



Indiana University Health

August 25, 2011

Mr. Robert G. Gattone, Jr.
Senior Health Physicist
Materials Inspection Branch
Region III
2443 Warrenville Road, Suite 210
Lisle, IL 60532-4352

Dear Mr. Gattone, Jr.

Attached you will find a memo from IU Health Starke Hospital's attorney regarding the issue of change of control from Principal Knox, LLS to CNI-Starke, LLC on July 1, 2009. If you should have any further questions please do not hesitate to contact me or Stan Buhr, our RSO, for more information.

Sincerely,

David W. Hyatt, MHA
Vice President of Operations
IU Health Starke Hospital
574.772.1118

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MEMO

TO: Dave Hyatt

FROM: Jim Kaminski

DATE: August 25, 2011

RE: Nuclear Regulatory Inspection Issue

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The Starke Memorial Hospital real estate and facility are owned by the Starke County Government. The facility was leased to Principal Knox, LLC, and the lease was then assigned in July, 2009, from Principal Knox, LLC, to CNI Starke, LLC.

Under the terms of the Lease of the hospital facility, Starke County, as the landlord, retained the right to appoint a Community Board of Directors which was to provide the continued support and involvement of community leaders so that Starke County, as the landlord, would be reasonably informed as to the services provided by the hospital as well as provide the hospital with a meaningful opportunity to continue to influence the operation of the hospital. The "Community Board of Directors" remains appointed by the Starke County Council and Board of Commissioners as the landlord of the facility. The Community Board retains certain rights, including the appointment of the CEO, the discontinuance, sale or subcontracting of major hospital service lines, such as emergency care, imaging, radiology and diagnostic services, and accreditations of the hospital. The Community Board, which has not changed since CNI Starke, LLC, became the lessee, also has consultation rights with respect to capital and operating budgets of the hospital, Medical Staff credentialing and the termination of the CEO of the hospital. Accordingly, those functions were in place and have remained in place for a number of years at the hospital.

CNI Starke, LLC, is the active tenant and is responsible for the day-to-day operations of the hospital, including providing personnel, overseeing regulatory compliance, non-officer personnel issues, and providing and paying for any capital improvements, expenditures, equipment and supplies. As the tenant, it has final decision on budgets, capital purchases, and repairs and maintenance of the physical facility in addition to providing the personnel. The Board of CNI Starke, LLC, is appointed by the La Porte Regional Health System, Inc., and a majority of its members reside in Starke County, but are separate from the "Community Board" appointed by Starke County. Accordingly, the radiation safety program and its day-to-day operations would be administered through CNI Starke, LLC, which is providing the personnel for hospital administration and operation of the facility. It will certainly immediately comply with any notices, acknowledgment or permitting changes consistent with the current hospital relationship required by the Nuclear Regulatory Commission.

James W. Kaminski

JWK:dfs

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