

whereby---the---outstanding---indebtedness--may--be--prepaid requiring approval of the agreement by the Legislative Policy Committee of the General Assembly; and relating generally to the acceptance of prepayments of a prepayment agreement for certain debts of Liberty Medical Center, Inc.

Preamble

WHEREAS, In 1986, Liberty Medical Center, Inc. acquired the assets of Lutheran Hospital of Maryland, Inc. and Provident Hospital, Inc. and began operation of a consolidated institution in Baltimore City; and

WHEREAS, The State of Maryland made certain loans to Provident Hospital in 1969 and 1974; and

WHEREAS, Liberty Medical Center, Inc. agreed under an Assumption and Subordination Agreement dated July 30, 1986, to assume the indebtedness of Provident Hospital then owing to the State in the amount of \$6,764,642; and

WHEREAS, In 1986, the State also loaned to Liberty Medical Center, Inc. an additional subordinated below market rate loan of \$2,500,000; and

WHEREAS, Liberty Medical Center, Inc. has made timely payments on all the other outstanding indebtedness to the State in accordance with its agreements with the State; and

WHEREAS, Liberty Medical Center, Inc. has kept its rates and charges at reasonable levels while serving one of the highest census levels of poor and indigent in Maryland; and

WHEREAS, The consolidation which created Liberty Medical Center, Inc. has contributed substantially to the attainment of the bed reduction goals for Baltimore City; and

WHEREAS, Liberty Medical Center, Inc. is serving an extraordinary number of patients who are indigent and recipients of Medicaid assistance; and

WHEREAS, Liberty Medical Center, Inc., because it has achieved a position of financial solvency, is now in a position to obtain conventional financing in the private sector; and

WHEREAS, It is in the best interest of Liberty Medical Center, Inc. to restructure its outstanding debt to the State of Maryland by the use of long-term bond financing; and

WHEREAS, The outstanding loans to the State of Maryland are below current market rate; and