



COVENANT
HEALTH
SYSTEMS

Our name is our promise

420 Bedford St.
Lexington, MA
02420-1502

tel 781 862 1634

fax 781 862 5477

<http://www.covenanths.org>

Phyllis Powell, Manager
Department of Health and Human Services
Division of Licensing and Regulatory Services
Certificate of Need Unit
41 Anthony Avenue
State House Station 11
Augusta, ME 04333-0011

RECEIVED
DEC 26 2007
Division of Licensing and
Regulatory Services
December 21, 2007

**RE: Letter of Intent – Covenant Health Systems, Inc. and St. Joseph
Healthcare Foundation – Change of Sponsorship – Simplified
Review**

Dear Ms. Powell:

Covenant Health Systems, Inc. ("Covenant") and St. Joseph Hospital file this Letter of Intent ("LOI") regarding the proposed change of sponsorship of the St. Joseph Healthcare Foundation, and its affiliates in Bangor, Maine from the Felician Sisters, Providence of Our Lady of Angels, Enfield, Connecticut (the "Congregation") to Covenant Health Systems, Inc. (the "Transfer of Ownership"). Among the Foundation's affiliates is St. Joseph Hospital in Bangor.

Consistent with the CON Procedures Manual, Chapter VI, Section 1(B), we request a ruling from the Department regarding the applicability of the Certificate of Need program to this proposed transaction. We also seek to arrange a Technical Assistance Meeting ("TAM") at an early date, shortly after the Holidays.

This proposed transaction is subject to CON review as a "Simplified Review" under § 336 of the CON law. In this regard, we have reviewed the Department's August 26, 2005 Certificate of Need issued to Eastern Maine Healthcare Systems by which the Blue Hill Memorial Hospital became an affiliate of that system and note that the Blue Hill filing likewise was handled as a Simplified Review. As such, we understand that pursuant to Chapter VII, Section 9 of the Procedures Manual, the Transfer of Ownership is "not subject to established review cycles and need not be funded within the Capital Investment Fund."

The Transfer of Ownership will be carried out through a change in the governance documents of the Foundation. Currently, the Members of the Foundation consist of officials of the Congregation. The Foundation's governance documents will be amended to substitute Covenant for these Congregation officials, so that Covenant will become the sole Member of the Foundation. Attached please find three organizational charts: (1) the current structure of St. Joseph Healthcare Foundation and St. Joseph Hospital; (2) the current structure of Covenant Health

Systems, Inc., and affiliates; and (3) the proposed structure with the Foundation and its affiliates as part of the Covenant system.

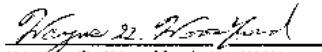
Before and after this Transfer of Ownership, assets currently held by the Foundation and its affiliates (including St. Joseph Hospital) will remain as assets of the Foundation and the respective affiliates. Likewise, the Foundation and its affiliates will retain and remain responsible for their respective liabilities and obligations. At the closing of the proposed transaction, Covenant will commit to a charitable contribution to the Congregation to support its continued religious and charitable works.

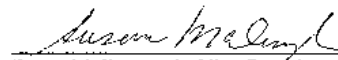
Covenant and the Hospital value their long-term and positive relationship with your Office. Covenant has appreciated the opportunity to work with you and your CONU colleagues on matters affecting other Covenant affiliates, including St. Mary's Regional Medical Center in Lewiston and St. Andre Healthcare Facility in Biddeford. We look forward to working with you and your Team on this project.

We request the opportunity to meet with you as soon as practicable after the Holidays and understand that the Technical Assistance Meeting is required to take place within 30 days as set forth in Chapter VI, § 2(2). We will be contacting you shortly to discuss scheduling.

Should you have any questions, do not hesitate to contact Susan at 781-862-1634 or by e-mail at susan_mcdonough@covenanths.org, or Wayne at 207-262-1200 or by email at wayne.woodford@sjhhealth.com. Thank you for your assistance in this matter.

Sincerely,

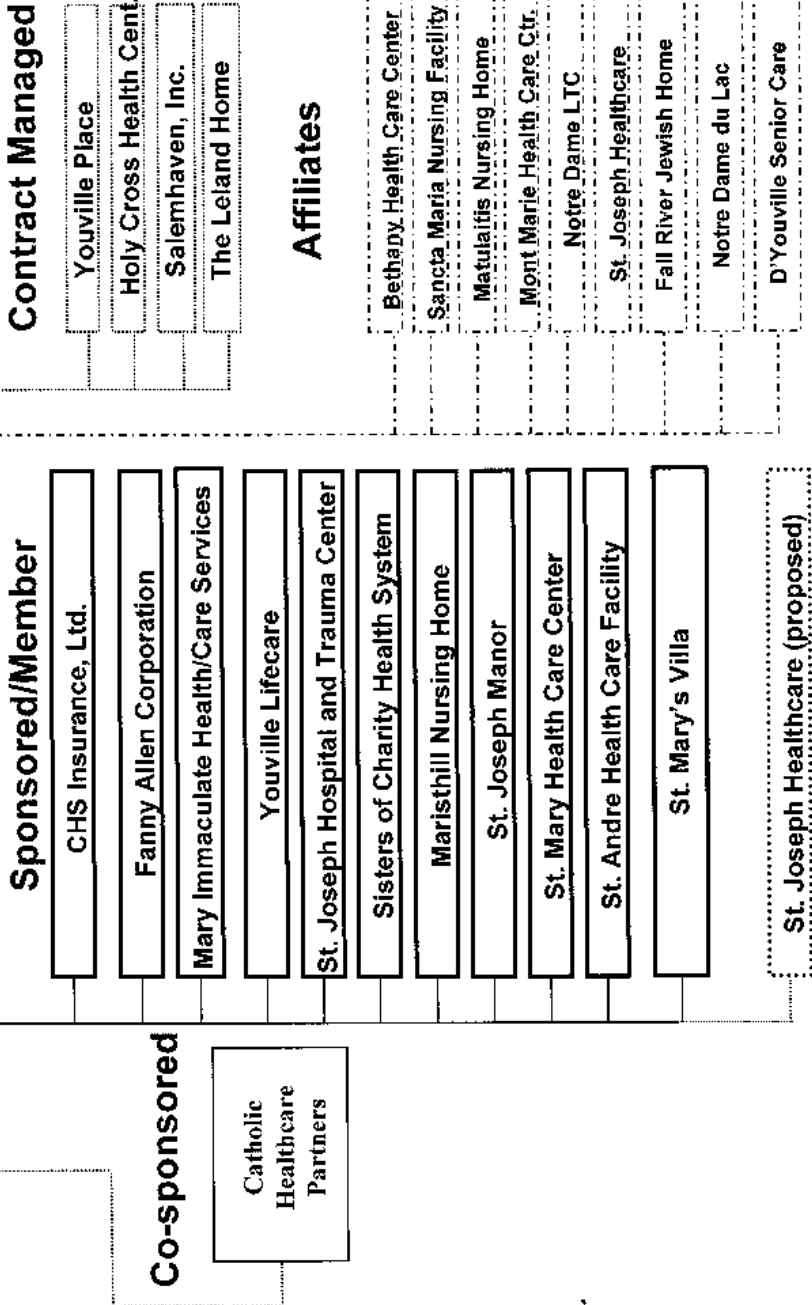

Wayne G. Woodford, FACHE,
Executive Vice President and
Chief Operating Officer
St. Joseph Hospital


Susan McDonough, Vice President
Strategy & System Development
Covenant Health Systems

SM/gpp

cc. Sister Mary Norberta, CSSF
John P. Doyle, Jr., Esq.
Joseph Kozak, Esq.

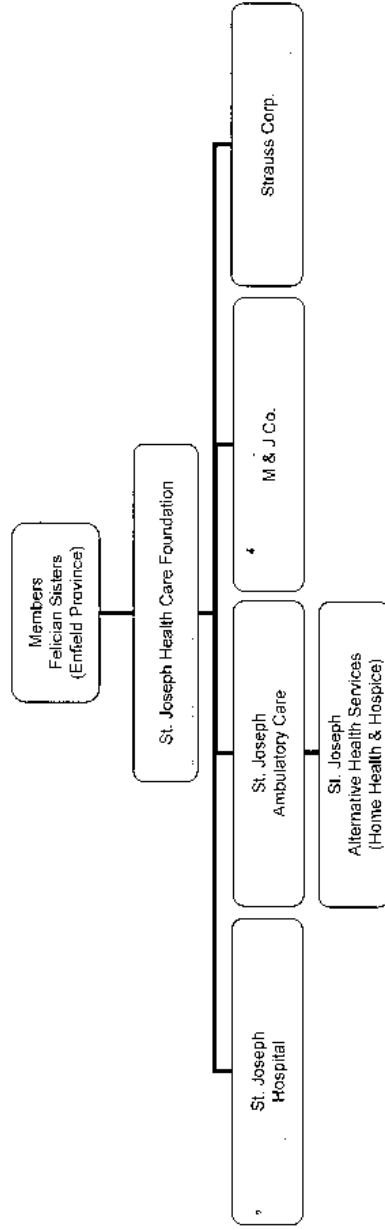
Covenant Health Systems



December 2007

St. Joseph Health Care – Bangor, ME

Current Structure



St. Joseph Health Care – Bangor, ME

Proposed Structure

