

801.1(0)(a) - Non profit

[REDACTED]

[REDACTED]

[REDACTED]

February 25, 1999

VIA HAND DELIVERY

Richard B. Smith, Esq.
Federal Trade Commission
Premerger Notification Office
Room 323
6th Street and Pennsylvania Avenue, N.W.
Washington, DC 20580

This material may be subject to the confidentiality provisions of section 24 of the USA for Act which restricts release under the Freedom of Information Act.

REC'D
FEB 25 1999
FEDERAL TRADE COMMISSION

Re: Confirmation that no HSR Filing is Required

Dear Dick:

I am writing to confirm that no Hart-Scott-Rodino ("HSR") filing is required for the

Hospital System A (which is a non-stock, non-profit corporation) is going to make an investment in Hospital B (which is also a non-stock, non-profit corporation). Hospital System A will make a cash contribution of \$1 million to Hospital B and a cash contribution of \$5 million to Foundation B, which is a charitable foundation that is wholly controlled by Hospital B. Foundation B will remain under the complete control of Hospital B.

~~In exchange for its cash contribution, Hospital System A will receive 3 of the 15 Board members of Hospital B. The other 12 seats on the Board of Hospital B will be held by Hospital B.~~

income of Hospital B in proportion to the investment made by Hospital System A.

[REDACTED]

Most decisions by the Board of Hospital B will require only a simply majority approval. However, a few types of decisions will require "super-majority" approval. In these cases, actions can be approved only if a majority of the directors appointed by Hospital System A (that

◆ borrowing \$1 million or more;

- ◆ making investments of over \$250,000;
- ◆ approving annual and capital budgets and strategic plans;
- ◆ selling or transferring substantially all of the assets of Hospital B;
- ◆ taking any act that would contravene the agreement with Hospital System A;
- ◆ reorganizing Hospital B into any other legal form; or
- ◆ making a request for additional contributions to the capital of Hospital B or making

because Hospital System A is not gaining control of or acquiring any assets. Rather, it is simply gaining a minority, non-controlling interest in Hospital B.

After you have had a chance to review this letter, please give me a call and let me know whether you agree with my conclusion that no filing is required.

Sincerely,

[Redacted signature]

2/25/99 advised under that no HSFR reportable event
is at the above described transaction between

R. Smith