Execution Copy

SERVICES PURCHASE AGREEMENT

Dated this 22nd day of February, 2012.

BETWEEN:

THE GOVERNMENT OF MANITOBA
as represented by
THE MINISTER OF HEALTH,

(called "MH"),

OF THE FIRST PART,

- and -

SHOCK TRAUMA AIR RESCUE SOCIETY

(called "STARS"),

OF THE SECOND PART.

WHEREAS MH has the authority to provide or arrange for the provision of health services in any area of the Province of Manitoba, whether or not health services are being provided in that area by a municipality, regional health authority, health care organization, health corporation or any other person and to do any other thing that MH considers necessary to promote and ensure the provision of health services in the Province and to enter into agreements in order to do so;

AND WHEREAS STARS is a supplier of emergency medical services related to, amongst other things, the medical care and Rotary Air Ambulance transportation of Critical and Emergent Care Patients and wishes to provide such services to MH;

AND WHEREAS MH wishes to retain the services of STARS upon the terms and conditions set forth below;

AND WHEREAS STARS is willing to provide such services and MH is willing to provide funding for the provision of such services on the terms and conditions hereinafter set forth;

AND WHEREAS the Parties are desirous of confirming their respective rights and obligations in writing and providing a method for the effective implementation of this Agreement;

NOW THEREFORE MH and STARS agree as follows:

SECTION 1 - TERM OF THIS AGREEMENT/DEFINITIONS/INTERPRETATION

1(1) This Agreement shall become effective on April 1, 2012. Subject to the remainder of this Section 1(1), the term (the "**Term**") of this Agreement shall commence on such effective date and shall end on March 31, 2022. This Agreement shall automatically thereafter be renewed for successive five (5) year periods, provided that, in the case of any such renewal period, the Parties have agreed in writing to each such renewal at least 90 days prior to the expiry of the then current period. Each renewal of the Term may include mutually agreed revisions to the Services Funding payable to STARS herein as well as any other terms or conditions hereof. Failure of the Parties to have reached an agreement on any such renewal at least 90 days prior to the expiry of the then current period (or such later date as the Parties may agree in writing) shall result in the termination of this Agreement at the end of the then current period.

1(2) In this Agreement:

"**Accreditation**" means certification by the CAMTS in meeting quality accreditation standards set forth by the CAMTS together with all additional medical and aviation accreditations required to be maintained by STARS from time to time in order to fulfil its obligations hereunder.

"**Affiliate**" means any affiliated body corporate as defined in the *Canada Business Corporations Act*, as amended, or any partnership or unincorporated association in which a Party or its Affiliates has a controlling interest. The term "controlling interest" means the power generally to direct the management and policies of a person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise. For the purposes of this Agreement, MTCC shall be deemed to be an Affiliate of MH.

"**Agreement**", "**this Agreement**", "**hereto**", "**herein**", "**hereby**", "**hereunder**", "**hereof**" and similar expressions refer to this Agreement and not to any particular Article, Section, Subsection, subdivision or portion hereof and include reference to the Schedules hereof.

"**Air Crew(s)**" means qualified and accredited pilots and other operational personnel as employed or contracted by STARS to carry out the operation of the Rotary Air Ambulances pursuant hereto.

"**Annual Budget**" has the meaning set out in Section 4(7).

"**Arbitrable Dispute**" has the meaning set out in Section 20(3).

"**Budget Reconciliation Dates**" has the meaning set out in Section 4(7).

"**Business Day**" means any day other than a Saturday, Sunday or a statutory holiday in Alberta or Manitoba.

"**CAMTS**" means the Commission on Accreditation of Medical Transport Systems, a non-profit organization providing a process of voluntary accreditation through which rotary and fixed wing or ground critical care medical transport services can be certified to be substantially compliant with quality accreditation standards addressing patient care and safety and quality set by the CAMTS.

"**Critical and Emergent Care Patient(s)**" means a patient that requires critical care if (i) one or more body systems of the patient are abnormal and rapidly deteriorating in association with an acute illness or injury, (ii) intense medical monitoring is required, or (iii) medical interventions are required to correct and stabilize the patient's condition. A patient requires emergent care if, despite the patient's vital signs being within normal parameters and there being no immediate threat to life or function, the patient (i) suffers from acute illness or injury which could result in the rapid deterioration and instability in his or her condition, or (ii) requires intensive medical monitoring with the potential need for acute medical intervention (as per Section 1(2) of *The* Air *Emergency Medical Response System Regulation*).

"**Critical Incident**" means an unintended event that occurs when health services are provided to an individual and results in a consequence to him or her that (a) is serious and undesired, such as death, disability, injury or harm, unplanned admission to hospital or unusual extension of a hospital stay, and (b) does not result from the individual's underlying health condition or from a risk inherent in providing the health services (as per section 53.1 of *The Regional Health Authorities Act*).

"**De-identified Information**" means PHI or PI from which any information that may reasonably be expected to identify an individual has been removed.

"**Donated Funds**" has the meaning set out in Section 4(6).

"**EMS**" means emergency medical services.

"**EMS portfolio**" means the portfolio of MH responsible for air and ground ambulance services and stretcher and medical first response services in Manitoba.

"**FIPPA**" means *The Freedom of Information and Protection of Privacy Act* (Manitoba).

"Fiscal Year" means the period starting April 1 of one year and ending March 31 of the next ensuing year.

"**Foundation**" means Shock Trauma Air Rescue Service Foundation, a company incorporated under Part 9 of the *Companies Act* (Alberta) and which has been or will be extra-provincially registered to carry on business in Manitoba.

"**Law(s)**" means all decrees, statutes, laws, by-laws, rules, orders (including court orders) and regulations in effect from time to time and made or issued by governmental or regulatory authorities or courts having jurisdiction over the Parties or the subject matter of this Agreement and includes, but is not limited to, Privacy Laws and all regulations thereunder and the codes and standards of care of the College of Physicians and Surgeons of Manitoba, the College of Registered Nurses of Manitoba and/or, as applicable, *The Emergency Medical Response and Stretcher Transportation Act*, *The Air Emergency Medical Response System Regulation*, The Evidence Act, The Regional Health Authorities Act, *The Workplace Safety and Health Act*, the *Canada Transportation Act* and the *Aeronautics Act* (Canada) and all regulations thereunder.

"**Losses**" has the meaning set out in Section 8(1).

"**Medical Crew(s)**" means medical, nursing and/or paramedical staff employed or engaged by STARS to carry out the Services.

"**Medical Director**" means the medical director as referred to herein who is to provide services under contract to STARS as contemplated herein.

"**MH Indemnitees**" has the meaning set out in Section 8(1).

"**MH Policies**" means the collective rules, policies, guidelines, by-laws and practices of MH, as amended from time to time, as they may apply to this Agreement.

"**MTCC**" means Manitoba's Medical Transportation Coordination Centre which is located in Brandon, Manitoba, and which will coordinate and dispatch all STARS flights hereunder.

"**Operational Director**" means STARS's Vice-President or designate with responsibility for the operation of the Rotary Air Ambulances as contemplated herein.

"**Party**" shall mean either of MH or STARS and "**Parties**" shall mean MH and STARS collectively. A Party or Parties shall include its or their respective successors and permitted assigns.

"**Personal Health Information**" or "**PHI**" has the meaning given to that term under *The Personal Health Information Act* (Manitoba), and includes:

(a) any information about an identifiable individual's health or health care history;

(b) an individual's name, gender, birth date, personal health identification number (PHIN), hospital number, hospital chart number and any other identifying number, symbol or particular assigned to the individual; and

(c) any other information which, alone or in combination with any information, may lead to the identification of an individual.

"**Personal Information**" or "**PI**" has the meaning given to that term under *The Freedom of Information and Protection of Privacy Act* (Manitoba).

"**PHIA**" means *The Personal Health Information Act* (Manitoba).

"**Privacy Laws**" includes all applicable federal and provincial privacy laws including, without limitation, PHIA, FIPPA and all regulations enacted thereunder, as amended from time to time.

"**Projected Services Funding**" has the meaning set out in Section 4(7).

"**Referral Emergency Physician**" or "**REP**" means a physician contracted by STARS and designated to provide medical control and consultative services for Critical and Emergent Care Patients requiring advice and/or Rotary Air Ambulance transport to or between facilities and to participate in missions involving such Patients as and when needed (and who also might provide one or more similar services to MH regarding fixed wing and/or land ambulance).

"**Registered Nurse**" means a nurse licensed with the College of Registered Nurses of Manitoba in accordance with *The Registered Nurses Act* (Manitoba) and the regulations thereunder, as amended from time to time.

"**Reserve Fund**" has the meaning set out in Section 4(6).

"**Rotary Air Ambulance**" means a rotary wing aircraft operated by STARS and configured for and dedicated to the transportation of, amongst others, Critical and Emergent Care Patients pursuant hereto.

"**Services**" means the services to be performed by STARS in accordance with the terms of this Agreement and the Schedules.

"**Services Funding**" has the meaning set out in Section 4(1).

"**STARS Indemnitees**" has the meaning set out in Section 8(2).

"**STARS Operations in Manitoba Funding Amounts**" has the meaning set out in Section 4(9).

"**STARS Policies**" means the collective rules, policies, guidelines, bylaws and practices of STARS, as amended from time to time, as they may apply to this Agreement.

"**TB Submission**" has the meaning set out in Section 4(7);

"**Technician – Advanced Paramedic**" or "**TAP**" means a paramedic licensed by the Emergency Medical Services Branch of the Province of Manitoba.

"**Term**" has the meaning set out in Section 1(1).

"**Third Party**" and "**Third Parties**" means any person(s), corporation(s), organization(s) or entity/entities other than MH or STARS.

"**Transport Canada Operator Certificate**" means a certificate issued under Part VII of the Canadian Air Regulations that authorizes the holder of the certificate to operate a commercial air service.

1(3) Whenever the singular or masculine is used in this Agreement, it shall be interpreted as including the plural, feminine or neuter wherever the context so requires.

1(4) All Schedules attached hereto form an integral part of this Agreement.

1(5) If there is any inconsistency or conflict between the main body of this Agreement and any of the Schedules hereto, the main body of this Agreement shall govern in so far as such inconsistency is concerned.

SECTION 2 - SERVICES TO BE PROVIDED

2(1) MH retains STARS, and STARS agrees, to provide the Services during the Term as set out herein and in the Schedules and on the terms and conditions set out in this Agreement.

SECTION 3 - FUNDAMENTAL UNDERSTANDINGS AND AGREEMENTS

3(1) The Parties agree as follows:

(a) Critical and Emergent Care Patient Call Flow Process –MTCC shall be the first point of contact for all patients requiring critical or emergent care referral and advice and/or who may require movement by Rotary Air Ambulance provincially or extra-provincially. MTCC shall perform the role of rotary wing/coordination dispatch in connection with STARS providing the Services in accordance with MTCC's operational policies and procedures and in cooperation with the Manitoba regional EMS system. All relevant participants, including a STARS REP, shall be conferenced (at the earliest reasonable opportunity at the beginning of the call) into the dispatch management as coordinated by MTCC except where the auto dispatch protocol is utilized. Except where the auto dispatch protocol is utilized, the STARS REP must agree to all STARS dispatch decisions. The Parties may, by mutual agreement, and from time to time, develop and modify one or more call flow processes. The Services of STARS will

focus primarily on Critical and Emergent Care Patients with MH and STARS being able to agree, from time to time (including, without limitation, agreement as to funding) that STARS participate in connection with the provision by STARS or Third Parties of any other helicopter emergency medical service or search and rescue/charter service as circumstances necessitate. The Parties understand that over time the Parties will work on exploring, developing and implementing a provincially coordinated and integrated referral process for critical and emergent medevacs in which process STARS would be a participant.

(b) Referral Emergency Physicians - Patient Oversight – STARS shall appoint, pay and have on call, at least at all times when STARS is required to be available for duty in Manitoba, one or more REPs to provide medical oversight for Critical and Emergent Care Patients as contemplated herein and STARS shall request of such REPs that their contracts with STARS provide that the REPs shall provide similar medical oversight to MH for other Manitoba air ambulance or ground ambulance services during patient transports and otherwise as may be determined by MH while they are on call for STARS. Each such REP shall be a medical doctor licensed to practice medicine in the Province of Manitoba and shall participate collaboratively with local EMS as may be determined. The REPs when working for STARS, shall provide services to STARS in Manitoba and, as needed in other jurisdictions where STARS operates, provided the REP's have been properly licensed in those other jurisdictions to do so.

(c) Medical Education – As may be agreed between the Parties from time to time, STARS shall organize/facilitate an ongoing critical and emergent care transport medicine education program for rotary wing air medical providers, fixed wing and ground EMS providers, and other rural and critical care providers across the Province based upon and subject to a mutually agreeable funding formula between STARS and MH.

(d) Helipad Infrastructure - STARS agrees to express its views and share its expertise with MH in order to assist in the management/development of helipads by MH or Third Parties. STARS may, from time to time, assist with efforts in respect of donors who have made specific donations towards construction/maintenance of a helipad. STARS shall have no responsibilities in regard to the actual building, maintenance or operation of helipads, except as may be requested by MH and agreed to by STARS from time to time. The location of any helipad shall be in the sole discretion of MH.

(e) Public Trust - The Parties shall collaboratively work to create and maintain public and health system trust and awareness of the referral process for Critical and Emergent Care Patients and others requiring transport by helicopter. The Parties will ensure that they convey their mutual interest

and collaborative respect when describing the Critical and Emergent Care Patient referral process and all other Services agreed to herein.

(f) Timing - The Parties shall use commercially reasonable efforts to commence the provision of Services under the terms of this Agreement in a timely manner. Failure to do so within 60 days of execution of this Agreement (or such later date as the Parties may agree in writing) shall result in the termination of this Agreement at the end of such 60 day period. Initially STARS shall perform the Services on a 12/7 basis with the target to move to a 24/7 basis no later than January 1, 2013 or earlier on not less than eight months prior written agreement as to the earlier date.

(g) Manitoba Board Representatives - During the Term, STARS shall ensure that there is appropriate Manitoba resident representation on the boards of directors of each of STARS and the Foundation including at least one director on each, subject to the Manitoba resident nominees being required to successfully complete the normal course screening/interview process that all directors of STARS and the Foundation complete prior to election. STARS shall use commercially reasonable efforts to ensure these arrangements shall be in place no later than the conclusion of the next annual general meeting of each entity. Insurance coverage shall be provided by STARS and Foundation for such representatives which is consistent with that provided to other directors on those boards.

SECTION 4 - PAYMENTS/BUDGETS/DEFICITS/SURPLUSES/AUDITS

4(1) Services Funding and Payments:

(a) The requirement for payment to be made by MH to STARS for the Services pursuant to this Agreement is subject to an appropriation being passed pursuant to *The Appropriation Act* (Manitoba) by the Legislature of the Province of Manitoba for those Services in the fiscal year of the Government of Manitoba in which the liability to pay arises except where funding is approved by special warrant.

(b) In consideration of the provision by STARS of the Services, subject to the remainder of this Section 4, MH shall pay to STARS such funding (the "**Services Funding**") as set forth in Schedule "B".

(c) There shall be a review of the Services Funding annually in connection with the review and approval of the Annual Budget(s) and upon each successive renewal of the Term as referred to in Section 1(1).

(d) The Parties agree that the Services Funding payable to STARS hereunder in respect of the transport of patients represents fees only for the transport of Manitoba resident patients, including First Nations patients, within Manitoba. In the event that non-Manitoba resident patients and other patients located outside the Province are transported by STARS in

accordance herewith, STARS shall invoice MH within 15 days of the end of each month of the Term for the amount of applicable agreed fees and MH shall pay such invoices within 30 days of receipt of such invoice. In the event of a dispute over any such invoice, MH shall be entitled to refer such dispute to arbitration under Section 20(3) hereof and shall not be obligated to pay the disputed portion of the invoice until such matter is resolved.

(e) It is acknowledged that charter/rescue helicopter response and the funding thereof are outside of the helicopter use contemplated herein, are not included in this Agreement and shall not be the responsibility of STARS. Any fees for these services shall be invoiced to the requesting party.

(f) Any and all taxes arising with respect to the Services Funding and payment thereof shall be borne by the Party responsible therefor at Law.

(g) MH is a listed tax-free entity and is not currently subject to goods and services tax payable under the *Excise Tax Act* (Canada). In the event that MH does become subject to such goods and services tax, MH will advise all Parties of same and STARS will invoice MH accordingly. Notwithstanding the foregoing, under the *Excise Tax Act* (Canada) and related regulations and interpretation bulletins, STARS is eligible for an 83% rebate as an external supplier for eligible expenditures or a 50% charitable rebate for other expenditures. STARS absorbs the 17% of the GST paid for eligible expenditures (i.e. $100 x 5% GST = $5 x 17% = $0.85) or 50% of the GST paid for other expenditures (i.e. $100 x 5% GST = $5 x 50% = $2.50) as an additional cost which will be passed on to MH. Excise Tax Act rules and regulations are subject to legislative change and interpretation by Canada Revenue Agency, accordingly the preceding rebates and examples are subject to change.

4(2) MH's payments (regardless of when they may be paid in accordance with Schedule "B") hereunder for the Services, whether in whole or in part, shall not be deemed nor considered earned by STARS until such time that:

(a) the Services are actually provided and properly reported to MH in accordance herewith; and

(b) STARS fully and properly accounts to MH for its use or application of all payments made by MH and confirms that such payments are not subject to any Third Party interests, whether by security agreement, attachment or otherwise.

4(3) STARS shall use all the payments made under this Agreement exclusively to provide the Services to MH. No capital assets shall be acquired by STARS on

behalf of, or at the cost of, MH except as provided in an Annual Budget or, if not, without the prior written approval of MH.

4(4) Where STARS provides any services or work outside the scope of this Agreement, such services or work shall not be affected by this Agreement and MH has no liability to compensate STARS in respect thereof unless agreed to by the Parties. In the event STARS uses a helicopter with respect to which MH has provided funding to provide any service or work outside the scope of this Agreement, MH shall be reimbursed accordingly for the use of such helicopter.

4(5) This Agreement does not preclude STARS from soliciting, raising or applying for funding from other sources in respect of its Manitoba operations. MH recognizes the principle of STARS to determine the size and scope of such fund-raising activities, however STARS shall report to MH in writing in a mutually agreed format on all such fund-raising activities no less often than annually.

4(6) Reserve Fund

STARS, from time to time, shall establish a reserve fund (the "**Reserve Fund**") to be used as contemplated herein including, without limitation, to be used by mutual agreement of STARS and MH as contemplated in connection with the budget process described in Section 4(7). The Reserve Fund shall be established completely by applying surplus funds which have been secured by way of donor, sponsor, supportive or other similar contributions (including, without limitation, by way of lottery, calendar sales, charity events, etc.) directly to STARS or the Foundation ("**Donated Funds**") in respect of STARS's Manitoba operations which, from time to time, are in excess of those determined by the budget process contemplated in Section 4(7) to be needed to fund such operations. As the Reserve Fund is drawn down, it shall be replenished in the same manner as it was originally funded. In the event that the Reserve Fund at any time exceeds the amount contemplated above, the excess shall be used as determined in the sole discretion of the boards of directors of STARS and the Foundation, as applicable, provided that MH shall be consulted with in advance of such determination so as to be able to express its views as to any contemplated use of such excess. It is acknowledged that STARS may expend donation funds raised for a purpose (innovative or otherwise) on such purpose without the consent of MH except in the situation where the expending of such funds will result in MH having to incur any material ongoing operating costs in relation to such expenditure, in which case the consent of MH shall be required prior to such expenditure being made. It is also acknowledged that such innovative or otherwise donated funds shall not form part of the Reserve Fund and shall be reported through STARS's quarterly combined unaudited financial statements.

4(7) Budgets:

(a) Commencing in 2012, and thereafter annually, STARS shall prepare and submit, in a format as mutually agreed with MH a proposed annual budget (the "**Annual Budget**") by June 30th, or such later date as the Parties may agree in writing, of each year preceding the Fiscal Year of proposed operation for the Services to be provided during that Fiscal Year of proposed operation. The proposed Annual Budget shall then be subject to negotiation between MH and STARS and to an appropriation of funds being made.

(b) Each Annual Budget shall include:

1. a proposed annual capital and operating budget for such year;

2. a three year projected operating and projected capital budget;

3. projected gross donations (and projected expenses to raise such donations) to be raised by STARS and the Foundation in respect of the Manitoba operations in such year;

4. projected MH Services Funding ("**Projected Services Funding**");

5. lease or other revenue available to reduce operating costs; and

6. projected size and uses of the Reserve Fund.

(c) By June 30, or such later date as the parties may agree, of the Fiscal Year of proposed operation, final approval of the Annual Budget for such Fiscal Year of proposed operation shall be provided by MH to STARS, but only subject to such Annual Budget having been passed, pursuant to *The Appropriation Act*, by the Legislature of the Province of Manitoba. If so passed, MH shall thereafter provide STARS with a funding letter setting forth the amount of the approved STARS Annual Budget that shall be included in the provincial budget for that Fiscal Year of proposed operation. Until the receipt of such funding letter, STARS shall provide the same level of Service as was provided in the previous Fiscal Year and STARS shall be paid based on the previous Fiscal Year's Annual Budget or as otherwise agreed by the Parties. For the Fiscal Year 2012/13 STARS shall be paid based on a certain approved Treasury Board of Manitoba submission bearing reference number TBS-11-112, (the "**TB Submission**") which has been agreed to by both MH and STARS. Any changes proposed to the Annual Budget, once it has been approved by the Parties and passed pursuant to *The Appropriations Act*, or to the TB Submission must be mutually agreed upon in writing by MH and STARS before STARS can implement any such changes.

(d) Commencing with the Fiscal Year 2012/13, within 30 days of the end of each quarter of every Fiscal Year of the Term (i. e. June 30th, September 30th and December 31st) and within 30 days of the end of each Fiscal Year of the Term (collectively the "**Budget Reconciliation Dates**"), STARS shall prepare, and provide to MH for its review and approval a reconciliation for such quarter or for the entire Fiscal Year, respectively, compared to the Annual Budget for such Fiscal Year (or compared to the TB Submission for the Fiscal Year 2012/13, as appropriate), reconciling to actual results, in a format as mutually agreed with MH. Each such quarterly or annual reconciliation shall include:

1. actual operating expenses;

2. actual capital expenditures;

3. actual gross donations (and actual expenses to raise such donations) to be raised by STARS and the Foundation in respect of the Manitoba operations in such year;

4. actual MH Services Funding:

5. actual lease or other revenue available to reduce operating costs; and

6. confirmation of the amount of the Reserve Fund applied to each of operating and capital items during the quarter or the Fiscal Year and the quarter end or year end size of the Reserve Fund.

(e) Upon satisfactory review and mutual agreement of the quarterly or annual budget reconciliation, and if the actual operating and/or actual capital expenses for the term exceed the approved budget allocation (which event can only occur if pre-approved by MH as provided herein), any financial shortfall to budget shall be paid by MH to STARS forthwith and any financial excess in respect of non-Donated Funds shall be reimbursed to MH by STARS forthwith.

4(8) Audit and Reporting

(a) MH shall have reasonable access to and may inspect and audit, at its cost, all books and records of STARS in respect of the Services provided by it pursuant hereto, including without limitation, with respect to funding payable to STARS pursuant hereto, such right of access, inspection and audit to survive the termination of this Agreement for a period of six (6) years.

(b) STARS shall disclose Personal Health Information to Manitoba pursuant to PHIA and Personal Information pursuant to FIPPA for the purposes of

conducting any evaluation, monitoring or audit of the Services provided by STARS or any funding under this Agreement.

(c) Subject to Section 7, all activities under this Agreement in respect of carrying out the Services of STARS shall be reported on a monthly basis by STARS to MH in form and content as mutually agreed by the Parties from time to time, it being understood by the Parties that STARS's informational records will not be considered to be public records, except to the extent:

(i) disclosure is required by Laws; or

(ii) such records are otherwise in the public domain; or

(iii) in respect of information specifically relating to Third Parties, MH has been given consent to disclosure by the applicable Third Party or Third Parties,

in each case through no fault of MH.

(d) Without limiting the generality of the foregoing as part of STARS's overall financial reporting, STARS will, at its own cost, prepare:

1. quarterly combined unaudited financial statements reporting on actual Manitoba capital and operating expenditures as segmented information by province within 30 days after quarter end;

2. forecasted quarterly combined unaudited financial statements reporting on Manitoba capital and operating expenditures as segmented information by province within 30 days after quarter end, for the upcoming quarter; and

3. by no later than:

(i) June 30 of each Fiscal Year end, non-audited; and

(ii) September 30 of each Fiscal Year end, audited

financial statements prepared in accordance with Canadian generally accepted accounting principles, including in the case of (ii) above a management letter for the Manitoba operations. The financial statements will include a separate note disclosing the segmented reporting for the STARS Operations in Manitoba within the combined financial statements of STARS. The audited financial statements shall also include a separate audit report called the Public Sector Compensation Disclosure which shall be prepared by STARS's external auditor and which shall list the names, position/titles and compensation paid to any STARS executives who

earned $50,000 and over during that reporting period. If not applicable, a "nil" report shall be submitted.

4(9) Funds Management

STARS will, and will cause its applicable Affiliates to, establish and maintain separate and segregated bank accounts in the appropriate currencies for the receipt and disbursement of all funds related to the operations in Manitoba including amounts received by way of Services Funding and by way of Donated Funds (the **"STARS Operations in Manitoba Funding Amounts"**). The STARS Operations in Manitoba Funding Amounts, when identified, shall not be comingled with funds relating to operations in other provinces or elsewhere other than in Manitoba. The STARS Operations in Manitoba Funding Amounts shall be used solely for the purposes of the operations in Manitoba. Notwithstanding the foregoing, in circumstances where STARS has a joint operation or program which functions in more than one province, it may use a proportionate amount (as determined by it acting reasonably), of the STARS Operations in Manitoba Funding Amounts to contribute towards such activity provided that the use of similarly defined amounts from other provinces are proportionately contributed towards such activities in Manitoba. STARS shall, and shall cause its applicable Affiliates to, invest, manage and expend any balance in such accounts from time to time in accordance with STARS's policies and procedures as established from time to time.

SECTION 5 - OPERATING PRINCIPLES

5(1) The Parties agree that they shall carry out their respective obligations pursuant to this Agreement so as to facilitate, and be consistent with, the following operating principles:

(a) Provide patients with timely access to high quality, patient-focused care and transportation that is sustainable and is connected within the EMS portfolio.

(b) The Parties shall place high priority on building strong, productive working relationships characterized by mutual respect, transparency and trust.

(c) Operational information required to support effective planning and decision making shall be shared openly, to the extent possible, between the Parties in accordance with the terms of this Agreement.

(d) The funding allocation process will be clearly understood and constantly applied.

(e) MH has the sole and exclusive responsibility to establish, collect and manage separate fees charged by MH to patients in connection with the

Services and has the exclusive right to adjust fees as required. The revenues derived from such patient fees, if any, will be directed as determined solely by MH.

(f) Reporting and management of risk-related incidents involving STARS, including those involving Critical and Emergent Care Patients will align and follow the requirements of the Laws, MH Policies and STARS Policies and, in the event of any inconsistency between them the Laws and the MH Policies shall prevail to the extent of such inconsistency. MH shall cause MTCC to record and report to STARS the missions dispatched by MTCC for STARS quality assurance and quality management processes in form and content reasonably required by STARS. Notwithstanding the foregoing, unless otherwise required by applicable Laws, any reporting requirements imposed on STARS for such missions shall be made in accordance with the Laws and MH Policies and provided that STARS is afforded the protection given under the Laws including, without limitation, the provisions of the *Evidence Act* (Manitoba), Privacy Laws and the *Regional Health Authorities Act* (Manitoba) related to incident reporting.

(g) Available resources shall be utilized effectively and efficiently to optimize positive outcomes for patients served.

(h) The Parties shall be open to innovative approaches with the potential to improve service quality or operational effectiveness.

(i) The Parties agree to collaborate towards achieving a shared vision and common strategic goals.

(j) The Parties shall communicate with one another in an open and timely fashion related to any matter arising from this Agreement.

(k) The Parties recognize that the funding provided to STARS through its collaborative relationship with the community is valuable in enhancing the health safety net.

(l) The Parties shall mutually discuss any planned or proposed internal operating changes by either Party that affects the care and transportation of Critical and Emergent Care Patients and others within the Province of Manitoba.

SECTION 6 - STARS OPERATIONS

6(1) Ground Ambulance

For greater certainty, the provision of ground ambulance services is not within the scope of service provided by STARS pursuant to this Agreement. Any such ground ambulance services would be provided by MH or Third Party ambulance operators and not by STARS.

6(2) Operations – Medical

In its operations, STARS shall:

(a) retain the services of properly licensed and qualified Medical Crews to carry out the Services in Manitoba and such Medical Crews shall report to and be the sole responsibility of STARS;

(b) upon request, provide to MH evidence of all Medical Crew personnel credentials in order to ensure they are in accordance with the standards and regulations of the appropriate licensing or registering professional organizations;

(c) dedicate sufficient equipment, supplies and medication as determined by the Medical Director (in his capacity under contract to STARS) and/or Operational Director (and to the extent such equipment, supplies or medication are dictated by Law or otherwise detailed herein) to carry out the Services in Manitoba;

(d) at all times while it is required hereunder to provide Services, deal with all requests for its services within 15 minutes of receipt of a dispatch request;

(e) ensure each Rotary Air Ambulance flight flown as part of the Services is adequately staffed by appropriately licensed Medical Crew and as required by the Medical Director (in his capacity under contract to STARS) and/or REP (in his capacity under contract to STARS) and which shall include, subject to the foregoing, at least two (2) of the following:

1. a qualified physician registered and in good standing with the College of Physicians and Surgeons of Manitoba;

2. a Registered Nurse registered and in good standing with the College of Registered Nurses of Manitoba; and

3. a registered Technician – Advanced Paramedic certified as current in advanced cardiac and advanced trauma life support skills.

(f) retain the services of one or more physicians registered and in good standing with the College of Physicians and Surgeons of Manitoba, having knowledge of and experience in pre-hospital care in the aero-medical environment to monitor and oversee the Services as Medical Director. In connection with the provision of Services by STARS, the Medical Director shall be paid for by STARS and shall be responsible to STARS for the STARS operation in Manitoba. The Medical Director shall assume responsibilities in accordance with:

1. the applicable Laws in force in the Province of Manitoba; and

2. MH Policies and STARS Policies; and

(g) provide appropriate training to STARS's personnel in order to carry on its operations pursuant to applicable Laws and its standards.

6(3) Operations – Aviation

In its operations, STARS shall:

(a) operate airworthy Rotary Air Ambulances and obtain and maintain all licenses, certifications and permits required by applicable governmental and aviation authorities;

(b) retain the services of pilots and maintenance personnel having all necessary licenses, permits, certifications and skills as required by the applicable Laws and ensure such pilots and personnel report to and are the sole responsibility of STARS;

(c) maintain each of its Rotary Air Ambulances in fully operative and airworthy condition as required by Transport Canada, the manufacturer and any regulatory body as identified by the Laws, as applicable, and carry such medical equipment and supplies in accordance with the Laws and as STARS reasonably determines;

(d) keep sufficient Air Crews and ground personnel available on a continuous basis to ensure that, as far as practicable, the Manitoba based helicopter is available as required pursuant to Section 6(2)(d) and so that STARS can carry on its on-going operations; and

(e) be in operational control of its Rotary Air Ambulances and have sole and exclusive responsibility, at its cost, subject to receipt of the funding contemplated herein, for servicing, overhauling, maintaining, repairing and registering its Rotary Air Ambulances and for all fees arising in connection with its Rotary Air Ambulance operations, including without limitation fuel, overhaul, landing and storage costs and fees. Subject to this Agreement, STARS also shall have final authority, through its pilots and aviation management, with respect to all aspects of its Rotary Air Ambulance operations (including, without limitation, weight and balance, altitudes and speeds of flight, whether weather and wind conditions permit flight, loading and unloading and supervision of its Rotary Air Ambulances while on the ground).

6(4) Helicopter Arrangements

It is agreed that the helicopter dedicated for use in STARS's Manitoba operations shall be acquired and used in accordance with Annual Budgets and the following:

(a) initially, there shall be a dedicated Manitoba based medium range twin engine helicopter, the title to which, subject to Section 6(4)(d), is to be

held by STARS such as, for example, a BK117, paid for by MH. STARS shall direct the acquisition process, including pre-purchase inspection;

(b) the dedicated Manitoba helicopter shall be acquired, equipped and entered into service as directed by STARS;

(c) MH shall also pay for the medical outfitting of the dedicated Manitoba helicopter;

(d) if this Agreement is terminated for any reason, all right, title and interest of STARS or any STARS Affiliate in and to the dedicated Manitoba helicopter, all installed equipment, records, log books, service histories and other related materials shall promptly be donated to MH for no additional consideration and free of all encumbrances caused to be registered by the actions of STARS or any STARS Affiliates;

(e) until other arrangements are agreed to by the Parties and as resources permit, STARS shall use commercially reasonable efforts to ensure that one backup STARS helicopter shall be available for backup use in Manitoba on an "if and when needed" basis. STARS will promptly inform MH in the event that a backup request cannot be complied with. STARS will include projected costs of the backup helicopter in each Annual Budget but such helicopter shall be charged at actual costs incurred in the year. On a reciprocal basis, STARS may occasionally use any helicopter with respect to which MH has provided funding for backup purposes in other provinces, in which case MH shall be compensated or reimbursed accordingly; and

(f) until such time as a dedicated Manitoba-based helicopter has been acquired, equipped and entered into service, STARS shall provide for use in Manitoba another STARS helicopter at full cost recovery including, without limitation, depreciation charges.

The above helicopter arrangements shall be subject to prior review and approval in writing by MH, acting commercially reasonably.

6(5) Hangar/Base Arrangements

It is agreed that a hangar/base facility for use in STARS's Manitoba operations shall be developed or acquired and used in accordance with Annual Budgets and the following:

(a) there shall be a dedicated Manitoba hangar/base facility in Winnipeg;

(b) the dedicated hangar/base facility shall be acquired (owned or leased), equipped and entered into service in accordance with the terms hereof;

(c) title to the dedicated hangar/base facility, if owned, shall be held by STARS and, if financed, leased or subleased, shall be financed, leased or subleased by STARS with the financing, lease or sublease guaranteed by MH;

(d) if this Agreement is terminated for any reason, all right, title and interest of STARS in and to the dedicated hangar/base facility if owned shall promptly be donated to MH for no additional consideration and free of all encumbrances caused to be registered by the actions of STARS; and

(e) if this Agreement is terminated for any reason, the lease or sublease of the dedicated hangar/base facility, if leased or subleased by STARS, shall promptly be assigned to MH.

The above hangar/base arrangements shall be subject to prior review and approval in writing by MH, acting commercially reasonably. No new construction or leasing or subleasing of a hangar/base shall be commenced or entered into, respectively, without the prior written approval of MH.

6(6) Insurance

(a) During the Term and, where stated, for a period of 24 months following the effective date of termination of this Agreement, STARS shall obtain and maintain, at its cost:

1. medical malpractice insurance with reputable insurers in an amount of not less than $5,000,000 per occurrence ($10,000,000 aggregate) with respect to its rendering of the Services. This insurance shall be maintained for a period of 24 months following the effective date of termination of this Agreement;

2. comprehensive general liability insurance with reputable insurers in an amount of not less than $5,000,000 per occurrence (annual general aggregate of not less than $14,000,000) insuring against bodily injury, personal injury or death and property damage;

3. liability insurance in respect of all automotive vehicles owned, operated or licensed in STARS's name in an amount of not less than $2,000,000 per occurrence;

4. aviation general liability insurance with reputable insurers in an amount of not less than $5,000,000 per occurrence (annual general aggregate of not less than $20,000,000) insuring against bodily injury, personal injury or death and property damage or loss;

5. aircraft public liability insurance, including bodily injury, personal injury, death, property damage or loss in an amount of not less than $20,000,000 per occurrence;

6. appropriate hangar/base insurance in STARS's capacity as either tenant, lessee or owner of that hangar/base; and

7. such other insurance as may be appropriate for the STARS operation in Manitoba from time to time.

(b) During the Term of this Agreement, STARS shall obtain and maintain, at its cost, all risks hull insurance providing Coverage on its Rotary Air Ambulances in an amount consistent with industry standards and property insurance covering equipment transported by its Rotary Air Ambulances for the full replacement value thereof.

(c) STARS shall provide MH prior to the commencement of the Term certificates of insurance for the insurance required hereunder stating that STARS has an account in good standing.

(d) STARS shall ensure that all insurances maintained by it pursuant to this Section 6(6) name MH, its agents and Affiliates and their respective directors, officers, employees, consultants and agents as additional insureds, shall be primary without right of contribution from insurances carried by MH and its Affiliates, and in respect of aviation insurances provide that MH has no operational interest in STARS's Rotary Air Ambulances and provide that no insurances shall be cancelled except upon at least 30 days prior written notice to MH. STARS shall provide 30 days prior written notice to MH of material alteration of insurances.

(e) STARS shall provide to MH, prior to the commencement of the Term, a letter from Manitoba Workers' Compensation Board stating that STARS has an account in good standing and that all of its employees engaged in performing the Services hereunder are covered by Workers' Compensation insurance in accordance with Manitoba's statutory requirements.

6(7) Accreditation and Regulatory Requirements

Subject to the remainder of this Section 6(7), STARS shall maintain in good standing its respective Accreditations during the Term and MH, acting reasonably, shall cooperate in respect thereof. If and whenever STARS ceases to be Accredited or is placed under conditional probation of Accreditation or, in respect of aviation matters, ceases to retain those Accreditations consisting of licenses or certifications or is placed under a conditional status in respect thereof, STARS shall immediately notify MH. In the event STARS is made subject to any conditional or probationary status or other directive, requirement, or any limitation imposed by either the College of Physicians and Surgeons of Manitoba or any other applicable regulatory or aviation authority, as the case may be, in respect

of any Accreditation of STARS, then STARS shall fully comply with any such requirement, directive or limitation applicable to it and shall keep MH fully and promptly informed of such compliance. In the event any material Accreditation of STARS is withdrawn or otherwise ceases to be in effect, then STARS forthwith shall notify MH in writing and, unless MH otherwise determines acting reasonably, this Agreement shall terminate forthwith upon written notice given by MH to STARS.

SECTION 7 - SAFEGUARDING AND CONFIDENTIALITY OF INFORMATION

7(1) While this Agreement is in effect and at all times thereafter each of STARS and MH and their respective Affiliates and all of their respective officers, employees, servants and agents:

(a) shall treat as confidential all information, data, documents and materials acquired or to which access has been given in the course of, or incidental to, the performance of this Agreement;

(b) shall comply with all applicable Laws, including, but not limited to *The Personal Health Information Act* and *The Freedom of Information and Protection of Privacy Act* (Manitoba) and their regulations, and any policy which may be established by MH with respect to safeguarding or ensuring the confidentiality of such information, data, documents or materials; and

(c) shall not disclose, or permit to be disclosed, to any person, corporation or organization, such information, data, documents or materials except in accordance with *The Personal Health Information Act*, *Freedom of Information and Protection of Privacy Act* (Manitoba), The Evidence Act (Manitoba), the Regional Health Authorities Act (Manitoba) and all other applicable Laws.

7(2) Information Sharing

Subject to applicable Laws (including applicable Privacy Laws) and the provisions hereof (including Section 7(3)) , each of MH and STARS shall be entitled to have bi-directional shared (electronic where applicable) access to all written (and to the extent practicable, verbal) patient information in the custody or control of the other relating to the Services contemplated pursuant hereto including, without limitation, from the time of the initial call prior to getting to the patient, health services number, the past medical history of the patient, ongoing sharing through medical decision-making for care of the patient, whether eventually transported or not, through to hospital, patient care record completion, billing information as required, outcomes determination information, relevant research, quality assurance information, audit information, and reporting information between MH and STARS, to the extent reasonably necessary to:

(a) provide health services to an individual;

(b) avoid or minimize a danger to the health or safety of any individual;

(c) plan, deliver, evaluate or monitor the provision of Services pursuant to this Agreement;

(d) facilitate the billing of the Services provided pursuant to this Agreement;

(e) judge the performance of such Services;

(f) meet the operating principles set forth in Section 5;

(g) meet government and other applicable third party reporting requirements;

(h) assist in developing and planning objectives;

(i) assist in continuing medical skills education and for training and research purposes;

(j) ensure high quality health care, including timely transfers of patient care information;

(k) review and assess any Critical Incident that may occur as a consequence of the Services; and

(l) assist in the development and determination of the Annual Budgets, Projected Services Funding, Reserve Fund and any other planning required pursuant hereto.

MH shall cause MTCC to provide as much of such information as noted above as may be available in written or recorded form for STARS quality assurance and quality management purposes for all calls pertaining to STARS in Manitoba and to conference in STARS Emergency Link Centre as soon as reasonably possible at or about the time the STARS REP is conferenced in for all Critical and Emergent Care Patient calls on which STARS is dispatched by MTCC. Both Parties agree that, wherever practicable, they will use or disclose only De-identified Information where it will serve the applicable purposes described above.

7(3) Confidentiality

(a) STARS and MH acknowledge that STARS is a "health service agency" as that term is defined in PHIA and that as such it is also a "trustee" within the meaning of PHIA. MH acknowledges that it is a "government institution" within the meaning of FIPPA and a "trustee" within the meaning of PHIA. STARS and MH acknowledge that they are each responsible for complying with Privacy Laws, as applicable to them, with respect to PI and PHI under their respective custody and control. Without limiting the generality of the foregoing:

1. each of STARS and MH shall be responsible for complying with and causing their respective Affiliates, directors, officers, employees, consultants and agents to comply with applicable Privacy Laws;

2. each Party shall hold in confidence and shall not disclose any PI or PHI in their custody and control other than in accordance with applicable Privacy Laws;

3. both Parties shall take reasonable steps to protect the security and confidentiality of all PI and PHI in their respective custody and control which steps shall include, without limitation, protecting the PI and PHI to at least the standard required by applicable Privacy Laws; and

4. Subject to compliance with applicable Privacy Laws, STARS shall comply with MH's standard requirements as set out in Schedule "E" ("Protection of Personal Information") hereto pertaining to the collection, use, disclosure and protection of PI and PHI and shall retain original copies of all such information for a period of six (6) years after the termination of this Agreement and shall make them available, at no cost, to MH and the patients whose information is being retained upon reasonable notice at any time during that period of time for review and/or copying.

(b) Each of STARS and MH shall hold in confidence and shall not disclose any confidential or proprietary information (including PI and PHI) of or concerning the other Party received by one Party from the other Party in the course of the performance of this Agreement or otherwise except as reasonably required to perform their respective obligations pursuant to this Agreement or, in the case of PI and PHI, as authorized or required pursuant to applicable Privacy Laws.

(c) Upon the termination of this Agreement, each Party having received confidential information from the other Party shall return to the disclosing Party all such confidential information in its custody or control.

(d) The obligations of the Parties pursuant to this Section 7(3) shall survive the termination of this Agreement.

(e) Each Party's obligations of confidentiality owed to the other Party pursuant to this Agreement are subject to any disclosures required by Law, including in the case of MH as required pursuant to the provisions of FIPPA.

(f) Each of STARS and MH agree to immediately advise the other, in writing, in the event that either: (a) becomes aware of any inaccuracies in PI or

PHI provided to the other Party; or (b) becomes aware of any breach of the requirements of this Section 7(3).

SECTION 8 - INDEMNITIES

8(1) Indemnity by STARS

STARS shall indemnify and save harmless MH, its Affiliates, the Minister of Health and their respective agents and their respective officers, employees, consultants and agents (collectively, the "**MH Indemnitees**") from and against any and all claims, actions, causes of action, demands, liabilities, losses, damages, fees, penalties, interest, costs and expenses of whatsoever nature and kind (collectively "**Losses**") incurred at any time and from time to time by any of the MH Indemnitees arising from, related to, incidental to or caused by:

(a) the carrying out or failure to carry out by STARS of its services in accordance herewith;

(b) the negligent acts or omissions of any STARS crews and/or of any employees, agents, contractors or consultants engaged or used by STARS to carry out any services pursuant hereto; and/or

(c) any misrepresentation made herein or any breach of any provision hereof by STARS;

except to the extent such Losses are contributed to or caused by the negligent or willful misconduct of the MH Indemnitees.

8(2) Indemnity by MH

MH shall indemnify and save harmless STARS, its Affiliates and all of their respective directors, officers, employees, consultants and agents (collectively, the "**STARS Indemnitees**") from and against any and all Losses incurred at any time and from time to time by any of the STARS Indemnitees arising from, related to, incidental to or caused by any breach of any provision hereof or any negligent or willful misconduct by MH and/or its Affiliates except to the extent that such Losses are contributed to or caused by the negligent or willful misconduct of the STARS Indemnitees.

8(3) Limitation

Notwithstanding anything else herein contained or anything provided by Law or the rules of equity or otherwise, in no circumstances shall MH have recourse to the funds or assets of STARS over and above, and such recourse of MH shall be strictly limited to, the STARS Operations in Manitoba Funding Amounts and the assets of STARS dedicated solely to its operations in Manitoba and the actual proceeds of any insurance carried by STARS or its Affiliates in respect of the Manitoba operations.

8(4) Survival of Indemnities

The provisions set forth in Sections 8(1), 8(2) and 8(3) shall survive the termination hereof and shall not exclude any rights any indemnified Party or person may have under this Agreement, at Law and in equity.

8(5) STARS shall use reasonable care in the performance of its obligations under this Agreement to ensure that no person is injured, no property is damaged or lost and no rights are infringed.

SECTION 9 - TERMINATION, SUSPENSION AND WINDDOWN

9(1) Termination

(a) In addition to termination of this Agreement by MH pursuant to Sections 3(1)(f) and 6(7), if a Party has materially defaulted in the performance of any of its obligations herein, and the defaulting Party does not cure such default within 20 Business Days after receipt by it of written notice from a non-defaulting Party specifying the nature of such default, or if such default is not capable of cure in such period and the defaulting Party does not commence appropriate curative actions within such 20 Business Day period and thereafter continue such actions diligently and in good faith, then MH, on the one hand, and STARS, on the other hand, whichever is the non-defaulting Party, may, acting reasonably, at its option, terminate this Agreement upon the expiry of such period by further written notice to the defaulting Party.

(b) MH may terminate this Agreement immediately upon written notice to STARS if STARS shall file or have filed against it proceedings in bankruptcy or insolvency or shall wind-up or dissolve or cease to carry on all or a substantive part of its business if, in the case of any such actions filed against it, STARS does not commence curative action within 20 Business Days of such filing and thereafter continue such action diligently and in good faith.

(c) Either Party may, without cause or reason, terminate this Agreement by providing the other Party with at least one year prior written notice of the termination of this Agreement.

(d) In the event that the Parties fail to mutually agree on a budget submission as contemplated by Section 4(7) by August 31, or such later date as the Parties may agree in writing, of any particular year of the Term, this Agreement shall terminate no later than March 31 of the following year. In such event, the last approved Annual Budget shall continue to be the Annual Budget for the time between such August 31, or later, date and such termination date.

(e) In the event that an Annual Budget presented for approval pursuant to an agreed budget submission fails to be approved for appropriation by the legislature of the Province of Manitoba in that no funding letter is issued as contemplated by Section 4(7)(c) by June 30 of the Fiscal Year of proposed operation, or such later date as the Parties may agree, of any particular year of the Term, this Agreement shall terminate on March 31 of the following year. In such event, the last approved Annual Budget shall be deemed to be the Annual Budget for the time until such termination date.

9(2) Suspension

If MH, acting reasonably, determines there is a threat arising from or as a result of the provision of the Services herein by STARS to public health or public safety, MH may, upon written notice to STARS, require STARS to immediately discontinue providing Services under this Agreement until an investigation by MH has been completed and a resolution or clarification has been obtained that is satisfactory to MH, acting reasonably. For clarity, suspension of such Services shall obviate MH's obligations to provide the Services Funding in respect of the period during which the suspension is in effect.

9(3) Winddown

In the event of the termination of this Agreement for any reason, including without limitation, by natural expiry of the Term, the Parties shall cooperate acting in a commercially reasonable manner to achieve the closure of the STARS operational base(s) in Manitoba and/or the transition to replacement operations at MH's sole discretion. The costs of closure shall be funded, firstly, from the remaining STARS Operations in Manitoba Funding Amounts including amounts in the Reserve Fund and, thereafter, by MH. In the event that the winddown is fully funded by the STARS Operations in Manitoba Funding Amounts including amounts in the Reserve Fund and there is an excess amount consisting of (i) Services Funding, such amount shall be refunded to MH; or (ii) Donation Funds, subject to STARS and the Foundation complying with restrictions on use imposed by donors, such amount shall be donated for charitable purposes to Manitoba health related entities as determined in the sole discretion of the boards of directors of STARS and the Foundation, as applicable. In the case of such a closure or transition, the provisions hereof relating to helicopter and hangar assets shall apply to all capital assets paid for by MH. This Section 9(3) shall survive the termination of this Agreement.

9(4) Remedies Not Cumulative

The Parties agree that the remedies set out in this Section 9 are in addition to, and not in substitution for, any other right or remedy which MH or STARS may have at Law, in equity or under this Agreement.

9(5) In addition to MH's rights hereunder, and without restricting any other available remedies, MH may immediately terminate this Agreement in writing without further notice if in Manitoba's reasonable opinion:

(a) STARS ceases to be a registered charity which is prohibited from distributing profits to its members;

(b) any creditor of STARS garnishes or attaches, or attempts to garnish or attach, any of the funds paid or to be paid by MH under this Agreement;

(c) STARS fails to secure or renew any license, ministerial exemption or permit required by Law, or if such license, ministerial exemption or permit is revoked or suspended;

(d) STARS, any of its Affiliates or any of their officers or directors is found guilty of an indictable offence related to STARS's operations; or

(e) STARS at any time engages in any activities or trade practices which, in the reasonable opinion of MH, are prejudicial to the interests of the Government of Manitoba (or any department or agency thereof) or its citizens;

provided that MH has first notified STARS in writing of the default or failure and STARS has failed or neglected to remedy such default or failure to the satisfaction of MH within thirty (30) days following the date of MH's said notice.

9(6) Upon termination of this Agreement, STARS shall cease to perform any further Services on behalf of MH under this Agreement. MH shall be under no obligation to STARS other than to pay, upon receipt of an invoice and supporting documentation satisfactory to MH, acting reasonably, such funds as STARS may be entitled to receive under this Agreement for the Services completed or for capital assets acquired by STARS on behalf of MH up to the date of termination.

SECTION 10 - COVENANTS, WARRANTIES AND REPRESENTATIONS

10(1) STARS's Covenants, Warranties and Representations

STARS hereby covenants with and warrants and represents to MH that, except as otherwise disclosed:

(a) it is and shall remain a registered charity which is prohibited from distributing profits to its members and a society validly existing and in good standing under the Laws of the jurisdiction in which it is organized, it is and shall remain extra-provincially registered to carry on business in Manitoba and is in good standing in each other jurisdiction where the

failure to be in good standing would have a material adverse effect on its business or its ability to perform its obligations under this Agreement;

(b) at the time of execution hereof, it is not a party to and it is not bound or affected by or subject to any instrument, agreement, charter, by-law, provision or Law, rule, regulation, judgment or order that would be contravened or breached as a result of the execution by it of this Agreement, the consummation of the transactions contemplated by this Agreement or the performance by it of its obligations herein;

(c) at the time of execution hereof, there are no actions, suits or proceedings pending or, to its knowledge, threatened against it (i) arising from any provision of services similar to the Services contemplated by this Agreement, or (ii) that could have an adverse effect upon the performance of its obligations herein;

(d) during the term hereof, it shall perform or cause to be performed its obligations herein in a professional manner and in accordance with this Agreement and with all applicable Laws, reasonable practices and industry standards;

(e) it understands MH's requirements for the Services and subject to the provisions of this Agreement and to MH complying with its obligations herein, it will be capable of providing the Services required herein throughout the Term;

(f) at the time of execution hereof, it has received responses from MH to all of its relevant and reasonable inquiries concerning this Agreement and is satisfied that such responses are sufficiently complete to enable it to enter into and fulfill the terms of this Agreement;

(g) during the term hereof, it shall ensure that its Affiliates, employees, agents, servants, contractors and consultants have the skills, qualifications and experience necessary to ensure the performance of its obligations herein and applicable Laws;

(h) it is not a non-resident within the meaning of that term in the *Income Tax Act* (Canada), as amended, and if that status changes during the Term hereof it shall advise MH accordingly;

(i) it shall at all times be in compliance with all applicable Laws (including without limitation, Privacy Laws and more specifically *The Emergency Medical Response and Stretcher Transportation Act* (Manitoba) and *The Air Emergency Medical Response System Regulation* (Manitoba)) in connection with this Agreement;

(j) it has entered into this Agreement in good faith;

(k) during the term hereof, it shall comply with all applicable Laws, all applicable standards and policies of the College of Physicians and Surgeons of Manitoba, the College of Registered Nurses of Manitoba and the EMS Branch of Manitoba Health which regulates provincial paramedics;

(l) during the term hereof, it shall apply in Manitoba for licensure of medevac services on an annual basis and shall meet all criteria and reporting requirements established by MH to obtain and maintain an air ambulance licence and shall provide written proof to MH annually that it has all necessary licenses, permits, approvals and registrations required by Law;

(m) subject to Section 8(1) it shall assume all risk of injury and loss to each patient while the patient is being transported by STARS regardless of the fault of any person;

(n) during the term hereof, it shall establish and maintain a training program to ensure all Medical Crew and Air Crew personnel are recurrently trained in a competent manner to carry out the Services pursuant hereto and are familiar with the unique problems of transporting Critical and Emergent Care Patients by air and shall offer such training to other personnel proposed by MH at a cost to be agreed and paid for by MH; and

(o) it shall not subcontract or assign any of its obligations hereunder except as contemplated herein.

10(2) MH's Covenants, Representations and Warranties

MH hereby covenants with and warrants and represents to STARS that, during the Term, except as otherwise disclosed:

(a) at the time of execution hereof, it is not a party to and is not bound or affected by or subject to any instrument, agreement, law, Law, rule, regulation, judgment or order that would be contravened or breached as a result of the execution by it of this Agreement, the consummation of the transactions contemplated by this Agreement and the performance by it of its obligations herein;

(b) at the time of execution hereof, it is in compliance with all applicable Laws in connection with this Agreement;

(c) it has entered into this Agreement in good faith;

(d) during the term hereof, it shall make available to STARS applicable MH Policies and make all future amendments thereto available to STARS. By executing this Agreement, STARS acknowledges receipt of the said current applicable MH Policies;

(e) during the term hereof, it shall ensure that its Affiliates, employees, agents, servants, contractors and consultants have the skills, qualifications and experience necessary to ensure the performance of its obligations herein and in compliance with applicable Laws; and

(f) during the term hereof, it shall cause MTCC to comply with all obligations contemplated for MTCC herein.

10(3) MH Policies

MH covenants and agrees that the MH Policies referred to in this Agreement shall only be amended by MH, as they affect STARS, with MH using reasonable efforts to consult in advance with STARS. Notwithstanding the foregoing, MH shall not be required to collaborate with STARS in connection with amendments to the MH Policies relating to changes in legislation, matters which do not impact STARS or other matters of a confidential nature.

10(4) Representations and Warranties

Each Party represents and warrants to the other Party that:

(a) at the time of execution hereof, it has all necessary power and authority to carry on its business as presently conducted and that during the term hereof it shall have the necessary power and authority to carry on its business as it is to be conducted pursuant to this Agreement;

(b) at the time of execution hereof, it has all necessary power and authority to enter into this Agreement and to perform its obligations hereunder and that the execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been, or will, in due course in respect of MH, be duly authorized by all necessary actions on its part; and

(c) at the time of execution hereof, this Agreement constitutes a legal, valid and binding obligation of such Party, enforceable against it pursuant to its terms, subject to the effect of any Laws regarding bankruptcy or insolvency or similar Laws affecting creditors' rights generally and the discretionary nature of equitable remedies.

SECTION 11 - INSPECTION

11(1) Subject to Section 7 and Privacy Laws, MH will have the right, at any time and from time to time, to make inspections, at its cost, of the Manitoba based helicopter or any Rotary Air Ambulance used by STARS to provide the Services, their maintenance records, medications, patient records and/or equipment of or maintained by STARS, at its discretion, without prior notice in cases of emergency but otherwise with reasonable notice, to ensure the Services hereunder are being performed properly and in accordance herewith and with

applicable Laws and MH Policies and for quality assurance, licensing or other reasonable purposes. STARS shall provide to MH such access to its helicopters, equipment, medications, maintenance records, patient records and personnel as may be reasonably required for the purpose of such inspection and shall cooperate to enable any such inspection to be effectively and efficiently carried out.

SECTION 12 - SURVIVAL OF TERMS

12(1) The provisions hereof related to payment and reimbursement obligations and to audit, reporting and tax obligations and Sections 4(6), 4(9), 6(4)(d), 6(5)(d), 6(5)(e), 6(6), 7, 8, 9(3), 9(4), 9(6), 10(1)(i), 20(3) and 20(5) and all supporting Sections shall survive the termination or expiry of this Agreement.

SECTION 13 - ASSIGNMENT OF AGREEMENT

13(1) This Agreement shall not be assigned by STARS without the prior written consent of MH. This Agreement shall not be assigned by MH without the prior written consent of STARS, which consent by STARS shall not be unreasonably withheld.

SECTION 14 - INDEPENDENT CONTRACTOR

14(1) STARS is an independent contractor and this Agreement does not create any partnership between MH and STARS or the relationship of employer and employee or of principal and agent between MH and STARS or any Affiliate, officer, employee or agent of STARS.

14(2) STARS shall not incur any expenses or debts on behalf of or make any commitment for MH, without the prior authorization in writing of MH beyond those provided for herein or in any Annual Budget.

14(3) STARS is responsible for any deductions or remittances which may be required by Law.

SECTION 15 - CONFLICT OF INTEREST

15(1) STARS agrees to abide by its written policy in respect of conflict of interest which conflict of interest policy shall be disclosed to MH upon request in writing. STARS acknowledges that its conflict of interest policy shall, at a minimum, meet Manitoba's Conflict of Interest Policy, a copy of which is attached hereto as Schedule D.

SECTION 16 - ENTIRE AGREEMENT

16(1) This document, a certain other agreement (the "Support Agreement" amongst MH, STARS and STARS Foundation) dated concurrently herewith and the attached Schedules contain the entire agreement between the Parties pertaining

to the matters set out herein. There are no undertakings, representations or promises, expressed or implied, other than those contained in this Agreement, the Support Agreement and the Schedules.

SECTION 17 - AMENDMENTS

17(1) No amendment or change to or modification of this Agreement shall be valid unless it is in writing and signed by both Parties.

SECTION 18 - APPLICABLE LAW

18(1) This Agreement shall be interpreted, performed and enforced in accordance with the laws of the Province of Manitoba and the laws of Canada as may be applicable therein and thereto. The Parties hereby irrevocably attorn to the jurisdiction of the courts of Manitoba, subject to Section 20(3).

18(2) Except as provided herein, the Services are being purchased under this Agreement by the Government of Manitoba and are therefore not subject to the federal Goods and Services Tax. Except as provided herein, subject to Section 4(1)(g), STARS represents and warrants that Goods and Services Tax has not been included or quoted in any fees, prices or estimates and shall not be included in any invoice provided, or claim for payment requested, under this Agreement.

SECTION 19 - NOTICES

19(1) Notice

All notices required or permitted pursuant to this Agreement shall be in writing and sent by courier personal delivery, facsimile, email or other form of electronic transmission, or registered mail to the address set forth below or to such address as may be subsequently designated in writing by such Party pursuant to this Section 19:

to MH at:

302-405 Broadway
Winnipeg, Manitoba, R3C 0V8

Attention: The Honourable Minister of Health
Fax: (204) 945-0441
Email address: MINHLT@leg.gov.mb.ca

with a copy to:

Emergency Medical Services Branch
Unit 7-1680 Ellice Ave.
Winnipeg, Manitoba, R3H 0Z2

Attention: Director
Fax: (204) 948-2531
Email address: Brenda.gregory@gov.mb.ca

to STARS at:

1441 AVIATION Park NE
Box 570
Calgary, Alberta T2E 8M7

Attention: Chief Executive Officer
Fax: (403) 295-2426
Email address: gpowell@stars.ca with a copy to arobertson@stars.ca

with a copy to:

Bennett Jones LLP
4500, 855 2nd Street S.W.
Calgary, Alberta T2P 4K7
Attention: Neil H. Stevenson
Fax: (403) 265-7219
Email address: stevensonn@bennettjones.com

All notices shall be effective upon the day of transmission if sent during normal business hours in the receiving jurisdiction by facsimile, email or other form of electronic transmission, upon receipt if delivered by courier, or 3 Business Days after mailing if sent by registered mail.

19(2) Either Party may at any time, in writing, designate another address or individual for the purposes of receiving notices under this Agreement by giving notice of same in accordance with the provisions set out above.

SECTION 20 - GENERAL

20(1) Waiver

Each Party acknowledges and agrees that any failure on the part of the other Party to enforce at any time, or for any period of time, any of the provisions of this Agreement shall not be deemed or construed to be a waiver of such provision or the right of such other Party thereafter to enforce each and every such provision. Any and all waivers shall be in writing by the Party so waiving.

20(2) Invalidity; Severability

If and to the extent that any provision of this Agreement is determined by any legislature, court or administrative agency to be, in whole or in part, invalid or unenforceable, the Parties agree to negotiate in good faith such modifications to this Agreement as would be necessary to make the Agreement conform to the requirements of such legislature, court or administrative agency. In the event the Parties cannot agree on appropriate modifications to any such provision (except in respect of the provision of Services or payment of Services Funding), such provision or part thereof shall deemed to be extraneous and, to the extent not so determined to be invalid or unenforceable, each other provision hereof shall remain in full force and effect.

20(3) Arbitration

(a) A Party may deliver written notice to the other Party of a dispute or claim hereunder. Any such dispute or claim shall be amicably and promptly settled by negotiations and consultation, if possible. If the Parties are not able to settle such dispute or claim between themselves they shall submit the dispute or claim to a committee consisting of the CEO and President of STARS and two equally senior officials of MH in writing who shall have thirty (30) days from the receipt of such submission in which to try to help the Parties settle such dispute or claim. In the event the Parties hereto are unable, despite their respective good faith efforts or the assistance of such committee, to settle any such dispute or claim (an "**Arbitrable Dispute**") by negotiations and consultations as provided herein, then either Party forthwith may submit such Arbitrable Dispute to arbitration in accordance with the terms of this Section 20 upon further written notice to the other Party.

(b) The resolution of all Arbitrable Disputes under this Agreement that are submitted to arbitration by the Parties hereto shall be governed by the terms of this Agreement and the *Arbitration Act* (Manitoba), as amended. The Parties agree that the arbitrator shall be appointed by mutual agreement or, failing such agreement being arrived at within 15 days of the date of submission to arbitration, shall be appointed by reference to the Manitoba Court of Queen's Bench. The arbitrator shall resolve all disputes and claims expeditiously by in-camera meetings in Winnipeg. The Parties shall do all things and carry out all acts as are reasonably necessary to enable the arbitrator to make proper findings.

(c) All decisions of the arbitrator on any matter submitted for arbitration in accordance with this Agreement, including which Party or Parties shall bear the arbitration costs, shall be final and binding on the Parties hereto. Any Party may submit the final decision of the arbitrator to the Manitoba courts for enforcement and execution or on a question of Law. Any decision of the arbitrator that requires the expenditure of funds by MH

shall be subject to there being existing funds already appropriated therefore, or an appropriation for such funds being granted by the Legislature of the Province of Manitoba and the rights and remedies set out herein pertaining to such appropriations shall apply.

20(4) Continuity of Services

STARS acknowledges that the timely and complete delivery of the Services as contemplated herein is critical to the business and operations of MH. Accordingly, and subject to Section 9(2), in the event of a dispute or disagreement and at all times during the dispute resolution process, STARS shall continue to perform such Services in accordance with this Agreement and MH shall continue to pay for such Services in accordance with this Agreement.

20(5) Force Majeure

No failure or delay by a Party in the performance of its obligations herein contained shall be deemed a breach of this Agreement nor create any liability if the same arises from any force or cause beyond the reasonable control of such Party, including but not limited to acts or omissions of any government, compliance with Laws, orders or requests of any governments, acts of God, fire, storm, flood or earthquake, war, rebellion, revolution, riots, strikes or lockouts. Lack of funds shall not be deemed to be an event of force majeure.

20(6) Headings

The headings in this Agreement are inserted only as a matter of convenience and for reference only and in no way shall be deemed to define, limit, enlarge, or describe the scope of this Agreement and the relationship of the Parties hereto and shall not in any way effect this Agreement or the construction of any provisions herein. The recitals of this Agreement shall form part of this Agreement.

20(7) Amendments

This Agreement shall not be amended, except by written agreement duly executed by the Parties hereto.

20(8) Enurement

This Agreement shall enure to the benefit of and be binding upon the Parties and their respective successors and permitted assigns.

20(9) Currency

All references in this Agreement to dollars are expressed in Canadian currency.

20(10) Execution

This Agreement may be executed in counterparts and by facsimile or other form of electronic transmittal, any of which, when so executed, shall be deemed an original and all such counterparts shall constitute one and the same instrument. The Parties agree that as soon as possible after such execution they shall provide each other with a fully executed original copy of this Agreement.

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first above written.

SIGNED IN THE PRESENCE OF:

WITNESS

FOR THE GOVERNMENT OF MANITOBA

MINISTER OF HEALTH or delegate

Feb. 22/12
DATE

WITNESS

SHOCK TRAUMA AIR RESCUE SOCIETY

TITLE
Andrea Robertson
President

Feb 22/12
DATE

WITNESS

TITLE
Jeffrey J. Quick
Chief Financial Officer

Feb 21, 2012
DATE

SCHEDULE A
ANCILLARY MATTERS

This is Schedule A to a Services Purchase Agreement between the Government of Manitoba and Shock Trauma Air Rescue Society, dated the 22nd day of February, 2012.

A. SERVICES TO BE PROVIDED

STARS shall provide to MH the Services as more fully described in the Agreement or in the Schedules and in the manner set out therein.

B. COMMUNICATION

MH and STARS will:

(a) co-operate to jointly develop and implement procedures and administrative measures to improve communication, information sharing and financial accountability between the Parties;

(b) meet at least once each quarter, and more frequently at the request of either Party, to discuss and resolve issues arising with respect to this Agreement.

This Schedule has been executed by the Minister of Health (or delegate) on behalf of the Government of Manitoba, and by STARS (by its duly authorized representatives) on the dates noted below:

SIGNED IN THE PRESENCE OF:

WITNESS

FOR THE GOVERNMENT OF MANITOBA

MINISTER OF HEALTH or delegate

Feb 22/12
DATE

WITNESS

SHOCK TRAUMA AIR RESCUE SOCIETY

TITLE
President

Feb 22/12
DATE

WITNESS

TITLE
Jeffrey J. Quick
Chief Financial Officer

Feb 22, 2012
DATE

SCHEDULE B
SERVICES FUNDING

1. Subject to the terms and conditions of the Agreement, the aggregate annual Services Funding payable hereunder by MH to STARS shall be paid as follows:

   (a) except as otherwise mutually agreed in the Annual Budget or by the Parties from time to time ("**One-off Payments**") and subject to paragraph 1(c) below, in each month of the Term, MH shall pay to STARS an amount equal to 1/12th of the Projected Services Funding for such year;

   (b) within 15 Business Days of each of the Budget Reconciliation Dates, MH shall pay to STARS, in respect of the previous year of the Term to which such reconciliation relates, an amount equal to the amount of the financial shortfall as set out in Section 4(7)(e), if any, and STARS shall repay to MH, in respect of the previous year of the Term to which such reconciliation relates, an amount equal to the amount of the financial excess (non-donated amount only) as set out in Section 4(7)(e), if any; and

   (c) prior to the beginning of each Fiscal Year of the Term, STARS shall invoice MH for the $1/12^{th}$ amount referred to in paragraph 1(a) above applicable to the last month of such Fiscal Year (the "**Deposit**") and MH shall pay such amount in accordance with paragraph 3 below. In the event that the Agreement has not been terminated with respect to any portion of such last month of such Fiscal Year, the Deposit shall be deemed to have been applied in satisfaction of the payment for such month. Any portion of the Deposit relating to any part of such month subsequent to the effective date of a termination or otherwise not earned by STARS for any reason shall, on written demand from MH, be promptly refunded to MH. No interest shall be paid in respect of the Deposit.

2. Any surplus in the calculation will be applied to the reserve fund until such fund is at the level contemplated herein with any excess paid to MH.

3. Any payment provided for hereunder in respect of a month shall be invoiced by STARS on or before the first day of such month and made on or before the third day of the next month, provided that, if such day is not a Business Day, such payment shall be made on the next following Business Day. Any payment provided for hereunder in respect of a One-Off Payment shall be invoiced by STARS at least three weeks in advance of the due date of such payment and such payment shall be made by MH on such due date.

4. In the event that the Parties agree that STARS shall provide services or participate in activities in addition to the Services and activities contemplated in the Agreement, then at the time of such agreement, the Parties shall agree on

the appropriate additional funding applicable thereto considering all relevant factors in calculating such additional funding.

SCHEDULE C
FURTHER DESCRIPTION OF STARS'S SERVICES

Following are the capital items and operating Services to be provided by STARS to MH under the terms of the Services Purchase Agreement.

Capital Items

To safely and effectively operate a rotary wing emergency pre-hospital program, there is an extensive list of specialized equipment which STARS will provide to Manitoba Health. These items are as follows:

1. Night Vision Equipment (NVG) - STARS will operate with four sets of NVG, with two in service and two reserved as back-ups for rotating service and repairs as required. The NVG that will be used by STARS are military grade and restricted goods. Ongoing repairs and maintenance equipment (alignment systems for calibration and focusing boxes) will also be provided by STARS.

2. Eurocopter BK117 Rotary Wing Aircraft – STARS will provide Manitoba with one Eurocopter BK117 rotary wing aircraft equipped with a medical interior which will be consistent with the existing STARS fleet and required standards. The Rotary Air Ambulances used to provide the Services hereunder shall have certified customized air medical interiors capable of emergency medical transport stocked with compact versions of the lifesaving and rescue equipment found in an ambulance, emergency room or intensive care unit for care of one or two critically ill or injured patients as may be approved under the Laws.

The BK117s are normally configured for single pilot operation, so the one under contract will require mechanical upgrades to meet specifications for a rotary wing emergency pre-hospital program. These specifications include, but are not limited to (a) two pilot operating controls, (b) Canadian certification module, and (c) NVG flight equipment.

Specific to the retrofit is STARS's requirement to engage Eurocopter Germany to produce "Canada Kits" and have a Eurocopter certified engineer to install the components on the BK117 for Transport Canada Certification.

In addition, until other arrangements are agreed to and as resources permit, STARS shall use commercially reasonable efforts to ensure that one STARS helicopter shall be available for backup use in Manitoba on an "if and when needed" basis. It is projected that the equivalent of a 0.5 back-up helicopter will be provided to Manitoba. STARS will promptly inform the Province of Manitoba in the event that a backup request cannot be executed. STARS will include projected costs of the backup helicopter in each annual budget but such helicopter shall be charged at actual costs incurred in the year.

On a reciprocal basis, STARS may occasionally use Manitoba based helicopters for backup purposes in other provinces, and until such time as a dedicated Manitoba based helicopter has been acquired, equipped and entered into service, STARS shall provide for use in Manitoba of another STARS helicopter at full cost recovery including, without limitation, depreciation charges as has been the case since STARS began operating in Manitoba.

To maintain the helicopter, STARS will maintain a minimum level of parts inventory to ensure timely repairs and perform routine maintenance. When not in use, the BK117 will be stored in a hangar.

3. Aviation Maintenance Facilities – To manage parts inventory and workshop areas of a base / hangar shelving, workbenches and inventory stores areas will be required by STARS.

4. Medical Training Equipment – STARS will utilize Human Patient Simulators (HPS) for both external (non-STARS doctors, nurses and paramedics) and internal training (STARS crews). To cover all patient types, STARS will provide three HPSs; adult, child and infant. STARS will establish a simulation hospital room and medical control room at the Manitoba base to facilitate training in actual scenarios.

In addition to the HPS training equipment described above, there is other medical training equipment required. This additional equipment will be dually utilized to provide back-up to the equipment on the rotary wing aircraft as well as for in-house training purposes.

STARS acknowledges and agrees that all equipment utilized in the STARS training program which has been paid for by Manitoba Health will be made available at no cost for the training of non-STARS personnel.