

BILL LOCKYER
Attorney General

State of California
DEPARTMENT OF JUSTICE



July 15, 2005

Michael P. Mahoney
President and Chief Executive Officer
St. Rose Hospital
27200 Calaroga Avenue
Hayward, California 94545-4383

RE: St. Rose Hospital

Dear Mr. Mahoney:

The Attorney General hereby consents, pursuant to Corporations Code section 5920, to the transfer of sole corporate membership in Hayward Sisters Hospital, Inc., a nonprofit public benefit corporation doing business as St. Rose Hospital, to itself from Via Christi Health System of Wichita, Kansas (Via Christi), a nonprofit corporation. The Attorney General's consent is subject to the attached conditions, which are incorporated by reference herein.

Corporations Code section 5923 and section 999.5, subdivision (f) of title 11 of the California Code of Regulations set forth factors that the Attorney General must consider in determining whether to consent to a transaction between nonprofit public benefit corporations. The Attorney General has reached the following conclusions regarding these factors:

- (1) The terms and conditions of the transaction are fair and reasonable to Via Christi.
- (2) The transaction will not result in private inurement to any private person or entity.
- (3) The transaction price and other terms and conditions in the draft Membership Substitution and Asset Transfer Agreement filed with the Attorney General on May 16, 2005 are the fair market value of the transaction.

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(4) The parties to the transaction have not manipulated the market value of St. Rose Hospital in a manner that causes the value of the assets to decrease.

(5) Via Christi's proposed use of the transaction proceeds is consistent with its charitable trust obligations.

(6) The transaction, as conditioned, will not have any immediate adverse effect on the availability and accessibility of health care services in the St. Rose Hospital service area.

(7) The transaction will not have a significant anti-competitive effect on healthcare services in the relevant geographic market.

(8) Sufficient information has been provided to the Attorney General for an adequate evaluation of the transaction and its effects on the public.

(9) The transaction is in the public interest.

Thank you for your cooperation throughout the review process.

Sincerely,

MARK J. URBAN
Deputy Attorney General

For **BILL LOCKYER**
Attorney General

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Enclosure