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June 16, 1998

VIA HAND DELIVERY

Richard B. Smith, Esq.
Premerger Notification Office
Bureau of Competition
Federal Trade Commission
Room 323
6th & Pennsylvania Avenue, N.W.
Washington, D.C. 20580

This letter is subject to the provisions of the
Federal Trade Commission Act, 15 U.S.C. § 57a,
which provides that the Commission may, in its
discretion, withhold or limit the disclosure of
information furnished to it under this Act.

Re: Reportability of Proposed Formation of 501(c)3 Health Care Holding Company

Dear Dick:

This is a request for confirmation that the transaction described herein is not reportable under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, 15 U.S.C. § 18a ("HSR Act"). As we discussed, the proposed transaction is the formation of a 501(c)3 entity that will hold the assets of two hospitals currently controlled by unaffiliated parents. The parents will each have the right to appoint an equal number of the new entity's corporate members as well as an equal number of members of its board of trustees. As we discussed, the parties do not believe this transaction is reportable under the HSR Act and request your confirmation of their interpretation.

The parties to the proposed affiliation are Religious Order ("RO"), a nonprofit entity that is currently the sole corporate member of a nonprofit hospital ("A Hospital"), and Community Board ("CB"), a nonprofit entity that is currently the sole corporate member of another nonprofit hospital ("B Hospital"). RO and CB propose to form a new 501(c)3 entity ("Newco") to become the sole corporate member of A Hospital and B Hospital. Under Newco's bylaws, RO and CB will each have the right to appoint four members of the corporation (the "Corporate Members"). The Corporate Members will have the right, among other things, to appoint the President and Chief Executive Officer, amend the certificate of incorporation or bylaws, and dissolve, liquidate or sell Newco.

Newco will also have a seventeen member Board of Trustees to direct Newco's business. The RO Corporate Members and the CB Corporate Members will each have the right to appoint six members to the Board of Trustees. These twelve members will select four additional

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members to serve on this board. The President and Chief Executive Officer of Newco (appointed by the eight Corporate Members) will serve as the seventeenth member of the board in an ex-officio capacity with full voting rights.

To implement the proposed affiliation, A Hospital and B Hospital will each adopt new bylaws that acknowledge that Newco is the sole corporate member of each of them. After the formation of Newco is consummated, CB will hold no health care assets other than its membership interest in Newco.

The parties believe that the transaction does not result in the transfer of any ownership interest and, therefore, is not reportable under the HSR Act, and would appreciate your confirmation of their conclusion.

Should you have any questions regarding this request or the proposed transaction, please contact me at [REDACTED]

Very truly yours,
[REDACTED]
[REDACTED]

6/24/98 - Advised writer that formation of new-
501(c)(3) Newco was non-reportable under 801.10. Newco
has no assets and voting stock not being acquired by
PO or CB. PO and CB will share membership in
Newco (which will become the sole member of A Hospital
and B Hospital) but whose Board of Trustees will not
be controlled by either PO or CB. (Revised will Joe Home.)
RBSmith