

MEMORANDUM OF UNDERSTANDING

THIS MEMORANDUM OF UNDERSTANDING (this “**Agreement**”) is entered into as of July 9, 2021 (the “**Effective Date**”) by and between the **SOUTHEAST ALASKA REGIONAL HEALTH CONSORTIUM**, a consortium of federally-recognized Indian tribes and tribal organization under federal law (“**SEARHC**”) and the **Municipality of Skagway Borough Assembly** (hereafter the “**Assembly**”). SEARHC and the Assembly are sometimes referred to herein individually as a “**Party**” and together as the “**Parties**”.

RECITALS

A. SEARHC is a provider of high-quality health care services for the residents of the Southeast Alaska region.

B. The Assembly through the Dahl Memorial Clinic (the “**Clinic**”) applied for and received a grant from the U.S. Department of Health and Human Services Health Resources and Services Administration to support the planning and delivery of medical services to medically underserved populations.

C. The Assembly and SEARHC have discussed a preliminary agreement and arrangement whereby SEARHC would manage the Clinic on an interim basis while the Parties negotiate terms under which SEARHC may acquire the Clinic through the purchase of the Clinic business and the purchase or lease of the Clinic facility (collectively referred to as the “**Transaction**”).

NOW, THEREFORE, the Parties agree as follows:

1. Appointment of Assembly Representative. The Assembly hereby confirms that it has appointed Brad A. Ryan, its Borough Manager (the “**Manager**”), to negotiate in good faith the terms of a management agreement reasonably acceptable to the Parties pursuant to which SEARHC will manage the Clinic (the “**Management Agreement**”).

2. Terms of the Management Agreement. The Management Agreement shall:
 - a. Include provisions as shall reasonably allow the Assembly to comply with all Section 330 Grant requirements.
 - b. Require the Assembly to provide for the proper licensure of all Clinic staff.
 - c. Allow SEARHC to assist the Assembly in the recruitment of Clinic employees and provide oversight of all clinical and non-clinical staff.
 - d. Establish a reasonable management fee to be paid to SEARHC.
 - e. Require, during the term of SEARHC's management, that Clinic patient records will remain the sole property of the Clinic, in compliance with HIPAA.
 - f. Have an initial term of three (3) months (the "Initial Term"), which Initial Term may be extended for successive three-month periods upon the mutual agreement of the Parties.
 - g. Provide that from the effective date of the Management Agreement, until such time as this Agreement has terminated in accordance with the provisions of Paragraph 4 herein:
 - i. The Parties shall discuss, in good faith, the terms of the Transaction between the Assembly and SEARHC;

- ii. The Assembly shall not offer the Clinic for sale or lease to anyone other than SEARHC nor shall it enter into, or continue, any discussions with any third-party seeking to acquire the Clinic;
- iii. The Assembly shall allow SEARHC to have access to the Clinic (its books and records and those of the Clinic Board of Directors) to investigate and inspect (at SEARHC's sole cost and expense) the legal, physical, economic, and environmental condition of the Clinic, and the suitability of the Clinic for SEARHC's intended operation thereof. If SEARHC determines, in its sole and absolute discretion, that it is unsatisfied with any aspect of the Clinic prior to the termination of this Agreement, then SEARHC shall have the right to inform the Assembly that it does not intend to pursue the Transaction. However, until SEARHC provides such notice, or the termination of this Agreement if sooner, the Assembly shall provide to SEARHC for its review, all information and documentation regarding the Clinic which is in the possession or control of the Assembly, its affiliates, and/or contractors (the "Due Diligence Materials").
- iv. For clarification, neither Party has any obligation to purchase, sell or lease the Clinic.

3. Costs and Reimbursement. The Manager is authorized to incur up to _____ Dollars (\$_____) in out-of-pocket costs and expenses in connection with the negotiation of the Management Agreement and the Transaction (including costs of third-party consultants, but excluding any legal fees associated with the Assembly's counsel), assistance related to obtaining third-party approvals, and other activities as requested by SEARHC in connection with the Management Agreement and/or the Transaction.

4. Termination of this Agreement. This Agreement shall remain in effect until the earlier to occur of December 31, 2021, or termination as follows: (i) by mutual written agreement of the Parties, or by the Parties entering into a written agreement that explicitly supersedes this Agreement; (ii) by either Party, upon forty-five (45) days' written notice to the other Party. For the avoidance of doubt, the forty-five (45) day period following written notice of termination set forth above is intended to allow for an orderly wind-down of SEARHC's Due Diligence investigation with respect to the Transaction.

5. Notices. Any notice required or permitted under this Agreement shall be delivered by personal delivery or by first class mail, postage pre-paid, or by email addressed as follows:

The Assembly:

Attn:
Email:

SEARHC: Southeast Alaska Regional Health Consortium
3100 Channel Drive, Suite 300
Juneau, Alaska 99801
Attn: Michael E. Douglas, SVP/Chief Legal Officer
Email: mdouglas@searhc.org

6. Miscellaneous. This Agreement will be governed by and construed in accordance with the laws of the State of Alaska. This Agreement will be binding and enforceable upon its execution by the Parties. The Parties may execute this Agreement in counterparts, including by electronic signature, each of which shall be deemed an original, but all of which, taken together, shall constitute one and the same instrument. Neither Party may assign any of its rights under this Agreement.

[SIGNATURE PAGE FOLLOWS]

IN WITNESSETH WHEREOF, the Parties have executed this Agreement effective as of the Effective Date.

ASSEMBLY:

Municipality of Skagway Borough Assembly

By: _____

Name: Brad A. Ryan

Title: Borough Manager

SEARHC:

SouthEast Alaska Regional Health Consortium

By: _____

Name: Charles Clement

Title: President/CEO