



**UNITED STATES
NUCLEAR REGULATORY COMMISSION**
REGION III
2443 WARRENVILLE RD. SUITE 210
LISLE, IL 60532-4352

November 1, 2023

Aaron Anzell, CNMT
Radiation Safety Officer
Edward W. Sparrow Hospital
1215 E. Michigan Ave.
Lansing, MI 48912

Dear Mr. Anzell:

Enclosed is Amendment No. 133 to your NRC Materials License No. 21-01430-01 in accordance with requests dated July 21, and August 22, 2023, adding and deleting several users on the license. We have also documented the change-of-control (CoC) described in your letters dated August 4, 2023 (see additional discussion below).

Please review the enclosed documents carefully and be sure that you understand all conditions. If there are any errors or questions, please notify the U. S. Nuclear Regulatory Commission, Region III office at (630) 829-9887 so that we can provide appropriate corrections and answers.

By letters dated August 4, 2023 (Agencywide Documents Access and Management System (ADAMS) accession nos. ML23222A076 and ML23304A105), Sparrow Health System ("Sparrow") submitted to the U.S. Nuclear Regulatory Commission (NRC) information that was determined to constitute an indirect transfer of control of NRC Materials License No. 21-01430-01. In accordance with Section 184 of the Atomic Energy Act of 1954, as amended (AEA), and 10 CFR 30.34, the NRC consents to the transfer.

Edward W. Sparrow Hospital, a wholly-owned subsidiary of Sparrow, is authorized by the NRC for the possession and use of byproduct material under Part 30. By letter dated August 4, 2023, Sparrow notified NRC of the indirect transfer of control of its license through a transaction completed on April 1, 2023. Because the license was issued under 10 CFR Part 30, "Rules of General Applicability to Domestic Licensing of Byproduct Material," the NRC must find that the transfer is in accordance with the provisions of the AEA and, if so, must give its consent in writing prior to the transfer, in accordance with Section 184 of the AEA and 10 CFR 30.34(b). Additionally, the NRC staff reviewed the indirect transfer of control request using the guidance in NUREG-1556, Volume 15, Rev. 1, "Consolidated Guidance About Materials Licenses – Guidance About Changes of Control and About Bankruptcy Involving Byproduct, Source, or Special Nuclear Materials Licenses," dated June 2016.

10 CFR 30.34(b) states:

- (1) No license issued or granted pursuant to the regulations in Parts 30 through 36, and 39 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

**The enclosed document contains sensitive security-related information.
When separated from this cover letter this letter is uncontrolled.**

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; and,

- (2) An application for transfer of license must include:
 - (i) The identity, technical and financial qualifications of the proposed transferee; and
 - (ii) Financial assurance for decommissioning information required by 10 CFR 30.35.

As described in ADAMS accession no. ML23222A076, dated August 4, 2023, the indirect transfer of control resulted when Sparrow entered into an agreement with the Regents of the University of Michigan and UM Health which, upon closing of the transaction effective April 1, 2023, resulted in Sparrow being converted from a directorship corporation to a membership corporation and UM Health became the sole corporate member of Sparrow. The organizational change was essentially a change in the corporate owner of Sparrow and did not result in the transfer of any assets or property. The organizational change did not impact Sparrow or its subsidiaries corporate structure, legal names, federal tax identification number (TIN), and direct supervising and management personnel.

The NRC staff finds that the licensee adequately provided a complete and clear description of the transaction, consistent with 10 CFR 30.34(b) and Chapter 5 and Appendix E of NUREG-1556, Vol. 15, Rev. 1. The sufficiency of the description is evaluated below.

The request for an indirect transfer of ownership was posted for public comment on the NRC website for 30 days in accordance with 10 CFR Part 2, Subpart M and as described in NRC's Regulatory Issue Summary 2014-08, Rev. 1. No comments were received from members of the public.

In the request for an indirect transfer of ownership, Sparrow provided information regarding its current decommissioning funding plans. Based on the information provided, Sparrow is not required to have financial assurance for decommissioning because of the types and amount of material authorized in its license. The NRC staff finds that the licensee's submittal adequately provided information for financial assurance for decommissioning, consistent with 10 CFR 30.34(b) and Chapter 5 and Appendix E of NUREG-1556, Vol. 15, Rev. 1.

The NRC conducted an inspection of Sparrow at the licensee's main location in Lansing, Michigan, as well as four satellite locations, on July 18, 2023, and one violation was identified.

Additionally, as described in its request, UM Health commits that it:

- A. will not change the radiation safety officer listed on the NRC license;
- B. will not change personnel involved in licensed activities;
- C. will not change the locations, facilities, and equipment authorized in the NRC license;
- D. will not change the radiation safety program authorized in the NRC license;
- E. will not change the organization's name listed in the NRC license; and
- F. will maintain required surveillance records and decommissioning records as required by NRC regulations.

Based on these commitments, the NRC staff finds that the licensee request adequately documents the constraints, license conditions, requirements, representations, and commitments made by the transferee, consistent with 10 CFR 30.34(b) and Chapter 5 and Appendix E of NUREG-1556, Vol. 15, Rev. 1.

UM Health is part of the Regents of the University of Michigan that holds NRC License No. 21-00215-07. This is a NRC license of broad scope that authorizes the University to perform the similar activities as authorized by the Sparrow license (License No. 21-01430-01) issued to Edward W. Sparrow Hospital. The NRC staff used the guidance provided by the NRC's Office of Nuclear Material Safety and Safeguards' "Checklist to provide a basis for confidence that radioactive materials will be used as specified on the application," January 29, 2019, 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. Therefore, for security purposes, UM Health is considered a known entity because it part of the entity under the Regents of the University of Michigan that holds a license with the NRC.

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

The staff has reviewed the request for an indirect transfer of control of License No. 21-01430-01. The NRC staff finds that the indirect transfer of control is in accordance with Section 184 of the AEA and 10 CFR 30.34(b) and consents to the transfer.

Future changes in the licensee's name, licensed use, licensed materials, licensed location, persons responsible for licensed material, or other changes to the corporate organizational structure require submission of a request to amend the license or a request to transfer the license. NRC approval must be received prior to implementation of any such proposed change.

You will be periodically inspected by NRC. Failure to conduct your program in accordance with NRC regulations, license conditions, and representations made in your license application and supplemental correspondence with NRC will result in enforcement action against you. This could include issuance of a notice of violation, or imposition of a civil penalty, or an order suspending, modifying or revoking your license as specified in the General Statement of Policy and Procedure for NRC Enforcement Actions. Since serious consequences to employees and the public can result from failure to comply with NRC requirements, prompt and vigorous enforcement action will be taken when dealing with licensees who do not achieve the necessary meticulous attention to detail and the high standard of compliance which NRC expects of its licensees.

The NRC's Safety Culture Policy Statement became effective in June 2011. While a policy statement and not a regulation, it sets forth the agency's *expectations* for individuals and organizations to establish and maintain a positive safety culture. You can access the policy statement and supporting material that may benefit your organization on NRC's safety culture Web site at <http://www.nrc.gov/about-nrc/regulatory/enforcement/safety-culture.html>. We strongly encourage you to review this material and adapt it to your particular needs in order to develop and maintain a positive safety culture as you engage in NRC-regulated activities.

A. Anzell

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NRC's Regulatory Issue Summary (RIS) 2005-31 provides criteria to identify security-related sensitive information and guidance for handling and marking of such documents. This ensures that potentially sensitive information is not made publicly available through ADAMS, the NRC's electronic document system. Pursuant to NRC's RIS 2005-31 and in accordance with Title 10 of the *Code of Federal Regulations* Section 2.390, the enclosed license document is exempt from public disclosure because its disclosure to unauthorized individuals could present a security vulnerability. The RIS may be located on the NRC Web site at: <http://www.nrc.gov/reading-rm/doc-collections/gen-comm/reg-issues/2005/ri200531.pdf> and the link for frequently asked questions regarding protection of security related sensitive information may be located at: <http://www.nrc.gov/reading-rm/sensitive-info/faq.html>.

A copy of this letter will be available electronically for public inspection in the NRC Public Document Room or from the NRC's Agencywide Documents Access and Management System (ADAMS), accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html>.

Sincerely,

**Bryan A.
Parker**

Bryan A. Parker
Senior Health Physicist
Materials Licensing Branch

Digitally signed by
Bryan A. Parker
Date: 2023.11.01
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License No. 21-01430-01

Docket No. 030-02009

Enclosure: Amendment No. 133