



October 3, 2024

Paul Garza, Jr.  
Chair, Board of Directors  
Mendocino Coast Health Care District  
775 River Drive  
Fort Bragg, CA 95437

**Re: Letter of engagement for Strategic & Operational Assessment**

Dear Paul,

Thank you for giving The Chartis Group, LLC (Chartis) the opportunity to work with your team through the Strategic & Operational Assessment. Chartis has been privileged to work with rural hospitals like yours for more than a decade now, and our collective experience provides us with a deep knowledge base, client network, and perspective on what it takes to make meaningful and sustainable change. We are uniquely qualified to help rural hospital leadership teams better understand performance through the lens of objective, comparative analytics and industry-leading research.

The Strategic & Operational Assessment provides a comprehensive review of facility Financial Performance, Costs & Charges, local Population Health dynamics, patient outmigration, Market Share, and performance profiles of local rural competitors. The assessment includes an extensive executive summary that will help inform and guide the Board, hospital leaders and frontline decision makers. Once the assessment is delivered, Chartis will conduct a review session (conducted via Zoom) with your team.

The fee for the assessment is \$18,500. We expect the assessment to be delivered within 3 weeks of both parties signing this letter of engagement.

Should you choose to engage with Chartis for additional services, we will use the terms and conditions of this Letter of Engagement to govern any additional engagement.

We are looking forward to working with you and your team. Please do not hesitate to contact me directly if you have any questions or wish to discuss this engagement.

Please do not hesitate to contact me directly if you have any questions or wish to discuss this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Topchik". The signature is fluid and cursive, with a large loop at the end.

Michael Topchik  
Executive Director, The Chartis Center for Rural Health  
207-939-4618  
[mtopchik@chartis.com](mailto:mtopchik@chartis.com)

The parties have executed this proposal as of the date first set forth below.

[Full legal name of client]

The Chartis Group, LLC

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Authorized party

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Name  
Director

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Date

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Date

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Name

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Title

# APPENDIX

## Appendix: Chartis Commercial Terms & Conditions

### 1. **Performance of services; data flow**

a) **Performance of services.** The Chartis Group, LLC ("Chartis") will perform consulting services for Mendocino Coast Health Care District ("Client") as described in the letter of engagement or proposal to which these Terms & Conditions are attached ("Services") in compliance with such letter of engagement or proposal ("LOE"), these Chartis Commercial Terms & Conditions ("Terms & Conditions") and all applicable federal, state, and local laws.

b) **Data flow.** Client shall provide to Chartis all documents, data and information that are reasonably requested by Chartis and that (i) are necessary for the performance of the Services; and (ii) may lawfully be shared by Client with Chartis. Chartis will use such documents, data and information only to perform the Services, using commercially reasonable efforts to prevent confidential information (as defined below) of Client from being disclosed to any third party in violation of these Terms & Conditions.

### 2. **Invoicing, reimbursement of expenses, remittance, IRS regulation, legal process.**

a) **Invoicing.** Client shall compensate Chartis for the performance of the Services in accordance with the LOE. Chartis will invoice Client for its professional fees and reimbursable travel and business-related expenses (as set forth in Section 2.b. below) to the billing contact person for Client listed below (a) in accordance with the payment schedule set forth in the LOE, or (b) if there is no payment schedule in the LOE, on a monthly basis.

**Billing contact person for client: [name], [address], [email], [phone number]**

b) **Travel and business-related expense reimbursement.** Client shall reimburse Chartis for travel and business-related expenses reasonably incurred in connection with the performance of the Services, including, without limitation, travel to Client's premises and travel to Chartis' premises for team work sessions, which expenses may include the following:

- i. air, auto, or other transit related travel expenses related to the Services;
- ii. meal expenses;
- iii. lodging expenses if the Services require overnight stays; and
- iv. miscellaneous travel-related expenses (taxi, parking and tolls, etc.).

c) **Remittance.** Client shall pay Chartis the amount stated on each invoice for its professional fees and reimburse all travel and business-related expenses within thirty days of the date of the invoice. All payments due of amounts not reasonably disputed shall be made by check, bank wire transfer, or ACH transaction to a bank account designated by Chartis on the

invoice. If Client in good faith, disputes the amount of an invoice issued by Chartis, Client shall pay Chartis the undisputed portion of the invoice within thirty (30) days of the date of the invoice, and provide Chartis with written notice of the portion of the invoice in dispute and the reasons for such dispute within fifteen (15) days of the date of the invoice. The parties shall use commercially reasonable efforts to reconcile the disputed amounts as soon as commercially practicable. If the parties agree that Client owes some or all of the disputed amount, then Client shall pay such amount within thirty (30) days from the date of the parties' agreement. All payments shall be made in U.S. dollars. Overdue amounts shall bear interest at an annual rate equal to 1.5% per month or the highest rate permitted by applicable law (whichever is lower) from thirty (30) days after the applicable due date until the date full payment is received by Chartis. In the event that the due date of any payment subject to this section is a Saturday, Sunday or national holiday, such payment may be paid on the next business day.

d) **Legal process.** If Chartis is requested by Client or any third-party, by subpoena, court order, investigation, or other legal or regulatory proceeding to produce documents or testimony pertaining to Client or the Services, and Chartis is not named as a party in the proceeding, Client will pay Chartis for its professional time, plus out-of-pocket expenses, costs, and fees, as well as reasonable attorney fees, incurred by Chartis in responding to such request.

### 3. **Client delays**

In addition to the events described under Section 9.d below, there are two specific situations that are beyond Chartis' control and that may cause Chartis to spend more time and/or incur more expenses to perform of the Services. The two situations are:

a) **Insufficient resources.** Client provides insufficient personnel, information, and/or other resources to fulfill its obligations under the LOE. Chartis will notify Client as soon as reasonably possible upon Chartis becoming aware that it appears that the Client-provided resources are, or will be, below agreed upon levels.

b) **Unforeseen schedule slippage.** Client fails to stay within the timeline agreed to in the LOE. Chartis will notify Client as soon as reasonably possible upon Chartis becoming aware that it appears that the Client is not keeping, or will not keep, pace with the agreed timeline.

The types of situations set forth above are not typically encountered during an engagement between Chartis and its clients. However, if such a situation arises, Chartis will notify Client promptly and work with Client to determine if Chartis will be required to provide any additional time and/or resources as a result of a situation under Sections 3.a or 3.b above. In the event that the parties determine that Chartis will be required to provide additional time and/or resources, then upon written agreement between Chartis and Client, Client shall pay Chartis the amount agreed upon for such additional time and/or resources.

4. **Termination.**

a) **Completion of services.** Unless earlier terminated under Section 4.b below, the LOE shall terminate upon the completion of the Services by Chartis in accordance with the LOE.

b) **Material breach.** If either party (the "non-breaching party") believes that the other party (the "breaching party") has materially breached one or more of its obligations under the LOE or these Terms & Conditions, then the non-breaching party shall deliver written notice of such material breach to the breaching party specifying the nature of the alleged breach in reasonable detail (a "default notice"). The non-breaching party shall have the right to terminate a LOE upon written notice to the breaching party if the breach set forth in the default notice has not been cured within thirty (30) days after breaching party receives the default notice. Notwithstanding the foregoing sentence, if such material breach, by its nature, cannot be remedied within such thirty (30) day cure period, but can be remedied over a longer period not expected to exceed sixty (60) days, then such thirty (30) day period shall be extended for up to an additional thirty (30) days, provided that the breaching party supplies the non-breaching party with a reasonable written plan for curing the material breach and uses commercially reasonable efforts to cure the material breach in accordance with such written plan.

c) **Termination of the services of a member of the team.** If Client judges the performance of the Services by a member of Chartis' team unsatisfactory for any reason other than reasons that violate applicable law, Client may request in writing the removal of that member from the engagement, and Client shall not be liable for any fees for the performance of Services by that member after the date of such removal.

d) **Effect of termination.** Upon termination of the LOE:

- i. Client shall promptly pay Chartis for Services provided and expenses incurred through the date of termination; and
- ii. the receiving party will (a) return to the disclosing party all of the disclosing party's confidential information in its possession; or (b) destroy such confidential information in accordance with applicable National Institute of Standards and Technology (NIST) and Department of Defense (DoD) standards; provided that the receiving party may retain one (1) copy of such confidential information solely for purposes of ensuring compliance with the terms of this agreement. Notwithstanding the above, the receiving party may retain any of disclosing party's confidential information that is contained or embedded in receiving party's archived computer back-up systems in accordance with automated document retention, security, or disaster recovery procedures, provided such confidential information shall remain subject to the terms of Section 8.a of these Terms & Conditions as long as it is retained by receiving party.

e) **Survival.** The provisions of Sections 2 (Invoicing, reimbursement of expenses, remittance, IRS regulation, legal process), 4.d (Effect of termination), 4.e (Survival), 5 (Solicitation or hiring of employees), 6 (Indemnification and insurance), 7 (Limitation of liability), 8 (Confidentiality and proprietary information; intellectual property; non-reliance and regulatory disclosures), and 9 (Miscellaneous) of these Terms & Conditions will survive the expiration or termination of the LOE.

5. **Solicitation or hiring of employees.**

During the term of the LOE and for a period of twelve (12) months thereafter, neither party will knowingly employ or solicit for employment any employee, contractor or consultant of the other party who performed any of such party's obligations under the LOE without the prior written consent of the other party. This section shall not restrict either party from offering employment or employing any employees, contractors or consultants of the other party who responds to any general advertisement or other general recruiting method used in the ordinary course of business. For the avoidance of doubt, each party understands and agrees that its violation of this section may cause the other party to suffer significant damages, including, but not limited to, loss of revenues, loss of profits and loss of business opportunities.

6. **Indemnification and insurance.**

Chartis shall indemnify, defend and hold harmless Client from and against any against any third party claims, demands, actions, liabilities, damages, losses, costs and expenses (including reasonable attorney's fees) (each, a "claim") arising from (a) the negligence or willful misconduct of Chartis in the performance of the Services, or (b) a violation of the LOE, Terms & Conditions or any applicable regulations or laws by Chartis.

Client shall indemnify, defend and hold harmless Chartis from and against any claim arising from (a) the negligence or willful misconduct of Client, (b) a violation of the LOE, Terms & Conditions or any applicable regulations or laws by Client, or (c) Client's use of any deliverables (as defined in Section 8.b).

Each party must notify the other party within thirty (30) days after learning of any claim made for which the other party is obligated to provide indemnification as set forth above. The indemnifying party will have the sole right to defend, negotiate, and settle any such claim. The indemnified party will be entitled to participate in the defense of such claim and to employ counsel at its expense to assist in such defense; provided, however, that the indemnifying party will have final decision-making authority regarding all aspects of the defense of any claim for which it is providing indemnification. The indemnified party will provide the indemnifying party with such information and assistance as the indemnifying party may reasonably request, at the expense of the indemnifying party. Neither party will be responsible or bound by any settlement of any claim made without its prior written consent, which will not be unreasonably withheld or



delayed. Further, the indemnifying party may not admit liability on the part of the indemnified party without the indemnified party's prior written consent, which shall not be unreasonably withheld or delayed.

Each party shall maintain sufficient insurance or a program of self-insurance to cover its indemnification obligations set forth above. Upon written request, each party will provide evidence of such insurance to the other party.

**7. Limitation of liability.**

Excluding any liability resulting from a party's indemnification obligations under Section 6 of these Terms & Conditions or a party's breach of Section 8 of these Terms & Conditions, neither party shall be responsible or liable to the other party with respect to the subject matter of the LOE for any indirect, incidental, special or consequential damages, including, but not limited to, loss of profits, loss of revenues, or loss of business opportunity. With the exception of injunctive relief and specific performance, monetary damages shall be Client's exclusive remedy for any claims arising from the LOE and these Terms & Conditions. Chartis' liability to Client arising from the LOE and/or these Terms & Conditions shall be limited to actual damages and shall not exceed the total amount paid by Client to Chartis for the Services under which such liability arises.

**8. Confidentiality and proprietary information; intellectual property; non-reliance and regulatory disclosures.**

a) **Confidential information.** For purposes of these Terms & Conditions, "confidential information" means confidential or proprietary information furnished by a party ("disclosing party") to the other party ("receiving party") pursuant to the LOE, including, without limitation, such information relating to the disclosing party's business strategy, information systems, patients, software and hardware. The receiving party shall treat all confidential information of the disclosing party as proprietary and confidential and will use such confidential information only to perform its obligations under the LOE. The receiving party shall not disclose the disclosing party's confidential information to any third party except to (i) those third parties who have entered into confidentiality agreements that provide the same protection that disclosing party's confidential information has under these Terms & Conditions, and (ii) those employees and third parties that have a need to know disclosing party's confidential information in order to perform receiving party's obligations under the LOE. The obligations of confidentiality and non-use set forth herein shall not apply to any confidential information that:

i. at the time of disclosure or after disclosure is generally known by the public other than as a result of a breach of this Section 8.a by the receiving party;

- ii. is generally known to receiving party prior to the disclosure hereunder as evidenced by receiving party's written records;
- iii. is disclosed to receiving party by a third party having no obligation of confidentiality to the disclosing party;
- iv. is developed by receiving party independent of the LOE or these Terms & Conditions and without any use of or reliance upon the disclosing party's confidential information; or
- v. is approved in writing for disclosure by disclosing party.

In the event that the receiving party is required by applicable regulation or law to disclose any of the disclosing party's confidential information to a third party, the receiving party shall, if legally permitted to do so, promptly notify the disclosing party in writing of such requirement. Upon the written request of the disclosing party, the receiving party shall cooperate in any lawful efforts by the disclosing party to seek a protective order or otherwise limit or prevent such disclosure, and if no such order or prevention is obtained, the receiving party shall only disclose such portion of the disclosing party's confidential information that it is legally required to disclose.

The confidentiality obligations set forth above shall survive for five (5) years after the expiration or termination of the LOE.

If any of Client's confidential information is "Protected Health Information" as defined by the U.S. Health Insurance Portability and Accountability Act of 1996 ("HIPAA"), as amended from time to time, Chartis' duties and obligations relating to such information shall be governed by a separate business associate agreement entered into by Client and Chartis, and not the LOE and/or these Terms & Conditions.

Except for the immediately preceding paragraph, to the extent that these provisions conflict with the terms of any confidentiality agreement between the parties previously entered into in connection with the Services, these terms will govern.

b) **Deliverables.** All data, information and reports generated by Chartis solely in the performance of the Services in accordance with the LOE ("Deliverables") shall be owned by Client.

c) **Pre-existing property.** Notwithstanding any other provision of the LOE or these Terms & Conditions, Chartis' pre-existing solutions, methodologies, processes, tools, and materials ("Chartis pre-existing property") are and shall remain the sole and exclusive property of Chartis. Chartis may use, for itself or others, without permission from Client, all pre-existing solutions, methodologies, processes, tools, and materials that may be included in, or be a basis for the deliverables. Further, the Chartis pre-existing property is proprietary to Chartis, and Client shall not disclose any Chartis pre-existing property to any third party without Chartis'

prior written consent. If Chartis uses any Chartis pre-existing property in any of the deliverables, Chartis agrees to grant to Client, as of the date Client receives such deliverables from Chartis and Chartis receives payment for such deliverables in accordance with the LOE and these Terms & Conditions, a non-exclusive, non-transferable license to use such Chartis pre-existing property in the form included in the deliverables in order to use such deliverables for their intended purpose.

d) **Non-reliance.** In the event that Client discloses any of the deliverables to a third party ("recipient"), Client shall (i) ensure that prior to such disclosure each recipient signs a non-reliance letter approved by Chartis; and (ii) be responsible for such recipient's use, reliance upon or disclosure of such deliverables. Chartis and its affiliates and each of their respective directors, officers, employees, agents, advisors and representatives shall have no liability to Client or recipient, whether direct or indirect, in contract, tort or otherwise, regardless of the nature of the allegation or claim, arising from or in connection with the use, reliance upon or disclosure of any of the deliverables by Client and/or any recipient. Client shall indemnify, defend and hold harmless Chartis and its affiliates and each of their respective directors, officers, employees, agents, advisors and representatives from and against any claims arising from the use, reliance upon or disclosure of any of the deliverables by Client and/or any recipient.

e) **Regulatory disclosures.** Prior to disclosing any deliverables to a regulatory or governmental authority, Client shall obtain the prior written approval of Chartis, which approval shall not be unreasonably withheld or delayed.

## 9. **Miscellaneous provisions.**

a) **Modification or amendment.** No modification or amendment of the LOE will be valid unless it is in writing and signed by the authorized representatives of both parties.

b) **Insurance.** Chartis shall carry, at its own cost and expense, commercial general liability insurance coverage in an amount of \$1,000,000 per occurrence and \$2,000,000 in the aggregate.

c) **Notices.** All notices, requests, demands, or other communications required or permitted by the applicable LOE or these Terms & Conditions will be given in writing and delivered to the respective party at the following addresses:

For The Chartis Group, LLC:  
Attn: \_\_\_\_\_  
The Chartis Group, LLC  
220 West Kinzie Street, 3<sup>rd</sup> floor  
Chicago, IL 60654

For Client:

[Insert legal entity name of client]

Attn: [Name and Title of Contact Person]

[Address]

[Address]

or to such other address as either party may from time to time notify the other party in writing and will be deemed to be properly delivered (i) immediately upon being served personally, (ii) two days after being deposited with the postal service if served by registered mail, or (iii) the following day after being deposited with an overnight courier.

d) **Force majeure.** Neither party shall be liable for any failure or delay in performing its obligations under this Agreement if such failure or delay is due to circumstances beyond its control, including but not limited to, governmental actions or restrictions, war, terrorism or insurrections, strikes, fires, floods, work stoppages, embargoes, pandemics, equipment, telecommunications, power, or electrical failures; provided that, if possible, the affected party promptly notifies the other party of the cause and its effects on the obligations to be performed hereunder by the affected party. The affected party shall use its reasonable efforts to mitigate the effect of the event of force majeure upon its performance of its obligations under the LOE. Upon conclusion of the event of force majeure the affected party shall as soon as reasonably practicable notify the other party of such conclusion and recommence the performance of its obligations under the LOE. In the event that the affected party fails to recommence the performance of its obligations under the LOE, the other party may terminate the LOE upon thirty (30) days written notice to the affected party.

e) **Independent contractor.** Chartis will perform the Services in its capacity as an independent contractor for Client. Chartis and employees are not employees of Client and are not entitled to participate in health or disability insurance, retirement benefits, or pension benefits to which employees of Client may be entitled. Neither party will not hold itself out as a partner, agent, employee or joint venture partner of the other party.

f) **Entire agreement.** The LOE, these Terms & Conditions and any attachments, as well as any separate business associate agreement between the parties, constitute the entire agreement between the parties regarding the Services and supersedes any prior and contemporaneous agreements, representations and understandings of the parties regarding the Services.

g) **Governing law and jurisdiction.** The LOE and these Terms & Conditions will be governed by and interpreted in accordance with the laws of the State of Illinois, without regard to its conflict of laws rules. Chartis and Client specifically consent and agree that the courts of the State of Illinois and/or the federal courts located in Chicago, Illinois will have exclusive

jurisdiction over each of the parties in any proceedings arising from the LOE or these Terms & Conditions.

h) **Taxes.** Client shall pay all taxes relating to the LOE and the Services, including any sales or gross receipts taxes, but excluding any taxes measured by the income of Chartis and excluding any employment taxes relating to employees of Chartis. Notwithstanding the preceding sentence, if Client is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code of the United States, as amended, Chartis shall take all reasonable actions to cause the provision of the Services under the LOE to be treated as a tax-exempt transaction. Upon written request, Client shall provide Chartis with certificates evidencing its tax-exempt status.

i) **Assignment; binding effect.** Neither party may assign any of its rights or delegate any of its respective obligations under the LOE or these Terms & Conditions without the prior written consent of the other party. A LOE and these Terms & Conditions shall be binding on and inure to the benefit of the parties hereto and their permitted successors and assignees.

j) **Section and other headings.** Section and other headings in the LOE and these Terms & Conditions are for reference purposes only and shall not be used in any way to govern, limit, modify, construe, or otherwise affect the LOE or these Terms & Conditions.

k) **Counterparts; delivery by facsimile or email.** The LOE and/or these Terms & Conditions may be executed in any number of counterparts with the same effect as if both parties had signed the same document. All counterparts shall be construed together and shall constitute one and the same agreement. The LOE and these Terms & Conditions and any amendments, to the extent signed and delivered by means of a facsimile machine or email, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version delivered in person.

## Signature page

By signing below, both parties acknowledge that they have read, understood, and agree to these Terms & Conditions.

ACCEPTED AND AGREED TO:

The Chartis Group, LLC

By: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

ACCEPTED AND AGREED TO:

[INSERT LEGAL ENTITY NAME OF CLIENT]

By: \_\_\_\_\_

Printed name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Placeholder  
for text

*The information contained in this document is intended only for the entity or person to which it is addressed and contains confidential and/or proprietary material. Dissemination to third parties, copying, or use of this information without the prior written consent of The Chartis Group, LLC is strictly prohibited.*

