

SENATE
STATE OF MINNESOTA
NINETY-THIRD SESSION

S.F. No. 5507

(SENATE AUTHORS: DZIEDZIC, Wiklund and Klein)		
DATE	D-PG	OFFICIAL STATUS
05/02/2024	15819	Introduction and first reading
		Referred to State and Local Government and Veterans
05/07/2024	16461	Author added Klein

1.1

A bill for an act

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relating to local government; modifying provisions governing the Hennepin

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Healthcare System, Inc.; amending Minnesota Statutes 2022, sections 383B.908,

1.4

subdivision 7, by adding a subdivision; 383B.922.

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BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

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Section 1. Minnesota Statutes 2022, section 383B.908, subdivision 7, is amended to read:

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Subd. 7. **Dissolution or reorganization of corporation.** (a) The county board shall

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retain the right, upon a finding of malfeasance of the corporate board, to dissolve the

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corporation, reorganize the corporation, or remove the entire corporate board in order to

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resume management of Hennepin County Medical Center upon a two-thirds vote of the

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entire county board. The county board must comply with subdivision 8 before taking any

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action to dissolve the corporation, reorganize the corporation, or remove the entire corporate

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board.

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(b) For purposes of this subdivision and subdivision 8, malfeasance includes but is not

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limited to breach of fiduciary duty, accounting fraud, conflict of interest, antitrust violation,

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bribery, corruption, failure to comply with legal obligations, gross negligence or misconduct,

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serious violation of ethical duties, or violation of a judicial or administrative order.

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Sec. 2. Minnesota Statutes 2022, section 383B.908, is amended by adding a subdivision

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to read:

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Subd. 8. **Investigation.** (a) The county board must conduct a formal investigation into

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the alleged malfeasance of the corporate board before taking any action to dissolve the

corporation, reorganize the corporation, or remove the entire corporate board. As part of the formal investigation, the county board must:

(1) at least 90 business days before taking any action to dissolve the corporation, reorganize the corporation, or remove the entire corporate board, provide notice to the corporate board and to the commissioner of health of the county board's proposed action and identify the specific acts of malfeasance that constitute grounds for the proposed action;

(2) accept a response from the corporate board, within 45 business days after the corporate board receives the notice and information required under clause (1), to the allegations of malfeasance. In its response, the corporate board may present any mitigating factors or defenses to the allegations;

(3) accept an analysis, if performed, from the commissioner of health authorized under paragraph (c), within 45 business days after the commissioner receives the notice and information under clause (1); and

(4) assess the legal and practical implications of the proposed action, including how the proposed action would affect obligations to creditors, existing contracts, outstanding bond obligations, accredited programs and services, research and education commitments, reimbursements, regulatory requirements, and critical statewide services such as the Minnesota Poison Control System and the emergency preparedness resources hub.

(b) Following the formal investigation, the county board must evaluate the results of the investigation and may implement the proposed action only if it finds there is sufficient evidence to support a finding of malfeasance by the corporate board to warrant taking the proposed action.

(c) The commissioner of health may, at the request of a member of the corporate board or on the commissioner's initiative, provide the county board with an analysis of the effects the proposed action may have on continued access to health care by the community served by the corporation and on the health of the community served by the corporation.

Sec. 3. Minnesota Statutes 2022, section 383B.922, is amended to read:

383B.922 LEGAL COUNSEL; GOVERNMENT RELATIONS PERSONNEL.

Subdivision 1. Hennepin County attorney. With respect to the provisions of section 388.051, the corporation shall be deemed a part of Hennepin County for purposes of the Hennepin County attorney serving as legal counsel to the corporation; provided, however, that the corporation and the Hennepin County attorney may enter into an arrangement with respect to the hiring of outside counsel on behalf of the corporation. The corporation shall

3.1 reimburse the county for legal services provided by the Hennepin County attorney, including
3.2 any and all costs, and the reimbursement shall be credited to the budget of the Hennepin
3.3 County attorney.

3.4 Subd. 2. **Separate legal counsel and government relations personnel.** Notwithstanding
3.5 subdivision 1, the corporation may opt to hire separate legal counsel and government relations
3.6 personnel for legal and legislative matters, and approval from the county board or the
3.7 Hennepin County attorney is not required.