

DOCKET NO: 13-486-01

IN RE APPLICATION FOR JOINT : STATE OF CONNECTICUT
VENTURE BETWEEN GREATER :
WATERBURY HEALTH NETWORK, INC. : OFFICE OF THE ATTORNEY
and VANGUARD HEALTH SYSTEMS, : GENERAL
INC. :
: AUGUST 29, 2014

**ATTORNEY GENERAL'S SECOND SET OF INTERROGATORIES
AND REQUESTS FOR PRODUCTION**

BY AUTHORITY OF THE STATE OF CONNECTICUT, and more particularly, pursuant to the Nonprofit Hospital Conversion Act, (the "Conversion Act"), Conn. Gen. Stat. § 19a-486 et seq., and the authority granted the Attorney General for the State of Connecticut by virtue of § 19a-486c(b)(2) of the General Statutes, the Greater Waterbury Health Network, Inc. ("GWHN") and Vanguard Health Systems, Inc. ("Vanguard")(collectively, the "Applicants") are hereby commanded to present to the Attorney General, UNDER OATH, by delivering one complete hard copy and one complete electronic copy to the Office of the Attorney General, 55 Elm Street, P.O. Box 120, Hartford, Connecticut, 06141-0120, Attn: Gary W. Hawes, and seven complete hard copies and one complete electronic copy to the Office of Health Care Access, Dept. of Public Health, 410 Capitol Avenue, Hartford, Connecticut, 06134, Attn: Steven W. Lazarus on or before 5:00 in the afternoon of the 5th day of September, 2014, written answers to the interrogatories herein and documentary materials, in connection with the Application submitted to the Attorney General and the Office of Health Care Access ("OHCA") relating to the proposed transaction between the Applicants (the "Transaction"). These interrogatories and requests for production are issued in response to the *nota bene* set forth in the Applicant's Responses to the Attorney General's First Set of Interrogatories and Requests for Production.

DEFINITIONS

As Used Herein:

(A) “You” or “your” shall mean the Applicants, each subsidiary, division, affiliate, or sub-unit thereof.

(B) “The State” shall mean and include the Office of the Attorney General and the Office of Health Care Access.

(C) “Identify,” “identity,” or “identification,” when used in reference to a natural person, means to state his or her full name and present or last known address, present or last known position and business affiliation and each position with you.

(D) “Identify,” “identity,” or “identification,” when used with respect to a person who is not a natural person, means to state with respect to each such person its full and correct name; its registered address and its principal place of business; its business structure (e.g., partnership, limited liability company, corporation, etc.); its date and state of formation; its owners, shareholders, directors, officers, members, managers, and/or partners, as appropriate; its agent for service of process; and its federal tax identification number.

(E) “Identify,” “identity,” or “identification,” when used with respect to a fact or event, means to describe the fact or event with reasonable particularity; identify each person believed to have knowledge with respect to the fact or event; and identify each document that refers or relates to the fact or event.

(F) “Person” or “persons” include natural persons, firms, partnerships, associations, joint ventures, corporations, and any other legal entity.

(G) “Any” or “all” means each and every.

(H) “Relating to” or “relate to” means in whole or in part constituting, referring to, commenting on, in respect of, about, regarding, discussing, showing, describing, analyzing, or forming the basis of.

(I) “And” or “or” shall mean and/or so that they both have conjunctive and disjunctive meaning such as to make them terms of inclusion rather than terms of exclusion.

(J) The “JV Hospital” shall mean the limited liability company that is to own the hospital assets, 80% of which will be owned by Vanguard and 20% of which will be owned by GWHN.

(K) The “Foundation” shall mean GWHN after the Applicants have executed the proposed transaction.

(L) The “Agreement” shall mean any and all necessary and material documents evidencing and constituting the understanding of GWHN and Vanguard regarding the Joint Venture.

INTERROGATORIES

The *nota bene* provides:

N.B.: In the event that, prior to closing, the financial condition of GWHN is such that the Applicants conclude that GWHN would be unable to fulfill its intended mission following the closing or its responsibilities under the Operating Agreement, the Applicants may amend the Contribution Agreement as of closing to reduce the ownership interest of GWHN in VHS Waterbury Health System, LLC such that a Vanguard affiliate would own up to 100% of such entity. In that event, no change would be made to the \$45 million purchase price for the GWHN assets, but GWHN’s obligation to contribute to the purchase price would be reduced pro-rata to reflect its reduced ownership interest.

1. Please specifically identify GWHN’s “intended mission” referenced in the *nota bene*.
2. Please specifically identify the responsibilities referenced in the *nota bene*.
3. Please identify the specific criteria that the Applicants would use to determine whether GWHN would be unable to fulfill its intended mission or responsibilities under the Operating Agreement.
4. Please identify when the Applicants currently intend to make a determination whether to amend the transaction as provided for in the *nota bene*.
5. Please identify any and all changes to the allocation of GWHN’s assets and liabilities between the Applicants that will accompany a reduction in GWHN’s ownership interest in the JV Hospital prior to closing, as contemplated in the *nota bene*.
6. Please explain how the Foundation expects to maintain its tax-exempt status as a hospital pursuant to Section 170(b)(1)(a)(iii) if its equity interest in the Joint Venture falls below 20% and, therefore, its representation on the JV Hospital’s board of directors falls to 25%, 8.3%, or 0%. (See section 5.1(a) of the Proposed Operating Agreement.)

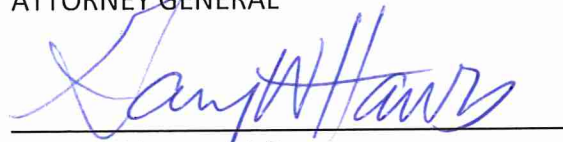
7. In the circumstance where a Vanguard affiliate would own up 100% of Vanguard Waterbury Health System, LLC, (i.e., if the Transaction were to become an asset purchase):
 - a. Please describe the creation, formation, structure, governance, and membership of the entity that would receive the hospital's charitable assets and a sum equal to the fair market value of the nonprofit hospital's assets (the "Independent Foundation"), as set forth in Conn. Gen. Stat. § 19a-486c(a)(8)(A), including, but not limited to, the charitable purpose of the Independent Foundation, the election and makeup of the Independent Foundation's board of directors, and any restrictions on director membership.
 - b. Please identify how the Applicants intend to address the liabilities that the Foundation is projected to carry forward.

REQUESTS FOR PRODUCTION

Please provide copies of the following:

1. The Independent Foundation's proposed certificate of incorporation and bylaws and any projected capital and operating budget.

GEORGE JEPSEN
ATTORNEY GENERAL



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