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July 9, 2014

**VIA HAND DELIVERY**The Honorable George C. Jepsen  
Attorney General  
Office of the Attorney General  
55 Elm Street  
Hartford, CT 06106The Honorable Jewel Mullen  
Commissioner  
Department of Public Health  
Office of Health Care Access  
410 Capitol Avenue  
Hartford, CT 06134Re: Saint Mary's Health System, Inc.

Dear Attorney General Jepsen and Commissioner Mullen:

Please be advised that Brown Rudnick represents Saint Mary's Health System, Inc. and its affiliated entities (collectively, "Saint Mary's") in connection with the transfer of substantially all of its assets, including, Saint Mary's Hospital, Inc., to a to-be-formed subsidiary of Tenet Healthcare Corporation ("Tenet"). Please accept the enclosed Determination Letter submitted by Saint Mary's and Tenet to begin the approval process for the proposed transaction as required under Conn. Gen. Stat. §19a-486 et. seq.

Saint Mary's decision to join the network of Tenet Hospitals is the culmination of an intensive, multi-year review and evaluation process. The proposed transfer will allow Saint Mary's to meet its ongoing commitments to the communities it serves, and carry forward its vision of providing lower-cost, high quality, community-based health care. In addition, once the transaction is completed Saint Mary's Foundation will receive a significant cash infusion to support local health needs.

Saint Mary's will continue to retain its name, honor its Catholic heritage and adhere to the Ethical and Religious Directives for Catholic Health Care Services. It will also continue to operate in accordance with the "community benefit standards" required of tax exempt hospitals (as set forth in Revenue Ruling 69-545) and abide by its current charity and uncompensated care



The Honorable George C. Jepsen  
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policies. A local advisory board will be established and include members from the local community to ensure meaningful input and oversight of Saint Mary's operations.

Tenet, a leading, national health care services company operating 79 hospitals brings capital and expertise to support Saint Mary's as it plans for the coming changes in the industry including health reform, declining reimbursements and the continuing instability of the credit markets. As a result of this transaction, Saint Mary's will be better positioned to continue to maintain superior healthcare services in an affordable and accessible manner for residents of the greater Waterbury area.

We kindly request that the appearance of Brown Rudnick be entered for matters conducted both at the Office of the Attorney General and the Department of Public Health, Office of Health Care Access. We look forward to working with your offices on the details of the proposed transaction in order to reach a successful conclusion that will ensure continuity of healthcare services throughout Saint Mary's Health System.

Thank you for your consideration and please feel free to contact me if you have any questions.

Very truly yours,

**BROWN RUDNICK LLP**

By: Robert J. Anthony / ca  
Robert J. Anthony

RJA:ct

cc: Chad Wable, President and CEO, Saint Mary's  
Trip Pilgrim, Senior Vice President of Development, Tenet  
Jeffrey Peterson, Senior Counsel, Tenet

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## State of Connecticut Office of Health Care Access CON Determination Form Form 2020

All persons who are requesting a determination from OHCA as to whether a CON is required for their proposed project must complete this Form 2020. The completed form should be submitted to the Director of the Office of Health Care Access, 410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, Connecticut 06134-0308.

### SECTION I. PETITIONER INFORMATION

If this proposal has more than two Petitioners, please attach a separate sheet, supplying the same information for each Petitioner in the format presented in the following table.

	Petitioner	Petitioner
Full Legal Name	Saint Mary's Health System, Inc.	Tenet Healthcare Corporation
Doing Business As	Saint Mary's Hospital	VHS of Connecticut, LLC and VHS Saint Mary's Health System, LLC
Name of Parent Corporation	Saint Mary's Health System, Inc.	Tenet Healthcare Corporation
Petitioner's Mailing Address, if Post Office (PO) Box, include a street mailing address for Certified Mail	56 Franklin Street, Waterbury, CT 06706	1445 Ross Ave. Suite 1400 Dallas, Texas 75202
What is the Petitioner's Status: P for profit and NP for Nonprofit	NP	P

<b>Contact Person at Facility</b> , including Title/Position: This Individual at the facility will be the Petitioner's Designee to receive all correspondence in this matter.	Chad Wable, President and CEO	Jeffrey Peterson, Senior Counsel
Contact Person's Mailing Address, if PO Box, include a street mailing address for Certified Mail	Saint Mary's Hosp. 56 Franklin Street Waterbury, CT 06706	1445 Ross Ave. Suite 1400 Dallas, Texas 75202
Contact Person's Telephone Number	(203) 709-3368	(469) 893-6104
Contact Person's Fax Number	(203) 709-3066	(469) 893-7104
Contact Person's e-mail Address	cwable@stmh.org	jeff.peterson@ tenethealth.com
Additional Contact Person: Please send a copy of all correspondence and documents related to this file to:	Robert J. Anthony, Esq., Brown Rudnick, LLP CityPlace I 185 Asylum Street Hartford, CT 06103	Collin P. Baron, Esq., Pullman & Comley, LLC 850 Main Street P.O. Box 7006 Bridgeport, CT 06601-7006

## SECTION II. GENERAL PROPOSAL INFORMATION

a. Proposal/Project Title:

Asset Purchase Agreement between Saint Mary's Health System, Inc. and a to-be-formed subsidiary of Tenet Healthcare Corporation

b. Estimated Total Project Cost:

\$150,000,000 (asset purchase price) and \$85,000,000 over a period of seven years (commitment for capital expenditures and service improvements in the greater Waterbury area).

- c. Location of proposal, identifying Street Address, Town and Zip Code:  
Saint Mary's Health System; 56 Franklin Street, Waterbury, CT 06706.
- d. List each town this project is intended to serve:  
Saint Mary's primary service area towns include Naugatuck, Prospect, Waterbury and Wolcott. Saint Mary's secondary service area towns include Beacon Falls, Bethlehem, Cheshire, Middlebury, Morris, Oakville, Oxford, Plantsville, Plymouth, Southbury, Terryville, Thomaston, Watertown, and Woodbury.
- e. Estimated starting date for the project:  
Following regulatory approval and satisfaction of other closing conditions.

#### **SECTION IV. PROPOSAL DESCRIPTION**

Please provide a description of the proposed project, highlighting each of its important aspects, on at least one, but not more than two separate 8.5" X 11" sheets of paper. At a minimum each of the following elements need to be addressed, if applicable:

1. If applicable, identify the types of services currently provided and provide a copy of each Department of Public Health license held by the Petitioner.
2. Identify the types of services that are being proposed and what DPH licensure categories will be sought, if applicable.
3. Identify the current population served and the target population to be served.

Saint Mary's Health System, Inc. ("Saint Mary's") is a Connecticut tax-exempt, non-profit corporation. On behalf of itself and its affiliates, including Saint Mary's Hospital, Inc., Saint Mary's proposes to sell substantially all of its assets, including Saint Mary's Hospital (the "Hospital") to a to-be-formed subsidiary of Tenet Healthcare Corporation ("Tenet"), a for-profit corporation, pursuant to an Asset Purchase Agreement ("Agreement") negotiated between the parties.

Subject to closing adjustments, Tenet will pay One Hundred and Fifty Million Dollars (\$150,000,000) for Saint Mary's assets and, in addition, will commit to spend over a period of seven years no less than Eighty Five Million (\$85,000,000) on capital expenditures and service

improvements in the greater Waterbury area, including *inter alia*, routine and non-routine capital expenditures, ongoing and deferred maintenance, creation of a physician platform, expansion and integration of clinical and information technology, quality improvement programs, and expenditures for new equipment or equipment replacement. Tenet will establish VHS Saint Mary's Health System, LLC, and its parent, VHS of Connecticut, LLC, in order to effect the acquisition and ownership of the Hospital and the other acquired assets.

The Hospital, which is the single most important asset of St. Mary's, is an acute care facility with 347 licensed beds located in downtown Waterbury, CT. The Hospital serves over 18 towns in the greater Waterbury area, with the greatest concentration being those patients who live in the city of Waterbury. Those towns are listed in Section II (d) *infra*. No service changes are requested.

Under the proposed Agreement, Saint Mary's will continue to retain its name, its Catholic identity and adherence to the Ethical and Religious Directives for Catholic Health Care Services. The Hospital will also continue to operate in accordance with the "community benefit standards" required of tax exempt hospitals (as set forth in Revenue Ruling 69-545) including, without limitation, the (i) acceptance of all Medicare and Medicaid patients, (ii) acceptance of all emergency patients without regard to age, race, gender or ability to pay, (iii) maintenance of an open medical staff, (iv) provision of public health programs of educational benefit to the community, and (v) general promotion of public health, wellness, and welfare to the community through the provision of healthcare at a reasonable cost.

By entering into the proposed Agreement with Tenet, Saint Mary's will be able to assure satisfaction of its debt and pension obligations. As a result, Saint Mary's will be better positioned to expand cost control initiatives in community-based settings, and remain a lower-cost, high-quality provider for the patients in its service area.

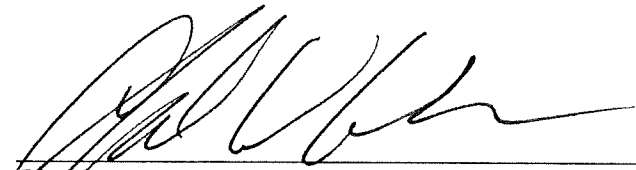
A copy of the license for Saint Mary's Hospital is attached as Exhibit A. There are no other licensed facilities involved in the Agreement that hold separate licenses from the Department of Public Health ("DPH").

**SECTION V. AFFIDAVIT**

Petitioner: Saint Mary's Health System, Inc. and Tenet Healthcare Corporation

Project Title: Asset Purchase Agreement

I, Chad Wable, President and Chief Executive Officer of Saint Mary's Health System, Inc., being duly sworn, depose and state that the information provided in this CON Determination form is true and accurate to the best of my knowledge.

  
\_\_\_\_\_  
Signature

7/8/14  
\_\_\_\_\_  
Date

Subscribed and sworn to before me

on July 8, 2014

  
\_\_\_\_\_  
Notary Public/Commissioner of Superior Court

**VICTORIA CIPRIANO**  
**NOTARY PUBLIC**  
My commission expires: MY COMMISSION EXPIRES FEB. 28, 2017

**SECTION V. AFFIDAVIT**

Petitioner: Saint Mary's Health System, Inc. and Tenet Healthcare Corporation

Project Title: Asset Purchase Agreement

I, Harold H. Pilgrim, Senior Vice President, Development of Tenet Healthcare Corporation, being duly sworn, depose and state that the information provided in this CON Determination form is true and accurate to the best of my knowledge.

Harold H. Pilgrim  
Signature

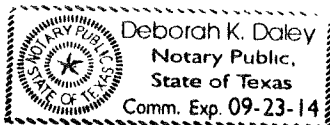
7/8/2014  
Date

Subscribed and sworn to before me

on July 8, 2014

Deborah K. Daley  
Notary Public/Commissioner of Superior Court

My commission expires: 9-23-14





# **EXHIBIT A**

**STATE OF CONNECTICUT**

**Department of Public Health**

**LICENSE**

**LICENSE NO. 0055**

**General Hospital**

In accordance with the provisions of the General Statutes of Connecticut Section 19a-493:

Saint Mary's Hospital, Inc. of Waterbury, CT d/b/a Saint Mary's Hospital, Inc. is hereby licensed to maintain and operate a General Hospital.

**Saint Mary's Hospital, Inc.** is located at 56 Franklin Street, Waterbury, CT 06702.

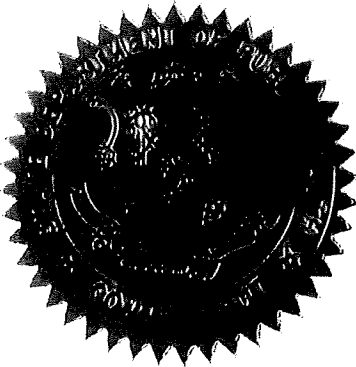
The maximum number of beds shall not exceed at any time:

32 Bassinets  
347 General Hospital Beds

This license expires **December 31, 2014** and may be revoked for cause at any time.  
Dated at Hartford, Connecticut, January 1, 2013. RENEWAL.

**Satellites:**

Saint Mary's Department of Behavioral Health Care Services, 100 Jefferson Square, Waterbury, CT  
Naugatuck Valley Surgical Center, 160 Robbins Street, Waterbury, CT



*Jewel Mullen, MD*

Jewel Mullen, MD, MPH, MPA  
Commissioner