

ORDINANCE NO. 269.2015

AN ORDINANCE AUTHORIZING PURSUANT TO CHAPTER 44 OF TITLE 12, AND CHAPTER 1 OF TITLE 4, SOUTH CAROLINA CODE OF LAWS, 1976, AS AMENDED, THE EXECUTION AND DELIVERY OF A FEE AGREEMENT BETWEEN KERSHAW COUNTY, SOUTH CAROLINA, KERSHAW HOSPITAL, LLC, KERSHAW CLINICS, LLC, AND KERSHAWHEALTH; THE APPLICATION OF AN INFRASTRUCTURE CREDIT TO FEE-IN-LIEU OF TAX PAYMENTS; AND MATTERS RELATING THERETO.

WHEREAS, Kershaw County, a public body corporate and politic organized under the laws of the State of South Carolina (the "County"), acting by and through its County Council (the "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 (the "FILOT Statute"), and Title 4, Chapter 1, Code of Laws of South Carolina, 1976, as amended (the "MCIP Statute"), to enter into agreements with any industry or commercial enterprise whereby the industry or commercial enterprise would pay fees-in-lieu-of taxes with respect to qualified projects, and to provide credits against such payments as reimbursement to an industry or commercial enterprise for the costs of qualified infrastructure with respect to such projects; through which powers the 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;

WHEREAS, Kershaw Health, LLC and Kershaw Clinics, LLC (collectively, the "Companies") are in negotiations with KershawHealth, a South Carolina hospital special purpose district, to acquire, by purchase and long-term lease, KershawHealth Medical Center and certain other health care facilities operated by KershawHealth (collectively with the Hospital, the "Project");

WHEREAS, in order to induce the Companies to acquire, operate and invest in the Project, the County, acting through the Council, has, by a September 8, 2015 Inducement Agreement between the County and the Companies, agreed to enter into a fee agreement providing for payments of fees-in-lieu of taxes and for certain credits against such payments of fees-in-lieu of taxes;

WHEREAS, the County recognizes that KershawHealth (although exempt from property tax), as the lessor of certain project real property, is an appropriate party to the fee agreement;

WHEREAS, the County has determined and found after considering all relevant factors and criteria as prescribed by law, and based on information supplied by the Companies, that the Project is anticipated to benefit the general public welfare of the County by providing services, employment, recreation or other public benefits not otherwise provided locally; and that the Project will not give rise to any pecuniary liability of the County or any incorporated municipality or a charge against the general credit or taxing power of either; that the purposes to be accomplished by the Project are proper governmental and public purposes; that the inducement of the location or expansion of the Project within the County and State is of paramount importance; and that the benefits of the Project will be greater than the costs; and

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WHEREAS, the County has determined on the basis of the information supplied to it by the Companies that the Project would be a "project" as that term is defined in the FILOT Statute and the MCIP Statute and that the Project would serve the purposes of the FILOT Statute and the MCIP Statute, and the County desires to induce the Companies to acquire and continue to operate the Project in the County.

WHEREAS, there has been prepared and presented to this meeting of the County Council the proposed form of a fee agreement between the County, and the Companies, and KershawHealth (the "Fee Agreement");

WHEREAS, it appears that the Fee Agreement now before this meeting is in appropriate form and is an appropriate instrument to be executed and delivered or approved by the County for the purposes intended;

WHEREAS, as further inducement to the Company, the County has established or will establish with an adjoining county a Multi-County Industrial Park (the "MCIP"), and has agreed to use its best efforts to include and maintain certain of the Project sites therein under MCIP Statute as more specifically provided in the Fee Agreement;

WHEREAS, under the provisions of Sections 4-1-175 of the Code of Laws of South Carolina, 1976, as amended, and Section 12-44-70 of the FILOT Statute (collectively, the "Infrastructure Law"), the County is authorized to use revenues received from payments of fees-in-lieu of taxes under the Infrastructure Law, the FILOT Statute and/or the MCIP Statute for the purpose of defraying a portion of the cost of designing, acquiring, constructing, improving or expanding the infrastructure serving the County and for improved or unimproved real property, buildings and structural components of buildings and, in certain circumstances (as described in the Fee Agreement) personal property used in the operation of a manufacturing or commercial enterprise in order to enhance the economic development of the County ("Infrastructure"); and

WHEREAS, pursuant to the Fee Agreement, the County is using a portion of the above aforementioned payments for the purpose of defraying the costs of designing, acquiring, constructing, improving or expanding certain Infrastructure serving the County or the Project as permitted by the Infrastructure Law (the "Project Infrastructure") by providing certain credits (as defined in the Fee Agreement, the "Annual Credit") against payments of fees-in-lieu of taxes to be made concerning the Project pursuant to the Infrastructure Law, the FILOT Statute and/or the MCIP Statute.

NOW, THEREFORE, BE IT ORDAINED by the County Council in meeting duly assembled as follows:

Section 1. Pursuant to the FILOT Statute and particularly Section 12-44-40(I) thereof, the County Council has made and hereby makes the following findings on the basis of the information supplied to it by the Companies:

(a) The Project constitutes a "project" as said term is referred to and defined in Section 12-44-30 of the FILOT Statute;

(b) It is anticipated that the Project will benefit the general public welfare of the County by providing services, employment and other public benefits not otherwise adequately provided locally;

(c) Neither the Project nor any documents or agreements entered into by the County in connection therewith will give rise to any pecuniary liability of the County or incorporated municipality or to any charge against their general credit or taxing power;

(d) The purposes to be accomplished by the Project are proper governmental and public purposes;

(e) The benefits of the Project will be greater than the costs; and

(f) 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, within the meaning of the FILOT Statute.

Section 2. In order to promote industry, develop trade and utilize the manpower, agricultural products and natural resources of the State of South Carolina, the form, terms and provisions of the Fee Agreement which is before this meeting and filed with the Clerk to County Council are hereby approved and all of the terms, provisions and conditions thereof are hereby incorporated herein by reference as if the Fee Agreement was set out in this Ordinance in its entirety. The County Administrator is hereby authorized, empowered and directed to execute, acknowledge and deliver the Fee Agreement on behalf of the County to the Company. The Fee Agreement is to be in substantially the form now before this meeting and hereby approved, or with such changes therein as shall be approved, upon advice of counsel, 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 County Administrator and the Clerk to County Council, for and on behalf of the County, are hereby each 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. In consideration of the investment in the Project and the Project Infrastructure made by the Company pursuant to the Infrastructure Law and for the purpose of defraying the cost of the Project Infrastructure, the County Council hereby determines and approves that beginning with respect to the property tax year after the year in which Project property is first placed in service, the Companies automatically shall be entitled, subject to the provisions and requirements contained in the Fee Agreement, to receive and take the Annual Credit against any fee-in-lieu of tax payments with respect to the Project payable by the Companies under one or more of the FILOT Statute, the Infrastructure Law and the MCIP Statute in an amount equal to the Annual Credit, as set forth in the Fee Agreement. In order to ensure that the Company receives the full benefit of the Annual Credit, the County Council hereby (i) authorizes an expansion of one or more existing MCIPs, and/or the creation of one or more new MCIPs, to include certain of the Project sites as set forth in the Fee Agreement; (ii) determines and agrees that such MCIPs shall not be terminated or, to the extent within the control of the County Council, be allowed to be terminated, during the term of the Fee Agreement; and (iii) further determines and agrees that, in the event that the MCIP is terminated for any reason prior to the end of such term, the County Council will use its best efforts to promptly take such steps as may be necessary or appropriate to cause the County to place the affected Project sites in another qualifying Multi-County Industrial Park in order that the Company will receive the full benefit of the Annual Credit.

Section 5. The consummation of all transactions contemplated by the Fee Agreement is hereby approved and authorized.

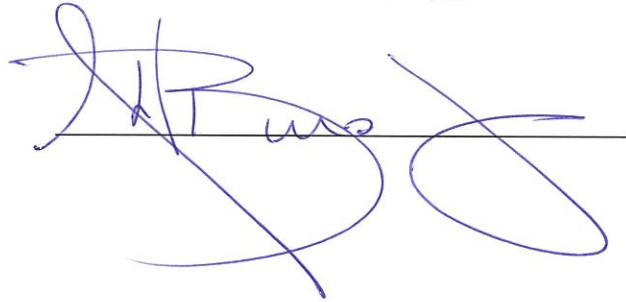
Section 6. This Ordinance shall be construed and interpreted in accordance with the laws of the State of South Carolina.

Section 7. The provisions of this Ordinance are hereby declared to be separable and if any section, phrase or provision 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.

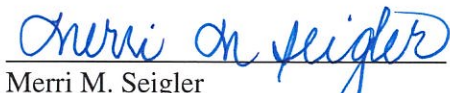
Section 8. All orders, resolutions, ordinances and parts thereof in conflict herewith are, to the extent of such conflict, hereby repealed and this Ordinance shall take effect and be in full force from and after its passage and approval.

DONE, RATIFIED AND ADOPTED this 27th day of October, 2015.

KERSHAW COUNTY COUNCIL



ATTEST:


Merri M. Seigler
Clerk to Kershaw County Council

First Reading:	June 23, 2015
Second Reading:	October 13, 2015
Public Hearing:	October 27, 2015
Third Reading:	October 27, 2015

STATE OF SOUTH CAROLINA)
)
COUNTY OF KERSHAW)

I, the undersigned, Clerk to County Council of Kershaw County ("County Council") DO HEREBY CERTIFY:

That the foregoing constitutes a true, correct and verbatim copy of an Ordinance adopted by the County Council. The Ordinance was read and received a favorable vote at three public meetings of the County Council on three separate days. At least one day passed between first and second reading and at least seven days between second and third reading. At each meeting, a quorum of the County Council was present and remained present throughout the meeting.

IN WITNESS WHEREOF, I have hereunto set my Hand and the Seal of Kershaw County Council, South Carolina, as of this 20th day of October, 2015.

Cherri Anfigler
Clerk to Kershaw County Council
Kershaw County, South Carolina

FEE AGREEMENT

AMONG

KERSHAW COUNTY, SOUTH CAROLINA

AND

KERSHAW HOSPITAL, LLC,

KERSHAW CLINICS, LLC

AND

KERSHAWHEALTH

DATED
AS OF
October 28, 2015

TABLE OF CONTENTS

	PAGE
ARTICLE I WAIVER OF RECAPITULATION; DEFINITIONS	2
SECTION 1.1 WAIVER OF STATUTORILY REQUIRED RECAPITULATION	2
SECTION 1.2 RULES OF CONSTRUCTION; USE OF DEFINED TERMS.....	2
SECTION 1.3 DEFINITIONS	2
ARTICLE II LIMITATION OF LIABILITY; INDUCEMENT	5
SECTION 2.1 LIMITATION OF LIABILITY.....	5
SECTION 2.2 INDUCEMENT.....	6
ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS.....	6
SECTION 3.1 REPRESENTATIONS AND WARRANTIES OF THE COUNTY	6
SECTION 3.2 COVENANTS BY THE COUNTY	7
SECTION 3.3 REPRESENTATIONS AND WARRANTIES OF THE COMPANY, THE SPONSOR AFFILIATE, AND KERSHAWHEALTH	7
ARTICLE IV ACQUISITION OF PROJECT; FACILITIES; MODIFICATIONS	9
SECTION 4.1 PROJECT; FACILITIES	9
SECTION 4.2 MODIFICATIONS TO FACILITIES	10
ARTICLE V PAYMENTS-IN-LIEU-OF-TAXES; DISPOSITION OF PROPERTY; REPLACEMENT PROPERTY; FEE TERM; ADDITIONAL INVESTMENTS; MINIMUM INVESTMENT	10
SECTION 5.1 PAYMENTS-IN-LIEU-OF-TAXES	10
SECTION 5.2 ANNUAL CREDIT.....	11
SECTION 5.3 NET AMOUNT OF ANNUAL PAYMENTS BY COMPANY; ADDITIONAL INVESTMENTS; MINIMUM INVESTMENT	11
SECTION 5.4 DISPOSAL OF PROPERTY; REPLACEMENT PROPERTY.....	12
SECTION 5.5 FEE TERM	13
SECTION 5.6 CERTAIN SPONSOR AFFILIATE PAYMENT MATTERS	13
SECTION 5.7 KERSHAWHEALTH.....	13
SECTION 5.8 OTHER TAX INCENTIVES	14
ARTICLE VI EFFECTIVE DATE	14
SECTION 6.1 EFFECTIVE DATE	14
ARTICLE VII SPECIAL COVENANTS.....	14
SECTION 7.1 CONFIDENTIALITY/LIMITATION ON ACCESS TO FACILITIES	14
SECTION 7.2 INDEMNIFICATION OF COUNTY	14
SECTION 7.3 ASSIGNMENT AND LEASING.....	15
SECTION 7.4 SPONSOR AFFILIATES	16
ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES.....	16
SECTION 8.1 EVENTS OF DEFAULT DEFINED	16

SECTION 8.2 *COUNTY REMEDIES ON DEFAULT BY THE COMPANIES OR
KERSHAWHEALTH*.....17

SECTION 8.3 *REMEDIES ON DEFAULT BY THE COUNTY*17

SECTION 8.4 *NO REMEDY EXCLUSIVE*17

SECTION 8.5 *NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER*17

ARTICLE IX *COMPANY OPTION TO TERMINATE*.....18

SECTION 9.1 *COMPANY OPTION TO TERMINATE*18

ARTICLE XI *MISCELLANEOUS*18

SECTION 10.1 *NOTICES*18

SECTION 10.2 *BINDING EFFECT*.....19

SECTION 10.3 *RESCISSION AND SEVERABILITY*19

SECTION 10.4 *PAYMENTS DUE ON SATURDAY, SUNDAY AND HOLIDAYS*20

SECTION 10.5 *AMENDMENTS, CHANGES AND MODIFICATIONS*.....20

SECTION 10.6 *EXECUTION OF COUNTERPARTS*20

SECTION 10.7 *LAW GOVERNING CONSTRUCTION OF FEE AGREEMENT*20

SECTION 10.8 *FILINGS*20

SECTION 10.9 *HEADINGS*.....21

SECTION 10.10 *FURTHER ASSURANCE*21

SECTION 10.11 *PAYMENT OF CERTAIN COUNTY EXPENSES FOR COUNTY’S OUTSIDE LEGAL
COUNSEL*21

EXHIBIT A *DESCRIPTION OF LAND*..... I

EXHIBIT B *JOINDER AGREEMENT* II

FEE AGREEMENT

THIS FEE AGREEMENT (the "**Fee Agreement**") is made and entered into as of October 27, 2015, by and among KERSHAW 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 its County Council (the "**County Council**") as governing body of the County; KERSHAW HOSPITAL, LLC, a South Carolina limited liability company (the "**Company**"); KERSHAW CLINICS, LLC, a South Carolina limited liability company (the "**Sponsor Affiliate**") (the Company and the Sponsor Affiliate are sometimes collectively referred to herein as the "**Companies**"); and KERSHAWHEALTH, a South Carolina hospital special purpose district (the Companies and KershawHealth are sometimes collectively referred to herein as the "**Health Entities**," and the Health Entities and the County are sometimes collectively referred to herein as the "**Parties**").

WITNESSETH:

WHEREAS, the County, acting by and through the 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 (the "**Act**"), Article VIII, Section 13, paragraph D of the Constitution of the State of South Carolina 1895, as amended, and Title 4, Chapter 1, Code of Laws of South Carolina, 1976, as amended (the "**MCIP Law**"), to enter into agreements with any industry or commercial enterprise whereby the industry or commercial enterprise would pay fees-in-lieu-of taxes with respect to qualified projects, and to provide credits against such payments as reimbursement to an industry or commercial enterprise for the costs of qualified infrastructure with respect to such projects; through which powers the development of 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;

WHEREAS, the County, acting through the Council has, by a September 8, 2015 Inducement Agreement between the County and the Companies, committed to enter into a fee agreement providing for payments of fees-in-lieu of taxes and providing certain credits against such payments of fees-in-lieu of taxes;

WHEREAS, the Companies are in negotiations with KershawHealth to acquire, by purchase and long-term lease (the "**Acquisition**"), KershawHealth Medical Center (the "**Hospital**") and certain other health care facilities operated by KershawHealth (collectively with the Hospital, the "**Facilities**");

WHEREAS, the County desires to induce the Companies to make the Acquisition and to continue to operate and invest in the Facilities, and to make significant additional investments therein;

WHEREAS, the Parties recognize that KershawHealth, as the lessor of certain Facilities real property, is an appropriate party to this Fee Agreement, even though KershawHealth is exempt from property taxes;

WHEREAS, it is anticipated that the Companies, in addition to the Acquisition Costs, will invest \$55 million in taxable property in the County (without regard to whether some or all of the investment is included as economic development property under the Act but excluding property tax-exempt investments);

WHEREAS, pursuant to an Ordinance adopted on October 27, 2015 (the “**Ordinance**”), as an inducement to the Company to acquire and operate the Facilities, and in consideration of the investment expectations listed above, the County Council authorized the County to enter into a fee agreement with the Companies concerning the Facilities;

WHEREAS, the Parties desire to enter into this Fee Agreement regarding the Facilities (as defined in Section 1.3 hereof);

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

**ARTICLE I
WAIVER OF RECAPITULATION; DEFINITIONS**

SECTION 1.1. *Waiver of Statutorily Required Recapitulation.* Pursuant to Section 12-44-55(B) of the Act, the Parties waive any and all compliance with any and all of the provisions, items or requirements of Section 12-44-55. If the Company should be required to retroactively comply with the recapitulation requirements of Section 12-44-55, then the County agrees, to the extent permitted by law, to waive all penalties and fees for the Company's noncompliance.

SECTION 1.2. *Rules of Construction; Use of Defined Terms.* Unless the context clearly indicates otherwise, in this Fee Agreement words and terms defined in Section 1.3 hereof are used with the meanings ascribed thereto. The definition of any document or statute shall include any amendments to that document or statute, unless the context clearly indicates otherwise.

From time to time herein, reference is made to the term taxes or ad valorem taxes. All or portions of the Facilities are or will be located in a Multi-County Industrial Park and, as such, are or will be exempt from ad valorem taxation under and by virtue of the provisions of the MCIP Law. With respect to Facilities located in a Multi-County Industrial Park, references to taxes or ad valorem taxes means the payments-in-lieu-of-taxes provided for in the MCIP Law.

SECTION 1.3. *Definitions.*

“**Act**” means Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as in effect on the date hereof, as the same may be amended from time to time.

“**Acquisition**” means the acquisition of certain health care facilities and equipment from KershawHealth by the Companies pursuant to a _____, 2015 Asset Purchase Agreement

between KershawHealth and the Company and the _____, 2015 Lease Agreement between KershawHealth and the Company.

“Acquisition Costs” means the costs to the Companies of the Acquisition.

“Annual Credit” means an annual credit against Payments-in-Lieu-of-Taxes as described in Section 5.2 hereof, which credit is granted by the County to the Companies for the purpose of defraying a portion of the cost of the Infrastructure Improvements pursuant to one or more of the Act, the Infrastructure Law and the MCIP Law.

“Chair” means the Chair of County Council (or the person or persons authorized to perform the duties thereof in the absence of the Chair).

“Company” means Kershaw Hospital, LLC, a South Carolina limited liability company, and its successors and assigns.

“Companies” means Kershaw Hospital, LLC and Kershaw Clinics, LLC.

“Company Affiliates” means one or more entities, now existing or to be formed in the future, which control, are controlled by, or are under common control with, the Companies. “Company Affiliates” includes Medical Properties Trust, Inc., and its affiliated entities.

“County” means Kershaw County, South Carolina, and its successors and assigns.

“County Administrator” means the County Administrator of the County (or person or persons authorized to perform the duties thereof in the absence of the County Administrator).

“County Council” means the County Council of the County.

“Documents” means the Ordinance and this Fee Agreement.

“DOR” means the South Carolina Department of Revenue and any successor thereto.

“Equipment” means all machinery, apparatus, equipment, fixtures, office facilities, furnishings and other personal property located at the Site to the extent such property becomes a part of the Project under this Fee Agreement.

“Event of Default” means any Event of Default specified in Section 8.1 of this Fee Agreement.

“Facilities” means the KershawHealth Medical Center and certain other health care facilities previously operated by KershawHealth in the County that are being acquired from KershawHealth by the Companies pursuant to the Acquisition, together with additional investments to be made during the Investment Period in or at the locations of such purchased or leased facilities. “Facilities” shall include (i) all property included within the definition of “Project,” and also (ii) any additional property located at the Sites that, for whatever reason, does not qualify as economic development property under the Act and therefore does not fall within the definition of “Project” as set forth herein.

“Fee Agreement” means this Fee Agreement dated as of October 27, 2015, between the County, the Companies, and KershawHealth.

“Fee Term” means the duration of this Fee Agreement with respect to each Stage of the Project as specified in Section 5.4 hereof.

“Health Entities” means the Company (KershawHealth, LLC), the Sponsor Affiliate (Kershaw Clinics, LLC) and KershawHealth.

“Hospital” means the KershawHealth Medical Center in Camden, South Carolina.

“Improvements” means improvements to the Real Property together with any and all additions, accessions, expansions, replacements and substitutions thereto or therefor, and all fixtures now or hereafter attached thereto, to the extent such additions, accessions, replacements, and substitutions and fixtures become part of the Project under this Fee Agreement.

“Inducement Agreement” means the Inducement Agreement between the County and the Company dated as of September 8, 2015.

“Infrastructure Improvements” means the designing, acquiring, constructing, improving or expanding of the infrastructure serving the Facilities or the County and improved or unimproved real estate, buildings and structural components of buildings used in the operation of the Facilities, in accordance with one or more of the provisions of the Infrastructure Law. “Infrastructure Improvements” shall not include any personal property or any costs relating to same, unless the Company provides written notice to the County to so include personal property.

“Infrastructure Law” means the provisions of Section 4-1-175 of the Code of Laws of South Carolina, 1976, as amended, and/or Section 12-44-70 of the Act.

“Investment Period” means the period beginning on January 1, 2015, and ending on December 31, 2025, based on the five-year statutory base period plus the five-year extension thereof that is allowed by the Act and hereby provided by the County.

“KershawHealth” is a South Carolina hospital special purpose district.

“MCIP Law” means the provisions of Article VIII, Section 13, Paragraph D of the Constitution of the State of South Carolina 1895, as amended, and Section 4-1-170 of the Code of Laws of South Carolina, 1976, as amended.

“Multi-County Industrial Park” or **“MCIP”** means an industrial or business park established by two or more counties acting under the provisions of the MCIP Law.

“Ordinance” means the Ordinance adopted by the County on October 27, 2015, authorizing this Fee Agreement.

“Parties” means, collectively, the County, the Company, the Sponsor Affiliate, and KershawHealth, and **“Party”** means any one of the Parties.

“Payments-in-Lieu-of-Taxes” means the payments to be made by the Company pursuant to Sections 5.1 and 5.3 of this Fee Agreement.

“Project” means the Equipment, Improvements, and Real Property, together with the acquisition, construction, installation, design and engineering thereof which are eligible for inclusion as economic development property under the Act and become subject to this Fee Agreement. For purposes of this Fee Agreement, the Parties agree that Project property shall consist of such property so identified by the Company (directly or on behalf of the Sponsor Affiliate) in connection with its annual filing with the DOR of a DOR Form PT-300, or such comparable form, and with such schedules as the DOR may provide in connection with projects subject to the Act (as such filing may be amended or supplemented from time to time) for each year within the Investment Period.

“Real Property” means the land identified on Exhibits A hereto, together with all and singular rights, members, hereditaments and appurtenances belonging or in any way incident or appertaining thereto; all Improvements now or hereafter situated thereon; and all fixtures now or hereafter attached thereto, to the extent such Improvements and fixtures become part of the Project under this Fee Agreement.

“Replacement Property” means any property acquired or constructed after the Investment Period as a replacement for any property theretofore forming a part of the Project and disposed of, or deemed disposed of, as provided in Section 5.4 hereof.

“Sites” means the sites at which the Facilities are located in the County and shall include (i) the land identified on Exhibit A hereto, and (ii) future sites in the County, which future sites must be approved by the County in order to be added to this Fee Agreement, and shall be noted on supplements to Exhibit A.

“Sponsor Affiliate” means Kershaw Clinics, LLC, and its successors and assigns. “Sponsor Affiliate” shall also mean any additional entities that are added as parties to this Fee Agreement pursuant to Section 7.4 hereof.

“Stage” in respect of the Project means the year in which Equipment, Improvements and Real Property, if any, are placed in service during each year of the Investment Period.

“State” means the State of South Carolina.

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

ARTICLE II LIMITATION OF LIABILITY; INDUCEMENT

SECTION 2.1. *Limitation of Liability.* Any obligation which the County may incur for the payment of money as a result of the transactions described in the Documents shall never constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory

limitation and shall never create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under the documents.

SECTION 2.2. *Inducement.* The County and the Companies acknowledge that pursuant to the Act, upon execution of this Fee Agreement no part of the Project will be subject to ad valorem property taxation in the State, and that this factor, among others, has induced the Company to enter into this Fee Agreement.

ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 3.1. *Representations and Warranties of the County.* The County makes the following representations and warranties to the Health Entities and covenants with the Health Entities as follows:

(a) The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the Act to execute the Documents to which it is a party and to fulfill its obligations described in the Documents. By proper action, the County Council has duly authorized the execution and delivery of the Documents to which the County is a party and has taken all such action as is necessary to permit the County to enter into and fully perform the transactions required of it under the Documents.

(b) Neither the execution and delivery of the Documents, nor the consummation and performance of the transactions described in the Documents, to the best knowledge of the County Administrator, violate, conflict with or will result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the County is now a party or by which it is bound.

(c) None of the proceedings taken to authorize the execution, delivery and performance of such of the Documents as require execution, delivery and performance by the County has been repealed, revoked, amended or rescinded.

(d) All consents, authorizations and approvals required on the part of the County in connection with the execution, delivery and performance by the County of such of the Documents as require execution, delivery and performance by the County have been obtained and remain in full force and effect as of the date hereof or will be obtained.

(e) The Documents to which the County is a party are (or, when executed, will be) legal, valid and binding obligations of the County enforceable against the County in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(f) Based on information supplied by the Company, the Project constitutes a "project" within the meaning of the Act.

(g) 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 3.2. *Covenants by the County.* The County covenants with the Health Entities as follows:

(a) The County agrees to do all things reasonably necessary in connection with this Fee Agreement, including but not limited to performance of its obligations in the Documents and in accordance with the Act, all for the purposes of promoting industrial development, developing trade, and utilizing and employing the manpower and natural resources of the County and the State.

(b) The County has placed or, by December 31, 2015, will place those Sites located in the City of Camden, or located in the County but not within the city limits of any other municipality, in a Multi-County Industrial Park and agrees to use its best efforts to maintain the Sites in such Multi-County Industrial Park for the term of this Fee Agreement.

SECTION 3.3. *Representations and Warranties of the Company, the Sponsor Affiliate, and KershawHealth.*

(a) The Company makes the following representations and warranties to the County and KershawHealth:

(i) The Company is a limited liability company duly organized and validly existing under the laws of the State of South Carolina. The Company has full corporate power to execute the Documents to which it is a party and to fulfill its obligations described in the Documents and, by proper corporate action, has authorized the execution and delivery of the Documents to which it is a party.

(ii) Neither the execution and delivery of the Documents to which the Company is a party, nor the consummation and performance of the transactions described in the Documents violate, conflict with, or will, to its knowledge, result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the Company is now a party or by which it is bound.

(iii) All consents, authorizations and approvals required on the part of the Company in connection with the Documents and the transactions contemplated thereby have been obtained and remain in full force and effect or will be obtained unless the failure to have or obtain such consent, authorization or approval does not have a material adverse effect on the Company.

(iv) The Documents to which the Company is a party are (or, when executed, will be) legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(v) The Company intends to invest, together with the Sponsor Affiliate, in addition to the Acquisition Costs, approximately \$55 million in real and personal property

(which investment may include, without limitation, investments in infrastructure and renovations) in or at the Facilities and/or at other locations in the County during the Investment Period. The Company intends to make, together with the Sponsor Affiliate, at least \$10 million of such \$55 million investment at the primary Hospital site in Camden, South Carolina.

(b) The Sponsor Affiliate makes the following representations and warranties to the County and KershawHealth:

(i) The Sponsor Affiliate is a limited liability company duly organized and validly existing under the laws of the State of South Carolina. The Sponsor Affiliate has full corporate power to execute the Documents to which it is a party and to fulfill its obligations described in the Documents and, by proper action, has authorized the execution and delivery of the Documents to which it is a party.

(ii) To Sponsor Affiliate's knowledge, neither the execution and delivery of the Documents to which the Sponsor Affiliate is a party, nor the consummation and performance of the transactions described in the Documents violate, conflict with, or will result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the Sponsor Affiliate is now a party or by which it is bound.

(iii) All consents, authorizations and approvals required on the part of the Sponsor Affiliate in connection with the Documents and the transactions contemplated thereby have been obtained and remain in full force and effect or will be obtained unless the failure to have or obtain such consent, authorization or approval does not have a material adverse effect on the Sponsor Affiliate.

(iv) The Documents to which the Sponsor Affiliate is a party are (or, when executed, will be) legal, valid and binding obligations of the Sponsor Affiliate enforceable against the Sponsor Affiliate in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(v) The Sponsor Affiliate intends to invest, together with the Company, in addition to the Acquisition Costs, approximately \$55 million in real and personal property (which investment may include, without limitation, investments in infrastructure and renovations) in or at the Facilities and/or at other locations in the County during the Investment Period. The Sponsor Affiliate intends to make, together with the Company, at least \$10 million of such \$55 million investment at the primary Hospital site in Camden, South Carolina.

(c) KershawHealth makes the following representations and warranties to the County and the Companies:

(i) KershawHealth is a duly organized and validly existing hospital public service district under the laws of the State of South Carolina. KershawHealth has full corporate power to execute this Fee Agreement and to fulfill its obligations hereunder and, by Resolution adopted by the Board of Trustees of KershawHealth on August 31, 2015

("KershawHealth Resolution"), has authorized the execution and delivery of "any other documents required by the Transaction Documents as such term is defined in the KershawHealth Resolution."

(ii) Neither the execution and delivery of this Fee Agreement, nor the consummation and performance of the transactions described herein violate, conflict with, or will, to its knowledge, result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which KershawHealth is now a party or by which it is bound.

(iii) All consents, authorizations and approvals required on the part of KershawHealth in connection with this Fee Agreement have been obtained and remain in full force and effect or will be obtained unless the failure to have or obtain such consent, authorization or approval does not have a material adverse effect on KershawHealth.

(iv) This Fee Agreement is (or, when executed, will be) a legal, valid and binding obligations of KershawHealth enforceable against KershawHealth in accordance with its terms, except as such terms may be limited by laws affecting creditors' rights generally.

ARTICLE IV ACQUISITION OF PROJECT; FACILITIES; MODIFICATIONS

SECTION 4.1. *Project; Facilities.*

(a) The Companies have acquired, constructed or installed or made plans for the acquisition, construction or installation of certain economic development property that comprises the Project.

(b) Pursuant to the Act, the Parties hereby agree that all qualifying property comprising the Project shall be economic development property as defined under the Act. In accordance with Section 12-44-110 of the Act, the property being purchased or leased by the Companies from KershawHealth will qualify as economic development property under the Act for two separate and independent reasons: (i) such property has not previously been subject to property tax; and/or (ii) the Company will make an additional investment of at least \$45 million in the Project. However, to the extent authorized by law, the parties recognize and agree that the annual payment to be made under Section 5.3(a) hereof shall apply, whether or not all, some, or none of the Facilities qualify as economic development property under the Act and thus fall within the definition of "Project" under this Fee Agreement.

(c) Notwithstanding any other provision of this Fee Agreement, the Companies may place real property and/or personal property into service at any time under this Fee Agreement, but only property placed into service during the Investment Period (and Replacement Property) will qualify as economic development property under the Act.

(d) The Parties recognize that the Companies may make new investments at, or relocate existing investments to, sites in the County other than the Sites at which the Facilities are located as of the date of this Fee Agreement. The County hereby agrees to consider any request by the Company to modify this Fee Agreement so as to include such additional sites.

SECTION 4.2. *Modifications to Facilities.* Subject to compliance with applicable laws, the Companies may make or cause to be made from time to time any additions, modifications or improvements to the Facilities that they may deem desirable for their business purposes.

ARTICLE V

PAYMENTS-IN-LIEU-OF-TAXES; DISPOSITION OF PROPERTY; REPLACEMENT PROPERTY; FEE TERM; ADDITIONAL INVESTMENTS; MINIMUM INVESTMENT

SECTION 5.1. *Payments-in-Lieu-of-Taxes.* The Parties acknowledge that under the Act, the Project is exempt from ad valorem property taxes for so long as such property is subject to this Fee Agreement. However, the Company shall be required to make the Payments-in-Lieu-of-Taxes with respect to the Project as provided in this Section and in Section 5.3 hereof. Subject to Section 5.3 hereof and in accordance with the Act, the Company (on its own behalf and, pursuant to Section 5.6 hereof, on behalf of the Sponsor Affiliate) shall make annual Payments-in-Lieu-of-Taxes with respect to the Project, said payments being due and payable and subject to penalty assessments in the manner prescribed by the Act. Such amounts shall be calculated and payable as follows:

(a) Subject to Section 5.3, the Company (on its own behalf and, pursuant to Section 5.6 hereof, on behalf of the Sponsor Affiliate) shall make annual Payments-in-Lieu-of-Taxes with respect to the Project in an amount equal to the property taxes that would be due with respect to such property, if it were taxable, but using an assessment ratio of 6.0% and the millage rate, with respect to each of the Sites, equal to the legally levied cumulative property tax millage rate applicable to such Site on June 30, 2015. Subject in all events to the provisions of the Act, the fair market value of the Project shall be determined as follows:

- (i) for real property, (A) if the real property is constructed for the fee or is purchased in an arm's length transaction, using the original income tax basis for South Carolina income tax purposes without regard to depreciation; (B) otherwise, the real property must be reported at its fair market value for ad valorem property taxes as determined by appraisal; and
- (ii) for personal property, using the original income tax basis for South Carolina income tax purposes less depreciation allowable for property tax purposes, except that the Company is not entitled to extraordinary obsolescence.

(b) The Payments-in-Lieu-of-Taxes shall be made on the basis that the Project property, if it were otherwise subject to ad valorem property taxes, would be allowed all applicable exemptions from those taxes, except for the exemptions allowed under Section 3(g) of Article X of the South Carolina Constitution and Section 12-37-220(B)(32) and (34) of the Code of Laws of South Carolina, 1976, as amended.

(c) Any property placed in service as part of the Project during the Investment Period shall, in accordance with Section 5.5 hereof, be included in the calculation of payments pursuant to subsections (a) and (b) above for a period not exceeding 40 years following the year in which such property is placed in service. Pursuant to and subject to the Act, (i) Replacement Property shall be included (using its income tax basis) in the calculation of payments pursuant to subsections (a), (b) and (c), above, but only up to the original income tax basis of property which is being disposed of in

the same property tax year; (ii) to the extent that the income tax basis of the Replacement Property exceeds the original income tax basis of the property which it is replacing, the portion of such property allocable to the excess amount shall be subject to annual payments calculated as if the exemption for economic development property under the Act were not allowed; (iii) more than one piece of Replacement Property can replace a single piece of economic development property; (iv) Replacement Property does not have to serve the same function as the property it is replacing; (v) Replacement Property is entitled to the Payments-in-Lieu-of-Taxes pursuant to subsections (a) and (b) above for the period of time remaining on the 40-year period for the property which it is replacing; and (vi) Replacement Property is deemed to replace the oldest property subject to this Fee Agreement, whether real or personal, which is disposed of in the same property tax year as the Replacement Property is placed in service.

SECTION 5.2. *Annual Credit.*

(a) The County shall provide an annual credit against the Payments-in-Lieu-of-Taxes set forth in Section 5.1 hereof (the “**Annual Credit**”), in the dollar amounts necessary to produce the net Payments-in-Lieu-of-Taxes set forth in Section 5.3 hereof.

(b) The County is providing the Annual Credit to the Company for the purpose of defraying a portion of the cost of the Infrastructure Improvements. The Annual Credit shall be available under this Section only to the extent that, as of the date that any Annual Credit is to be applied, the total cost of the Infrastructure Improvements is at least equal to the aggregate dollar amount of (i) any Annual Credit previously provided and (ii) any Annual Credit to be provided for the year in question. Upon request of the County, the Company shall provide documentation to the County reflecting the cost of the Infrastructure Improvements.

(c) If, as a result of the limitations set forth in subsection (b) of this Section or otherwise, the full amount of the Annual Credit provided for a particular year cannot be legally applied in such year, then, at the County’s sole discretion and to the extent authorized by law, the unapplied amount of such Annual Credit shall be carried forward and applied in the first subsequent year in which such carryforward amount can be legally applied.

SECTION 5.3. *Net Amount of Annual Payments by Company; Additional Investments; Minimum Investment.*

(a) The Company (on its own behalf and on behalf of the Sponsor Affiliate) shall make net Payments-in-Lieu-of-Taxes (after applying the Annual Credit) to the County with respect to the Facilities annually by March 31 of each year during the term of this Fee Agreement, beginning on March 31, 2016, as follows:

- (i) \$925,000 in 2016, 2017, 2018, 2019, 2020, 2021, and 2022.
- (ii) Beginning 2023, payments will increase from the amount of the 2022 payment by 1% annually, for the remaining term of this Fee Agreement.

The final net Payment-in-Lieu-of-Taxes shall be due on March 31, 2066, which is 40 years and three months after the December 31, 2025 end of the Investment Period.

(b) The Company agrees to make each of its net Payments-in-Lieu-of-Taxes by March 31 of the property tax year to which such payment relates, rather than, as otherwise provided by law, by January 15 of the following year. Thus, for example, with respect to Facilities owned or leased by the Company as of December 31, 2015, the Company agrees to make the applicable net Payment-in-Lieu-of-Taxes (for property tax year 2016) by March 31, 2016, rather than, as would otherwise be required under applicable law, by January 15, 2017.

(c) The net Payments-in-Lieu-of-Taxes to be made by the Company pursuant to this Section will satisfy the Payments-in-Lieu-of-Taxes or property taxes due from the Companies to the County or to any municipality or other political subdivision of the County with respect to the Facilities.

(d) If for any reason the amount of an annual net Payment-in-Lieu-of-Taxes as set forth in subsection (a) of this Section is greater than the amount that the Payment-in-Lieu-of-Taxes for such year would be pursuant to Section 5.1 hereof, then the Company shall be required to make the net Payment-in-Lieu-of-Taxes for such year in the greater amount set forth in subsection (a) of this Section.

(e) Subject only to subsection (f) of this Section, the Companies shall be entitled to relocate personal property from one Facilities site to another Facilities site (at any time during the term of this Fee Agreement) and to add to real and personal property investments at the Facilities sites (during the Investment Period) without increasing the amount of the annual net Payments-in-Lieu-of-Taxes set forth in subsection (a) of this Section.

(f) If the Companies invest, in addition to the Acquisition Costs, more than \$65 million in real and personal property in the County during the Investment Period, then the Companies and the County will negotiate a fee-in-lieu of taxes arrangement relating to such additional investment separate and apart from the arrangement provided in this Fee Agreement.

(g) If the Companies fail to invest, in addition to the Acquisition Costs, at least \$55 million in real and personal property (which investment may include, without limitation, investments in infrastructure and renovations) in or at the Facilities and/or at other locations in the County during the Investment Period, or if the Companies fails to invest at least \$10 million of such \$55 million at the primary Hospital site in Camden, South Carolina, the County may terminate the Annual Credit.

(h) For purposes of determining the amount of investments made under this Fee Agreement, investments made by the Companies and Company Affiliates in the County shall be included. The County is entitled to such reasonable documentation or certifications as the County may deem necessary to verify the amount of investment made.

SECTION 5.4. *Disposal of Property; Replacement Property.*

(a) In any instance where either the Company or Sponsor Affiliate, in its sole discretion, determines that any item or items of property included in the Project have become, in whole or in part, inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company or Sponsor Affiliate (as may be applicable) may remove such item (or such portion thereof as the Company shall determine) or items and sell, trade in, exchange or otherwise dispose of it or them (as a whole or in part) without any responsibility or accountability to the County therefor. The loss or removal from the Project of any property, or any portion thereof, as a result of fire or other

casualty or by virtue of the exercise or threat of the power of condemnation or eminent domain shall be deemed to be a disposal of such property, or portion thereof, pursuant to this Section. Subject to the provisions of Section 5.1(c) and this Section with respect to Replacement Property, the Payments-in-Lieu-of-Taxes required by Section 5.1(a) hereof shall be reduced by the amount thereof applicable to any property included in the Project, or part thereof, disposed of, or deemed disposed of, pursuant to this Section.

(b) Either the Company or the Sponsor Affiliate, in its sole discretion, may replace, renew or acquire or install other property in substitution for, any or all property or portions thereof disposed of, or deemed disposed of, pursuant to subsection (a) above. Any such property may, but need not, serve the same function, or be of the same utility or value, as the property being replaced. Absent a written election to the contrary made at the time of filing the first property tax return that would apply to such property, such property shall be treated, to the extent permitted by the Act, as Replacement Property.

SECTION 5.5. *Fee Term.* With respect to each Stage of the Project, the applicable term of the Payments-in-Lieu-of-Taxes to be made pursuant to Section 5.1(a) hereof shall be from the first day of the property tax year after the property tax year in which such Stage is placed in service through the last day of the property tax year that is 40 years thereafter, based on the standard 30-year exemption period allowed under the Act plus the 10-year extension thereof that is allowed under the Act and hereby provided by the County. The Payments-in-Lieu-of-Taxes to be made pursuant to Section 5.1(a) hereof shall terminate with respect to the Project or any Stage or part thereof upon the earlier to occur of (a) payment of the final installment of Payments-in-Lieu-of-Taxes pursuant to Section 5.1 hereof, or (b) exercise by the Company of its option to terminate pursuant to Section 9.1 hereof. This Fee Agreement shall terminate after the final Payment-in-Lieu-of-Taxes to be made pursuant to Section 5.3 hereof on March 31, 2066.

SECTION 5.6. *Certain Sponsor Affiliate Payment Matters.* The County hereby agrees that the Company shall have the right to make all Payments-in-Lieu-of-Taxes on behalf of the Sponsor Affiliate under this Fee Agreement, and the County shall accept all Payments-in-Lieu-of-Taxes made hereunder by the Company (regardless of whether or not such payments are specifically designated as being on behalf of the Sponsor Affiliate).

SECTION 5.7. *KershawHealth.* The Companies and the County hereby acknowledge and agree that KershawHealth is not subject to property taxes, and therefore has no responsibility or liability for making property tax payments or Payments-in-Lieu-of-Taxes with respect to the Facilities or otherwise. However, because KershawHealth is leasing certain Facilities real property to the Company, KershawHealth has agreed to be a special, limited party to this Fee Agreement in order to accommodate the other Parties, all of whom agree that KershawHealth shall not be responsible for making any payment of any kind pursuant to or in connection with this Fee Agreement.

SECTION 5.8. *Other Tax Incentives.* Notwithstanding this Fee Agreement, the Companies shall be entitled to all state and federal tax credits and other tax incentives allowable by applicable federal or state law with respect to the Project, to the extent allowed.

**ARTICLE VI
EFFECTIVE DATE**

SECTION 6.1. *Effective Date.* This Fee Agreement shall become effective as of the date first written above.

**ARTICLE VII
SPECIAL COVENANTS**

SECTION 7.1. *Confidentiality/Limitation on Access to Facilities.* The County acknowledges and understands that the Companies utilize confidential and proprietary processes and materials, services, equipment, trade secrets and techniques and that any disclosure of any information relating to such processes and materials, services, equipment, trade secrets or techniques, including but not limited to disclosures of financial, sales or other information concerning the Companies' operations could result in substantial harm to the Companies and could thereby have a significant detrimental impact on the Companies' employees and also on the County. Therefore, the County agrees that, subject to the provisions of Section 10.8 hereof, except as required by law, and except as operating for other purposes in its taxing or sovereign capacity (such as, without limitation, for such routine health and safety purposes as would be applied to any other commercial facility in the County), 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, or (ii) shall request or be entitled to inspect the Facilities or any property associated therewith. Notwithstanding the expectation that the County shall not receive any confidential or proprietary information, if the County should nevertheless receive any such information, neither the County nor any employee, agent, or contractor of the County shall knowingly 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 Facilities or any property associated therewith, the Company or the Sponsor Affiliate, as applicable, 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. In the event that the County is required to disclose any confidential or proprietary information obtained from the Company or the Sponsor Affiliate to any third party, the County agrees to provide the Company or the Sponsor Affiliate, as applicable, with reasonable advance notice of such requirement before making such disclosure.

SECTION 7.2. *Indemnification of County.*

(a) The Companies shall indemnify and hold KershawHealth, the County and the County Council, and their respective members, officers, agents and employees (each an "Indemnified Party" and, together, "Indemnified Parties") harmless from all pecuniary liability solely based upon those reasons set forth in subsection (b) below; provided, however, that the Company shall not be required to indemnify KershawHealth or any of its respective members, officers, agents or employees to the extent that the claims, liabilities or losses referred to in subsection (b) below relate to obligations or responsibilities of KershawHealth under (i) the _____, 2015 Lease Agreement by and between KershawHealth and the Company or (ii) the _____, 2015

Asset Purchase Agreement between KershawHealth and the Companies. Such indemnification obligation shall survive any termination of this Fee Agreement.

(b) Notwithstanding the fact that it is the intention of the Parties that none of the Indemnified Parties shall incur any pecuniary liability to any third party (i) by reason of the terms of this Fee Agreement or the undertakings of the County or KershawHealth required hereunder, (ii) by reason of the performance of any act in connection with the entering into and performance of the transactions described in the Documents, or (iii) by reason of the County or KershawHealth having entered into this Fee Agreement, or (iv) by reason of the condition or operation of the Facilities, including claims, liabilities or losses arising in connection with the violation of any statutes or regulations, if any Indemnified Party should incur any such pecuniary liability, then, in that event the Companies shall indemnify and hold harmless such Indemnified Party against all pecuniary claims by or on behalf of any person, firm or corporation, arising out of the same, and all reasonable costs and expenses incurred in connection with any such claim.

(c) Notwithstanding the foregoing, the Companies shall not be obligated to indemnify the Indemnified Parties for expenses, claims, losses or damages arising from the intentional or willful misconduct or negligence of any Indemnified Party.

SECTION 7.3. *Assignment and Leasing.* With the County's consent, approval or ratification, which shall not be unreasonably withheld, conditioned or delayed, any of the Company's or the Sponsor Affiliate's interest in Facilities property and/or this Fee Agreement may be transferred or assigned by the Company or the Sponsor Affiliate, or any assignee of the foregoing, to any other entity in accordance with the Act; provided, however, that such consent, approval or ratification is not required in connection with any financing-related transfers, security interests granted by the Companies or any other transfers not requiring the consent of the County under the Act. The County hereby expressly consents to and approves in advance any transfer or assignment by the Company or the Sponsor Affiliate to each other and/or to any Company Affiliates of any interest in Facilities property or this Fee Agreement. Any transferee shall be entitled but not required to assume the transferor's rights and obligations under this Fee Agreement. In any event, upon any such transfer to a Company Affiliate, the transferor shall be relieved of all of its obligations under this Fee Agreement. Any equity or ownership interest in the Company or the Sponsor Affiliate may be sold, disposed, reorganized or otherwise transferred, without the consent of, or the requirement of any notice to, the County. The County agrees that the County Council may provide any required consent, approval or subsequent ratification to any transfer or assignment by a resolution of County Council or by a letter or other writing executed by the County Administrator. Except as otherwise provided herein or by the Act, a transaction or an event of sale, assignment, leasing, transfer of an interest herein, or disposal or replacement of all or part of the Facilities shall not constitute or result in a termination of this Fee Agreement in whole or in part or serve as a basis for changing the fee payments due under Section 12-44-50 of the Act or under Section 5.3(a) hereof.

SECTION 7.4. *Sponsor Affiliates.*

(a) The Company may designate from time to time one or more additional Sponsor Affiliates pursuant to the provisions of Section 12-44-30(19) or (20) and Section 12-44-130 of the Act, which Sponsor Affiliates agree to be bound by the terms and provisions of this Fee Agreement. All additional Sponsor Affiliates that otherwise meet the requirements of Section 12-44-30(19) or

(20) and Section 12-44-130 of the Act must execute a Joinder Agreement, in substantially the form attached hereto as Exhibit B, by which such Sponsor Affiliate agrees to be bound by the terms of this Fee Agreement. Any Sponsor Affiliate that is not a Company Affiliate must be approved by a Resolution of County Council in order to become a party to this Fee Agreement.

(b) The Company hereby agrees that, if one or more Sponsor Affiliates are added to this Fee Agreement pursuant to this Section, the Company shall nevertheless remain primarily liable for all Payments-in-Lieu-of-Taxes and other amounts due to the County hereunder. The County hereby agrees that the Company shall have the right to make all Payments-in-Lieu-of-Taxes or other payments on behalf of any Sponsor Affiliate under this Fee Agreement, and the County shall accept all Payments-in-Lieu-of-Taxes and other payments made hereunder by the Company on its own behalf or on behalf of a Sponsor Affiliate.

(c) In the event that one or more additional Sponsor Affiliates are added to this Fee Agreement pursuant to this Section, the Company shall nevertheless retain the sole authority to exercise the termination rights provided under Section 9.1 hereof on behalf of itself and any Sponsor Affiliate.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* The occurrence of any one or more of the following events shall be an "Event of Default" under this Fee Agreement:

(a) If the Company or Sponsor Affiliate, as may be applicable, shall fail to make any Payment-in-Lieu-of-Taxes or any other amount required under this Fee Agreement and such failure shall continue for 30 days after receiving written notice of default from the County; provided however, the County shall be entitled to penalties and interest provided by general law applicable to ad valorem taxes and the Act for amounts not paid in a timely manner.

(b) If any of the Companies, as may be applicable, shall fail to observe or perform any covenant, condition or agreement required herein to be observed or performed by the any of the Companies (other than as referred to in subsection (a) above), and such failure shall continue for a period of 30 days after written notice of default has been given to such entity by the County or such additional time as may be reasonably necessary under the particular circumstances so long as the applicable entity commences to cure such default within such 30-day period and thereafter diligently pursues such cure to completion, and further provided that if by reason of "*force majeure*" as hereinafter defined the applicable entity is unable in whole or in part to carry out any such covenant, condition or agreement or if it takes longer than 30 days to cure such default and the applicable entity is diligently attempting to cure such default, there shall be no Event of Default during such period of inability. The term "*force majeure*" as used herein shall mean circumstances not reasonably within the control of the applicable entity, such as, without limitation, acts of God, strikes, lockouts or other industrial disturbances; war; acts of public enemies or of terrorists; mobilization or military conscription on a large scale; order of any kind of the government of the United States or any State, or any civil or military authority other than the County Council; insurrections; riots; landslides; earthquakes; fires; lightning; storms; droughts; floods; requisitions,

confiscation, or commandeering of property; fuel restrictions; general shortages of transport, goods, or energy; or

(c) If any material representation or warranty on the part of the Companies made in the Documents, or in any report, certificate, financial or other statement furnished in connection with the Documents or the transactions described in the Documents shall have been false or misleading in any material respect.

SECTION 8.2. *County Remedies on Default by the Companies or KershawHealth.* Whenever any Event of Default shall have happened and be subsisting, the County may terminate this Fee Agreement by providing written notice, and/or take whatever action at law or in equity may appear legally required or necessary or desirable to collect any payments then due or to enforce performance and observance of any obligation, agreement or covenant of the defaulting Health Entity under this Fee Agreement. As set forth in Section 9.1 hereof, the Company may terminate this Fee Agreement at any time upon providing 30 days' notice to the County without regard to any Event of Default. Although the Parties acknowledge that the Project is exempt from ad valorem property taxes, the County and any other taxing entity affected thereby may, without limiting the generality of the foregoing, exercise the remedies provided by general law (Title 12, Chapter 49, Code of Laws of South Carolina, 1976, as amended) and the Act relating to the enforced collection of taxes.

SECTION 8.3. *Remedies on Default by the County.* In the event of a breach by the County of any provision contained in this Fee Agreement, the Company, the Sponsor Affiliate, and/or KershawHealth, after providing the County with an opportunity to cure such breach for 30 days after the County receives written notice thereof, may take whatever action at law or in equity may appear legally required, necessary or desirable to enforce the performance and observance of any obligation, agreement or covenant of the County under the Documents.

SECTION 8.4. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to any Party is intended to be exclusive of any other available remedy or remedies, but in each and every instance such remedy shall be cumulative and shall be in addition to every other remedy given under the Documents or now or hereafter existing at law or in equity or by statute. Unless otherwise provided herein or in the other Documents, no delay or omission to exercise any right or power 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 8.5. *No Additional Waiver Implied by One Waiver.* In the event any warranty, covenant or agreement contained in this Fee Agreement should be breached by any Party and thereafter waived by another Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

ARTICLE IX COMPANY OPTION TO TERMINATE

SECTION 9.1. *Company Option to Terminate.* From time to time (including without limitation any time during which there may be subsisting an Event of Default) and at any time upon written notice to the County, the Company or the Sponsor Affiliate may terminate this Fee Agreement with respect to the entire Facilities or any portion thereof; provided, that the Sponsor

Affiliate shall not exercise such termination without the prior written approval of the Company, which may be withheld in the Company's sole discretion. Such termination shall be effective immediately upon giving such notice or upon such date as may be specified in the notice. Upon termination of all or part of this Fee Agreement, the Company and the Sponsor Affiliate, as applicable, will become liable prospectively but not retroactively for ad valorem property taxes (without the application of the Annual Credit) on the Facilities or such portion thereof as is so terminated from inclusion in the Facilities, as well as for any amounts already due and owing under this Fee Agreement, which latter amounts, if any, shall be paid to the County with the next installment of Payments-in-Lieu-of-Taxes pursuant to Section 5.3(a), or, if the termination is of the entire Facilities, then within 120 days of termination. In no event shall the Company or the Sponsor Affiliate be required to repay to the County the amount of any tax benefit previously received hereunder.

**ARTICLE X
MISCELLANEOUS**

SECTION 10.1. Notices. All notices, approvals, consents, requests and other communications hereunder shall be in writing and may be delivered personally, or may be sent by certified mail, return receipt requested, to the following addresses, unless the Parties are subsequently notified of any change of address in accordance with this Section:

If to the Company:

Neil Kunkel
Executive Vice President & Chief Legal Officer
Capella Healthcare, Inc.
501 Corporate Centre Drive, Suite 200
Franklin, TN 37067
With a copy to:

David Head, Partner
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

If to KershawHealth:

[KH – please insert]

If to the Sponsor Affiliate:

Neil Kunkel
Executive Vice President & Chief Legal Officer
Capella Healthcare, Inc.
501 Corporate Centre Drive, Suite 200
Franklin, TN 37067

With a copy to:

David Head, Partner
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

If to the County:

Kershaw County, South Carolina
515 Walnut Street
Camden, SC 29020
Attention: County Administrator

With copy to:

County Attorney
PO Drawer 39 [need County to provide street address and zip code]
Camden, SC 29020

Whenever the County provides any notice under this Section to either the Sponsor Affiliate or KershawHealth, the County shall provide a copy of such notice to the Company, and whenever the Sponsor Affiliate or KershawHealth provides any notice under this subsection to the County, the Party providing such notice shall provide a copy of such notice to the Company.

Any notice shall be deemed to have been received as follows: (1) by personal delivery, upon receipt; and (2) by overnight mail upon delivery.

All Facilities-related notices or other written communications received by the Sponsor Affiliate or KershawHealth from the County, the County Council, the County Assessor, the County Auditor, the County Treasurer, or DOR, or from any member, officer, employee or agent of any of the foregoing, shall within five business days of receipt thereof by the Sponsor Affiliate and/or Kershaw Health, as the case may be, be delivered personally or sent by overnight mail by the Sponsor Affiliate and/or Kershaw Health to the Company at the address set forth in this Section.

SECTION 10.2. *Binding Effect.* This Fee Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns.

SECTION 10.3. *Rescission and Severability.* In the event that the Act or the Payments-in-Lieu-of-Taxes arrangements and/or the Annual Credit arrangements described in Sections 5.1, 5.2 and 5.3 hereof are determined to be invalid in its entirety by any court of competent jurisdiction, the Parties hereby agree that except as the final judicial decision may otherwise require, the Company and the Sponsor Affiliate shall be entitled to retain any benefits received under or pursuant to this Fee Agreement; otherwise, in the event any provision of the Act or this Fee Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, that decision shall not invalidate or render unenforceable any other provision of this Fee Agreement, unless that decision destroys the basis for the transaction, in which event the Parties shall in good faith attempt to preserve, to the maximum extent possible, the benefits provided and to be provided to the Company and the

Sponsor Affiliate hereunder by either restructuring or reconstituting this Fee Agreement under any then applicable law, including but not limited to the Act, the Infrastructure Law, Chapter 29 of Title 4, and Chapter 12 of Title 4, Code of Laws of South Carolina, 1976, as amended.

SECTION 10.4. *Payments Due on Saturday, Sunday and Holidays.* Whenever any payment to be made hereunder shall be stated to be due on a Saturday, a Sunday or a holiday, such payment shall be made on the next business day.

SECTION 10.5. *Amendments, Changes and Modifications.* Except as otherwise provided in this Fee Agreement, this Fee Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Parties. To the maximum extent allowed by law, any such County consent, and any other County consent, approval or ratification referred to in the Act or this Fee Agreement, may be provided by a resolution of County Council or by other form of consent, approval or ratification allowed by law.

SECTION 10.6. *Execution of Counterparts.* This Fee Agreement may be executed in several counterparts, each of which shall constitute an original instrument.

SECTION 10.7. *Law Governing Construction of Fee Agreement.* The laws of the State shall govern the construction of this Fee Agreement.

SECTION 10.8. *Filings.*

(a) The Company or the Sponsor Affiliate, as applicable, shall provide the County Auditor, the County Assessor, and the County Treasurer with a copy of all annual filings made by the Company or the Sponsor Affiliate to DOR pursuant to this Fee Agreement and the Act. Further, the Company shall cause a copy of this Fee Agreement, as well as a copy of the completed DOR Form PT-443, to be filed with the County Auditor, the County Assessor, the County Treasurer and DOR within 30 days after the date of execution and delivery hereof.

(b) Notwithstanding any other provision of this Section, the Company or the Sponsor Affiliate may designate with respect to any filings delivered to the County segments thereof that the Company or the Sponsor Affiliate, as applicable, believes contain proprietary, confidential, or trade secret matters. The County shall conform with all reasonable, written requests made by the Company or the Sponsor Affiliate with respect to maintaining the confidentiality of such designated segments, to the extent allowed by law.

SECTION 10.9. *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 10.10. *Further Assurance.* From time to time the County agrees to execute and deliver to the Company or the Sponsor Affiliate such additional assurances and/or instruments as the Company or Sponsor Affiliate may reasonably request to effectuate the purposes of this Fee Agreement.

SECTION 10.11. *Payment of Certain County Expenses for County's Outside Legal Counsel.* Subject to the cap set forth in the next sentence, the Companies shall pay

the County's reasonable costs and attorneys' fees incurred in connection with the negotiation, documentation, approval and implementation of this Fee Agreement, the Multi-County Industrial Park, the Ordinance or any other ordinances relating to any of the foregoing, and all related documents and matters concerning the Project (the "County Fees"). In no event shall the Companies, in the aggregate, be required to pay for more than \$15,000 of the County Fees. Any such payments shall be made by the Companies within 45 days after receiving written notice from the County, accompanied by such supporting documentation as may be necessary to evidence the County's right to receive such payment, specifying the nature of such expense and requesting payment of same.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, KERSHAW COUNTY, SOUTH CAROLINA, KERSHAW HOSPITAL, LLC, KERSHAW CLINICS, LLC, and KERSHAWHEALTH, pursuant to due authority, have duly executed this Fee Agreement, all as of the date first above written.

KERSHAW COUNTY, SOUTH CAROLINA

By: _____
Kershaw County Council

ATTEST:

Merri M. Seigler
Clerk to Council

KERSHAW HOSPITAL, LLC

By: _____
Name: _____
Title: _____

KERSHAW CLINICS, LLC

By: _____
Name: _____
Title: _____

KERSHAWHEALTH

By: _____
Name: _____
Title: _____

EXHIBIT A

DESCRIPTION OF LAND

Property Name	Address	Assessor Account Number
Kershaw Medical Center	1315 Roberts St, Camden	C285-06-00-025
Kershaw Medical Center - Vacant Land	1209 Dubose Court, Camden	C285-06-00-070
Elgin Urgent Care	40 Pinnacle Pkwy, Elgin	360-00-00-110
Elgin Urgent Care - Land	52 Pinnacle Pkwy, Elgin	349-00-00-053
West Wateree Medical Campus	1165 US 1, Lugoff	310-00-00-009
Health Resource	124 Battleship Rd, Camden	284-00-00-022
Human Resources	1211 Robert St, Camden	C285-06-00-048
Kershaw Pulmonology	1218 Roberts St, Camden	C285-06-00-049
Kershaw Sleep Center	1329 Haile St, Camden	C285-06-00-005
KH Primary Care	1111 Mill St, Camden	C285-09-00-025
Health Care Bethune	103 S Main St, Bethune	B141-15-00-028
Kershaw Surgical Associates	1102 Roberts St, Camden	C285-10-00-015
Kershaw Gastroenterology	1303 Monument Sq, Camden	C284-08-00-138
Residential House	1215 Gardner St, Camden	C285-06-00-050
Vacant Land	1213 Gardner St, Camden	C285-06-00-052
KH Urology	1327 Haile St, Camden	C285-06-00-004
Tangible Personal Property (at all locations)		

JOINDER AGREEMENT

Reference is hereby made to (i) that certain Fee Agreement dated October 27, 2015 (the "Fee Agreement") between Kershaw County, South Carolina (the "County"), Kershaw Hospital, LLC (the "Company"), Kershaw Clinics, LLC and KershawHealth.

1. **Joinder to Fee Agreement.**

The undersigned hereby (a) joins as a party to, and agrees to be bound by and subject to all of the terms and conditions of, the Fee Agreement; and (b) acknowledges and agrees that (i) in accordance with Section 7.3 of the Fee Agreement, the undersigned has been designated as a Sponsor Affiliate by the Company for purposes of the Facilities and, if the Sponsor Affiliate is not a Company Affiliate, such designation has been consented to by the County pursuant to a Resolution dated October 27; (ii) the undersigned qualifies or will qualify as a Sponsor Affiliate under the Fee Agreement and Section 12-44-30(A)(19) or (20) and Section 12-44-130 of the Act; and (iii) the undersigned shall have all of the rights and obligations of a Sponsor Affiliate as set forth in the Fee Agreement.

2. **Notices.** For purposes of Section 10.1 (Notices) of the Fee Agreement, the undersigned's notice information shall be as follows: [notice address and contact office/person to be provided]

3. **Capitalized Terms.**

All capitalized terms used but not defined in this Joinder Agreement shall have the meanings set forth in the Fee Agreement.

4. **Governing Law.**

This Joinder Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina, without regard to principles of choice of law.

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement to be effective as of the date set forth below.

October 27, 2015
Date _____

Kershaw County
By: _____

Name: Julian Burns, Jr.
Its: County Council Chairman
Address: 515 Walnut Street
Camden, South Carolina 29020

IN WITNESS WHEREOF, the Company and the County acknowledge, accept and consent to the addition of the above-named entity becoming a Sponsor Affiliate under the Fee Agreement effective as of the date set forth above.

Date

By: _____
Name: _____
Title: _____

KERSHAW HOSPITAL, LLC

Date

By: _____
Name: _____
Title: _____

KERSHAW COUNTY, SOUTH CAROLINA

Date

By: _____
Name: _____
Its: _____

ATTEST:

Clerk to Council

~#4825-2720-3879 v.10-10/7/15

FEE AGREEMENT

AMONG

KERSHAW COUNTY, SOUTH CAROLINA

AND

KERSHAW HOSPITAL, LLC,

KERSHAW CLINICS, LLC

AND

KERSHAWHEALTH

DATED
AS OF
October 27, 2015

TABLE OF CONTENTS

	PAGE
ARTICLE I WAIVER OF RECAPITULATION; DEFINITIONS	2
SECTION 1.1 WAIVER OF STATUTORILY REQUIRED RECAPITULATION	2
SECTION 1.2 RULES OF CONSTRUCTION; USE OF DEFINED TERMS.....	2
SECTION 1.3 DEFINITIONS.....	2
ARTICLE II LIMITATION OF LIABILITY; INDUCEMENT	5
SECTION 2.1 LIMITATION OF LIABILITY.....	5
SECTION 2.2 INDUCEMENT.....	6
ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS.....	6
SECTION 3.1 REPRESENTATIONS AND WARRANTIES OF THE COUNTY	6
SECTION 3.2 COVENANTS BY THE COUNTY	7
SECTION 3.3 REPRESENTATIONS AND WARRANTIES OF THE COMPANY, THE SPONSOR AFFILIATE, AND KERSHAWHEALTH	7
ARTICLE IV ACQUISITION OF PROJECT; FACILITIES; MODIFICATIONS	9
SECTION 4.1 PROJECT; FACILITIES.....	9
SECTION 4.2 MODIFICATIONS TO FACILITIES	10
ARTICLE V PAYMENTS-IN-LIEU-OF-TAXES; DISPOSITION OF PROPERTY; REPLACEMENT PROPERTY; FEE TERM; ADDITIONAL INVESTMENTS; MINIMUM INVESTMENT.....	10
SECTION 5.1 PAYMENTS-IN-LIEU-OF-TAXES	10
SECTION 5.2 ANNUAL CREDIT	11
SECTION 5.3 NET AMOUNT OF ANNUAL PAYMENTS BY COMPANY; ADDITIONAL INVESTMENTS; MINIMUM INVESTMENT.....	11
SECTION 5.4 DISPOSAL OF PROPERTY; REPLACEMENT PROPERTY	12
SECTION 5.5 FEE TERM	13
SECTION 5.6 CERTAIN SPONSOR AFFILIATE PAYMENT MATTERS.....	13
SECTION 5.7 KERSHAWHEALTH.....	13
SECTION 5.8 OTHER TAX INCENTIVES	14
ARTICLE VI EFFECTIVE DATE.....	14
SECTION 6.1 EFFECTIVE DATE.....	14
ARTICLE VII SPECIAL COVENANTS	14
SECTION 7.1 CONFIDENTIALITY/LIMITATION ON ACCESS TO FACILITIES.....	14
SECTION 7.2 INDEMNIFICATION OF COUNTY.....	14
SECTION 7.3 ASSIGNMENT AND LEASING	15
SECTION 7.4 SPONSOR AFFILIATES.....	16
ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES.....	16

SECTION 8.1	<i>EVENTS OF DEFAULT DEFINED</i>	16
SECTION 8.2	<i>COUNTY REMEDIES ON DEFAULT BY THE COMPANIES OR KERSHAW HEALTH</i>	17
SECTION 8.3	<i>REMEDIES ON DEFAULT BY THE COUNTY</i>	17
SECTION 8.4	<i>NO REMEDY EXCLUSIVE</i>	17
SECTION 8.5	<i>NO ADDITIONAL WAIVER IMPLIED BY ONE WAIVER</i>	17
ARTICLE IX	COMPANY OPTION TO TERMINATE	18
SECTION 9.1	<i>COMPANY OPTION TO TERMINATE</i>	18
ARTICLE XI	MISCELLANEOUS	18
SECTION 10.1	<i>NOTICES</i>	18
SECTION 10.2	<i>BINDING EFFECT</i>	19
SECTION 10.3	<i>RESCISSION AND SEVERABILITY</i>	19
SECTION 10.4	<i>PAYMENTS DUE ON SATURDAY, SUNDAY AND HOLIDAYS</i>	20
SECTION 10.5	<i>AMENDMENTS, CHANGES AND MODIFICATIONS</i>	20
SECTION 10.6	<i>EXECUTION OF COUNTERPARTS</i>	20
SECTION 10.7	<i>LAW GOVERNING CONSTRUCTION OF FEE AGREEMENT</i>	20
SECTION 10.8	<i>FILINGS</i>	20
SECTION 10.9	<i>HEADINGS</i>	21
SECTION 10.10	<i>FURTHER ASSURANCE</i>	21
SECTION 10.11	<i>PAYMENT OF CERTAIN COUNTY EXPENSES FOR COUNTY'S OUTSIDE LEGAL COUNSEL</i>	21
EXHIBIT A	DESCRIPTION OF LAND	I
EXHIBIT B	JOINDER AGREEMENT	II

FEE AGREEMENT

THIS FEE AGREEMENT (the "**Fee Agreement**") is made and entered into as of October 27, 2015, by and among KERSHAW 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 its County Council (the "**County Council**") as governing body of the County; KERSHAW HOSPITAL, LLC, a South Carolina limited liability company (the "**Company**"); KERSHAW CLINICS, LLC, a South Carolina limited liability company (the "**Sponsor Affiliate**") (the Company and the Sponsor Affiliate are sometimes collectively referred to herein as the "**Companies**"); and KERSHAWHEALTH, a South Carolina hospital special purpose district (the Companies and KershawHealth are sometimes collectively referred to herein as the "**Health Entities**," and the Health Entities and the County are sometimes collectively referred to herein as the "**Parties**").

WITNESSETH:

WHEREAS, the County, acting by and through the 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 (the "**Act**"), Article VIII, Section 13, paragraph D of the Constitution of the State of South Carolina 1895, as amended, and Title 4, Chapter 1, Code of Laws of South Carolina, 1976, as amended (the "**MCIP Law**"), to enter into agreements with any industry or commercial enterprise whereby the industry or commercial enterprise would pay fees-in-lieu-of taxes with respect to qualified projects, and to provide credits against such payments as reimbursement to an industry or commercial enterprise for the costs of qualified infrastructure with respect to such projects; through which powers the development of 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;

WHEREAS, the County, acting through the Council has, by a September 8, 2015 Inducement Agreement between the County and the Companies, committed to enter into a fee agreement providing for payments of fees-in-lieu of taxes and providing certain credits against such payments of fees-in-lieu of taxes;

WHEREAS, the Companies are in negotiations with KershawHealth to acquire, by purchase and long-term lease (the "**Acquisition**"), KershawHealth Medical Center (the "**Hospital**") and certain other health care facilities operated by KershawHealth (collectively with the Hospital, the "**Facilities**");

WHEREAS, the County desires to induce the Companies to make the Acquisition and to continue to operate and invest in the Facilities, and to make significant additional investments therein;

WHEREAS, the Parties recognize that KershawHealth, as the lessor of certain Facilities real property, is an appropriate party to this Fee Agreement, even though KershawHealth is exempt from property taxes;

WHEREAS, it is anticipated that the Companies, in addition to the Acquisition Costs, will invest \$55 million in taxable property in the County (without regard to whether some or all of the investment is included as economic development property under the Act but excluding property tax-exempt investments);

WHEREAS, pursuant to an Ordinance adopted on October 27, 2015 (the "Ordinance"), as an inducement to the Company to acquire and operate the Facilities, and in consideration of the investment expectations listed above, the County Council authorized the County to enter into a fee agreement with the Companies concerning the Facilities;

WHEREAS, the Parties desire to enter into this Fee Agreement regarding the Facilities (as defined in Section 1.3 hereof);

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

ARTICLE I WAIVER OF RECAPITULATION; DEFINITIONS

SECTION 1.1. *Waiver of Statutorily Required Recapitulation.* Pursuant to Section 12-44-55(B) of the Act, the Parties waive any and all compliance with any and all of the provisions, items or requirements of Section 12-44-55. If the Company should be required to retroactively comply with the recapitulation requirements of Section 12-44-55, then the County agrees, to the extent permitted by law, to waive all penalties and fees for the Company's noncompliance.

SECTION 1.2. *Rules of Construction; Use of Defined Terms.* Unless the context clearly indicates otherwise, in this Fee Agreement words and terms defined in Section 1.3 hereof are used with the meanings ascribed thereto. The definition of any document or statute shall include any amendments to that document or statute, unless the context clearly indicates otherwise.

From time to time herein, reference is made to the term taxes or ad valorem taxes. All or portions of the Facilities are or will be located in a Multi-County Industrial Park and, as such, are or will be exempt from ad valorem taxation under and by virtue of the provisions of the MCIP Law. With respect to Facilities located in a Multi-County Industrial Park, references to taxes or ad valorem taxes means the payments-in-lieu-of-taxes provided for in the MCIP Law.

SECTION 1.3. *Definitions.*

"Act" means Title 12, Chapter 44, Code of Laws of South Carolina, 1976, as in effect on the date hereof, as the same may be amended from time to time.

"Acquisition" means the acquisition of certain health care facilities and equipment from KershawHealth by the Companies pursuant to a September 25, 2015 Asset Purchase Agreement

between KershawHealth and the Company and the October 30, 2015 Lease Agreement between KershawHealth and the Company.

“Acquisition Costs” means the costs to the Companies of the Acquisition.

“Annual Credit” means an annual credit against Payments-in-Lieu-of-Taxes as described in Section 5.2 hereof, which credit is granted by the County to the Companies for the purpose of defraying a portion of the cost of the Infrastructure Improvements pursuant to one or more of the Act, the Infrastructure Law and the MCIP Law.

“Chair” means the Chair of County Council (or the person or persons authorized to perform the duties thereof in the absence of the Chair).

“Company” means Kershaw Hospital, LLC, a South Carolina limited liability company, and its successors and assigns.

“Companies” means Kershaw Hospital, LLC and Kershaw Clinics, LLC.

“Company Affiliates” means one or more entities, now existing or to be formed in the future, which control, are controlled by, or are under common control with, the Companies. “Company Affiliates” includes Medical Properties Trust, Inc., and its affiliated entities.

“County” means Kershaw County, South Carolina, and its successors and assigns.

“County Administrator” means the County Administrator of the County (or person or persons authorized to perform the duties thereof in the absence of the County Administrator).

“County Council” means the County Council of the County.

“Documents” means the Ordinance and this Fee Agreement.

“DOR” means the South Carolina Department of Revenue and any successor thereto.

“Equipment” means all machinery, apparatus, equipment, fixtures, office facilities, furnishings and other personal property located at the Site to the extent such property becomes a part of the Project under this Fee Agreement.

“Event of Default” means any Event of Default specified in Section 8.1 of this Fee Agreement.

“Facilities” means the KershawHealth Medical Center and certain other health care facilities previously operated by KershawHealth in the County that are being acquired from KershawHealth by the Companies pursuant to the Acquisition, together with additional investments to be made during the Investment Period in or at the locations of such purchased or leased facilities. “Facilities” shall include (i) all property included within the definition of “Project,” and also (ii) any additional property located at the Sites that, for whatever reason, does not qualify as economic development property under the Act and therefore does not fall within the definition of “Project” as set forth herein.

“Fee Agreement” means this Fee Agreement dated as of October 27, 2015, between the County, the Companies, and KershawHealth.

“Fee Term” means the duration of this Fee Agreement with respect to each Stage of the Project as specified in Section 5.4 hereof.

“Health Entities” means the Company (KershawHealth, LLC), the Sponsor Affiliate (Kershaw Clinics, LLC) and KershawHealth.

“Hospital” means the KershawHealth Medical Center in Camden, South Carolina.

“Improvements” means improvements to the Real Property together with any and all additions, accessions, expansions, replacements and substitutions thereto or therefor, and all fixtures now or hereafter attached thereto, to the extent such additions, accessions, replacements, and substitutions and fixtures become part of the Project under this Fee Agreement.

“Inducement Agreement” means the Inducement Agreement between the County and the Company dated as of September 8, 2015.

“Infrastructure Improvements” means the designing, acquiring, constructing, improving or expanding of the infrastructure serving the Facilities or the County and improved or unimproved real estate, buildings and structural components of buildings used in the operation of the Facilities, in accordance with one or more of the provisions of the Infrastructure Law. “Infrastructure Improvements” shall not include any personal property or any costs relating to same, unless the Company provides written notice to the County to so include personal property.

“Infrastructure Law” means the provisions of Section 4-1-175 of the Code of Laws of South Carolina, 1976, as amended, and/or Section 12-44-70 of the Act.

“Investment Period” means the period beginning on January 1, 2015, and ending on December 31, 2025, based on the five-year statutory base period plus the five-year extension thereof that is allowed by the Act and hereby provided by the County.

“KershawHealth” is a South Carolina hospital special purpose district.

“MCIP Law” means the provisions of Article VIII, Section 13, Paragraph D of the Constitution of the State of South Carolina 1895, as amended, and Section 4-1-170 of the Code of Laws of South Carolina, 1976, as amended.

“Multi-County Industrial Park” or “MCIP” means an industrial or business park established by two or more counties acting under the provisions of the MCIP Law.

“Ordinance” means the Ordinance adopted by the County on October 27, 2015, authorizing this Fee Agreement.

“Parties” means, collectively, the County, the Company, the Sponsor Affiliate, and KershawHealth, and **“Party”** means any one of the Parties.

"Payments-in-Lieu-of-Taxes" means the payments to be made by the Company pursuant to Sections 5.1 and 5.3 of this Fee Agreement.

"Project" means the Equipment, Improvements, and Real Property, together with the acquisition, construction, installation, design and engineering thereof which are eligible for inclusion as economic development property under the Act and become subject to this Fee Agreement. For purposes of this Fee Agreement, the Parties agree that Project property shall consist of such property so identified by the Company (directly or on behalf of the Sponsor Affiliate) in connection with its annual filing with the DOR of a DOR Form PT-300, or such comparable form, and with such schedules as the DOR may provide in connection with projects subject to the Act (as such filing may be amended or supplemented from time to time) for each year within the Investment Period.

"Real Property" means the land identified on Exhibits A hereto, together with all and singular rights, members, hereditaments and appurtenances belonging or in any way incident or appertaining thereto; all Improvements now or hereafter situated thereon; and all fixtures now or hereafter attached thereto, to the extent such Improvements and fixtures become part of the Project under this Fee Agreement.

"Replacement Property" means any property acquired or constructed after the Investment Period as a replacement for any property theretofore forming a part of the Project and disposed of, or deemed disposed of, as provided in Section 5.4 hereof.

"Sites" means the sites at which the Facilities are located in the County and shall include (i) the land identified on Exhibit A hereto, and (ii) future sites in the County, which future sites must be approved by the County in order to be added to this Fee Agreement, and shall be noted on supplements to Exhibit A.

"Sponsor Affiliate" means Kershaw Clinics, LLC, and its successors and assigns. "Sponsor Affiliate" shall also mean any additional entities that are added as parties to this Fee Agreement pursuant to Section 7.4 hereof.

"Stage" in respect of the Project means the year in which Equipment, Improvements and Real Property, if any, are placed in service during each year of the Investment Period.

"State" means the State of South Carolina.

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

ARTICLE II LIMITATION OF LIABILITY; INDUCEMENT

SECTION 2.1. *Limitation of Liability.* Any obligation which the County may incur for the payment of money as a result of the transactions described in the Documents shall never

constitute an indebtedness of the County within the meaning of any State constitutional provision or statutory limitation and shall never create a pecuniary liability of the County or a charge upon its general credit or against its taxing powers but shall be payable solely out of the funds received by it under the documents.

SECTION 2.2. *Inducement.* The County and the Companies acknowledge that pursuant to the Act, upon execution of this Fee Agreement no part of the Project will be subject to ad valorem property taxation in the State, and that this factor, among others, has induced the Company to enter into this Fee Agreement.

ARTICLE III REPRESENTATIONS, WARRANTIES AND COVENANTS

SECTION 3.1. *Representations and Warranties of the County.* The County makes the following representations and warranties to the Health Entities and covenants with the Health Entities as follows:

(a) The County is a body politic and corporate and a political subdivision of the State and is authorized and empowered by the Act to execute the Documents to which it is a party and to fulfill its obligations described in the Documents. By proper action, the County Council has duly authorized the execution and delivery of the Documents to which the County is a party and has taken all such action as is necessary to permit the County to enter into and fully perform the transactions required of it under the Documents.

(b) Neither the execution and delivery of the Documents, nor the consummation and performance of the transactions described in the Documents, to the best knowledge of the County Administrator, violate, conflict with or will result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the County is now a party or by which it is bound.

(c) None of the proceedings taken to authorize the execution, delivery and performance of such of the Documents as require execution, delivery and performance by the County has been repealed, revoked, amended or rescinded.

(d) All consents, authorizations and approvals required on the part of the County in connection with the execution, delivery and performance by the County of such of the Documents as require execution, delivery and performance by the County have been obtained and remain in full force and effect as of the date hereof or will be obtained.

(e) The Documents to which the County is a party are (or, when executed, will be) legal, valid and binding obligations of the County enforceable against the County in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(f) Based on information supplied by the Company, the Project constitutes a "project" within the meaning of the Act.

(g) 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 3.2. *Covenants by the County.* The County covenants with the Health Entities as follows:

(a) The County agrees to do all things reasonably necessary in connection with this Fee Agreement, including but not limited to performance of its obligations in the Documents and in accordance with the Act, all for the purposes of promoting industrial development, developing trade, and utilizing and employing the manpower and natural resources of the County and the State.

(b) The County has placed or, by December 31, 2015, will place those Sites located in the City of Camden, or located in the County but not within the city limits of any other municipality, in a Multi-County Industrial Park and agrees to use its best efforts to maintain the Sites in such Multi-County Industrial Park for the term of this Fee Agreement.

SECTION 3.3. *Representations and Warranties of the Company, the Sponsor Affiliate, and KershawHealth.*

(a) The Company makes the following representations and warranties to the County and KershawHealth:

(i) The Company is a limited liability company duly organized and validly existing under the laws of the State of South Carolina. The Company has full corporate power to execute the Documents to which it is a party and to fulfill its obligations described in the Documents and, by proper corporate action, has authorized the execution and delivery of the Documents to which it is a party.

(ii) Neither the execution and delivery of the Documents to which the Company is a party, nor the consummation and performance of the transactions described in the Documents violate, conflict with, or will, to its knowledge, result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the Company is now a party or by which it is bound.

(iii) All consents, authorizations and approvals required on the part of the Company in connection with the Documents and the transactions contemplated thereby have been obtained and remain in full force and effect or will be obtained unless the failure to have or obtain such consent, authorization or approval does not have a material adverse effect on the Company.

(iv) The Documents to which the Company is a party are (or, when executed, will be) legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(v) The Company intends to invest, together with the Sponsor Affiliate, in addition to the Acquisition Costs, approximately \$55 million in real and personal property (which investment may include, without limitation, investments in infrastructure and renovations) in or at the Facilities and/or at other locations in the County during the Investment Period. The Company intends to make, together with the Sponsor Affiliate, at least \$10 million of such \$55 million investment at the primary Hospital site in Camden, South Carolina.

(b) The Sponsor Affiliate makes the following representations and warranties to the County and KershawHealth:

(i) The Sponsor Affiliate is a limited liability company duly organized and validly existing under the laws of the State of South Carolina. The Sponsor Affiliate has full corporate power to execute the Documents to which it is a party and to fulfill its obligations described in the Documents and, by proper action, has authorized the execution and delivery of the Documents to which it is a party.

(ii) To Sponsor Affiliate's knowledge, neither the execution and delivery of the Documents to which the Sponsor Affiliate is a party, nor the consummation and performance of the transactions described in the Documents violate, conflict with, or will result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which the Sponsor Affiliate is now a party or by which it is bound.

(iii) All consents, authorizations and approvals required on the part of the Sponsor Affiliate in connection with the Documents and the transactions contemplated thereby have been obtained and remain in full force and effect or will be obtained unless the failure to have or obtain such consent, authorization or approval does not have a material adverse effect on the Sponsor Affiliate.

(iv) The Documents to which the Sponsor Affiliate is a party are (or, when executed, will be) legal, valid and binding obligations of the Sponsor Affiliate enforceable against the Sponsor Affiliate in accordance with their respective terms, except as such terms may be limited by laws affecting creditors' rights generally.

(v) The Sponsor Affiliate intends to invest, together with the Company, in addition to the Acquisition Costs, approximately \$55 million in real and personal property (which investment may include, without limitation, investments in infrastructure and renovations) in or at the Facilities and/or at other locations in the County during the Investment Period. The Sponsor Affiliate intends to make, together with the Company, at least \$10 million of such \$55 million investment at the primary Hospital site in Camden, South Carolina.

(c) KershawHealth makes the following representations and warranties to the County and the Companies:

(i) KershawHealth is a duly organized and validly existing hospital public service district under the laws of the State of South Carolina. KershawHealth has full

corporate power to execute this Fee Agreement and to fulfill its obligations hereunder and, by Resolution adopted by the Board of Trustees of KershawHealth on August 31, 2015 (“KershawHealth Resolution”), has authorized the execution and delivery of “any other documents required by the Transaction Documents as such term is defined in the KershawHealth Resolution.”

(ii) Neither the execution and delivery of this Fee Agreement, nor the consummation and performance of the transactions described herein violate, conflict with, or will, to its knowledge, result in a material breach of any of the material terms, conditions or provisions of any agreement, restriction, statute, law, rule, order or regulation to which KershawHealth is now a party or by which it is bound.

(iii) All consents, authorizations and approvals required on the part of KershawHealth in connection with this Fee Agreement have been obtained and remain in full force and effect or will be obtained unless the failure to have or obtain such consent, authorization or approval does not have a material adverse effect on KershawHealth.

(iv) This Fee Agreement is (or, when executed, will be) a legal, valid and binding obligations of KershawHealth enforceable against KershawHealth in accordance with its terms, except as such terms may be limited by laws affecting creditors' rights generally.

ARTICLE IV ACQUISITION OF PROJECT; FACILITIES; MODIFICATIONS

SECTION 4.1. *Project; Facilities.*

(a) The Companies have acquired, constructed or installed or made plans for the acquisition, construction or installation of certain economic development property that comprises the Project.

(b) Pursuant to the Act, the Parties hereby agree that all qualifying property comprising the Project shall be economic development property as defined under the Act. In accordance with Section 12-44-110 of the Act, the property being purchased or leased by the Companies from KershawHealth will qualify as economic development property under the Act for two separate and independent reasons: (i) such property has not previously been subject to property tax; and/or (ii) the Company will make an additional investment of at least \$45 million in the Project. However, to the extent authorized by law, the parties recognize and agree that the annual payment to be made under Section 5.3(a) hereof shall apply, whether or not all, some, or none of the Facilities qualify as economic development property under the Act and thus fall within the definition of “Project” under this Fee Agreement.

(c) Notwithstanding any other provision of this Fee Agreement, the Companies may place real property and/or personal property into service at any time under this Fee Agreement, but only property placed into service during the Investment Period (and Replacement Property) will qualify as economic development property under the Act.

(d) The Parties recognize that the Companies may make new investments at, or relocate existing investments to, sites in the County other than the Sites at which the Facilities are located as of the date of this Fee Agreement. The County hereby agrees to consider any request by the Company to modify this Fee Agreement so as to include such additional sites.

SECTION 4.2. *Modifications to Facilities.* Subject to compliance with applicable laws, the Companies may make or cause to be made from time to time any additions, modifications or improvements to the Facilities that they may deem desirable for their business purposes.

ARTICLE V

PAYMENTS-IN-LIEU-OF-TAXES; DISPOSITION OF PROPERTY; REPLACEMENT PROPERTY; FEE TERM; ADDITIONAL INVESTMENTS; MINIMUM INVESTMENT

SECTION 5.1. *Payments-in-Lieu-of-Taxes.* The Parties acknowledge that under the Act, the Project is exempt from ad valorem property taxes for so long as such property is subject to this Fee Agreement. However, the Company shall be required to make the Payments-in-Lieu-of-Taxes with respect to the Project as provided in this Section and in Section 5.3 hereof. Subject to Section 5.3 hereof and in accordance with the Act, the Company (on its own behalf and, pursuant to Section 5.6 hereof, on behalf of the Sponsor Affiliate) shall make annual Payments-in-Lieu-of-Taxes with respect to the Project, said payments being due and payable and subject to penalty assessments in the manner prescribed by the Act. Such amounts shall be calculated and payable as follows:

(a) Subject to Section 5.3, the Company (on its own behalf and, pursuant to Section 5.6 hereof, on behalf of the Sponsor Affiliate) shall make annual Payments-in-Lieu-of-Taxes with respect to the Project in an amount equal to the property taxes that would be due with respect to such property, if it were taxable, but using an assessment ratio of 6.0% and the millage rate, with respect to each of the Sites, equal to the legally levied cumulative property tax millage rate applicable to such Site on June 30, 2015. Subject in all events to the provisions of the Act, the fair market value of the Project shall be determined as follows:

- (i) for real property, (A) if the real property is constructed for the fee or is purchased in an arm's length transaction, using the original income tax basis for South Carolina income tax purposes without regard to depreciation; (B) otherwise, the real property must be reported at its fair market value for ad valorem property taxes as determined by appraisal; and
- (ii) for personal property, using the original income tax basis for South Carolina income tax purposes less depreciation allowable for property tax purposes, except that the Company is not entitled to extraordinary obsolescence.

(b) The Payments-in-Lieu-of-Taxes shall be made on the basis that the Project property, if it were otherwise subject to ad valorem property taxes, would be allowed all applicable exemptions from those taxes, except for the exemptions allowed under Section 3(g) of Article X of the South Carolina Constitution and Section 12-37-220(B)(32) and (34) of the Code of Laws of South Carolina, 1976, as amended.

(c) Any property placed in service as part of the Project during the Investment Period shall, in accordance with Section 5.5 hereof, be included in the calculation of payments pursuant to subsections (a) and (b) above for a period not exceeding 40 years following the year in which such property is placed in service. Pursuant to and subject to the Act, (i) Replacement Property shall be included (using its income tax basis) in the calculation of payments pursuant to subsections (a), (b) and (c), above, but only up to the original income tax basis of property which is being disposed of in the same property tax year; (ii) to the extent that the income tax basis of the Replacement Property exceeds the original income tax basis of the property which it is replacing, the portion of such property allocable to the excess amount shall be subject to annual payments calculated as if the exemption for economic development property under the Act were not allowed; (iii) more than one piece of Replacement Property can replace a single piece of economic development property; (iv) Replacement Property does not have to serve the same function as the property it is replacing; (v) Replacement Property is entitled to the Payments-in-Lieu-of-Taxes pursuant to subsections (a) and (b) above for the period of time remaining on the 40-year period for the property which it is replacing; and (vi) Replacement Property is deemed to replace the oldest property subject to this Fee Agreement, whether real or personal, which is disposed of in the same property tax year as the Replacement Property is placed in service.

SECTION 5.2. *Annual Credit.*

(a) The County shall provide an annual credit against the Payments-in-Lieu-of-Taxes set forth in Section 5.1 hereof (the “**Annual Credit**”), in the dollar amounts necessary to produce the net Payments-in-Lieu-of-Taxes set forth in Section 5.3 hereof.

(b) The County is providing the Annual Credit to the Company for the purpose of defraying a portion of the cost of the Infrastructure Improvements. The Annual Credit shall be available under this Section only to the extent that, as of the date that any Annual Credit is to be applied, the total cost of the Infrastructure Improvements is at least equal to the aggregate dollar amount of (i) any Annual Credit previously provided and (ii) any Annual Credit to be provided for the year in question. Upon request of the County, the Company shall provide documentation to the County reflecting the cost of the Infrastructure Improvements.

(c) If, as a result of the limitations set forth in subsection (b) of this Section or otherwise, the full amount of the Annual Credit provided for a particular year cannot be legally applied in such year, then, at the County’s sole discretion and to the extent authorized by law, the unapplied amount of such Annual Credit shall be carried forward and applied in the first subsequent year in which such carryforward amount can be legally applied.

SECTION 5.3. *Net Amount of Annual Payments by Company; Additional Investments; Minimum Investment.*

(a) The Company (on its own behalf and on behalf of the Sponsor Affiliate) shall make net Payments-in-Lieu-of-Taxes (after applying the Annual Credit) to the County with respect to the Facilities annually by March 31 of each year during the term of this Fee Agreement, beginning on March 31, 2016, as follows:

- (i) \$925,000 in 2016, 2017, 2018, 2019, 2020, 2021, and 2022.

- (ii) Beginning 2023, payments will increase from the amount of the 2022 payment by 1% annually, for the remaining term of this Fee Agreement.

The final net Payment-in-Lieu-of-Taxes shall be due on March 31, 2066, which is 40 years and three months after the December 31, 2025 end of the Investment Period.

(b) The Company agrees to make each of its net Payments-in-Lieu-of-Taxes by March 31 of the property tax year to which such payment relates, rather than, as otherwise provided by law, by January 15 of the following year. Thus, for example, with respect to Facilities owned or leased by the Company as of December 31, 2015, the Company agrees to make the applicable net Payment-in-Lieu-of-Taxes (for property tax year 2016) by March 31, 2016, rather than, as would otherwise be required under applicable law, by January 15, 2017.

(c) The net Payments-in-Lieu-of-Taxes to be made by the Company pursuant to this Section will satisfy the Payments-in-Lieu-of-Taxes or property taxes due from the Companies to the County or to any municipality or other political subdivision of the County with respect to the Facilities.

(d) If for any reason the amount of an annual net Payment-in-Lieu-of-Taxes as set forth in subsection (a) of this Section is greater than the amount that the Payment-in-Lieu-of-Taxes for such year would be pursuant to Section 5.1 hereof, then the Company shall be required to make the net Payment-in-Lieu-of-Taxes for such year in the greater amount set forth in subsection (a) of this Section.

(e) Subject only to subsection (f) of this Section, the Companies shall be entitled to relocate personal property from one Facilities site to another Facilities site (at any time during the term of this Fee Agreement) and to add to real and personal property investments at the Facilities sites (during the Investment Period) without increasing the amount of the annual net Payments-in-Lieu-of-Taxes set forth in subsection (a) of this Section.

(f) If the Companies invest, in addition to the Acquisition Costs, more than \$65 million in real and personal property in the County during the Investment Period, then the Companies and the County will negotiate a fee-in-lieu of taxes arrangement relating to such additional investment separate and apart from the arrangement provided in this Fee Agreement.

(g) If the Companies fail to invest, in addition to the Acquisition Costs, at least \$55 million in real and personal property (which investment may include, without limitation, investments in infrastructure and renovations) in or at the Facilities and/or at other locations in the County during the Investment Period, or if the Companies fails to invest at least \$10 million of such \$55 million at the primary Hospital site in Camden, South Carolina, the County may terminate the Annual Credit.

(h) For purposes of determining the amount of investments made under this Fee Agreement, investments made by the Companies and Company Affiliates in the County shall be included. The County is entitled to such reasonable documentation or certifications as the County may deem necessary to verify the amount of investment made.

SECTION 5.4. *Disposal of Property; Replacement Property.*

(a) In any instance where either the Company or Sponsor Affiliate, in its sole discretion, determines that any item or items of property included in the Project have become, in whole or in part, inadequate, obsolete, worn out, unsuitable, undesirable or unnecessary, the Company or Sponsor Affiliate (as may be applicable) may remove such item (or such portion thereof as the Company shall determine) or items and sell, trade in, exchange or otherwise dispose of it or them (as a whole or in part) without any responsibility or accountability to the County therefor. The loss or removal from the Project of any property, or any portion thereof, as a result of fire or other casualty or by virtue of the exercise or threat of the power of condemnation or eminent domain shall be deemed to be a disposal of such property, or portion thereof, pursuant to this Section. Subject to the provisions of Section 5.1(c) and this Section with respect to Replacement Property, the Payments-in-Lieu-of-Taxes required by Section 5.1(a) hereof shall be reduced by the amount thereof applicable to any property included in the Project, or part thereof, disposed of, or deemed disposed of, pursuant to this Section.

(b) Either the Company or the Sponsor Affiliate, in its sole discretion, may replace, renew or acquire or install other property in substitution for, any or all property or portions thereof disposed of, or deemed disposed of, pursuant to subsection (a) above. Any such property may, but need not, serve the same function, or be of the same utility or value, as the property being replaced. Absent a written election to the contrary made at the time of filing the first property tax return that would apply to such property, such property shall be treated, to the extent permitted by the Act, as Replacement Property.

SECTION 5.5. *Fee Term.* With respect to each Stage of the Project, the applicable term of the Payments-in-Lieu-of-Taxes to be made pursuant to Section 5.1(a) hereof shall be from the first day of the property tax year after the property tax year in which such Stage is placed in service through the last day of the property tax year that is 40 years thereafter, based on the standard 30-year exemption period allowed under the Act plus the 10-year extension thereof that is allowed under the Act and hereby provided by the County. The Payments-in-Lieu-of-Taxes to be made pursuant to Section 5.1(a) hereof shall terminate with respect to the Project or any Stage or part thereof upon the earlier to occur of (a) payment of the final installment of Payments-in-Lieu-of-Taxes pursuant to Section 5.1 hereof, or (b) exercise by the Company of its option to terminate pursuant to Section 9.1 hereof. This Fee Agreement shall terminate after the final Payment-in-Lieu-of-Taxes to be made pursuant to Section 5.3 hereof on March 31, 2066.

SECTION 5.6. *Certain Sponsor Affiliate Payment Matters.* The County hereby agrees that the Company shall have the right to make all Payments-in-Lieu-of-Taxes on behalf of the Sponsor Affiliate under this Fee Agreement, and the County shall accept all Payments-in-Lieu-of-Taxes made hereunder by the Company (regardless of whether or not such payments are specifically designated as being on behalf of the Sponsor Affiliate).

SECTION 5.7. *KershawHealth.* The Companies and the County hereby acknowledge and agree that KershawHealth is not subject to property taxes, and therefore has no responsibility or liability for making property tax payments or Payments-in-Lieu-of-Taxes with respect to the Facilities or otherwise. However, because KershawHealth is leasing certain Facilities real property to the Company, KershawHealth has agreed to be a special, limited party to this Fee Agreement in order to accommodate the other Parties, all of whom agree that KershawHealth shall not be

responsible for making any payment of any kind pursuant to or in connection with this Fee Agreement.

SECTION 5.8. *Other Tax Incentives.* Notwithstanding this Fee Agreement, the Companies shall be entitled to all state and federal tax credits and other tax incentives allowable by applicable federal or state law with respect to the Project, to the extent allowed.

ARTICLE VI EFFECTIVE DATE

SECTION 6.1. *Effective Date.* This Fee Agreement shall become effective as of the date first written above.

ARTICLE VII SPECIAL COVENANTS

SECTION 7.1. *Confidentiality/Limitation on Access to Facilities.* The County acknowledges and understands that the Companies utilize confidential and proprietary processes and materials, services, equipment, trade secrets and techniques and that any disclosure of any information relating to such processes and materials, services, equipment, trade secrets or techniques, including but not limited to disclosures of financial, sales or other information concerning the Companies' operations could result in substantial harm to the Companies and could thereby have a significant detrimental impact on the Companies' employees and also on the County. Therefore, the County agrees that, subject to the provisions of Section 10.8 hereof, except as required by law, and except as operating for other purposes in its taxing or sovereign capacity (such as, without limitation, for such routine health and safety purposes as would be applied to any other commercial facility in the County), 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, or (ii) shall request or be entitled to inspect the Facilities or any property associated therewith. Notwithstanding the expectation that the County shall not receive any confidential or proprietary information, if the County should nevertheless receive any such information, neither the County nor any employee, agent, or contractor of the County shall knowingly 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 Facilities or any property associated therewith, the Company or the Sponsor Affiliate, as applicable, 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. In the event that the County is required to disclose any confidential or proprietary information obtained from the Company or the Sponsor Affiliate to any third party, the County agrees to provide the Company or the Sponsor Affiliate, as applicable, with reasonable advance notice of such requirement before making such disclosure.

SECTION 7.2. *Indemnification of County.*

(a) The Companies shall indemnify and hold KershawHealth, the County and the County Council, and their respective members, officers, agents and employees (each an "Indemnified Party" and, together, "Indemnified Parties") harmless from all pecuniary liability solely based upon those reasons set forth in subsection (b) below; provided, however, that the Company shall not be required to indemnify KershawHealth or any of its respective members, officers, agents or employees to the extent that the claims, liabilities or losses referred to in subsection (b) below relate to obligations or responsibilities of KershawHealth under (i) the October 30, 2015 Lease Agreement by and between KershawHealth and the Company or (ii) the September 25, 2015 Asset Purchase Agreement between KershawHealth and the Companies. Such indemnification obligation shall survive any termination of this Fee Agreement.

(b) Notwithstanding the fact that it is the intention of the Parties that none of the Indemnified Parties shall incur any pecuniary liability to any third party (i) by reason of the terms of this Fee Agreement or the undertakings of the County or KershawHealth required hereunder, (ii) by reason of the performance of any act in connection with the entering into and performance of the transactions described in the Documents, or (iii) by reason of the County or KershawHealth having entered into this Fee Agreement, or (iv) by reason of the condition or operation of the Facilities, including claims, liabilities or losses arising in connection with the violation of any statutes or regulations, if any Indemnified Party should incur any such pecuniary liability, then, in that event the Companies shall indemnify and hold harmless such Indemnified Party against all pecuniary claims by or on behalf of any person, firm or corporation, arising out of the same, and all reasonable costs and expenses incurred in connection with any such claim.

(c) Notwithstanding the foregoing, the Companies shall not be obligated to indemnify the Indemnified Parties for expenses, claims, losses or damages arising from the intentional or willful misconduct or negligence of any Indemnified Party.

SECTION 7.3. *Assignment and Leasing.* With the County's consent, approval or ratification, which shall not be unreasonably withheld, conditioned or delayed, any of the Company's or the Sponsor Affiliate's interest in Facilities property and/or this Fee Agreement may be transferred or assigned by the Company or the Sponsor Affiliate, or any assignee of the foregoing, to any other entity in accordance with the Act; provided, however, that such consent, approval or ratification is not required in connection with any financing-related transfers, security interests granted by the Companies or any other transfers not requiring the consent of the County under the Act. The County hereby expressly consents to and approves in advance any transfer or assignment by the Company or the Sponsor Affiliate to each other and/or to any Company Affiliates of any interest in Facilities property or this Fee Agreement. Any transferee shall be entitled but not required to assume the transferor's rights and obligations under this Fee Agreement. In any event, upon any such transfer to a Company Affiliate, the transferor shall be relieved of all of its obligations under this Fee Agreement. Any equity or ownership interest in the Company or the Sponsor Affiliate may be sold, disposed, reorganized or otherwise transferred, without the consent of, or the requirement of any notice to, the County. The County agrees that the County Council may provide any required consent, approval or subsequent ratification to any transfer or assignment by a resolution of County Council or by a letter or other writing executed by the County Administrator. Except as otherwise provided herein or by the Act, a transaction or an event of sale, assignment, leasing, transfer of an interest herein, or disposal or replacement of all or part of the Facilities shall not constitute or result in a termination of this Fee Agreement in whole or in part or

serve as a basis for changing the fee payments due under Section 12-44-50 of the Act or under Section 5.3(a) hereof.

SECTION 7.4. *Sponsor Affiliates.*

(a) The Company may designate from time to time one or more additional Sponsor Affiliates pursuant to the provisions of Section 12-44-30(19) or (20) and Section 12-44-130 of the Act, which Sponsor Affiliates agree to be bound by the terms and provisions of this Fee Agreement. All additional Sponsor Affiliates that otherwise meet the requirements of Section 12-44-30(19) or (20) and Section 12-44-130 of the Act must execute a Joinder Agreement, in substantially the form attached hereto as Exhibit B, by which such Sponsor Affiliate agrees to be bound by the terms of this Fee Agreement. Any Sponsor Affiliate that is not a Company Affiliate must be approved by a Resolution of County Council in order to become a party to this Fee Agreement.

(b) The Company hereby agrees that, if one or more Sponsor Affiliates are added to this Fee Agreement pursuant to this Section, the Company shall nevertheless remain primarily liable for all Payments-in-Lieu-of-Taxes and other amounts due to the County hereunder. The County hereby agrees that the Company shall have the right to make all Payments-in-Lieu-of-Taxes or other payments on behalf of any Sponsor Affiliate under this Fee Agreement, and the County shall accept all Payments-in-Lieu-of-Taxes and other payments made hereunder by the Company on its own behalf or on behalf of a Sponsor Affiliate.

(c) In the event that one or more additional Sponsor Affiliates are added to this Fee Agreement pursuant to this Section, the Company shall nevertheless retain the sole authority to exercise the termination rights provided under Section 9.1 hereof on behalf of itself and any Sponsor Affiliate.

ARTICLE VIII EVENTS OF DEFAULT AND REMEDIES

SECTION 8.1. *Events of Default Defined.* The occurrence of any one or more of the following events shall be an "Event of Default" under this Fee Agreement:

(a) If the Company or Sponsor Affiliate, as may be applicable, shall fail to make any Payment-in-Lieu-of-Taxes or any other amount required under this Fee Agreement and such failure shall continue for 30 days after receiving written notice of default from the County; provided however, the County shall be entitled to penalties and interest provided by general law applicable to ad valorem taxes and the Act for amounts not paid in a timely manner.

(b) If any of the Companies, as may be applicable, shall fail to observe or perform any covenant, condition or agreement required herein to be observed or performed by the any of the Companies (other than as referred to in subsection (a) above), and such failure shall continue for a period of 30 days after written notice of default has been given to such entity by the County or such additional time as may be reasonably necessary under the particular circumstances so long as the applicable entity commences to cure such default within such 30-day period and thereafter diligently pursues such cure to completion, and further provided that if by reason of "*force*

majeure" as hereinafter defined the applicable entity is unable in whole or in part to carry out any such covenant, condition or agreement or if it takes longer than 30 days to cure such default and the applicable entity is diligently attempting to cure such default, there shall be no Event of Default during such period of inability. The term "*force majeure*" as used herein shall mean circumstances not reasonably within the control of the applicable entity, such as, without limitation, acts of God, strikes, lockouts or other industrial disturbances; war; acts of public enemies or of terrorists; mobilization or military conscription on a large scale; order of any kind of the government of the United States or any State, or any civil or military authority other than the County Council; insurrections; riots; landslides; earthquakes; fires; lightning; storms; droughts; floods; requisitions, confiscation, or commandeering of property; fuel restrictions; general shortages of transport, goods, or energy; or

(c) If any material representation or warranty on the part of the Companies made in the Documents, or in any report, certificate, financial or other statement furnished in connection with the Documents or the transactions described in the Documents shall have been false or misleading in any material respect.

SECTION 8.2. *County Remedies on Default by the Companies or KershawHealth.* Whenever any Event of Default shall have happened and be subsisting, the County may terminate this Fee Agreement by providing written notice, and/or take whatever action at law or in equity may appear legally required or necessary or desirable to collect any payments then due or to enforce performance and observance of any obligation, agreement or covenant of the defaulting Health Entity under this Fee Agreement. As set forth in Section 9.1 hereof, the Company may terminate this Fee Agreement at any time upon providing 30 days' notice to the County without regard to any Event of Default. Although the Parties acknowledge that the Project is exempt from ad valorem property taxes, the County and any other taxing entity affected thereby may, without limiting the generality of the foregoing, exercise the remedies provided by general law (Title 12, Chapter 49, Code of Laws of South Carolina, 1976, as amended) and the Act relating to the enforced collection of taxes.

SECTION 8.3. *Remedies on Default by the County.* In the event of a breach by the County of any provision contained in this Fee Agreement, the Company, the Sponsor Affiliate, and/or KershawHealth, after providing the County with an opportunity to cure such breach for 30 days after the County receives written notice thereof, may take whatever action at law or in equity may appear legally required, necessary or desirable to enforce the performance and observance of any obligation, agreement or covenant of the County under the Documents.

SECTION 8.4. *No Remedy Exclusive.* No remedy herein conferred upon or reserved to any Party is intended to be exclusive of any other available remedy or remedies, but in each and every instance such remedy shall be cumulative and shall be in addition to every other remedy given under the Documents or now or hereafter existing at law or in equity or by statute. Unless otherwise provided herein or in the other Documents, no delay or omission to exercise any right or power 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 8.5. *No Additional Waiver Implied by One Waiver.* In the event any warranty, covenant or agreement contained in this Fee Agreement should be breached by any Party and

thereafter waived by another Party, such waiver shall be limited to the particular breach so waived and shall not be deemed to waive any other breach.

**ARTICLE IX
COMPANY OPTION TO TERMINATE**

SECTION 9.1. *Company Option to Terminate.* From time to time (including without limitation any time during which there may be subsisting an Event of Default) and at any time upon written notice to the County, the Company or the Sponsor Affiliate may terminate this Fee Agreement with respect to the entire Facilities or any portion thereof; provided, that the Sponsor Affiliate shall not exercise such termination without the prior written approval of the Company, which may be withheld in the Company's sole discretion. Such termination shall be effective immediately upon giving such notice or upon such date as may be specified in the notice. Upon termination of all or part of this Fee Agreement, the Company and the Sponsor Affiliate, as applicable, will become liable prospectively but not retroactively for ad valorem property taxes (without the application of the Annual Credit) on the Facilities or such portion thereof as is so terminated from inclusion in the Facilities, as well as for any amounts already due and owing under this Fee Agreement, which latter amounts, if any, shall be paid to the County with the next installment of Payments-in-Lieu-of-Taxes pursuant to Section 5.3(a), or, if the termination is of the entire Facilities, then within 120 days of termination. In no event shall the Company or the Sponsor Affiliate be required to repay to the County the amount of any tax benefit previously received hereunder.

**ARTICLE X
MISCELLANEOUS**

SECTION 10.1. *Notices.* All notices, approvals, consents, requests and other communications hereunder shall be in writing and may be delivered personally, or may be sent by certified mail, return receipt requested, to the following addresses, unless the Parties are subsequently notified of any change of address in accordance with this Section:

If to the Company:

Neil Kunkel
Executive Vice President & Chief Legal Officer
Capella Healthcare, Inc.
501 Corporate Centre Drive, Suite 200
Franklin, TN 37067
With a copy to:

David Head, Partner
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

If to KershawHealth:

KershawHealth
c/o Sheheen Hancock & Godwin, LLP
ATTN: Marc A. Quigley
1011 Fair Street
Post Office Drawer 428
Camden, SC 29021

If to the Sponsor Affiliate:

Neil Kunkel
Executive Vice President & Chief Legal Officer
Capella Healthcare, Inc.
501 Corporate Centre Drive, Suite 200
Franklin, TN 37067

With a copy to:

David Head, Partner
Waller Lansden Dortch & Davis, LLP
511 Union Street, Suite 2700
Nashville, TN 37219

If to the County:

Kershaw County, South Carolina
515 Walnut Street
Camden, SC 29020
Attention: County Administrator

With a copy to:

County Attorney
c/o Clerk to County Council
515 Walnut Street
Camden, SC 29020

Whenever the County provides any notice under this Section to either the Sponsor Affiliate or KershawHealth, the County shall provide a copy of such notice to the Company, and whenever the Sponsor Affiliate or KershawHealth provides any notice under this subsection to the County, the Party providing such notice shall provide a copy of such notice to the Company.

Any notice shall be deemed to have been received as follows: (1) by personal delivery, upon receipt; and (2) by overnight mail upon delivery.

All Facilities-related notices or other written communications received by the Sponsor Affiliate or KershawHealth from the County, the County Council, the County Assessor, the County Auditor, the County Treasurer, or DOR, or from any member, officer, employee or agent of any of the foregoing, shall within five business days of receipt thereof by the Sponsor Affiliate and/or

Kershaw Health, as the case may be, be delivered personally or sent by overnight mail by the Sponsor Affiliate and/or Kershaw Health to the Company at the address set forth in this Section.

SECTION 10.2. *Binding Effect.* This Fee Agreement shall inure to the benefit of and shall be binding upon the Parties and their respective successors and assigns.

SECTION 10.3. *Rescission and Severability.* In the event that the Act or the Payments-in-Lieu-of-Taxes arrangements and/or the Annual Credit arrangements described in Sections 5.1, 5.2 and 5.3 hereof are determined to be invalid in its entirety by any court of competent jurisdiction, the Parties hereby agree that except as the final judicial decision may otherwise require, the Company and the Sponsor Affiliate shall be entitled to retain any benefits received under or pursuant to this Fee Agreement; otherwise, in the event any provision of the Act or this Fee Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, that decision shall not invalidate or render unenforceable any other provision of this Fee Agreement, unless that decision destroys the basis for the transaction, in which event the Parties shall in good faith attempt to preserve, to the maximum extent possible, the benefits provided and to be provided to the Company and the Sponsor Affiliate hereunder by either restructuring or reconstituting this Fee Agreement under any then applicable law, including but not limited to the Act, the Infrastructure Law, Chapter 29 of Title 4, and Chapter 12 of Title 4, Code of Laws of South Carolina, 1976, as amended.

SECTION 10.4. *Payments Due on Saturday, Sunday and Holidays.* Whenever any payment to be made hereunder shall be stated to be due on a Saturday, a Sunday or a holiday, such payment shall be made on the next business day.

SECTION 10.5. *Amendments, Changes and Modifications.* Except as otherwise provided in this Fee Agreement, this Fee Agreement may not be amended, changed, modified, altered or terminated without the written consent of the Parties. To the maximum extent allowed by law, any such County consent, and any other County consent, approval or ratification referred to in the Act or this Fee Agreement, may be provided by a resolution of County Council or by other form of consent, approval or ratification allowed by law.

SECTION 10.6. *Execution of Counterparts.* This Fee Agreement may be executed in several counterparts, each of which shall constitute an original instrument.

SECTION 10.7. *Law Governing Construction of Fee Agreement.* The laws of the State shall govern the construction of this Fee Agreement.

SECTION 10.8. *Filings.*

(a) The Company or the Sponsor Affiliate, as applicable, shall provide the County Auditor, the County Assessor, and the County Treasurer with a copy of all annual filings made by the Company or the Sponsor Affiliate to DOR pursuant to this Fee Agreement and the Act. Further, the Company shall cause a copy of this Fee Agreement, as well as a copy of the completed DOR Form PT-443, to be filed with the County Auditor, the County Assessor, the County Treasurer and DOR within 30 days after the date of execution and delivery hereof.

(b) Notwithstanding any other provision of this Section, the Company or the Sponsor Affiliate may designate with respect to any filings delivered to the County segments thereof that the Company or the Sponsor Affiliate, as applicable, believes contain proprietary, confidential, or trade secret matters. The County shall conform with all reasonable, written requests made by the Company or the Sponsor Affiliate with respect to maintaining the confidentiality of such designated segments, to the extent allowed by law.

SECTION 10.9. *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 10.10. *Further Assurance.* From time to time the County agrees to execute and deliver to the Company or the Sponsor Affiliate such additional assurances and/or instruments as the Company or Sponsor Affiliate may reasonably request to effectuate the purposes of this Fee Agreement.

SECTION 10.11. *Payment of Certain County Expenses for County's Outside Legal Counsel.* Subject to the cap set forth in the next sentence, the Companies shall pay the County's reasonable costs and attorneys' fees incurred in connection with the negotiation, documentation, approval and implementation of this Fee Agreement, the Multi-County Industrial Park, the Ordinance or any other ordinances relating to any of the foregoing, and all related documents and matters concerning the Project (the "County Fees"). In no event shall the Companies, in the aggregate, be required to pay for more than \$15,000 of the County Fees. Any such payments shall be made by the Companies within 45 days after receiving written notice from the County, accompanied by such supporting documentation as may be necessary to evidence the County's right to receive such payment, specifying the nature of such expense and requesting payment of same.

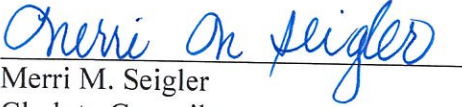
[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK.]

IN WITNESS WHEREOF, KERSHAW COUNTY, SOUTH CAROLINA, KERSHAW HOSPITAL, LLC, KERSHAW CLINICS, LLC, and KERSHAWHEALTH, pursuant to due authority, have duly executed this Fee Agreement, all as of the date first above written.

KERSHAW COUNTY, SOUTH CAROLINA

By: 
Chairman
Kershaw County Council

ATTEST:


Merri M. Seigler
Clerk to Council

KERSHAW HOSPITAL, LLC

By: _____
Name: _____
Title: _____

KERSHAW CLINICS, LLC

By: _____
Name: _____
Title: _____

KERSHAWHEALTH

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, KERSHAW COUNTY, SOUTH CAROLINA, KERSHAW HOSPITAL, LLC, KERSHAW CLINICS, LLC, and KERSHAWHEALTH, pursuant to due authority, have duly executed this Fee Agreement, all as of the date first above written.

KERSHAW COUNTY, SOUTH CAROLINA

By: _____
Chairman
Kershaw County Council

ATTEST:

Merri M. Seigler
Clerk to Council

KERSHAW HOSPITAL, LLC

By: _____
Name: D. Anderson Slusser
Title: Vice President

KERSHAW CLINICS, LLC

By: _____
Name: D. Anderson Slusser
Title: Vice President

KERSHAWHEALTH

By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, KERSHAW COUNTY, SOUTH CAROLINA, KERSHAW HOSPITAL, LLC, KERSHAW CLINICS, LLC, and KERSHAWHEALTH, pursuant to due authority, have duly executed this Fee Agreement, all as of the date first above written.

KERSHAW COUNTY, SOUTH CAROLINA

By: _____
Chairman
Kershaw County Council

ATTEST:

Clerk to Council

KERSHAW HOSPITAL, LLC

By: _____
Name: _____
Title: _____

KERSHAW CLINICS, LLC

By: _____
Name: _____
Title: _____

KERSHAWHEALTH

By: Dee Dee
Name: Dee Dee Ogburn
Title: Chair Board of Trustees

EXHIBIT A

DESCRIPTION OF LAND

Property Name	Address	Assessor Account Number
Kershaw Medical Center	1315 Roberts St, Camden	C285-06-00-025
Kershaw Medical Center - Vacant Land	1209 Dubose Court, Camden	C285-06-00-070
Elgin Urgent Care	40 Pinnacle Pkwy, Elgin	360-00-00-110
Elgin Urgent Care - Land	52 Pinnacle Pkwy, Elgin	349-00-00-053
West Wateree Medical Campus	1165 US 1, Lugoff	310-00-00-009
Health Resource	124 Battleship Rd, Camden	284-00-00-022
Human Resources	1211 Robert St, Camden	C285-06-00-048
Kershaw Pulmonology	1218 Roberts St, Camden	C285-06-00-049
Kershaw Sleep Center	1329 Haile St, Camden	C285-06-00-005
KH Primary Care	1111 Mill St, Camden	C285-09-00-025
Health Care Bethune	103 S Main St, Bethune	B141-15-00-028
Kershaw Surgical Associates	1102 Roberts St, Camden	C285-10-00-015
Kershaw Gastroenterology	1303 Monument Sq, Camden	C284-08-00-138
Residential House	1215 Gardner St, Camden	C285-06-00-050
Vacant Land	1213 Gardner St, Camden	C285-06-00-052
KH Urology	1327 Haile St, Camden	C285-06-00-004
Tangible Personal Property (at all locations)		

JOINDER AGREEMENT

Reference is hereby made to (i) that certain Fee Agreement dated _____, 2015 (the "Fee Agreement") between Kershaw County, South Carolina (the "County"), Kershaw Hospital, LLC (the "Company"), Kershaw Clinics, LLC and KershawHealth.

1. Joinder to Fee Agreement.

The undersigned hereby (a) joins as a party to, and agrees to be bound by and subject to all of the terms and conditions of, the Fee Agreement; and (b) acknowledges and agrees that (i) in accordance with Section 7.3 of the Fee Agreement, the undersigned has been designated as a Sponsor Affiliate by the Company for purposes of the Facilities and, if the Sponsor Affiliate is not a Company Affiliate, such designation has been consented to by the County pursuant to a Resolution dated _____; (ii) the undersigned qualifies or will qualify as a Sponsor Affiliate under the Fee Agreement and Section 12-44-30(A)(19) or (20) and Section 12-44-130 of the Act; and (iii) the undersigned shall have all of the rights and obligations of a Sponsor Affiliate as set forth in the Fee Agreement.

2. Notices. For purposes of Section 10.1 (Notices) of the Fee Agreement, the undersigned's notice information shall be as follows: [notice address and contact office/person to be provided]

3. Capitalized Terms.

All capitalized terms used but not defined in this Joinder Agreement shall have the meanings set forth in the Fee Agreement.

4. Governing Law.

This Joinder Agreement shall be governed by and construed in accordance with the laws of the State of South Carolina, without regard to principles of choice of law.

IN WITNESS WHEREOF, the undersigned has executed this Joinder Agreement to be effective as of the date set forth below.

Date

Name of Entity
By: _____
Name: _____
Its: _____
Address: _____

IN WITNESS WHEREOF, the Company and the County acknowledge, accept and consent to the addition of the above-named entity becoming a Sponsor Affiliate under the Fee Agreement effective as of the date set forth above.

Date

By: _____
Name: _____
Its: _____

KERSHAW HOSPITAL, LLC

Date

By: _____
Name: _____
Title: _____

KERSHAW COUNTY, SOUTH CAROLINA

Date

By: _____
Name: _____
Its: _____

ATTEST:

Clerk to Council

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