



State of South Carolina Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

September 29, 2016

Dear Members of the Greenville Delegation and President and CEO of Greenville Hospital System Mike Riordan,

As you know, the Greenville Hospital System (GHS) Board of Trustees voted to change from a government-run health system to a non-profit health system effective October 1, 2016. After that decision was finalized, GHS had to reclassify its current bonds in order to maintain their tax exempt status. GHS submitted a request to my office earlier this month, because federal law requires approval by the Governor for the bonds to be officially reclassified.

I understand that some public officials and citizens disagree with the Board's decision to become a nonprofit, but that is not the issue before me. The only decision before me is whether to approve the bond reclassification request. I take this matter seriously, because it will affect the citizens served by GHS.

This very technical tax issue has high stakes for GHS patients. If I do not approve this request, IRS regulations would cost GHS \$167 million in financing fees starting October 1st. These extraordinary costs would ultimately be passed on to patients and their families—an outcome that will not happen on my watch.

For these reasons, I have approved the bond reclassification request. My hope is that these and similar issues can be resolved so that GHS can move forward and follow through with its commitment to better serve the Upstate.

My very best,

A handwritten signature in blue ink, reading "Nikki R. Haley".

Nikki R. Haley

NRH/rkt