

**SAFETY EVALUATION REPORT
PROPOSED CHANGE OF CONTROL FOR BYPRODUCT MATERIALS LICENSE**

Date: 19-November-2018
Docket No.: 030-02049
License No.: 21-04177-01
Licensee: Lakeland Medical Center, St. Joseph
Address: 1234 Napier Ave., St. Joseph, MI 49085
Technical Reviewer: Sara A. Forster, M.S., Materials Licensing Branch, Division of Nuclear Materials Safety

SUMMARY AND CONCLUSIONS:

Lakeland Medical Center, St. Joseph ("the licensee") is authorized by NRC License 21-04177-01 for the possession and medical use of byproduct material. The U.S. Nuclear Regulatory Commission (NRC) staff reviewed a request for consent to an indirect license transfer submitted by the licensee that would result from Spectrum Health System ("the transferee") becoming the sole corporate member of the licensee's parent corporation, Lakeland Regional Health System ("the transferor"). As a result of the acquisition, the transferee would be the owner of the parent corporation to the licensee. The indirect transfer of control is described in the August 20, 2018 request letter (Agency Documents Access and Management System (ADAMS) accession number ML18233A179).

The request for consent was reviewed by NRC staff for a direct change in control of a Title 10 *Code of Federal Regulations* (CFR) Part 30 license using the guidance in NUREG 1556, Volume 15, "Consolidated Guidance About Materials Licenses - Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," revision 1, dated June 2016. The NRC staff finds that the information submitted by the licensee sufficiently describes and documents the transaction and commitments made by the licensee, the transferor, and the transferee.

As required by Title 10 of the Code of Federal Regulations ("CFR") Section 30.34 and Section 184 of the Atomic Energy Act of 1954, as amended ("the Act"), NRC staff has reviewed the application and finds that the proposed change in control is in accordance with the Act. The staff finds that, after the change of control, the licensee will remain qualified to use byproduct material for the purpose requested, and will continue to have the equipment, facilities, and procedures needed to protect public health and safety, and to promote the security of licensed material.

SAFETY AND SECURITY REVIEW

According to data obtained from the NRC's Web Based Licensing ("WBL") System, the licensee has held an NRC license since September 30, 2006. The NRC most recently conducted inspections of the licensee on January 28, 2013, October 14, 2014, November 28-29, 2016, and September 20-21 (with continuing in-office review through September 26), 2018. No violations were identified during those inspections.

In the licensee's request for NRC consent to the indirect transfer of control, commitments made by the transferee and the transferor state that the licensee:

- A. will not change the personnel authorized in the NRC license;
- B. will not change the organization, locations, facilities, equipment, or procedures authorized in the NRC license;
- C. will not change the radiation safety program authorized in the NRC license; and
- D. will keep regulatory required surveillance records and decommissioning records.

Spectrum Health System, the transferee, has held a radioactive materials license, NRC License No. 21-00243-06, that includes the scope of proposed licensed activities. That license was originally issued August 12, 1958. It was last inspected on June 20-23, 2017, with no violations. Accordingly, the transferee is considered a known entity following the guidance provided by the NRC's Office of Nuclear Material Safety and Safeguards (NMSS) "Checklist to Provide a Basis for Confidence that Radioactive Materials will be Used as Specified on the Application," August 9, 2018 revision. The purpose of this checklist is for the NRC to obtain reasonable assurance from new license applicants or NRC licensees transferring control of licensed activities that the licensed material will be used for its intended purpose and not for malevolent use.

The licensee is not required to have decommissioning financial assurance based on the types and amount of material authorized by License No. 21-04177-01.

REGULATORY FRAMEWORK

License No. 21-04177-01, was issued under 10 CFR Part 30, Rules of General Applicability to Domestic Licensing of Byproduct Material. Under 10 CFR 30.34(b), for licenses "issued or granted pursuant to the regulations in [Parts 30] through 36," the Commission is required to determine if the change of control is in accordance with the provisions of the Act, and give its consent in writing. Specifically, no 10 CFR Part 30 licenses, "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." The review was completed in accordance with NUREG 1556, Volume 15, revision 1, and informed by 63 *Federal Register* 66721, "10 CFR Parts 2 and 51, RIN 3150-AG09, Streamlined Hearing Process for NRC Approval of License Transfers, Nuclear Regulatory Commission, Final Rule," dated Dec. 3, 1998.

DESCRIPTION OF TRANSACTION

In letter dated August 20, 2018, Lakeland Medical Center, St. Joseph ("the licensee") notified the U.S. Nuclear Regulatory Commission that Spectrum Health System ("the transferee"), via an indirect transfer, planned to become the sole corporate member of the parent company to the licensee, Lakeland Regional Health System ("the transferor"), and accordingly become owner of the licensee's assets. The transaction is described in ADAMS accession number ML18233A179. After completion of the affiliation, the licensee would continue as the owner of all licensed activities authorized under NRC Materials License No. 21-04177-01, with no significant changes to key responsible personnel, licensed facilities, or equipment.

The NRC staff finds that the request for consent adequately provides a complete and clear description of the transaction, and is consistent with the guidance provided in NUREG-1556, Volume 15, revision 1, Appendix E, "Information Needed for Transfer of Control."

THE TRANSFEREE'S COMMITMENT TO ABIDE BY THE TRANSFEROR'S COMMITMENTS

The NRC staff finds that the commitments and information submitted by Lakeland Regional Health System; Lakeland Medical Center, St. Joseph; and Spectrum Health System, via letter dated August 21, 2018 (ML18233A179), are consistent with the guidance outlined in NUREG-1556, Volume 15, revision 1.

ENVIRONMENTAL REVIEW

An environmental assessment for this action is not required since this action is categorically excluded under 10 CFR 51.22(c)(21).

CONCLUSION

The staff has reviewed the request for consent submitted by both parties with regard to an indirect change of control of byproduct materials license No. 21-04177-01 and approves the application pursuant to 10 CFR 30.34(b).

Submitted information sufficiently describes the transaction; documents the understanding of the license and commitments; demonstrates that personnel have the experience and training to properly implement and maintain the license and that they will maintain the existing records; And, in the future, will abide by all existing commitments to the license, consistent with the guidance in NUREG-1556, Volume 15, revision 1.

In accordance with the above analysis, the staff concludes that the proposed change in control would not alter previous findings, that licensed operations will not be inimical to the common defense and security, or to the health and safety of the public.