

**2017 EMERGENCY MEDICAL and AMBULANCE SERVICE CONTRACT
VILLAGE OF NORTH HUDSON and CITY of HUDSON**

WHEREAS, the Village of North Hudson (hereinafter Village) currently receives emergency medical and ambulance service from the City of Hudson (hereinafter the City), and, except as provided in Paragraph 1, wants to continue to receive emergency medical and ambulance service from the City for the years ~~2016~~ through ~~2020~~; and
2017 2021

WHEREAS, except as provided in Paragraph 1, the City is capable of furnishing such emergency medical and ambulance services protection to the Village;

NOW THEREFORE, it is mutually agreed by and between the City and the Village as follows:

1. Possible Sale of SCEMS to Hudson Hospital or Affiliated Entity. Notwithstanding the following terms of this Contract between the City and the VILLAGE, the VILLAGE understands that the City and Hudson Hospital and entities affiliated with Hudson Hospital (hereinafter "Hudson Hospital") are currently negotiating possible sale of the City's ambulance and emergency medical services to Hudson Hospital whereby Hudson Hospital would provide ambulance and emergency medical services, and the City would stop providing such services. Attached hereto as Exhibit A is a copy of a non-binding Term Sheet approved by the City and Hudson Hospital briefly outlining the basic framework of a possible agreement transferring the City's ambulance and emergency medical services to Hudson Hospital. The VILLAGE supports such a transfer of ambulance and emergency medical services from the City to Hudson Hospital. It is anticipated that such a transfer of the ambulance and emergency medical services to Hudson Hospital may occur on or before approximately July 2017. If the City transfers its ambulance and emergency medical services to Hudson Hospital, the VILLAGE agrees that this Contract between the City and the VILLAGE shall terminate on the date the City stops providing ambulance and emergency medical services and the Hudson Hospital or affiliated entity begins providing ambulance and emergency medical services. The following terms of this Contract shall apply until the City sells its ambulance and emergency medical services to Hudson Hospital, or in the event the City does not sell its ambulance and emergency medical services to Hudson Hospital.

If the sale of SCEMS occurs as generally described above, the Annual Per Capita Assessment as provided in Paragraph 5 of this Contract shall be pro-rated to the date of discontinuance of the city-provided ambulance and emergency medical services, which is anticipated to occur some time in July 2017.

Any net proceeds of the sale of SCEMS shall be divided among the contracting municipalities, i.e. City of Hudson, Village of North Hudson, VILLAGE of Hudson, and VILLAGE of Troy, on a pro rata basis based on each municipality's percentage contract contribution calculated over the previous ten-year period, as shown on the Allocation of Net Sale Proceeds to Municipalities Based on 10-Year Contract Contribution, attached as Exhibit B.

2. Term of the Contract. This Contract shall be in effect for a period of five (5) years

beginning January 1, 2017 and ending December 31, 2021, plus renewal five (5) year periods as provided herein. The five (5) year term shall be a rolling five (5) year term with a new five (5) year term beginning each year.

3. Automatic Renewal, Five-Year Notice of Non-Renewal by the Village. This Contract shall automatically renew each year for another five-year term beginning January 1 of the upcoming year, unless the Village gives written notice to the City on or before September 30th of the current year that the Village intends not to renew after the upcoming five-year term (Notice of Non-Renewal). If the Village does not give Notice of Non-Renewal on or before September 30th of any year, then this Contract automatically renews for another five-year term, with the five-year term beginning January 1 of the upcoming year. This requires the Village to approve the Contract at its December meeting.
4. The City Provides Emergency Medical and Ambulance Service. The City agrees to provide emergency medical and ambulance services to the Village, using equipment as efficiently as possible. The City shall not be liable for failure to provide service due to conditions beyond its control.
5. Annual Budget for St. Croix Emergency Medical Services (hereinafter referred to as SCEMS). Revenues derived from the operation of SCEMS services have generally been insufficient to pay annual operating expenses. Thus, additional revenues are required to support operating and capital expenditures for SCEMS service. Such revenues, when needed, shall be raised through an annual per capita assessment payable by the City and each Contracting Municipality, as set forth in this contract.
 - A. Annual per capita assessments shall be based on the estimated populations of the City and the Contracting Municipalities (currently Village of North Hudson, Town of Hudson, & Town of Troy) as of October of the year preceding the effective year of the contract. The population estimates to be used in this computation are released by the State of Wisconsin Department of Administration Demographic Services Center and are available online at: www.doa.state.wi.us/demographics/
 - B. The per capita assessment for the year 2017 shall be \$14.00, for a total of \$386,750.00

The books and records of SCEMS shall be open for inspection and review by the Contracting Municipalities.

For the contract year 2017, the City and each Contracting Municipality shall pay the following amounts based on the population estimate listed.

<u>Municipality</u>	<u>Population</u>	<u>Cost</u>
a. City of Hudson	13,584	\$190,176.00
b. Village of North Hudson	3,757	\$52,598.00
c. Town of Hudson	8,582	\$120,148.00
d. Town of Troy (33.0% of 5,107)	1,702	\$23,828.00
Population Total for 2017:	27,625	\$386,750.00

One half of the City's and each Contracting Municipality's payment shall be due in February and the balance shall be due in August of each year.

- C. If the revenues derived from the operation of SCEMS are insufficient to pay the annual operating expenses for the year, the City and each Contracting Municipality shall share in the funding of the deficit on a pro rata basis based on the number of ambulance runs occurring in the City and each Contracting Municipality. In calculating the City's pro rata share of ambulance runs, transfers from Hudson Hospital shall be excluded. During September of each year, the SCEMS Commission shall review any projected operating expense deficit, and the City's and each Contracting Municipality's pro rata share. One half of the payment for any operating expense deficit shall be due in February and the final payment shall be due in August of the following year, along with the City's and each Contracting Municipality's payment of the per capita assessment for the current year.
 - D. On or before October 1st of 2017 and each October 1st of each year thereafter, the SCEMS Commission or staff shall notify each Contracting Municipality and the City of the proposed per capita assessment for the upcoming calendar year.
6. Purchase of Capital Assets. Capital assets shall be paid for by the City and the Contracting Municipalities over a period not to exceed five years. One fifth of the cost of the assets shall be included in the SCEMS annual operating budget each year. Any Contracting Municipality that has given Notice of Non-Renewal of the City of Hudson Emergency Medical and Ambulance Service Contract shall pay any balance owing on capital purchases approved and made prior to the Non-Renewing Municipality giving its Notice of Non-Renewal, plus interest, as provided in the Capital Cost Amortization Schedule and Capital Cost Interest Schedule, that shall be prepared when any Capital Asset is purchased and financed over a five-year period. The Capital Cost Amortization Schedule and Capital Cost Interest Schedule shall be updated each year. For capital assets purchased after a Non-Renewing Municipality gives Notice of Non-Renewal, the Non-Renewing Municipality shall pay its pro rata annual share of the cost of the asset for the five-year notice period, or any shorter notice period as may be agreed between the Non-Renewing Municipality and the City. There shall be no prepayment penalty.
7. Payment for Cost of Land and/or Buildings City Acquires for City/SCEMS. The City and the Contracting Municipalities recognize that in the future it may become necessary for the City to improve existing SCEMS – City space or acquire additional space to house equipment and personnel necessary to continue to provide emergency medical and ambulance service to the Contracting Municipalities. The improvement of City buildings or the acquisition of additional land and/or buildings is a decision for the Common Council, upon review and recommendation by the SCEMS Commission, in addition to review and recommendation by City committees or commissions. At that time, the City and the Contracting Municipalities will need to negotiate an agreement regarding the terms whereby the Contracting Municipalities will pay for their share of the cost of

such additional or improved space. Payment terms applicable to the Contracting Municipalities for their share of the cost the City incurs to improve existing SCEMS space or acquire additional land and/or buildings for SCEMS purposes shall be negotiated between the City of Hudson and the Contracting Municipalities under a separate agreement.

8. Termination of Services to a Contracting Municipality by the City. If the City, in its sole discretion, determines that it cannot provide suitable emergency medical and ambulance service to the Village, it may terminate services to the Village after providing written notice to the Village. Unless otherwise agreed by the City and the Village, the City shall continue to provide service to the Village for five years following the date the City provides written notice of termination. The Village shall pay off its capital account balance, if any, plus interest on or before the end of the five-year notice period, or other shorter notice period, if any, agreed to by the Village and the City.

9. Amendment. Any amendment to this Contract must be in writing and approved by the governing body of the City and the Contracting Municipalities.

10. Severability. If any term, provision, or portion of this Contract is found by a court of competent jurisdiction to be unenforceable or invalid, the remainder of the Contract, provision, term therein shall not be affected thereby and each term, provision, covenant, or restriction shall be severable and valid and enforceable to the fullest extent permitted by law.

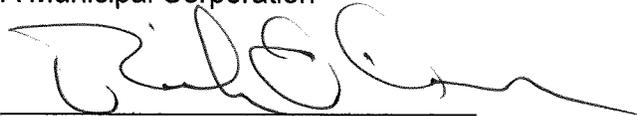
IN WITNESS THEREOF, the parties have hereto caused this Contract to be signed and executed by the Mayor and City Clerk of the City of Hudson, this 5 day of December 2016, and the President and Village Clerk of the Village of North Hudson, this ___ day of _____, 2016.

VILLAGE OF NORTH HUDSON
A Municipal Corporation

Stan Weekin
Village President

Melissa Luedke
Village Clerk

CITY OF HUDSON
A Municipal Corporation



Rich O'Connor
Mayor



Devin Willi
City Clerk

TERM SHEET

**Hudson Hospital, Inc.
City of Hudson, Wisconsin
November 18, 2016**

The purpose of this Term Sheet is to outline the general understanding of the Parties (as defined below) in connection with the possible purchase of the St. Croix EMS by the Hudson Hospital, Inc. or one of its affiliated entities.

The Parties: **Hudson Hospital, Inc. (the "Hospital"):** A Wisconsin nonprofit 501(c)(3) tax exempt corporation or one of its affiliated entities.

The City of Hudson, Wisconsin (the "City"): A Wisconsin municipality located in St. Croix County, Wisconsin, United States.

Transaction: Certain assets of the of the ambulance service owned and operated by the City, known as St. Croix EMS, will be purchased by Hospital or one of its affiliated entities. The Hospital intends to operate the ambulance service on an on-going basis and will agree to operate the ambulance service for a minimum of ten (10) years for the service area currently served by the St. Croix EMS, which includes the City of Hudson, the Village of North Hudson, the Town of Hudson, a portion of the Town of Troy, and the St. Croix River waterfront currently served by the St. Croix EMS, to the extent the City's current contracting municipalities, i.e. the Village of North Hudson, Town of Hudson, and a portion of the Town of Troy, each decide in their sole discretion to have ambulance services provided by the Hospital.

Assets to be Purchased: Hospital will purchase at FMV certain assets used in the operation of St. Croix EMS, including, without limitation, inventory, Ambulance vehicles, watercraft, and all other designated assets, tangible and intangible (except accounts receivable and other designated current assets), free and clear of all liens and encumbrances. The Parties will agree to the complete list of assets to be purchased.

Conditions: The purchase will be subject to customary closing conditions, including, but not limited to: (1) the Hospital obtaining all required board approvals, (2) the City's current contracting municipalities, i.e. the Village of North Hudson, Town of Hudson, and a portion of the Town of Troy agreeing to have ambulance services provided by the Hospital, (3) the Hospital obtaining a Medicare provider number (4) the Hospital obtaining a Medicaid provider number, (5) the Hospital obtaining an Ambulance Service Provider license, Training Permit and such other licenses and permits necessary for Hospital to operate as an ambulance service provider in the state of Wisconsin, and (6) the Hospital obtaining approval from the Wisconsin Department of Health and Family Services of its EMS Provider Application and Operational Plan. The purchase will also be contingent upon the City obtaining all necessary approvals by the Common Council and any other necessary governmental approvals.

Liabilities to be Assumed:	None
Inventory:	The assets to be transferred will include at least 14 days of inventory for all material inventory items.
Base of Operations:	Hospital will maintain a base of operation within the City of Hudson.
Personnel:	Hospital or one of its affiliated entities will make offers of employment to one or more of the emergency medical technicians who currently provide services to St. Croix EMS and whose employment, as of the Effective Date, will be terminated by the City as a result of the sale.
Non-Competition:	The City will enter into a Non-Competition Agreement with Hospital on terms and conditions acceptable to the Parties.
Purchase Price:	FMV price agreed upon by the parties
Closing Date:	The parties will use reasonable efforts to close the Transaction by the end of the first quarter of 2017, which can be extended upon the agreement of the Parties.
Effective Date:	The Transaction will be effective within 90 days of the closing date or on such later date as Hospital obtains: (1) an Ambulance Service Provider license, Training Permit and such other licenses and permits necessary for Hospital to operate as an ambulance service provider in the state of Wisconsin, (2) approval from the Wisconsin Department of Health and Family Services of its EMS Provider Application and Operational Plan, (3) a Medicare provider number, and (4) a Medicaid provider number.
Due Diligence:	The Transaction is subject to the Parties' usual and customary due diligence investigation. The City will provide the Hospital appropriate access to City facilities and information that the Hospital reasonably requires in connection with this process. In addition, the Hospital will provide the City appropriate access to Hospital information that the City reasonably requires in connection with this process.
Transaction Expenses:	Each Party is responsible for its own legal, accounting and other transaction costs.
Integration Plan:	Hospital and the City will work cooperatively to develop a transition plan to assure continued quality of care and operating effectiveness as a consequence of the Transaction.
Definitive Agreement:	The Parties acknowledge that the sale of assets is subject to significant conditions including, execution of a definitive agreement between the Parties.
Standstill:	If after the City signs this Term Sheet it gives Hospital notice that it will not execute a Definitive Agreement or a Definitive Agreement is not signed by the Parties, the City will not enter into any discussions about,

or close a transaction related to, St. Croix EMS for a period of three months.

Nonbinding:

This Term Sheet or any term herein is not a binding obligation on the Parties and is only intended to summarize the Parties' discussions to date. It is not an offer by any Party with respect to any term set forth herein or an agreement with respect to the subject matter hereof. This Term Sheet does, however, evidence the intent of each Party to proceed in good faith to negotiate a definitive agreement consistent with this Term Sheet.

Termination:

This Term Sheet and all negotiations between the Parties with respect to the subject matter hereof may be terminated by either Party at any time upon written notice to the other Party.

The Hospital shall provide such notice to:

Devin Willi
City Administrator
City of Hudson
503 3rd Street
Hudson, WI 54016

with a copy to:

Catherine Munkittrick
Rodli, Beskar, Neuhaus, Murray & Pletcher, S.C.
219 N. Main Street
P.O. Box 138
River Falls, WI 54022

The City shall provide such notice to:

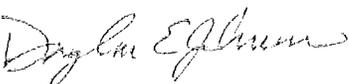
Jacqueline Krech
Vice President of Operations and Chief Nursing Officer
Hudson Hospital
450 Stageline Road
Hudson, WI 54016

with a copy to:

Carl Ammons
HealthPartners, Inc.
P.O. Box 1309
MS 21114A
Minneapolis, MN 55440-1309.

HUDSON HOSPITAL, INC.

THE CITY OF HUDSON, WISCONSIN

By: 

By: 

Its: CFO

Its: Mayor

Dated: 11-22-2016

Dated: 11/28/16

Allocating EMS Cash to Municipalities based on 10-year Contract Contribution

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2008-2017 Contributions	Percentage
<u>EMS Contract Contribution Received.</u>												
City of Hudson	\$ 123,585	\$ 142,380	\$ 148,750	\$ 148,750	\$ 159,875	\$ 169,156	\$ 171,431	\$ 173,238	\$ 180,900	\$ 95,088	\$ 1,595,053	48.22%
Town Of Hudson	82,121	95,172	99,025	99,313	105,875	110,487	110,487	111,111	115,709	60,074	1,043,203	31.54%
Village of North Hudson	38,955	44,400	46,150	46,125	47,150	48,984	49,010	48,906	50,828	26,299	472,644	14.29%
Troy Township	15,677	17,952	18,837	18,863	19,463	20,293	20,618	20,800	22,046	11,914	196,695	5.95%
Total Contract Contributions	260,337	299,904	312,762	313,050	332,363	348,920	351,546	354,055	369,482	193,375	3,307,594	100%
<u>% of Contract Contribution</u>												
City of Hudson	47.47%	47.48%	47.56%	47.52%	48.10%	48.48%	48.76%	48.93%	48.96%	49.17%		
Town Of Hudson	31.54%	31.73%	31.66%	31.72%	31.86%	31.67%	31.43%	31.38%	31.32%	31.07%		
Village of North Hudson	14.96%	14.80%	14.76%	14.73%	14.19%	14.04%	13.94%	13.81%	13.76%	13.60%		
Troy Township	6.02%	5.99%	6.02%	6.03%	5.86%	5.82%	5.86%	5.87%	5.97%	6.16%		
	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%		