



M. JODI RELL
GOVERNOR

STATE OF CONNECTICUT
OFFICE OF HEALTH CARE ACCESS

CRISTINE A. VOGEL
COMMISSIONER

April 12, 2007

Richard Werkowski
Vice President, Finance
Johnson Memorial Corporation
201 Chestnut Hill Road
P.O. Drawer 860
Stafford Springs, CT 06076

Re: CON Determination Report Number 07-30939-DTR
Johnson Memorial Corporation
Sale of Property Located at 140-148 Hazard Avenue, Enfield and Leaseback of the
Same Property to Continue Existing Services

Dear Mr. Werkowski

On February 28, 2007, the Office of Health Care Access ("OHCA") received your Certificate of Need ("CON") completed Determination request on behalf of Johnson Memorial Corporation for the sale of property located at 140-148 Hazard Avenue, Enfield, Connecticut and leaseback the same property to continue existing services. OHCA has reviewed your request and makes the following findings:

1. Johnson Memorial Corporation ("Corporation") is a not-for-profit, which is the parent corporation of Johnson Memorial Hospital ("Hospital") and its affiliates, all together are referred to as the Johnson Memorial Health Network (the "Network").

2. The Corporation is proposing to sell its property located at 140-148 Hazard Avenue, Enfield, Connecticut and to leaseback the property to continue the services currently located at that location.
3. The Corporation is in the process of issuing an invitation to bid (RFP) to solicit bids from investors. In addition, the Corporation will negotiate for rights of first refusal to purchase and options.
4. The proposal includes three buildings and the underlying land of the proposed property. The Corporation currently leases space in the buildings to other entities in the Network.
5. The proposed property, collectively known as Johnson Memorial Medical Park, houses the following services:

Table 1: Current Services in the Proposed Property

Building	Network Affiliate/Services Offered
1	Hospital's outpatient services and Johnson Health Care, Inc., leases space for ambulatory surgery center
2	Medical professionals and primary physicians
3	Phoenix Community Cancer Center, which has as its major tenant Northeast Regional Radiation and Oncology Network, Inc.

6. After the proposal, the following will occur:
 - The Corporation will have direct obligations as lessee to the new owner as lessor,
 - The Corporation will be the legal entity that leases (or subleases) to the entities currently leasing space on the property, and the terms of these will not be different than what is currently in place, except for the amount related to property tax;
 - There will be no effect in the existing organizational chart of the Network;
 - No change of control will take place;
 - No health care service provided by the Network will be effected; and
 - No services will be added or terminated.
7. The Corporation plans to use the proceeds from the sale to pay off the existing mortgage on the property and then distribute the remaining proceeds of the sale to the Hospital.
8. On March 5, 2007, the Executive Board of Trustees of the Corporation approved a resolution for the sale and leaseback of property located in Enfield and confirmed the key principles, specifically, that:
 - the proposed lease back will not affect or change the organizational structure of the Network;
 - the proposal will neither terminate the ownership of nor effect a change in control of any entity in the Network; and
 - no health care services will be added or terminated.
9. There is no capital expenditure related to this proposal.

Based on these findings, OHCA has determined that Certificate of Need approval is not required for you to proceed with the sale of the property located at 140-148 Hazard Avenue, Enfield, Connecticut and leaseback the same property to continue the services currently provided at this location, pursuant to Sections 19a-638 and 19a-639 of the Connecticut General Statutes, as no services are being terminated, there is no change in control and the capital expenditure is below the \$3,000,000 threshold.

Please be advised, in the future, if any of the services are terminated or there is a change in control or there is a capital expenditure above \$3,000,000, the Petitioner is required to seek further approval from OHCA.

Thank you for keeping OHCA informed of your plans regarding this proposal. If you have any questions regarding this letter, please contact Steven W. Lazarus, Associate Health Care Analyst, Certification, Financial Analysis and Forecasting, at (860) 418-7012.

Sincerely,

Signed by Cristine A. Vogel
Commissioner

C: Rose McLellan, Licensing Examination Assistant, DHSR, DPH

CAV: swl