

February 19, 2007

LF022807-06

Chris Lien, Co-Owner
Medical Air Rescue
4025 LaCroix Court
Rapid City, SD 57703

Dear Chris:

Please accept this letter as a memorandum of understanding between Medical Air Rescue Corporation (MARC) and the Rapid City Department of Fire and Emergency Services (RCDFES) for ground transportation ambulance service.

It is the desire of the Rapid City Department of Fire and Emergency Services (RCDFES) to provide ground transport service for all ambulance transport calls within the City of Rapid City. Based on the call volume projections provided by Medical Air Rescue Corporation (MARC), we are proposing a contracted rate for this service.

Ambulance Specifications

The Rapid City Department of Fire and Emergency Services maintains a fleet of 9 ambulances in service. These ambulances exceed federal KKK specifications, and are State of South Dakota inspected and licensed. Our ambulance service is licensed by the City of Rapid City for operations within Rapid City. These ambulances are fully equipped with radio and cell phone service for communications with other agencies.

Ambulance Response

The Rapid City Department of Fire and Emergency Services agrees to have an ambulance mission ready and able to report on scene within 40 minutes of a request for service.

Ambulance Attendants

Rapid City Fire and Emergency Services shall provide one ambulance attendant certified as an EMT-B. Medical Air Rescue shall provide trained, certified, licensed personnel to attend the patient.

Medical Necessity

Medical Air Rescue shall provide any information necessary for the Rapid City Department of Fire and Emergency Services' reports and documentation.

Responsibilities of Medical Air Rescue

Medical Air Rescue shall provide or arrange for all services, personnel and equipment necessary to operate its patient transport system except for ambulances, drivers, vehicle maintenance, and any other services listed by the Rapid City Department of Fire and Emergency Services.

For the purposes of this agreement, a patient transport is defined as:

One transfer is understood to be a round trip ground transport of the Medical Air Rescue team and/or patient.

Transport Scheduling

Medical Air Rescue staff shall schedule all ground ambulance transports and shall notify the Rapid City Department of Fire and Emergency Services by telephone or pager when its services are required. The response time commences when Medical Air Rescue notifies the Rapid City Department of Fire and Emergency Services that their services are required. Medical Air Rescue shall make every attempt to provide as much advance notice of transports as possible.

Medical Transport Team

Medical Air Rescue transport team shall provide licensed, certified support personnel in the number and with the qualifications necessary for the circumstances as determined by the patient's physician or Medical Air Rescue medical director.

Medical Air Rescue personnel agree to adhere to all RCDFES safety policies.

Portable Equipment & Supplies

Medical Air Rescue will provide portable medical support equipment and supplies required for the type of patient being transported as determined by transport personnel, the patient's physician, or Medical Air Rescue medical director for use during the transport.

Major Disaster Ambulance Utilization

In the event of a major disaster, as declared by an appropriate emergency management authority, Medical Air Rescue patients will be triaged along with all other requests for medical assistance outside of the actual incident. Additional advance notice of a request for a transfer will be helpful in the disaster planning and implementation process. In the event of a system-wide call for service overload, every effort will be made to assign the first available ambulance to the Medical Air Rescue transport.

Access to Records

Medical Air Rescue will maintain an event record containing the date, times, sending and receiving facility, patient and crew names for each transport, and will permit RCDRES to review such records upon reasonable request.

Safe Harbor

Both parties agree to abide by The Office of Inspector General of the Department of Health and Human Services ("OIG") promulgated regulation that sets forth a safe harbor for restocking arrangements to comply with the federal anti-kickback statute, effective January 3, 2002.

Insurance

Each party agrees at no cost or expense to the other, to carry a policy or policies of professional liability insurance issued by insurance carriers licensed or authorized to conduct business in South Dakota and with commercially reasonable limits. Liability insurance shall be provided in an amount of not less than three million dollars (\$3,000,000) or such larger sum as may be required by a governmental agency. Each party agrees to furnish to the other upon request a certificate of insurance to evidence the insurances required by this section. Failure to maintain the required insurance coverage listed here shall be grounds to terminate this agreement immediately and pursue any and all other remedies either party may have.

Compensation

Compensation for services provided under this contract is based on Medical Air Rescue's assumption that 50 calls per month for transport will be required. Based on that, Rapid City Department of Fire and Emergency Services agrees to charge three hundred dollars per call (\$300.00) flat rate inclusive of mileage from Medical Air Rescue based at Rapid City Regional Airport to any acute care facility within the boundaries of Rapid City. Transports will be billed on a per call basis within the first 10 days of each month. Payments are due within 30 calendar days after the 10th day of each month.

Force Majeure

Either party shall be excused from performance under this agreement if for any period that party is prevented from performing any obligations pursuant hereto, in whole or in part, as a result of an Act of God, war, civil disturbance, catastrophe, court order, labor dispute or cause beyond reasonable control, including shortages or fluctuations in electrical power, heat, light, air-conditioning or fuel shortages, and such non-performance shall not be a ground for termination or default. The relevant party will use its reasonable efforts under such circumstance to ensure that alternate services be made available should any of these conditions arise. In the event the Rapid City Department of Fire and Emergency Services cannot obtain alternate services, MARC may exercise its right to contract temporarily with another service until the provider is once again able to meet the needs of Medical Air Rescue.

Confidentiality

Each party agrees that they will acquire patient information deemed confidential. Both parties agree to safeguard the privacy of any personally identifiable health information regarding a patient. Such information may be disclosed only to authorized individuals and only in accordance with state and federal rules and regulations. The parties will each maintain its patient records and information in an accurate and timely manner and shall ensure timely access by patients to the records and information that pertains to them. The parties shall abide by all state and federal rules and regulations pertaining to confidentiality and disclosure of mental health records, medical records, and other patient information. A HIPAA business agreement shall be entered into between both parties for the purpose of sharing patient information.

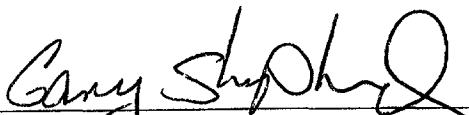
Notice of Litigation

Both parties shall each promptly notify the other in the event either learns of any threatened or actual litigation in which it is a party defendant in a case which involves services provided under the agreement. Within fifteen (15) calendar days after being served with a summons, complaint, or other pleading which has been filed in any federal or state courts, or with any administrative or regulatory agency, or after receiving notice of threatened litigation, the party so served or notified shall deliver copies of such documents to the other party.

Duration

The term of this agreement shall be in effect starting this _____ day of _____, 2007 and remain in effect for the period of one year. This agreement may be terminated by either party upon sixty (60) days written notice without cause.

Chris Lien, Co-Owner



Gary Shepherd, Rapid City Fire Chief

Jim Shaw, Mayor

James Preston, Finance Officer