



NORTHFIELD CITY + HOSPITAL PLAYBOOK APPENDIX

PURPOSE

Facilitate a strong working relationship between the city and hospital

RECOMMENDED BY

City / Hospital
Governance Committee
December 2020

APPROVED BY

City Council XX/XX/2021
NH+C Board XX/XX/2021

APPENDIX

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SECTION 1: Introduction

SECTION 1 - EXHIBIT A

05/18

City / Hospital Governance Committee

Purpose

Establish a temporary City/Hospital Committee to explore best practice around governance models/practices for a stronger working relationship between NH+C and the City.

Deliverables

- ☐ Provide findings and recommendations for governance and related issues that will build a stronger working relationship between the City Council and the NH+C Board.
- ☐ Ensure that there is good communication, consideration of process for authority reserved by the City, and thoughtful understanding about the critical issues of both entities.
- ☐ Ensure that the strategic priorities of each entity are well understood and look for ways to leverage our efforts.
- ☐ Ensure that the relationship acknowledges the role of the City and NH+C Board as identified in governing documents such as the City Charter, city ordinances, and NH+C Bylaws.

Guiding Principles

- ☐ Both organizations are committed to:
 - o Protect the health and healthcare of our citizens
 - o Leverage the best of both groups
 - o Mutual respect
 - o Create a strong hospital that is around for the long term

Timeline and Structure

The Committee would develop findings and recommendations within 6 months.

A subset of the City Council and the NH+C Board will come together as a joint committee monthly in 2018 until the review is completed as determined by the representatives (additional or special meetings may be called as appropriate).

The Mayor and NH+C Board Chair will make appointments, City Council confirms.

SECTION 1 - EXHIBIT B

Details of the Value Statements

Excellent Care

We define an excellence of care as having the following features:

- High quality care in relationship with patients where doctors, nurses, and staff are knowledgeable, friendly, and attentive
- Innovation, creativity, flexibility, and performance that is always advancing and improving
- Continuous quality improvement in all our services
- Expanding the definition of health care to include broad life questions about our residents
 - Are they working?
 - Are they happy?
 - Do they have good opportunities to live healthy lives?
 - Are they getting quality care?
- Measuring what people say about the NH+C System so that we have word of mouth advocacy from those who have had a good experience
- Measuring patient outcomes from the quality of our care
- Providing an environment in which medical professionals feel able to fulfill their professional aspirations for quality patient care.

Focus on the Community's Needs

As a local enterprise, the NH+C System should be managed in a way that focuses on the advantages of local control. While many private entities are considering and/or have implemented plans to distribute health care across a wider region, our NH+C System should be evaluating whether its work and strategic plans first benefit the citizens of Northfield and extending that evaluation to the broader service area.

The NH+C System should, as a public entity, have a greater responsibility than a private entity to be tuned into the needs of the community that may not align with profit.

Success in achieving a local community focus should go hand-in-hand with developing a sense of loyalty and belonging among residents to their local health care system. We want the community to incorporate the spirit of the saying “I’m them” when they consider the choice of NH+C System as their service provider. We want the NH+C System to become the “intuitive first choice” of residents for local health care.

A leadership and engagement position such as this can be achieved in many ways: via the high quality of care detailed in our first set of values, through NH+C System branding initiatives, support of programs and services of the City of Northfield, and support of health-building programs outside of our city ownership structure.

We want to support and proactively address the need for healthy lifestyles – mental, physical, and financial – before our system has to react to the need for health care. This requires that we recognize and address the fact that many in our community are without sufficient resources to acquire that care in traditional ways, either proactively or reactively.

Finally, in the same way that we wish for local residents to grow in their sense of belonging to and ownership of the success of health care in our area, the administration and board of directors of the NH+C System must always recognize that they are part of the City of Northfield political economy – honoring and acting with the “I’m them” mindset in all dealings with the City Council and city administration. Such a mindset requires deference to these Value Statements, accountability to elected bodies, and a strategic planning process that considers the long-term impact of decisions on the health of both local residents and the City of Northfield as a political entity.

Good Relationship Between the City Council and the NH+C System

The board of directors, administrative staff, and medical staff of the NH+C System must be able to trust that the City of Northfield will consistently honor the values expressed in this document for the protection of high-quality health care.

Representatives of both the City of Northfield and the NH+C System should show compassion and respect for the different challenges and requirements of their specific roles, including the sometimes-conflicting needs for discrete strategic, competitive planning by the NH+C System board of directors and the desire for public transparency by elected officials.

Finally, both should seek coordinated and collaborative efforts that result in mutual benefits.

Sound Financials and Operations

The financial and operational management of the NH+C should be one that fosters:

- Organizational sustainability – a focus on the long-term endurance as a service provider
- A competitive position in the marketplace
- Financial soundness and strength
- Good stewardship of its physical and financial resources
- Advancement and improvement of its financial performance
- A consistent focus on ways that it can gain more market share
- Profitability in a manner that reflects an appropriate return for the risks taken in pursuit of these values
- A broad understanding of the enterprise and strategic risks that face the NH+C System and plans to address or respond to them
- The implementation of best corporate governance practices by its board of directors

In addition, the board of directors and administration of the NH+C System should regularly and publicly report quantifiable performance measures including:

- Standard financial metrics for hospital and clinic system
- An accounting for the amount of free, charity care provided to the community
- An accounting of the taxes paid locally, to the state, and nationally
- An accounting for support of external programs in the community
- An accounting of health care outcomes for our community.

As some elements of financial and operational success of a community hospital and clinic system are difficult to assess with data, in its regular reporting to the City of Northfield, the board of directors and administration of the NH+C System should also provide a detailed, qualitative narrative of these elements in relationship to the Value Statements.

Best Practice Governance and Communication

Adherence to best corporate governance practices at all levels of the NH+C board is essential for trust, long-term sustainability, and excellent performance. The financial magnitude of the NH+C operations demands no less. The City of Northfield and the NH+C will provide onboarding training to new directors, so they understand the ownership structure, Value Statements, and best practice corporate governance.

Through both regular reporting and, as requested by the City Council, the board of directors and the administration of the NH+C System should always be ready to discuss what they are doing. At a minimum, the Chief Executive Officer and the Chair of the Board of Directors of the NH+C System are expected to provide these reports annually to a meeting of the City Council.

The City is also committed to defining a clear process of communication and approval for all of its reserve powers. Goals of this enhanced communication focus include:

- A better understanding of the needs of the respective entities
- A better understanding of the health care environment
- Clear articulation of the values of the City so that we have shared expectations
- Clarity of process and consistent, reliable way for NH+C to communicate with colleagues at the City prospectively
- Specific expectations on reports from NH+C
- Understanding the handoffs that take place with empowerment and their risks (agency issues)
- Ensuring that city staff feel like they have strong and open lines of communication with hospital staff.

SECTION 2: Leadership Roles + Responsibilities

SECTION 2 - EXHIBIT C

NORTHFIELD CITY CHARTER

CHAPTER FOURTEEN. - CITY HOSPITALS

Section 14.1. - Hospitals and Related Facilities.

The city may own and operate hospitals, convalescent homes, nursing homes, and related medical facilities including medical clinics. Related medical facilities including medical clinics may be owned or operated by the city only if they are found to be necessary for or in aid of the delivery of health care services by the city's hospitals.

(Ord. No. 545, § 14.1, 1-2-1990; Ord. No. 739, § 14.1, 11-6-2000)

Section 14.2. - Hospital Board.

The control and management of all hospitals, convalescent homes, nursing homes, and related medical facilities including medical clinics, now or hereafter owned and operated by the City of Northfield shall be committed to a hospital board consisting of seven (7), eight (8) or nine (9) members as determined by the council. The members shall be residents of the Northfield School District with no more than two members residing outside the corporate limits of the City of Northfield. The members shall not be paid a salary for their services, but shall receive actual expenses while on business of the board. No member of said board shall be an employee of the Northfield City Hospital. The appointments to the board shall be made by the mayor, subject to confirmation by a majority vote of the city council. The members shall be appointed for three-year terms. The maximum number of consecutive terms shall be three (3). The members shall be eligible for reappointment after a period of one (1) year off the board. When the size of the board is changed, the terms of the new appointees may be less than three (3) years. Vacancies in the board shall be filled by appointment and shall be confirmed in like manner for the remainder of the unexpired term.

(Ord. No. 739, § 14.2, 11-6-2000)

Section 14.3. - Meetings and Offices.

The board shall hold regular meetings at least once each month and a majority of the members shall constitute a quorum at any meeting. At the first regular meeting in February, the board shall elect from its members a chairperson and vice-chairperson. It shall also elect a secretary-treasurer who need not necessarily be from the membership of the board. The officers shall have such duties as the board shall prescribe and shall hold their offices until their successor are appointed and qualified.

(Ord. No. 739, § 14.3, 11-6-2000)

Section 14.4. - Powers.

The board shall have such powers as stated by ordinance. Nothing in this Charter shall be construed to vest any power in the board to construct any additional hospitals or additions to hospitals, convalescent homes or nursing homes, related medical facilities including medical clinics, or appurtenant structures, to buy or sell any of the above, or to levy or impose taxes in the City of Northfield, such powers to be in the city council.

(Ord. No. 739, § 14.4, 11-6-2000; Ord. No. 781, 3-17-2003)

Section 14.5. - Funds.

All funds received from the operations of such hospital or hospitals, convalescent homes, nursing homes, and related medical facilities including medical clinics, and contributions thereto and taxes for such purposes shall be kept in a separate account and used solely for purposes relating to those facilities. The hospital board shall have authority to spend money therefrom but shall comply with the provisions of the Minnesota Uniform Municipal Contracting Law [Minn. Stat. § 471.345].

(Ord. No. 739, § 14.5, 11-6-2000)

Section 14.6. - Reports.

The board shall submit to the city council the annual audit of the city hospital and other reports as requested by the city council.

(Ord. No. 739, § 14.6, 11-6-2000)

SECTION 2 - EXHIBIT D

NORTHFIELD CITY CODE

CHAPTER 2 - ADMINISTRATION, ARTICLE VI. – BOARDS AND COMMISSIONS, DIVISION 2. – HOSPITAL BOARD

Sec. 2-306. - Duties and powers.

- (a) The city hospital board shall have charge of the administration, operation and maintenance of all hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics, now and hereafter owned and operated by the city and may make such rules, regulations and bylaws concerning such hospitals, convalescent homes, nursing homes or related medical facilities as it may deem for the best interest of such hospitals, convalescent homes, nursing homes or related medical facilities. The general powers granted in this subsection shall not be considered to be limited by enumeration of specific powers in this section.
- (b) The board shall have the power to:
 - (1) Hire all necessary employees and fix and pay their compensation;
 - (2) Reimburse officers and employees for expenses necessarily paid or incurred in performance of their duties;
 - (3) Require a bond of any officer or employee and pay the premium thereon;
 - (4) Effect all necessary insurance;
 - (5) Make repairs of hospital, convalescent home, nursing home buildings and related medical facilities including medical clinics, and their contents;
 - (6) Establish and provide for rates and suitable charges for the use of hospitals, convalescent homes or nursing homes and related medical facilities including medical clinics, and for payment and collection of the rates and charges;
 - (7) Purchase all necessary equipment, apparatus and supplies;
 - (8) Receive and accept all donations and contributions for hospital and related purposes that may be made to the city and manage any such gifts that may be in the form of securities or property;
 - (9) Establish such committees as it sees fit; and

- (10) Make rules relating to its own procedure and to the administration, operation and maintenance of hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics.

(Code 1986, § 255:00(1), (2); Ord. No. 779, 2-18-03)

Sec. 2-307. - Authority reserved to city council.

The city council shall have the exclusive authority to:

- (1) Construct any additional hospitals or additions to the present hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics.
- (2) Construct any appurtenant structures.
- (3) Acquire any real property for any hospital or related use.
- (4) Buy or sell any of the above mentioned facilities or property.
- (5) Levy or impose taxes for the operation and maintenance of any part of the hospital system.

(Code 1986, § 255:00(3); Ord. No. 779, 2-18-03)

Secs. 2-308—2-335. - Reserved.

SECTION 2 - EXHIBIT E

CITY COUNCIL RESERVED POWERS

HOSPITAL REAL ESTATE, DEVELOPMENT AND FACILITY EXPANSION PROCEDURAL GUIDELINES

Introduction

This section of the playbook addresses the recommended procedural guidelines that should be followed by the Board of Directors (the “Hospital Board”) of the Northfield Hospital & Clinics (the “Hospital”) and the City Council of the City of Northfield (the “City”) when the Hospital seeks to undertake certain projects related to real estate, development, and facility expansion.

The Hospital is a public hospital owned by and is an instrumentality of the City and is managed by the Hospital Board pursuant to Northfield City Charter (the “Charter”) and Northfield City Code (the “City Code”) as well as applicable law. The Hospital Board has broad authority to administer, operate, and maintain the Hospital, but the powers of the Hospital Board are also limited when it comes to matters of real estate, development, and facility expansion. These types of Hospital projects require the involvement of the City Council pursuant to Charter and City Code. This section details the respective authority of the Hospital Board and City Council regarding Hospital matters, and lays out the recommended procedural guidelines that should be followed for Hospital real estate, development, and facility expansion projects. These procedural guidelines are intended to provide more detailed guidance in order to be compliant with the applicable provisions of the Charter and City Code.

Legal Authority

Charter

Under the City Charter, the City Council is given authority to own and operate hospitals and related facilities, like medical clinics and nursing homes.¹ The Charter stipulates that control and management of City hospitals and related facilities is to be placed with a hospital board.² However, these provisions do not vest the Hospital Board with authority to construct, expand, buy, or sell hospitals or facilities.³ Nor does the Hospital Board have authority under the Charter to levy or impose taxes in the City.⁴ While the Hospital Board is given authority to expend funds collected from the operation of a hospital or related facilities, such funds must be spent in compliance with the Minnesota Uniform Municipal Contracting Law, Minn. Stat. § 471.345, as applicable.⁵ The specific powers the Hospital Board has to fulfill its duties are conferred upon it by ordinance.⁶

City Code of Ordinances

¹ Northfield City Charter, Sec. 14.1

² *Id.*, Sec. 14.2

³ *Id.*, Sec. 14.4

⁴ *Id.*

⁵ Northfield City Charter, Sec. 14.5

⁶ *Id.*, Sec. 14.4

City Code confers power upon the Hospital Board for the “administration, operation and maintenance” of all City owned hospitals and related facilities.⁷

1. Duties and Powers. The Hospital Board is given authority to make rules, regulations and bylaws for hospitals and facilities, and is specifically given the power and duty to:
 - Hire all necessary employees and fix and pay their compensation;
 - Reimburse officers and employees for expenses necessarily paid or incurred in performance of their duties;
 - Require a bond of any officer or employee and pay the premium thereon;
 - Effect all necessary insurance;
 - Make repairs of hospital, convalescent home, nursing home buildings and related medical facilities including medical clinics, and their contents;
 - Establish and provide for rates and suitable charges for the use of hospitals, convalescent homes or nursing homes and related medical facilities including medical clinics, and for payment and collection of the rates and charges;
 - Purchase all necessary equipment, apparatus, and supplies;
 - Receive and accept all donations and contributions for hospital and related purposes that may be made to the city and manage any such gifts that may be in the form of securities or property;
 - Establish such committees as it sees fit; and
 - Make rules relating to its own procedure and to the administration, operation and maintenance of hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics.⁸

This ordinance makes clear that the general powers granted to the Hospital Board are not limited to the powers specifically enumerated⁹ and such powers also include other statutory powers as well.

2. Authority Reserved to City Council. City Code, however, also specifically reserves to the City Council certain authority pertaining to City owned hospitals. Specifically, the City Council has “exclusive authority to:”
 - Construct any additional hospitals or additions to the present hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics;
 - Construct any appurtenant structures;
 - Acquire any real property for any hospital or related use;
 - Buy or sell any of the above mentioned facilities or property; and
 - Levy or impose taxes for the operation and maintenance of any part of the hospital system.¹⁰

⁷ Northfield City Code, Sec. 2-306.

⁸ *Id.*

⁹ *Id.*

¹⁰ Northfield City Code, Sec. 2-307

Discussion

There are three primary types of projects the Hospital Board may wish to engage in that are impacted by the City's above reservation of authority. Namely, these projects generally involve one or more of the following within or outside the corporate limits of the City:

1. Real Estate Transactions. The purchase or sale of real property, including but not limited to land with existing buildings or undeveloped, vacant land;
2. Leases. The lease of buildings or real property by or to the Hospital; and/or
3. Development Projects. The development or expansion of new or existing Hospital facilities or real property otherwise owned or leased by the City/Hospital.

Pursuant to City Code, these projects require the prior approval of the City Council, and the City is required to be a party to such transactions. As a result, at the outset of any of the above projects by the Hospital, the City Administrator and City Attorney need to be consulted administratively in order to formulate and facilitate the process and discuss the possible agreement forms and structure that will be necessary for the proposed transaction/project.

Procedural Guidelines

Below is a discussion of the applicable recommended procedural guidelines that should be followed in each of the above-mentioned project-specific circumstances:

- **PURCHASE OF REAL PROPERTY**

When the Hospital seeks to purchase real property, the following procedural steps are general guidelines to follow:

1. Pre-Purchase Exploratory Phase.
 - a. If applicable, the Hospital CEO invites the City Administrator, Mayor, and identified City Council representatives to Hospital Board committee or Board presentations or updates, including closed meetings, related to pre-purchase exploratory discussions of the proposed real estate transaction, subject to the requirements of the Open Meeting Law, as applicable.¹¹
 - b. Provide background information as applicable at City Administrator and City/Hospital Governance Committee meetings for briefings related to pre-purchase exploration considerations.

¹¹ See Minn. Stat. § 13D.05, Subd. 3(c).

- c. For pre-purchase real estate exploration in the City of Northfield, the Hospital CEO should be familiar with City formally adopted plans that may be applicable for guidance on pre-purchase City considerations. Such plans may include documents such as the City comprehensive plan, land development code, strategic plan and others. Meetings with the City Administrator and City/Hospital Governance Committee are opportunities to clarify these related to any particular area of interest or to receive referrals to appropriate City staff for more details and/or analysis.
- d. The City Administrator shall notify the City Attorney of the Hospital's desire to explore the purchase of real estate and provide updates as appropriate to be aware of potential future engagement on legal work.

2. Purchase Engagement Phase.

- a. The Hospital CEO or COO notifies the City Administrator and City Attorney of the Hospital's desire to purchase real property:
 - i. Notice (via email or phone) should include suggested dates and times for a meeting or call to discuss the matter with the City Administrator and City Attorney;
 - ii. Notice should occur before the Hospital negotiates terms and conditions with the seller or begins drafting agreements for the intended transaction;
 - iii. The discussion at the meeting/call should include a general discussion of the transaction, including but not limited to:
 - 1. Identification of the Seller;
 - 2. Location of the real property;
 - 3. Intended use;
 - 4. Possible agreements needed and form to accomplish the transaction and drafting;
 - 5. Timing of the transaction, including negotiations, drafting and desired closing date;
 - 6. Logistics and timing for City staff review and comment on agreements and other related transaction documents;
 - 7. Logistics and timing of City Council consideration of approval of transaction documents; and
 - 8. Other issues as necessary.
- b. The Hospital CEO or their designee negotiates the purchase agreement and any related documents;
- c. The purchase agreement and any related documents are drafted by the Hospital's legal counsel or alternatively by the City Attorney (If drafted by legal counsel other than the City Attorney, the same shall be provided to the City Attorney for purposes of review for compliance with Section 2-307 of City Code);
- d. Pursuant to Section 2-307 of City Code, the City shall be a signatory to the purchase agreement along with the Hospital and the conveyed fee title through warranty deed shall be in the name of the City;

- e. The Hospital CEO and City Administrator will cooperatively notify the City Council/Hospital Board of the intent to proceed with scheduling actions for a purchase agreement. The notification will include the identification of the seller, location of the real property, intended use and tentative schedule.
 - i. *Closed Meeting Alternative Process Option.* Generally, this option would not be utilized. However, in some circumstances the City Administrator in consultation with the Mayor and the Hospital CEO, may schedule a joint closed meeting with the City Council and Hospital Board related to the purchase of property. This may be done due to significant issues related to terms and conditions or other items that may be raised by the City Administrator, Hospital CEO, or any members of the Council/Hospital Governance Committee related to the consideration of offers or counteroffers for the proposed purchase of property.¹²
- f. The final negotiated purchase agreement and related documents including any provisions required by the City Attorney for compliance with Section 2-307 of City Code are submitted to the Hospital Board for consideration of approval and recommendation to the City Council for final approval;
- g. Subject to the caveat in step j. below, the City Administrator will schedule with staff a City Planning Commission review of the proposed transaction and the Planning Commission will submit its findings to the City Council as to compliance of the proposed purchase with the comprehensive plan;¹³
- h. The Hospital CEO and City Administrator shall coordinate who will draft the City Council resolution for consideration of approval of the purchase agreement and related documents;
- i. The City Council shall consider the drafted resolution, purchase agreement and related documents for approval at a duly noticed meeting of the City Council as determined by the City Administrator in consultation with the Mayor;¹⁴
 - i. *Closed Meeting Alternative Process Option.* Generally, this option would not be utilized. However, in some circumstances the City Administrator in consultation with the Mayor, may schedule a closed meeting to review and discuss terms and conditions of the purchase of property. This may be done due to significant issues related to terms and conditions or other items that may be raised by the City Administrator, Mayor or City Councilors related to the consideration of offers or counteroffers for the proposed purchase of property.¹⁵
- j. If the City Council finds that the proposed purchase has no relationship to the comprehensive plan, the Council may dispense with the requirement for planning Commission review in step g. above by resolution adopted by two-thirds vote;¹⁶
- k. The City Council, through the drafted resolution, shall take the following actions, as applicable:

¹² See Minn. Stat. § 13D.05, Subd. 3(c).

¹³ Minn. Stat. § 462.356, Subd. 2.

¹⁴ Northfield City Charter, Sec. 7.3 Subd.10.

¹⁵ See Minn. Stat. § 13D.05, Subd. 3(c).

¹⁶ Minn. Stat. § 462.356, Subd. 2.

- i. The City Council hereby finds that the proposed purchase of the property by the City and Hospital has no relationship to the City's Comprehensive Plan, and therefore review of the proposed acquisition by the Northfield Planning Commission is not required under Minn. Stat. § 462.356, Subd. 2, and is hereby dispensed with as allowed by that statute.
- ii. The City Council hereby approves the purchase of the Property described in the attached purchase agreement by the City and Northfield Hospital & Clinics.
- iii. The City Council hereby approves the purchase agreement attached to the resolution, as to form, and authorizes and directs the Mayor and City Clerk to execute the purchase agreement substantially in the form hereby approved, allowing any necessary minor or technical changes to the attached documents prior to execution thereof, and such other documents as are necessary to close on the sale of the Property by the City and Hospital from the seller and that the Hospital following closing shall record the requisite instruments of sale, as applicable, in the Office of the County Recorder;
- l. The affirmative vote of at least four (4) members of the City Council is required to approve the purchase and the purchase agreement;¹⁷
- m. The Mayor and City Clerk execute the purchase agreement and related documents. The City Clerk will provide fully executed documents to the Hospital CEO or their designee.
- n. The City Attorney is responsible for separate coding, description and billing to the City of Northfield for all work completed related to the real estate transaction for which the City will seek reimbursement from the Hospital. The City Administrator shall submit an invoice for legal services incurred by the City to the Hospital CEO for all legal work completed and billed following completion of the work. Any appeal of the invoicing of legal services shall first be addressed by the City Administrator. If the appeal to the City Administrator is unresolved, the City Administrator and Hospital CEO shall call a City Council/Hospital Governance Committee meeting to review and advise the City Council for a final determination of appropriate billing.

• **SALE OF REAL PROPERTY**

When the Hospital seeks to sell real property, the following procedural steps should be followed:

- 1. Pre-Sale Exploratory Phase.
 - a. If applicable, the Hospital CEO invites the City Administrator, Mayor and identified City Council representatives to Hospital Board committee or Board presentations or updates, including closed meetings, related to pre-sale exploratory discussions of the proposed real estate transaction, subject to the requirements of the Open Meeting Law, as applicable.¹⁸

¹⁷ Northfield City Charter, Sec. 4.5

¹⁸ See Minn. Stat. § 13D.05, Subd. 3(c).

- b. Provide background information as applicable at City Administrator and City/Hospital Governance Committee meetings for briefings related to pre-sale exploration considerations.
- c. For pre-sale real estate exploration in the City of Northfield, the Hospital CEO should be familiar with City formally adopted plans that may be applicable for guidance on pre-sale City considerations as it relates to the buyer intended use of property to avoid any closing concerns or post sale conflicts. Such plans may include documents such as the City comprehensive plan, land development code, strategic plan and others. Meetings with the City Administrator and City/Hospital Governance Committee are opportunities to clarify these related to any particular area of interest or to receive referrals to appropriate City staff for more details and/or analysis.
- d. The City Administrator shall notify the City Attorney of the Hospital's desire to explore the sale of real estate and provide updates as appropriate to be aware of potential future engagement on legal work.

2. Purchase Engagement Phase.

- a. The Hospital CEO or their designee notifies the City Administrator and City Attorney of the Hospital's desire to sell real property:
 - i. Notice (via email or phone) should include suggested dates and times for a meeting or call to discuss the matter with the City Administrator and City Attorney;
 - ii. Notice should occur before the Hospital negotiates terms and conditions with the buyer or begins drafting agreements for the intended transaction;
 - iii. The discussion at the meeting/call should include a general discussion of the transaction, including but not limited to:
 - 1. Identification of the Buyer;
 - 2. Location of the real property;
 - 3. Reasons for sale;
 - 4. Possible agreements needed and form to accomplish the transaction and drafting;
 - 5. Timing of the transaction, including negotiations, drafting and desired closing date;
 - 6. Logistics and timing for City staff review and comment on agreements and other related transaction documents;
 - 7. Logistics and timing of City Council consideration of approval of transaction documents; and
 - 8. Other issues as necessary.
- b. Hospital staff negotiates the purchase agreement for the sale of Hospital property and any related documents;
- c. The purchase agreement and any related documents are drafted by the Hospital's legal counsel or alternatively by the City Attorney (If drafted by legal counsel other than the City Attorney, the same shall be provided to the City Attorney for purposes of review for compliance with Section 2-307 of City Code);

- d. Pursuant to Section 2-307 of City Code, the City shall be a signatory to the purchase agreement along with the Hospital and the conveyed fee title to the Buyer shall be through quitclaim deed executed by authorized City representatives;
- e. The final negotiated purchase agreement and related documents including any provisions required by the City Attorney for compliance with Section 2-307 of City Code are submitted to the Hospital Board for consideration of approval and recommendation to the City Council for final approval;
 - i. *Closed Meeting Alternative Process Option.* Generally, this option would not be utilized. However, in some circumstances the City Administrator in consultation with the Mayor and the Hospital CEO, may schedule a joint closed meeting with the City Council and Hospital Board related to the sale of property. This may be done due to significant issues related to terms and conditions or other items that may be raised by the City Administrator, Hospital CEO, or any members of the Council/Hospital Board stakeholders related to the consideration of offers or counteroffers for the proposed purchase of property.¹⁹
- f. Subject to the caveat in step j. below, the City Planning Commission review of the proposed transaction and the Planning Commission will submit its findings to the City Council as to compliance of the proposed sale with the comprehensive plan;²⁰
- g. Hospital staff or City staff shall coordinate who will draft the City Council resolution for consideration of approval of the purchase agreement for the sale of real property and related documents;
- h. The City Administrator in consultation with the Mayor shall set a public hearing date for the Council meeting.²¹ The public hearing shall be noticed and held by the City Council on the proposed sale with published notice of the meeting given at least ten days, but not more than thirty days, prior to the City Council public hearing;²²
- i. The City Council shall hold the public hearing on the proposed sale, and after closing the public hearing consider the drafted resolution, purchase agreement and related documents for approval at a duly noticed meeting of the City Council;
- j. If the City Council finds that the proposed purchase has no relationship to the comprehensive plan, the Council may dispense with the requirement for planning Commission review in step f. above by resolution adopted by two-thirds vote;²³
 - i. *Closed Meeting Alternative Process Option.* Generally, this option would not be utilized. However, in some circumstances the City Administrator in consultation with the Mayor and the Hospital CEO, may schedule a closed meeting with the City Council related to the sale of property. This may be done due to significant concerns raised related to terms and conditions or other items that may be raised by the City Administrator, Hospital CEO, or any members of the Council/Hospital Board stakeholders.

¹⁹ See Minn. Stat. § 13D.05, Subd. 3(c).

²⁰ Minn. Stat. § 462.356, Subd. 2.

²¹ Northfield City Charter, Sec. 7.3 Subd.10.

²² Northfield City Charter, Sec. 15.5.

²³ Minn. Stat. § 462.356, Subd. 2.

- k. Following the public hearing, the City Council, through the drafted resolution, shall take the following actions, as applicable:
 - i. The City Council hereby finds that the proposed sale of the property by the City and Hospital has no relationship to the City's Comprehensive Plan, and therefore review of the proposed sale by the Northfield Planning Commission is not required under Minn. Stat. § 462.356, Subd. 2, and is hereby dispensed with as allowed by that statute.
 - ii. The City Council hereby approves the sale of the Property described in the attached purchase agreement by the City and Northfield Hospital & Clinics.
 - iii. The City Council hereby approves the purchase agreement attached to the resolution, as to form, and authorizes and directs the Mayor and City Clerk to execute the purchase agreement substantially in the form hereby approved, allowing any necessary minor or technical changes to the attached documents prior to execution thereof, and such other documents as are necessary to close on the sale of the Property by the City and Hospital to the buyer and that the buyer following closing shall record the requisite instruments of sale, as applicable, in the Office of the County Recorder;
- l. The affirmative vote of at least five (5) members, of the City Council is required to approve the sale and the purchase agreement;²⁴
- m. The Mayor and City Clerk execute the purchase agreement and related documents. The City Clerk will provide fully executed documents to the Hospital CEO or their designee.
- n. The City Attorney is responsible for separate coding, description and billing to the City of Northfield for all work completed related to the real estate transaction for which the City will seek reimbursement from the Hospital. The City Administrator shall submit an invoice for legal services incurred by the City to the Hospital CEO for all legal work completed and billed following completion of the work. Any appeal of the invoicing of legal services shall first be addressed by the City Administrator. If the appeal to the City Administrator is unresolved, the City Administrator and Hospital CEO shall call a City/Hospital Governance Committee meeting to review and advise the City Council for a final determination of appropriate billing.

• **LEASE OF BUILDINGS OR REAL PROPERTY BY OR TO THE HOSPITAL**

When the Hospital seeks to lease buildings or real property, the following procedural steps should be followed:

1. Pre-Lease Exploratory Phase.
 - a. If applicable, the Hospital CEO invites the City Administrator, Mayor, and identified City Council representatives to hospital board committee or board presentations or updates, including related to pre-lease exploratory discussions.
 - b. Provide background information as applicable at City Administrator and City/Hospital Governance Committee meetings for briefings related to pre-lease exploration considerations.

²⁴ Northfield City Charter, Sec. 15.5.

- c. For pre-lease real estate exploration in the City of Northfield, the Hospital CEO should be familiar with City formally adopted plans that may be applicable for guidance on pre-lease City considerations as it relates to the lessor intended use of property to avoid any issues with the intended lease use. Such plans may include documents such as the City comprehensive plan, land development code, strategic plan and others. Meetings with the City Administrator and City/Hospital Governance Committee are opportunities to clarify these related to any particular area of interest or to receive referrals to appropriate City staff for more details and/or analysis.
- d. The City Administrator shall notify the City Attorney of the Hospital's desire to explore the lease of real estate and provide updates as appropriate to be aware of potential future engagement on legal work.

2. Lease Engagement Phase.

- a. The Hospital CEO or their designee notifies the City Administrator and City Attorney of the Hospital's desire to lease a building or real property;
- b. Notice (via email or phone) should include suggested dates and times for a meeting or call to discuss the matter with the City Administrator and City Attorney;
- c. Notice should occur before the Hospital negotiates terms and conditions with the landlord or tenant, as applicable, or begins drafting the lease agreement for the intended transaction;
- d. The discussion at the meeting/call should include a general discussion of the lease arrangement, including but not limited to:
 - i. Identification of the landlord or tenant, as applicable;
 - ii. Location of the building or real property;
 - iii. Reasons for the lease;
 - iv. Possible other agreements in addition to the lease agreement needed and form to accomplish the transaction and drafting;
 - v. Timing of the transaction, including negotiations, drafting and desired lease commencement date;
 - vi. Logistics and timing for City staff review and comment on the lease agreement and other related transaction documents;
 - vii. Logistics and timing of City Council consideration of approval of lease transaction documents; and
 - viii. Other issues as necessary.
- e. Hospital staff negotiates the lease agreement for the lease of buildings or real property and any related documents;
- f. The lease agreement and any related documents are drafted by the Hospital's legal counsel or alternatively by the City Attorney (If drafted by legal counsel other than the City Attorney, the same shall be provided to the City Attorney for purposes of review for compliance with Section 2-307 of City Code);
- g. Pursuant to Section 2-307 of City Code, the City shall be a signatory to the lease agreement along with the Hospital;
- h. The final negotiated lease agreement and related documents including any provisions required by the City Attorney for compliance with Section 2-307 of

City Code are submitted to the Hospital Board for consideration of approval and recommendation to the City Council for final approval;

- i. Hospital staff or City staff shall coordinate who will draft the City Council resolution for consideration of approval of the lease agreement and related documents;
- j. The City Council shall consider the drafted resolution, lease agreement and related documents for approval at a duly noticed meeting of the City Council;
- k. The City Council, through the drafted resolution, shall take the following actions, as applicable:
 - i. The City Council hereby approves the Lease Agreement for _____ *[insert purpose of lease]* located at _____ *[insert address]*, between Northfield Hospital + Clinics and _____ *[insert name of landlord or tenant]* on the terms set forth in the Lease Agreement, attached hereto as Exhibit A, provided that all costs of any kind or nature related to the Lease Agreement shall be entirely paid for with Hospital funds and provided that the terms of the attached Lease Agreement may be modified, terminated or extended in the sole discretion of the Hospital Board so long as this funding requirement is not modified.
 - ii. The City Council hereby further authorizes and directs the Mayor and City Clerk to execute the attached Lease Agreement substantially in the form hereby approved, allowing any necessary minor or technical changes to the attached documents prior to execution thereof;
- l. The affirmative vote of at least four (4) members of the City Council is required to approve the lease agreement;²⁵
- m. The Mayor and City Clerk execute the lease agreement and related documents. The City Clerk will provide fully executed documents to the Hospital CEO or their designee.
- n. The City Attorney is responsible for separate coding, description and billing to the City of Northfield for all work completed related to the leasing transaction for which the City will seek reimbursement from the Hospital. The City Administrator shall submit an invoice for legal services incurred by the City to the Hospital CEO for all legal work completed and billed following completion of the work. Any appeal of the invoicing of legal services shall first be addressed by the City Administrator. If the appeal to the City Administrator is unresolved the City Administrator and Hospital CEO shall call a City Council/Hospital Board stakeholder meeting to review and advise the City Council for a final determination of appropriate billing.

• **DEVELOPMENT OR EXPANSION OF HOSPITAL FACILITIES**

When the Hospital seeks to expand or develop the Hospital or related facilities, the following procedural steps should be followed (Note: the above steps for real estate transactions and leasing may also need to be followed in the event the development project involves the same):

²⁵ Northfield City Charter, Sec. 4.5.

1. Pre-Development or Expansion Exploratory Phase.

- a. If applicable, the Hospital CEO invites the City Administrator, Mayor, and identified City Council representatives to Hospital Board committee or Board presentations or updates, including related to pre-development or expansion exploratory discussions.
- b. Provide background information as applicable at City Administrator and City/Hospital Governance Committee meetings for briefings related to pre-development or expansion exploration considerations.
- c. For pre-development or expansion exploration in the City of Northfield, the Hospital CEO should be familiar with City formally adopted plans that may be applicable for guidance on pre-development or expansion City considerations as it relates to the intended use of property to avoid any issues with the intended use. Such plans may include documents such as the City comprehensive plan, land development code, strategic plan and others. Meetings with the City Administrator and City Council stakeholder meetings are opportunities to clarify these related to any particular area of interest or to receive referrals to appropriate City staff for more details and/or analysis.
- d. The City Administrator shall notify the City Attorney of the Hospital's desire to explore the development or expansion of real estate and provide updates as appropriate to be aware of potential future engagement on legal work.

2. Development or Expansion Engagement Phase.

- a. The Hospital CEO or their designee notifies the City Administrator and City Attorney of the Hospital's desire to expand or develop the Hospital or related facilities:
 - i. Notice (via email or phone) should include suggested dates and times for a meeting or call to discuss the matter with the City Administrator and City Attorney;
 - ii. Notice should occur before the Hospital negotiates terms and conditions with the architects, contractors or developers, etc., as applicable, or begins drafting professional services contracts, constructions contracts, development agreements or other related agreements;
 - iii. The discussion at the meeting/call should include a general discussion of the proposed project, including but not limited to:
 1. Identification of the parties and consultants, as applicable;
 2. Location of the project;
 3. Description of the project;
 4. Identification of City services needs for the project, construction, dedication to the public, and sources of services (e.g., streets, sidewalks, lighting, sewer, water, stormwater, etc.)
 5. Possible agreements needed and forms to accomplish the project (e.g., professional services agreements with architect, engineer or construction manager, construction contracts, construction manager at-risk contracts, AIA forms or other forms, development agreement, stormwater facilities management agreement, etc.);

6. Identification of real estate issues associated with the project (e.g., purchase or sale of property, easements, licenses, ground leases, ownership issues, etc.);
 7. Identification and discussion of competitive bidding requirements and compliance therewith and timing;
 8. Timing of the project, including negotiations of agreements, drafting agreements, design, bidding of contracts, and desired project commencement and completion dates;
 9. Logistics and timing for City staff review and comment on the various agreements and other related transaction documents;
 10. Logistics and timing of City Council consideration of approval of various transaction documents from general concept approval to final approval; and
 11. Other issues as necessary.
- b. Hospital staff negotiates various needed agreements for the project;
 - c. The various agreements and any related documents are drafted by the Hospital's legal counsel or alternatively by the City Attorney (If drafted by legal counsel other than the City Attorney, the same shall be provided to the City Attorney for purposes of review for compliance with Section 2-307 of City Code);
 - d. If a development agreement is needed for a project involving the construction of improvements that will be dedicated to the public (e.g., streets, sidewalk, sewer, water, etc.), the City Attorney shall draft the same on the City template form and the Hospital shall reimburse the City for such cost. Other necessary agreements with the City shall be evaluated on a case-by-case basis as well as the need for City Council action and approval related thereto;
 - e. The project concept is submitted to the Hospital Board for consideration of approval to proceed and recommendation to the City Council for conceptual approval in order for the Hospital to proceed with the design phase of the project;
 - f. Hospital staff or City staff shall coordinate who will draft the City Council resolution for consideration of conceptual approval of the project;
 - g. The City Council shall consider the drafted resolution for conceptual approval at a duly noticed meeting of the City Council;
 - h. The City Council, through the drafted resolution, shall take the following actions, as applicable:
 - i. The City Council hereby grants conceptual approval of the project pursuant to the conditions contained herein.
 - ii. The Hospital shall select an architect and such other professional services, as necessary and as applicable given the structure of the project, to design and manage the construction of the project, and the City Council hereby delegates, authorizes and directs the Hospital, in coordination with and with the prior review by the City Administrator and City Attorney, to execute such contracts, as Owner, on behalf of the City of Northfield using the applicable AIA form contract;

- iii. The Hospital, following preparation and completion of final design and following review and approval thereof by the Hospital Board, shall recommend and submit to the City Council and make a presentation(s) to the City Council regarding the final design for the project prior to the Hospital bidding the same;
- iv. The Hospital, through its retained professional services consultant(s), shall in coordination with and with the prior review by the City Administrator and City Attorney, prepare bidding documents, including construction contract documents to be included with the bidding documents, using the applicable AIA form contract;
- v. Prior to bidding the project in compliance with Minnesota Statutes, Section 471.345, the Hospital shall recommend and submit to the City Council for approval the final form of the construction contract(s) for the project; and
- vi. All costs related to the project shall be entirely paid for with Hospital funds.
- i. Following conceptual approval by the City Council, if the Hospital desires to use a construction manager or construction manager at-risk for design and/or construction management services, the Hospital, in coordination with and with the prior review by the City Administrator and City Attorney, shall execute a contract with its selected professional services contractor using the applicable AIA form agreement between Owner and Construction Manager or Construction Manager At-Risk;
- j. Following conceptual approval by the City Council, as applicable, in coordination with and with the prior review by the City Administrator and City Attorney, the Hospital shall execute a contract for design of the project with its selected professional services contractor/architect using the applicable AIA form agreement between Owner and Architect;
- k. The Hospital shall prepare bidding and construction contract documents in coordination with and with the review by the City Administrator and City Attorney in order to bid the project for construction and shall follow the uniform municipal contracting law for competitive bidding, Minn. Stat. Sec. 471.345;
- l. Hospital staff or City staff shall coordinate who will draft the City Council resolution for consideration of final approval of the project;
- m. The City Council shall consider the drafted resolution for final approval at a duly noticed meeting of the City Council as determined by the City Administrator in consultation with the Mayor²⁶;
- n. The City Council, through the drafted resolution, shall take the following actions, as applicable (the following will need to be adjusted depending on whether there is a general contractor, construction manager, or construction manager at-risk involved with the project):

²⁶ Northfield City Charter, Sec. 7.3 Subd.10.

- i. *[If there is a construction manager at-risk, then the following provision should be included]* The City Council hereby approves, delegates, authorizes and directs the Hospital to execute the contract documents, as Owner, on behalf of the City of Northfield, between the Hospital and _____ *[insert name of construction manager at-risk]* in order for _____ *[insert name of construction manager at-risk]* to serve as the construction manager at-risk, using AIA Document form A____-20____, agreement between Owner and _____, which is attached hereto as Exhibit _____;
- ii. *[If there is a construction manager at-risk, then the following provision should be included]* The City Council hereby delegates, authorizes and directs the Hospital, through the selected construction manager at-risk, to competitively bid all Work on the Project, accept bids as determined by the Hospital for all Work on the Project, award and execute all construction contracts for all Work on the Project, and subsequently assign the awarded construction contracts to the construction manager at-risk if necessary;
- iii. *[If there is a construction manager at-risk, then the following provision should be included]* The City Council hereby approves the construction contract form to be used with the subcontractors who are awarded a contract for Work on the Project using AIA Document A____-20____ agreement between _____ and _____ as contractor, as amended, and the construction contract form with subcontractors is attached hereto as Exhibit _____;
- iv. *[If there is a general contractor, then the following provision should be included instead of a.-d. above]* The City Council hereby approves, delegates, authorizes and directs the Hospital to execute the contract document, as Owner, on behalf of the City of Northfield, between the Hospital and _____ *[insert name of general contractor]* in order for _____ *[insert name of general contractor]* to serve as the general contractor, using AIA Document form A____-20____, agreement between Owner and Contractor, which is attached hereto as Exhibit _____; and
- v. All approvals herein are contingent upon all costs related to the respective contracts and work, and the project, being entirely paid for with Hospital funds.
- o. The affirmative vote of at least four (4) members of the City Council is required to approve the resolution;²⁷
- p. The Mayor and City Clerk execute the contract agreements and related documents. The City Clerk will provide fully executed documents to the Hospital CEO or their designee.

²⁷ Northfield City Charter, Sec. 4.5.

- q. The City Attorney is responsible for separate coding, description and billing to the City of Northfield for all work completed related to the development or expansion transaction for which the City will seek reimbursement from the Hospital. The City Administrator shall submit an invoice for legal services incurred by the City to the Hospital CEO for all legal work completed and billed following completion of the work. Any appeal of the invoicing of legal services shall first be addressed by the City Administrator. If the appeal to the City Administrator is unresolved the City Administrator and Hospital CEO shall call a City/Hospital Governance Committee meeting to review and advise the City Council for a final determination of appropriate billing.

Conclusion

While the City has granted the Hospital Board expansive power for the administration, maintenance, and operation of the Hospital, it has retained for itself specific authority related to real estate, development, and facility expansion matters. When the Hospital seeks to embark on a project of this sort, it must therefore contact the City early in the process, and use the procedural guidelines outlined above.

SECTION 2 – EXHIBIT F

MEMORANDUM OF UNDERSTANDING – CLOSED MEETINGS GUIDELINES

This Memorandum of Understanding (“MOU”) is made by and between the City of Northfield, Minnesota (the “City”) and Northfield Hospitals & Clinics (the “Hospital”); (collectively the “parties”). The parties wish to memorialize their mutual understanding that in some circumstances it is appropriate and compliant with applicable law that City representatives attend closed sessions of the Hospital Board of Directors.

The Hospital is a political subdivision subject to the open meeting requirements set forth in Minn. Stat. § 13D. As such, meetings of the Hospital Board of Directors are open to the public, including representatives of the City and the Mayor’s office. When certain exceptions are met, the Hospital Board of Directors may hold closed meetings. Most often, meetings are closed in order to discuss marketing and strategic considerations related to the Hospital’s status as a competitor within the broader healthcare marketplace.

The City and the Hospital agree that certain closed meeting topics may be of mutual interest. The parties agree that topics of mutual interest may include, for example, Hospital strategic planning, sale or lease of Hospital assets or privatization, development and expansion of Hospital related buildings and structures, real estate transactions, and litigation.

The parties agree that the City may have subject matter expertise and insight on these topics of mutual interest, and that City involvement in closed Hospital Board of Director meetings may be of benefit to the Hospital. As such, the Hospital agrees to invite the City to attend those closed meetings that the Hospital determines would benefit from City involvement. The City recognizes that in order to comply with open meeting requirements, the Hospital must make case-by-case, factual determinations specific to each closed meeting, as to whether City presence is warranted and appropriate. However, the Hospital agrees in good faith to invite the City as subject matter experts in appropriate closed meetings of the Board of Directors.

CITY OF NORTHFIELD

NORTHFIELD HOSPITALS & CLINICS

By: _____
Rhonda Pownell, Its Mayor

By: _____
_____, Its _____

DATE: _____

DATE: _____

By: _____
Lynette Peterson, Its City Clerk

By: _____
_____, Its _____

DATE: _____

DATE: _____

SECTION 3: Communication + Collaboration

SECTION 3 – EXHIBIT G

HOSPITAL BOARD APPOINTMENT PROCESS

It is within the full responsibility, authority and discretion of the Mayor to interview and appoint hospital Board members – and that this city/hospital separation can foster a differentiating strategic advantage as a medical center.

This policy sets forth the process by which the Mayor appoints or reappoints – and are confirmed by the City Council – members of the Hospital Board.

In General

The Hospital Board is subject to the requirements of Chapter 14 of the Northfield City Charter and Chapter 2, Article VI, Division 2 of the Northfield City Code (see pages 8-11 in this Appendix). Some of those provisions are summarized as follows:

- The Hospital Board shall consist of seven, eight or nine members as determined by the City Council. The Board currently consists of nine members.
- The members shall be residents of the Northfield School District with no more than two members residing outside the corporate limits of the City of Northfield.
- No member of the Board shall be an employee of the Hospital.
- The members shall be appointed for three-year terms. The maximum number of consecutive terms shall be three. Northfield City Charter, Section 14.2, sets each term of a Board member at a mandatory period of three years, but does not include language for continuity to a subsequent reappointed term in the event that the preceding three year term has expired. As a result of this lack of term continuity language in the Charter, there could be a short period of time where a term is vacant due to the expiration of a three year term even for a Board member intended for reappointment by the Mayor to serve a subsequent term on the Board.
- The members who have served three consecutive terms shall be eligible for reappointment after a period of one year off the Board.
- The Board holds primary governance responsibilities over the operations of the hospital and related medical services.
- The Board shall have those powers as stated in City Charter and City Code.
- The City Council retains significant reserved governance operational responsibilities in the areas of real estate acquisition, sale and expansions, in addition to serving as the “owner representative,” as a municipal entity.

To maximize success, there is recognized value in maintaining cohesive alignment of the City Council and Hospital Board. Therefore, it may be a strategic advantage to have one or two active City Council members or the Mayor serve as a seated Hospital Board member while they also serve in elected office.

Selection Criteria

The Mayor and City Council recognize the importance of maintaining a Hospital Board that is representative of the City of Northfield. To achieve this, the Mayor will seek information as the Mayor determines necessary or appropriate from the Hospital in advance of Board appointments to guide and advise thought processes and decision making. The Mayor may make appointments considering the following selection criteria, among other factors in the Mayor's discretion:

- Balanced representation of relevant **competencies and skill sets** needed to provide direction and governance to the Hospital (in partnership with hospital via gaps analysis);
- **Distribution of tenure**, seeking a relatively even split between new, middle, and longer-term Board members; and
- **Race and gender** equity.

Conflicts of Interest

We will always need to manage conflicts. Given the restrictions of the City Charter, City Code of Ethics and State law, and the resulting size of the talent pool, occasionally Board members will have conflicts.

Conflicts of interest usually arise when there is the appearance of, or the reality of, using one's position on the Board for personal benefit. Whether it's blatant self-dealing or something more subtle, conflicts of interest are corrosive and need to be managed legally and ethically.

Conflicts of interest are most likely to arise in an individual's business dealings, employment, familial, and property interests. They may be contractually related or non-contractual. The Northfield City Code, Section 2-128, requires that any person who applies or is nominated for public office must publicly disclose, at a minimum, the following:

- 1) The names of all businesses, corporations, companies, firms, partnerships, or other business enterprises, doing business in excess of \$1,000.00 per year with the city, to which such public official is connected as an employee, owner, director, officer, or in which such public official has a financial interest. The term "financial interest" shall be deemed to include ownership of more than ten percent of the stock or proprietary interest in an enterprise doing business with the city, except that mutual funds and retirement plans shall not be subject to disclosure.
- 2) A listing of all real property within city limits or within Greenvale, Waterford, Bridgewater, or Northfield townships, excluding homestead property, in which the official or a partnership of which the official is a member holds a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy,

whether direct or indirect. Any such listing shall indicate the street address in the city or the section, township, range and approximate acreage, whichever applies, wherein the property is located.

- 3) The interest of a spouse or minor child or other member of the immediate household, whether related or not, of any public official shall be considered an interest of the public official for purposes of filing the statement required.

Conflicts of interest typically will be incident based and arise sporadically. When conflicts occur, state law, City Code, and the Hospital Bylaws provide procedures for how to mitigate the conflict in the specific instance and determine whether a conflict may be disqualifying. *See, e.g.,* Minn. Stat. § 317A.255; Minn. Stat. §§ 471.87-.895; Northfield City Code, Section 2-127; Hospital Bylaws, Article II, Section 3.

One approach to managing conflicts of interest is utilizing the “fences concept.” The fences model recognizes it is difficult to anticipate all the things that might raise concerns about an individual to keep them from being considered for a Board position. Alternatively, consensus about what types of obvious or potential conflicts are unacceptable might be a useful model.

For example, the following may be considered outside the fences for consideration on the Hospital Board:

- People employed by the Hospital’s competition or in direct competition themselves
- Individuals who have a spouse or close family member in a leadership position within the medical center
- Sales/marketing people who do significant business with the medical center

There are also opportunities for dialogue between the Hospital and City to proactively manage potential conflicts of interest.

- At the beginning of the Hospital Board recruiting process, the Hospital Board Chair, Vice Chair, Hospital CEO, Mayor, City Council Hospital Representatives, and City Administrator will meet (the Hospital Board Chair and/or Vice Chair are not in this meeting if up for reappointment)
- The Mayor and Hospital CEO connect to provide an update on how early stages of the recruiting process are being managed and reviewing any potential conflicts of interest
- Another check-in with the Mayor and Hospital CEO before final selection.

All Board candidates are asked to make potential conflicts of interest known on both the online application and during the interview process.

Hospital Board Appointment Procedure

The City recognizes that the size, complexity and rapid pace of change in medicine require a sophisticated and dedicated Hospital Board. Many issues the Hospital Board deals with are

technical in nature and can be unfamiliar to persons without a background in health and medical related fields.

For these reasons, longer incumbencies are often beneficial for the Hospital Board because it provides time for Hospital Board members to acquire the knowledge and expertise to independently exercise judgment and discretion needed to direct a leading medical center.

In June of each year, upon conferring with the Mayor, the City Clerk will contact each Hospital Board member whose term will expire on December 31 of the current year to determine if they are interested and willing to be re-appointed. Board members with expiring terms who desire reappointment shall timely fill out and submit an application to the City Clerk. If the Hospital Board member is willing to be re-appointed and has timely submitted an application for such purpose, the Hospital Board Chair, in consultation with the Hospital CEO will provide a recommendation to the Mayor on whether the reappointment should occur based on the incumbent's attendance and performance. When the reappointment involves the Hospital Board Chair, the Mayor will seek similar information from the Hospital CEO and Hospital Board members. The Mayor may directly reappoint the applicant in the Mayor's discretion following confirmation of the City Council, or the Mayor may otherwise follow the application process outlined later in this section.

Gaps Analysis

By the end of July of each year, the Hospital Board and CEO shall provide the Mayor with a gaps analysis, which essentially begins the Board member recruiting process. The gaps analysis generally contains the following information:

- Overview of current state of Hospital Board
- Current members, service tenure distribution, skills/sector represented
- Gender / race mix
- Identified gaps / desired future state / recommended skill sets and competencies
- Profiles of candidates and/or disciplines to consider in the recruitment process
- Reappointment considerations (ie, who is up for reappointment, measurements of good standing, etc.)
- Relevant data from annual Hospital Board self-assessment providing objective measurements to substantiate good standing (ie, attendance, engagement, follow through on commitments, extracurriculars, committee work, Board leadership, etc.)

After reviewing the written gaps analysis, the Mayor schedules a meeting with the Hospital Board chair*, Vice Chair*, Hospital CEO, Mayor, City Council Hospital Representatives, and City Administrator to:

- Review and discuss the gaps analysis
- Share names of any potential Board candidates with Mayor
- Offer names of Hospital Board members for potential inclusion on interview committee
- Discuss any potential conflicts of interest
- Discuss communication and timeline between hospital and city throughout recruitment process

*If the Hospital Board Chair or Vice Chair is up for reappointment, then they shall not attend the meeting.

Recruitment of Board Members

- On July 1st, the City Clerk will ensure that a notice is placed in at least one edition of the Northfield News, on the City of Northfield website noting the application process and other relevant information.
- It is the goal of the city to attract the best and brightest to serve on the Hospital Board. Therefore, the city is always seeking names of qualified candidates. Other approaches to recruiting Hospital Board members may include, among others:
 - Retaining an executive search firm or recruiter, if needed, especially if certain skills or attributes are proving difficult to find
 - Inviting anyone on the Hospital Board or administration to forward names of potential candidates
 - The direct efforts of the Mayor and community members
 - Posting information about Hospital Board openings on the Northfield News website
 - Revisiting previous Board applicants who may have been qualified.

Interview Committee & Decision About Appointments

- The Mayor, and a small committee of advisory members of the Mayor's choosing that may include a mix of city councilors, Hospital Board or staff members, city staff or community leaders, will review all applications and interview prospective candidates.
- Multiple considerations for candidates will be taken into account including the gaps analysis, the selection criteria listed above and the candidate's willingness and ability to carry out the duties of a Hospital Board member.
- Interview committee members are given the following preparation materials:
 - Gaps analysis from hospital (which incorporates applicable selection criteria)
 - Strategic plan from hospital
 - Conflict of interest guidelines
 - Board and commission application form
 - Summary of expectations for Hospital Board members (ie, Hospital Board member job description)
- All applicants will be given a copy of the City Hospital Governance Playbook and Hospital Board Member duties description.
- A direct ask about potential conflicts of interest is incorporated into all candidate interviews.
- The Mayor will make a recommendation for appointment to the full City Council.
- This process will be undertaken in a timely fashion to ensure that new Hospital Board members are appointed and confirmed for office by the end of October, or as soon as practicable based on the circumstances.

A vacancy resulting from resignation of a Hospital Board member or other reason during a term shall be filled through normal protocols, except that the process will be undertaken in a timely fashion to minimize the duration of a vacancy.

An individual filling a partial term shall be eligible for 3 additional full terms.

City Council Members on Hospital Board

The City and Hospital recognize the value in having City representation on the Hospital Board as a positive connection point between the two entities and strategic collaboration. It is a matter of expectation to have 1-2 City Council members serving on the Hospital Board – and routine to involve the Mayor and City Administrator in Hospital strategy sessions, including closed meetings of the Hospital Board.

Given the importance of having diverse skillsets on the Hospital Board, it is recommended that City representation on the Hospital Board not exceed two members of the City Council. City Council members shall not serve as officers of the Hospital Board.

City Council member appointments to the Hospital Board shall align with their City Council office terms. For example, if a City Council member does not run again or is not re-elected, then that person rotates off the Hospital Board effective the date their term in elected office ends, even where the three year Board term has not yet expired. In such event, the Board term becomes vacant effective the date the term in elected office ends and shall remain vacant until a successor is appointed by the Mayor and confirmed by the City Council.

SECTION 3 – EXHIBIT H

DUTIES OF HOSPITAL BOARD MEMBERS

12/20

AUTHORITY, STRUCTURE AND BOARD MEMBER DESCRIPTION

NORTHFIELD HOSPITAL + CLINICS BOARD

I. Authority

The City of Northfield is authorized to operate a hospital and related services by Chapter 14 of the Northfield City Charter, a copy of which is appended to this document. Under the Charter, the hospital is to be governed by a Board (the “Board”) with 7-9 members, all of whom must reside within the Northfield City limits, except that two may be outside of those limits but within the Northfield School District. The Charter gives the Northfield Hospital Board the authority to make all operating decisions for the hospital except for the lease, purchase or sale of real property, and/or construction thereon, which must be approved by the Northfield City Council, and for the appointment of hospital Board members, which are made by the Mayor and must be confirmed by the Northfield City Council. The Board must meet at least monthly. The Charter provides no taxing authority for the hospital. Change to the City Charter may only be made as proposed by the Northfield Charter Commission and confirmed either by a unanimous vote of the Northfield City Council or by a majority vote of Northfield citizens in a local election.

The hospital Board operates under municipal regulation as established under Minnesota state law, just as does the Northfield City Council. Among other restrictions, this means that all meetings which include a majority of Board members must be noticed in advance, open to the public, and official records must be kept and made available to the press or any member of the public on request. Board meetings may be closed to the press and public for a very limited list of topics covered by state law.

A City Hospital Governance Committee meets regularly to foster a strong city hospital partnership and encourage mutual understanding and collaboration. The full City Hospital Playbook that outlines this relationship in greater detail can be found in the Board portal.

II. Hospital Board Role, Structure, Committees and Meetings

A. Role of the Board

The hospital Board is the governing, policy making body of Northfield Hospital + Clinics (NH+C). Its primary responsibilities are defining and ensuring quality of care, financial oversight, supervision of the President and CEO of NH+C, Board development, and self-evaluation.

B. Board Structure

1. NH+C Board members are proposed by the Mayor and confirmed by the Northfield City Council to a three-year term on the Board. Each Board member may serve up to three terms if reappointed by the Mayor and Council. Partial terms of less than three years do not count toward the term limit. Each year, the Board Governance and Planning Committee reviews Board openings and make-up, confirm continued interest from Board members whose terms are expiring and have not reached the three term limit, and solicits interest from eligible citizens whose experiences and talents would best meet needs that would expand Board's ability to perform its function. Identified individuals are encouraged to apply for a Board position through the City of Northfield and, if willing to serve, are forwarded to the Mayor for consideration.

The City of Northfield Hospital Board Recruitment and Appointment process and timeline is outlined in The City Hospital Playbook. It is within the full responsibility, authority and discretion of the Mayor to interview and appoint Hospital Board members.

2. Board Officers

The Board elects a chairperson, vice-chairperson and secretary/treasurer annually in February. In practice, the Chairperson and Vice-Chairperson have been elected for two years each, with the Vice-Chairperson elected as Chairperson after two years of service. This helps maintain a stable structure for the Board. By Charter, the Secretary/Treasurer need not be a Board member. Board may assign secretary/treasurer duties to NH+C CEO or staff.

The Hospital Chair and Vice Chair serve on the City Hospital Governance Committee along with the Hospital CEO and City Representatives.

3. Board Committees

The Board operates with four committees, each of which has four Board members as committee members. The committees are: Budget and Finance; Community Relations; Quality and Governance and Planning.

The committee chairs are appointed by the Chairman of the Board following a practice of seeking interest to serve from Board membership. Each committee chair then serves as a member of the Governance & Planning Committee.

Committees report their work to the Board as a whole, typically in the Board meeting following the committee meeting. Board committees typically meet quarterly and may call special meetings as needed.

4. Board Meetings

Hospital Board meetings are held monthly, usually on the last Thursday of each month at 6:30 p.m. The schedule is set annually, and may vary to accommodate conflicts, such as Thanksgiving. NH+C provides a dinner at 6:00 p.m., just prior to Board meetings to encourage communication between Board members and with senior staff.

5. Annual Planning Retreat

The Board meets for a full day to review, discuss, and develop strategic planning for NH+C. The meeting is usually held at a conference center away from, but within easy access of, Northfield.

III. Expectations of NH+C Board Members, Self-Evaluation and Time Commitment

A. Expectations of NH+C Board Members and Encouraged Activities

Hospital Board members are expected to attend all Board meetings, the annual planning retreats, meetings of all committees of which they are a member. They are also expected to complete premeeting reading and other preparation (this may be a substantial commitment of time). Continuing education professional development is also encouraged. Gaining healthcare acumen and growing government skills is beneficial to trustees and to the institution.

Minnesota Hospital Association (MHA) offers conferences and continuing education for trustees that are available at least twice per year (typically In January and July).

NH+C Board members may also serve on MHA committees if they choose to and are selected by MHA.

Board members may also participate in other relevant education by coordinating the request with the Board Chair and CEO. Expenses for education are generally reimbursed by the organization.

Board members are also invited to attend other NH+C events, such as the medical staff annual meeting or other special events and celebrations.

The City of Northfield also encourages your attendance at The City's Annual State of the City event each March and the all board and commission meetings in October and April each year.

B. Self-Evaluation

The Board Governance and Planning Committee annually reviews attendance and participation of each Board member at expected events (Board meetings, committee meetings, the planning retreat, and continuing education). If absences are unexcused or excessive, participation is poor, or behavior is questionable, the Board member will be advised of and asked to correct the problem. If the condition continues, the Board member may be asked to resign, or the Mayor may be advised to not reappoint that Board member.

C. Minimum Expected Time Commitment for Board Members

Based on 2 – 2 ½ hours per Board meeting with 1 – 2 hours of preparation, 1 – 1 ½ hours per committee meeting, and 8 hours for the Board Annual Planning Retreat, it is expected that each Board member will spend 50 – 80 hours per year plus 2 – 3 days for conferences in service to NH+C. Board officers and committee chairs will likely have additional commitments of time.

IV. Duties of the NH+C Board and Board Members

A. Duties of the NH+C Board

1. Elect its own chairperson, vice chairperson and secretary/treasurer.
2. Assign Board members to Board committees.
3. Establish and maintain the organization's mission.

4. Act as trustee for the assets and investments of the organization.
5. Select, advise, supervise, and evaluate the NH+C President & CEO.
6. Provide broad direction for the affairs of the organization.
7. Grant physicians hospital medical staff membership and privileges and approve appointment of elected medical staff officers.
8. Ensure that safe, quality medical care is provided through all of the organization's programs and services.
9. Monitor the organization's human resources policies and programs to ensure that employees are treated with fairness and compassion and provided with training and job growth opportunities.
10. Monitor the condition and adequacy of the organization's facilities, and equipment, and approve plans and financing for replacement or new construction or equipment when required.
11. Oversee the financial well-being of the organization.
12. Ensure that the organization complies with EEOC, OSHA, ADA, and other applicable statutes, with the Northfield City Charter, Chapter 14, Hospital, with Northfield City Code, Chapter 2 – Administration, Article VI – Boards and Commissions, Division 2 – Hospital Board, and with the Northfield City + Hospital Playbook and Appendix.
13. Document all findings, conclusions, recommendations, actions, and follow results in a formal written set of minutes.
14. Submit to the Northfield City Council the annual audit of the organization and other reports as requested by the City Council.

B. Duties of Each NH+C Board Member

1. Prepare for Board and committee meetings by whatever study and preparatory work is necessary to deliberate intelligently with co-directors.
2. Attend meetings of the Board and assigned committees.
3. Execute Board assignments on time.
4. Maintain confidentiality and security regarding organization information.

5. Contribute positively to Board discussions, assisting the Board in reaching conclusions, and using expertise to help inform other Board members.
6. Consult with NH+C's President & CEO as requested.
7. Acquire a working knowledge of those functional activities for which he or she has committee assignments.
8. Be alert to new program opportunities and assist the organization on specific programs when requested.
9. Reveal conflicts of interest as they arise in Board deliberations and abstain from Board vote on such matters.
10. Participate in the Board's annual strategic planning retreat(s).
11. Use continuing education to develop a broad knowledge of healthcare, healthcare system, and changes proposed in healthcare delivery by attending relevant education each year. –
12. Attend such other NH+C and MHA events as time permits.

NORTHFIELD CITY CHARTER CHAPTER FOURTEEN - CITY HOSPITALS

Section 14.1. Hospitals and Related Facilities

The city may own and operate hospitals, convalescent homes, nursing homes, and related medical facilities including medical clinics. Related medical facilities including medical clinics may be owned or operated by the city only if they are found to be necessary for or in aid of the delivery of health care services by the city's hospitals.

Section 14.2. Hospital Board

The control and management of all hospitals, convalescent homes, nursing homes, and related medical facilities including medical clinics, now or hereafter owned and operated by the City of Northfield shall be committed to a hospital board consisting of seven (7), eight (8) or nine (9) members as determined by the council. The members shall be residents of the Northfield School District with no more than two members residing outside the corporate limits of the City of Northfield. The members shall not be paid a salary for their services, but shall receive actual expenses while on business of the board. No member of said board shall be an employee of the Northfield City Hospital. The appointments to the board shall be made by the mayor, subject to confirmation by a majority vote of the city council. The members shall be appointed for three-year terms. The maximum number of consecutive terms shall be three (3). The members shall be eligible for reappointment after a period of one (1) year off the board. When the size of the board is changed, the terms of the new appointees may be less than three (3) years. Vacancies in the board shall be filled by appointment and shall be confirmed in like manner for the remainder of the unexpired term.

Section 14.3 Meetings and Offices

The board shall hold regular meetings at least once each month and a majority of the members shall constitute a quorum at any meeting. At the first regular meeting in February, the board shall elect from its members a chairperson and vice-chairperson. It shall also elect a secretary-treasurer who need not necessarily be from the membership of the board. The officers shall have such duties as the board shall prescribe and shall hold their offices until their successor are appointed and qualified.

Section 14.4. Powers

The board shall have such powers as stated by ordinance. Nothing in this charter shall be construed to vest any power in the board to construct any additional hospitals or additions to hospitals, convalescent homes or nursing homes, related medical facilities including medical clinics, or appurtenant structures or to levy or impose taxes in the City of Northfield, such powers to be in the city council.

Section 14.5. Funds

All funds received from the operations of such hospital or hospitals, convalescent homes, nursing homes, and related medical facilities including medical clinics, and contributions thereto and taxes for such purposes shall be kept in a separate account and used solely for purposes relating to those facilities. The hospital board shall have authority to spend money therefrom but shall comply with the provisions of the Minnesota Uniform Municipal Contracting Law.

Section 14.6. Reports

The board shall submit to the city council the annual audit of the city hospital and other reports as requested by the city council.

NORTHFIELD CITY CODE
**CHAPTER 2 - ADMINISTRATION, ARTICLE VI. – BOARDS AND COMMISSIONS, DIVISION 2. –
HOSPITAL BOARD**

Sec. 2-306. - Duties and powers.

- (a) The city hospital board shall have charge of the administration, operation and maintenance of all hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics, now and hereafter owned and operated by the city and may make such rules, regulations and bylaws concerning such hospitals, convalescent homes, nursing homes or related medical facilities as it may deem for the best interest of such hospitals, convalescent homes, nursing homes or related medical facilities. The general powers granted in this subsection shall not be considered to be limited by enumeration of specific powers in this section.
- (b) The board shall have the power to:
 - (1) Hire all necessary employees and fix and pay their compensation;
 - (2) Reimburse officers and employees for expenses necessarily paid or incurred in performance of their duties;
 - (3) Require a bond of any officer or employee and pay the premium thereon;
 - (4) Effect all necessary insurance;
 - (5) Make repairs of hospital, convalescent home, nursing home buildings and related medical facilities including medical clinics, and their contents;
 - (6) Establish and provide for rates and suitable charges for the use of hospitals, convalescent homes or nursing homes and related medical facilities including medical clinics, and for payment and collection of the rates and charges;
 - (7) Purchase all necessary equipment, apparatus and supplies;
 - (8) Receive and accept all donations and contributions for hospital and related purposes that may be made to the city and manage any such gifts that may be in the form of securities or property;
 - (9) Establish such committees as it sees fit; and
 - (10) Make rules relating to its own procedure and to the administration, operation and maintenance of hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics.

(Code 1986, § 255:00(1), (2); Ord. No. 779, 2-18-03)

Sec. 2-307. - Authority reserved to city council.

The city council shall have the exclusive authority to:

- (1) Construct any additional hospitals or additions to the present hospitals, convalescent homes, nursing homes and related medical facilities including medical clinics.
- (2) Construct any appurtenant structures.
- (3) Acquire any real property for any hospital or related use.

- (4) Buy or sell any of the above mentioned facilities or property.
- (5) Levy or impose taxes for the operation and maintenance of any part of the hospital system.

(Code 1986, § 255:00(3); Ord. No. 779, 2-18-03)