DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

200240052

Date: JUL 09 2002

UIL: 0501.03-11

Contact Person:

ID Number:

Telephone Number:

T:EO:B1

Employer Identification Number:

Dear Sir or Madam:

This is in response to a letter from your authorized representative requesting modification of Private Letter Ruling 9151041 dated September 26, 1991.

You have requested that the first two complete sentences on page 4 of the above ruling be modified to state:

"Daily operations of F may be carried on by its own employees and independent contractors or, under certain conditions, by employees of C. F will utilize the employees of C to conduct its daily operations only under the following conditions: (a) F will utilize the services of employees of C only on a part-time basis; (b) no employee of C will spend more than one-half of his or her time in rendering services to F; and (c) for any employees of C rendering services to F, F will reimburse C for the costs of any such employees rendering services to F, plus an additional amount representing a reasonable profit to be realized by C."

You have stated that it is not anticipated that D or E will render services to F and that the other statements in the Private Letter Ruling with respect to the organization and operation of F remain essentially the same.

You have stated that F has been engaged in the business of owning, leasing or subleasing medical office buildings, as well as parking facilities owned and operated incident to such medical office buildings. You have stated that it provides these services only for C and its affiliated entities and not to any other unrelated hospital group. You have also stated that these services are not provided to for-profit entities and that the scope of its operations is too small to justify having a full staff of its own full-time employees to conduct day-to-day operations. Further, the services required for the day-to-day operation of its business vary considerably depending on whether it is starting an office building project or simply administering leases. Thus, it is much more economically feasible for it to utilize on a part-time basis the services of individuals who

are employed by and are on the payroll of B, which maintains a relatively large staff of permanent full-time employees.

Since the modification to the statement of facts in Private Letter Ruling 9151041 described above does not affect the conclusions previously reached, we rule that this modification to the statement of facts will not adversely affect the rulings previously set forth in Private Letter Ruling 9151041.

This ruling is based on the understanding that there will be no material changes in the facts upon which it is based.

This ruling does not address the applicability of any section of the Code or regulations to the facts submitted other than with respect to the sections described.

Please keep a copy of this ruling in your permanent records.

Sincerely,

(signed) Marvin Friedlander

Marvin Friedlander
Manager, Exempt Organizations
Technical Group 1