



www.hgbhealth.com
321 East Harris Street
Charlotte, Michigan 48813
(517) 543-1050

August 7, 2019

VIA FEDERAL EXPRESS

Materials Licensing Branch
U.S. Nuclear Regulatory Commission, Region III
2443 Warrenville Road, Suite 210
Lisle, IL 60532-4352
Attention: Sara Forster

Re: Notice of Change of Name and Ownership of Licensee without Change in
Authority over License
Expedited Request to Confirm No NRC Consent is Needed
NRC License #21-26050-01

Dear Madam:

Please accept this notice advising of an indirect change in ownership with a corresponding change of name, and seeking expedited confirmation that the U.S. Nuclear Regulatory Commission's ("NRC") consent to a change of control is not required due to Hayes Green Beach Memorial Hospital's October 1, 2019 indirect change in ownership, but continued operation of the licensed program under the same leadership.

To assist in our request, the following is a description of the contemplated transaction and additional information we believe the NRC will require. Note that, with the exception of the change in name, no other changes are requested with respect to the license.

Hayes Green Beach Memorial Hospital ("HGB") is a critical access hospital serving the people of central Michigan. Currently, HGB is licensed by NRC to use:

- a. Any byproduct material permitted by 10 CFR 35.100 for any uptake, dilution and excretion study;
- b. Any byproduct material permitted by 10 CFR 35.200 for any imaging and localization study.

In the ever-changing health care landscape, HGB decided in 2016 that it was in the best interest of the community to join with Sparrow Health System, a larger and highly regarded local health system, which is, itself, an NRC license-holder in good standing,

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to provide high-level care to the Eaton County community in accordance with HGB's expectations. In order to facilitate this joint effort, HGB and Sparrow agreed upon a two-step affiliation process, in which Sparrow would initially become a minority owner of HGB, and then become the sole owner three years later.

Under the first step, on a three year interim basis, the corporate structure of HGB was changed from a nonprofit directorship corporation, which legally has no "owners" but is controlled entirely by a board or directors/trustees, to a nonprofit membership corporation, which is similar to a stock corporation in a nonprofit context. A nonprofit community foundation-like directorship corporation named Eaton Community Health ("ECH") became the majority corporate member, with a 66.67% membership interest. Sparrow Health System became the minority member, with a 33.33% membership interest. The NRC approved this change on June 28, 2016, a copy of which has been enclosed. The initial change in ownership went into effect on October 1, 2016.

The second step of the affiliation process is planned for October 1, 2019 (the "Transition Date"). In this step, ECH would assign its 2/3rds membership in HGB to Sparrow, making Sparrow the 100% owner of HGB. Contemporaneously with this transition, HGB's legal name would be changed to "Sparrow Eaton Hospital". (For the purpose of clarity, we have referred to the licensee as HGB throughout this letter.)

After the Transition Date, HGB will carry on and operate the critical access hospital in the same manner as it did before the corporate reorganization. HGB's leadership will also remain largely the same. In fact, those responsible for the Hospital's administration and for radiation management and safety will not be changed. HGB's Board of Trustees membership will remain largely the same. Current Directors will serve out their terms (Board members are elected to three year terms, with 1/3rd of the Board being elected each year), providing continuity of leadership. New Directors will be selected by Sparrow each year, provided that twelve of fifteen Board members must be nominated by a nominating committee. The initial nominating committee will be the HGB Board as of January 1, 2019. HGB will also continue to maintain its own medical staff separate from Sparrow.

Consequently, while the corporate structure of HGB will change, the day-to-day decision-making will continue to be vested in the same entity (HGB), and the ultimate control over the license will continue to be vested in essentially the same individuals (HGB Board of Directors) post-transition.

In addition to the above description of the transaction, we are providing the following, consistent with our understanding of additional information the NRC will require to act on this request:

1. Description of any changes in personnel or duties that relate to the licensed program, including training and experience for new personnel.

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There will not be any changes in personnel or duties that relate to the licensed program arising out of the transaction. HGB intends to add an authorized user in the ordinary course of business, and unrelated to the transition. There are no other personnel changes contemplated for the future.

2. Description of any changes in organization, location, facilities, equipment or procedures that relate to the licensed program.

There will be no changes in organization, location, facilities, equipment or procedures that relate to the licensed program in connection with this transaction. The organization, location, facilities, equipment, and procedures that relate to the licensed program will remain intact after the transaction.

3. Description of 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 (surveys, wipe test, quality control) records are complete and up to date. The surveillance program will continue without change following the transaction. Records of program audits are available for review as are the NRC inspection results and there are no open items requiring corrective action at this time.

4. Confirmation 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.

HGB has not decommissioned any facility with respect to its nuclear medicine program and no decommissioning will be performed as a result of the transaction. All records that would be required for possible future decommissioning will remain at HGB and be available to assist in performing decommissioning if it becomes necessary.

5. Confirmation 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.

See Attachment A for the confirmation that, when Sparrow becomes the sole member of HGB, it will continue to cause HGB to abide by all constraints, conditions, requirements and commitments HGB has previously made.

6. Provide documentation that the transferor and transferee agree to the change in ownership or control of the licensed material and activity, and the conditions of

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transfer; and the transferee is made aware of all open inspection items and its responsibility for possible resulting enforcement actions.

See Attachment A for the confirmation that, when Sparrow becomes the sole member of HGB, it will continue to cause HGB to abide by all constraints, conditions, requirements and commitments HGB has previously made.

Finally, Sparrow has provided a basis of confidence letter to the NRC to assist you in your review of this matter, which is enclosed at Attachment B.

If you have any questions or need further information regarding the specifics of HGB's nuclear medicine program, please feel free to contact Mark Cimmerer, M.D., Neducak Director, who can be reached at the following phone numbers: (Work) (517) 543-1050, and (Cell) (616) 498-1566. Dr. Cimmerer is HGB's current Radiation Safety Officer and will continue in that role following Sparrow's acquisition of sole membership of HGB.

If you have any questions or need further information related to the transaction itself, please feel free to contact me at (517) 543-1050, ext. 1206.

Sincerely,



Matthew W. Rush
President and CEO
Hayes Green Beach Memorial Hospital

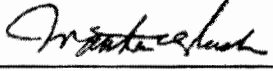
Attachments

ATTACHMENT A

Upon closing the affiliation of Sparrow Health System and Hayes Green Beach Memorial Hospital, Sparrow, as Transferee, agrees and certifies that it will abide by all constraints, conditions, requirements and commitments of HGB, as Transferor, with respect to the transfer of Transferor's Nuclear Regulatory Commission License #21-26050-01.

Transferee further certifies that Transferee agrees to the change in ownership of Transferor's licensed material and activity and Transferee has been made aware of all open inspection items and Transferee's responsibility for possible resulting enforcement actions


Hayes Green Beach Memorial Hospital

By:  _____

Matthew W. Rush

Its: President and CEO

Sparrow Health System

By:  _____
Joseph J. Ruth

Its: Executive Vice President and
Chief Operating Officer

ATTACHMENT B

(see attached)

DET02:2212327.2



Improving the health of the people in our communities by
providing quality, compassionate care to everyone, every time
August 5, 2019

Materials Licensing Branch
U.S. Nuclear Regulatory Commission, Region III
2443 Warrenville Road, Suite 210
Lisle, IL 60532-4352
Attn: Patricia Pelke

Re: Sparrow Health System Basis of Confidence as Transferee
NCR License #21-26050-01

Dear Sir or Madam:

Sparrow Health System, which currently holds a 1/3rd membership interest in NRC licensee Hayes Green Beach Memorial Hospital ("HGB"), license number 21-26050-01, is planning to obtain the remaining 2/3^{rds} membership interest in HGB to become the sole member of HGB. While Sparrow Health System will not exercise direct control over HGB's license or byproduct material, any actions or oversight by Sparrow Health System will be appropriate and in accordance with NRC requirements. The NRC has a basis for confidence that Sparrow Health System will act appropriately with regard to HGB's byproduct material because Sparrow Health System is known to the NRC, and has been issued NRC licenses for byproduct material use for the following facilities:

1. Sparrow Carson Hospital, license number 21-01430-01;
2. Sparrow Ionia Hospital, license number 21-01430-01; and
3. Edward W. Sparrow Hospital, license number 21-01430-01.

If you have any questions or need further information related to the Sparrow licenses, please feel free to contact Ms. Andrea Kosloski, Sparrow's VP Legal & Risk Services at 517.364.5137.

Sincerely,

A handwritten signature in black ink, appearing to read 'JJRuth', written over a horizontal line.

Joseph J. Ruth
Executive Vice President and
Chief Operating Officer
Sparrow Health System

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2 Your Internal Billing Reference 0359.003913

3 To Recipient's Name Sara Forster

Company US Nuclear Regulatory Commission

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