° 24' 30" W for a distance of 291.30 feet to a point, thence turning and running N 63° 21' 04" W for a distance of 568.88 feet to a point; thence turning and running S 29° 50' 09" E for a distance of 362.19 feet to point, thence S 36° 10' 38" E for a distance of 180.73 feet to a point, thence curving to the right for a chord of S 22° 0' 41" E for a distance of 583.12 feet, a radius of 2163.20 to a point, thence S 01° 40' 39" E for a distance of 191.81 feet to the point and place of beginning. Reference is had to that certain survey prepared for McCall Farms, Inc., by Ervin Engineering Co., Inc., dated October 24, 2002 and revised on September 8, 2004 and being filed on September 9, 2004 in Plat Book 84 at page 454, Florence County Records.

This being the major portion of Florence County Tax Map Parcel No. 185-01-046.

This being a portion of the property conveyed to McCall Farms, Inc. by deed of Harriet McCall Swink filed May 28, 1998 in Deed Book A524 at page 2421 and also by deed of Harriet McCall Swink filed June 1, 1995, Florence County Records.

ALSO

ALL of that certain piece, parcel or tract of land lying, being and situate in the County of Florence, State of South Carolina. Said tract **containing 22.41 acres**, and being more particularly shown and described on that certain survey prepared for McCall Farms, by Nesbitt Surveying Co., Inc., dated July 29, 2008 and filed of record in Plat Book 94 at page 187, Florence County Records.

This being the same property conveyed to McCall Farms, Inc., by deed of Harriet McCall Swink, dated and filed of record August 29, 2008 in Deed Book B205 at page 587, Florence County Records.

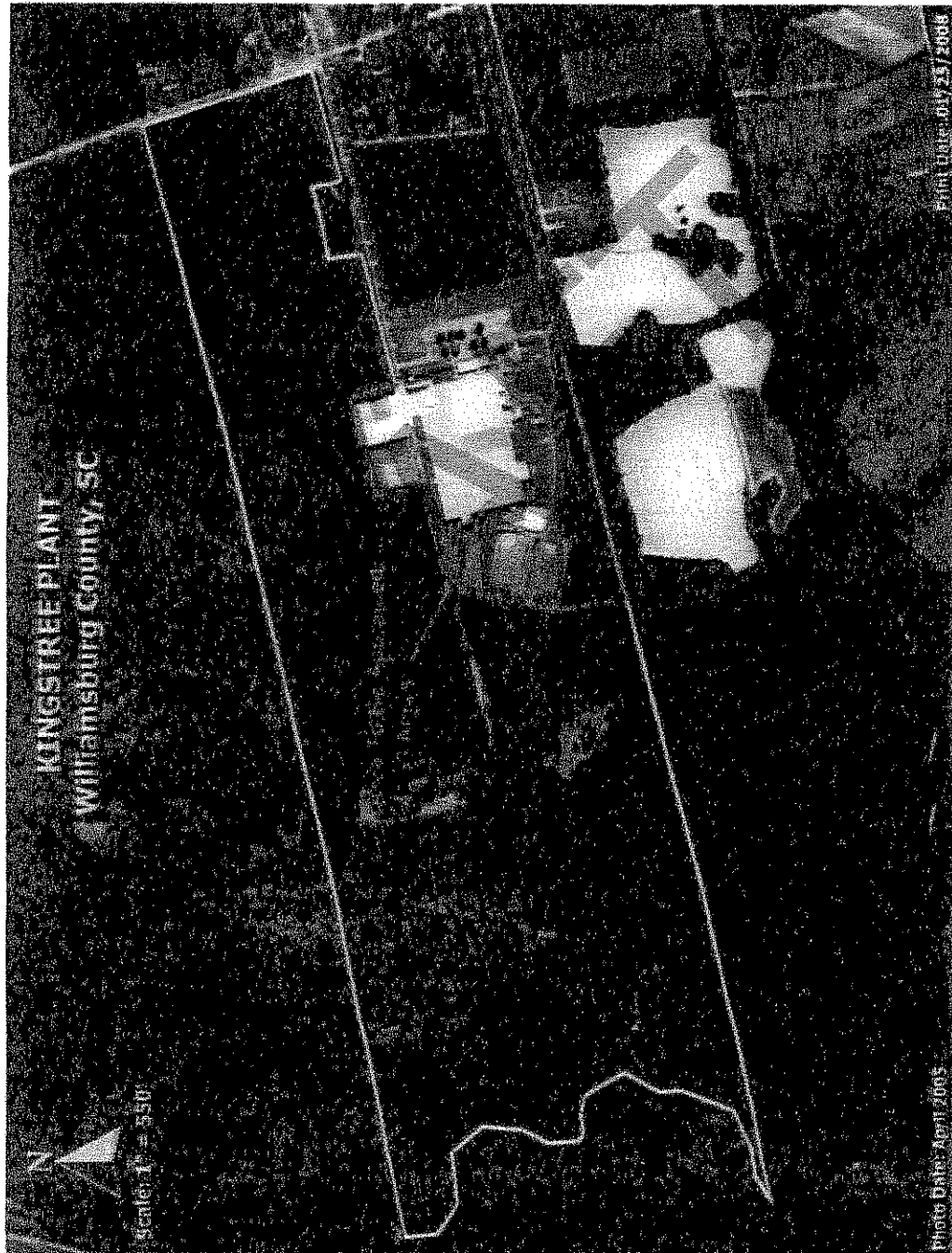
Tax Map No. : Portion of 156-01-014, to be added to 185-01-046

**EXHIBIT B
LAND DESCRIPTION
Williamsburg County
(Williamsburg County/Florence County
Multi-County Industrial Park)**

ALL THAT CERTAIN piece, parcel, or tract of land depicted on the drawing attached hereto as Exhibit "A," consisting of approximately 43.56 acres. Tax map numbers are 45-177-038; 45-177-037; 45-177-040; and 45-177-039.

DRAFT

EXHIBIT A



FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Second Reading of Ordinance No. 01-2010/11

DEPARTMENT: Administration
Finance

ISSUE UNDER CONSIDERATION:

(An Ordinance To Provide For The Levy Of Taxes In Florence County For The Fiscal Year Beginning July 1, 2010 And Ending June 30, 2011; To Provide For The Appropriation Thereof; To provide For Revenues For The Payment Thereof; And To provide For Other Matters Related Thereto.)

POINTS TO CONSIDER:

1. Ordinance No. 01-2010/11 is the budget ordinance for next fiscal year.
2. Decisions at the State level have cut the State Local Government Fund revenue to the Florence County General Fund by another \$900,000 and increased State health insurance premiums by another \$414,000. The combined total negatively impacts the General Fund by an additional \$1,300,000 annually, in addition to the \$2,000,000 negative impact from the same measures in the prior year.
3. Ordinance No. 01-2010/11 addresses this negative impact by cutting the expenditure portion of the budget by 2% from FY10 amended budget levels.

FUNDING FACTORS:

NONE

OPTIONS:

1. *(Recommended)* Approve Second Reading of Ordinance No. 01-2010/11.
2. Provide An Alternate Directive.

ATTACHMENTS:

1. Ordinance No. 01-2010/11
2. Second reading budget book page changes and additional budget requests (packaged separately under separate cover)

Sponsor(s) : County Council
Introduction : April 15, 2010
Committee Referral : N/A
Committee Consideration Date : N/A
Committee Recommendation : N/A
Public Hearing : May 20, 2010
Second Reading : May 20, 2010
Third Reading : June 17, 2010
Effective Date : July 1, 2010

I, _____,
Council Clerk, certify that the
ad for a Public Hearing on this
Ordinance ran on: _____.

ORDINANCE NO. 01-2010/11

COUNCIL-ADMINISTRATOR FORM OF GOVERNMENT FOR FLORENCE COUNTY

[An Ordinance To Provide For The Levy Of Taxes In Florence County For The Fiscal Year Beginning July 1, 2010 And Ending June 30, 2011; To Provide For The Appropriation Thereof; To Provide For Revenues For The Payment Thereof; And To Provide For Other Matters Related Thereto.]

WHEREAS:

1. The Florence County Council, pursuant to state statutes, is authorized and required to adopt an annual budget for all departments, offices, and agencies (hereinafter collectively termed offices or departments) of the County Government; and
2. Pursuant to state statutes, total funds appropriated in fiscal year 2010-2011 for the above purposes do not exceed estimated revenues and funds available for expenditure in fiscal year 2010-2011.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

SECTION 1. APPROPRIATIONS

a. Procedures Compliance: The fiscal year 2010-2011 County Budget for Florence County, South Carolina is hereby adopted and detailed budget appropriation documentation attached hereto is incorporated herein by reference. The Florence County Council certifies that it has complied with all state laws and regulations regarding readings, notices, and public hearings for mills levied herein, and that it will comply in the case of mill levies which may be adjusted by resolution based on more current information at the time of final issuance of the levies and after the adoption of this ordinance.

b. Levy Process: In all cases, all property shall be taxed unless otherwise exempt from taxation pursuant to the South Carolina Code of Laws, 1976, as amended. The taxes are due and payable and shall be collected in the manner as provided for collection of taxes the South Carolina Code of Laws, 1976, as amended, and in accordance with procedures established in County enacting ordinances.

(1) Motor Vehicle Taxes: Taxes levied on motor vehicles shall be collected pursuant to the schedules and procedures as established by State Statute and nothing herein shall be deemed to extend or defer the time of payment for such motor vehicle taxes.

(2) Motor Vehicle Owner Responsibility for Taxes: No motor vehicle registered in the State of South Carolina and property of a person, a resident of the County, shall be operated on the streets and public ways of the County unless all the motor vehicle taxes and fees duly assessed against such vehicle shall have first been paid. In

the event that any person violates the provisions of this Section, he shall be guilty of a misdemeanor and subject to the penalties prescribed in Title 46, 1976 South Carolina Code of Laws, as amended. Nothing in this section shall preclude the collection of taxes and fees upon such motor vehicle after the prosecution of the offender for failure to pay such tax.

c. Appropriation Management:

(1) Reallocation: Unless otherwise restricted by state law or specific limitation of accounting standards, all of the appropriations hereinafter and those in the budgetary detail incorporated herein by reference are subject to adjustment and reallocation by County Council by voice motion or resolution. Any amount appropriated in this Ordinance may be discontinued at any time by appropriate action of a majority of the County Council. Expenditures from the General Fund contingency are generally done by resolution or voice motion.

(2) Duplication: If any of the items, or portions thereof, for which funds are herein appropriated is taken over by the State or Federal government and appropriations therefrom be made by either or paid by either directly to a County Office, or if the same shall become available in any manner, then the amounts for said Office herein appropriated shall be reduced in the amount of said appropriation, direct payment, or other available funds or support, unless otherwise restricted by law.

(3) Direct Assistance: All agencies receiving direct assistance payments from the County shall be funded quarterly in arrears no more than twenty-five (25%) percent of their direct assistance line item or on an alternate schedule at the discretion of the County Administrator in the case of emergencies. The quarterly allotments shall be paid around the 15th of the month following the end of each quarter. The final 4th quarter funding may be withheld by the Finance Director pending the reconciliation of outstanding obligations between the County and the Agency receiving funding or in the case of grant irregularities. Agencies, boards, and commissions, which are partially funded by Florence County Government, must provide annual audited financial statements to include a copy of the management letter and a copy of the A-133 Single Audit report, if applicable. State funded agencies must provide an annual report or a summary of local office-specific funding. Quarterly funding may be withheld pending the County's receipt of an agency's annual audited financial statements.

d. Mill Levy: The following mills are levied to provide the property tax revenues to fund a portion of the appropriated expenditures noted directly below in Section e, which shall be reflected on tax bills:

	<u>FY10</u>	<u>FY11</u>
Florence County	21.8	21.8
Emergency Management	5.8	5.8
Law Enforcement	31.5	31.5
Senior Citizens Center	0.9	0.9
Library	7.9	7.9
Debt Service	9.0	9.0

However, for operational management and all purposes, all revenues and collections generated from the first five mill levies detailed directly above shall be combined and managed as a single total levy which is hereby appropriated to the General Fund. Additionally, the following mill levies for the operation of the special purpose fire districts and the mill levy for Florence-Darlington Technical College are hereby approved: (Estimated FY11 debt service millages are shown for informational purposes and may be subject to adjustment by the County Auditor.)

	Operating Mills FY10	Debt Mills FY10	Total FY10	Operating Mills FY11	Estimated Debt Mills FY11	Total FY11
Johnsonville Rural Fire District	24.0	6.9	30.9	24.0	6.9	30.9
Sardis-Timmonsville Rural Fire District	15.0	0.0	15.0	15.0	0.0	15.0
Howe Springs Fire District	19.4	6.1	25.5	19.4	6.1	25.5
Hannah-Salem-Friendfield Fire District	18.0	9.4	27.4	18.0	9.4	27.4
West Florence Rural Fire District	8.0	0.0	8.0	8.0	0.0	8.0
Windy Hill/Olanta Rural Fire District	24.5	1.5	26.0	24.5	1.5	26.0
Florence-Darlington Technical College	4.9	0.0	4.9	4.9	0.0	4.9

Any millage adopted by this ordinance can be lowered by resolution of County Council prior to issuance of the tax notices.

Any fire district debt service millage will remain in effect for the entire fire district in which it was levied until the associated debt has been completely paid, regardless if a portion of the fire district is annexed by a municipality.

e. Funds: The following funds are hereby established for the purposes set forth with appropriations/budgeted amounts where applicable. Other funds may be delineated elsewhere:

<u>Fund</u>	<u>Fund Name</u>	<u>Appropriation</u>
10	County General Fund	\$49,365,210
45	Debt Service Fund*	\$ 3,515,083
111	Economic Development Capital Project Fund*	\$ 1,615,200
112	Economic Development Partnership Fund*	\$ 446,292
121	65% State Accommodations Tax (2%) Fund*	\$ 250,000
122	30% State Accommodations Tax (2%) Fund*	\$ 120,000
123	Local Accommodations Tax (3%) Fund*	\$ 2,437,793
124	Local Hospitality Tax Fund*	\$ 696,292
131	District Utility Allocation Fund*	\$ 2,123,693
132	District Infrastructure Allocation Fund*	\$ 1,637,634
133	District Rocking and Paving Fund*	\$ 1,364,542
145	Sheriff Camps Fund*	\$ 42,493
146	Sex Offender Registry Fund*	\$ 51,450
147	Seized Auction Proceeds Fund*	\$ 40,000
151	Law Library Fund*	\$ 87,318
153	Road Maintenance Fund*	\$ 3,198,581
154	Victim/Witness Fund*	\$ 193,500
155	Solicitor Check Law Fund*	\$ 165,000
421	Solid Waste Management Fund*	\$ 4,057,416
431	E-911 System Fund*	\$ 629,196

* At the close of the fiscal year, any unexpended budgeted monies within these funds and within all capital project funds shall be carried forward with their respective fund balance for the continued established use of that fund subject to appropriations, unless specifically authorized otherwise by ordinance or directed by State law.

f. County General & Debt Service Funds: The Florence County Auditor is authorized and directed to levy upon all taxable property in Florence County, South Carolina, and the Florence County Treasurer is directed to collect, taxes sufficient to meet all County General Fund appropriations directed by this Ordinance, except as provided for by other revenue sources for the operation of the County Government for the Fiscal Year beginning July 1, 2010 through June 30, 2011. The Florence County Auditor is authorized and directed to levy upon taxable property in Florence County, South Carolina and the Florence County Treasurer is directed to collect taxes sufficient to meet the appropriation of \$3,515,083 for Debt Service provided by this Ordinance.

g. Major Funds Determination: In accordance with Governmental Accounting Standards Board (GASB) Statement No. 34 and other appropriate regulations requiring Government-wide Financial Statements, major funds will be determined annually at the end of the fiscal year during the audit process.

h. Grants Management:

(1) Grant Fund Balances: Notwithstanding any other provisions of this ordinance, all unexpended balances from previous appropriations of state and federal grant funds, any State Accommodations Tax Funds not committed to the County General Fund, and capital improvement or special project appropriations outstanding as of June 30th in the calendar year in which this budget ordinance is effective, shall be carried forward into the subsequent fiscal year budget appropriations. All grants are to be budgeted and accounted for in a special revenue fund, and authorized local match transfers will be completed by the County Finance Director based on County Council's acceptance of the grant.

(2) County Acceptance: The expenditure of funds for grant programs included in this budget shall not be authorized unless evidence that the respective grants have been approved by the grantor agency is provided to the County Administrator, who is authorized to accept grants. The County Administrator may require that the grant be accepted and funded by proper action of County Council. In all cases, total program expenditures shall be limited to the lesser of the total grant award(s), or the amount(s) designated in the current budget appropriations, as amended, or as approved by County Council. The County Finance Director must be listed as a contact on all grant applications and awards; all correspondence must be copied to the County Grants Coordinator.

(3) Budgeting: Grant funds requiring matching County funds not budgeted shall be authorized by County Council approving the grant application and identifying matching expenditure funds from other previously appropriated funds. Grants requiring no new local match appropriation may be approved by the County Administrator or County Council, and the budget amended accordingly. The Finance Director is authorized to create the necessary general ledger accounts; the opening of bank accounts, when necessary, shall be executed by the County Treasurer in coordination with the Finance Director. When grant award payments are received, the Treasurer's Office or County Offices shall provide the Grants Coordinator with copies of all checks received for the reimbursement of grant expenditures and any other related documentation determined by the Finance Director as necessary to ensure audit compliance. All grant revenues shall be credited to the appropriate revenue line item as established by the Finance Director. Grant revenues will not be applied directly to expenditure line items. All grant disbursements shall be authorized only through the Finance Office unless State or Federal law specifically provides otherwise and the County is exempt from financial reporting on those funds at both the State and Federal levels.

(4) Federal Reporting: In accordance with Federal A-133 Audit Requirements related to Federal grants, all County offices and Component Units must report the expenditures and provide copies of grant awards and any other grant related reports to the County Grants Manager. All offices must present all voucher requests for payments related to grants to Procurement for purchase and the Finance Office before the disbursement of grant related funds, as well as coordinating with the County Grants Manager. County offices that do not comply with this ordinance and any other published administrative procedures necessary for complete and timely reporting of grants such that the County incurs additional independent audit costs or loses grants funds will have these costs deducted from the Office or Component Unit's budget appropriations annually until any unfunded expenditures are fully recouped.

SECTION 2. FUND BALANCE MANAGEMENT

a. Compliant Fund Balance Policy: Florence County Council utilizes a compliant fund balance methodology based on the cash-flow needs of the County to maintain sufficient reserves in order to maintain County operations. End of year fund balance estimations and associated cash flow projections for all cash-discrete funds are developed annually in the budget process to maintain a minimum of annualized appropriations in operational funds to ensure

routine operations remain uninterrupted and in sinking funds (debt service fund) balances as required to timely service all scheduled debt.

Should any individual fund balance fall below the required minimum balance, inter-fund cash transfers are hereby authorized, provided that the allocation of interest is accounted for appropriately no less than once per fiscal year.

b. Tax Anticipation Note Authority: The County is hereby empowered to borrow in anticipation of tax or other revenues for County purposes any sum not exceeding the amount anticipated to be received from taxes and other revenues during the current or following fiscal year, and not only to pledge the taxes or other revenues anticipated in the current or succeeding fiscal year, but to pledge, also, the full faith and credit of Florence County for the repayment of any sums so borrowed. Such sums shall be borrowed from any banking institution or lending agency and shall be payable at such time, upon such terms, and in such sums as may be negotiated between the County and the lender.

SECTION 3. BUDGET YEAR END

a. Purchase Authority Cutoff: The budget year shall expire on June 30 of this fiscal year. No monies shall be disbursed pursuant to this Ordinance unless such funds have been obligated (i.e. an order has been placed or a contract signed for the delivery of goods or services in accordance with County procurement procedures) prior to the close of the fiscal year, which is June 30. The County Administrator will take action to preclude all purchase order activity except business required for expedient operations and emergencies after June 15 of the fiscal year; no capital purchases other than emergencies will be initiated after May 31 of the fiscal year without the express written approval of the County Administrator. In addition, all items must be received and invoiced June 30th or earlier, or the items will be deducted from the originating office's subsequent fiscal year budget.

b. Purchase Order Liquidation: All offices are responsible for providing documentation regarding outstanding obligations for this fiscal year to the Finance Department on or before June 15th to facilitate the proper accrual of outstanding obligations of the County or the obligation(s) may be deducted from the office's budget for the subsequent fiscal year.

c. No Roll-Forward: Budget line item balances shall under no circumstances roll forward at the end of this fiscal year into the next fiscal year's budget, except for bond funds and grants crossing the fiscal year or as otherwise specified or appropriated within this budget ordinance.

SECTION 4. NATURE OF REVENUES, EXPENDITURES, AND CHART OF ACCOUNTS

a. Transfers Prohibited: Unbudgeted transfers are prohibited except as approved herein and in accordance with generally accepted accounting principles.

b. Overspending: Any office which overspends its straight-line spending levels for two consecutive months shall be reviewed by the County Administrator, who may freeze position vacancies, capital expenditures, and funds transfers, and remove sufficient personnel from the County payroll to offset fully the impending budget overrun prior to the close of the fiscal year. The County Administrator is authorized to transfer County Government functions and allocated appropriations among the various County divisions and offices in order to combine compatible employee positions and functions, eliminate duplicate work, gain performance efficiencies, or reduce overall operating costs of the County Government.

c. Intra-departmental Transfers by Finance Department: In order to process claims for payment submitted to the Finance Department, the Finance Director, or his designee, is hereby authorized to make intra-departmental transfers between line items in any department's budget in order to ensure that no line item is over-spent by the processing of these claims.

d. Budget Reduction Absorption: In order to absorb the two percent (2%) budget reduction from the FY10 amended budget levels, in the event a department does not submit its detailed department budget reduction proposal, the Finance Director is hereby authorized to make line item budget reductions in any department's budget in order to ensure that each department's detail budget agrees with the respective budgets appropriated herein. Departments who have indicated absorption of the budget reduction through freezing positions or leaving positions vacant will be required to do so as presented in the published detail budget. The County Administrator or his designee will consult with these particular department heads to absorb this budget reduction in a manner that will have the least impact on operations. Personnel can be removed from payroll in accordance with Section 4b above, as necessary to achieve the absorption of this 2% budget reduction.

SECTION 5. FIXED ASSETS

a. Reporting: The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful life of the asset are not capitalized. The threshold for determining if an item is considered to be a fixed or capital asset is the value or the purchase price (whichever is higher) of \$5,000 or greater and the item must have a useful life of more than one year. Appropriate depreciation schedules are maintained on the straight-line basis over the estimated useful life of each asset in accordance with Generally Accepted Accounting Principles (GAAP). The estimated useful life is determined by guidelines developed by the State of South Carolina Office of Comptroller General, and in some cases, applicable Federal IRS regulations and/or Governmental Accounting Standards Board (GASB) 34 implementation guidelines.

b. Inventory Control: Each Office is responsible for verification of all of its items required to be listed in the Fixed Asset System maintained by County Finance and for providing documentation of the annual inventory review to Finance on or before the third week in June annually. Finance will distribute forms for the inventory verification process and will provide current inventory listings to County Offices for verification of inventory on hand by May 30th annually.

c. Insurance Proceeds: In order to comply with GASB42 regulations, all insurance payments will be processed by the County Finance Office.

d. Public Works Department Major Equipment Capital Funding: Any Public Works Department FY10 major equipment capital funding unexpended as of June 30, 2010 is hereby carried forward and re-appropriated in the FY11 Road Maintenance Fund budget for those authorized items.

SECTION 6. RECEIPT, MANAGEMENT, AND REPORTING OF CASH:

a. Timely Deposit: All service charges, fees, fines, reimbursements, grant funds etc. received by County Offices shall be deposited with the County Treasurer or directly to the bank that serves as checking depository as soon as possible after collection. All County Offices that collect funds on a daily basis shall reconcile receipts to funds received and submit funds to the Treasurer's Office by the following business day in the format as prescribed by the County Treasurer. Offices collecting less than \$200 on any single day may delay one business day. This policy does not apply where State law specifically provides authority for other actions to a specific official.

b. Bank Reconciliation: The Treasurer is responsible for reconciling bank accounts maintained in the Treasurer's Office in order to properly record revenues to the books of the County in accordance with the County's chart of accounts and properly allocating interest and all other funds to various funds and bank accounts as required by SC Law.

c. Cash Accounting: The County Treasurer's Office is responsible for annual external audit reporting of revenues to the State Comptroller's Office and for providing the Finance Office and External Auditors with sufficient data to convert revenues from the cash basis of accounting to the modified accrual basis of accounting in order to ensure legal and annual audit compliance with Governmental Accounting Standards Board (GASB) regulations, in particular GASB Statement No. 34 which requires revenue reporting on the modified accrual basis of accounting during the fiscal year and year-end conversion to accrual basis to produce Government-Wide Financial Statements.

SECTION 7. ANNUAL FISCAL REPORTING REQUIREMENTS

Boards, Commissions, Agencies, and Institutions: All boards, commissions, agencies, and institutions receiving County funds shall make a full detailed annual fiscal report to the County Council at the end of the fiscal year. Agencies receiving less than \$5,000 annually in direct assistance from the County may submit internally prepared financial statements in lieu of an audited statement. The County governing body, the County Administrator, or the Finance Office may require reports, estimates, and statistics from any County office as may be necessary in the preparation of annual budgets or supplemental appropriations. Prior year audits are required for acceptance of annual budget requests.

SECTION 8. COMPENSATION AND CLASSIFICATION PLAN AND PERSONNEL

a. Solicitor and Public Defender Funding Supplement Commitments: Salary supplements are included for various employees in the Solicitor's and Public Defender's departments' budgets. Disbursement of these supplements is contingent upon available funding received from these offices. The Solicitor and Public Defender shall reimburse Florence County for the cost of these supplements, including applicable fringe benefits, on a monthly basis. Should this funding become unavailable, the supplements shall be removed from the payroll system of Florence County and the salaries reduced accordingly.

b. FY11 Christmas Bonus: A Christmas bonus is hereby included in the budget in the amount of \$100 per employee, to be paid between the first and second pay dates in December 2010, if authorized by County Council by motion. All full-time and regular part-time employees who are in pay status during the first pay period in December are eligible to receive this bonus. In addition, all PRN employees who have worked at least 1,000 hours in each of the last two fiscal years and who are also in pay status during the first pay period in December are eligible to receive this bonus.

c. FY11 Bonus in Lieu of COLA: A bonus is hereby included in the budget in the amount of \$600 per employee, to be paid between the first and second pay dates in October 2010. All full-time and regular part-time employees who are in pay status during the first pay period in October are eligible to receive this bonus. In addition, all PRN employees who have worked at least 1,000 hours in the last fiscal year and who are also in pay status during the first pay period in October are eligible to receive this bonus.

d. Travel: When employees are required to travel on official business, the County pays reasonable amounts for transportation, meals, and lodging in accordance with the County's Personnel Policies, Administrative Directives, and this ordinance. When an office has County Vehicles assigned to it, employees in that particular office should utilize a County Vehicle if this use does not impede County Operations. If the employee's personal vehicle is utilized, the employee shall be reimbursed at the same rate per mile traveled as is paid to state employees. This includes use of an employee's personal vehicle for travel within Florence County as required by their supervisor. Meal expenses will be \$40.00 for a twenty-four hour period and will be \$25.00 for periods less than twenty-four hours. Per diem is not provided for meals related to meetings inside Florence County, unless the meeting is an official, required function. Per diem is provided for in-state, one-day meetings for which an employee leaves the county and returns to the county in the same day. However, if lunch is provided for this meeting, then per diem will not be provided. Travel advances for meals shall not include per diem for the day of departure or the day of return. For a Law Enforcement employee transporting a prisoner, the employee will be reimbursed at per diem rates for his own meal at any food stop mandated by statute on behalf of the prisoner. In all other cases, Law Enforcement

employees shall be required to follow the regular requirements for reimbursement of meal expenses provided for other County employees. There is no provision for advance per diems to the individual for Hotel Reservations, Airline Tickets, Conference/Seminar registration costs or all other costs related to travel; all Hotel Reservations, Airline Tickets, Conference/Seminar registration costs or other costs related to travel will normally be paid directly to the vendor providing the service. Original, dated, detailed receipts must accompany all travel reimbursement requests. County Departments and Elected Officials Offices shall have no authority to waive the requirement for receipt of original, dated, detailed receipts under this section. Under no circumstances shall the County reimburse any persons eligible for travel reimbursement by the County for alcoholic beverages, personal purchases of any kind not specifically authorized in the personnel policy, or any amounts for which appropriated funds are not available or which are a violation of the State Ethics Laws and regulations.

e. Credit Cards and Accounts: Credit cards which obligate Florence County directly are not permitted unless specifically authorized by written resolution of County Council. Requests for establishing credit accounts in the name of the County must be forwarded to the County Finance Office which is responsible for establishing credit accounts with vendors upon written approval by the County Administrator or the Finance Director. The County Finance Department is also responsible for the control and monitoring of all credit accounts in the County's name, verification of goods received and reconciling of such credit purchases to invoices received. Accounts not established in accordance with this ordinance are the sole responsibility of the initiating person, and the County shall not be liable or obligated to make payment on behalf of the initiator or the person using the account.

f. Tuition Assistance Program: An amount of \$11,500 has been appropriated in Department 412, Division 900 of the General Fund to assist County employees who wish to further their education in a field of study beneficial to their employment with Florence County. Tuition will be reimbursed for courses only at accredited colleges and for which college credit can be obtained toward a two-year or higher degree. This assistance will be available based on the recommendation of the department head and the approval of the County Administrator. The Human Resources Director is authorized and directed to establish the administrative procedures necessary to operate this program, including but not limited to the establishment of an annual credit hour and dollar reimbursement per employee caps. All expenditures under this program will be for tuition and/or book and supply fees and will not include such other charges such as application fees, matriculation fees, or late fees. In addition, all expenditures will be reimbursement-based according to the grade received. Employees will be reimbursed 90% of the costs noted above for a grade of "A", 75% for a grade of "B", 50% for a grade of "C", and nothing for any grade lower. If the employee receives any other funding such as state or federal grant or any other allocation, the reimbursement percentages above apply only to the remaining unpaid portion of tuition. If the funding for this program becomes exhausted, the program will be suspended until it is funded further.

g. Continuation of County employment following TERI (Teachers and Employee Retirement Incentive): County employees enrolled in the TERI program, who wish to extend County employment following the TERI period, may apply for continuation in their current position and pay rate after satisfying the minimum timeframes set by the South Carolina Retirement System. The employee must make a written request to his Department Head and copies of approved requests must be provided to the Human Resources Department at least 30 days prior to the end of the employee's TERI period. The Department Head must recommend the request in writing and the County Administrator must approve the request in writing.

h. Retirees' Health Insurance: All post-retirement health insurance assistance available to eligible retirees, including any established by the Florence County Personnel Policy Manual, is subject to annual appropriation by County Council each fiscal year. For any employee hired after June 30, 2010, all such assistance will cease when the employee first becomes Medicare eligible.

i. Victim/Witness Fund: The Solicitor agrees to sign a Memorandum of Understanding with the County stating that he will reimburse Florence County for any payments made from his portion of the Victim/Witness Fund that the State of South Carolina may find to be ineligible expenditures of Victim/Witness funds.

j. Defunded slots: Any and all personnel slots noted as being defunded on the detail departmental budget pages are hereby removed from the County's plan.

k. Beginning of fiscal year payroll changes: Payroll changes made as a result of the FY11 budget will become effective on the first day of the first full payroll period of the fiscal year.

l. Budget-neutral wage/salary adjustments: The County Administrator is hereby authorized to approve budget-neutral wage/salary adjustments which are funded by sustainable budget reductions, primarily in the same department's personnel budget.

SECTION 9. INDEPENDENT AUDIT

An independent annual audit of all financial records and transactions of the County shall be made by a Certified Public Accountant or firm of public accountants with no personal interest, direct or indirect in the fiscal affairs of the County government of Florence County or any of its officers. The County Council may, without requiring competitive bids, designate such accountant or firm. Unless included in the annual County audit, an annual audit of each county agency, board, bureau, or commission of Florence County, funded in whole or in part by County funds, shall be made. Copies of the annual County audit shall be filed in the office of the Clerk of Court for Florence County and provided for the Florence County Administrator.

The County Administrator is hereby authorized to continue work with the County's existing software programming vendor, Strawn & Neil, in an amount not to exceed \$52,000 for the purpose of providing automation efficiencies at the departmental level.

SECTION 10. FEES AND CHARGES

a. Disposition of Collections: All taxes, fees, charges, and assessments not otherwise allocated specifically by this ordinance with the supporting detail incorporated herein by reference or by law shall be deposited in the Florence County General Fund with other general fund revenues. All such taxes, fees, charges, and assessments shall be appropriated and allocated by the Florence County Council in the same manner as other general revenues. No such taxes, fees, charges, or assessments shall be paid to or shall accrue to the personal benefit of any officer or employee of Florence County. Use of fees, fines, and charges to reimburse expenditure budget line items through deposit credits is prohibited.

b. Manned Convenience Centers: Commercial use and non-County residential use of the Florence County manned convenience centers (MCCs) is prohibited, subject to a fine of up to \$500 per incident plus court costs, which is hereby established. Law enforcement officers with appropriate jurisdiction and Florence County environmental services officers are hereby authorized to write tickets and the Florence County Magistrate's Office is hereby authorized to try the cases.

c. Mapping Fee: In accordance with Resolution #07-2006/07, effective July 1, 2010, there is hereby established a mapping fee of \$30 per hour.

d. Rental Storage Fee: Effective July 1, 2010, the monthly storage rental fee for the County-owned storage facility is hereby increased to \$85.

e. Case Management System On-line Payment Fee: The convenience fee for using the case management system's on-line payment engine in accordance with the fees approved and charged by the South Carolina eGovernment Oversight Committee is hereby established at 1.70% of the transaction amount plus \$1.00 per transaction.

f. Outstanding Solid Waste Household Fees: Outstanding solid waste household fees and related penalties totaling \$236,734 posted from the period of November 1994 through January 2007, uncollectible under the three year statute of limitations provision of South Carolina Code of Laws Section 12-54-85, are hereby written off as uncollectible.

g. Outstanding EMS Bills: Outstanding EMS bills totaling \$1,478,312.40 posted from the period of January 2000 through December 2006 on which no payment has been made for a period in excess of three years, and which are uncollectible under the three year statute of limitations provision of South Carolina Code of Laws Section 12-54-85, are hereby written off as uncollectible.

SECTION 11. DEBT COLLECTION

a. Setoff Debt: Florence County is hereby authorized to participate in the Setoff Debt Program through the South Carolina Association of Counties on an annual basis as approved by the Florence County Administrator, who is authorized to execute all documentation and direct all designations of personnel participating as necessary.

b. Insurance Processing: For those EMS patients who are both Medicare and Medicaid eligible, Florence County will bill the primary insurance carrier for charges incurred by the patient for use of the County's EMS services. Any amounts remaining after the payment from the primary insurance carrier has been applied to the patient's account shall be the responsibility of the patient.

SECTION 12. CONTRACTING AND FUNDS OR OTHER COMMITMENTS

a. Contract Execution: The County Administrator or County Administrator's designee is the sole authority who can obligate the county and any county funds in any manner through signature of contracts, purchase orders, or other such agreements or documents as an authorized agent.

b. Check Enforcement Unit: The County Administrator is authorized to execute annual agreements between Florence County and the 12th Circuit Solicitor's Office for the operation of the Solicitor's check enforcement unit.

c. Title IV-D Contracts: The County Administrator, Clerk of Court, and Sheriff are authorized to enter jointly into agreements with the South Carolina Department of Social Services for receipt of Title IV-D (Child Support Enforcement) Federal Funds.

d. School Resource Officer Contracts: The County Administrator is authorized to execute contracts at the request of the Florence County Sheriff with the various school districts in Florence County for School Resource Officers, provided that Florence County's share of the funding for each of the contracts does not exceed the amount available in the General Fund for the Florence County Sheriff's Office grant match/contract match line item. If the contracts for FY11 are not signed prior to June 30, 2010, or if County Council does not approve the Sheriff's portion of the contract's budget, the school districts will be required to provide 100% of the funding for these contracts. If the school districts are unwilling to provide 100% of this funding, then the positions funded by these contracts will be discontinued in FY11.

e. Lease Renewals: The County Administrator is authorized to execute renewals of any existing leases for real or personal property for the terms and conditions included in the various leases as the existing lease periods expire and the leases therefore come up for renewal and for which funds are available through appropriation in this year's budget.

f. SCDOC Agreements: The County Administrator is authorized to execute annual agreements between Florence County and the South Carolina Department of Corrections for the use of pre-release inmates by the Recreation Department. In addition, the County Administrator is authorized and required to execute any contracts between the Florence County Detention Center and the South Carolina Department of Corrections.

g. DSN Resolution: The Chairman of County Council is authorized to execute a resolution designating the Florence County Disabilities and Special Needs Board as an entity in Florence County to provide transportation to persons with disabilities.

h. EMS Medical Control Physician: The County Administrator is authorized to renew the EMS Medical Control Physician contractual arrangement provided funds are appropriated herein.

i. Independent Contractor's contracts or agreements for various services at the Florence County Detention Center: The County Administrator is authorized to execute independent contractor's contracts and/or agreements which are in the best interests of the citizens of Florence County for the provision of medical, mental health, psychological, polygraph, commissary, and clergy services at the Florence County Detention Center at the written recommendation of the Sheriff.

j. Planning and Building Inspection Agreements with Municipalities: The County Administrator is authorized to enter into agreements for the provision and enforcement of planning and building inspection services by the County for various municipalities within Florence County.

k. Council allocation expenditure: Should an expenditure of Council Infrastructure allocation balances and/or Council Utility Fund allocation balances result in an available balance being exhausted, any remaining project expenditures may be funded from available Council Road Maintenance allocation balances, in accordance with guidelines and any other legal restrictions.

l. Municipal loan agreements: The County Administrator is authorized to enter into loan agreements with any Florence County municipality whereby such agreement permits any municipal inmate per diem balance outstanding for more than 30 days may be collected from Florence County Treasurer distributions to that municipality.

m. SCDJJ Agreements: The County Administrator is authorized to execute contracts between the Florence County Detention Center and the South Carolina Department of Juvenile Justice.

n. Florence School District One Agreements: The County Administrator is authorized to execute contracts between the Florence County Detention Center and Florence School District One for inmate adult education services at the Poynor/Adult Education Center.

SECTION 13. AGRICULTURAL ASSESSMENT EXTENSION PROCESS – PRIVATE CITIZENS

A fixed Agricultural Assessment Extension Policy for private citizens is hereby authorized. Any private citizen may apply for agricultural assessment for no more than two tax years prior to the then current tax year. Businesses, including partnerships, corporations, etc., are not eligible to receive consideration under this fixed policy, but must continue to make applications to Council demonstrating to Council's satisfaction that the business had reasonable cause for not filing timely.

SECTION 14. VEHICLES – OFFICIAL COUNTY FLEET

a. The approval by resolution of County Council or authorization as provided in annual budget ordinances shall be required to permanently place any additional vehicles in the County fleet. Without such authorization, no vehicle shall be added to the fleet or to the County's insurance policies except where a currently insured vehicle is being removed from same. Vehicles removed from the fleet and the insurance policies must be surplus, through Council resolution, and disposed of in accordance with County procedures.

b. If the County Administrator deems it in the best financial interests of the County, the County Administrator is hereby authorized to approve the trade-in of certain County-owned surplus vehicles against the cost of replacing said vehicles, rather than holding surplus vehicles for auction, and to dispose of motorized equipment in accordance with policies approved by County Council.

c. The County Administrator is hereby authorized to allow departments to select alternate vehicles from those approved in the FY11 budget if the change is budget neutral for the same number of vehicles, the alternates are more fuel efficient, and the alternate will perform the functions for which the original vehicle was funded.

SECTION 15. DESIGNATION OF AGENCIES FOR SPECIFIC ACCOMMODATIONS TAX FUNDS

Pursuant to the requirements of South Carolina Law with regard to administration of State Accommodations Tax Funds (Fund 122), the Florence Convention and Visitors Bureau and the Lake City Chamber of Commerce are hereby designated as the tourism bodies in Florence County. These organizations shall be responsible for administering and reporting expenses for these State Accommodations Tax Funds (Fund 122) to County Finance. Total amount of funds shall be adjusted annually based on actual funds the County receives from the State related to the promotion of tourism. County Council reserves the right to designate alternate agencies by voice motion at its discretion.

SECTION 16. All provisions in other County Ordinances in conflict with this Ordinance are hereby repealed.

SECTION 17. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the invalidity does not affect any other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end the provisions of this Ordinance are severable.

ATTEST:

Connie Y. Haselden
Clerk to Council

SIGNED:

K.G. Rusty Smith, Jr., Chairman
Florence County Council

Approved as to Form & Content
James C. Rushton, III, County Attorney

COUNCIL VOTE:
OPPOSED:
ABSENT:

FLORENCE COUNTY COUNCIL MEETING
Thursday, May 20, 2010

AGENDA ITEM: Ordinance No. 36-2009/10
Introduction



DEPARTMENT: Planning and Building Inspections

ISSUE UNDER CONSIDERATION:

[An Ordinance To Rezone Property Owned By Bryan Gardner Located At 3414 James Turner Rd., Florence County From R-1, Single-Family Residential District To RU-1, Rural Community District Shown On Florence County Tax Map No. 00127, Block 01, Parcel 012 Consisting Of Approx. 25 Acres.] *(Planning Commission approved 9-0; Council District 5)*

POINTS TO CONSIDER:

1. The property is located in Council District 5.
2. The subject property is currently zoned R-1, Single-Family Residential District.
3. The property is currently single-family residential.
4. The property is surrounded by single-family residential and vacant land uses.
5. The applicant wishes to develop the site for new single-family residential.
6. The northern portion of the subject property is located in a Rural Preservation area and the southern portion is located in a Flood Hazard District.
7. The applicant's request to rezone this property to RU-1 is in compliance with the Comprehensive Plan Land Use Map.

OPTIONS:

1. *(Recommended)* Approve as Presented.
2. Provide An Alternate Directive.

ATTACHMENTS:

Copies of the following are attached:

1. Ordinance No. 36-2009/10
2. Staff report for PC#2010-05
3. Location map
4. Comprehensive Land Use Plan map
5. Zoning map
6. Aerial photograph
7. Comprehensive Plan information
8. Zoning Ordinance information

Sponsor(s)	: Planning Commission	I, _____,
Planning Commission Consideration	: April 27, 2010	Council Clerk, certify that this
Planning Commission Public Hearing	: April 27, 2010	Ordinance was advertised for
Planning Commission Recommendation	: April 27, 2010 [Approved 9-0]	Public Hearing on _____
First Reading/Introduction	: May 20, 2010	
Committee Referral	: N/A	
Second Reading	: June 17, 2010	
Third Reading	: July 15, 2010	
Effective Date	: Immediately	

ORDINANCE NO. 36-2009/10

[An Ordinance To Rezone Property Owned By Bryan Gardner Located At 3414 James Turner Rd., Florence County From R-1, Single-Family Residential District To RU-1, Rural Community District Shown On Florence County Tax Map No. 00127, Block 01, Parcel 012 Consisting Of Approx. 25 Acres.]

WHEREAS:

1. Section 30-291 of the Florence County Code establishes that Florence County Council must be satisfied that applications for amendments to the Zoning Atlas of Florence County are not injurious from a public health, safety and general welfare outlook and the effect of the change will not negatively impact the immediate environs or the County generally; and
2. Section 30-297 of the Florence County Code republished January 2008, provides a procedure for amending the official Zoning Map of the County of Florence; and
3. The procedure has been followed by the Florence County Planning Commission at a public hearing on April 27, 2010.

NOW THEREFORE BE IT ORDAINED BY THE FLORENCE COUNTY COUNCIL DULY ASSEMBLED THAT:

1. Property located at 3414 James Turner Road bearing Tax Map 00127, Block 01, Parcel 012 is hereby rezoned to RU-1, Rural Community District.
2. Provisions in other Florence County ordinances in conflict with this Ordinance are hereby repealed.
3. If any provision of this Ordinance or the application thereof to any person or circumstance is held invalid, the invalidity does not affect other provisions or applications of the Ordinance which can be given effect without the invalid provision or application and to this end, the provisions of this Ordinance are severable.

ATTEST:

SIGNED:

Connie Y. Haselden, Council Clerk

K. G. Rusty Smith, Jr., Chairman

Approved as to Form and Content
James C. Rushton, III, County Attorney

COUNCIL VOTE:
OPPOSED:
ABSENT:

**STAFF REPORT
TO THE
FLORENCE COUNTY PLANNING COMMISSION
April 27, 2010
PC#2010-05
ORDINANCE NO. 36-2009/10**

Subject: Rezoning request from R-1, Single-Family Residential District to RU-1, Rural Community District

Location: Property is located at 3414 James Turner Rd., Florence County

Tax Map Number: 00127, Block 01, Parcel 012

Council District(s): 5; County Council

Owner of Record: Bryan Gardner

Applicant: Bryan Gardner

Land Area: 25 acres

Existing Land Use and Zoning:

The subject property is currently single-family residential, zoned R-1, Single-Family Residential District.

Proposed Land Use and Zoning:

The applicant has indicated that the proposed land uses for the site will consist of single-family residential. The applicant is proposing to rezone the subject property to RU-1, Rural Community District.

Surrounding Land Use and Zoning:

North: Single-family residential/R-1 /Florence County

South: Vacant /Single-family residential/ RU-1/Florence County

West: Single-family residential/R-1 /Florence County

East: Vacant/Single-family residential / Florence County

Florence County Comprehensive Plan:

The northern portion of subject property is located in a Rural Preservation area and the southern portion in a Flood Hazard District according to the Comprehensive Plan Land Use Map. While the applicant has requested to rezone this property to RU-1, this request does comply with the Comprehensive Plan.

Staff Analysis:

Access and Circulation- Present access to the property is by way of James Turner Road.

Water and Sewer Availability- The water services are provided by the City of Florence. No public sewer at this time.

Adjacent Waterways/Bodies of Water/Flood Zone- There does not appear to be a waterway/body of water adjacent to the property. Portion of property is in flood zone AE per flood zone map.

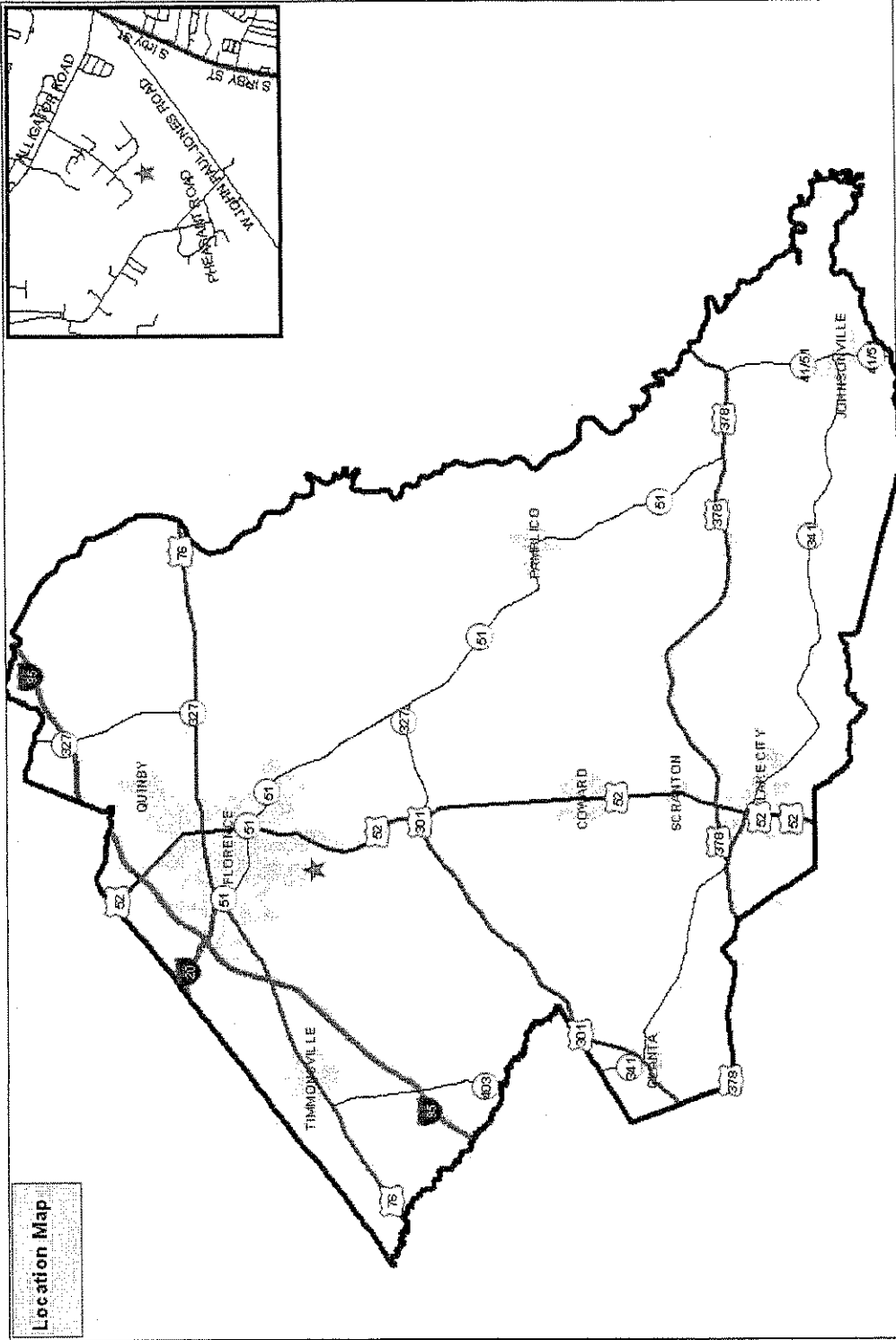
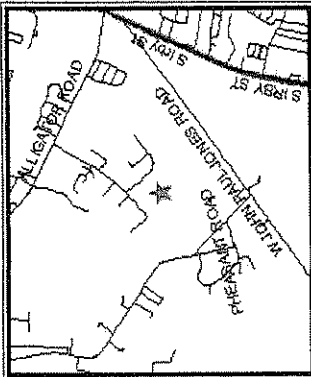
Background- The applicant is requesting to change the zoning of the property from R-1, Single-Family Residential District to RU-1, Rural Community District.

Florence County Planning Commission Action April 27, 2010:

The nine Planning Commission members present approved the rezoning request unanimously at the meeting held on April 27, 2010.

Florence County Planning Commission Recommendation:

The Planning Commission recommends approval of this request by the Florence County Council due to the rezoning being in compliance with the Land Use Element of the Comprehensive Plan

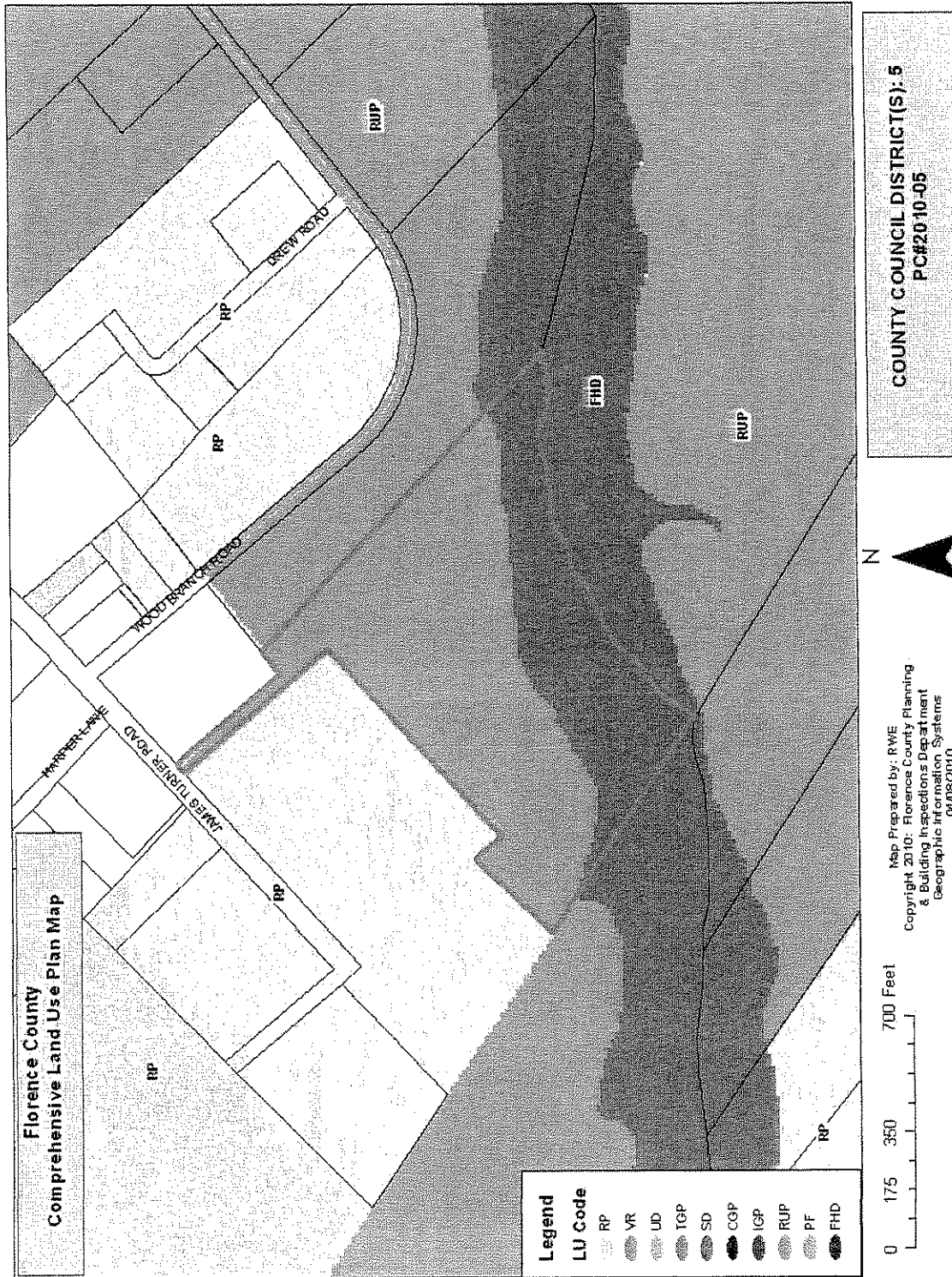


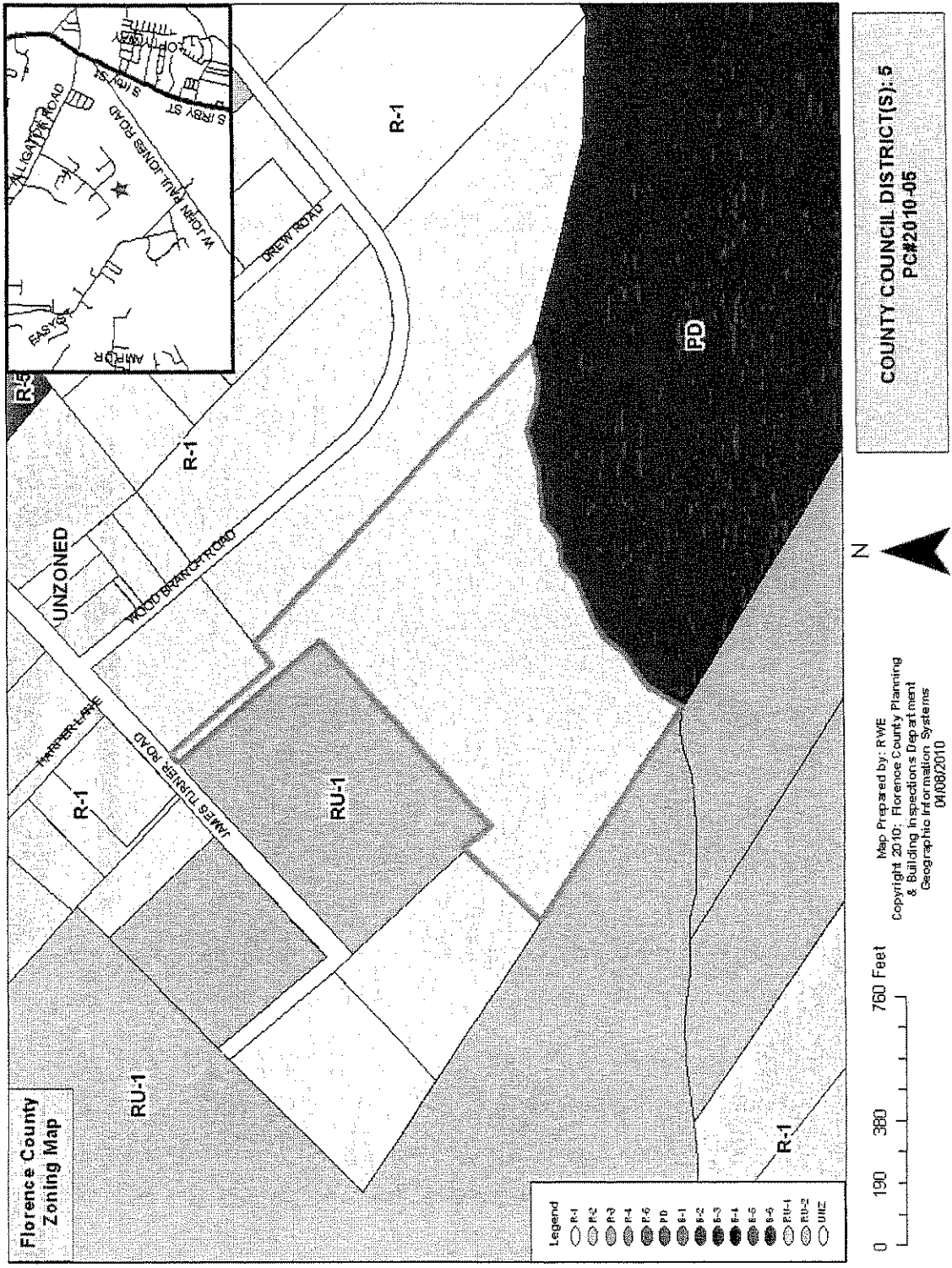
Location Map



COUNTY COUNCIL DISTRICT(S): 5
PC#2010-05

Map Prepared by: RWE
Copyright 2010: Florence County Planning
& Building Inspection Department
Geographic Information Systems
04/08/2010







Comprehensive Plan Attachment:

Rural Preservation (RUP) – Protect and sustain existing rural uses, including single-family homes and corresponding accessory uses, as well as agrarian uses, typically in an undeveloped and/or agricultural setting. (Zoning Districts Permitted: RU-1, RU-2, PD)

Flood Hazard District (FHD) – This is the 100-year Flood Zone area as established by the Federal Emergency Management Agency (FEMA) Flood Insurance Rate Map (FIRM) and is pursuant to compliance with the National Flood Insurance Program (NFIP) and to maintain a Community Rating System (CRS). This district will be updated following any updates to the FEMA FIRM maps. (Zoning Districts Permitted: All zoning types pending special review pursuant to Florence County Code of Ordinances: Chapter 30, Article 11, Division 4).

CHAPTER 30. ZONING ORDINANCE ATTACHMENT

RU-1, Rural Community District

The intent of this district is to sustain and support rural community centers as an integral part of the rural environment, serving the commercial, service, social, and agricultural needs of nearby rural residents.

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Reports to Council
Monthly Financial Reports

DEPARTMENT: Administration

ISSUE UNDER CONSIDERATION:

Monthly financial reports are provided to Council for fiscal year 2010 through March 31, 2010 as an item for the record.

ATTACHMENTS:

Copies of the monthly financial reports.

**FLORENCE COUNTY GOVERNMENT
GENERAL FUND
REVENUE & EXPENDITURE REPORT FY10
7/1/09 TO 03/31/10**

	YEAR-TO-DATE			
	BUDGETED	ACTUAL	REMAINING	PCT
	REVENUE	REVENUE	BALANCE	
REVENUES				
Taxes	32,031,860	29,073,937	2,957,923	9.23%
Licenses & Permits	1,522,800	1,163,407	359,393	23.60%
Fines & Fees	3,485,600	2,103,288	1,382,312	39.66%
Intergovernmental	7,162,442	3,303,877	3,858,565	53.87%
Sales and Other Functional	5,180,350	3,699,084	1,481,266	28.59%
Miscellaneous	1,362,250	262,233	1,100,017	80.75%
Operating Transfers	(3,141,056)	-	(3,141,056)	100.00%
Use of Fund Balance	1,740,000	-	1,740,000	100.00%
TOTAL	49,344,246	39,605,827	9,738,419	19.74%

**FLORENCE COUNTY GOVERNMENT
GENERAL FUND
REVENUE & EXPENDITURE REPORT FY10
7/1/09 TO 03/31/10**

		YEAR-TO-DATE		REMAINING BALANCE	PCT
		BUDGETED EXPENDITURE	ACTUAL EXPENDITURE		
EXPENDITURES					
10-411-401	County Council	354,866	252,167	102,699	28.94%
10-411-402	Administrator	628,254	476,970	151,284	24.08%
10-411-403	Clerk of Court	1,838,967	1,314,621	524,346	28.51%
10-411-404	Solicitor	968,098	721,450	246,648	25.48%
10-411-405	Judge of Probate	511,408	354,784	156,624	30.63%
10-411-406	Public Defender	738,626	534,114	204,512	27.69%
10-411-407	Magistrates	2,149,906	1,506,706	643,200	29.92%
10-411-409	Legal Services	84,150	40,141	44,009	52.30%
10-411-410	Voter Registration & Elections	480,098	243,946	236,152	49.19%
10-411-411	Finance	770,270	545,354	224,916	29.20%
10-411-412	Human Resources	1,271,773	871,682	400,091	31.46%
10-411-413	Procurement & Vehicle Maintenance	1,265,462	827,372	438,090	34.62%
10-411-414	Administrative Services	392,654	275,031	117,623	29.96%
10-411-415	Treasurer	1,211,893	831,235	380,658	31.41%
10-411-416	Auditor	481,640	340,353	141,287	29.33%
10-411-417	Tax Assessor	1,237,707	865,238	372,469	30.09%
10-411-418	Planning and Building	2,049,378	1,536,342	513,036	25.03%
10-411-419	Complex	1,247,869	848,762	399,107	31.98%
10-411-420	Facilities Management	906,594	684,444	222,150	24.50%
10-411-427	Information Technology	1,280,888	955,761	325,127	25.38%
10-411-446	Veteran's Affairs	153,066	107,148	45,918	30.00%
10-411-480	Senior Citizen Centers	337,053	206,346	130,707	38.78%
10-411-485	General Direct Assistance	209,242	116,402	92,840	44.37%
10-411-488	Contingency	969,126	948,109	21,017	2.17%
10-411-489	Employee Tort & Blanket Bond	215,742	215,457	285	0.13%
10-421-421	Sheriff's Office	14,527,411	10,578,475	3,948,936	27.18%
10-421-422	Emergency Management	2,419,760	1,793,229	626,531	25.89%
10-421-481	Rural Fire Departments	14,850	2,480	12,370	83.30%
10-451-423	EMS	4,214,054	2,879,487	1,334,567	31.67%
10-451-424	Rescue Squads	436,524	268,348	168,176	38.53%
10-451-425	Coroner	263,858	191,360	72,498	27.48%
10-451-441	Health Department	85,140	64,966	20,174	23.69%
10-451-442	Environmental Services	711,559	461,734	249,825	35.11%
10-451-485	Health Direct Assistance	15,742	6,351	9,391	59.66%
10-461-485	Welfare - MIAP & DSS	463,777	414,854	48,923	10.55%
10-471-451	Recreation	1,698,445	1,279,956	418,489	24.64%
10-471-455	County Library	3,591,064	2,542,122	1,048,942	29.21%
10-471-485	Museum Commission	9,900	4,950	4,950	50.00%
10-481-485	Literacy Council	4,901	2,451	2,451	50.00%
TOTAL		50,211,715	36,110,698	14,101,017	28.08%

Ideal Remaining % = 25.00%

FLORENCE COUNTY
BUDGET REPORT - OTHER FUNDS
CURRENT PERIOD: 7/1/2009 TO 03/31/10

	BUDGETED EXPENDITURE	YEAR TO DATE CURRENT	REMAINING BALANCE	PCT	BUDGETED REVENUE	YEAR TO DATE CURRENT	REMAINING BALANCE	PCT
45 County Debt Service Fund	3,769,173	1,563,168	2,206,005	58.53%	3,769,173	3,682,754	86,419	2.29%
112 Economic Development Partnership Fund	455,400	318,082	137,318	30.15%	455,400	47,030	408,370	89.67% ¹
123 Local Accommodations Tax Fund	2,752,153	1,056,678	1,695,475	61.61%	2,752,153	1,100,109	1,652,044	60.03% ²
124 Local Hospitality Tax Fund	694,271	287,283	406,988	58.62%	694,271	778,042	-	0.00%
131 District Utility Allocation Fund	2,668,150	229,436	2,438,714	91.40%	2,668,150	2,328,568	339,582	12.73%
132 District Infrastructure Allocation Fund	1,771,836	239,229	1,532,607	86.50%	1,771,836	1,326,336	445,500	25.14%
151 Law Library Fund	89,100	19,738	69,362	77.85%	89,100	67,421	21,679	24.33%
153 Road System Maintenance Fee Fund	3,337,117	1,982,136	1,354,981	40.60%	3,337,117	2,350,902	986,215	29.55%
154 Victim/Witness Assistance Fund	364,568	254,777	109,791	30.12%	364,568	200,496	164,072	45.00%
421 Landfill Fund	4,344,219	2,946,645	1,397,574	32.17%	4,344,219	2,716,791	1,627,428	37.46%
431 E911 System Fund	685,170	460,093	225,077	32.85%	685,170	516,335	168,835	24.64%
TOTALS:	20,931,157	9,357,266	11,573,891	55.30%	20,931,157	15,114,783	5,900,145	28.19%

IDEAL REMAINING PERCENT: 25.00%

- ¹ Budgeted transfer from General Fund in amount of \$410,400 to be made on June 30, 2010.
- ² Budgeted revenue from City of Florence in amount of \$1,311,077 toward Civic Center operation and debt service to be received prior to June 30, 2010.

331 Capital Project Sales Tax (Florence County Forward road projects) received and interest earned
(See separate attachment for additional details.)

\$ 51,810,777

**Florence County Council
District Allocation Balances
March 31, 2010**

Council District #	Type of Allocation	Beginning Budget FY10	Commitments & Current Year Expenditures	Current Available Balances
1	Infrastructure	273,795.96	103,668.62	170,127.34
	Paving	50,962.00	20,153.38	30,808.62
	Utility	335,216.45	92,487.84	242,728.61
	In-Kind	19,800.00	1,314.75	18,485.25
2	Infrastructure	86,353.87	72,722.04	13,631.83
	Paving	123,801.75	108,906.87	14,894.88
	Utility	133,423.72	29,820.15	103,603.57
	In-Kind	19,800.00	1,862.40	17,937.60
3	Infrastructure	145,255.12	75,143.66	70,111.46
	Paving	445,940.82	419,025.85	26,914.97
	Utility	299,259.29	40,527.75	258,731.54
	In-Kind	19,800.00	3,872.00	15,928.00
4	Infrastructure	300,362.28	50,899.44	248,127.84
	Paving	157,851.86	22,943.38	134,908.48
	Utility	127,300.47	34,003.00	93,297.47
	In-Kind	19,800.00	190.09	19,609.91
5	Infrastructure	114,239.51	79,122.63	33,781.88
	Paving	71,493.35	71,453.27	40.08
	Utility	226,658.48	69,750.30	156,908.18
	In-Kind	19,800.00	1,154.00	18,646.00
6	Infrastructure	279,166.47	17,278.85	261,887.62
	Paving	196,497.87	-	196,497.87
	Utility	291,869.95	12,269.00	279,600.95
	In-Kind	19,800.00	-	19,800.00
7	Infrastructure	133,600.52	67,645.22	65,955.30
	Paving	315,436.06	130,793.06	184,643.00
	Utility	362,021.45	45,948.37	316,073.08
	In-Kind	19,800.00	-	19,800.00
8	Infrastructure	309,294.44	233,057.08	76,237.36
	Paving	289,746.80	289,746.80	-
	Utility	345,982.15	198,293.20	147,688.95
	In-Kind	19,800.00	-	19,800.00
9	Infrastructure	100,044.68	64,106.40	35,938.28
	Paving	155,723.13	89,924.38	65,798.75
	Utility	307,233.93	38,358.02	268,875.91
	In-Kind	19,800.00	-	19,800.00

Infrastructure funds to be used for capital projects or equipment purchases. (See guidelines)

Paving funds to be used for paving or rocking roads. See guidelines in County code.

Utility funds to be used for water, sewer, stormwater, and any infrastructure fund projects.

In-Kind funds to be used for projects completed by the Public Works Department.

975,798.91
654,506.65
1,867,508.26
169,806.76

3,667,620.58

FLORENCE COUNTY FORWARD CAPITAL PROJECT SALES TAX

As of March 31, 2010

EXPENDITURES	Project Budget	Design or Engineering	Right of Way	Construction	Total Completed to Date	Balance	% Balance Remaining
Pine Needles Road Widening	\$ 17,676,768.00	\$ 666,822.18	\$ 1,224,957.80	\$ 6,813,180.63	\$ 8,704,960.61	\$ 8,971,807.39	50.75%
US 378 Widening	\$ 138,751,620.00	\$ 2,070,038.99	\$ 52,281.40	\$ 4,337.97	\$ 2,126,658.36	\$ 136,624,961.64	98.47%
US 76 Widening	\$ 31,641,621.00	\$ 1,157,059.96	\$ 3,867.80	\$ 2,562.16	\$ 1,163,479.92	\$ 30,478,141.08	96.32%
TV Road Widening	\$ 34,519,290.00	\$ 479,001.71	\$ -	\$ 855.00	\$ 479,856.71	\$ 34,039,433.29	98.61%
SC 51 Widening	\$ 151,533,817.00	\$ 425,162.11	\$ -	\$ 38.75	\$ 425,200.86	\$ 151,108,616.14	99.72%
US 301 Bypass Extension	\$ 73,464,146.00	\$ -	\$ -	\$ -	\$ -	\$ 73,464,146.00	100.00%
	\$ 447,587,262.00	\$ 4,798,084.95	\$ 1,281,097.00	\$ 6,820,974.51	\$ 12,900,156.46	\$ 434,687,105.54	97.12%

REVENUES	Project Budget	Received/Earned to Date	Balance	% Balance Remaining
Capital Project Sales Tax	\$ 148,000,000.00	\$ 49,196,577.81	\$ 98,803,422.19	66.76%
Earned State Match	\$ 250,000,000.00	\$ 103,621,553.12	\$ 146,378,446.88	58.55%
Interest Earnings	\$ -	\$ 2,614,196.75		
	\$ 398,000,000.00	\$ 155,432,329.68	\$ 245,181,869.07	

NOTE: Revenue Received/Earned to Date is as of December 31, 2009, since capital project sales tax is received from the state on a quarterly basis.

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Reports to Council

DEPARTMENT: Administration
Grants Department

ISSUE UNDER CONSIDERATION:

Accept allocation from the South Carolina Department of Transportation (SCDOT) under the Florence County Transportation Committee (FCTC) C funds program, PCN #39980 in the amount of \$125,607 for the continuation of sidewalk on Pine Needles Road to St. Andrews Lane.

POINTS TO CONSIDER:

1. The South Carolina Department of Transportation under the C Funds Program, PCN#39980 has allocated \$125,607 for the continuation of sidewalk on Pine Needles Road to St. Andrews Lane.
2. Acceptance of the grant includes authorization of appropriate general ledger accounts within the Grant Fund to account for the grant.

OPTIONS:

1. *(Recommended)* Approve as presented.
2. Provide an Alternate Directive.

ATTACHMENTS:

Letter from South Carolina Department of Transportation dated May 6, 2010.



South Carolina
Department of Transportation

May 6, 2010

Mr. Arthur C. Gregg, Jr.
Public Works Director
Florence County
180 N. Irby Street, MSC-G
Florence, South Carolina 29501

Dear Mr. Gregg:

I am pleased to inform you that the Florence County Transportation Committee (CTC) has requested the South Carolina Department of Transportation (SCDOT) to budget CTC funds for an improvement project in Florence County.

Per the County Transportation Committee's approval, \$125,607.00 was allocated to Florence County Public Works under state reimbursement project **C PCN 39980**. This project is identified as the continuation of sidewalk along Pine Needles Road (S-650) to St. Andrews Lane. Please note that the Project Control Number (PCN) shown above will identify this project in our records and should be included on all correspondence.

Florence County Public Works will have full responsibility for the construction, maintenance, and inspection of this project. The County is expected to comply with the requirements set forth in S.C. Code of Laws, Section 12-28-2740 (Supp. 1996), Paragraph 1, regarding construction specifications and bidding procedures.

SCDOT will reimburse funds for eligible project costs up to the amount budgeted by the CTC, based upon the County's submission of the signed Request for Payment Invoice (form enclosed). The Request for Payment Invoice of eligible contract expenditures must be accompanied by detailed documentation of the charges. This documentation may be in the form of a canceled check, contractor's invoice, supplier's invoice, an engineer's pay estimate, or a statement of direct expenses, if county personnel accomplish the work. Each invoice shall be certified true and correct by a duly authorized representative of the county. By submission of the payment request, the agent is certifying that the work and/or materials for which the payment is requested has been incorporated into the above referenced project; that the project has been administered and constructed in accordance with SC Consolidated Procurement code and with the requirements of S.C. Code Section 12-28-2740 (Supp. 1996); all work has been inspected and accepted by the County; and that the funds requested will be applied to the purposes for which they are requested.



Mr. Arthur C. Gregg, Jr.
Page 2
May 6, 2010

Attached is a list of required documentation to be submitted to the C Program Administration Office at the first request for reimbursement. If any of these requirements are not applicable to the project, then please so indicate on the attached checklist.

All work on SCDOT right of way must be constructed in accordance with the SCDOT Standard Specifications for Highway Construction. In the event a dispute as to whether the construction complies with the SCDOT Standard Specifications, the decision of the State Highway Engineer shall be final and conclusive. Prior to beginning work on SCDOT right of way, an encroachment permit must be obtained from the SCDOT Resident Maintenance Engineer for Florence County, Eric Minshew, who may be reached at telephone number 843-661-4715.

Prior to beginning work on this project, it will be necessary to certify that the local government will provide, or require the contractor performing the work to provide, a drug-free work place in accordance with S.C. Code of Laws Section 44-107-10, et seq. Please complete the attached certification and return it to SCDOT.

If you have any questions or concerns, please contact me at 803-737-4832 for assistance.

Sincerely,



Batina Feaster
Program Coordinator
C Program Administration

BF:bmf
Enclosures

FLORENCE COUNTY COUNCIL MEETING

Item for Meeting on: May 20, 2010

AGENDA ITEM: Application for Non-Exclusive, Ambulance Franchise

DEPARTMENT: EMS

ISSUE UNDER CONSIDERATION: Consider awarding a non-exclusive ambulance franchise to Lifeline Regional Ambulance, Inc.

POINTS TO CONSIDER:

1. Lifeline Regional Ambulance, Inc. is owned by Joseph L. Lane and is based in Lake City, SC.
2. The applicant has submitted an appropriate application along with required supporting documentation.
3. The EMS Director has reviewed the application packet and determined that it is compliant with Chapter 5 of the Florence County Code.

FUNDING FACTORS:

1. None

OPTIONS:

1. *(Recommended)* ... Award a non-exclusive, ambulance franchise to Lifeline Regional Ambulance, Inc.
2. Take No Action or Provide An Alternate Directive

ATTACHMENTS:

1. Letter of intent from business to operate private ambulance services in Florence County.
2. Memo to County Administrator from EMS Director regarding the matter.

ORIGINAL

Lifeline Regional Ambulance, Inc.

"The Spirit of Caring"

239 N Acline St.
Lake City, SC 29560

April 23, 2010

Colonel Ryon Watkins
Florence County EMS
527 South Church Street
Florence, SC 29501

Colonel Watkins,

I request that Lifeline Regional Ambulance Inc. be able to continue providing transport service to the citizens of Florence County. It has been our pleasure to provide these services since 2005. Please find attached copy of South Carolina DHEC License.

If I can be of service to you or your staff, please don't hesitate to contact me.

Respectfully submitting,



Joseph L. Lane
President

Cc: Florence County Council

Rec'd
4-28-10
RHL

• Dispatch 843-374-3911 • Toll Free 888-505-3911 • Fax 843-394-9111

South Carolina



South Carolina Department of Health and Environmental Control

This is to Certify that a License is hereby granted by the
South Carolina Department of Health and Environmental Control

to Lifeline Regional Ambulance, Inc.

To conduct and maintain an Ambulance Service in the premises located

at 239 N. Acline St., Lake City

County of Florence

This License shall expire March 31st, 2011, and is subject to the provisions of The Emergency Medical Services Act Section 44-61-10 et. seq. of the 1976 code, and regulations promulgated thereto. This license shall not be assignable or transferable and shall be subject to revocation at any time by the S. C. Department of Health and Environmental Control for failure to comply with the laws of the State of South Carolina or the rules and regulations of the South Carolina Department of Health and Environmental Control issued hereunder.

In Witness Whereof, we have hereunto set out hand and seal of the State this 11th day of March, 2009.

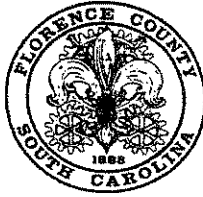


License number: 077

License category: Basic

By: Ann W. Smith

By: C. Earl Hunter



FLORENCE COUNTY
Emergency Medical Services

Ryon A. Watkins
Director

R. David Exum
Operations & Training

To: Richard Starks
County Administrator

From: Ryon Watkins (RW)
EMS Director

Date: May 6, 2010

Subject: Ambulance Franchise Application

Enclosed please find documents from Lifeline Regional Ambulance, Inc. who is applying for a non-exclusive ambulance franchise in Florence County. This company was franchised under the previous ordinance.

I have reviewed the documents and concluded that the request is compliant with the requirements of Chapter 5 of the Florence County Code (Ambulance Service).

As far as I am concerned, the matter is ready for review / approval by the county council.

Please contact me if you have questions regarding this matter.

Enclosures: Letter of intent from Lifeline Regional Ambulance, Inc.
Copy of DHEC Ambulance Provider License for Lifeline Regional Ambulance, Inc.
Fact sheet / agenda item for County Council meeting on May 20, 2010

FLORENCE COUNTY COUNCIL MEETING
May 20, 2010

AGENDA ITEM: Report to Council

DEPARTMENT: Finance
Tax Assessor

ISSUE UNDER CONSIDERATION:

To authorize the Tax Assessor's Office to accept late farm applications on parcels to determine if they qualify for farm use assessments.

POINTS TO CONSIDER:

1. Historically, County Council has generally granted extensions when requests were initiated.
2. S. C. Code of Laws states that the governing body may extend the time for filing upon a showing satisfactory to it that the person had reasonable cause for not filing on or before the first penalty date.

OPTIONS:

1. (*Recommended*) Extend the deadline for application consideration; authorize these parcels to be considered; and close the filing deadline.
2. Provide An Alternate Directive

ATTACHMENTS:

1. List of Late Farm Application Requests.

FLORENCE COUNTY REAL ESTATE LISTING

MAP BK PAR	NAME/ADDRESS	TAX YEAR 09	NUMERICAL	5/05/10	PAGE	1	EXEMPT
		DST/DESC. ACRES LOTS	LAND VALUE BLDGS	AGT	MORTG. LOAN NO.	P/C	CLASS
238-01-063	SALES INTERNATIONAL CORPORATION 3525 MCDONALD BLVD FLORENCE	140 RES. FARM OTHER 30	240000			0	
238-01-064	SALES INTERNATIONAL CORPORATION 3525 MCDONALD BLVD FLORENCE	SC29506 BYRNES BLVD & MCDONALD 140 RES. FARM OTHER 10	TAX RECEIPT# 59594 87120			0	
377-02-008	R W F CONSTRUCTION LLC PO BOX 69 EFFINGHAM	SC29506 MIDDLETON DR 200 RES. FARM OTHER 25	TAX RECEIPT# 59595 255800			0	
		SC29541 PAMPLICO HWY TRK F	TAX RECEIPT# 56709				
*ALL PROPERTIES							
*RESIDENTIAL:	# PARCELS	ACRES	LAND VAL.	BLDG.	BLDG. VAL.		
*FARM:							
*6% MARKET:	3	65	582920	1	11692		
*6% USE:							
TOTAL:	3	65	582920	1	11692		
*EXEMPT PROPERTIES							
*RESIDENTIAL:	# PARCELS	ACRES	LAND VAL.	BLDG.	BLDG. VAL.		
*FARM:							
*6% MARKET:	1	10	87120				
*6% USE:							
TOTAL:	1	10	87120				
*NON-EXEMPT PROPERTIES							
*RESIDENTIAL:	# PARCELS	ACRES	LAND VAL.	BLDG.	BLDG. VAL.		
*FARM:							
*6% MARKET:	2	55	495800	1	11692		
*6% USE:							
TOTAL:	2	55	495800	1	11692		
TOTAL RECORDS:	3						

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Reports to Council
Bid Award

DEPARTMENT: Procurement Department

ISSUE UNDER CONSIDERATION:

Authorize Award Of Bid #22-09/10 For An Articulating All Wheel Drive Loader, Bucket And Rake To Dougherty Equipment, Ladson, SC In The Amount Of \$124,268.03 Contingent Upon Dougherty Equipment Providing Acceptable Documentation of Specifications Of The Bucket and Rake to Procurement Within 15 Days Of This Authorization; And Authorize The County Administrator To Alternatively Award The Bid To The Next Lowest Bidder If Dougherty Equipment Fails To Comply Timely.

POINTS TO CONSIDER:

- 1) Bid #22-09/10 was publicly offered.
- 2) Six (6) bids were received.
- 3) Dougherty Equipment, Ladson, South Carolina was the lowest bidder for the all wheel drive loader, bucket and rake.
- 4) The Public Works Director recommends the award contingent upon Dougherty Equipment providing specifications and drawings of the general purpose bucket and full length stacking rake with hydraulic quick coupler within 15 days of award and delivery of equipment within 90 days.
- 5) The bid expires May 31, 2010.

FUNDING FACTORS:

- 1) \$124,268.03 = Total cost of the all wheel driver loader, bucket and rake to be funded from budgeted FY 10 funds.

OPTIONS:

- 1) ***(Recommended)*** Approve as presented.
- 2) Provide An Alternate Directive.

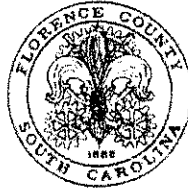
ATTACHMENTS:

- 1) Bid Tabulation Sheet.
- 2) Memo of recommendation from Public Works Director.

Dept: Florence County Public Works (1) Articulating All Wheel Drive Loader Invitation-to-Bid #22-09/10			Bid Opening Date: March 23, 2010 Time: 11:15 AM Advertised Date: MN-3/7/10 SCBO-3/8/10 Invitations to Bids Distributed: 6 Bid Expiration Date: 5/10/2010		
Name of Bidder	Base Bid	Year/Make Model	Bid Security	Total Bid	Total Non-Local (+2%)
Dougherty Equipment Ladson, SC	\$124,268.03	2010 JCB 426 ZX	Yes	\$124,268.03	\$126,753.39
Altman Tractor & Equipment Co. Florence, SC	\$143,121.60	2010 New Holland W130B	Yes	\$143,121.60	
G. J. & L Inc DBA: Border Equip. Decatur, Ga.	\$149,417.41	2010 Case 621E Z-Bar	Yes	\$149,417.41	\$152,405.75
Blanchard Machinery Co. Florence, SC	\$155,509.20	2010 Caterpillar 928HZ	Yes	\$155,509.20	
Stafford W. Columbia, SC	\$160,056.00	2010 Kawasaki 652v2	Yes	\$160,056.00	\$163,257.12
H & E Equipment Services, Inc. Columbia, SC	\$166,590.00	2009 Doosan DL250TC	Yes	\$166,590.00	\$169,921.00

Notes:

2% Local Preference Florence County Code, Section 11-62



FLORENCE COUNTY
Public Works Department

Arthur C. Gregg, Jr.
Public Works Director

MEMORANDUM

TO: Suzanne King, Administrative Services Director
FROM: Arthur C. Gregg, Jr., Public Works Director *ACG*
DATE: April 13, 2010
RE: Recommendation - Bid 2-09/10 - All Wheel Drive Loader, Bucket & Rake

It is my recommendation to award Bid #22-09/10 to Dougherty Equipment, Ladson, SC in the amount of \$124,268.03. This award will be based upon 3.25 Cu. Yd. articulating all wheel drive loader and 3.25 Cu. Yd. hydraulic quick couple general purpose bucket and full length top clamp stacking rake with hydraulic quick coupler meeting Florence County's specifications.

Vendor shall supply Florence County with specifications and drawings of general purpose bucket and full length stacking rake with hydraulic quick coupler within 30 days of award and delivery of machine and bucket within 90 days.

ACG,JR/ig

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Reports to Council
Bid Award

DEPARTMENT: Procurement Department

ISSUE UNDER CONSIDERATION:

Approval Of Approximately \$12,500 For Interim Sewage Disposal For The McCall Farms Expansion Project To Allow Compliance With Federal Community Development Block Grant (CDBG) Requirements; And Authorize The County Administrator To Award Bid #26-09/10 For A Sewage Pump Station and Force Main At McCall Farms Being Funded By The SC Department Of Commerce (CDBG #4-ED-09-004).

POINTS TO CONSIDER:

- 1) McCall Farms has been awarded a South Carolina Department of Commerce Community Development Block (CDBG) Grant, 34-ED-09-004 to construct a sewage pump station and force main as part of the company's recent expansion.
- 2) The company's expansion has quickly progressed creating the need for an interim "pump and haul" sewer solution until the permanent solution can be bid and constructed in accordance with federal grant requirements. Construction is slated to be complete in September 2010.
- 3) The estimated cost for an interim "pump and haul" sewage solution is \$12,500. The cost will be funded from the Economic Development Capital Project Fund.
- 4) If authorized, the County Administrator will award the bid to the lowest responsive bidder meeting all requirements, in order to expedite the project as McCall Farms has requested, and complete all documents necessary for completion of the project.

OPTIONS:

- 1) *(Recommended)* Approve as presented.
- 2) Provide An Alternate Directive.

ATTACHMENTS:

Letter of request from McCall Farms dated May 6, 2010.



CANNERS & GROWERS OF SOUTHERN VEGETABLES & FRUITS

May, 6, 2010

To: Florence County Council

Re: Financial Assistance with "Pump and Haul" Costs

This is a formal request for financial assistance from the County to provide for interim "pump and haul" sewage disposal costs on the McCall Farms expansion project in order to allow time to comply with Federal CDBG grant requirements until McCall Farm's hookup to the City sewage system is completed in the fall of 2010.

The estimated costs are as follows:

- \$75 per 1,000 gallons (includes tipping) for hauling off premise;
 - Estimate of 3,000 gallons per day to haul off premise;
 - Daily cost estimate of \$225;
 - **Total estimated cost for financial assistance:**
 - ✓ July (1/2 month) - \$2,500
 - ✓ August - 5,000
 - ✓ September - 5,000
- Total Pump & Haul Cost \$12,500**

Thank you for your consideration and assistance in this matter.

Sincerely,

Marion Swink
McCall Farms

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Report to Council
Declaration of Surplus Property

DEPARTMENT: Florence County Sheriff's Office
Procurement Department

ISSUE UNDER CONSIDERATION:

Declare Four (4) Mini 14 Rifles As Surplus Property In Order To Trade In On Replacements.

POINTS TO CONSIDER:

1. The Florence County Sheriff's Office is recommending that four (4) mini 14 rifles serial number 18674933, 18675372, 18676152, and 18518375 be declared surplus.
2. Disposal will not impact on-going operations.
3. Florence County Code requires County Council approval for disposal of surplus property.
4. The trade in of these rifles will assist in the offset of expenditures included for the purchase of replacement weapons within the Florence County Sheriff Office.

FUNDING FACTORS:

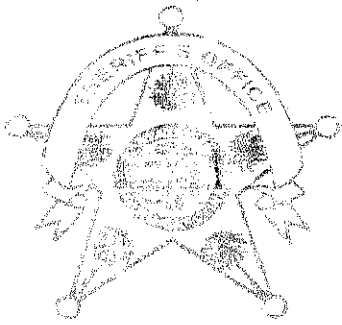
1. \$0=Costs of disposal

OPTIONS:

1. (*Recommended*) Approve as presented.
2. Provide an alternate.

ATTACHMENTS:

Letter of Recommendation from the Florence County Sheriff.

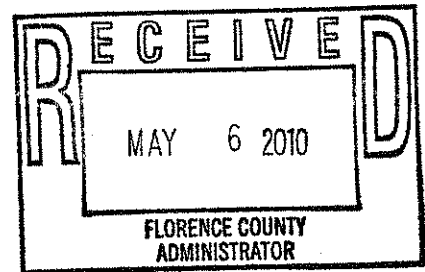


FLORENCE COUNTY SHERIFF'S OFFICE

Kenney Boone, Sheriff

May 6, 2010

Richard Starks
County Administrator
180 North Irby Street
Florence, South Carolina 29501



Dear Mr. Starks:

I would like to request that Council declare four (4) mini 14 rifles with the serial numbers: 18674933, 18675372, 18676152, and 18518375, as surplus and allow for their trade in on replacement weapons.

Thank you for your assistance in this matter.

Sincerely,

Kenney Boone
Florence County Sheriff

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Report to Council
Declaration of Surplus Property

DEPARTMENT: Florence County Sheriff's Office
Procurement Department

ISSUE UNDER CONSIDERATION:

Declaration Of Three (3) Glock G-17 Handguns, Serial Numbers CHU379US, CHU422US And CHU581US As Surplus Property Of The Sheriff's Office For The Purpose Of Awarding To Retiring Employees.

POINTS TO CONSIDER:

1. The Florence County Sheriff's Office is recommending that (3) Glock 17's serial numbers CHU379US, CHU422US and CHU581US be declared surplus.
2. It is the policy of the Florence County Sheriff's Office to award a service handgun to sworn employees retiring in good status.
3. Disposal will not impact on-going operations.
4. Florence County Code requires County Council approval for disposal of surplus property.
5. Deputy Donald Cameron retired March 26, 2010, Lt. Larry Roscoe retired April 2, 2010 and Janie Blackmon retired on April 30, 2010 from the Florence County Sheriff's Office.

FUNDING FACTORS:

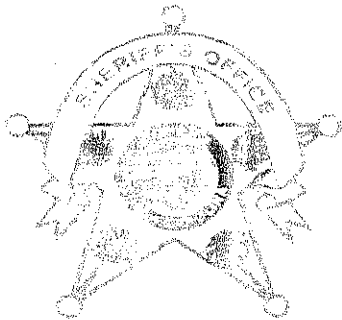
1. \$0=Costs of disposal

OPTIONS:

1. (*Recommended*) Declare three (3) Glock 17 handguns as surplus property and award them accordingly.
2. Provide alternative instructions.

ATTACHMENTS:

Letters of Recommendation from the Florence County Sheriff.

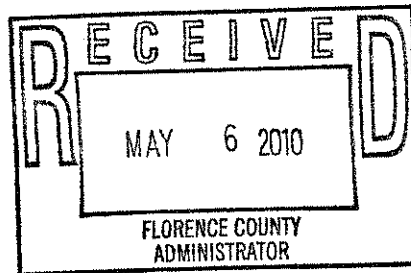


FLORENCE COUNTY SHERIFF'S OFFICE

Kenney Boone, Sheriff

May 6, 2010

Richard Starks
County Administrator
180 North Irby Street
Florence, South Carolina 29501



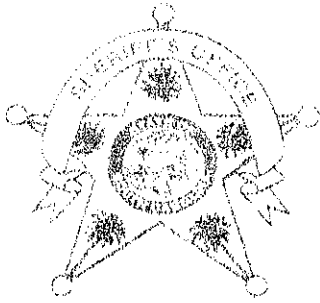
Dear Mr. Starks:

It is the policy of the Florence County Sheriff's Office to award a service handgun to sworn employees retiring in good status. I would like to request that County Council declare two (2) Glock 17's serial number CHU379US and CHU422US as surplus for the purpose of awarding them to Deputy Donald Cameron who retired on March 25, 2010 and Lt. Larry Roscoe who retired on April 2, 2010.

Thank you for your assistance in this matter.

Sincerely,

Kenney Boone
Florence County Sheriff



FLORENCE COUNTY SHERIFF'S OFFICE

Kenney Boone, Sheriff

May 11, 2010

Richard Starks
County Administrator
180 North Irby Street
Florence, South Carolina 29501

Dear Mr. Starks:

It is the policy of the Florence County Sheriff's Office to award a service handgun to sworn employees retiring in good status. I would like to request that County Council declare one (1) Glock 17 serial number CHU581US as surplus for the purpose of awarding to Janie Blackmon who retired on April 30, 2010.

Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Kenney Boone".

Kenney Boone
Florence County Sheriff

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Grant Award
United States Department of Justice

DEPARTMENT: Florence County Sheriff's Office
Grants Department

ISSUE UNDER CONSIDERATION:

Approve The Submission Of A Grant Application For The FY 2010 USDOJ Edward Byrne Memorial Justice Grant (JAG) Program Local Solicitation In The Amount Of \$60,843 To Provide Capital/Replacement Equipment For The Florence County Sheriff Office.

POINTS TO CONSIDER:

1. Florence County Sheriff's Office will utilize the Fiscal Year 2010 Edward Byrne Memorial Justice Assistance Grant (JAG) Program Local Solicitation grant appropriation to cover capital / replacement equipment for the Florence County Sheriff's Office.
2. If awarded, the grant funds will pay for two (2) Iris Scanner Machines to be used by the Detention Center and the Sheriff's Office Sex Offender Registry Program, as well as replacement computer equipment located throughout the Law Enforcement Facility.
3. Replacement cost will be staggered over the next five years depending on standard replacement schedules.
4. The grant does not require matching funds.

FUNDING FACTORS:

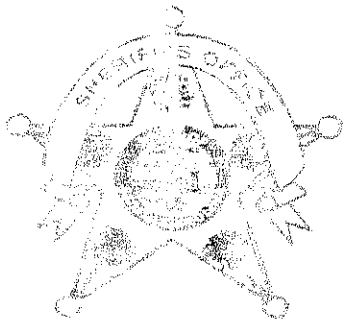
1. \$60,843 = Total costs for the Fiscal Year 2010 USDOJ Edward Byrne Memorial Justice Grant (JAG) Program Local Solicitation to be used for capital replacement costs for the Florence County Sheriff's Office.
2. \$0 = no matching funds required.

OPTIONS:

1. (*Recommended*) Approve as presented.
2. Provide An Alternate Directive

ATTACHMENTS:

Letter of Recommendation from the Florence County Sheriff.

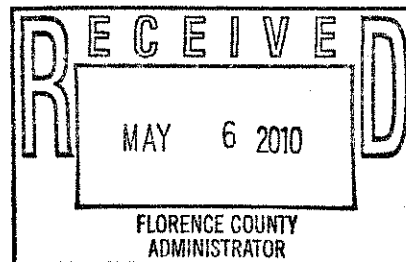


FLORENCE COUNTY SHERIFF'S OFFICE

Kenney Boone, Sheriff

May 6, 2010

Richard Starks
County Administrator
180 North Irby Street
Florence, South Carolina 29501



RE: Edward Byrne Memorial Justice Assistance Grant Program
FY2010 Local Solicitation

Dear Mr. Starks:

In an effort to streamline resources, the Florence County Sheriff's Office would like to request Council's approval for the submission of the Edward Byrne Memorial Justice Assistance Grant Program's Local Solicitation to provide for all start-up cost associated with the procurement of two (2) Iris Scanner Machines to be utilized by the Detention Center and Sex Offender Registry Program. The balance of funding will be used to purchase computer equipment that will replace antiquated equipment currently located within our Law Enforcement Facility.

Thank you for your assistance in this matter.

Sincerely,

William K. Boone
Florence County Sheriff

Florence County Council Meeting
May 20, 2010

AGENDA ITEM: Other Business
Infrastructure Project
Council District 1

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Declare Vehicle #V0449 A 1999 Ford F-250 Extended Cab Pick-up As Surplus; Authorize The Sale Of The Vehicle To The Lake City Fire Department In The Amount Of \$2,175; Approve The Expenditure Of Up To \$2,175.00 From Council District 1 Infrastructure Funding Allocation For The Purchase Of The Vehicle For The Lake City Fire Department.

FUNDING SOURCE:

XXX Infrastructure

_____ Road System Maintenance

_____ Utility

Signed: _____

Requested by Councilmember: R. G. Rusty Smith, Jr.

Date: _____

ATTACHMENTS:

A Copy of the Completed Surplus Property Request Form.

I, Connie Y. Haselden, Clerk to County Council, certify this item was approved by the Florence County Council at the above-referenced meeting, at which a majority of members were present.

Connie Y. Haselden, Clerk to Council

**FLORENCE COUNTY
SURPLUS PROPERTY REQUEST**

IDENTIFICATION OF VEHICLE OR MOTORIZED PROPERTY ON SURPLUS LIST BEING REQUESTED:

Property Identification Number: 1FTRX27WX9XNA90481
Year: 1999
Make: Ford
Model: F-250-ExtCab
Mileage: 129,494

IDENTIFICATION OF VEHICLE OR MOTORIZED PROPERTY CURRENTLY IN SERVICE ASSIGNED TO DEPARTMENT:

Department: _____
Property Identification Number: _____
Year: _____
Make: _____
Model: _____
Mileage: _____

General Condition of Property: (body, interior, mechanical, etc.-fair, good, excellent) _____

Signature Chief Tony Angleton Lake City 4-7-10
Department Head/Elected/Appointed Official
Or Authorized Designee Date

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Other Business
Council District #3

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Approval of the expenditure of up to \$14,800.00 from Council District #3 funding allocations to pay for the resurfacing of 775 feet of N. Elmore Street.

The cost estimate was prepared by Florence County Public Works.

Funding availability subject to confirmation by Finance Department.

FUNDING SOURCE:

☒ Infrastructure
☐ Road System Maintenance
☐ Utility

SIGNED: 
Requested by Councilmember: Al Bradley

Date 4-26-10

ATTACHMENTS:

I, Connie Y. Haselden, Clerk to County Council, certify this item was approved by the Florence County Council at the above-referenced meeting, at which a majority of members were present.

Connie Y. Haselden, Clerk to Council

Florence County Council Meeting
May 20, 2010

AGENDA ITEM: Other Business
Infrastructure Project
Requested by Council District 3

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Approve The Expenditure Of Up To \$12,425.00 From Council Districts' Infrastructure Funding Allocations (From Each District As Indicated Below) To Assist The Pee Dee Community Action Partnership With Replacement Of The Roof At The Day Care Homes Administration Site At 1511 Stokes Road, Florence.

FUNDING SOURCE:

XXXX Infrastructure _____ Road System Maintenance _____ Utility

Requested by Councilmember: Alphonso Bradley, District 3 (signatures pending)

Amount: \$ _____ \$ _____ \$ _____

Signed: _____
K. G. Rusty Smith, Jr. Ken Ard Alphonso Bradley

Amount: \$ _____ \$ _____ \$ _____

Signed: _____
Mitchell Kirby Johnnie D. Rodgers, Jr. Russell W. Culberson

Amount: \$ _____ \$ _____ \$ _____

Signed: _____
Waymon Mumford James T. Schofield H. Morris Anderson

Date: _____

ATTACHMENTS:

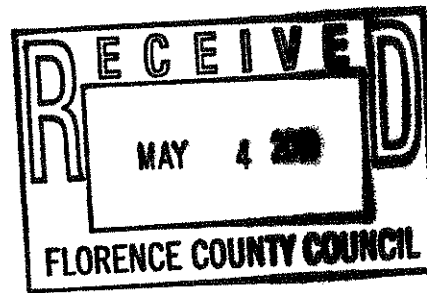
1. A copy of the request.

I, Connie Y. Haselden, Clerk to County Council, certify this item was approved by the Florence County Council at the above-referenced meeting, at which a majority of members were present.

Connie Y. Haselden, Clerk to Council

April 1, 2010

Alphonso Bradley
County Councilman
City Of Florence, District 3
403 Wildwood Drive
Florence SC, 29506



Dear Mr. Bradley:

The Community Action Partnership has an array of programs that offer assistance to low-income families in Florence, Marion and Dillon counties. Day Care Homes is one of the programs under that umbrella.

This program offers childcare provider's information on turning their love for children into a career. It offers nutrition health and safety training. Day Care Homes also offers assistance on educational training for young children and infant to toddler development. The benefits of the program include: working in your own home, a regular income, being your own boss, and other endless rewards.

The PDCA is respectfully requesting \$12,425.00 to replace the roof at the Day Care Homes administration site. The site is located at 1511 Stokes Road, Florence SC, 29501.

Thank you in advance for your generosity, and for allowing the PDCAP to stand behind its motto of "Helping People, Changing Lives".

If you have any questions or concerns, please feel free to contact me by phone at 843-678-3400 ext. 123 or by email at w Fleming@pccdeccap.org.

Sincerely,


Walt Fleming,
Executive Director

Florence County Council Meeting
May 20, 2010

AGENDA ITEM: Other Business
Infrastructure Project
Council District 4

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Declare Vehicle #V0994 A 2006 Ford Crown Vic As Surplus; Authorize The Sale Of The Vehicle To The Town of Timmons ville In The Amount Of \$1,000; Approve The Expenditure Of Up To \$1,000.00 From Council District 4 Infrastructure Funding Allocation For The Purchase Of The Vehicle For The Town of Timmons ville.

FUNDING SOURCE:

XXX Infrastructure

_____ Road System Maintenance

_____ Utility

Signed: _____

Requested by Councilmember: Mitchell Kirby

Date: _____

ATTACHMENTS:

A Copy of the Completed Surplus Property Request Form.

I, Connie Y. Haselden, Clerk to County Council, certify this item was approved by the Florence County Council at the above-referenced meeting, at which a majority of members were present.

Connie Y. Haselden, Clerk to Council

FLORENCE COUNTY SURPLUS PROPERTY REQUEST

IDENTIFICATION OF VEHICLE OR MOTORIZED PROPERTY ON SURPLUS LIST BEING REQUESTED:

Property Identification Number: 2FAFP71W23K202190Year: 2003Make: FORDModel: FORD CrownvicMileage: 120,121

Susan This one
has been taken
4-28-10

IDENTIFICATION OF VEHICLE OR MOTORIZED PROPERTY CURRENTLY IN SERVICE ASSIGNED TO DEPARTMENT:

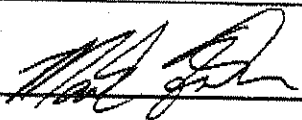
Department: _____

Property Identification Number: 2FAFP71W66X163530Year: 2006Make: FordModel: Crown VicMileage: 136,046

1st
Choice

General Condition of Property: (body, interior, mechanical, etc.: fair, good, excellent) _____

Signature

Department Head/Elected/Appointed Official
Or Authorized Designee4/28/10

Date

Florence County Council Meeting
May 20, 2010

AGENDA ITEM: Other Business
Infrastructure Project
Council District 5

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Approve The Expenditure Of An Amount Not To Exceed \$1,500.00 From Council District 5 Infrastructure Funding Allocation To Provide A Safety Barrier Between The New Playground Equipment And North Liberty Street; An Additional Component At A Community Park In Olanta.

FUNDING SOURCE:

XXX Infrastructure
_____ Road System Maintenance
_____ Utility

Signed: verbally approved – signature pending

Requested by Councilmember: Johnnie D. Rodgers, Jr.

Date: _____

ATTACHMENTS:

Letter of Request from the Mayor of Olanta

I, Connie Y. Haselden, Clerk to County Council, certify this item was approved by the Florence County Council at the above-referenced meeting, at which a majority of members were present.

Connie Y. Haselden, Clerk to Council



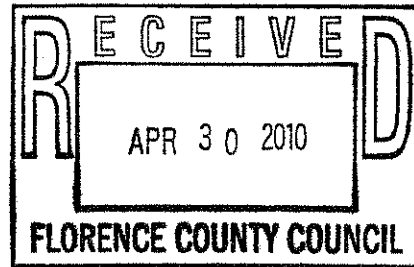
Mayor
Jimmy McCutcheon
Mayor Pro-tem
Sondra Holt

TOWN OF OLANTA
POST OFFICE BOX 396
OLANTA, SOUTH CAROLINA 29114

Willie Gallegos
Mitch Driggers
Eric Evans
Council-Members

April 29, 2010

To: Johnny Rodgers
Florence County Council



Subject: Funding request for Safety Fence at the Olanta Ballpark

The Town of Olanta would like to request funding not to exceed \$1,500 in order to purchase fencing for the Olanta Ballpark.

The fencing will provide a safety barrier between the new playground equipment and North Liberty Street.

Thank you in advance for your support on this project as we make every effort to protect our children .

Best regards,

Jimmy McCutcheon
Mayor of Olanta

FLORENCE COUNTY COUNCIL MEETING

May 20, 2010

AGENDA ITEM: Other Business
Council District #1

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Approval of the expenditure of up to \$11,000 from Council District #1 funding allocations to pay for rock and crushed asphalt for Ernest Lane.

The cost estimate was prepared by Florence County Public Works.

Funding availability subject to confirmation by Finance Dept.

FUNDING SOURCE:

☐ Infrastructure
☒ Road System Maintenance
☐ Utility

SIGNED:

Requested by Councilmember: K.G. "Rusty" Smith, Jr.

Date:

4/16/10

ATTACHMENTS:

I, Connie Y. Haselden, Clerk to County Council, certify this item was approved by the Florence County Council at the above-referenced meeting, at which a majority of members were present.

Connie Y. Haselden, Clerk to Council

676-8625

Florence County Council Meeting
May 20, 2010

AGENDA ITEM: Other Business
Utility/Infrastructure Project

DEPARTMENT: County Council

ISSUE UNDER CONSIDERATION:

Discuss The Expenditure Of Approximately \$55,950.00 From Council Districts' Utility/Infrastructure Funding Allocations (From Each District As Indicated Below) For Proposed Upgrades (\$25,500 - 1"X6"X100' Steel Gutter Plate And \$30,450 - Parking Expansion And Realignment) To The Lower Florence County Public Service Building.

FUNDING SOURCE:

XXXX Infrastructure _____ Road System Maintenance XXXX Utility

(Signatures Pending)

Amount: \$ _____	\$ _____	\$ _____
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Signed: _____ K. G. Rusty Smith, Jr.	_____	_____
---	-------	-------

Amount: \$ _____	\$ _____	\$ _____
------------------	----------	----------

Signed: _____ Mitchell Kirby	_____	_____
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Amount: \$ _____	\$ _____	\$ _____
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Signed: _____ Waymon Mumford	_____	_____
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Date: _____	James T. Schofield	H. Morris Anderson
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ATTACHMENTS:

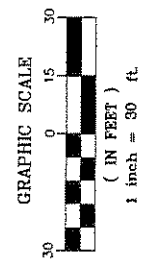
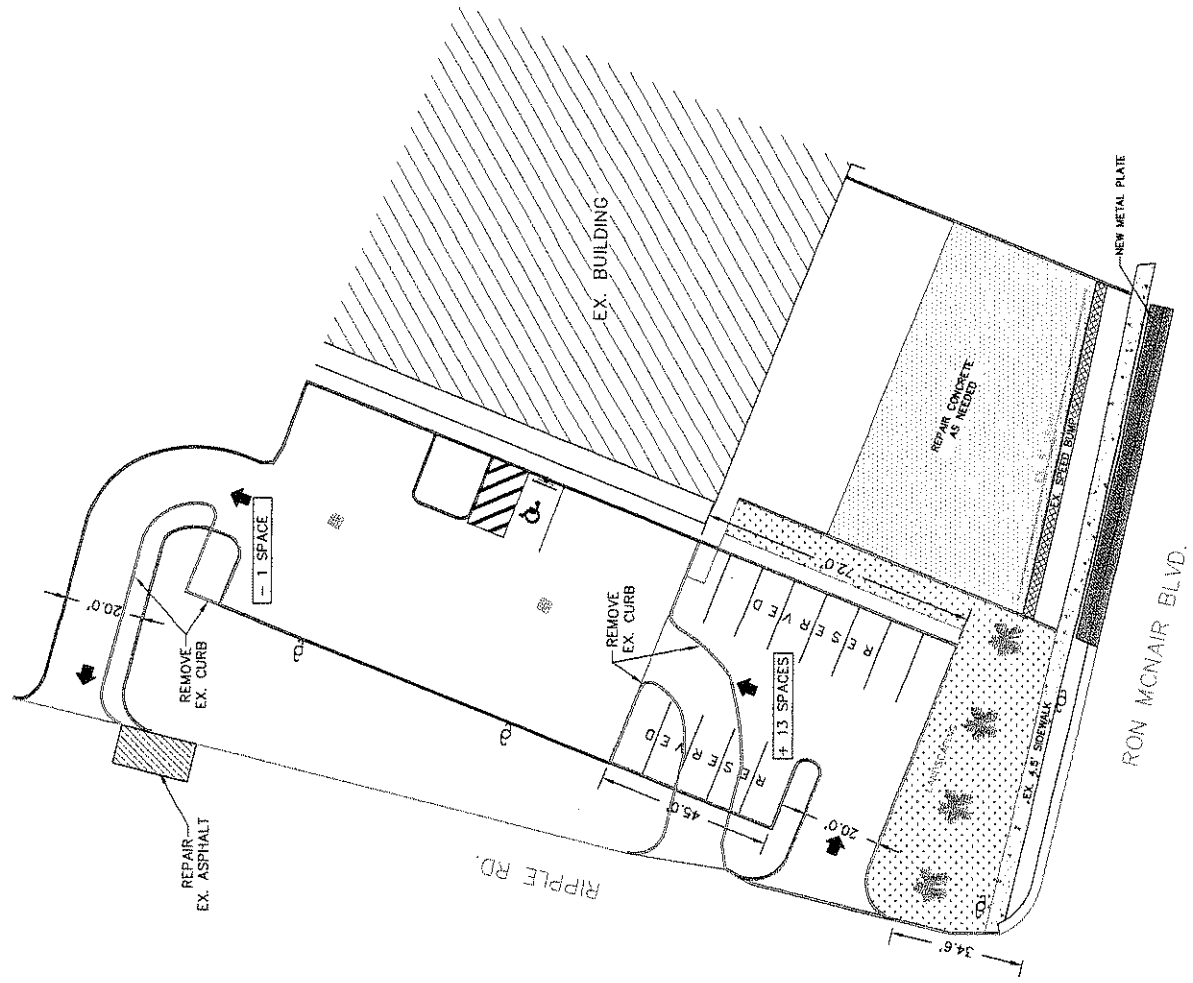
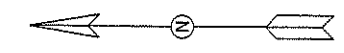
Diagram and Cost Estimates (3 pages)

I, Connie Y. Haselden, Clerk to County Council, certify this item was approved by the Florence County Council at the above-referenced meeting, at which a majority of members were present.

Connie Y. Haselden, Clerk to Council



DATE: 05-15-00	SCALE: 1"=30'	DESIGNED BY: BLS	CHECKED BY: BLS
BY	DATE	PROJECT	SHEET
REVISION			1 of 1



Project: Parking Expansion and Realignment

Origination Year:	2010-2011	Type:	Public Safety	Fund:	TBD
Planned Completion Yr:	2011	Category:	Infrastructure	Sub-Fund:	TBD
Department:	South Lynches Fire Department	Location/Building:	Lower Florence Cty. Public Service Building	Project Coordinator:	TBD

Project Completion/Scope/Purpose

This project provides a method to repair, increase and strategically locate parking for South Lynches Fire volunteers and employees. Deficiencies of this building and site were identified through site inspections by County Engineering staff and prepared cost estimates based on a variety of methods, including past experience, knowledge of industry, and by formal and informal cost estimates from professionals.

Project Evaluation and Analysis

South Lynches staff have reported that current parking is inadequate for volunteers and not located in a manner sufficient for emergency response. Volunteer parking is needed closer to the current bays and would best work if it is reconfigured to allow easy access for volunteers with their equipment from their personal vehicles to the fire trucks when on a call. Site has been reviewed by engineering with South Lynches Fire Dept. staff and a new configuration is proposed to both increase parking for volunteers and make existing parking more useful. This estimate also provides for repair to parking surfaces that have been damaged or have worn down or cracked significantly through general wear and tear as shown in the enclosed pictures.

Project Financial Summary

1	Remove and Dispose of Existing Curb	\$	1,960.00
2	Remove and Dispose of Existing Asphalt	\$	1,500.00
3	New 18" Stand Up Gutter	\$	4,200.00
4	6" Base	\$	7,200.00
5	2" Asphalt	\$	5,175.00
6	4" Thick Asphalt	\$	1,215.00
7	Remove Cut Material	\$	1,200.00
8	Concrete Repair	\$	8,000.00
Total Cost		\$	30,450.00

See attached pictures, schematics, and estimate

Project: Lower Florence County PSB Driveway/Street Gutter Modification

Origination Year:	2010-2011	Type:	Public Safety	Fund:	TBD
Planned Completion Yr:	2011	Category:	Infrastructure	Sub-Fund:	TBD
Department:	South Lynches Fire Department	Location/Building:	Lower Florence Cty. Public Service Building	Project Coordinator:	TBD

Project Completion/Scope/Purpose

This project provides a method to reduce damage to Fire and EMS apparatus from scraping the driveway and HWY 52 upon exit of these vehicles on calls. Deficiencies of this building and site were identified through site inspections by County Engineering staff and prepared cost estimates based on a variety of methods, including past experience, knowledge of industry, and by formal and informal cost estimates from professionals.

Project Evaluation and Analysis

Currently Fire and EMS trucks are dragging or "bottoming out" when they depart the Fire/EMS station. This is a result of new apparatus which has become larger and heavier over time, as well as the road surface being raised as a result of repaving of HWY 52 in Lake City. A metal gutter plate has been designed that would be placed between the driveway and highway surface to reduce the grade issue and therefore prevent the Fire and EMS apparatus from being damaged. Staff also reviewed the possibility of milling down portions of the road and removing existing drainage systems to decrease grade but these alternatives may not be effective and were much more costly. Project method has been reviewed with SCDOT and received preliminary approval as a method to remedy the issue.

Project Financial Summary

Install 1"x 6" steel gutter plate 100' in length	\$	24,000.00
Paint		\$1,500

Total Cost	\$	25,500.00
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See attached estimate and Pictures