



**LE SUEUR CITY COUNCIL
WORK SESSION AGENDA
Monday, September 19, 2016
203 South Second Street
6:00 P.M.**

1. Call to Order
2. Ridgeview Medical Center Proposal
 - Termination of Lease with Mayo for the Clinic
 - Proposed Sub-lease
 - Ambulance Service
 - Acquisition or Long-term Contract
3. Adjourn



CITY OF LE SUEUR
MEMORANDUM

TO: Mayor and City Council

FROM: Jenelle Teppen, City Administrator

SUBJECT: Minnesota Valley Health Center Recommendation/Ridgeview Medical Center Proposals

DATE: For the City Council Work Session of Monday, September 19, 2016

On August 29 the City Council heard the recommendation from the Minnesota Valley Health Center (MVHC) Board to become a wholly owned subsidiary of Ridgeview Medical Center (RMC).

The stated goal of the parties is to increase the healthcare services that are provided locally by creating an integrated, seamless healthcare system of hospital, clinic, ambulance and nursing home.

MVHC and RMC have executed an affiliation agreement (attached) with a closing date of September 30, 2016 based on the fulfillment of closing conditions. The parties can waive that date in writing and delay the closing date until December 31, 2016.

Should the parties not reach agreement on the closing conditions by 12/31/16, the agreement can be terminated by either party.

The items proposed by MVHC/RMC requiring discussion by the City Council are indicated in a portion of those closing conditions and are summarized below:

Clinic

- Termination of the lease with Mayo/Mankato effective August 2018
- Execution of a new lease with Ridgeview which supports the debt payments (draft attached)
- RMC pays the City \$250,000

Ambulance

- RMC acquires the ambulance service (see the attached Agreement Regarding Ambulance Service - Purchase)
OR
- The City enters into a long-term contract to run the service (attached Agreement Regarding Ambulance - Management)

Bond Counsel has been involved in the negotiations to protect the City's interest as it relates to the two bonds issued for the hospital project. Bond holder consent will be required in the event the sublease for the clinic space is approved by the City. That consent will take a minimum of 3

weeks.

Staff will be prepared to provide the Council with a recommendation regarding the ambulance service at the meeting.

The Council should be prepared to discuss and provide direction and a tentative timeline on the above bulleted items.

AFFILIATION AGREEMENT

THIS AFFILIATION AGREEMENT (the "Agreement") is made and entered into as of the ____ day of ____, 2016, (the "Execution Date") by and between Ridgeview Medical Center ("Ridgeview"), a Minnesota nonprofit corporation, and Minnesota Valley Health Center, Inc., a Minnesota nonprofit corporation ("Minnesota Valley") (each a "Party", and collectively, the "Parties").

WHEREAS, Ridgeview is a tax-exempt, nonprofit, charitable organization organized and operated for the purposes stated in its Articles of Incorporation;

WHEREAS, Minnesota Valley is a tax-exempt, nonprofit, charitable organization organized and operated for the purposes stated in its Articles of Incorporation;

WHEREAS, effective as of the Closing Date, Ridgeview will become the sole member of Minnesota Valley.

NOW, THEREFORE, in consideration of the mutual promises and undertakings of the Parties contained in this Agreement, the Parties hereto agree as follows:

ARTICLE I MEMBERSHIP AND GOVERNANCE

Section 1.1. Articles. Ridgeview and Minnesota Valley will approve, adopt, and file with the Secretary of State the Second Amended and Restated Articles of Incorporation (the "Minnesota Valley Articles of Incorporation") of Minnesota Valley in the form set forth in the attached Exhibit A to become effective as of the Closing Date.

Section 1.2. Bylaws. Ridgeview and Minnesota Valley will approve and adopt the Second Amended and Restated Corporate Bylaws of Minnesota Valley (the "Minnesota Valley Bylaws") in the form set forth in the attached Exhibit B and said Bylaws shall become effective as of the Closing Date.

Section 1.3. Voting Members of Board. Effective as of the Closing Date, the Board of Directors (the "Board") of Minnesota Valley shall consist of the following voting members, with the following terms of office:

<u>Name</u>	<u>Officer Title</u>	<u>Term of Office Expires</u>
Randy Baum (Local Director)	Chair	July 2017
Patricia Townsdin (Local Director)	Vice Chair	July 2019
Robert Broeder (Local Director)	Secretary, Treasurer	July 2019
Steve Smith (Local Director)		July 2017
David Johnson (City Appointee/Local Director)		January 2018
Irene Manke (Local Director)		September 2018

David Braun (Local Director)
Robert Stevens (Ridgeview Director)
Jeff Nelson (Ridgeview Director)

November 2018

As used in this Agreement, the “Local Directors” shall be those seven (7) individuals identified above as “Local Directors.” Subject to Section 1.4 below, vacancies among the Local Directors shall be filled pursuant to the process set forth in the Minnesota Valley Bylaws, attached as Exhibit B, and any such replacement directors will be considered “Local Directors” for purposes of this Agreement. Where the action (including the approval) of the Local Directors is required under this Agreement, such action shall mean approval of the action by a majority of the Local Directors present at any meeting of the Board. This Section 1.3 shall apply only to that period commencing on the Closing Date and ending on the third anniversary of the Closing Date (the “Transition Period”). After the Transition Period has expired, the provisions of the Minnesota Valley Bylaws shall govern all matters related to the Board, including the composition of, and number of directors on, the Board.

Section 1.4. City-Appointed Local Director. Until such time as all debt on bonds issued by the City of Le Sueur, Minnesota (the “City”) for purposes of Minnesota Valley facilities has been discharged, the City shall have the right to appoint one (1) of the Local Directors, subject to Ridgeview’s approval of the appointment of such individual to the Board.

ARTICLE II MINNESOTA VALLEY OPERATIONS AND ASSETS

Section 2.1. Financial Considerations.

(a) The Parties acknowledge and agree that Minnesota Valley’s liabilities as of the Closing Date shall remain with Minnesota Valley, it being the intent of the Parties that Minnesota Valley shall be responsible for its liabilities whether occurring prior to or after the transfer of membership to Ridgeview.

(b) The Parties acknowledge and agree that all Minnesota Valley Assets as of the Closing Date shall remain with Minnesota Valley, it being the intent of the Parties that Minnesota Valley shall be responsible for the Minnesota Valley Assets whether prior to or after the Closing Date. “Minnesota Valley Assets” shall mean all of the Minnesota Valley’s revenue and income, cash, property, deposit accounts, certificates of title, contract rights, accounts, payment intangibles, general intangibles and equipment controlled, owned, leased or used by Minnesota Valley.

Section 2.2. Use of Minnesota Valley Assets. As of the Closing Date, all Minnesota Valley Assets will be used in the fulfillment of the charitable missions of the Parties, including

the advancement of health care services in the Minnesota Valley service area, subject to the provisions of the Minnesota Valley Bylaws in the attached Exhibit B. Minnesota Valley's service area is attached hereto as Exhibit C (the "Service Area").

Section 2.3. Minnesota Valley Employees.

Section 2.3.1 The Parties acknowledge and agree that, as of the Closing Date, all employees of Minnesota Valley shall remain employees of Minnesota Valley. On January 1, 2017, or another date as agreed upon by the Parties, all Minnesota Valley employees shall cease employment with Minnesota Valley and enter into an employment relationship with Ridgeview. Ridgeview and Minnesota Valley will enter into a leased employee arrangement effective on January 1, 2017 or another date as agreed upon by the Parties, under which the former Minnesota Valley employees will be leased by Ridgeview to Minnesota Valley.

Section 2.3.2 All retirement and other employee benefit plans shall remain with Minnesota Valley, provided that it is the expectation of the Parties that Minnesota Valley will transition to participation in the Ridgeview retirement plans and employee benefits offered at the Ridgeview system level, by January 1, 2017, or another date as determined by Ridgeview in its sole discretion. Minnesota Valley Employees will remain vested in their current plans and there will be no break in service. Ridgeview shall credit employee years of service with Minnesota Valley for purposes of eligibility, vesting and contribution allocations under all current and future benefits made available to Ridgeview employees, including, without limitation, paid time off. To the extent that Ridgeview determines compensation, severance pay or other benefits based on seniority, Ridgeview will also credit employee years of service with Minnesota Valley for such purposes.

Section 2.4. Operations to Closing Date. From the Execution Date to the Closing Date, Minnesota Valley shall be operated in the usual and customary manner consistent with the manner in which Minnesota Valley has been operated prior to the Closing Date. During the interim period from the Execution Date to the Closing Date, Minnesota Valley will not enter into any written contracts other than in the ordinary course of business without the prior written consent of Ridgeview.

Section 2.5. Minnesota Valley Long Term Debt. From the Execution Date to the Closing Date, Minnesota Valley shall not incur any additional long term debt without the prior written consent of Ridgeview.

Section 2.6. Ongoing Covenants of Ridgeview.

Section 2.6.1 From and after the Closing Date, unless approved by the Local Directors, Ridgeview covenants and agrees with Minnesota Valley that Ridgeview will make annual capital expenditures and investments in facilities and equipment in

Minnesota Valley in an amount on average equal to 80% of the actual depreciation of the Minnesota Valley fixed assets in the immediately preceding fiscal year, as reflected on the applicable audited financial statements of Minnesota Valley. For the first year following the Closing Date (October 1, 2016 through September 30, 2017), Ridgeview's obligation under this Section 2.6.1 will be based on Minnesota Valley's audited financial statements for the fiscal year ending June 30, 2016. For the second and third years following the Closing Date, respectively, Ridgeview's obligation under this Section 2.6.1 will be based on Minnesota Valley's unaudited financial statements for the period October 1 through September 30.

Section 2.6.2 For the period commencing on the Closing Date and terminating on the third anniversary of the Closing Date (the "Transition Period"), unless approved by the Local Directors, Ridgeview will use its best efforts to (i) maintain the level of services provided by Minnesota Valley as of the Closing Date, including, without limitation, inpatient hospital, emergency room, laboratory, imaging, independent living, urgent care and nursing home services; (ii) employ a Le Sueur-based Vice President/Administrator of Minnesota Valley; (iii) comply with any obligations of Minnesota Valley under applicable tax-exempt bonds; (iv) maintain Minnesota Valley's contract with the Essentia Health Community Connect Program for its Epic System EMR; (v) maintain a comparable level of emergency physician and urgent care services as exists as of the Closing Date; and (vi) ensure the preparation of audited financial statements for Minnesota Valley. Provided, that if Minnesota Valley provides written notice of unwind under Section 6.1 within three (3) years of the Closing Date, then Ridgeview will not terminate Minnesota Valley's contract for its Epic System EMR without the approval of the Local Directors.

Section 2.6.3 For the Transition Period, unless approved by the Local Directors, Ridgeview will not exercise its rights as the sole member of Minnesota Valley, to (i) dissolve Minnesota Valley; (ii) merge Minnesota Valley with a third party; (iii) sell or otherwise transfer substantially all assets of Minnesota Valley; (iv) amend the Articles of Incorporation or Bylaws of Minnesota Valley; (v) change the number of directors on the Minnesota Valley Board of Directors; (vi) transfer to a third party the membership interests in Minnesota Valley held by Ridgeview or (vii) resign as a member.

Section 2.7. Local Physician Presence. Ridgeview acknowledges the importance to Minnesota Valley of having an appropriate (as supported by market analysis) number and mix of primary care physicians and midlevel practitioners in the City of Le Sueur, Minnesota ("Le Sueur") who are available to provide care to patients, including patients who may receive services from Minnesota Valley. As of the Execution Date, Mayo Clinic provides primary care physician and midlevel practitioner services in Le Sueur, from a clinic adjacent to Minnesota Valley. If Mayo Clinic were to discontinue or cut back such services, there would likely be a need to bring in other primary care physicians and midlevel practitioners to Le Sueur. Minnesota Valley would look to Ridgeview to meet that need. In response to the foregoing, Ridgeview agrees that if Mayo Clinic discontinues providing such services at the clinic adjacent to

Minnesota Valley or is otherwise no longer meeting the needs in Le Sueur for primary care physician and/or midlevel practitioners, Ridgeview will use all reasonable efforts to provide such primary care physicians and midlevel providers in Le Sueur.

ARTICLE III REPRESENTATIONS AND WARRANTIES

Section 3.1. Ridgeview Representations. Ridgeview represents and warrants to Minnesota Valley as follows:

Section 3.1.1. Ridgeview is a nonprofit corporation duly organized and validly existing in good standing under the laws of the State of Minnesota, organized and operated exclusively for charitable purposes and specifically and primarily to engage in and conduct charitable, educational, and scientific activities generally including the provision of hospital and other related healthcare services; it is an organization described in Internal Revenue Code ("IRC") Sections 170(c)(2), 501(c)(3) and 509(a)(3); a public charity within the meaning of the IRC, and it is exempt from federal income taxation under Section 501(a) of the IRC; it has all legal right and full corporate power and authority to own and use its properties and assets as presently used and contemplated to be used, to conduct its business and activities as presently conducted and contemplated to be conducted and to enter into, perform its obligations under and comply with the terms and provisions of this Agreement, and the execution and delivery of this Agreement and the full compliance with and performance of the obligations of Ridgeview under this Agreement have been duly and validly authorized by all necessary corporate action on the part of Ridgeview.

Section 3.1.2. The execution and delivery of this Agreement and the performance of and compliance with the terms and provisions of this Agreement on the part of Ridgeview will not violate or conflict with or result in a material breach of or default under the articles of incorporation, bylaws or other governing instruments of Ridgeview under any law, statute, rule, regulation, order, judgment or decree of any governmental authority or under any material contract, deed, mortgage, or other instrument or document to which Ridgeview is subject.

Section 3.1.3. During the last three (3) years there has been no, and to the knowledge of Ridgeview at the present time there is no, pending or threatened (nor, to Ridgeview's knowledge, any claim which may lead to a threat of litigation), proceeding, or investigation (including any environmental, building, labor, zoning or safety investigation) relating to any material aspect of Ridgeview, nor is Ridgeview subject to any existing judgment, order or decree which would prevent, impede, or make illegal the consummation of the transactions contemplated by this Agreement.

Section 3.1.4. The representations, warranties and covenants of Ridgeview in this Article III are made as of the date of the Closing Date and shall survive for a period of three (3) years from and after the Closing Date.

Section 3.2. Minnesota Valley Representations. Minnesota Valley represents and warrants to Ridgeview that, except as described in Minnesota Valley's disclosure schedule which shall be provided by Minnesota Valley to Ridgeview not later than five (5) days prior to the Closing Date (the "Disclosure Schedule"):

Section 3.2.1. Minnesota Valley is a nonprofit corporation duly organized and validly existing in good standing under the laws of the State of Minnesota, organized and operated exclusively for charitable purposes and specifically and primarily to engage in and conduct charitable, educational, and scientific activities generally including the provision of hospital and other related healthcare services; it is an organization described in IRC Sections 170(c)(2), 501(c)(3) and 509(a)(1) of the IRC; a public charity within the meaning of the IRC, and it is exempt from federal income taxation under Section 501(a) of the IRC; it has all legal right and full corporate power and authority to own and use its properties and assets as presently used and contemplated to be used, to conduct its business and activities as presently conducted and contemplated to be conducted and to enter into, perform its obligations under and comply with the terms and provisions of this Agreement, and the execution and delivery of this Agreement and the full compliance with and performance of the obligations of Minnesota Valley under this Agreement have been duly and validly authorized by all necessary corporate action on the part of Minnesota Valley.

Section 3.2.2. The execution and delivery of this Agreement and the performance of and compliance with the terms and provisions of this Agreement on the part of Minnesota Valley will not violate or conflict with or result in a material breach of or default under the articles of incorporation, bylaws or other governing instruments of Minnesota Valley under any law, statute, rule, regulation, order, judgment or decree of any governmental authority or under any material contract, deed, mortgage, or other instrument or document to which Minnesota Valley is subject.

Section 3.2.3. The audited financial statements of Minnesota Valley for the fiscal years ending 2014 and 2015 and for the period through April 30, 2016, and unaudited financial statements from May 1, 2016 through August 30, 2016, copies of which have been provided to Ridgeview by Minnesota Valley, have been prepared in conformance with generally accepted accounting principles and procedures applied on a basis consistent with prior periods and present fairly in all material respects the financial condition of Minnesota Valley as of the represented dates thereof and the results of operations of Minnesota Valley for the periods covered thereby. Minnesota Valley has no knowledge which would cause it to believe that the financial statements of Minnesota Valley in the aggregate are false or misleading in any material respect.

Section 3.2.4. No licenses or permits in connection with the operation of the Minnesota Valley have been denied, revoked, restricted or suspended or threatened to be denied, revoked or suspended during the past three (3) years.

Section 3.2.5. Minnesota Valley has not received notice, nor does Minnesota Valley have any reason to believe, that any party to any material contract, commitment or arrangement intends to cancel or terminate any such contract, commitment or arrangement. No contract, commitment or arrangement has been negotiated or renegotiated in anticipation of the transactions contemplated hereby.

Section 3.2.6. Except as set forth on the Disclosure Schedule, Minnesota Valley is not a party to any collective bargaining agreements or any other written employment agreements with employees, nor is Minnesota Valley a party to any other written contract or understanding that contains any severance pay liabilities or obligations, except for accrued, unused paid time off (PTO) for employees. There is not now pending nor has there been in the last three (3) years, any material labor dispute or any work stoppage, walkout or strike or attempts by employees to organize a union.

Section 3.2.7. Except as set forth on the Disclosure Schedule, to the knowledge of Minnesota Valley there is not now pending nor has there been in the past three (3) years any claims against Minnesota Valley by any former or present employee based on employment discrimination, wrongful discharge or unfair labor practices. Minnesota Valley has received no claim asserting (and has no knowledge of) any failure to comply with applicable federal and state laws and regulations relating to employment or labor, including laws and regulations relating to wages, hours, collective bargaining, withholding taxes and employee health and benefits.

Section 3.2.8. Except as set forth on the Disclosure Schedule, during the last three (3) years there has been no, and to the knowledge of Minnesota Valley at the present time there is no, pending or threatened (nor, to Minnesota Valley's knowledge, any claim which may lead to a threat of litigation), proceeding, or investigation (including any environmental, building, labor, zoning or safety investigation) relating to any material aspect of Minnesota Valley, nor is Minnesota Valley subject to any existing judgment, order or decree which would prevent, impede, or make illegal the consummation of the transactions contemplated by this Agreement or which would have a material adverse effect on the Minnesota Valley premises.

Section 3.2.9. Except as set forth on the Disclosure Schedule, Minnesota Valley has good and marketable title to the Minnesota Valley premises which are legally described on the Disclosure Schedule, in fee simple absolute, free and clear of any and all liens, encumbrances, security interest, leases or other tenancies, covenants, restrictions, reservations, agreements, claims or other charges affecting the Minnesota Valley premises other than the permitted encumbrances set forth on the Disclosure Schedule.

Section 3.2.10. Except as set forth on the Disclosure Schedule, the Minnesota Valley premises are in material compliance with all applicable environmental laws, and to the knowledge of Minnesota Valley, there are no hazardous substances present at the Minnesota Valley premises in any quantity or condition requiring removal or remediation under applicable laws or which could subject Minnesota Valley to liability under applicable laws; and to the knowledge of Minnesota Valley there have been no spills or releases of hazardous substances associated with any underground storage tank(s) currently or formerly operated on the Minnesota Valley premises.

Section 3.2.11. The representations, warranties and covenants of Minnesota Valley in this Article III are made as of the Closing Date and shall survive for a period of three (3) years from and after the Closing Date.

ARTICLE IV CLOSING

Section 4.1. Closing Date. The Closing Date shall be September 30, 2016 (the “Closing Date”), *provided that*, if all closing conditions set forth in Section 4.3 have not been fulfilled or waived in writing by the Parties as of such date, the Closing Date shall be delayed until the closing conditions have been fulfilled or waived. If the Closing Date does not occur by December 31, 2016, this Agreement may be terminated by either Party upon written notice to the other Party.

Section 4.2. Delay. In the event that the Closing Date and the consummation of this Agreement is prohibited by a final determination of a court of competent jurisdiction, or is delayed for a period of one (1) year or more from the date of this Agreement, any Party may terminate this Agreement by giving a written notice of termination to the other Parties.

Section 4.3. Closing Conditions. The Parties agree to deliver the following documents on or before the Closing Date:

- (a) This Agreement, duly executed by each Party.
- (b) Executed Second Amended and Restated Articles of Incorporation and Second Amended and Restated Bylaws for Minnesota Valley.
- (c) Copies of the appropriate resolutions and actions of the former Minnesota Valley members and the Boards of Directors of Ridgeview and Minnesota Valley authorizing the Parties to enter into this Agreement and the transactions contemplated thereby.
- (d) Evidence of Minnesota Valley’s name change to “Ridgeview Le Sueur Medical Center.”

(e) All agreements required to effectuate an assignment to and assumption by Ridgeview of the lease agreement currently held by Minnesota Valley with the City for the Minnesota Valley hospital space, or entrance into a new lease agreement with the City for such space, on terms acceptable to Ridgeview in its sole discretion.

(f) All agreements required to effectuate an assignment to and assumption by Ridgeview of the lease agreement currently held by the Mayo Clinic with the City for the physician clinic space adjacent to the Minnesota Valley hospital space (the "Mayo Clinic Lease"), or entrance by Ridgeview into a new lease agreement with the City for such space, on terms acceptable to Ridgeview in its sole discretion; or if Ridgeview elects, in its sole discretion, to request the City to effectuate termination of the Mayo Clinic Lease, receipt of a notice of termination of the Mayo Clinic Lease.

(g) All agreements required to transfer the ambulance service from the City to Ridgeview, on terms acceptable to Ridgeview in its sole discretion;

(h) All agreements related to repayment of Minnesota Valley's debt to the City as of the Closing Date.

(i) Evidence of necessary regulatory and lender approvals, and a status report regarding any regulatory and lender approvals that have not been obtained.

(j) The Disclosure Schedule, which Minnesota Valley will deliver to Ridgeview not later than five (5) days prior to the Closing Date.

(k) A certificate of Minnesota Valley dated as of the Closing Date and executed by Minnesota Valley confirming that (i) the Disclosure Schedule and (ii) each of the representations and warranties of Minnesota Valley contained herein is true and correct at and as of the Closing Date.

(l) A certificate of Ridgeview dated as of the Closing Date and executed by Ridgeview confirming that each of the representations and warranties of Ridgeview contained herein is true and correct at and as of the Closing Date.

Section 4.4. Post Closing. Following the Closing Date, each of the Parties herein agrees to execute and deliver any and all further agreements, documents or instruments reasonably necessary to consummate the transactions contemplated by this Agreement as determined by Ridgeview in its sole discretion, and in a form deemed acceptable by Ridgeview in its sole discretion.

ARTICLE V DISPUTE RESOLUTION

In order to provide a mechanism for resolving disputes regarding the foregoing provisions, the Parties agree as follows:

Section 5.1. Negotiations. Within thirty (30) calendar days after a Party's receipt of a written notice of a dispute from another Party, the dispute shall be submitted for resolution through good faith negotiations between representatives of the Parties with authority to resolve the matter. Such persons shall negotiate in good faith to resolve the matter within sixty (60) calendar days (unless the Parties mutually agree to extend the negotiations). The negotiations shall be considered to have failed if, after at least three (3) joint meetings, either Party determines that no reasonable resolution can be reached and provides written notice to the other representatives of a request for arbitration.

Section 5.2. Arbitration. Any dispute which is not resolved by negotiation under Section 5.1 shall be submitted to binding arbitration under the following procedures:

(a) The arbitration shall be conducted in accordance with the AAA Rules of Commercial Arbitration to the extent not inconsistent with the Minnesota Arbitration Act or this Agreement.

(b) The Parties shall select an arbitrator. If the Parties cannot agree on an arbitrator, each Party shall elect one arbitrator and the arbitrators so selected shall select a third arbitrator. The arbitrator so selected shall be the sole arbitrator and shall conduct the arbitration.

(c) Each Party shall be responsible for payment of its own attorneys or other advisors and for its appointed arbitrator. Each Party shall share equally in the cost of the jointly appointed arbitrator.

(d) To the extent permitted by law, the Parties agree that grounds for vacating, modifying or correcting an award of the arbitrator shall include a manifestly incorrect determination of material fact by the arbitrator if such determination would have resulted in a materially different outcome in the arbitration.

(e) Any award in arbitration may grant specific performance or other equitable remedy if the arbitrator so determines.

Section 5.3. Legal and Equitable Relief. Notwithstanding anything to the contrary in this Agreement, including without limitation Section 5.2, any Party may at any time, without waiving any remedy under this Agreement, seek from any court having jurisdiction any legal or equitable relief that is necessary to protect the rights or property of that Party, including without limitation specific performance, declaratory judgment and injunctive relief. Any bond required for any action brought pursuant to this shall be no more than one thousand dollars (\$1,000.00).

ARTICLE VI TERMINATION OF AFFILIATION

Section 6.1 Unwind Right. At any time during the Transition Period, Minnesota

Valley may elect to terminate this Agreement and effectively return each Party to its pre-Closing Date operations (the “Unwind”). If Minnesota Valley exercises such right (the “Unwind Right”) it shall provide written notice to Ridgeview and such Unwind will become effective within ninety (90) days from receipt of such notice, or upon another date as agreed upon by the Parties (the “Unwind Effective Date”). The Unwind Right will include, at a minimum, repayment by Minnesota Valley to Ridgeview in an amount equal to the sum of Ridgeview’s contributions to and investments in Minnesota Valley prior to the Unwind Effective Date. In addition, the Unwind shall include Minnesota Valley’s performance of all of the following actions: (i) assumption by Minnesota Valley of all real property leases and other contracts related to the Minnesota Valley locations; (ii) offers of employment from Minnesota Valley to all personnel leased by Ridgeview to Minnesota Valley immediately prior to the Unwind Effective Date; and (iii) making such other payments (and the Unwind will incorporate such other terms) as necessary to ensure that the Unwind is on commercially-reasonable, fair market value terms.

ARTICLE VII INDEMNIFICATION

Section 7.1 Each Party (the “Indemnifying Party”) shall indemnify, defend and hold the other Party (the “Indemnified Party”) harmless at all times for a period of three (3) years from and after the Closing Date (the “Indemnification Period”) against and in respect of all claims, losses, liabilities, damages, costs and expenses (including reasonable attorneys’ fees) which an Indemnified Party may suffer or incur as a result of a material breach by the Indemnifying Party of any of its representations, warranties or covenants in this Agreement.

Section 7.2 No Party is assuming or is obligated or liable for any of the liabilities, obligations, contracts or commitments (collectively, “Liabilities”) of another Party, except as expressly provided herein. If, because of its membership interest in Minnesota Valley, Ridgeview is, nevertheless, held liable by a final, non-appealable order of a court of competent jurisdiction to be obligated or liable for any of the liabilities of Minnesota Valley (*i.e.*, by virtue of general principles of law such as piercing the corporate veil or specific statutes which hold a member of a nonprofit corporation liable for the debts of the corporation), Ridgeview shall be entitled to seek indemnification or contribution, as the case may be, from Minnesota Valley under general principles of law and equity, at any time after the Closing Date.

Section 7.3 If a claim by a third party is made against an Indemnified Party, and if the Indemnified Party intends to seek indemnity with respect to such claim under this Article, such Indemnified Party shall promptly notify the Indemnifying Party of such claim. The Indemnifying Party shall have thirty days after receipt of the notice to undertake, conduct and control, through counsel of such Party’s choosing (subject to the consent of the Indemnified Party) and at such Party’s expense, the settlement or defense of it, and the Indemnified Party shall cooperate with the Indemnifying Party in connection with such efforts; provided that (i) the Indemnifying Party shall not by this agreement permit to exist any lien, encumbrance or other adverse charge upon any asset of any Indemnified Party; (ii) the Indemnifying Party shall permit the Indemnified Party to participate in such settlement or defense through counsel chosen by the

Indemnified Party, provided that the fees and expenses of such counsel shall be borne by the Indemnified Party, and (iii) the Indemnifying Party shall agree promptly to reimburse the Indemnified Party for the full amount of any loss resulting from such claim and all related expense (except for fees and expenses under (ii) above) incurred by the Indemnified Party pursuant to this Section. So long as the Indemnifying Party is reasonably contesting any such claim in good faith, the Indemnified Party shall not pay or settle any such claim. If the Indemnifying Party does not notify the Indemnified Party within thirty (30) days after receipt of the Indemnified Party's notice of a claim of indemnity under this Section that such Party elects to undertake the defense of such claim, the Indemnified Party shall have the right to contest, settle or compromise the claim in the exercise of the Indemnified Party's exclusive discretion at the expense of the Indemnifying Party.

Section 7.4 Notwithstanding any other provision of this Agreement to the contrary, no Party shall be liable to the other Party for any indirect, special, incidental or consequential loss or damage of any kind, including lost profits (whether or not the non-claiming Party has been advised of the possibility of such loss or damage).

ARTICLE VIII MISCELLANEOUS

Section 8.1. Entire Agreement. This Agreement constitutes the entire agreement of the Parties and supersedes any and all prior agreements, whether oral or written, with respect to the subject matter of this Agreement, and may not be amended except by subsequent written agreement signed by all Parties.

Section 8.2. Severability. The provisions of this Agreement are severable, and if any such provision is determined to be invalid, then all the remaining provisions shall remain in full force. Furthermore, in lieu of such invalid provision there shall be added automatically as part of this Agreement, a legal, valid and enforceable provision as similar in terms to the invalid provision as may be possible.

Section 8.3. Governing Law. This Agreement is being executed and delivered in the State of Minnesota and is intended to be governed by and construed and enforced in accordance with such laws.

Section 8.4. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Section 8.5. Survivability. The terms and conditions of this Affiliation Agreement shall survive the Closing Date and shall continue thereafter.

Section 8.6 Controlling Document. In the event there is a conflict between this Agreement and the governing documents of Minnesota Valley or Ridgeview, this Agreement shall control.

Section 8.7. Prohibition on Assignment. After the Closing Date, neither Party shall assign its rights under this Agreement to a third party without the written consent of the other Party.

Section 8.8. Exercise of Minnesota Valley Rights Post-Closing. After the Closing Date, the Local Directors shall have the authority to exercise all rights of Minnesota Valley under this Agreement, including without limitation, such “unwind” rights as are set forth in Section 6.1.

[Remainder of this page is intentionally blank; signature page follows.]

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first written above.

**MINNESOTA VALLEY
HEALTH CENTER, INC.**

By: Pamela Williams
Its: CEO

By: Randy Quinn
Its: Board Chair

RIDGEVIEW MEDICAL CENTER

By: [Signature]
Its: [Signature]

EXHIBIT A

SECOND AMENDED AND RESTATED ARTICLES OF INCORPORATION

SECOND AMENDED AND RESTATED
ARTICLES OF INCORPORATION
OF
RIDGEVIEW LE SUEUR MEDICAL CENTER

ARTICLE 1 — NAME

- 1.1) The name of the corporation shall be Ridgeview Le Sueur Medical Center.

ARTICLE 2 — PURPOSES

2.1) The purposes of the corporation are to engage in, assist, and contribute to the support of exclusively charitable activities and projects, within the meaning of Section 501(c)(3) of the Internal Revenue Code.

- 2.2) In support of such purposes, the main activities of the corporation shall include:

(a) Developing and operating a hospital and/or one or more clinics and providing health care services to the residents of the community surrounding the corporation; and

(b) Doing any and all other acts and things which may be necessary, incidental or desirable in the accomplishment of any of the foregoing purposes.

ARTICLE 3 — AUTHORITY

3.1) The corporation shall further its purposes either directly or by making or providing donations, gifts, grants, contributions, loans, guarantees, or subsidies out of the net income or the principal assets of the corporation, or both (without limit as to the amount going to any one recipient or in the aggregate to all recipients), but subject always to the provisions of section 3.3 hereof.

3.2) Subject to Section 3.3 hereof, the corporation shall have authority to do any and all acts and things and carry on and conduct all other activities as may be necessary, advisable, desirable, or expedient to accomplish its purposes, to the full extent permitted by the laws of the State of Minnesota.

- 3.3) Notwithstanding any other provisions of these Articles of Incorporation:

(a) All activities of the corporation shall be carried on and all of its funds shall be used and applied exclusively for the purposes described in Article 2.

(b) No part of the net earnings of the corporation shall inure to the benefit of any member (other than Ridgeview Medical Center) officer, director, or any other individual (except that reasonable compensation may be paid for services rendered to or for the corporation in furtherance of one or more of its purposes, and except that individuals may benefit from grants, and similar payments or distributions made for the purposes for which this corporation was organized).

DOCS-#5172403-v1

Exhibit A-1

DOCS-#4931586-v12

(c) No substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign on behalf of or opposed to any candidate for public office, by publishing or distributing statements or otherwise.

(d) The corporation shall not carry on any other activities not permitted to be carried on by a corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE 4 — NONPROFIT CORPORATION

4.1) The corporation shall not afford pecuniary gain or profit, incidentally or otherwise, to its members, except as permitted by law.

4.2) This corporation is formed under Chapter 317A of the Minnesota Statutes.

ARTICLE 5 — REGISTERED OFFICE

5.1) The mailing address of the registered office of the corporation is 500 South Maple Street, Waconia, MN 55387.

ARTICLE 6 — DIRECTORS

6.1) The management of the corporation shall be vested in a Board of Directors. The number of directors shall be fixed in accordance with the Bylaws of the corporation, and may be altered by amending the Bylaws, but shall never be less than required by law.

6.2) Any action other than an action requiring membership approval may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the Board at which all directors were present; provided, that all directors must be notified immediately of the text of the written action and the effective date.

ARTICLE 7 — MEMBERSHIP

7.1) The corporation shall have one class of members. Ridgeview Medical Center shall be the sole member of the corporation.

7.2) The conditions and terms of and the qualifications for membership in the corporation shall be as provided in the Bylaws.

ARTICLE 8 — AMENDMENT OF BYLAWS

8.1) The Bylaws may be adopted, amended, or repealed only by the affirmative vote of a majority of the directors of the corporation.

ARTICLE 9 — DISTRIBUTION ON LIQUIDATION OR DISSOLUTION

9.1) In the event of liquidation, dissolution, or winding up of the corporation, whether voluntary or involuntary or by operation of law, the remaining property and assets of the

corporation shall be distributed in such manner as the Board of Directors of the corporation shall by majority vote determine. The distribution shall be made either exclusively for the purposes for which the corporation is formed or consistent with such purposes, and shall be made to such organization or organizations organized and operated for such purposes as shall at such time qualify as exempt under section 501(c)(3) of the Internal Revenue Code, as amended, or the corresponding provision of any future United States Internal Revenue Code.

ARTICLE 10 — AMENDMENT OF ARTICLES

These Articles may be amended in the manner now or hereafter prescribed by law.

EXHIBIT B

SECOND AMENDED AND RESTATED CORPORATE BYLAWS

SECOND AMENDED AND RESTATED BYLAWS OF RIDGEVIEW LE SUEUR MEDICAL CENTER

ARTICLE 1 – OFFICES

SECTION 1.1 Offices. The principal office of the Corporation shall be 500 South Maple Street, Waconia, MN 55387. The Corporation may have offices at such other places, within or without the State of Minnesota, as the Board of Directors may from time to time designate.

SECTION 1.2 Purpose. Ridgeview Le Sueur Medical Center (the "Corporation") is organized as a 501(c)(3) Minnesota non-profit corporation and shall be operated exclusively for charitable, scientific and educational purposes.

ARTICLE 2 – MEMBERS

SECTION 2.1 Members. The Corporation shall have one class of members. Ridgeview Medical Center shall be the sole member of the Corporation (the "Member").

SECTION 2.2 Resignation; Vacancy. Ridgeview Medical Center may resign from membership at any time by giving notice to the Secretary of the Corporation. Such resignation shall become effective without acceptance upon receipt of the notice, unless the notice specifies a later date. If Ridgeview Medical Center resigns, it shall designate a successor to fill the vacancy.

SECTION 2.3 Removal. Ridgeview Medical Center or its designated successor shall not be removed as Member except as provided in Section 2.2.

SECTION 2.4 Voting. The member of the Corporation shall have one vote on or in respect of any matter on which members of the Corporation have the right to vote under law, the Articles of Incorporation or these Bylaws.

SECTION 2.5 Transferability. Except as provided in Section 2.2, the Member may not voluntarily or involuntarily transfer or assign its membership or any right arising therefrom.

SECTION 2.6 Dues. The Member shall not be assessed any dues.

ARTICLE 3 – MEETINGS OF MEMBER

SECTION 3.1 Annual Meetings. The Member shall hold an annual meeting for the purpose of electing directors, receiving reports on the activities and financial condition of the Corporation, and transacting any other business properly coming before the meeting. The time and place for the annual meeting shall be established by the Member. The Member shall hold such other meetings as deemed necessary. Special meetings of the voting Member may be called by the Secretary for any purpose at any time upon the written request of the President or the Member.

DOCS-#5169504-v4

Exhibit B-1

DOCS-#4931586-v12

SECTION 3.2 Place of Meeting. Meetings of the voting Member shall be held at the registered office of the Corporation, or at such other place as may be designated by the Member, except as otherwise required by law.

SECTION 3.3 Notice of Meetings. Except as otherwise required by law, a written notice setting out the place, date and hour of any regular or special meeting shall be given to each voting member at the address contained in the corporate records not less than twenty-four (24) hours (if oral notice) or five (5) days (if written notice) before the meeting. Notice of a special meeting must contain a statement of the purpose of the meeting.

SECTION 3.4 Waiver of Notice. The Member may waive notice of any meeting before, during or after the meeting, in writing, orally or by attendance. All waivers shall be filed with the records of the corporation.

SECTION 3.5 Quorum, Voting. The Member shall take action by an affirmative vote.

SECTION 3.6 Action Without a Meeting. An action required or permitted to be taken at a meeting of the voting member may be taken without a meeting by written action signed by the Member. Any such written action shall be filed with the Secretary of the Corporation.

ARTICLE 4 – BOARD OF DIRECTORS

SECTION 4.1 General Powers. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors (the "Board"), subject to the provisions of Section 4.14.

SECTION 4.2 Composition. The Board shall consist of between five (5) and eleven (11) voting persons, who shall be members of the communities served by the corporation. The Board shall also consist of two (2) persons appointed by the Member. No voting member of the Board may be an employee of the corporation. There will always be at least four (4) members from the Le Sueur, MN Service Area. There will always be a director who is appointed by the Member and who sits on the Board of Directors of the Member.

While the work required of voting Board members will vary both across members and across time, the following expectations are generally held of all voting Board members:

- (a) The interests of the Corporation and its stakeholders are foremost.
- (b) Participation of voting Board members is key to their contribution:
 - (i) Voting Board members need to be present and involved in meetings of the Board and the committees on which they serve.
 - (ii) Voting Board members and committee members need to be actively engaged in discussing issues, sharing perspectives, and raising questions that are essential to good decision-making.
 - (iii) Effective participation derives from continually learning about the Corporation and the environment in which it exists. This learning includes those formal

opportunities afforded by the Board and the Corporation, as well as informal opportunities that occur in the course of one's activities.

(iv) Effective participation of voting Board members also encompasses participation in community efforts in support of the Corporation. These might include advocating for the Corporation, supporting proposed legislation and other initiatives, and representing the Corporation with other organizations.

(c) The Board is a group of peers. No one member has more standing or power than others, and no individual member has authority in the organization. It is only as a collective that the Board has power.

(d) Respect for the opinions of each other, and for those with whom the Board interacts, is a hallmark of the Board's work. Board members seek clarity in presenting their views, and represent a sense of stewardship in all that they do.

(e) Board members engage in continual self-evaluation of their performance on the Board. As needs arise, they seek education and skills necessary to their performance.

(f) The Board provides opportunities for the education of its members, both as part of Board meetings and retreats, and through access to educational events in other settings. Board members actively engage in this education as part of their responsibility to the Board.

(g) As Board members, interaction with employees of the Corporation shall be coordinated through the office of the Administrator.

(h) Most of the work and decisions of the Board are in areas of subjective judgment. Board members who are most successful in these decisions are those who are aware of the values they hold, willing to engage in the discussion of those values, and respectful of those values held by others that may differ from their own.

(i) The Board is comprised of individuals with diverse perspectives and experience. The Board benefits from the contrasts that this diversity engenders, and seeks to improve the decisions it makes and the actions it takes by understanding the conflicts and resolving the disputes that arise in the discussion of issues and plans. However, while it seeks to engage in productive dispute resolution in decision-making, when the Board comes to consensus, members are expected to support the resulting decision, no matter what their position was in the discussion.

SECTION 4.3 Election; Vacancies; Terms.

(a) The directors shall be divided into three (3) classes of approximately equal size, with staggered terms of three years each. The Nominating Committee, established pursuant to Section 6.2, shall present a slate of recommended individuals to fill upcoming vacancies fitting the criteria described in Section 4.2 to the Board. The Board will act upon the recommendation in the form of a recommendation to the Member's Board of Directors; and the Member's Board of Directors will consider the recommendation and act upon it. If the Member's Board of Directors does not approve of one or more nominees, the matter will be returned to the Nominating Committee and the process will proceed as described above until the final members of the Board are determined. All new members of the Board shall

participate in a board orientation process which will enable each individual to be educated about his or her fiduciary and related duties while serving as a director of the Corporation.

(b) Vacancies on the Board due to death, resignation, or other cause may, but need not, be filled during the year through recommendation by the Board to the Member to fill such vacancy or vacancies until the upcoming annual meeting, at which time an election shall be held pursuant to the procedures set forth in subsection (a) above to fill the remaining term of such vacant director position.

(c) Each director shall serve a term of three (3) years. No director shall serve more than four (4) consecutive three (3) year terms, including any partial terms due to the filling of a vacancy, resignation or otherwise (the "Term Limit"). There shall be no limit on the number of non-consecutive terms any director may serve nor any requirement as to the length of time that must pass between non-consecutive terms of service; provided, however, that any director who has served four (4) consecutive terms shall not be eligible to serve as a director again for a period of one (1) year.

(d) The provisions of Sections 4.3(a)-(c) above shall not apply to any directors appointed to the Board of Directors by the Member.

SECTION 4.4 Annual Meeting of Board. The annual meeting of the Board shall be held in January of each year at the principal office of the Corporation, or at such place as may be designated from time to time by the Board, at such hour as may be designated in the notice for the purpose of appointing the officers for the coming year, as hereinafter provided, and such other matters which may come before the Board.

SECTION 4.5 Regular Meetings of the Board. In addition to the annual meeting described in Section 4.4, the Board shall hold regular quarterly meetings at least four (4) times per year at the principal office of the Corporation or such other convenient locations as designated by the Board. The time and dates for such regular meetings during each year shall be set by the Board at its annual meeting.

SECTION 4.6 Special Meetings of the Board. Special meetings of the Board may be called by the Chairperson or the Administrator. Further, special meetings of the Board shall be called by the Chairperson within five (5) days of receipt of a written request of at least three (3) directors. In the case of a special meeting, unless all members are present thereat, no actions taken at such special meetings shall become effective until ratified by a majority of the appointed members of the Board at its next regular meeting.

SECTION 4.7 Notices of Board Meetings and Waiver of Notice. A notice of all meetings of the Board shall be communicated to each director at least three (3) days before the date of a regular meeting and at least twenty-four (24) hours before the date of a special meeting, the latter notice which shall state generally the business to be taken up at the meeting. Attendance at a meeting by a director shall constitute waiver of notice of that meeting unless he or she attends for the sole purpose of objecting at the commencement of the meeting to the meeting on the grounds of inadequate notice. Any director may waive notice of any meeting by a written waiver delivered to the Secretary either before or after the meeting.

SECTION 4.8 Quorums at Board Meetings. For all meetings of the Board, a quorum shall be at least a majority of the members of the Board then in office and entitled to vote. No proxy voting shall be permitted. In the absence of a quorum, a majority of the directors present may adjourn a meeting from

time to time until a quorum is present. Directors may participate in and act at any meeting through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting.

SECTION 4.9 Manner of Acting. Each director shall have one vote at all meetings of the Board. The act of a majority of the directors entitled to vote and present at a meeting at which a quorum is present shall be the act of the Board except as otherwise required by law, by the Articles of Incorporation, or by these Bylaws.

SECTION 4.10 Removals of Directors. Any director elected or appointed by the Board may be removed by an affirmative vote of at least two-thirds of the Board then in office whenever, in its judgment, the best interests of the Corporation would be served thereby; provided, however that such removal shall not affect or limit such director's contract rights, if any.

SECTION 4.11 Action Without Meeting. An action required or permitted to be taken at a Board meeting may be taken by written action signed by the number of directors that would be required to take the same action at a meeting of the Board at which all directors were present; provided, that all of the directors must be notified immediately of the content and effective date. Any such written action shall be filed with the Minutes of the Corporation.

SECTION 4.12 Compensation. Members of the Board may receive reasonable compensation for services rendered in such capacity pursuant to a compensation policy established by the Board from time to time. Further, nothing contained herein shall be construed to preclude any member of the Board or member of any Board committee from receiving reasonable compensation from the Corporation for other services actually rendered or for expenses incurred for serving the Corporation or in any other capacity.

SECTION 4.13 Performance Evaluations. At least once each year the Board will participate in an evaluation of the performance of the Administrator, the results of which will be reported to the Board, together with any findings or recommendations. At least once each year the Board will conduct a self-evaluation of the performance of its directors.

SECTION 4.14 Authority of Board; Reserved Powers of Member. The Board will carry out the duties normally associated with a nonprofit hospital board of directors, subject to the reserved powers described in this Section 4.14.

Reserved Powers of Member. Subject to the terms of the Affiliation Agreement, which require approval of the Local Directors (as defined under the Affiliation Agreement) with respect to certain matters during the Transition Period (as defined under the Affiliation Agreement), the Member reserves authority with regard to the matters listed below. The Member will look to the Board to make recommendations on decisions in such areas, but the Member is not required to accept such recommendations, and the Member may take action on its own in such areas. The Member's approval will be required for any action proposed by the Board in these areas:

- (a) Final appointment of Board members;
- (b) Issuance of debt by the Corporation;
- (c) Sale of substantial assets of the Corporation;

- (d) Changes to the Corporation's Articles of Incorporation or Bylaws;
- (e) Establishment of another member relationship by the Corporation or another form of affiliation;
- (f) Strategic plan for the Corporation;
- (g) Operating and capital budgets of the Corporation;
- (h) Unbudgeted total annual capital expenditures;
- (i) Audit and Compliance Programs;
- (j) Accreditation Program;
- (k) Group employee benefits;
- (l) Managing the Corporation's cash and investments (the member may move funds between the organizations freely, subject to bond covenant or trustee requirements);
- (m) Third party payer contracting;
- (n) Insurance;
- (o) Information system design and implementation; and
- (p) Group purchasing.

ARTICLE 5 – OFFICERS

SECTION 5.1 Elections of Board Officers. The officers of the Board shall be a Chairperson, a Secretary, a Treasurer, and such other officers who shall be elected by the Board. All Board officers shall be elected at the annual meeting of the Board for a term of two (2) years, must be members of the Board and shall serve at the pleasure of the Board.

SECTION 5.2 Duties of the Chairperson. The Chairperson shall chair all meetings of the Board and shall exercise all other duties assigned to him or her under these Bylaws or by a resolution of the Board. In the Chairperson's absence, the Chairperson shall appoint a Director to serve as the interim Chairperson who shall have all the power and authority and obligations of the Chairperson.

SECTION 5.3 Duties of the Secretary. The Secretary shall record or cause to be recorded the minutes of the meetings of the Board in one (1) or more books provided for that purpose, give or cause to be given all notices in accordance with the provisions of these Bylaws or as required by law and be custodian of the corporate records and of the seal of the Corporation.

SECTION 5.4 Duties of the Treasurer. The Treasurer also shall have responsibility for and custody of all funds and securities of the Corporation. He or she shall maintain or cause to be maintained the funds of the Corporation in such depositories as shall be designated by the Board and maintain or cause to be maintained accurate records of all receipts and expenditures of the Corporation. The Treasurer shall perform or cause to be performed all the duties incident to the office of Treasurer and such other duties as from time to time may be assigned to him or her by the Administrator or the Board. If required by the Board, the Treasurer shall give a bond for the faithful discharge of his or her duties in such sum and with such surety or sureties as the Board shall determine.

Section 5.5 Duties of the Assistant Secretaries and Assistant Treasurers. The Assistant Secretaries and Assistant Treasurers, if any, shall perform such duties as shall be assigned to them by the Secretary, Treasurer, or by Administrator or the Board. The Assistant Secretaries and Assistant Treasurers may, but need not be, members of the Board. If required by the Board, the Assistant Treasurers shall give

bonds for the faithful discharge of their duties in such sums and with such sureties as the Board shall determine.

SECTION 5.6 Vacancies. The Board may fill a vacancy in any office due to death, resignation, removal, or otherwise at any meeting of the Board.

SECTION 5.7 Salaries. Persons serving as officers of the Corporation, other than those who are deemed to be full-time employees of the Corporation, shall receive no salaries or other compensation for the performance of their duties; provided, that any officer who advances his or her own funds to meet expenses in the performance of his or her duties as an officer of the Corporation shall be reimbursed therefor.

SECTION 5.8 Removals. Any officer elected or appointed by the Board may be removed by an affirmative vote of two-thirds of the Board then in office whenever, in its judgment, the best interests of the Corporation would be served thereby; provided, however that such removal shall not affect or limit such officer's contract rights, if any.

ARTICLE 6 – COMMITTEES OF THE BOARD

SECTION 6.1 Committees. There shall be a Nominating Committee and such other standing committees of the Board as may be established from time to time by resolution of the Board.

SECTION 6.2 Nominating Committee. The Nominating Committee will consist of three (3) members, as follows: two voting Board members appointed by Board chairperson and one Member designee. All recommendations made by the Nominating Committee must be unanimous. The Nominating Committee shall:

(a) Adopt a process for screening, interviewing and recommending a slate of individuals to fill upcoming vacancies on the Board as required by Section 4.3 This process shall begin not less than three (3) months in advance of each annual meeting, and as part of its deliberations in formulating such a slate the committee shall solicit input from residents of the Service Area. The full Board shall be kept abreast of the committee's progress through minutes and reports at regular Board meetings. If a member of the committee is up for re-appointment to the Board, such member shall be excluded from the nominating process and the Chairperson shall appoint another member of the Board to temporarily serve on the committee in place of the excluded member for purposes of the nominating process. The committee membership of any such person temporarily appointed to the committee shall terminate at the end of the annual meeting at which the slate of nominated candidates is presented. The committee shall also recommend candidates for positions that are open due to death, resignation or other cause if the Board elects to fill such position pursuant to Section 4.3 and 4.10.

(b) Recommend a slate of candidates to fill the Board officer positions of Chair, Treasurer and Secretary. The Committee's recommendations shall be presented to the full Board for action at the annual meeting.

SECTION 6.3 Special Committees. The Board, by resolution, may designate one or more additional committees, each of which shall consist of two (2) or more directors, and such other persons as the Board shall designate. The members of each of said committees shall be appointed by the

Chairperson or in such other manner as may be provided for in the resolution creating such committee. Such committees shall limit their activities to the accomplishment of the tasks for which they are created and appointed, except as otherwise provided by the Board. Upon completion of the tasks for which it is appointed, a special committee shall stand discharged.

SECTION 6.4 Quorums. A majority of all of the voting members of any committee shall constitute a quorum for the transaction of business by such committee; provided, however, that if less than a majority of such members are present at such meeting, the majority of the members present may adjourn the meeting from time to time without further notice. Directors may participate in and act at any meeting through the use of a conference telephone or other communication equipment by means of which all persons participating in the meeting can communicate with each other. Participation in such meeting shall constitute attendance and presence in person at the meeting.

SECTION 6.5 Manner of Acting. The act of the majority of the members of any committee present at a meeting at which a quorum is present shall be the act of the committee unless a greater number is required by the Minnesota Nonprofit Corporation Act.

SECTION 6.6 Vacancies. A vacancy in the membership of any committee may be filled by an appointment made in the same manner as an original appointment.

SECTION 6.7 Advisory Nature of Committee Action. All actions taken and recommendations made by shall be advisory and shall not have any effect unless they are formally approved by the Board.

ARTICLE 7 – MEDICAL STAFF

SECTION 7.1 Establishment. The Board shall appoint a medical and allied health staff comprised of physicians, dentists, and other professionals who are graduates of recognized medical and allied health schools, each of whom shall hold all necessary licenses as may be required by the State of Minnesota from time to time. The Board shall see that they are organized into a responsible administrative unit, and shall adopt such bylaws, rules and regulations for government of their practice in the hospital as the Board deems to be the greatest benefit to the care of patients within the hospital. In the case of the individual patient, a physician duly appointed to the medical staff shall have full authority and responsibility for the care of that patient subject only to such credential review and privilege delineation as the medical staff may recommend and as the Board may formally impose pursuant to the bylaws, rules and regulations for the medical and allied health staff adopted by the medical staff and the Board.

SECTION 7.2 Applications for Appointment. All applications for appointment to the medical staff shall be in writing and addressed to the Administrator of the Corporation. They shall contain full information as required and set forth by the medical staff bylaws and credentials policy and procedure manual, and as approved by the Board. All applications are subject to reference inquiry by the Corporation.

SECTION 7.3 Terms of Appointment. All appointments to the medical staff shall be for two (2) years renewable by the Board with reapplication.

SECTION 7.4 Bylaws and Regulations. Bylaws, rules and regulations for the medical staff setting forth its organization and government shall be recommended by the medical staff and approved by the Board. If approved by the Board, they shall become the Medical Bylaws of Ridgeview Le Sueur Medical Center.

ARTICLE 8 – ADMINISTRATOR

SECTION 8.1 Vice President/Administrator. The Board shall assist the Member in the election and appointment of a qualified Administrator who shall be its direct executive representative in the management of the Corporation's health care facilities. The VP/Administrator shall be given the necessary authority and responsibility to operate the facility in all its activities and departments, subject only to such policies as may be adopted and such orders as may be issued by the Board. He or she shall act as the duly authorized representative of the Board in all matters in which the Board has not formally designated some other person to act. The Board shall participate with the Member in the annual evaluation of the VP/Administrator.

SECTION 8.2 Authority. The authority and duties of the VP/Administrator shall include the responsibility to:

- (a) Carry out all policies established by the Board.
- (b) Review the annual budget showing the expected receipts and expenditures, as required by the Board.
- (c) Develop criteria utilized to select, employ, control, and discharge of all employees, and develop and maintain personnel policies for the Corporation. Criteria utilized in establishing job performance expectations and evaluation indicators will apply to contracted and payroll staff. The criteria for clinical providers shall reflect the skills needed to accomplish age appropriate assessments and treatment plans; such age appropriate assessment and treatment planning criteria shall also be developed, with the collaboration of the Medical Staff for their utilization in evaluation and reporting of competencies.
- (d) Maintain physical properties in a good state of repair and operating condition.
- (e) Supervise business affairs to ensure that funds are collected and expended to the best possible advantage and submit periodic and special reports to the Board as may be required regarding such, including those attesting to One Level of Care, irrespective of payer source.
- (f) Attend all meetings of the Medical Staff and committees thereof (or appoint a designee to attend).

ARTICLE 9 – QUALITY ASSURANCE AND QUALITY IMPROVEMENT

SECTION 9.1 Review. Quality Assurance and Quality Improvement activities of the Corporation's hospital shall be reviewed and appropriate action taken as needed but not less than on a semiannual basis at a regular meeting of the full Board of Directors with participation by senior management and the Chief of Staff.

- (a) Activities will include defining and implementing strategic quality initiatives that represent priorities for the community, affiliated clinics, and the hospital.

(b)The Board will oversee the Corporation's Quality Improvement Program. This Program consists of a professional multidisciplinary and coordinated quality improvement system utilizing appropriate Hospital and medical resources to provide a safe and optimal quality patient care environment. This Program will seek to delineate the quality of patient care at the hospital, monitor that the appropriate level of care is maintained, and strive toward patient care improvements.

ARTICLE 10 – FISCAL YEAR

SECTION 10.1 Fiscal Year. The fiscal year of the Corporation shall end on the 31st day of December of each year.

SECTION 10.2 Contracts. The Administrator, or his or her express designee(s), is authorized by the Board to execute contracts on behalf of the Corporation. In addition, the Board may authorize any officer or officers, agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances. The Administrator, or his or her designee(s), shall review all contracts on an annual basis to ensure services provided are safe and effective.

SECTION 10.3 Loans. No loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board. Such authority may be general or confined to specific instances. No loan shall be granted to an officer or director of the Corporation by the Corporation.

SECTION 10.4 Checks, Drafts, Etc. All checks, drafts, or other orders for the payment of money, notes, or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation in such manner as shall from time to time be determined by resolution of the Board.

SECTION 10.5 Maintenance of Records. The Corporation shall keep correct and complete books and records of account and other records of the activities of the Corporation in accordance with commonly accepted good business standards or as necessary for compliance with legal requirements. All such records shall be open to inspection upon the demand of any member of the Board.

SECTION 10.6 Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies, or other depositories as the Board may select.

ARTICLE 11 – VOLUNTEERS

SECTION 11.1 Support. It shall be the policy of the Corporation to actively support and promote Volunteer Auxiliaries. This policy is undertaken in recognition of the contributions made by volunteers to the Corporation and to its patients.

SECTION 11.2 Supervision. Other volunteers serving the Corporation in any capacity shall do so upon approval of the Board. The Administrator shall assume responsibility for assuring that all volunteers serving the Corporation are approved and shall ensure all volunteer groups are appropriately supported and supervised.

ARTICLE 12 – CONFLICTS OR DUALITY OF INTEREST

SECTION 12.1 Statement of General Policy. It is natural for both real and apparent conflicts and dualities of interest to sometimes occur in the course of conducting the daily affairs of the Corporation. A conflict or duality of interest is defined as referring only to personal, proprietary interests of the persons covered by this policy and their immediate families and not to philosophical or professional differences of opinion. Conflicts or dualities of interest will occur because the many persons associated with the Corporation should be expected to have and do in fact generally have multiple interests and affiliations and various positions of responsibility within the community. Sometimes a person will owe identical duties to two (2) or more organizations having similar activities.

Conflicts or dualities of interest are to be avoided because they potentially or apparently place the interests of others ahead of the Corporation's obligations to its corporate purposes and to the public interest. Conflicts or dualities of interest are also undesirable because they often reflect adversely upon the persons involved and upon the institutions with which they are affiliated, regardless of the actual facts or motivations of the parties. However, it is decidedly not in the long-range best interests of the Corporation to terminate or cease all association with persons who may have real or apparent conflicts or dualities of interest if there is a prescribed and effective method of rendering such conflicts harmless to all concerned.

It shall be the policy of the Corporation, therefore, not to preclude dealings with those having actual or apparent conflicts or dualities of interest so long as the same are disclosed promptly and fully to all necessary parties whenever they occur, and to prohibit specified involvement by such parties in the affairs of the Corporation.

SECTION 12.2 Coverage of this Policy. This policy shall apply to all members of the Board and corporate officers, agents, and employees of the Corporation, including independent contractor providers of services and materials. It shall be the obligation of the Corporation's management to publicize this policy to all such parties on a recurring basis.

SECTION 12.3 Disclosure of all Conflicts. All members of the Board and all officers, agents, and employees of the Corporation shall disclose all real or apparent conflicts or dualities of interest which they discover or have brought to their attention in connection with the Corporation's activities. "Disclosure" as used in these Bylaws shall mean providing to the appropriate persons a written description of the facts comprising the real or apparent conflict or duality of interest. An annual disclosure statement shall be circulated to directors, officers, and certain identified agents and employees to assist them in considering such disclosures, but disclosure is appropriate whenever conflicts or dualities of interest may occur. The written notices of disclosure of conflicts or dualities of interest shall be filed with the Administrator or any other person designated by him or her from time to time to receive such notifications. All disclosures of real or apparent conflicts or dualities of interest received hereunder shall be noted for record in the minutes of a meeting of the Board.

SECTION 12.4 Proscribed Activity by Persons Having Conflicts. Where an individual director, officer, agent or employee believes that he or a member of his or her immediate family might have or does have a real or apparent conflict or duality of interest, he or she shall, in addition to filing the notice of disclosure required under Section 12.3, abstain from making motions, participating in relevant

deliberations, voting, executing agreements, attempting to influence others' votes, or taking any other similar direct action on behalf of the Corporation where the conflict or duality of interest might pertain.

ARTICLE 13 – INDEMNIFICATION; STANDARD OF CONDUCT

SECTION 13.1 Indemnification. The Corporation shall indemnify such persons, for such expenses and liabilities, in such manner, under such circumstances, and to such extent, as permitted by Minnesota Statutes, Section 317A.521, as now enacted or hereafter amended.

SECTION 13.2 Standard of Conduct. Each director and officer shall discharge his or her duties as a director or officer in good faith, in a manner which the director or officer reasonably believes to be in the best interests of the Corporation, and with the care an ordinarily prudent person in a like position would exercise under similar circumstances.

ARTICLE 14 – AMENDMENTS; EFFECTIVE DATE OF BYLAWS

SECTION 14.1 Amendments. Except for the authority reserved for the member provided in Section 4.14, the Board shall have the authority to amend, repeal and adopt new Bylaws by the affirmative vote of a majority of the directors; provided that all directors shall be notified at least seven (7) days before the proposed action takes place.

Adopted Effective:
Revised/Approved LMC
Revised/Approved RMC Board _____

SUBLEASE

THIS SUBLEASE (the “Sublease”) is dated _____, 2016 (the “Effective Date”) and is between the City of Le Sueur, Minnesota, a municipal corporation (the “City” or the “Sublessor”) and Minnesota Valley Health Center, Inc., a Minnesota nonprofit corporation (“Minnesota Valley” or the “Sublessee”) (each a “Party”, and collectively, the “Parties”).

RECITALS

WHEREAS, the City, as lessor, and the Economic Development Authority of the City of Le Sueur, Minnesota, a political subdivision of the State of Minnesota (the “Authority”), as lessee, previously entered into a Ground Lease Agreement dated September 17, 2010, which was recorded on September 20, 2010 as Document No. 370687 with the Le Sueur County Recorder (the “Ground Lease”); and

WHEREAS, pursuant to the Ground Lease, the City ground leased to the Authority certain land in the City of Le Sueur, Minnesota, that is legally described in Exhibit A to the Ground Lease (the “Land”); and

WHEREAS, the Authority, as assignor, assigned its interest in the Ground Lease to Wells Fargo Securities, LLC (“Wells Fargo”), as assignee, pursuant to that certain Assignment of Ground Lease dated September 17, 2010, which was recorded as Document 370688 with the Le Sueur County Recorder (the “Ground Lease Assignment”); and

WHEREAS, the Ground Lease Assignment secures the repayment of Public Project Revenue Bond (City of Le Sueur, Minnesota Lease with Option to Purchase Project), Series 2010 in the original principal amount of \$2,466,000 (the “Clinic Bond”); and

WHEREAS, the City, as lessee, previously entered into a Lease with Option to Purchase Agreement with the Authority dated September 17, 2010 (the “Prime Lease”) whereby the City agreed to lease the Land from the Authority and to construct certain medical clinic improvements thereon; and

WHEREAS, a copy of the Prime Lease is attached hereto as Exhibit A; and

WHEREAS, the Prime Lease was memorialized with a Memorandum of Lease dated September 1, 2010, which was recorded on September 20, 2010 as Document No. 370686 with the Le Sueur County Recorder (the “Memorandum of Lease”); and

WHEREAS, a description of the leased premises for purposes of this Sublease is attached hereto as Exhibit B (the “Leased Premises”); and

WHEREAS, the City, as sublessor, previously entered into a Sublease dated September 17, 2010 with Immanuel St. Joseph’s-Mayo Health System, a Minnesota nonprofit corporation (“Mayo”), as sublessee, for the Leased Premises (the “Mayo Sublease”); and

WHEREAS, the initial term of the Mayo Sublease expires on or about August 31, 2018; and

WHEREAS, upon expiration of the Mayo Sublease, the City desires to sublease the Leased Premises to Minnesota Valley on the terms and subject to the conditions set forth herein and Minnesota Valley desires to sublet the Leased Premises on such terms and subject to such conditions; and

WHEREAS, the City and Minnesota Valley desire to enter into this Sublease of the Leased Premises including a non-exclusive easement and right to use public and common entrances, exits, walkways, sidewalks and driveways on the adjoining hospital campus leading to the Leased Premises, which is owned by the City and also leased to Minnesota Valley in order to memorialize their agreements with respect to the Leased Premises; and

WHEREAS, the City and Minnesota Valley desire that the rent payments under this Sublease be consistent with fair market value in an arm's length transaction.

AGREEMENTS

NOW, THEREFORE, in consideration of the rents, covenants and agreements contained herein, Sublessor and Sublessee agree as follows:

1. **NOTICE TO MAYO.** Promptly after the Effective Date, but no later than _____, 2016, Sublessor shall provide written notice to Mayo pursuant to Section 2 of the Mayo Sublease stating that, at Sublessor's election, the Mayo Sublease shall not automatically renew. The form of such termination notice shall be in substantially the form of the notice attached as Exhibit C.
2. **LEASE AND LEASED PREMISES.** Sublessor hereby demises, leases and rents unto Sublessee, and Sublessee hereby hires, accepts and rents from Sublessor, the Leased Premises commencing on the Commencement Date (defined below).
3. **TERM.** The term of this Sublease shall commence on the day after the Mayo Sublease expires or terminates (the "**Commencement Date**") and shall continue until the day the Clinic Bond is fully paid or defeased (the "**Expiration Date**") (the "**Sublease Term**").
4. **SUBLESSEE'S LEASEHOLD IMPROVEMENTS.** As of the Commencement Date, Sublessee is taking the Leased Premises "**AS IS**" and Sublessor shall not be obligated to do any additional work in the Leased Premises. Sublessee may, with the consent of Sublessor, which consent shall not be unreasonably denied or delayed, install reasonable fixtures, additional phone lines, and improvements necessary to use the Leased Premises as a medical clinic.
5. **RENTAL.**
 - a. Commencing on the Commencement Date, Sublessee shall pay to Sublessor as rent for the Leased Premises during the Sublease Term an annual rental of Sixteen and 05/100 Dollars (\$16.05) per square foot or One Hundred Ninety-five Thousand Two Hundred Forty Dollars (\$195,240.00).
 - b. The rental herein specified for the Sublease Term shall be payable by Sublessee in equal monthly installments of Sixteen Thousand Two Hundred Seventy Dollars (\$16,270.00) payable on or before the Commencement Date, and on the first day

of each successive month thereafter, in advance, during the Initial Sublease Term. The rental payable for partial calendar months at the beginning and end of the Sublease Term shall be equitably prorated.

- c. The parties agree the rental payments for the Sublease Term are consistent with fair market value in an arm's length transaction.

6. POSSESSION AND USE.

- a. On the Commencement Date, Sublessor shall deliver to Sublessee free use and sole and exclusive possession of the Leased Premises, subject to the right of the Authority to enter thereon at times and upon conditions contemplated in the Prime Lease or otherwise allowed by law and to the right of Sublessor to enter at times and upon conditions contemplated in this Sublease or otherwise allowed by law. Sublessor covenants and agrees that it shall not take any action, except upon occurrence of an event of default to prevent Sublessee from having quiet and peaceable possession of such Leased Premises during the term of the Sublease and shall, at the request and expense of Sublessee, cooperate with Sublessee to secure that possession. Sublessor, for itself, its successors and assigns, does hereby covenant with Sublessee, its successors and assigns, that Sublessor is lawfully seized of the Leased Premises; that it has the right to sublease the Leased Premises subject to the conditions set forth herein; and that it will warrant and defend Sublessee's possession against all lawful claims not specifically excepted in this Sublease.
- b. Sublessee agrees to accept possession of the Leased Premises on the Commencement Date in substantially the same condition as it exists on the Effective Date of this Sublease, except as otherwise provided in this Sublease. Sublessor, at its expense, agrees to place the Leased Premises in such condition as of the Commencement Date. Sublessee's right of possession of the Leased Premises shall continue as provided in this Sublease until the Sublease Term expires.
- c. Sublessor hereby grants a non-exclusive license to use the common areas of the adjacent and adjoining hospital campus, which is owned by the Sublessor and also leased to Minnesota Valley (the "**Adjacent Premises**"), including, but not limited to, parking areas, grounds, entry ways, lobby, sidewalks and other common areas within the Adjacent Premises for Sublessee's routine business purposes, subject to Minnesota Valley's right to conduct its business in an uninterrupted manner and provided that Sublessee shall abide by all reasonable requirements of Minnesota Valley necessary to maintain confidentiality of patient information on the Adjacent Premises. No merger of the lease and sublease arrangements, nor any easement rights, shall occur by virtue of Minnesota Valley leasing both properties.

- 7. COMPLIANCE WITH LAWS.** During the Sublease Term, Sublessee shall comply with any and all laws, rules, regulations, ordinances, and orders with respect to the use and operation of

the Leased Premises, the operation, maintenance, and repair thereof, and patient confidentiality, including without limitation applicable building codes, zoning ordinances, and environmental laws. Sublessee shall not perform any acts or carry on any practices which would damage the Leased Premises or result in a nuisance.

8. **USE OF PREMISES.** Sublessee may use the Leased Premises for the purpose of operating a medical clinic and for all purposes related or incidental to this purpose, and related parking, and for no other purposes without the prior written consent of Sublessor. Sublessee shall also not use the Leased Premises for any purpose that would violate any restrictive covenant to which Leased Premises are subject, including but not limited to all restrictive covenants applying to the Leased Premises set forth in the Prime Lease. Sublessee shall not perform any actions or carry on any practices which may injure the Leased Premises or be a nuisance or menace.

9. **UTILITIES AND TAXES.**

a. Sublessor shall be solely responsible for providing all utilities needed for operation of the Leased Premises including but not limited to heat, water, gas, electricity or any other utility service furnished to or consumed at the Leased Premises during the term of this Sublease; provided, however, that during the Sublease Term, all such utilities shall be separately invoiced to, and the sole obligation and responsibility of, the Sublessee. In addition, Sublessee shall be responsible for providing and paying for telephone and the management, handling and cost of its own waste disposal, including but not limited to general refuse and hazardous medical/biological waste of any kind according to Section 26 of this Sublease.

b. In addition, commencing with the Commencement Date, Sublessee shall reimburse Sublessor for one hundred percent (100%) of all Real Estate Taxes that may be levied on the Leased Premises. The term "**Real Estate Taxes**" shall include all real estate taxes, if any, that are levied upon or assessed against the Leased Premises and the reasonable costs of professional consultants and/or counsel to analyze tax bills and prosecute any protests, refunds, and appeals for the period covered during the term of this Sublease; provided however, Sublessee shall receive a refund in reduction of the Real Estate Taxes if Sublessor is successful in such protest or appeal. Sublessor shall provide to Sublessee a copy of the tax bill for the Real Estate Taxes for which Sublessor is billing with evidence of payment by Sublessor. Evidence of payment shall be a copy of Sublessor's canceled check or a copy of the receipt for payment.

10. **MAINTENANCE.** Sublessee agrees to keep and maintain the Leased Premises and the fixtures and equipment therein in properly functioning, safe, orderly and sanitary condition, reasonable wear and tear excepted. Sublessor shall make all necessary repairs to the outer walls, roof, and basic structural elements of the Leased Premises and adjacent parking areas, and shall keep the plumbing, sewage, heating, air conditioning, electrical and ventilating systems of the Leased Premises in good repair. Sublessee is responsible for all other routine maintenance of the Leased Premises. Any cost of repairs or improvements to the Leased

Premises that are occasioned by the negligence or default of Sublessee shall be paid for by Sublessee.

11. SURRENDER OF POSSESSION. At the expiration or termination of this Sublease, whether by lapse of time or otherwise, Sublessee shall surrender the Leased Premises including any alterations, additions, improvements, changes and fixtures (other than Sublessee's Trade and Medical Fixtures (as defined below)) in, at a minimum, substantially the same condition and repair as at the time of acceptance, subject to normal wear and tear, casualty damage, condemnation damage and damage caused by the negligence or willful misconduct of Lessor or its officials, employees, agents or contractors.

12. TRADE AND MEDICAL FIXTURES AND EQUIPMENT INSTALLED BY SUBLESSEE. Sublessee shall have the right to place or install in the Leased Premises such furniture, trade fixtures, equipment and additions of a nonpermanent nature as it shall deem desirable for the conduct of its business as a medical clinic (collectively, the "Trade and Medical Fixtures"). For purposes of this Sublease, the term "Trade and Medical Fixtures" shall specifically exclude, however, furnaces (except portable heaters or their equivalent), heating systems and equipment, air conditioning systems and equipment, insulation, ceiling, sprinkler systems and equipment, plumbing improvements, lighting and electrical improvements, gas improvements, and site improvements. Sublessee shall, at Sublessee's expense, maintain and keep in good repair and working order all Trade and Medical Fixtures installed under this Section 12. All Trade and Medical Fixtures permitted to be installed under this Section 12 shall remain the property of the Sublessee and shall be removed by Sublessee at the end of the expiration of the Sublease Term. Provided, however, all surfaces shall be restored/repared in removing any such items.

13. REPRESENTATIONS, WARRANTIES AND COVENANTS.

- a. Sublessor's Representations and Warranties. Sublessor represents, warrants and covenants that prior to the Effective Date, it will have obtained all consents and approvals necessary to enter into this Sublease and to perform its obligations hereunder.
 - i. Sublessor has received consent from the Authority for this Sublease as required by Section 11.2 of the Prime Lease.
 - ii. Sublessor has provided an opinion of bond counsel to the City and the Authority as required by Section 11.2 of the Prime Lease.
 - iii. Sublessor has met all other requirements required in Section 11.2 of the Prime Lease, including obtaining bond holder consent to this Sublease.
 - iv. Sublessor represents that there is no Event of Default under the Prime Lease as such term is defined in Section 12.1 of the Prime Lease and Sublessor warrants that it will notify Sublessee of any Event of Default by any Party under the Prime Lease.

- b. **Sublessee's Representations and Warranties.** Sublessee represents, warrants and covenants that:
- i. Sublessee is an organization described in Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and has received a determination of such status from the Internal Revenue Service.
 - ii. At all times during the term of this Sublease, Sublessee shall maintain its status as a Minnesota nonprofit corporation and as a tax exempt organization under section 501(c)(3) of the Code.
 - iii. The operation of the medical clinic is and will be in furtherance of Sublessee's exempt purposes, and does not and will not constitute an unrelated trade or business. From and after the Commencement Date, and until this Sublease expires, Sublessee shall have full and sole responsibility for the maintenance of professional standards in the operation of the clinic and for the selection and supervision of the clinic employees and medical staff.
 - iv. Sublessee shall at all times operate the medical clinic through its employees and staff, and shall not enter into a management agreement or similar arrangement for operation of the clinic without Sublessor's prior written approval, which may be withheld at Sublessor's sole discretion, and as may be further limited by subsection v below.
 - v. Sublessee covenants that it shall make no use of the Leased Premises, including but not limited to entering into any agreement for the management of its use of the Leased Premises or any other similar agreement, the effect of which would cause the Bond (as defined in the Prime Lease) not to constitute a "qualified 501(c)(3) bond," within the meaning of Section 145 and related sections of the Code, and any service contract to be entered into with respect to the Leased Premises (unless entered into with another organization described in Section 501(c)(3) of the Code) shall constitute a "qualified management agreement" within the meaning of all pertinent provisions of law, including all relevant provisions of the Code and regulations, ruling and revenue procedures thereunder, including Revenue Procedure 97-13.
 - vi. Sublessee covenants that it shall make no use of the Leased Premises, or any portion thereof, as a skybox or other private luxury box, a facility primarily used for gambling, or a store the principal business of which is the sale of alcoholic beverages for consumption off premises.

14. **SUBORDINATION.** Sublessee agrees that this Sublease shall be subordinate to the Prime Lease, the Ground Lease between the Sublessor and the Authority, and any mortgages or trust deeds that may be placed upon said Leased Premises and to any and all advances to be made thereunder, and to the interest thereon, and all renewals, replacements and extensions thereof provided that the mortgagee or trustee thereunder shall agree to recognize Sublessee's

rights hereunder as long as Sublessee is not in default hereunder. Sublessee further agrees that upon notification by Sublessor to Sublessee this Sublease shall be or become subordinate to any mortgages or trust deeds that may heretofore or hereafter be placed on the Leased Premises, provided that no such mortgage or trust deed shall impair the validity and continuance of this Sublease and the rights of the Sublessee hereunder. Sublessee shall execute and deliver whatever reasonable instruments may be required for the above purposes within ten (10) days after notification of such requirement. To the extent there is a conflict between this provision and the terms of the Prime Lease relating to subordination, the terms of the Prime Lease shall control.

15. **NOTICES.** All notices or communications required or permitted to be given by either Party to the other under this Sublease shall be in writing to the following addresses:

To Sublessor: City of Le Sueur
203 South Second Street
Le Sueur, MN 56058-0176
Attn: City Administrator

To Sublessee: Minnesota Valley Health Center
500 South Maple Street
Waconia, MN 55387
Attn: President/CEO

or such other place as such Party may subsequently designate in writing.

Notice shall be deemed to have been received on the date of mailing if sent by registered or certified mail. For all other forms of transmission, notice shall be deemed received on the date of actual receipt.

16. **ACCESS TO PREMISES.** Upon prior notice to Sublessee, Sublessor shall have the right to enter upon the Leased Premises at any reasonable hour for the purpose of inspecting the same, and during the last year of the term of the Sublease or any renewal period thereof for the purpose of exhibiting the same to prospective sublessees, purchasers or others. Sublessor shall make every reasonable effort to minimize the disruption to Sublessee's business operations. Sublessor shall abide by all reasonable requirements of Sublessee necessary to maintain confidentiality of patient information on the Leased Premises.

17. **ASSIGNMENT AND SUBLETTING.**

a. Sublessee shall not assign this Sublease or sublet all or any portion of the Leased Premises without the prior written consent of Sublessor and the Authority, provided Sublessee shall have the right to assign its interest under the Sublease without the consent of Sublessor or the Authority to: i) any wholly-owned affiliate(s) of Sublessee; ii) to Sublessee's sole member, Ridgeview Medical Center; or iii) to a medical sub-tenant that is sub-leasing less than 500 square feet of space. Except as provided in the immediately preceding sentence, any attempted assignment or subletting without Sublessor's and the Authority's prior written consent is void. Under no circumstance shall a change of Sublessee

control be deemed an assignment or subletting. No assignment or subletting, including any assignment of Sublessee's interest in this Sublease to a wholly-owned affiliate(s) or its sole member shall release Sublessee from any of its obligations under this Sublease or be construed or taken as a waiver of any of Sublessor's rights or remedies hereunder.

- b. Sublessor shall not assign this Sublease nor sublet all or any portion of the Leased Premises without the prior written consent of Sublessee and, in accordance with the Prime Lease, the Authority.
- c. Neither this Sublease nor any interest therein nor any estate thereby created shall pass to any trustee or receiver in bankruptcy or any assignee for the benefit of creditors.

18. **QUIET POSSESSION.** Subject to the provisions of this Sublease, Sublessor agrees that Sublessee, upon paying the rentals herein provided and performing all of the covenants, terms and conditions herein agreed by it to be kept and performed, shall and may peaceably and quietly have, hold and enjoy the Leased Premises for the term of this Sublease; provided, however, that this Sublease shall automatically terminate upon termination of the Prime Lease and any extensions thereof.

19. **INSURANCE.** At all times during the term of this Sublease, Sublessee shall place and maintain (at Sublessee's cost) the insurance and coverage set forth in Article VI to the Prime Lease. Notwithstanding anything to the contrary stated herein, Sublessee shall have the right to self-insure for all of the insurance requirements of Sublessee, pursuant to this Section 19, provided such self-insurance program is reasonably acceptable to Sublessor and the Authority.

20. **WAIVER OF CLAIMS OF SUBROGATION.** Notwithstanding any other provision in this Sublease to the contrary, Sublessor and Sublessee hereby release one another from any and all liability or responsibility (to the other or anyone claiming through or under them by way of subrogation or otherwise) for any loss or damage covered by casualty insurance even if such loss or damage shall have been caused by the fault or negligence of the other party, or anyone for whom such party may be responsible.

21. **INDEMNIFICATION AND EXEMPTION.**

- a. Sublessee shall defend, with counsel approved by Sublessor (which approval will not be unreasonably withheld), indemnify and save Sublessor harmless from and against, all liabilities, obligations, damages, fines, penalties, claims, demands, costs, charges, judgments and expenses, including, but not limited to, reasonable attorneys' fees, which may be imposed upon or incurred or paid by or asserted against Sublessor, the Leased Premises or any interest therein by reason of or in connection with any of the following occurring during the term of this Sublease: (i) any negligent or tortious act on the part of Sublessee or any of its agents, contractors, servants, employees, licensees or invitees; and (ii) any accident, injury, death or damage to any person or property occurring in the interior of the Leased Premises except to the extent caused by any failure of Sublessor to perform its obligations under this Sublease.

- b. Sublessor shall defend, with counsel approved by Sublessee (which approval will not be unreasonably withheld), indemnify and save Sublessee harmless from and against, all liabilities, obligations, damages, fines, penalties, claims, demands, costs, charges, judgments and expenses, including, but not limited to, reasonable attorneys' fees, which may be imposed upon, incurred, paid by or asserted against Sublessee by reason of or in connection with any of the following occurring during the term of this Sublease: (i) any grossly negligent or tortious act on the part of Sublessor or any of its agents, contractors, servants, employees, licensees or invitees; (ii) any accident, injury, death or damage to any person or property occurring in or on the Leased Premises to the extent -- and only to the extent -- caused by any failure of Sublessor to perform its obligations under this Sublease; and (iii) any accident, injury, death or damage to any person or property occurring on any property adjacent to the Leased Premises, including the exterior of the building, parking lot and sidewalks, except to the extent caused by the negligent or tortious act on the part of Sublessee or any of its agents, contractors, servants, employees, licensees or invitees.

22. REMEDIES. Upon the failure of Sublessee to pay rent at the times and in the manner hereinbefore provided or upon the failure of Sublessee to promptly perform any other covenant or agreement hereunder, or if the leasehold interest of the Sublessee shall be taken on execution or other process of law, or if the Sublessee shall petition to be or be declared bankrupt or insolvent according to the law, or if the Sublessee shall vacate the Leased Premises or abandon the same during the term of this Sublease, Sublessor may, at its option, terminate this Sublease and the terms hereof by giving Sublessee at least thirty (30) days' (ten (10) days in the case of rent payments) written notice of such termination, which notice shall specify the nature of the default. After the giving of such notice, if such default is not cured within said thirty (30) day period (ten (10) days in the case of rent payments), or if Sublessee is exercising due diligence to cure such default if such default cannot be reasonably cured within thirty (30) days (not applicable to rent) such period of time as may be reasonably required to cure the default, Sublessor may terminate this Sublease. If Sublessee is exercising due diligence to cure such default, Sublessor shall permit Sublessee a reasonable amount of time to cure such default.

23. DAMAGE BY FIRE OR OTHER CASUALTY. In the event that the Leased Premises or any part thereof shall be damaged by fire or other casualty, Section 6.6 of the Prime Lease shall apply to Sublessor. To the extent that Sublessee experiences a loss that is covered by insurance purchased by Sublessee, then such insurance shall be used solely to compensate Sublessee. In the event the Prime Lease is terminated under Section 6.6, then this Sublease shall be terminated as well.

24. ADDITIONS, CHANGES, ALTERATIONS AND DEMOLITION.

- a. Sublessee shall not construct improvements in or on the Leased Premises, demolish improvements within the Leased Premises or make additions to or structural changes or alterations in and upon any or all of such improvements upon the Leased Premises without the prior written consent of Sublessor and

the Authority, which consent shall not be unreasonably withheld. Any work performed during the term of this Sublease shall be performed in a good and workmanlike manner at the sole expense of Sublessee. Sublessee shall not permit, create, incur, impose, cause or suffer others to permit, create, incur or impose any lien or other obligation against the Leased Premises or the Sublessor by reason of any work upon the Leased Premises or otherwise, including any mortgage or similar lien, and Sublessee agrees to hold Sublessor harmless of and from any and all claims or demands by any contractor, subcontractor, materialman, laborer or any other third person relating to or arising because of any work thereon. Any improvements or additions made by Sublessee which become a part of the walls, floor or ceiling shall become a permanent part of the Leased Premises and shall not be considered Trade and Medical Fixtures.

- b. Sublessee may install signs upon the Leased Premises provided all signage complies with all applicable governmental laws, ordinances, codes and regulations. Any signs attached to the buildings located on the Leased Premises shall remain the sole property of Sublessee and may be removed by Sublessee at any time. Sublessee shall repair any damage occasioned by such removal.

25. EMINENT DOMAIN. If the Leased Premises covered by this Sublease are acquired in whole or in part by or in lieu of eminent domain for any public or quasi-public use or purpose, then Section 6.6 of the Prime Lease shall apply to Sublessor. To the extent that Sublessee is unable to conduct its operations, any rents otherwise due shall be proportionately abated for the period Sublessee cannot fully conduct its business of a medical clinic on the Leased Premises, or a suitable substitute. In the event the Prime Lease is terminated under Section 6.6, then this Sublease shall be terminated as well. Sublessor and Authority agree not to initiate any eminent domain actions or proceedings regarding the Leased Premises during the Sublease Term.

26. WASTE AND GOVERNMENTAL REGULATIONS.

- a. Sublessee shall not commit or suffer to be committed any waste upon the Leased Premises.
- b. Sublessee shall, at Sublessee's sole cost and expense, promptly comply with all laws, ordinances and regulations now in force or which may hereafter be in force pertaining to the Leased Premises or the use thereof by Sublessee.
- c. Sublessee specifically agrees that it shall, during the term of this Sublease, abide by Section 6.5 of the Prime Lease relating to Hazardous Substances.

27. OPTION TO PURCHASE LEASED PREMISES. In consideration of Sublessee paying Sublessor the sum of Two Hundred Fifty Thousand Dollars (\$250,000.00) within ten (10) days after the Effective Date of this Sublease, Sublessee shall have the option to purchase the Leased Premises at any time after October 1, 2019, subject to the following conditions:

- a. Sublessee shall give written notice to Sublessor of its intention to exercise its option to purchase the Leased Premises at least three (3) months prior to the

date on which Sublessee wishes to exercise that option. Within a reasonable time after such notice, Sublessor shall furnish Sublessee with an Abstract of Title certified to date or Registered Property Report to include proper searches covering levied and pending assessments, bankruptcies, and State and federal judgments and liens. Sublessee shall be allowed twenty (20) days after receipt thereof for examination of said title and the making of any objections thereto, said objections to be made in writing within said period or deemed to be waived. Notwithstanding anything in the immediately preceding sentence to the contrary, any liens described in subsection d below shall be deemed automatically objected to and shall be removed at Lessor's expense before or at closing.

- b. On or before the closing date Sublessee shall pay to Sublessor an amount equal to the Purchase Option Price, as defined in Section 1.1 of the Prime Lease.
- c. The closing shall be held at the principal office of Sublessor or any other office mutually agreed upon; and Sublessor shall upon receipt of the sum set forth in subsection b above, convey to the Sublessee title to the Leased Premises, subject to:
 - i. those liens and encumbrances, if any, created by the Sublessee;
 - ii. those liens and encumbrances, if any, resulting from the failure of the Sublessee to perform or observe any of its agreements in this Sublease; and
 - iii. the rights and title of any condemning authority (other than the City or the Authority) arising from the exercise of the power of eminent domain.

- d. Sublessor shall convey title to the Leased Premises by a limited warranty deed subject only to the encumbrances set forth in subsection c above, and shall also give such bill of sale, with similar covenants, as may be reasonably required for the conveyance of title to any portion of the Leased Premises constituting personal property, which deed and bill of sale shall be delivered upon payment to Sublessor of the sums specified above. Sublessor shall be obligated at its own expense to remove any liens against the property which it created during the Sublease Term, except those liens set forth in subsection c above, and provide Sublessee, at Sublessee's expense, with termination statements and releases of Sublessor's and Authority's security interests in the Leased Premises. Without limiting the general nature of the immediately preceding sentence, Sublessor shall take such action before or at closing as is required to: i) fully pay or defease the Clinic Bond; ii) to terminate the Prime Lease; and iii) to release the Leased Premises from each lien or encumbrance, as applicable, associated with the Ground Lease, the Ground Lease Assignment, the Prime Lease, and any recorded memorandums associated with the aforementioned documents. To the extent any obligation of the City in this Section 27 is within the Authority's control, the Authority shall take such action.
- e. Sublessee shall take title to the Leased Premises subject to all applicable laws or ordinances, rules or regulations of governmental authority.
- f. Sublessee shall pay all costs and expenses of the preparation of the deed and bill of sale and the delivery thereof and all taxes and charges payable in connection with such conveyances of title.
- g. Notwithstanding anything in this Sublease to the contrary, Sublessee may assign all of its rights and obligations regarding its option to purchase the Leased Premises to its sole member, Ridgeview Medical Center, without Sublessor's or the Authority's consent. Sublessee shall promptly provide Sublessor with notice of any such assignment.
- h. In anticipation of Sublessee providing notice to Sublessor pursuant to subsection a above, Sublessee may at any time request Sublessor to provide a written summary of hazardous substances and hazardous wastes associated with the Leased Premises in a form reasonably requested by Sublessee. Sublessor's responses shall be limited to Sublessor's actual knowledge and Sublessor shall have no duty to independently investigate the Leased Premises. Sublessor further agrees to cooperate with any environmental evaluation of the Leased Premises performed at the Sublessee's request including, but not limited to, cooperating with the preparation of Phase I and Phase II environmental studies.

28. GENERAL PROVISIONS.

- a. The recitals at the beginning of this Sublease are incorporated by reference as terms of this Sublease.

- b. Nothing contained herein shall be deemed or construed by the Parties hereto nor by any third party as creating the relationship of principal and agent or of partnership or of joint venture between the Parties hereto, it being understood and agreed that neither the payment of rent nor any other provision contained herein nor any acts of the Parties hereto shall be deemed to create any relationship between the Parties hereto other than the relationship of Sublessor and Sublessee.
- c. No delay or omission in exercising a right or power by either Party shall impair any such right or power or shall be construed as a waiver of a subsequent breach of such right or power.
- d. Sublessee shall give prompt notice to Sublessor in case of fire or other type of casualty regarding the Leased Premises that would result in the invocation of Section 23 of this Sublease.
- e. Sublessee shall not, without the prior written consent of Sublessor, record this Sublease. At Sublessee's request, Sublessor and the Authority shall execute and record against the Leased Premises a memorandum of sublease memorializing this Sublease and Sublessee's option to purchase the Leased Premises.
- f. At any time and from time to time, Sublessor agrees upon request in writing from Sublessee to execute, acknowledge and deliver to Sublessee a statement in writing certifying that this Sublease is unmodified and in full force and effect (or if there have been modifications, that the same is in full force and effect as modified and stating the modifications) and the dates to which minimum rent, and other charges have been paid and the dates to which full compliance with all other terms and conditions of the Sublease has been made by Sublessee.
- g. This Sublease and any dispute arising from or related to this Sublease shall be governed by the laws of the State of Minnesota.
- h. This Sublease and attached exhibits constitute the entire agreement between the Parties and shall supersede all previous communications and commitments, whether written or verbal, between the Parties regarding the subject matter of this Sublease. No agreement or understanding changing, modifying or extending this Sublease shall be binding on either party unless in a writing signed by both Parties' authorized representatives. The Parties agree that to the extent any amendments are required by a lender that the Parties will use their best efforts to amend this Sublease consistent with the reasonable requests of said lender.
- i. Time is of the essence of this Sublease and the performance of all obligations hereunder.

IN WITNESS WHEREOF, Sublessor and Sublessee have signed this sublease as of the Effective Date.

SUBLESSOR

SUBLESSEE

CITY OF LE SUEUR, MINNESOTA

MINNESOTA VALLEY HEALTH CENTER, INC.

By: _____
Mayor

By: _____

By: _____
City Clerk

Name: _____

Its: _____

CONSENT AND AGREEMENT OF AUTHORITY

The Economic Development Authority of the City of Le Sueur, Minnesota, executes this Sublease for the purpose of documenting its consent under the Prime Lease to this Sublease. The Authority further represents that it has obtained the consent of the holders of the Clinic Bond (as defined in the Sublease) to this Sublease. Further, the Authority agrees to be bound by the provisions set forth in Section 17 (regarding assignment and subletting), Section 25 (regarding eminent domain), Section 27 (regarding Sublessee’s option to purchase the Leased Premises), and Section 28 e (regarding a memorandum of sublease).

ECONOMIC DEVELOPMENT AUTHORITY OF
THE CITY OF LE SUEUR, LE SUEUR COUNTY,
MINNESOTA

By: _____
Its: _____

By: _____
Its: _____

EXHIBIT A
PRIME LEASE

EXHIBIT B
LEASED PREMISES

The approximately 12,164 square foot medical clinic located on the Land legally described in the Prime Lease.

EXHIBIT C
FORM OF TERMINATION LETTER FOR MAYO SUBLEASE

[City of Le Sueur letterhead]

VIA CERTIFIED MAIL

Receipt No.:

Immanuel St. Joseph's - Mayo Health System
Attn: Jerome Crest
1025 Marsh Street
Mankato, MN 56002

VIA CERTIFIED MAIL

Receipt No.:

Mayo Clinic Legal Department
200 First Street SW
Rochester, MN 55905

To Whom It May Concern:

The City of Le Sueur, Minnesota, ("Sublessor") and Immanuel St. Joseph's - Mayo Health System ("Sublessee") are parties to a certain Sublease dated September 17, 2010 regarding a medical clinic facility located in the City of Le Sueur, Minnesota. Pursuant to Section 2 of the Sublease, "Term," the Sublessor hereby gives Sublessee notice that the Sublease will not be renewed at the end of its current term, which the Sublessor's records indicate expires on August 30, 2018. As such, no automatic renewal of the lease term shall occur and Sublessor shall vacate the Leased Premises (as defined in the Sublease) prior to the expiration of the current term in conformance with the terms of the Sublease.

Very truly yours,

c: CEO, Minnesota Valley Health Center

AGREEMENT REGARDING AMBULANCE SERVICE

(Purchase)

This Agreement Regarding Ambulance Service (the “**Agreement**”) is dated [REDACTED], 2016 (the “**Effective Date**”) and is between Ridgeview Medical Center, a Minnesota nonprofit corporation (“**RMC**”) and the City of Le Sueur, a Minnesota municipal corporation (the “**City**”).

RECITALS

WHEREAS, the Le Sueur ambulance service was originally established in 1970 and is currently owned by the City; and

WHEREAS, the City provides basic life support (“**BLS**”) ambulance service pursuant to License #0279 (the “**BLS License**”), which was issued by the Minnesota Emergency Medical Services Regulatory Board (the “**EMSRB**”); and

WHEREAS, the City currently provides such BLS ambulance service to the primary service area described in the BLS License, which includes the City of Le Sueur, the City of Henderson and all or portions of Derrynane, Jessenland, Kelso, Ottawa, Sharon, Tyrone and Lake Prairie Townships (the “**PSA**”); and

WHEREAS, the City owns the ambulance vehicle and personal property described in attached Exhibit A (the “**Ambulance Property**”); and

WHEREAS, Minnesota Valley Health Center, Inc. (“**MVHC**”) and RMC have entered into an Affiliation Agreement dated June 24, 2016, as amended (collectively, the “**Affiliation Agreement**”); and

WHEREAS, pursuant to the Affiliation Agreement, RMC has agreed to purchase a membership interest in MVHC and become MVHC’s sole member if certain conditions are met; and

WHEREAS, RMC has provided the City with a copy of the Affiliation Agreement for the City’s review; and

WHEREAS, in order to satisfy a condition contained in the Affiliation Agreement regarding the Le Sueur ambulance service, RMC desires to acquire the Ambulance Property from the City and to enter into this Agreement; and

WHEREAS, pursuant to Resolution [REDACTED] adopted by the City Council on [REDACTED], 2016, the City has approved the sale of the Ambulance Property to RMC and the execution of this Agreement;

AGREEMENTS

NOW, THEREFORE, RMC and the City agree as follows:

1. **Ambulance Property.**

- 1.1 **Asset Purchase.** The City agrees to sell and RMC agrees to buy the Ambulance Property, including all transferrable warranties relating thereto (the “**Asset Purchase**”) for the sum of \$1.00 (the “**Purchase Price**”). RMC agrees to accept the Ambulance Property in its “as is” physical condition at the time of conveyance. Further, the conveyance shall be made without any warranties by the City as to physical condition and shall be made with the understanding that any implied warranties of merchantability or fitness for a particular purpose are disclaimed. The parties acknowledge that the Ambulance Property does not include the ambulance garage facility and that the City shall retain ownership of the ambulance garage facility.
- 1.2 **BLS License Transfer.** In anticipation of the Asset Purchase, the City and RMC shall jointly request the EMSRB to transfer BLS license #0279 to RMC. This request shall be submitted to the EMSRB promptly after the Effective Date of this Agreement. In their request, the parties shall ask the EMSRB to set a transfer date that is acceptable to RMC, in its reasonable discretion (the “**License Transfer Date**”). After the joint request is made to transfer the license, the City and RMC shall work together, in good faith, to effectuate the license transfer as contemplated by this section, which efforts shall include, but not be limited to, providing the EMSRB with any documentation and information it requests in connection with the license transfer application.
- 1.3 **Closing.** The City shall convey the Ambulance Property to RMC at a closing (the “**Closing**”) as set forth below:
 - 1.3.1 **Location, Date and Time of Closing.** The Closing shall occur at the Le Sueur City Hall at 1:00 p.m. on the License Transfer Date, unless the parties mutually agree otherwise.
 - 1.3.2 **Payment of Purchase Price.** At the time of the Closing, RMC shall pay the City the Purchase Price in cash or certified funds.
 - 1.3.3 **Bill of Sale.** At the time of Closing, the City and RMC shall each execute a Bill of Sale for the Ambulance Property in the form attached as Exhibit B and the City shall deliver the same to RMC.
 - 1.3.4 **Transfer of Ambulance Funds.** At the time of the Closing, the City shall pay to RMC, in cash or certified funds, all funds held in the ambulance accounts identified in attached Exhibit A.
 - 1.3.5 **Vehicle Title Transfers.** Immediately after the Closing, appropriate representatives of the City and RMC shall meet at a Minnesota Department of Motor Vehicles Office and take all action necessary to transfer title to any motor vehicles included as part of the Ambulance Property from the City to RMC.
 - 1.3.6 **Accounts Receivable.** Accounts receivable associated with operation of the ambulance service before and on the date of the Closing shall be

retained by the City, but sums paid in regard to such accounts shall be handled as follows:

1.3.6.1 Sums received by the City prior to the date of the Closing shall be paid over to RMC as part of the ambulance fund transfers described in Section 1.3.4 above.

1.3.6.2 Sums received by the City on or after the date of the Closing shall be retained by the City as its property.

- 1.4 **Representations and Warranties of City.** The City represents and warrants that, at the time of the Closing, the City will own title to all Ambulance Property free and clear of all liens and encumbrances. Between the Effective Date of this Agreement and the date of the Closing, the City shall maintain all Ambulance Property in good working order and repair and in substantially the same condition as it existed as of the Effective Date of this Agreement, ordinary wear and tear excepted.
- 1.5 **Excluded Property.** Notwithstanding anything to the contrary set forth herein, the Ambulance Property shall not include any employee or volunteer contracts, employee or volunteer benefit plan assets, or any service contracts or equipment leases that RMC elects, in its sole discretion, not to acquire.
- 1.6 **Volunteers and Employees.** On or before the date of the Closing, the City shall terminate all employees and volunteers to the extent they are working for the ambulance service. In connection with such termination, the City shall pay to its employees and volunteers all accrued paid time off, retirement benefits, and other benefits due upon termination. RMC agrees to offer all employees and volunteers that meet RMC's minimum employment qualifications a position with the ambulance service after the Closing. If requested by RMC, the City shall deliver to RMC before the date of the Closing the following information as to each of its employees and volunteers associated with the ambulance service: name; salary or wage rate (if applicable); date of hire or retention; vacation entitlement (if applicable); and the amount and monetary value of accrued vacation and any other benefits as of the date of the Closing (if applicable). At RMC's option, RMC shall have the right to talk with such employees and volunteers about the proposed sale of the Ambulance Property and its effect upon them at any time before the date of the Closing. Except as provided above, RMC shall be under no obligation to hire any of the City's employees or volunteers.
- 1.7 **No Assumption of Liabilities.** The transfer of the Ambulance Property from the City to RMC in no way obligates RMC for any liabilities, debts, contracts or other obligations of the City incurred in connection with the City's operation of the ambulance service including, but not limited to, any liabilities, expenses, or costs of the City, including attorneys' fees, incurred as a result of any past, present, or future litigation arising out of any transaction or occurrence that took place before the Closing is consummated.

2. **City's Option to Require Reconveyance.**
- 2.1 **Background.** MVHC has a right under Section 6.1 of the Affiliation Agreement to terminate its affiliation with RMC and effectively return the Affiliation Agreement parties to their pre-affiliation operations ("**Unwind**").
- 2.2 **Option.** If MVHC exercises its right to Unwind its affiliation with RMC, the City shall have a right and option (the "**City's Option**") to require RMC to convey the Reconveyance Property (as defined in Section 2.3 below) back to the City in exchange for the City paying RMC the Reconveyance Price established in Section 2.4 below. The City's Option is subject to the following requirements and limitations:
- 2.2.1 **RMC Notice.** If and when MVHC gives RMC notice that it is exercising its Unwind right under the Affiliation Agreement, RMC shall promptly give the City a copy of such notice (the "**RMC Notice**") together with RMC's good faith determination of the Reconveyance Price.
- 2.2.2 **Option Period.** The City shall have thirty-five (35) days from the date the RMC Notice was deemed given to the City (the "**City's Option Period**") to exercise the City's Option.
- 2.2.3 **Exercise.** If the City desires to exercise the City's Option, the City shall give RMC notice that it is exercising the City's Option (the "**City Notice**") before the expiration of the City's Option Period.
- 2.2.4 **Lapse.** If the City's Notice is not timely given to RMC prior to the expiration of the City's Option Period, then the City's Option shall lapse and will thereafter be forever null and void.
- 2.3 **Reconveyance Property.** The property subject to reconveyance (the "**Reconveyance Property**") shall be limited to: i) the Ambulance Property still in RMC's possession at the time of the reconveyance; ii) the Replacement Ambulance (defined in Section 4), if any; and iii) all property acquired by RMC solely for the purpose of providing ambulance services to the PSA. Notwithstanding anything herein to the contrary, the Reconveyance Property does not include: i) any property used by RMC on a nonexclusive basis to provide ambulance services to the PSA (e.g., a second ambulance vehicle serving both the PSA and other RMC services areas); ii) any leased property used to provide ambulance services (e.g. leased equipment); and iii) any real estate.
- 2.4 **Reconveyance Price.** The "**Reconveyance Price**" means: i) the book value of all Reconveyance Property acquired by RMC as of the date the RMC Notice is given to the City (using depreciation schedules established by RMC in its reasonable discretion); *less* ii) the sum of any ambulance funds actually transferred to RMC pursuant to Section 1.3.4 above.
- 2.5 **Reconveyance Closing.** Provided the City timely exercises the City's Option, a reconveyance closing shall occur at 1:00 p.m. on the Unwind Effective Date (as

such term is defined in the Affiliation Agreement) or such other date and time as the parties may mutually agree (the “**Reconveyance Closing**”). In connection with the Reconveyance Closing, the following shall occur:

- 2.5.1 **Reconveyance Price.** At the time of the Reconveyance Closing, the City shall pay RMC the Reconveyance Price in cash or certified funds.
 - 2.5.2 **Bill of Sale.** At the time of Closing, RMC and the City shall each execute a Bill of Sale for the Reconveyance Property in the form attached as Exhibit B (except the names of the parties shall be reversed) and RMC shall deliver the same to the City. The City shall accept the Reconveyance Property in its “as is” physical condition at the time of reconveyance. The reconveyance shall be made without any warranties by RMC as to physical condition and shall be made subject to the understanding that any implied warranties of merchantability or fitness for a particular purpose are disclaimed.
 - 2.5.3 **Vehicle Title Transfers.** Immediately after the Reconveyance Closing, appropriate representatives of the City and RMC shall meet at a Minnesota Department of Motor Vehicles Office and take all action necessary to transfer title to any motor vehicles included in the Reconveyance Property.
 - 2.5.4 **BLS/ALS License Transfer.** Promptly after the City Notice is given, the City and RMC shall jointly request the EMSRB to transfer BLS license #0279 (or any successor ALS license) to the City effective as of the date of the Reconveyance Closing. If the license cannot be transferred as of the date of the Reconveyance Closing, then the date of the Reconveyance Closing shall be delayed until the date that the license transfer is effective and closing shall occur at 1:00 p.m. on such date, unless the parties mutually agree to a different date and time. After the joint request is made to transfer the license, the City and RMC shall work together, in good faith, to effectuate the license transfer as contemplated by this section, which efforts shall include, but not be limited to, providing the EMSRB with any documentation and information it requests in connection with the license transfer application.
 - 2.5.5 **Accounts Receivable.** In the event of reconveyance: i) RMC shall bill and collect all accounts receivable associated with operation of the ambulance service before the Reconveyance Closing and RMC shall retain all amounts paid in regard to such accounts receivable as its property irrespective of when such amount are received; and ii) the City shall bill and collect all accounts receivable associated with operation of the ambulance service after the Reconveyance Closing.
- 2.6 **Representations and Warranties of RMC.** RMC represents and warrants that, at the time of Reconveyance Closing, RMC will own title to all Reconveyance Property free and clear of all liens and encumbrances. Between the date the City

Notice is given to RMC and the date of the Reconveyance Closing, RMC will maintain all Reconveyance Property in good working order and repair and in substantially the same condition as it existed as of the date the City Notice was given to RMC, ordinary wear and tear excepted.

- 2.7 **Excluded Property.** Notwithstanding anything to the contrary set forth herein, the Reconveyance Property shall not include any employee or volunteer contracts, employee or volunteer benefit plan assets, or any service contracts (other than equipment leases covered by Section 2.8 below) that the City elects, in its sole discretion, not to acquire.
 - 2.8 **Equipment Leases.** The City shall assume all leases that relate to equipment solely used to provide ambulance service to the PSA.
 - 2.9 **Volunteers and Employees.** On or before the date of the Reconveyance Closing, RMC shall terminate all employees and volunteers to the extent they are working for the ambulance service. In connection with such termination, RMC shall pay to its employees and volunteers all accrued paid time off, retirement benefits, and other benefits due upon termination. If requested by the City, RMC shall deliver to the City before the date of the Reconveyance Closing the following information as to each of its employees and volunteers associated with the ambulance service: name; salary or wage rate (if applicable); date of hire or retention; vacation entitlement (if applicable); and the amount and monetary value of accrued vacation and any other benefits as of the date of the Reconveyance Closing (if applicable). At the City's option, the City shall have the right to talk with such employees and volunteers about the proposed sale of the Reconveyance Property and its effect upon them at any time before the date of the Reconveyance Closing. The City shall be under no obligation to hire any of RMC's employees or volunteers.
 - 2.10 **No Assumption of Liabilities.** The conveyance of the Reconveyance Property from RMC to the City in no way obligates the City for any liabilities, debts, contracts or other obligations of RMC incurred in connection with RMC's operation of the ambulance service including, but not limited to, any liabilities, expenses, or costs of RMC, including attorneys' fees, incurred as a result of any past, present, or future litigation arising out of any transaction or occurrence that took place during the period of time when RMC was operating the ambulance service.
3. **Application for ALS License.** No later than six (6) months after the Closing occurs, RMC shall submit an application to the EMSRB to upgrade BLS license #0279 to an ALS license. The City and RMC shall work together, in good faith, to effectuate the license upgrade as contemplated by this section, which efforts shall include, but not be limited to, providing the EMSRB with any documentation and information it requests in connection with the license upgrade application. The City acknowledges there is no guaranty that the license upgrade request will be granted.

4. **Replacement Ambulance.** No later than one (1) year after the Closing occurs, RMC shall acquire a new or used replacement ambulance vehicle capable of providing ALS to the PSA (the “**Replacement Ambulance**”). The City and RMC acknowledge that RMC may apply all, or any portion of, the ambulance funds received by RMC pursuant to Section 1.3.4 above toward the acquisition cost of the Replacement Ambulance or any other equipment used to provide ambulance service to the PSA. Notwithstanding anything to the contrary above, if RMC’s application to upgrade the existing BLS license to an ALS license is denied, RMC may retain the ambulance conveyed to RMC as part of the Ambulance Property and forego purchasing the Replacement Ambulance.
5. **Provision of Ambulance Services During the Reconveyance Period.** For purposes of this Section 5, “**Reconveyance Period**” means the period of time between the Closing and the first of the following events to occur: i) the lapse of the City’s Option pursuant to Section 2.2.4 above; or ii) the Reconveyance Closing. During the Reconveyance Period, RMC shall provide BLS to the PSA at a level of service at least equal to the level provided by the City prior to the Closing. In addition, if RMC’s application to upgrade to ALS service is granted by the EMSRB, RMC shall promptly thereafter provide ALS to the PSA (or portion thereof for which the ALS license was granted). During the Reconveyance Period, RMC shall provide such ambulance services subject to the following:
 - 5.1 **Equipment.** RMC agrees to equip the ambulance providing BLS or ALS, as applicable, with such communication devices, medical equipment, medicines and supplies and other machines, devices and equipment as may be required to conform with all applicable laws, regulations, standards of care, ordinances (other than those adopted by the City) and EMSRB requirements. In addition, RMC will provide all medicines and other medical supplies required, in RMC’s reasonable judgment, to provide the BLS or ALS, as applicable.
 - 5.2 **Staffing.** RMC will provide, or arrange for, qualified staffing to meet the minimum EMSRB staffing requirements for ALS or BLS ambulances.
 - 5.3 **Dispatching.** RMC shall provide (without any expense on the part of the City) all required, necessary and proper dispatching for the BLS or ALS and provide pre-arrival instructions to the caller.
 - 5.4 **Licensed Physician.** RMC shall appoint a licensed physician who is experienced in emergency services to provide medical direction for the ambulance services.
 - 5.5 **Reports.** If requested by the City, RMC will meet with the City on an annual basis to review the ambulance operations covered by this Agreement. The City may, at its discretion, invite other governmental bodies located in the PSA to participate in such meetings. The subjects to be addressed at those quarterly operational review meetings will include, but not be limited to, the following:
 - 5.5.1 Total volume of ambulance calls;
 - 5.5.2 Volume categorized by chief medical complaint; and

- 5.5.3 Response time (defined as the time from which RMC’s dispatch receives the emergency call to the ambulance’s arrival at the scene of the medical emergency) categorized by level of service provided.
 - 5.6 **Insurance.** In connection with its provision of ambulance services during the City’s Option Period, RMC shall maintain the following insurance:
 - 5.6.1 **Commercial General Liability Insurance.** Commercial general liability insurance with coverage limits of at least \$1,000,000.00 per occurrence, \$3,000,000.00 aggregate; provided coverage limits may be met in combination with umbrella coverage.
 - 5.6.2 **Professional Liability Coverage.** Professional liability insurance for paramedics and EMTs with coverage limits equal to that provided for RMC’s other paramedics and EMTs.
 - 5.7 **Expiration.** RMC’s obligations to provide ambulance services pursuant to this Section 5 shall end upon expiration of the Reconveyance Period, unless sooner terminated pursuant to Section 11 below. Thereafter, RMC may provide ambulance services to the PSA, but it shall have no obligation to the City to do so.
- 6. **Ambulance Garage and Quarters.** So long as RMC is providing ambulance services to the PSA, the City shall provide a garage facility selected by the City, from time to time, and approved by RMC (the “**Garage**”). The parties acknowledge the Garage will initially be located at 601 South 5th Street, Le Sueur, Minnesota. In addition, the City shall provide space, acceptable to RMC, that will serve as quarters for the ambulance staff who are stationed at the garage (the “**Quarters**”). In regard to the Garage and Quarters, the City agrees as follows:
 - 6.1 **Operating Expenses.** The City shall pay the operating expenses of the Garage and the Quarters, including without limitation, all expenses and costs that the City shall pay or become obligated to pay because of or in connection with the ownership and operation of the Garage and Quarters, including utilities and maintenance, repairs and replacements, the total of all taxes and installments of assessments (and interest thereon), general and special, ordinary and extraordinary, assessed, levied or imposed upon and payable with respect to the Garage and the Quarters.
 - 6.2 **Maintenance and Repair.** The City shall provide and maintain a Garage and Quarters large enough for their intended use, equipped for their intended use (excepting RMC’s obligation to provide an ambulance) and in good condition and repair. RMC agrees that the Garage and the Quarters will be used by RMC for the sole purpose of maintaining the ambulance and associated staff.
 - 6.3 **Utilities and Services.** The City, at its expense, shall furnish to the Garage and the Quarters:
 - 6.3.1 Water, sanitary sewer and electricity services;

- 6.3.2 Heat during the usual heating season and air conditioning during the usual air conditioning season; and
- 6.3.3 Telephone and internet service.
- 6.4 **Modifications and Improvements.** Should any governmental agency of applicable jurisdiction (including, but not being limited to, Federal or State OSHAs) require modifications to the Garage or Quarters for safety, health or handicap accessibility reasons, such required modifications or improvements shall be paid for by the City.
- 6.5 **Common Areas and Parking.** In addition to the Garage and the Quarters, the City grants RMC the right of non-exclusive use, in common with others, of:
 - 6.5.1 Common corridors, passageways, elevators and toilet rooms, unrestricted parking areas and landscaped areas around the Garage and the Quarters; and
 - 6.5.2 Unrestricted automobile parking areas, driveways and walkways around the Garage and the Quarters.
- 6.6 **RMC's Use of Garage Space and Quarters.** RMC shall keep the portions of the Garage and the Quarters used by RMC in a clean and neat appearance. Further, RMC shall not intentionally do or permit anything to be done upon the Garage or the Quarters, or any part thereof, which would:
 - 6.6.1 Impair the appearance of the Garage or the Quarters;
 - 6.6.2 Impair or interfere with any services for the proper and economic heating, cleaning, air conditioning or other servicing of the Garage and the Quarters;
 - 6.6.3 Occasion discomfort or inconvenience to other users or occupants of the Garage or the Quarters;
 - 6.6.4 Make void or voidable any insurance in force upon the Garage and the Quarters, or increase the cost of any insurance upon the Garage and the Quarters;
 - 6.6.5 Make it impossible to obtain fire insurance or other insurance upon the Garage and the Quarters;
 - 6.6.6 Cause or be likely to cause structural damage to the Garage or any part thereof;
 - 6.6.7 Constitute a public or private nuisance; or
 - 6.6.8 Violate any present or future laws or regulations of any governmental authority.
- 6.7 **City Insurance.** The City agrees to provide, at its own expense for so long as this Agreement remains in effect, liability and property insurance for the Garage and Quarters in accordance with the Minnesota Statutes that govern insurance

requirements for municipalities. If the Garage, the Quarters, or any portion thereof are damaged or destroyed by casualty, condemnation or any other cause, the City agrees, at its expense, to promptly restore the same to substantially the same condition as existed prior to the damage or destruction. Further, the City shall, at its expense, arrange for and provide comparable, substitute space to RMC if the Garage, the Quarters or any portion thereof are damaged to such an extent that RMC can no longer use them to provide the ambulance service. The City shall list RMC as an additional insured regarding all such insurance coverage.

7. **No City Subsidy.** Other than the requirements set forth in Section 6 above, the City shall not be responsible for paying any ongoing subsidy to RMC for the provision of ambulance services. The City recognizes that the ability to continue to provide full time ambulance services is dependent on the ability to utilize paid on-call volunteers and the City will encourage the community to become active members of the ambulance service.
8. **Confidential Information.** Each party acknowledges that, as a result of this Agreement, each party and said party's employees or agents may become informed of, and have access to, valuable and confidential information of the other party, including, without limitation, pricing information, fees, budgets, charges, non-medical protocols, non-medical policies, staffing, business planning and strategies (the "**Confidential Information**"). Accordingly, except as required by law, neither party shall, at any time, either during or subsequent to the term of this Agreement, use, reveal, report, publish, copy, transcribe, transfer or otherwise disclose to any person, corporation or other entity, any of the Confidential Information of the other party, without the prior written consent of the non-disclosing party, except to responsible officers, employees or agents of the non-disclosing party and other responsible persons who are in a contractual or fiduciary relationship with the non-disclosing party. This provision does not apply to information which legally and legitimately is or becomes known in the public domain through sources other than the parties to this Agreement or is construed as public information under the Minnesota Government Data Practices Act and/or the Federal Freedom of Information Act.
9. **Risk and Indemnification.** Each party shall be responsible for its own acts and omissions. Further, the parties agree as follows.
 - 9.1 **City's Obligations.** The City shall indemnify, defend, and hold harmless RMC and its members, directors, officers, employees, agents and volunteers from and against all claims, damages, losses and expenses (including reasonable attorney's fees and court costs) to the extent arising out of the City's operation of the ambulance service or to the extent arising out of the City's operation or maintenance of the Garage or Quarters.
 - 9.2 **RMC's Obligations.** RMC shall indemnify, defend, and hold harmless the City and its officials, employees, agents and volunteers from and against all claims, damages, losses and expenses (including reasonable attorney's fees and court costs) to the extent arising out of the RMC's operation of the ambulance service.

- 9.3 **Survival.** The provisions of this Section 9, and the obligations contained herein, shall survive the expiration or earlier termination of this Agreement.
10. **Compliance.** The City and RMC intend to comply with all applicable laws, rules, and regulations, including the federal anti-kickback statute (42 U.S.C. 1320a-7(b)) and related “safe harbor” regulations. Accordingly, the parties agree this Agreement is not intended to generate referrals for services or supplies for which payment may be made in whole or in part under any federal healthcare program. The amounts paid pursuant to this Agreement have been set without reference to the volume or value of any referrals or other business that may occur between the parties and represent the fair market value of the rent and services furnished and have been negotiated through good-faith and arm’s length bargaining. Nothing herein shall be construed to require one party to refer patients or business to another party or to any other person or entity. If any law is enacted or becomes effective, any regulation is promulgated or becomes effective, any court or administrative agency decision is rendered, any administrative agency interpretation is issued, or any similar action is taken which, in the opinion of counsel to either party, is likely to cause any of the Agreement’s provisions to be in violation of law or to compromise RMC’s tax-exempt status, then the parties will use their best efforts, proceeding with dispatch and without unnecessary delay, to reform this Agreement to remedy the concern while still achieving, as nearly as possible, the original goals of the parties to this Agreement.
11. **Term of Agreement.**
- 11.1 **Termination by Agreement.** The parties may terminate this Agreement, or any portion hereof, at any time by mutual agreement of the parties.
- 11.2 **Termination for Cause.** If either party breaches an obligation it has under this Agreement, the party claiming the breach shall provide written notice to the other party of the nature of the breach and allow the other party sixty (60) days from the date such notice is given to cure (the “**Cure Period**”). If the breach is cured within the Cure Period, this Agreement shall continue. If the breach is not cured within the Cure Period, then the non-breaching party may immediately terminate this agreement by giving written notice of termination to the other party. Notwithstanding any to the contrary set forth in this Section 11.2 above, if the City terminates for cause during the Reconveyance Period based upon an uncured breach of this Agreement by RMC, then the City’s Option shall survive such termination for the balance of the Initial Term.
- 11.3 **Effect of Expiration or Termination.** Upon the termination of this Agreement, any obligation of RMC to provide ambulance service in conformance with Section 5 of this Agreement shall cease. Likewise, the City’s obligation to provide a Garage and Quarters pursuant to Section 6 shall cease. Expiration or termination, however shall in no way affect: i) RMC’s ownership of the Ambulance Property, ii) RMC’s status as the license holder of any BLS or ALS license for the PSA; or iii) RMC’s right to provide ambulance services within the PSA or elsewhere.

12. **Remedies.** In addition to any termination right granted in Section 11 above, if any party breaches this Agreement the non-breaching party shall have all rights available at law or in equity. Further, the parties agree the City's obligation to convey the Ambulance Property to RMC is unique in light of the Affiliation Agreement between RMC and MVHC and that money damages cannot adequately compensate RMC for any loss it will incur if the City breaches its obligation to convey the Ambulance Property. Consequently, in lieu of terminating this Agreement, RMC may bring a suit for specific performance to require the City to convey the Ambulance Property to RMC and to cooperate in transferring the BLS License to RMC. In connection with any such action for specific performance, the City agrees that it will not request a bond.

13. **Miscellaneous.**

13.1 **Notices.**

13.1.1 **City.** All notices or communications that RMC may desire or is required to give to the City shall be deemed sufficiently given or rendered if in writing and i) personally delivered to the City at: Attn: City Administrator, 203 South Second Street, Le Sueur, Minnesota 56058 ("**The City's Address**"); ii) sent to The City's Address via overnight courier with item tracking; or iii) sent to The City's Address via registered or certified U.S. Mail. The time of rendition or the giving of such notice or communication shall be deemed to be the day of delivery in the case of personal delivery or the day after the same is deposited with an overnight courier or with the U.S. Postal Service in the case of the other permitted forms of delivery. The City may change its address for notice at any time by giving RMC notice of the change.

13.1.2 **RMC.** All bills, statements, notices or communications that the City may desire or is required to give to RMC shall be deemed sufficiently given or rendered if in writing and i) personally delivered to RMC at: Attn: President/CEO, Ridgeview Medical Center, 500 South Maple Street, Waconia, Minnesota 55387 ("**RMC's Address**"); ii) sent to RMC's Address via overnight courier with item tracking; or iii) sent to RMC's Address via registered or certified U.S. Mail. The time of rendition or the giving of such notice or communication shall be deemed to be the day of delivery in the case of personal delivery or the day after the same is deposited with an overnight courier or with the U.S. Postal Service in the case of the other permitted forms of delivery. RMC may change its address for notice at any time by giving the City notice of the change.

13.2 **Relationship between the Parties.**

13.2.1 **No Employment or Joint Venture.** It is expressly acknowledged by the parties hereto that nothing in this Agreement is intended, nor shall it be construed, so as to create an employer-employee or joint venture

relationship between RMC and the City and/or its employees or independent contractors.

- 13.2.2 **No Withholding Benefits.** Each party further agrees that the status of each of its employees or independent contractors providing services hereunder shall remain the same at all times during the term of this Agreement. The parties shall not be responsible for, and agree to indemnify and hold the other party harmless against, any and all claims, liabilities or payments of any wages, salaries, taxes, fringe benefits or other employment-type payments or benefits owed to or because of each party's own employees or independent contractors.
- 13.3 **Access to Records.** If legally required, the City agrees that, for a period of four (4) years from the last date of any services provided hereunder, it shall make available to authorized agents of the Secretary of Health and Human Services, this Agreement, any amendments to this Agreement, and any books, documents or records belonging to the City or any related entity that may be necessary to verify the nature and extent of any payments made to RMC hereunder. Any such access shall be in accordance with the written regulations established by the Secretary of Health and Human Services. The provisions of this Section 13.3, and the obligations contained herein, shall survive the expiration or earlier termination of this Agreement.
- 13.4 **Assignment.** Neither party shall assign this Agreement without the prior written consent of the other party.
- 13.5 **Amendments.** This Agreement supersedes any prior agreements and understandings between the parties relating to the subject matter hereof. No modification, termination or waiver of any of the provisions of this Agreement shall be valid unless in writing signed by both parties.
- 13.6 **Construction of Agreement.** The City and RMC have participated jointly in the negotiation and drafting of this Agreement and no presumption or burden of proof shall arise favoring or disfavoring any party. The word "including" shall mean including without limitation. The parties intend that each representation, warranty, and covenant contained in this Agreement have independent significance. The captions used in this Agreement are for convenience only and do not constitute terms of the Agreement. In the event that a court of competent jurisdiction holds any provision invalid or unenforceable, the remaining provisions of this Agreement shall nonetheless be enforceable. Further, in the event such court determines that any provision herein is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and enforced as amended.
- 13.7 **Governing Law.** This Agreement is governed by and shall be construed according to Minnesota law, exclusive of choice of law rules.

- 13.8 **Non-Waiver.** The failure of either party to insist in any one (1) or more instances upon the performance of the terms, covenants or conditions of this Agreement and to exercise any rights hereunder shall not be construed as a waiver or relinquishment of future performance of any such term, covenant or condition or the future exercise of such right. The obligations of the other party with respect to such future performance shall continue in full force and effect.
- 13.9 **Impossibility of Performance.** Neither party shall be deemed to be in default under this Agreement if it is prevented from performing its obligations hereunder for any reason beyond its control or is materially adversely affected in the performance of its obligations by acts of God, acts of civil or military authority, fires, floods or other natural disasters, strikes, governmental laws and regulations.
- 13.10 **No Third Party Beneficiaries.** Nothing in this Agreement creates any obligations to any person or entity that is not a party to this Agreement.
- 13.11 **Time.** All references in this Agreement to “days” shall mean calendar days unless expressly referred to as “business days.” If the day for performance of any obligation under this Agreement is a Saturday, Sunday or legal holiday, then the time for performance of that obligation shall be extended to the first following day that is not a Saturday, Sunday or legal holiday. Time is of the essence.
- 13.12 **Attorneys’ Fees and Court Costs.** In any dispute or litigation between the City and RMC concerning the default or alleged default by the City or RMC under this Agreement, the prevailing party shall be entitled to reimbursement by the other party of all reasonable attorneys’ fees and court costs incurred in such dispute or litigation.
- 13.13 **Exhibits and Recitals.** The exhibits attached to this Agreement and the provisions contained in such exhibits are incorporated by reference as terms of this Agreement. Further, the provisions contained in the introductory paragraph and any recitals of this Agreement are also incorporated as terms of this Agreement.
- 13.14 **Counterparts and Facsimile Signatures.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and together which shall constitute one and the same document. Signatures transmitted by fax, email or other electronic means shall be deemed binding, delivered and enforceable.
- 13.15 **Agreement Only Effective upon Full Execution.** Submission of this document for examination does not constitute an offer or option. This Agreement shall become effective only upon full execution and delivery by the City and RMC.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as follows:

[Signature pages follow.]

Signature page to Agreement Regarding Ambulance Service

RIDGEVIEW MEDICAL CENTER,
a Minnesota nonprofit corporation

By _____

Its _____

Signature page to Agreement Regarding Ambulance Service

CITY OF LE SUEUR,
a Minnesota municipal corporation

By _____
Its Mayor

By _____
Its City Clerk

EXHIBIT A
List of Ambulance Property

Item

Condition

[Insert]

EXHIBIT B
Form of Bill of Sale

Note: The list of property to be attached to this Bill of Sale shall mirror the list of equipment attached as Exhibit A to the Agreement Regarding Ambulance Service, to which this Exhibit B is attached.

BILL OF SALE

THIS BILL OF SALE is dated _____, 2016 and is between the City of Le Sueur, a Minnesota municipal corporation ("**Seller**") and Ridgeview Medical Center, a Minnesota nonprofit corporation ("**Buyer**").

1. In exchange for Buyer paying Seller the sum of \$1.00 concurrent with the execution of this Bill of Sale, Seller sells and conveys to Buyer the personal property described on attached Exhibit A, which is located at 601 South 5th Street, Le Sueur, Minnesota (the "**Property**").
2. Seller represents that it owns the Property and that Seller has the right to sell and convey it to Buyer. Seller further represents that the Property is not subject to any encumbrances except as follows: none.
3. Excepting the representations of title contained in Section 2 above, the Property is sold and conveyed "as is" and with "all faults." Further, excepting the representations of title contained in Section 2 above, Seller makes no representations or warranties regarding the Property and specifically disclaims all express and implied warranties, including any implied warranties of merchantability or fitness for a particular purpose.
4. This Bill of Sale binds, and inures to the benefit of, the parties hereto and their respective successors and assigns.
5. This Bill of Sale shall be enforced and interpreted according to the laws of the State of Minnesota without regard to conflicts of law provisions.
6. This Bill of Sale may be executed in counterparts, each of which will be deemed an original and all of which, taken together, will constitute one agreement.
7. Buyer hereby acknowledges receipt of the Property and accepts the Property subject to the terms of this Bill of Sale.

SELLER

CITY OF LE SUEUR,
a Minnesota municipal corporation

By _____
Its Mayor

By _____
Its City Clerk

BUYER

RIDGEVIEW MEDICAL CENTER,
a Minnesota nonprofit corporation

By _____
Its _____

AGREEMENT REGARDING AMBULANCE SERVICE

(Management)

This Agreement Regarding Ambulance Service (the “**Agreement**”) is dated [REDACTED], 2016 (the “**Effective Date**”) and is between Ridgeview Medical Center, a Minnesota nonprofit corporation (“**RMC**”) and the City of Le Sueur, a Minnesota municipal corporation (the “**City**”).

RECITALS

WHEREAS, the Le Sueur ambulance service was originally established in 1970 and is currently owned by the City; and

WHEREAS, the City provides basic life support (“**BLS**”) ambulance service pursuant to License #0279 (the “**BLS License**”), which was issued by the Minnesota Emergency Medical Services Regulatory Board (the “**EMSRB**”); and

WHEREAS, the City currently provides such BLS ambulance service to the primary service area described in the BLS License, which includes the City of Le Sueur, the City of Henderson and all or portions of Derrynane, Jessenland, Kelso, Ottawa, Sharon, Tyrone and Lake Prairie Townships (the “**PSA**”); and

WHEREAS, the City owns the ambulance vehicle and personal property described in attached Exhibit A (the “**City Ambulance Property**”); and

WHEREAS, Minnesota Valley Health Center, Inc. (“**MVHC**”) and RMC have entered into an Affiliation Agreement dated June 24, 2016, as amended (collectively, the “**Affiliation Agreement**”); and

WHEREAS, pursuant to the Affiliation Agreement, RMC has agreed to purchase a membership interest in MVHC and become MVHC’s sole member if certain conditions are met; and

WHEREAS, RMC has provided the City with a copy of the Affiliation Agreement for the City’s review; and

WHEREAS, in order to satisfy a condition contained in the Affiliation Agreement regarding the Le Sueur ambulance service, RMC and the City desire to enter into this Agreement; and

WHEREAS, pursuant to Resolution [REDACTED] adopted by the City Council on [REDACTED], 2016, the City has approved the execution of this Agreement;

AGREEMENTS

NOW, THEREFORE, RMC and the City agree as follows:

1. **Term of Agreement.**

- 1.1 **Term.** The term of this Agreement shall be for a period of twenty (20) years commencing on _____, 2016 (the "**Commencement Date**"), unless sooner terminated as provided below.
- 1.2 **Termination Without Cause.** MVHC has a right under Section 4.2 of the Affiliation Agreement to terminate its affiliation with RMC and effectively return the Affiliation Agreement parties to their pre-affiliation operations ("**Unwind**"). If MVHC exercises its right to Unwind its affiliation with RMC, the City shall have a right and option (the "**City's Option**") to terminate this Agreement, without cause, by providing written notice of termination to RMC, which notice must be given no later than the effective date of the Unwind. If the City's notice is not timely given to RMC, then the City's Option shall lapse and shall thereafter be forever null and void. Further, RMC may terminate this Agreement, without cause, if RMC ever ceases to be a member of MVHC by providing written notice of termination to the City, which notice must be given no later than the date that RMC ceases to be a member of MVHC. If RMC's notice is not timely given to the City, then RMC's Option shall lapse and shall thereafter be forever null and void.
- 1.3 **Termination for Cause.** The City shall have the right to terminate this Agreement for cause if there are any deficiencies by RMC in delivering BLS emergency medical services to the City. RMC shall have the right to terminate this Agreement for cause if the City defaults on any of its obligations under this Agreement. In either case, the party claiming the deficiency or default shall provide notice to the other party of the nature of the deficiency or default and allow the other party sixty (60) days from the date such notice is given to cure (the "**Cure Period**"). If the deficiency or default is cured within the Cure Period, this Agreement shall continue. If the deficiency or default is not cured within the Cure Period, then this Agreement shall automatically terminate upon the expiration of the Cure Period.

2. **Asset Purchase and Reconveyance.**

- 2.1 **Purchase.** The City agrees to sell and RMC agrees to buy the Ambulance Property, including all transferrable warranties relating thereto (the "**Asset Purchase**") for the sum of \$1.00 (the "**Purchase Price**"). RMC agrees to accept the Ambulance Property in its "as is" physical condition at the time of conveyance. Further, the conveyance shall be made without any warranties by the City as to physical condition and shall be made with the understanding that any implied warranties of merchantability or fitness for a particular purpose are disclaimed. The parties acknowledge that the Ambulance Property does not include the ambulance garage facility and that the City shall retain ownership of the ambulance garage facility. The following provisions shall govern the Asset Purchase:
- 2.2 **Location, Date and Time of Closing.** The closing on the Asset Purchase (the "**Closing**") shall occur at the Le Sueur City Hall at 1:00 p.m. on _____, 2016, unless the parties mutually agree otherwise.

- 2.3 **Payment of Purchase Price.** At the time of the Closing, RMC shall pay the City the Purchase Price in cash or certified funds.
- 2.4 **Bill of Sale.** At the time of Closing, the City and RMC shall each execute a Bill of Sale for the Ambulance Property in the form attached as Exhibit B and the City shall deliver the same to RMC.
- 2.5 **Transfer of Ambulance Funds.** At the time of the Closing, the City shall pay to RMC, in cash or certified funds, all funds held in the ambulance accounts identified in attached Exhibit A.
- 2.6 **Vehicle Title Transfers.** Immediately after the Closing, appropriate representatives of the City and RMC shall meet at a Minnesota Department of Motor Vehicles Office and take all action necessary to transfer title to any motor vehicles included as part of the Ambulance Property from the City to RMC.
- 2.7 **Accounts Receivable.** Accounts receivable associated with operation of the ambulance service before and on the date of the Closing shall be retained by the City, but sums paid in regard to such accounts shall be handled as follows:
- 2.7.1. Sums received by the City prior to the date of the Closing shall be paid over to RMC as part of the ambulance fund transfers described in Section 2.5 above.
- 2.7.2. Sums received by the City on or after the date of the Closing shall be retained by the City as its property.
- 2.8 **Representations and Warranties of City.** The City represents and warrants that, at the time of the Closing, the City will own title to all Ambulance Property free and clear of all liens and encumbrances. Between the Effective Date of this Agreement and the date of the Closing, the City shall maintain all Ambulance Property in good working order and repair and in substantially the same condition as it existed as of the Effective Date of this Agreement, ordinary wear and tear excepted.
- 2.9 **Excluded Property.** Notwithstanding anything to the contrary set forth herein, the Ambulance Property shall not include any employee or volunteer contracts, employee or volunteer benefit plan assets, or any service contracts or equipment leases that RMC elects, in its sole discretion, not to acquire.
- 2.10 **Volunteers and Employees.** On or before the date of the Closing, the City shall terminate all employees and volunteers to the extent they are working for the ambulance service. In connection with such termination, the City shall pay to its employees and volunteers all accrued paid time off, retirement benefits, and other benefits due upon termination. RMC agrees to offer all employees and volunteers that meet RMC's minimum employment qualifications a position with the ambulance service after the Closing. If requested by RMC, the City shall deliver to RMC before the date of the Closing the following information as to each of its employees and volunteers associated with the ambulance service: name; salary

or wage rate (if applicable); date of hire or retention; vacation entitlement (if applicable); and the amount and monetary value of accrued vacation and any other benefits as of the date of the Closing (if applicable). At RMC's option, RMC shall have the right to talk with such employees and volunteers about the proposed sale of the Ambulance Property and its effect upon them at any time before the date of the Closing. Except as provided above, RMC shall be under no obligation to hire any of the City's employees or volunteers.

2.11 **No Assumption of Liabilities.** The transfer of the Ambulance Property from the City to RMC in no way obligates RMC for any liabilities, debts, contracts or other obligations of the City incurred in connection with the City's operation of the ambulance service including, but not limited to, any liabilities, expenses, or costs of the City, including attorneys' fees, incurred as a result of any past, present, or future litigation arising out of any transaction or occurrence that took place before the Closing is consummated.

2.12 **Reconveyance of City Ambulance Property.** Upon the expiration or earlier termination of this Agreement (the "**Termination Date**"), RMC agrees to reconvey all of the City Ambulance Property still in RMC's possession or control to the City for one dollar (\$1.00) and the City agrees to accept such City Ambulance Property in its "as is" condition at the time of conveyance. The conveyance shall be made without any warranties by RMC and subject to the understanding that any implied warranties of merchantability or fitness for a particular purpose are disclaimed. All City Ambulance Property that is replaced during the term of this Agreement shall be retained by RMC as its property. Promptly after the Termination Date occurs, however, RMC shall pay the City a sum equal to the aggregate of all trade-in credits and sales proceeds received by RMC for Ambulance Property conveyed to third parties during the term of this Agreement.

3. **Duties of Ridgeview.**

3.1 **Application for ALS License.** No later than six (6) months after the Closing occurs, RMC shall submit an application to the EMSRB, on behalf of the City, to upgrade BLS license #0279 to an ALS license. The City and RMC shall work together, in good faith, to effectuate the license upgrade as contemplated by this section, which efforts shall include, but not be limited to, providing the EMSRB with any documentation and information it requests in connection with the license upgrade application. The City acknowledges there is no guaranty that the license upgrade request will be granted.

3.2 **Replacement Ambulance.** No later than one (1) year after the Closing occurs, RMC shall acquire a new or used replacement ambulance vehicle capable of providing ALS to the PSA. The City and RMC acknowledge that RMC may apply all, or any portion of, the ambulance funds received by RMC pursuant to Section 2.5 above toward the acquisition cost of the such replacement ambulance or any other equipment used to provide ambulance service to the PSA. Notwithstanding

anything to the contrary above, if RMC's application to upgrade the existing BLS license to an ALS license is denied, RMC may retain the ambulance conveyed to RMC as part of the Ambulance Property and forego purchasing the replacement ambulance described above.

- 3.3 **Providing and Equipping Ambulance Located at Garage.** RMC shall provide ambulance services for the City within the PSA as described in this Agreement. The ambulance services provided shall be BLS unless the ALS license upgrade described in Section 3.1 above is granted. If the ALS license upgrade is granted, RMC shall provide ALS in conformance with such license. In regard to the ambulance services provided, RMC shall station one (1) fully equipped and functioning ambulance at the Garage described in Section 4.1 below. RMC agrees to mark the ambulance usually stationed at the Garage to reflect the collaboration between the City and RMC for the provision of emergency medical services by RMC in and for the City. RMC further agrees to equip the ambulance with such communication devices, medical equipment, medicines and supplies and other machines, devices and equipment as may be required to conform with all applicable laws, regulations, standards of care, ordinances (other than those adopted by the City) and EMSRB requirements. In addition, RMC will provide all medicines and other medical supplies required, in RMC's reasonable judgment, to provide the BLS or ALS, as applicable.
- 3.4 **Staffing of Ambulance.** RMC will provide qualified staffing of the ambulance to meet the minimum EMSRB staffing requirements for BLS or, if the ALS license upgrade is granted, ALS. For the EMTs and/or other qualified staff, RMC will utilize paid on-call volunteers or employees of RMC who do not have budgeted hours and do not, at RMC's option, receive any benefits (i.e. paid vacation, insurance coverage, retirement benefits). If the ALS license upgrade is granted, RMC agrees to also provide one (1) certified paramedic (the "**Paramedic**") on a full-time basis (twenty-four hours per day; seven days per week) to staff the ambulance.
- 3.5 **Dispatching.** RMC shall provide (without any expense on the part of the City) all required, necessary and proper dispatching for the ambulance service and provide pre-arrival instructions to the caller.
- 3.6 **Providing a Licensed Physician.** RMC shall appoint a licensed physician who is experienced in emergency services to provide medical direction for the ambulance service. Duties of the appointed licensed physician include, but are not limited to:
- 3.6.1. Assisting in the education and training of the Paramedic (if applicable) and the EMTs and/or staff who will staff the ambulance;
 - 3.6.2. Reviewing the program, policies and procedures utilized by the Paramedic, the EMTs and/or other qualified staff who will staff the ambulance to promote quality and consistency of the medical care provided; and

3.6.3. When appropriate, consulting, through radio, telephone or other communication devices, with the Paramedic, EMTs and/or other qualified staff who staff the Ambulance.

3.7 **Insurance.** RMC agrees to provide insurance for the ambulance, the Paramedic (if applicable), the EMTs and any other employees and physicians employed by RMC in connection with the ALS Service as follows:

3.7.1. **Commercial General Liability Insurance.** Commercial general liability insurance with coverage limits of at least \$1,000,000.00 each occurrence, \$3,000,000.00 aggregate;

3.7.2. **Umbrella Coverage.** Excess/umbrella liability coverage with coverage limits of at least \$2,000,000 each occurrence, \$2,000,000 aggregate.

3.7.3. **Professional Liability Coverage.** Professional liability insurance for the Paramedic and the EMTs with coverage limits equal to or exceeding the coverage limits applicable to paramedics and emergency medical technicians providing services in RMC's own primary service area.

RMC shall provide the City with an annual Certificate of Insurance naming the City as an Additional Insured (except in regard to any professional liability coverage) and reflecting that the coverage in force meets or exceeds the above requirements.

3.8 **Providing Reports to City and Other Governmental Bodies.** RMC and the City will meet on a quarterly basis to review the operations covered by this Agreement. The City may, at its discretion, invite other governmental bodies located in the PSA to participate in such meetings. The subjects to be addressed at those quarterly operational review meetings will include, but not be limited to, the following:

3.8.1. Total volume of ambulance calls;

3.8.2. Volume categorized by chief medical complaint; and

3.8.3. Response time (defined as the time from which RMC's dispatch receives the emergency call to the ambulance's arrival at the scene of the medical emergency) categorized by level of service provided.

3.9 **Deployment.** RMC agrees that the Ambulance will be deployed outside the PSA only as an emergency back-up resource pursuant to the City's mutual aid agreements. If the Ambulance is deployed and another call for ambulance service within the PSA is made, the City and RMC will utilize the Second Ambulance (as defined below) to provide BLS if, at the time of the call, EMTs and/or other qualified staff sufficient to staff the Second Ambulance are available. In all other cases, the City's mutual aid agreements will be used if a call for service within the PSA is made and the ambulance is already deployed. No change shall be made to deployment that affects ambulance deployment in the City and the PSA without the express written consent of the City. For purposes of this Section 3.9, the "Second Ambulance" means any second ambulance then located at the Garage

that is equipped and supplied to provide BLS services. RMC may, at its sole option, provide and maintain a Second Ambulance at the garage, but it shall have no obligation to do so.

- 3.10 **Response Time.** RMC shall be responsible for maintaining an average response time equal to or better than the average historical response times of the City for locations and distances within the PSA during the three (3) years immediately preceding the Commencement Date.
- 3.11 **Assistance for City's ALS Licensure.** RMC shall be solely responsible for managing all aspects of the City's ambulance license as required by the State of Minnesota and the EMSRB, including but not being limited to, inspection, documentation, data submission and renewals.
- 3.12 **Survey Cards.** RMC shall provide survey cards to the users (emergency victims or their survivors) and provide the City with an annual report for each year of this Agreement which summarizes RMC's responses, quality of care for ambulance calls and responses to said survey cards.
- 3.13 **Garage and Quarters.** RMC shall be responsible for keeping the portions of the Garage and the Quarters (as defined below) used by RMC in a clean and neat appearance.

4. **Duties of the City.**

- 4.1 **Garage and Quarters.** The City shall, provide a garage facility selected by the City, from time to time, and approved by RMC (the "**Garage**"). The parties acknowledge the Garage will initially be located at 601 South 5th Street, Le Sueur, Minnesota. In addition, the City shall provide space, acceptable to RMC, that will serve as quarters for the ambulance staff who are stationed at the garage (the "**Quarters**"). The City agrees to provide and maintain a Garage and Quarters large enough for their intended use, equipped for their intended use (excepting RMC's obligation to provide the Ambulance) and in good condition and repair. RMC agrees that the Garage and the Quarters will be used by RMC for the sole purpose of maintaining the Ambulance and associated staff.
- 4.2 **Operating Expenses.** The City agrees to pay the operating expenses of the Garage and the Quarters, including without limitation, all expenses and costs that the City shall pay or become obligated to pay because of or in connection with the ownership and operation of the Garage and Quarters, including utilities and maintenance, repairs and replacements, the total of all taxes and installments of assessments (and interest thereon), general and special, ordinary and extraordinary, assessed, levied or imposed upon and payable with respect to the Garage and the Quarters.
- 4.3 **Utilities and Services.** The City, at its expense, shall furnish to the Garage and the Quarters:
 - 4.3.1. Water, sanitary sewer and electricity services;

- 4.3.2. Heat during the usual heating season and air conditioning during the usual air conditioning season; and
- 4.3.3. Telephone and internet service.
- 4.4 **Modifications and Improvements.** Should any governmental agency of applicable jurisdiction (including, but not being limited to, Federal or State OSHAs) require modifications to the Garage or Quarters for safety, health or handicap accessibility reasons, such required modifications or improvements shall be paid for by the City.
- 4.5 **Common Areas and Parking.** In addition to the Garage and the Quarters, the City grants RMC the right of non-exclusive use, in common with others, of:
 - 4.5.1. Common corridors, passageways, elevators and toilet rooms, unrestricted parking areas and landscaped areas around the Garage and the Quarters; and
 - 4.5.2. Unrestricted automobile parking areas, driveways and walkways around the Garage and the Quarters.
- 4.6 **RMC's Use of Garage Space and Quarters.** RMC will not intentionally do or permit anything to be done upon the Garage or the Quarters, or any part thereof, which would:
 - 4.6.1. Impair the appearance of the Garage or the Quarters;
 - 4.6.2. Impair or interfere with any services for the proper and economic heating, cleaning, air conditioning or other servicing of the Garage and the Quarters;
 - 4.6.3. Occasion discomfort or inconvenience to other users or occupants of the Garage or the Quarters;
 - 4.6.4. Make void or voidable any insurance in force upon the Garage and the Quarters, or increase the cost of any insurance upon the Garage and the Quarters;
 - 4.6.5. Make it impossible to obtain fire insurance or other insurance upon the Garage and the Quarters;
 - 4.6.6. Cause or be likely to cause structural damage to the Garage or any part thereof;
 - 4.6.7. Constitute a public or private nuisance; or
 - 4.6.8. Violate any present or future laws or regulations of any governmental authority.
- 4.7 **Insurance.** The City agrees to provide, at its own expense for so long as this Agreement remains in effect, liability and property insurance for the Garage and Quarters in accordance with the Minnesota Statutes that govern insurance requirements for municipalities. If the Garage, the Quarters, or any portion

thereof are damaged or destroyed by casualty, condemnation or any other cause, the City agrees, at its expense, to promptly restore the same to substantially the same condition as existed prior to the damage or destruction. Further, the City shall, at its expense, arrange for and provide comparable, substitute space to RMC if the Garage, the Quarters or any portion thereof are damaged to such an extent that RMC can no longer use them to provide the ambulance service. The City shall list RMC as an additional insured regarding all such insurance coverage.

- 4.8 **No City Subsidy.** Other than the requirements set forth within this Section 4, the City shall not be responsible for paying any subsidy to RMC for the provision of ambulance services. The City recognizes that the ability to continue to provide full time ambulance services is dependent on the ability to utilize paid on-call volunteers and the City will encourage the community to become active members of the ambulance service.
5. **Billing.** RMC will have the exclusive right and responsibility to bill and collect from all patients and third-party payers a reasonable and customary fee for all services rendered by RMC pursuant to this Agreement and will have the authority to determine the amounts of such fees using a methodology consistent with that used by RMC in its primary service area. The City will not bill any patient or third-party payer for any services rendered by RMC under this Agreement.
6. **Confidential Information.** Each party acknowledges that, as a result of this Agreement, each party and said party's employees or agents may become informed of, and have access to, valuable and confidential information of the other party, including, without limitation, pricing information, fees, budgets, charges, non-medical protocols, non-medical policies, staffing, business planning and strategies (the "Confidential Information"). Accordingly, except as required by law, neither party shall, at any time, either during or subsequent to the term of this Agreement, use, reveal, report, publish, copy, transcribe, transfer or otherwise disclose to any person, corporation or other entity, any of the Confidential Information of the other party, without the prior written consent of the non-disclosing party, except to responsible officers, employees or agents of the non-disclosing party and other responsible persons who are in a contractual or fiduciary relationship with the non-disclosing party. This provision does not apply to information which legally and legitimately is or becomes known in the public domain through sources other than the parties to this Agreement or is construed as public information under the Minnesota Government Data Practices Act and/or the Federal Freedom of Information Act.
7. **Risk and Indemnification.** Each party shall be responsible for its own acts and omissions. Further, the parties agree as follows.
- 1.1 **City's Obligations.** The City shall indemnify, defend, and hold harmless RMC and its members, directors, officers, employees, agents and volunteers from and against all claims, damages, losses and expenses (including reasonable attorney's

fees and court costs) to the extent arising out of the City's operation of the ambulance service or to the extent arising out of the City's operation or maintenance of the Garage or Quarters.

1.2 **RMC's Obligations.** RMC shall indemnify, defend, and hold harmless the City and its officials, employees, agents and volunteers from and against all claims, damages, losses and expenses (including reasonable attorney's fees and court costs) to the extent arising out of the RMC's operation of the ambulance service.

1.3 **Survival.** The provisions of this Section 6, and the obligations contained herein, shall survive the expiration or earlier termination of this Agreement.

8. **Compliance.** The City and RMC intend to comply with all applicable laws, rules, and regulations, including the federal anti-kickback statute (42 U.S.C. 1320a-7(b)) and related "safe harbor" regulations. Accordingly, the parties agree this Agreement is not intended to generate referrals for services or supplies for which payment may be made in whole or in part under any federal healthcare program. The amounts paid pursuant to this Agreement have been set without reference to the volume or value of any referrals or other business that may occur between the parties and represent the fair market value of the rent and services furnished and have been negotiated through good-faith and arm's length bargaining. Nothing herein shall be construed to require one party to refer patients or business to another party or to any other person or entity. If any law is enacted or becomes effective, any regulation is promulgated or becomes effective, any court or administrative agency decision is rendered, any administrative agency interpretation is issued, or any similar action is taken which, in the opinion of counsel to either party, is likely to cause any of the Agreement's provisions to be in violation of law or to compromise RMC's tax-exempt status, then the parties will use their best efforts, proceeding with dispatch and without unnecessary delay, to reform this Agreement to remedy the concern while still achieving, as nearly as possible, the original goals of the parties to this Agreement.

9. **Remedies.** In addition to any termination right granted in Section 1.3 above, if any party breaches this Agreement the non-breaching party shall have all rights available at law or in equity. Further, the parties agree the City's obligations under this Agreement are unique in light of the Affiliation Agreement between RMC and MVHC and that money damages cannot adequately compensate RMC for any loss it will incur if the City breaches its obligations under this Agreement. Consequently, in lieu of terminating this Agreement, RMC may bring a suit for specific performance of this Agreement. In connection with any such action for specific performance, the City agrees that it will not request a bond.

10. **Miscellaneous.**

10.1 **Notices.**

10.1.1. **City.** All notices or communications that RMC may desire or is required to give to the City shall be deemed sufficiently given or rendered if in writing

and i) personally delivered to the City at: Attn: City Administrator, 203 South Second Street, Le Sueur, Minnesota 56058 (“**The City’s Address**”); ii) sent to The City’s Address via overnight courier with item tracking; or iii) sent to The City’s Address via registered or certified U.S. Mail. The time of rendition or the giving of such notice or communication shall be deemed to be the day of delivery in the case of personal delivery or the day after the same is deposited with an overnight courier or with the U.S. Postal Service in the case of the other permitted forms of delivery. The City may change its address for notice at any time by giving RMC notice of the change.

10.1.2. **RMC.** All bills, statements, notices or communications that the City may desire or is required to give to RMC shall be deemed sufficiently given or rendered if in writing and i) personally delivered to RMC at: Attn: President/CEO, Ridgeview Medical Center, 500 South Maple Street, Waconia, Minnesota 55387 (“**RMC’s Address**”); ii) sent to RMC’s Address via overnight courier with item tracking; or iii) sent to RMC’s Address via registered or certified U.S. Mail. The time of rendition or the giving of such notice or communication shall be deemed to be the day of delivery in the case of personal delivery or the day after the same is deposited with an overnight courier or with the U.S. Postal Service in the case of the other permitted forms of delivery. RMC may change its address for notice at any time by giving the City notice of the change.

10.2 **Relationship between the Parties.**

10.2.1. **No Employment or Joint Venture.** It is expressly acknowledged by the parties hereto that nothing in this Agreement is intended, nor shall it be construed, so as to create an employer-employee or joint venture relationship between RMC and the City and/or its employees or independent contractors.

10.2.2. **No Withholding Benefits.** Each party further agrees that the status of each of its employees or independent contractors providing services hereunder shall remain the same at all times during the term of this Agreement. The parties shall not be responsible for, and agree to indemnify and hold the other party harmless against, any and all claims, liabilities or payments of any wages, salaries, taxes, fringe benefits or other employment-type payments or benefits owed to or because of each party’s own employees or independent contractors.

10.3 **Access to Records.** If legally required, the City agrees that, for a period of four (4) years from the last date of any services provided hereunder, it shall make available to authorized agents of the Secretary of Health and Human Services, this Agreement, any amendments to this Agreement, and any books, documents or records belonging to the City or any related entity that may be necessary to verify the nature and extent of any payments made to RMC hereunder. Any such access

shall be in accordance with the written regulations established by the Secretary of Health and Human Services. The provisions of this Section 10.3, and the obligations contained herein, shall survive the expiration or earlier termination of this Agreement.

- 10.4 **Assignment.** Neither party shall assign this Agreement without the prior written consent of the other party; provided, however, that RMC may assign this Agreement and its rights and obligations hereunder to any entity controlling, controlled by or under common control with RMC or to any entity that acquires or leases substantially all of RMC's assets.
- 10.5 **Amendments.** This Agreement supersedes any prior agreements and understandings between the parties relating to the subject matter hereof. No modification, termination or waiver of any of the provisions of this Agreement shall be valid unless in writing signed by both parties.
- 10.6 **Construction of Agreement.** The City and RMC have participated jointly in the negotiation and drafting of this Agreement and no presumption or burden of proof shall arise favoring or disfavoring any party. The word "including" shall mean including without limitation. The parties intend that each representation, warranty, and covenant contained in this Agreement have independent significance. The captions used in this Agreement are for convenience only and do not constitute terms of the Agreement. In the event that a court of competent jurisdiction holds any provision invalid or unenforceable, the remaining provisions of this Agreement shall nonetheless be enforceable. Further, in the event such court determines that any provision herein is held to be overbroad as written, such provision shall be deemed amended to narrow its application to the extent necessary to make the provision enforceable according to applicable law and enforced as amended.
- 10.7 **Governing Law.** This Agreement is governed by and shall be construed according to Minnesota law, exclusive of choice of law rules.
- 10.8 **Non-Waiver.** The failure of either party to insist in any one (1) or more instances upon the performance of the terms, covenants or conditions of this Agreement and to exercise any rights hereunder shall not be construed as a waiver or relinquishment of future performance of any such term, covenant or condition or the future exercise of such right. The obligations of the other party with respect to such future performance shall continue in full force and effect.
- 10.9 **Impossibility of Performance.** Neither party shall be deemed to be in default under this Agreement if it is prevented from performing its obligations hereunder for any reason beyond its control or is materially adversely affected in the performance of its obligations by acts of God, acts of civil or military authority, fires, floods or other natural disasters, strikes, governmental laws and regulations.
- 10.10 **No Third Party Beneficiaries.** Nothing in this Agreement creates any obligations to any person or entity that is not a party to this Agreement.

- 10.11 **Time.** All references in this Agreement to “days” shall mean calendar days unless expressly referred to as “business days.” If the day for performance of any obligation under this Agreement is a Saturday, Sunday or legal holiday, then the time for performance of that obligation shall be extended to the first following day that is not a Saturday, Sunday or legal holiday. Time is of the essence.
- 10.12 **Attorneys’ Fees and Court Costs.** In any dispute or litigation between the City and RMC concerning the default or alleged default by the City or RMC under this Agreement, the prevailing party shall be entitled to reimbursement by the other party of all reasonable attorneys’ fees and court costs incurred in such dispute or litigation.
- 10.13 **Exhibits and Recitals.** The exhibits attached to this Agreement and the provisions contained in such exhibits are incorporated by reference as terms of this Agreement. Further, the provisions contained in the introductory paragraph and any recitals of this Agreement are also incorporated as terms of this Agreement.
- 10.14 **Counterparts and Facsimile Signatures.** This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and together which shall constitute one and the same document. Signatures transmitted by fax, email or other electronic means shall be deemed binding, delivered and enforceable.
- 10.15 **Agreement Only Effective upon Full Execution.** Submission of this document for examination does not constitute an offer or option. This Agreement shall become effective only upon full execution and delivery by the City and RMC.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as follows:

[Signature pages follow.]

Signature page to Agreement Regarding Ambulance Service

RIDGEVIEW MEDICAL CENTER,
a Minnesota nonprofit corporation

By _____

Its _____

Signature page to Agreement Regarding Ambulance Service

CITY OF LE SUEUR,
a Minnesota municipal corporation

By _____
Its Mayor

By _____
Its City Clerk

EXHIBIT A
List of Ambulance Property

Item

Condition

[Insert]

EXHIBIT B
Form of Bill of Sale

Note: The list of property to be attached to this Bill of Sale shall mirror the list of equipment attached as Exhibit A to the Agreement Regarding Ambulance Service, to which this Exhibit B is attached.

BILL OF SALE

THIS BILL OF SALE is dated _____, 2016 and is between the City of Le Sueur, a Minnesota municipal corporation ("**Seller**") and Ridgeview Medical Center, a Minnesota nonprofit corporation ("**Buyer**").

1. In exchange for Buyer paying Seller the sum of \$1.00 concurrent with the execution of this Bill of Sale, Seller sells and conveys to Buyer the personal property described on attached Exhibit A, which is located at 601 South 5th Street, Le Sueur, Minnesota (the "**Property**").
2. Seller represents that it owns the Property and that Seller has the right to sell and convey it to Buyer. Seller further represents that the Property is not subject to any encumbrances except as follows: none.
3. Excepting the representations of title contained in Section 2 above, the Property is sold and conveyed "as is" and with "all faults." Further, excepting the representations of title contained in Section 2 above, Seller makes no representations or warranties regarding the Property and specifically disclaims all express and implied warranties, including any implied warranties of merchantability or fitness for a particular purpose.
4. This Bill of Sale binds, and inures to the benefit of, the parties hereto and their respective successors and assigns.
5. This Bill of Sale shall be enforced and interpreted according to the laws of the State of Minnesota without regard to conflicts of law provisions.
6. This Bill of Sale may be executed in counterparts, each of which will be deemed an original and all of which, taken together, will constitute one agreement.
7. Buyer hereby acknowledges receipt of the Property and accepts the Property subject to the terms of this Bill of Sale.

SELLER

CITY OF LE SUEUR,
a Minnesota municipal corporation

By _____
Its Mayor

By _____
Its City Clerk

BUYER

RIDGEVIEW MEDICAL CENTER,
a Minnesota nonprofit corporation

By _____
Its _____