# GHS board accepts Oconee's $90M debt

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GREENVILLE — On the eve of taking over operations today of what will now be called Oconee Memorial Hospital, the Greenville Health System Board of Trustees took action Monday to begin assuming about $90 million in outstanding debt at Oconee.

In a two-page resolution approved by both the GHS trustees and endowment fund board, Greenville agreed in writing that it will "assume responsibility for payment of the bonds."

Joe Blake, vice president for legal affairs and general counsel for GHS, told the board it would be about 180 days before GHS could refinance the Oconee debt under a more favorable interest rate, but added the resolution allows for today's closing on the lease and contribution agreement between GHS and Oconee to go forward. Blake said it is likely GHS will put cash in escrow to secure the debt during the period before refinancing is completed.



Riordan

GHS president and CEO Michael Riordan said last month that Greenville's favorable bond rating would allow the system to refinance the Oconee debt at a lower rate, allowing for the cost of those bonds to be lower.

The agreement signed in July by the GHS and Oconee boards gives Greenville control of operations and facilities for the next 50 years with two renewable 25-year leases that could take the agreement to 2114.

GHS is also assuming an additional 1,008 full-time equivalent (FTE) positions from Oconee.

The GHS board also unanimously approved a $2 billion operating revenue budget for the hospital system and its eight hospitals in the Upstate, including Oconee. That budget includes an additional 500 jobs, but not a price increase. Room rates will remain unchanged for the second consecutive year. FTEs for the new fiscal year, which begins today, will be 12,927.2, including the 1,008 positions at Oconee.

"GHS is now a $2 billion organization, and this new budget is an investment in our vision to transform healthcare," Riordan said. "Integration and innovation are key to surviving and thriving in today's rapidly changing healthcare environment."

The new budget also provides for approximately $108 million for new capital projects and routine equipment. There is also about $98 million in the 2015 fiscal year budget for previously approved capital projects.

GHS is also dealing with the costs of charity care and bad debt, which is budgeted at $524 million for the coming year — a 14.1 percent increase over the 2014 fiscal year. A GHS statement released during the meeting said Oconee's inclusion in the GHS budget accounted for $43.9 million to the budget for charity care and bad debt.

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pital now part of GHS



FILE

**Oconee Medical Center today becomes Oconee Memorial Hospital, a part of Greenville Health System.**