



division will likely be burdened with bureaucracy, red tape, and financial anxiety, as are all things at the University. [I speak both as an attorney who has had professional contact with WSU, and as a three-degree alumnus who spent more than seven years observing the place from inside.] Concerns for efficiency, and for a share in governance, then, would seem to make this an unattractive choice.

4. Joint Venture.

This arrangement is the far preferable form for the cooperative. A joint venture is a contractual entity, and not a statutory creature as are corporations and partnerships. It is therefore free from much regulation and oversight by the state. A joint venture is informal, yet flexible. The agreement establishing the venture can be precisely tailored to the details of governance, management, administration, and other matters of concern to the group.

For tax purposes, joint ventures are treated as partnerships. The members are individually liable for their share of the venture's income. If the venturers are, as here, themselves tax exempt, then there is little concern with taxes, as the entity itself need not establish its tax exempt status, unlike a corporation.

In summary, the joint venture form is well suited to the contemplated cooperative. It affords maximum flexibility and control, while minimizing formalities and contact with the state. There is no question that a joint venture should be acceptable to the hospital administration. Harper-Grace has entered many joint ventures in the past. Due to concerns with costs and formalities, however, I do not think that the administration would look as favorably on a proposed corporate or partnership scheme. Our office could not assuage those concerns should we be asked for advice.

I hope I have provided adequate information in this brief discussion. Please do not hesitate to contact me if you have further questions about this matter.

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