383B.908 LIMITATIONS UPON CORPORATE POWERS; RESERVED POWERS.

Subdivision 1. **Powers reserved to county.** Notwithstanding the authority granted to the board in section 383B.907, the county board shall retain specific controls over the corporation's mission, ability to incur indebtedness through the county, indigent care, and governance. These county board controls must be specified in the bylaws or other transactional documents, which shall be approved by the county board.

Subd. 2. **Restriction on disposition of assets.** The corporation shall not have the power to dissolve, merge, consolidate, transfer, liquidate, or otherwise dispose of or distribute all, or substantially all, of the corporation's assets without a county board resolution approved by a majority of the county board.

Subd. 3. **Distribution of assets upon dissolution.** In the event of the dissolution of the corporation, the net assets of the corporation shall be distributed to the county for public purposes.

Subd. 4. **Compensation and payment limitations.** No part of the net earnings and assets of the corporation shall inure to the benefit of any private individual, nor shall any part of the income or assets of the corporation be distributed to or divided among any private individuals as dividends or otherwise.

Subd. 5. **Financial oversight.** The county board must approve the annual budget of the corporation as presented by the corporate board and shall receive an annual audited financial statement. The annual budget shall address how efficiencies and revenues contribute to stabilize or reduce county liabilities for indigent care. The county board shall also retain the right:

(1) to conduct an independent audit of the finances of the corporation; and

(2) in sustained conditions of financial distress, to modify the corporation's annual budget as needed to respond to the corporation's financial condition while preserving access to essential health services provided by HCMC.

Subd. 6. **County services.** The county board shall retain the authority to require the corporation to provide other health care or health care related services as the county board determines to be in the best interest of the county. The corporation shall provide these services as long as the county board provides funds to pay for the services. Payment to the corporation for the services shall be as agreed between the corporation and the county board.

Subd. 7. **Dissolution or reorganization of corporation.** The county board shall retain the right to dissolve the corporation, reorganize the corporation, or remove the entire corporate board in order to resume management of and financial oversight over Hennepin County Medical Center upon a two-thirds vote of the entire county board if:

(1) the corporation experiences sustained conditions of financial distress, such as but not limited to the corporation meeting at least two of the following conditions:

(i) a negative operating margin of more than $30,000,000 for two consecutive years;

(ii) a decline in net assets of more than ten percent in the most recent year; or

(iii) a negative cash flow margin of more than ten percent in the most recent year;

(2) prior to taking any steps to dissolve the corporation, reorganize the corporation, or remove the entire corporate board, the county board and the corporate board engage in mediation in good faith. The attorney general may select an individual to serve as a mediator. In the mediation, the parties must attempt to address

the corporation's conditions of financial distress through means other than dissolving the corporation, reorganizing the corporation, or removing the entire corporate board; and

(3) the county board and corporate board are not able to agree on another means to address the corporation's financial distress.

History: *2005 c 125 art 1 s 8,29; 1Sp2005 c 7 s 34; 2026 c 127 art 3 s 10,11*