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SAINT LOUIS
UNIVERSITY

Office of University Compliance

July 17, 2015

VIA E-MAIL (RidsRgn3MailCenter.Resource@nrc.gov)

Branch Chief
Materials Licensing Branch
Division of Nuclear Materials Safety
U.S. Nuclear Regulatory Commission, Region III
2443 Warrenville Rd.
Lisle, IL 60532

SUBJECT: Saint Louis University (License No. 24-00196-07; Docket No. 030-11789); Notification of Proposed Transaction

Saint Louis University (the "Licensee") hereby submits this courtesy notification of an impending transaction involving a change of ownership over a hospital where the Licensee provides certain services governed by Nuclear Regulatory Commission ("NRC") Materials License No. 24-00196-07 (the "License"). The proposed transaction does not create a "change of control" over the License because the Licensee does not own the hospital, but just provides services at the hospital. Moreover, as explained herein, nothing in the proposed transaction impacts the Licensee's ability to direct activities under the License or determine how the License will be used.

The Licensee provides an overview of the transaction, including an explanation as to why it does not constitute a change of control over the License below. As requested by the NRC, the Licensee also provides below responses to the questions set forth in NUREG-1556, Vol. 15, *Consolidated Guidance About Materials Licenses: Program-Specific Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Material Licenses* (2000) ("NUREG-1556, Vol. 15"). The proposed transaction is scheduled to close on August 31, 2015.

A. Overview of the Proposed Transaction

The NRC licensee is Saint Louis University. The Licensee currently provides services covered by the License at Saint Louis University Hospital (the "Hospital"). The Licensee is authorized to use the License at the Hospital, among other places. See License Condition 10. The Licensee does not own the Hospital or the radioactive material used at the Hospital. Rather, the Hospital and the radioactive material used at the Hospital under the Licensee's supervision and ultimate control, is owned by SLH Vista, Inc. (f/k/a Tenet HealthSystem SL, Inc.) ("Tenet").

The Licensee provides the services at the Hospital pursuant to an agreement between the Licensee and Tenet, which addresses the NRC-licensed activities undertaken at the Hospital (the "NRC Agreement"). The NRC reviewed this agreement when the parties entered into it back in 1998.

Under the proposed transaction, the Hospital, including all its assets and personnel, would ultimately be transferred from Tenet to a company called "SSM-SLUH, Inc." (the "JV"). The JV would be wholly- owned and controlled by SSM Health Care St. Louis ("SSMSL"), with Saint Louis University owning an indirect, minority, non-controlling interest in the JV by virtue of Saint Louis University's minority, non-controlling interest in SSMSL.

After the transaction closes, as before, it is the parties' intent that the Licensee will continue to provide services at the Hospital under substantially the same terms with respect to the Hospital as the existing NRC Agreement, but the agreement will now be between the Licensee and the JV (instead of the Licensee and Tenet). For informational purposes, the NRC Agreement from 1998 is enclosed. The parties will provide the NRC with a copy of the updated agreement, to which the JV would be a party, upon the execution of such agreement at or around closing.

B. Transaction Does Not Impact Control of the License

Under NRC guidance, precedent, and the applicable regulations and statute, the proposed transaction does not constitute a "change of control" over the License. As explained in NRC guidance, the NRC regulations require that "[n]o license issued or granted pursuant to the regulations, nor any right under a license shall be transferred, assigned or in any manner disposed of, either voluntarily or involuntarily, directly or indirectly, through transfer of control of any license to any person, unless the Commission shall, after securing full information, find that the transfer is in accordance with the provisions of the Act and shall give its consent in writing." NUREG-1556, Vol. 15 at 5-1 (citing 10 CFR 30.34(b)). Based on this requirement, the guidance explains, "control of licenses cannot be transferred without the prior written consent of the Commission." *Id.*

In guidance, the NRC cites agency case law to define what constitutes a "change of control." Specifically, the guidance references *Safety Light Corporation* (Bloomsburg Site Decommissioning), ALAB-931, 31 NRC 350 (1990), where the Atomic Safety and Licensing Appeal Board stated, "[c]ontrol of a license is in the hands of the person or persons who are empowered to decide when and how that license will be used." *Id.* at n. 46. The Board went on to note, the guidance explains, "[i]n the instance of a corporate Part 30 or Part 50 licensee, that control is to be found in the person or persons who, because of ownership or authority explicitly delegated by the owners, possess the power to determine corporate policy and thus the direction of the activities under the license." *Id.* at 367 (quoted in NUREG-1556, Vol. 15 at 5-1).

The proposed transaction does not impact the Licensee's ability to direct activities under the License or determine how the License will be used. Under the proposed transaction, only control over the Hospital is changing. The Licensee provides services to the Hospital under a contract with the Hospital owner. Under the new owner of the Hospital, the Licensee will continue to provide services at the Hospital, subject to the contractual arrangements between the parties. At no time prior to the transaction does the Hospital owner have any ability to exert control over the Licensee's License. Likewise, at no time after the proposed transaction, would the new Hospital owner have any ability to exert control over the Licensee's License. Tenet does not possess an NRC license that covers that Hospital, so the transfer of the Hospital from Tenet to the JV does not create a change of control over any other NRC license.

C. Information Requested under NUREG-1556, Vol. 15

The NRC asked the Licensee to respond to the following questions, which are also set forth in NUREG-1556, Vol. 15, Section 5 and Appendix F.

- 1. Provide a complete description of the transaction (transfer of stocks or assets, or merger). Indicate whether the name has changed and include the new name. Include the name and telephone number of a licensee contact whom NRC may contact if more information is needed.**

Under the proposed transaction, the Hospital, including all its assets, would ultimately be transferred from Tenet to a company called "SSM-SLUH, Inc." (the "JV"). The JV is a wholly-owned subsidiary of SSM Health Care St. Louis ("SSMSL"), with Saint Louis University owning an indirect, minority, non-controlling interest in the JV by virtue of Saint Louis University's minority, non-controlling interest in SSMSL.

More specifically, at closing, the Licensee would purchase the Hospital from Tenet. Simultaneously at closing, the Licensee would contribute the Hospital, including all its assets, to the JV. In exchange, among other things, the Licensee would acquire a minority, non-controlling interest in SSMSL. The majority, controlling owner of SSMSL would ultimately be SSM Health Care Corporation.

As previously explained, the proposed transaction does not impact the Licensee's License. While the Hospital address is listed as an authorized location for the Licensee to use licensed material, the address of the Hospital is not changing as a result of the proposed transaction. There will be no changes to the Licensee or the License as a result of the proposed transaction. The Licensee's name will not change.

If the NRC has additional questions on the transaction, the Licensee's contact information is provided below.

- 2. Describe any changes in personnel or duties that relate to the licensed program. Include training and experience for new personnel.**

There will be no changes in personnel or duties that relate to the licensed program.

- 3. Describe any changes in the organization, location, facilities, equipment, or procedures that relate to the licensed program.**

There will be no changes in the organization, location, facilities, equipment or procedures that relate to the licensed program.

- 4. Describe the status of the surveillance program (surveys, wipe tests, quality control) at the present time and the expected status at the time that control is to be transferred.**

The surveillance program is up-to-date consistent with the day-to-day operations of ongoing activities covered by the License. These activities will not change as a result of the proposed transaction.

- 5. Confirm that all records concerning the safe and effective decommissioning of the facility will be transferred to the transferee or to NRC, as appropriate. These records include documentation of surveys of ambient radiation levels and fixed and/or removable contamination, including methods and sensitivity.**

No records will be transferring from the Licensee. To the extent any records are maintained at the Hospital, they will continue to be maintained at the Hospital.

- 6. Confirm that the transferee will abide by all constraints, conditions, requirements, and commitments of the transferor or that the transferee will submit a complete description of the proposed licensed program.**

The Licensee will continue to abide by all the constraints, conditions, requirements, and commitments applicable to the License.

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If you have any questions or comments, please contact me at 314-977-5774 or agarci31@slu.edu, or the Licensee's outside nuclear regulatory counsel, Amy Roma, at Hogan Lovells, at 202-637-6831 or amy.roma@hoganlovells.com.

Sincerely,




Anne K. Garcia
Senior Associate General Counsel
Executive Director of University Compliance
Saint Louis University
1402 S. Grand Blvd
St. Louis, MO 63104

Enclosure: 1998 NRC Agreement


The following parties also agree with the contents of this letter.

On behalf of SLH Vista, Inc. (f/k/a Tenet Health System SL, Inc.)

By: 
Name: Mark Peacock
Title: Authorized Signatory

Date: 7/17/15

On behalf of SSM-SLUH, Inc.

By: 
Name: Paula J. Friedman
Title: Vice President

Date: 7/17/15

Dalzell-Bishop, Jennifer

From: Roma, Amy C. <amy.roma@hoganlovells.com>
Sent: Monday, July 20, 2015 3:01 PM
To: Dalzell-Bishop, Jennifer
Subject: [External_Sender] Courtesy copy of a Notification of a Proposed Transaction and associated documents
Attachments: Notification of a Proposed Transaction from Saint Louis University (License No. 24-00196-07; Docket No. 030-11789); Notification of a Proposed Transaction from Saint Louis University (License No. 24-00196-07; Docket No. 030-11789)--Missing Enclosure and Support 2.390 Affidavit
Follow Up Flag: Follow up
Flag Status: Flagged

Jennifer:

In case you have not received these already, attached is a courtesy copy of a Notification of a Proposed Transaction ("Notification") that was submitted to the NRC on Friday, July 17, 2015. The information transmits responses to the questions contained in NUREG-1556, Vol. 15 that you requested Saint Louis University provide to the NRC as a result of a proposed transaction involving the sale of a hospital at which the University provides services. The transaction had previously been described to you at a very high level by the University RSO, Mark Haenchen, but the attached Notification describes the proposed transaction in greater detail.

The transmission to the NRC of the Notification last week inadvertently left off the referenced enclosure, an agreement between the current Saint Louis University Hospital owner and the University, titled the "NRC Agreement." The second attached email is the transmission sent to the NRC earlier today of the missing attachment, and the 2.390 Affidavit to support withholding the NRC Agreement from public disclosure.

If you have any questions on the attached documents, please do not hesitate to contact me.

Kind regards,

Amy Roma

Amy Roma

Partner

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