County of Los Angeles
CHIEF ADMINISTRATIVE OFFICE
713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012
(213) 974-1101
http://cao.co.la.ca.us

DAVID E. JANSSEN
Chief Administrative Officer

Board of Supervisors
GLORIA MOLINA
First District

YVONNE BRATHWAITE BURKE
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

May 20, 2003

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

REQUEST APPROVAL TO ESTABLISH COUNTYWIDE PARTICIPATION IN THE MEDI-CAL ADMINISTRATIVE ACTIVITIES/TARGETED CASE MANAGEMENT PROGRAM – INFRASTRUCTURE ESTABLISHMENT (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the countywide implementation of the Medi-Cal Administrative Activities/Targeted Case Management (MAA/TCM) program, and designate the Chief Administrative Office (CAO) as the lead "Local Government Agency" (LGA) to coordinate countywide participation in the MAA/TCM program.

2. Approve interim ordinance authority for three additional positions pursuant to County Code Section 6.06.020 to establish the infrastructure needed to manage the MAA/TCM program countywide. These include one Principal Analyst in the CAO and two positions (one Program Specialist IV. A/C and one Accountant III) in the Department of Auditor-Controller, subject to approval by the Department of Human Resources. The annualized cost for the positions is $322,000, and additional costs for services and supplies, including training, consultant services, communications, etc. are anticipated to total $100,000. These costs will be offset by MAA/TCM reimbursements, and no additional net County cost (NCC) is anticipated.

3. Delegate authority to the Chief Administrative Officer, or his designee, to execute the attached contract with the State Department of Health Services (SDHS) for countywide participation in the MAA/TCM program for the period July 1, 2002 through June 30, 2003 (Attachment A), and in subsequent fiscal years, execute contracts with SDHS in substantially similar form to Attachment A, for continued countywide participation in MAA/TCM.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Board approval is requested to allow the CAO and the Auditor-Controller to establish the staffing infrastructure to coordinate countywide participation in the MAA/TCM program. MAA/TCM is a federal reimbursement program which allows participating local government agencies to claim certain qualified activities necessary for the efficient administration of the Medi-Cal Program by improving the availability and accessibility of Medi-Cal services to Medi-Cal eligible and potentially eligible individuals and their families.

Counties that participate in the MAA/TCM program are required to designate a lead LGA. The LGA is responsible for handling all administrative responsibilities for the program, including all correspondence between the County and the State, as well as provide supervision and guidance to County departments regarding the program.

On March 31, 1998, your Board approved the Department of Mental Health (DMH) to act as the County's LGA, as DMH was the only County department claiming for federal reimbursement of MAA/TCM activities at that time. This approval was requested to remain in effect until such time that additional County departments begin to participate in the MAA/TCM program. In addition to DMH, the Departments of Health Services, Probation, and Community and Senior Services want to participate in the MAA/TCM program

After discussion with both DMH and the current outside consultant for the County for MAA/TCM, it is believed a full-time position is needed to serve as the LGA coordinator for the County. Accordingly, the CAO is requesting interim ordinance authority to hire a

Principal Analyst to oversee the County-wide administrative processes associated with maximizing MAA/TCM revenue. Specific responsibilities will include advising County departmental personnel on MAA/TCM program regulations, policies and procedures: representing the County at Statewide MAA/TCM program workgroups and training sessions: advocating and designing strategies to improve program and revenue leveraging opportunities in the County: coordinating the development of departmental Memoranda of Understanding (MOU's) with participating County departments and external entities: and monitoring compliance with MAA/TCM administrative requirements.

The Auditor-Controller will be responsible for all fiscal aspects of MAA/TCM program, including all claiming and reporting, ensuring departments maintain required supporting documentation, representing the County in audits, collecting, disbursing and maintaining claim reimbursement accounts, as well as other fiscal requirements. To manage these tasks, the Auditor-Controller will require interim ordinance authority to hire one Program Specialist IV, A/C and one Accountant III.

Implementation of Strategic Plan Goals

The recommended actions will allow the County to access additional MAA/TCM revenues and will support the Countywide Strategic Plan Goal 4, Fiscal Responsibility, and Goal 5: Children and Families' Well-Being.

FISCAL IMPACT/FINANCING

The annualized cost for the interim ordinance positions is $322,000, and additional costs for services and supplies, including training, consultant services, and communications are anticipated to total $100,000. Pending your Board's approval of this program, these positions will be requested in final changes to the Fiscal Year 2003-04 Proposed Budget.

Under the MAA/TCM guidelines, the costs of MAA/TCM coordination and claims administration can be claimed as a direct charge to the program, with fifty percent of these costs being reimbursed with federal Medicaid funds. The remaining non-reimbursed

infrastructure cost, will be apportioned to the participating County departments and agencies, and will be funded by the departments existing available appropriation. It is anticipated that these apportioned costs will be fully offset by MAA/TCM reimbursements received by the County.

Annual MAA/TCM revenues claimed by DMH are approximately $5.0 million. As the MAA/TCM program is expanded to include other claiming units within County departments currently providing MAA/TCM eligible activities, annual revenues for this program, including DMH, are anticipated to total as much as $24.0 million.

The State charges an annual program participation fee which is used by the State to cover their cost of administering the MAA claiming process. The participation fee is based on historical claimed costs by the County, and generally approximates 2% of total claims. The participation fee for FY 2003-04 has not been determined by the State, however it is not anticipated that it will exceed the current budgeted annual fee which is $96,000. This fee is anticipated to be offset by MAA/TCM reimbursements received by the County.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

MAA/TCM qualified activities include: Program Planning and Policy Development, Outreach, MAA Coordination and Claims Administration facilitating Medi-Cal applications, Medi-Cal non-emergency transportation and contracting for Medi-Cal services, as well as case management for certain Medi-Cal beneficiaries.

To qualify for federal reimbursement, the local government must comply with documentation and claiming instructions for the MAA/TCM program. A State-wide consortium of counties represents the interests of participating LGAs throughout the State. Currently Butte County is the County's "host entity" in the consortium, and its services are expected to be similar to those identified in Attachment B.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

There will be no impact on current services. This request will allow for a countywide participation in MAA/TCM, and for reimbursement of services already being provided. In addition, this request will allow the appointed LGA coordinator to serve as the County liaison with the SDHS, and the A-C to provide all financial responsibilities for the program.

Respectfully submitted,

DAVID E. JANSSEN
Chief Administrative Officer

DEJ:DL
KH:DS:kd

Attachments

c: Auditor-Controller
Chief Probation Officer
County Counsel
Director, Community and Senior Services
Director, Department of Health Services
Director, Department of Mental Health

ATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 09/01)

ATTACHMENT A

AGREEMENT NUMBER
02-25869

This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME
California Department of Health Services

CONTRACTOR'S NAME
County of Los Angeles

2. The term of this Agreement is: July 1, 2002 through June 30, 2003

3. The maximum amount of this Agreement is: $40,000,000.00 Forty Million Dallars.

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A – Scope of Work	7 pages
Exhibit B – Budget Detail and Payment Provisions	4 pages
Exhibit B, Attachment I – Certification of Non-Federal Maching Funds for Medi-Cal Administrative Activities	1 page
Exhibit B, Attachment II – Claiming Overhead Costs	1 page
Exhibit B, Attachment III – Requirements of Enhanced Federal Financial Participation	1 page
Exhibit C * – General Terms and Conditions	GTC 201 dated 2/20/01
Exhibit D(F) – Special Terms and Conditions	26 pages
Exhibit E – Additional Provisions	4 pages
Exhibit F – Contractor's Release	1 pages

See Exhibit E, Provision 1 for additional incorporated exhibits.

Items shown above with an Asterisk (*), are hereby incorporated by reference and made part of this agreement as if attached hereto.
These documents can be viewed at http://www.dgs.ca.gov/contracts.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME *(if other than an individual, state whether a corporation, partnership, etc.)*
Los Angeles County

BY *(Authorized Signature)* ✍ | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME
California Department of Health Services

BY *(Authorized Signature)* ✍ | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING
Edward Stahlberg, Chief, Program Support Branch

ADDRESS
1800 3rd. Street, Rm. 455, P.O. Box 942732, Sacramento, CA 94234-7320

California Department of General Services Use Only

☐ Exempt per:

Exhibit A
Scope of Work

1. Contractor agrees to provide to the Department of Health Services (DHS) the services described herein:

   Contractor shall perform Medi-Cal administrative activities on behalf of the State Department of Health Services (SDHS) to assist in the proper and efficient administration of the Medi-Cal Program by improving the availability and accessibility of Medi-Cal Services to Medi-Cal eligible and potentially eligible individuals and their families. These activities include: outreach, facilitating Medi-Cal application, Medi-Cal non-emergency transportation, contracting for Medi-Cal services, program planning and policy development and Medi-Cal Administrative Activities Coordination and Claims Administration.

2. The activities shall be performed at **County of Los Angeles** applicable facilities within the **Los Angeles County** geographic region.

3. The services shall be provided during normal Contractor working hours.

4. The project representatives during the term of this agreement will be:

Department of Health Services	**Contractor**
Ms. Georgia Rivers, Chief Administrative Claiming Operations Unit Telephone: (916) 657-0627 Fax: (916) 657-0957	Telephone: (213) 738 – 4608 Fax: (213) 386 - 5282

Direct all inquiries to:

Department of Health Services	**Contractor**
Administrative Claiming Operations Unit Attention: Ms. Hazel Hoang, Analyst 714 P Street, Room 1640 Sacramento, CA 95814 Telephone: (916) 653-6339 Fax: (916) 657-0957	Department of Mental Health Attention: Mr. Gurubanda Singh Khalsa 550 South Vermont Avenue, 12th Floor Los Angeles, CA 90020 Telephone: (213) 738 – 4608 Fax: (213) 386 – 5282

Either party may make changes to the information above by giving written notice to the other party. Said changes shall not require an amendment to this agreement.

Exhibit A
Scope of Work

ARTICLE I - LGA RESPONSIBILITIES

A. Perform Medi-Cal Administrative Activities (MAA) on behalf of the SDHS to assist in the proper and efficient administration of the Medi-Cal Program by improving the availability and accessibility of Medi-Cal services to Medi-Cal eligible and potentially eligible individuals, and their families (where appropriate) served by the Local Governmental Agency (LGA).

The following MAA are eligible for Federal Financial Participation (FFP) only when they are identified in a MAA Claiming Plan approved by the State and the Centers for Medicare and Medicaid Services (CMS).

1. MEDI-CAL OUTREACH: The only allowable Medi-Cal outreach for purposes of Medi-Cal administrative claiming is to groups or individuals targeted to two goals:

   a. Bringing potential eligibles into the Medi-Cal system for the purpose of determining Medi-Cal eligibility; and

   b. Bringing Medi-Cal eligible people into Medi-Cal services (information and referral).

   Outreach may consist of discrete campaigns or may be an ongoing activity, such as: sending teams of employees into the community to contact homeless alcoholics or drug abusers; establishing a telephone or walk-in service for referring persons to Medi-Cal services or eligibility offices; operating a drop-in community center for underserved populations, such as minority teenagers where Medi-Cal eligibility and service information is disseminated. Local Education Agencies (LEAs) may only conduct outreach to the populations served by their school districts, i.e., students and their parents or guardians. LEA staff providing Medi-Cal Targeted Case Management (TCM) services pursuant to W&I Code Section 14132.06, shall not be permitted to claim for MAA.

   NOTE: Public health outreach conducted by LGAs shall not duplicate the requirements on Medi-Cal managed care providers to pursue the enrollment of Medi-Cal eligibles in their service areas.

   NON ALLOWABLE: Some activities are not considered Medi-Cal outreach under any circumstances, as follows:

   a. General preventive health education programs or campaigns addressed to lifestyle changes in the general population (e.g., **Substance Abuse Narcobris Education (SANE), Drug Abuse Resistance Education (DARE)**, dental prevention, antismoking, alcohol reduction, etc.) are not allowable MAA.

   b. Outreach campaigns directed toward encouraging persons to access social, educational, legal or other services not covered by Medi-Cal are not allowable.

   ALLOWABLE: Allowable outreach activities shall be discounted by the Medi-Cal percentage or not discounted as follows:

   a. NOT DISCOUNTED: Outreach campaigns directed to the entire population to encourage potential Medi-Cal eligibles to apply for Medi-Cal are allowable, and the costs do not have to be discounted by the Medi-Cal percentage. These campaigns are Medi-Cal only eligibility outreach campaigns.

      Outreach campaigns directed toward bringing Medi-Cal eligibles into Medi-Cal covered services are allowable and the costs do not have to be discounted by the Medi-Cal percentage. In such campaigns, the language should clearly indicate that the message:

      is directed only to persons eligible for Medi-Cal, and not the general public. These campaigns are service campaigns, targeted on specific Medi-Cal services, such as Early and Periodic Screening, Diagnosis and Treatment (EPSDT).

Exhibit A
Scope of Work

A health education program or campaign may be allowable as a Medi-Cal administrative cost if it is targeted specifically to Medi-Cal services and for Medi-Cal eligible individuals, such as an educational campaign on immunization addressed to parents of Medi-Cal children. If the entire campaign is focused on Medi-Cal, the costs need not be discounted.

b. DISCOUNTED: Outreach campaigns directed towards bringing specific high risk populations (including both Medi-Cal and non-Medi-Cal persons) for example low income pregnant women or substance abusers into health care services are only allowable to the extent they bring Medi-Cal eligibles into Medi-Cal services the costs of these activities are claimable as Medi-Cal administration, but discounted by the Medi-Cal percentage.

If a specific Medi-Cal health education program is included as part of a broader general health education program, the Medi-Cal portion may be allowable if the cost of the general health education program is discounted according to the Medi-Cal percentage.

Telephone, walk-in, or drop-in services for referring persons to Medi-Cal services, sometimes called "Information and Referral" are also allowable and discounted by the Medi-Cal percentage.

County-wide averages or other methods approved by the State and the CMS for calculating the Medi-Cal percentage discount may be utilized.

The LGA may contract with non-governmental agencies or programs to conduct outreach activities. The subcontracted providers of TCM services, except in local education agencies, may conduct outreach activities, so long as the TCM service(s) and outreach activities are not performed by the same subcontractor employee. The subcontracted providers shall maintain an accurate accounting and reporting of the time spent on providing TCM services and performing allowable MAA outreach activities.

2. FACILITATING MEDI-CAL APPLICATION (Eligibility Intake): This activity includes explaining Medi-Cal eligibility rules and the Medi-Cal eligibility process to prospective applicants; assisting an applicant to fill out a Medi-Cal eligibility application; gathering information related to the application and eligibility determination or redetermination from a client, including resource information and third party liability information, as a prelude to submitting a formal Medi-Cal application to the county welfare department; and/or providing necessary forms and packaging all forms in preparation for the Medi-Cal eligibility determination. This activity does not include the eligibility determination itself. These costs do not have to be discounted by the Medi-Cal percentage.

The LGA may contract with non-governmental agencies or programs to conduct eligibility intake activities. Providers of TCM services may conduct eligibility intake, so long as the TCM service(s) and eligibility intake are not performed by the same employee. The non-governmental agencies or programs shall maintain an accurate accounting and reporting of the time spent on providing TCM services and performing Medi-Cal eligibility intake activities.

3. NON-EMERGENCY, NON-MEDICAL TRANSPORTATION: The actual costs of arranging and providing non-emergency, non-medical transportation, and accompaniment, when medically necessary, by an attendant (not a TCM case manager) of Medi-Cal eligibles to Medi-Cal services are allowable as a Medi-Cal administrative cost to the extent that such costs are actually borne by the LGA in accordance with 42 Code of Federal Regulations, Section 440.170. Examples of allowable non-emergency, non-medical transportation costs include taxi vouchers, bus tokens, mileage, etc. The cost of providing non-emergency, non-medical transportation for which no actual cost is borne by the State or LGA is not an allowable MAA cost.

SEPARATE TRANSPORTATION UNIT OR SERVICE: In situations where a LGA operates a separate transportation unit or contracts for the provision of transportation services, the costs of the unit or the contractor of actually providing the Medi-Cal non-emergency, non-medical transportation services for Medi-Cal eligibles to Medi-Cal covered services is an allowable Medi-Cal administrative cost. Costs may be calculated on a per mile or per trip basis for each Medi-Cal client transported, or by any other method allowed by Federal Law and Regulation.

Exhibit A
Scope of Work

TRANSPORTATION COSTS AND TCM: The costs of arranging for transportation of Medi-Cal eligibles to Medi-Cal services are part of the TCM rate. Therefore, the costs incurred by TCM case managers in arranging transportation for Medi-Cal eligibles to Medi-Cal services are not claimable as Medi-Cal administration. The TCM rate includes the travel costs incurred by the TCM case manager in providing the TCM services. A TCM case manager may transport or accompany a Medi-Cal eligible to a Medi-Cal service appointment only if the case manager is performing case management functions while actually accompanying the client. In such situations, the costs of the accompanying and transportation will be in the TCM rate and should not be claimed separately as an administrative activity.

4. MAA IMPLEMENTATION TRAINING: MAA Implementation Training activities include the giving or receiving of training related to the overall implementation of the MAA program. For example, general training on MAA and/or conducting MAA time surveys.

   OTHER TRAINING: Training activities shall be time studied in accordance with the purpose of the training. For example, training related to Medi-Cal outreach shall be claimed as "Outreach"; training related to assisting a potential applicant complete a Medi-Cal application shall be claimed as "Facilitating Medi-Cal Application", etc. Training that is unrelated to MAA is not allowable.

5. CONTRACTING FOR MEDI-CAL SERVICES: This activity involves entering into contracts with community based organizations or other provider agencies for the provision of Medi-Cal services other than TCM and/or MAA. The costs of TCM subcontract administration should be included in the TCM rate.

   NOTE: LGAs have the option of claiming the costs of contract administration for allowable MAA, such as Outreach, under that activity or the costs may be claimed under Contract Administration. Under no circumstances are the costs of contract administration for allowable MAA to be claimed under both Contract Administration and the activity, such as Outreach. Contracting for Medi-Cal services may only be claimed under Contract Administration.

   Contracting for Medi-Cal services and/or MAA is claimable as an administrative activity when the administration of those contracts meets all of the following criteria:

   a. The contract administration is performed by an identifiable unit of one or more employees, whose tasks officially involve contract administration, according to the duty statements or job descriptions of the employees being claimed.

   b. The contract administration involves contractors that provide Medi-Cal services and/or MAA. The costs of contracting for TCM services with non-LGA providers should be claimed as part of the TCM rate. These costs can not be separately claimed as MAA.

   c. TCM case managers and LGA subcontractors, except for school district staff, cannot claim for contract management. It is claimable only when performed by a LGA. Schools may contract for Medi-Cal services in connection with the LEA billing option.

   d. The administrative costs of contracting by LGAs as service providers under managed care arrangements may not be claimed administratively and are considered to be in the managed care capitation payment to the LGA.

   e. The contract administration must be directed to one or more of the following goals:

      (1) Identifying, recruiting, and contracting with community agencies as Medi-Cal service contract providers;

      (2) Providing technical assistance to Medi-Cal subcontractors regarding County, State and Federal regulations;

(3) Monitoring provider agency capacity and availability; and

(4) Ensuring compliance with the terms of the contract.

The contracts being administered must be for Medi-Cal services and/or MAA and may involve Medi-Cal populations only or may be general medical service contracts involving Medi-Cal and other indigent, non-Medi-Cal populations. When the contract involves a Medi-Cal and non-Medi-Cal population, the costs of contract administration shall be **discounted** by the Medi-Cal percentage.

6. PROGRAM PLANNING AND POLICY DEVELOPMENT (PP&PD): This activity may be claimed at the ENHANCED rate (75 percent FFP) if performed by an SPMP, or the NON-ENHANCED rate (50 percent FFP) if performed by a non-SPMP.

   NOT ALLOWABLE: This activity is not allowable if staff performing this function are employed full-time by LGA service providers, such as clinics. The full costs of the employees salary are assumed to be included in the billable fee-for-service rate and separate MAA claiming is not allowed.

   This activity is not allowable if staff who deliver services part-time in a LGA service provider setting, such as a clinic, are performing PP&PD activities relating to the service provider setting in which they deliver services.

   This activity is not allowable when performed by a TCM case manager.

   ALLOWABLE: This activity is claimable when performed, either part-time or full-time, by one or more LGA/LEA employees and subcontractors whose tasks officially involve PP&PD. LGA/LEA employees performing this activity must have the tasks identified in the employees position descriptions/duty statements. If the programs serve both Medi-Cal and non-Medi-Cal clients, the costs of PP&PD activities must be allocated according to the Medi-Cal percentages being served by the programs.

   This activity is claimable as a direct charge for Medi-Cal administration only when program planning and policy development is performed by a unit of one or more LGA/LEA employees who spend 100 percent of their paid working time performing this activity. This activity is claimable ONLY if the administrative amounts being claimed for PP&PD persons and activities are not otherwise included in other claimable cost pools; and the amounts being claimed for such persons employed by (**and activities taking place in**) a service provider setting are not otherwise being reimbursed through the billable service rate of that provider. Costs for persons performing this activity less that 100 percent of their time will be based on a time-survey.

   In LGAs with county-wide managed care arrangements, PP&PD activities are claimable as Medi-Cal administration only for those services that are excluded from the managed care contracts.

   Under the conditions specified above, the following tasks are allowable as MAA under this activity:

   a. Developing strategies to increase Medi-Cal system capacity and close Medi-Cal service gaps. This includes analyzing Medi-Cal data related to a specific program or specific group.

   b. Interagency coordination to improve delivery of Medi-Cal services.

   c. Developing resource directories of Medi-Cal services/providers.

   d. For subcontractors, some PP&PD support services are allowable, e.g., developing resource directories, preparing Medi-Cal data reports, conducting needs assessments, or preparing proposals for expansion of Medi-Cal services.

7. GENERAL ADMINISTRATION: This includes activities that are eligible for cost distribution on an OMB Circular A-87 approved cost allocation basis. These costs are to be distributed proportionately to all of the activities performed:

Exhibit A
Scope of Work

a. Attend or conduct general, non-medical staff meetings;

b. Develop and monitor program budgets;

c. Provide instructional leadership, site management, supervise staff, or participate in employee performance reviews;

d. Review departmental or unit procedures and rules;

e. Present or participate in, in-service orientations and programs;

f. Participate in health promotion activities for employees of the LGA; and

g. Earn compensatory time off (CTO).

8. PAID TIME OFF: This activity is to be used by all staff involved in MAA to record usage of paid leave, including vacation, sick leave, holiday time and any other employee time off that is paid. This does not include lunch or meal breaks, off payroll time, or CTO which shall be allocated as prescribed by the State.

9. TCM/MAA COORDINATION AND LGA CLAIMS ADMINISTRATION: LGA employees whose position description/duty statement includes the administration of TCM and MAA on a LGA-wide basis, may claim for the costs of these activities on the MAA invoice as a direct charge. Costs incurred in the preparation and submission of MAA claims at any level, including staff time, supplies, and computer time, may be direct charged.

If the TCM/MAA Coordinator and/or claims administration staff are performing this function part-time, along with other duties, they must certify the percentage of total time spent performing the duties of TCM/MAA coordination and/or claims administration. The percentage certified for the TCM/MAA Coordinator and/or claims administration staff activities must be used as the basis for federal claiming.

A. The TCM/MAA Coordinator and claims administration staff may claim the costs of the following activities, as well as any other reasonable activities directly related to the LGA's administration of TCM services and MAA at the LGA-wide level:

a. Drafting, revising, and submitting MAA Claiming Plans, and TCM performance monitoring plans.

b. Serving as liaison with and monitoring the performance of claiming programs within the LGA and with the State and Federal Governments on TCM and MAA.

c. Administering LGA claiming, including overseeing, preparing, compiling, revising and submitting TCM and MAA invoices on a LGA-wide basis to the State.

d. Attending training sessions, meetings, and conferences involving TCM and/or MAA.

e. Training LGA program and subcontractor staff on State, Federal, and Local requirements for TCM and/or MAA claiming.

f. Ensuring that TCM and/or MAA invoices do not duplicate Medi-Cal invoices for the same services or activities from other providers. This includes ensuring that services are not duplicated when a Medi-Cal beneficiary receives TCM services from more than one case manager.

NOTE: The costs of the TCM/MAA Coordinator's time and claims administration staff time must not be included in the TCM rate or in MAA claiming, since the costs associated with the time are to be direct charged. Charges for supervisors, clericals, and support staff for these employees may be allocated based upon the percentage of certified time of the TCM/MAA Coordinator and claims administration staff. The costs of TCM claiming activity at the TCM provider level are to be included in the TCM rate.

Exhibit A
Scope of Work

B. Conduct an annual time survey for one month as selected by the State, using the SDHS forms DHS 7093 and DHS 7094. The month selected will be disseminated through policy directives issued by the state. The survey will identify:

(1) All time spent on each of the above allowable MAA.

(2) Non-claimable activities.

(3) General administration and paid time off in which they will be proportionately allocated to all activities.

(4) The activities of staff providing Medi-Cal administration and must be documented in accordance with the provisions of 42 CFR Sections 432.50, 433.32, and 433.34, and 45 CFR Parts 74 and 95, and OMB Circular A-87.

NOTE: All non-Medi-Cal related activities and direct patient care services shall be time surveyed to "Other Programs/Activities" or "Direct Patient Care" on forms DHS 7093 and DHS 7094, as appropriate.

C. Comply with enabling legislation, regulations, administrative claiming process directives, policies, and program letters of the Medi-Cal Policy Division and the Administrative Division of the SDHS, which define program specific allowable MAA..

D. Provide to the State, a comprehensive MAA Claiming Plan, in duplicate, in the format specified by the State. The claiming plan must be approved by the State and CMS prior to the submission of MAA invoices. Invoices received by the State prior to the approval of the MAA Claiming Plan will be rejected.

E. Not discriminate against any eligible person because of race, religion, political beliefs, color, national or ethnic origin, ancestry, mental or physical disability, medical condition, marital status, age or sex.

F. Ensure all applicable State and federal requirements, as identified in Article I.C, are met in performing MAA under this Contract. It is understood and agreed that failure by the LGA to ensure all applicable State and Federal requirements not met in performing MAA under this Contract shall be sufficient cause for the State to deny or recoup payments to the LGA and/or to terminate this Contract.

G. Request a letter of intent to participate in the MAA Program six (6) months prior to the termination of contract.

Exhibit B
Budget Detail and Payment Provisions

1. **Invoicing and Payment**

A. For services satisfactorily rendered, and upon receipt and approval of the invoices, the State agrees to compensate the Contractor for actual expenditures incurred in accordance with the rates specified herein, which is attached hereto and made a part of this Agreement.

B. Invoices shall include the Agreement Number and shall be submitted in triplicate not more frequently than quarterly in arrears to:

State Department of Health Services
Chief, Administrative Claiming Operations Unit
714 P Street, Room 1640
Sacramento, CA 95814

C. Invoices shall:

1) Be prepared on company letterhead.
2) Bear the Contractor's name as shown on the agreement.
3) Identify the billing and/or performance period covered by the invoice.
4) Itemize allowable costs for the billing period.
5) Be signed by an authorized official, employee or agent certifying that the expenditures claimed represent actual expenses for the service performed under this contract.

2. **Budget Contingency Clause**

A. It is mutually agreed that if the Budget Act of the current year and/or any subsequent years covered under this Agreement does not appropriate sufficient funds for the program, this Agreement shall be of no further force and effect. In this event, the State shall have no liability to pay any funds whatsoever to Contractor or to furnish any other considerations under this Agreement and Contractor shall not be obligated to perform any provisions of this Agreement.

B. If funding for any fiscal year is reduced or deleted by the Budget Act for purposes of this program, the State shall have the option to either cancel this Agreement with no liability occurring to the State, or offer an agreement amendment to Contractor to reflect the reduced amount.

C. No legal liability on the part of the State for any payment may arise under this agreement until funds are made available and until the Local Governmental Agency (LGA) has received notice of funding availability, which will be confirmed in writing.

D. Notwithstanding any other provision of this Contract, the State shall be held harmless, in accordance with paragraphs A and B, from any federal audit disallowance and interest resulting from payments made to the LGA pursuant to W&I Code Section 14132.47, and this contract, less the amounts already submitted to the State pursuant to W&I Code Section 14132.47(m) for the disallowed claim.

To the extent that a federal audit disallowance and interest results from a claim or claims for which the LGA has received reimbursement for Medi-Cal Administrative Activities (MAA), the State shall recoup from the LGA which submitted the disallowed claim, through offsets or by direct billing, amounts equal to the amount of the disallowance plus interest in that fiscal year, less the amounts already remitted to the State pursuant to W&I Code Section 14132.47(m) for the disallowed claim. All subsequent claims submitted to the State

Exhibit B
Budget Detail and Payment Provisions

applicable to any previously disallowed MAA or claim, may be held in abeyance, with no payment made, until the federal disallowance issue is resolved.

F. To the extent that a federal audit disallowance and interest results from a claim or claims for which the LGA has received reimbursement for MAA performed by a non-governmental entity under contract with, and on behalf of, the LGA, the State shall be held harmless by that particular LGA for 100 percent of the amount of any such final federal audit disallowance and interest

3. **Prompt Payment Clause**

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

4. **Timely Submission of Final Invoice**

A. A final undisputed invoice shall be submitted for payment no more than ninety (90) calendar days following the expiration or termination date of this agreement, unless a later or alternate deadline is agreed to in writing by the program contract manager. Said invoice should be clearly marked "Final Invoice", thus indicating that all payment obligations of the State under this agreement have ceased and that no further payments are due or outstanding.

B. The State may, at its discretion, choose not to honor any delinquent final invoice if the Contractor fails to obtain prior written State approval of an alternate final invoice submission deadline. Written State approval shall be sought from the program contract manager prior to the expiration or termination date of this agreement.

C. The Contractor is hereby advised of its obligation to submit, with the final invoice, a "Contractor's Release (Exhibit F)" acknowledging submission of the final invoice to the State and certifying the approximate percentage amount, if any, of recycled products used in performance of this agreement.

5. **Restrictions on the Use of Federal Block Grant Funds**

Pursuant to 42 U.S.C. Section 704, Contractor shall not use funds provided by the agreement to:

1) Provide inpatient services;

2) Make cash payment to intended recipients of health services;

3) Purchase or improve land, purchase, construct or permanently improve any building or other facility or purchase major medical equipment;

4) Satisfy any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds;

5) Provide financial assistance to any entity other than a public or nonprofit private entity for research or training services; or

6) Make payment for any item or service (other than an emergency item or service) furnished by; 1) an individual or entity during the period such individual or entity is excluded from participation in any other federally funded program, or 2) at the medical direction or on the prescription of a physician during the period when the physician is excluded from participation in any other federally funded program.

Exhibit B
Budget Detail and Payment Provisions

6. **Invoice and Expenditure information**

A. Provide the State with complete invoice and expenditure information to include in the Center for Medicare and Medicaid Services (CMS) 64 no later than **eighteen (18) months** after the end of the quarter for which the claim was submitted. This information shall be provided in a standardized Summary Invoice and Detailed Invoice as identified in Exhibit E, Article II, State Responsibilities. The Summary Invoice must be submitted under the LGA's original letterhead and have an original signature of a person who has been granted the authority by the LGA to sign this invoice on behalf of the LGA.

The Detailed Invoice identifies the claim categories to which expenditure data must adhere for insertion into the CMS 64. A separate detailed invoice shall be submitted for each program, clinic, non-governmental entity and subcontractor claiming MAA costs pursuant to this Contract, except for contracted employees under the direct control of the LGA. Contracted employees' costs shall be aggregated and reported in accordance with the MAA Invoice instructions. The Detailed Invoice(s) for each of the programs being claimed shall correspond to the name of the claiming programs identified in the LGAs MAA Claiming Plan.

B. Certify the non-federal match from the LGA's General Fund, or from any other funds allowed under federal law and regulation, for Title XIX funds claimed for MAA performed pursuant to W&I Code Section 14132.47. The following certification statement shall be made on each invoice submitted to the State for payment for the performance of MAA:

"I certify under penalty of perjury that the information provided on this invoice is true and correct, based on actual expenditures for the period claimed, and that the funds/contributions have been expended as necessary for federal matching funds pursuant to the requirements of 42 CFR 433.51 for allowable administrative activities and that these claimed expenditures have not been nor will not subsequently be used for federal match in this or any other program. I have notice that the information is to be used for filing of a claim with the Federal Government for federal funds and knowing misrepresentation constitutes violation of the Federal False Claims Act."

The State shall deny payment of any claim submitted under this Contract if it determines that the certification is not adequately supported for purposes of Federal Financial Participation (FFP).

7. **Fiscal Provisions**

Reimbursement under this contract shall be made in the following manner:

a. Upon the LGA's compliance with all provisions pursuant to this Contract, and upon the submission of a quarterly Summary Invoice and Detailed Invoice(s), the State agrees to process claims for reimbursement. Reimbursement is conditioned on the LGA supplying the aforementioned valid and substantiated information, satisfactorily to the State within the time limits specified in this Contract. Reimbursement shall not be withheld pending the submission of similar claims by other LGAs who have entered into a similar Contract.

Exhibit B
Budget Detail and Payment Provision

b. The Summary Invoice and Detailed Invoice shall be submitted quarterly, in triplicate, to:

State Department of Health Services
Chief, Administrative Claiming Operations Unit
714 P Street, Room 1640
Sacramento, CA 95814

c. The attached Exhibit B, Attachment II "Claiming Overhead Costs" and Attachment III entitled "Requirements of Enhanced Federal Financial Participation" respectively, are incorporated by reference and made part of this Contract as though fully set forth herein. Both the State and the LGA agree that the validity and enforceability of this Contract are contingent upon the availability of funds appropriated by the U.S. Congress.

d. This Contract will automatically terminate, without penalty by operation of law, at the end of the term for which funds are appropriated by the U.S. Congress.

e. Transfer of funds is contingent upon the availability of FFP.

f. The LGA shall reply in a timely manner, to any request for information or to audit exceptions by state and federal audit agencies that directly relate to the MAA to be performed under this Contract.

Both parties to this Contract recognize that the LGA is liable only for an audit exception which relates to administrative activities under this contract, and has no liability for any other LGA which may enter into a similar Contract with the State for the performance of MAA.

8. **Participation of Medi-Cal Administrative Claiming Process**

a. As a condition of participation in the Medi-Cal Administrative Claiming process, and in recognition of revenue generated to each LGA in the Medi-Cal Administrative Claiming process, each LGA shall pay an annual participation fee through a mechanism agreed to by the State and LGAs, or, if no agreement is reached by August 1 of each year, directly to the State.

b. The participation fee shall be used to cover the cost of administering the Medi-Cal Administrative Claiming process, including, but not limited to, claims processing, technical assistance, and monitoring. The State shall determine and report staffing requirements upon which projected costs will be based.

c. The amount of the participation fee shall be based upon the anticipated State salaries, benefits, operating expenses and equipment, necessary to administer the Medi-Cal Administrative Claiming process and other costs related to that process.

Exhibit B
ATTACHMENT I

CERTIFICATION OF NON-FEDERAL MATCHING FUNDS FOR MEDI-CAL ADMINISTRATIVE ACTIVITIES

This is to certify that **County of Los Angeles** will expend one hundred percent (100%) of the non-federal share of the cost of performing Medi-Cal Administrative Activities. The funds will expend for this purpose shall be from the local governmental agency's general fund or from any other funds allowable under federal law and regulation.

By: _____
Authorized Representative (Signature) Date

_____
Authorized Representative (Print)

_____
Title

Exhibit B
ATTACHMENT II

CLAIMING OVERHEAD COSTS

If one of the components of cost to be claimed as part of Medi-Cal administration is Local Governmental Agency (LGA) overhead costs, then there are certain federal requirements that must be met. In order to claim LGA administrative overhead (County or City Central Services) costs, also referred to as "External Administrative Overhead" costs, these entities must have a State Controller's Office approved LGA administrative overhead cost allocation plan for the applicable period and these costs must be claimed in accordance with the plan. A local governmental agency's plan is submitted to the California State Controller's Office, which was delegated authority from the Federal Government to approve it.

Internal (departmental) administrative overhead costs are allowable for FFP only if there is a departmental overhead indirect cost allocation plan prepared and on file for audit purposes for the applicable period and costs are claimed in accordance with it following Federal Office of Management and Budget (OMB) Circular A-87 guidelines.

NOTE: Both external and internal administrative cost allocation plans must comply with provisions of the federal OMB Circular A-87, entitled "Cost principles applicable to grants and contracts with State and local governments" and Federal Publication OASC-10, entitled "A Guide for State and Local Governments/Cost Principles and Procedures for Establishing Cost Allocation Plans and Indirect Cost Rates for Grants and Contracts with the Federal Government."

Exhibit B
ATTACHMENT III

REQUIREMENTS OF ENHANCED FEDERAL FINANCIAL PARTICIPATION

Stipulations for enhanced funding:

Per 42 CFR, Section 432.2 et seq., and Section 433.1 et seq., Skilled Professional Medical Personnel (SPMP), and directly supporting staff, eligible for enhanced funding are defined as physicians, dentists, nurses, and other specialized personnel who have professional education and training in the field of medical care or appropriate medical practice and who are in an employer-employee relationship with the LGA. SPMP's do not include other nonmedical health professionals such as public administrators, medical analysts, lobbyists, senior managers or administrators of public assistance programs or of the Medi-Cal program.

The seventy-five percent (enhanced) federal matching rate is only available for an LGA that is contractually linked to the State Department of Health Services to perform MAA. The enhanced federal matching rate can be claimed for salaries, benefits, travel and training of SPMP and their directly supporting clerical staff who are in an employee-employer relationship with the LGA and are involved in activities that are necessary for the proper and efficient administration of the Medi-Cal Program.

Fifty percent (non-enhanced) federal matching rate can be claimed for any of the LGA's staff, or subcontractors, involved in the performance of activities that are necessary for the proper and efficient administration of the Medi-Cal Program. This includes claiming for SPMP and directly supporting clerical staff performing related activities that are non-enhanced. Additionally, the ability to claim SPMP under the MAA Program is activity driver not education based. Expenditures for the actual furnishing of medical services by SPMP do not qualify for reimbursement via Medi-Cal Administrative Claiming, as medical services are paid for in the fee-for-services system.

Qualifying SPMP costs may be matched at the 75 percent rate in proportion to the time worked by SPMP in performing those duties that require professional medical knowledge and skills, as evidenced by position descriptions, job announcements, or job classifications.

Special Terms and Conditions

(For federally funded service contracts and grant awards)

The use of headings or titles throughout this exhibit is for convenience only and shall not be used to interpret or to govern the meaning of any specific term or condition. The terms "contract", "Contractor" and "Subcontractor" shall also mean "grant", "Grantee" and "Subgrantee" respectively.

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1. Federal Equal Opportunity Requirements

(Applicable to all federally funded agreements.)

a. The Contractor will not discriminate against any employee or applicant for employment because of race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. The Contractor will take affirmative action to ensure that qualified applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex, national origin, physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer; recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of compensation; and career development opportunities and selection for training, including apprenticeship. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the Federal Government or DHS, setting forth the provisions of the Equal Opportunity clause, Section 503 of the Rehabilitation Act of 1973 and the affirmative action clause required by the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212). Such notices shall state the Contractor's obligation under the law to take affirmative action to employ and advance in employment qualified applicants without discrimination based on their race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era and the rights of applicants and employees.

b. The Contractor will, in all solicitations or advancements for employees placed by or on behalf of the Contractor, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, national origin physical or mental handicap, disability, age or status as a disabled veteran or veteran of the Vietnam era.

c. The Contractor will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice, to be provided by the Federal Government or the State, advising the labor union or workers' representative of the Contractor's commitments under the provisions herein and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

d. The Contractor will comply with all provisions of and furnish all information and reports required by Section 503 of the Rehabilitation Act of 1973, as amended, the Vietnam Era Veterans' Readjustment Assistance Act of 1974 (38 U.S.C. 4212) and of the Federal Executive Order No. 11246 as amended, and of the rules, regulations, and relevant orders of the Secretary of Labor.

e. The Contractor will furnish all information and reports required by Federal Executive Order No. 11246 as amended, and the Rehabilitation Act of 1973, and by the rules, regulations, and orders of the Secretary of Labor, or pursuant thereto, and will permit access to its books, records, and accounts by the State and its designated representatives and the Secretary of Labor for purposes of investigation to ascertain compliance with such rules, regulations, and orders.

f. In the event of the Contractor's noncompliance with the requirements of the provisions herein or with any federal rules, regulations, or orders which are referenced herein, this agreement may be cancelled, terminated, or suspended in whole or in part and the Contractor may be declared ineligible for further federal and state contracts in accordance with procedures authorized in Federal Executive Order No. 11246 as amended and such other sanctions may be imposed and remedies invoked as provided in Federal Executive Order No. 11246 as amended, or by rule, regulation, or order of the Secretary of Labor, or as otherwise provided by law.

g. The Contractor will include the provisions of Paragraphs a through g in every subcontract or purchase order unless exempted by rules, regulations, or orders of the Secretary of Labor issued pursuant to Federal Executive Order No. 11246 as amended, or Section 503 of the Rehabilitation Act of 1973 or (38 U.S.C. 4212) of the Vietnam Era Veteran's Readjustment Assistance Act, so that such provisions will be binding upon each subcontractor or vendor. The Contractor will take such action with respect to any subcontract or purchase order as the Director of the Office of Federal Contract Compliance Programs or DHS may direct as a means of enforcing such

provisions including sanctions for noncompliance provided, however, that in the event the Contractor becomes involved in, or is threatened with litigation by a subcontractor or vendor as a result of such direction by DHS, the Contractor may request in writing to DHS, who, in turn, may request the United States to enter into such litigation to protect the interests of the State and of the United States.

2. **Travel and Per Diem Reimbursement**

(Applicable if travel and/or per diem expenses are reimbursed with contract funds.)

Reimbursement for travel and per diem expenses from DHS under this agreement shall, unless otherwise specified in this agreement, be at the rates currently in effect, as established by the California Department of Personnel Administration (DPA), for nonrepresented state employees. If the DPA rates change during the term of the agreement, the new rates shall apply upon their effective date and no amendment to this agreement shall be necessary. Exceptions to DPA rates may be approved by DHS upon the submission of a statement by the Contractor indicating that such rates are not available to the Contractor. No travel outside the State of California shall be reimbursed without prior written authorization from DHS.

3. **Procurement Rules**

(Applicable to all agreements in which equipment, miscellaneous property, commodities and/or supplies are furnished by DHS or expenses for said items are reimbursed with state or federal funds.)

a. **Equipment definitions**

Wherever the term equipment and/or miscellaneous property is used, the following definitions shall apply:

(1) **Major equipment**: A tangible or intangible item having a base unit cost of **$5,000 or more** with a life expectancy of one (1) year or more and is either furnished by DHS or the cost is reimbursed through this agreement. Software and videos are examples of intangible items that meet this definition.

(2) **Minor equipment**: A tangible item having a base unit cost of **less than $5,000** with a life expectancy of one (1) year or more that is listed on the DHS Asset Management Unit's Minor Equipment List and is either furnished by DHS or the cost is reimbursed through this agreement. Contractors may obtain a copy of the Minor Equipment List by making a request through the DHS program contract manager.

(3) **Miscellaneous property**: A specific tangible item with a life expectancy of one (1) year or more that is either furnished by DHS or the cost is reimbursed through this agreement. Examples include, but are not limited to: furniture (excluding modular furniture), cabinets, typewriters, desktop calculators, portable dictators, non-digital cameras, etc.

b. **Government and public entities** (including state colleges/universities and auxiliary organizations), whether acting as a contractor and/or subcontractor, may secure all commodities, supplies, equipment and services related to such purchases that are required in performance of this agreement. Said procurements are subject to Paragraphs d through h of Provision 3. Paragraph c of Provision 3 shall also apply, if equipment purchases are delegated to subcontractors that are nonprofit organizations or commercial businesses.

c. **Nonprofit organizations and commercial businesses**, whether acting as a contractor and/or subcontractor, may secure commodities, supplies, equipment and services related to such purchases for performance under this agreement.

(1) Equipment purchases shall not exceed $50,000 annually.

To secure equipment above the annual maximum limit of $50,000, the Contractor shall make arrangements through the appropriate DHS program contract manager, to have all remaining

equipment purchased through DHS' Purchasing Unit. The cost of equipment purchased by or through DHS shall be deducted from the funds available in this agreement. Contractor shall submit to the DHS program contract manager a list of equipment specifications for those items that the State must procure. The State may pay the vendor directly for such arranged equipment purchases and title to the equipment will remain with DHS. The equipment will be delivered to the Contractor's address, as stated on the face of the agreement, unless the Contractor notifies the DHS program contract manager, in writing, of an alternate delivery address.

(2) All equipment purchases are subject to Paragraphs d through h of Provision 3. Paragraph b of Provision 3 shall also apply, if equipment purchases are delegated to subcontractors that are either a government or public entity.

(3) Nonprofit organizations and commercial businesses, shall use a procurement system that meets the following standards:

(a) Maintain a code or standard of conduct that shall govern the performance of its officers, employees, or agents engaged in awarding procurement contracts. No employee, officer, or agent shall participate in the selection, award, or administration of a procurement contract in which, to his or her knowledge, he or she has a financial interest.

(b) Procurements shall be conducted in a manner that provides, to the maximum extent practical, open, and free competition.

(c) Procurements shall be conducted in a manner that provides for all of the following:

[1] Avoid purchasing unnecessary or duplicate items.

[2] Equipment solicitations shall be based upon a clear and accurate description of the technical requirements of the goods to be procured.

[3] Take positive steps to utilize small and veteran owned businesses.

d. Unless waived or otherwise stipulated in writing by DHS, prior written authorization from the appropriate DHS program contract manager will be required before the Contractor will be reimbursed for any purchase of $5,000 or more for commodities, supplies, equipment, and services related to such purchases. The Contractor must provide in its request for authorization all particulars necessary, as specified by DHS, for evaluating the necessity or desirability of incurring such costs. The term "purchase" excludes the purchase of services from a subcontractor and public utility services at rates established for uniform applicability to the general public.

e. In special circumstances, determined by DHS (e.g., when DHS has a need to monitor certain purchases, etc.), DHS may require prior written authorization and/or the submission of paid vendor receipts for any purchase, regardless of dollar amount. DHS reserves the right to either deny claims for reimbursement or to request repayment for any Contractor and/or subcontractor purchase that DHS determines to be unnecessary in carrying out performance under this agreement.

f. The Contractor and/or subcontractor must maintain a copy or narrative description of the procurement system, guidelines, rules, or regulations that will be used to make purchases under this agreement. The State reserves the right to request a copy of these documents and to inspect the purchasing practices of the Contractor and/or subcontractor at any time.

g. For all purchases, the Contractor and/or subcontractor must maintain copies of all paid vendor invoices, documents, bids and other information used in vendor selection, for inspection or audit. Justifications supporting the absence of bidding (i.e., sole source purchases) shall also be maintained on file by the Contractor and/or subcontractor for inspection or audit.

h. DHS may, with cause (e.g., with reasonable suspicion of unnecessary purchases or use of inappropriate purchase practices, etc.), withhold, cancel, modify, or retract the delegated purchase authority granted under Paragraphs b and/or c of Provision 3 by giving the Contractor no less than 30 calendar days written notice.

4. Equipment Ownership / Inventory / Disposition

(Applicable to agreements in which equipment and/or miscellaneous property is furnished by DHS and/or when said items are purchased or reimbursed with state or federal funds.)

a. Wherever the term equipment and/or miscellaneous property is used in Provision 4, the definitions in Provision 3, Paragraph a shall apply.

All equipment and/or miscellaneous property that are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement and not fully consumed in performance of this agreement shall be considered state equipment and the property of DHS.

(1) DHS requires the reporting, tagging and annual inventorying of all equipment and/or miscellaneous property that is furnished by DHS or purchased/reimbursed with funds provided through this agreement.

Upon receipt of equipment and/or miscellaneous property, the Contractor shall report the receipt to the DHS program contract manager. To report the receipt of said items and to receive property tags, Contractor shall use a form or format designated by DHS' Asset Management Unit. If the appropriate form (i.e., Contractor Equipment Purchased with DHS Funds) does not accompany this agreement, Contractor shall request a copy from the DHS program contract manager.

(2) If the Contractor enters into an agreement with a term of more than twelve months, the Contractor shall submit an annual inventory of state equipment and/or miscellaneous property to the DHS program contract manager using a form or format designated by DHS' Asset Management Unit. If an inventory report form (i.e., Inventory/Disposition of DHS-Funded Equipment) does not accompany this agreement, Contractor shall request a copy from the DHS program contract manager. Contractor shall:

(a) Include in the inventory report, equipment and/or miscellaneous property in the Contractor's possession and/or in the possession of a subcontractor (including independent consultants).

(b) Submit the inventory report to DHS according to the instructions appearing on the inventory form or issued by the DHS program contract manager.

(c) Contact the DHS program contract manager to learn how to remove, trade-in, sell, transfer or survey off, from the inventory report, expired equipment and/or miscellaneous property that is no longer wanted, usable or has passed its life expectancy. Instructions will be supplied by DHS' Asset Management Unit.

b. Title to state equipment and/or miscellaneous property shall not be affected by its incorporation or attachment to any property not owned by the State.

c. Unless otherwise stipulated, DHS shall be under no obligation to pay the cost of restoration, or rehabilitation of the Contractor's and/or Subcontractor's facility which may be affected by the removal of any state equipment and/or miscellaneous property.

d. The Contractor and/or Subcontractor shall maintain and administer a sound business program for ensuring the proper use, maintenance, repair, protection, insurance and preservation of state equipment and/or miscellaneous property.

(1) In administering this provision, DHS may require the Contractor and/or Subcontractor to repair or replace, to DHS' satisfaction, any damaged, lost or stolen state equipment and/or

miscellaneous property. Contractor and/or Subcontractor shall immediately file a theft report with the appropriate police agency or the California Highway Patrol and Contractor shall promptly submit one copy of the theft report to the DHS program contract manager.

e. Unless otherwise stipulated by the program funding this agreement, equipment and/or miscellaneous property purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, shall only be used for performance of this agreement or another DHS agreement.

f. Within sixty (60) calendar days prior to the termination or end of this agreement, the Contractor shall provide a final inventory report of equipment and/or miscellaneous property to the DHS program contract manager and shall, at that time, query DHS as to the requirements, including the manner and method, of returning state equipment and/or miscellaneous property to DHS. Final disposition of equipment and/or miscellaneous property shall be at DHS expense and according to DHS instructions. Equipment and/or miscellaneous property disposition instructions shall be issued by DHS immediately after receipt of the final inventory report. At the termination or conclusion of this agreement, DHS may at its discretion, authorize the continued use of state equipment and/or miscellaneous property for performance of work under a different DHS agreement.

g. **Motor Vehicles**

(Applicable only if motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under this agreement.)

(1) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, within thirty (30) calendar days prior to the termination or end of this agreement, the Contractor and/or Subcontractor shall return such vehicles to DHS and shall deliver all necessary documents of title or registration to enable the proper transfer of a marketable title to DHS.

(2) If motor vehicles are purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, the State of California shall be the legal owner of said motor vehicles and the Contractor shall be the registered owner. The Contractor and/or a subcontractor may only use said vehicles for performance and under the terms of this agreement.

(3) The Contractor and/or Subcontractor agree that all operators of motor vehicles, purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, shall hold a valid State of California driver's license. In the event that ten or more passengers are to be transported in any one vehicle, the operator shall also hold a State of California Class B driver's license.

(4) If any motor vehicle is purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, the Contractor and/or Subcontractor, as applicable, shall provide, maintain, and certify that, at a minimum, the following type and amount of automobile liability insurance is in effect during the term of this agreement or any period of contract extension during which any vehicle remains in the Contractor's and/or Subcontractor's possession:

Automobile Liability Insurance

(a) The Contractor, by signing this agreement, hereby certifies that it possesses or will obtain automobile liability insurance in the amount of $1,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle, purchased/reimbursed with agreement funds or furnished by DHS under the terms of this agreement, to the Contractor and/or Subcontractor.

(b) The Contractor and/or Subcontractor shall, as soon as practical, furnish a copy of the certificate of insurance to the DHS program contract manager.

(c) The Contractor and/or Subcontractor agree that bodily injury and property damage liability insurance, as required herein, shall remain in effect at all times during the term of this agreement or until such time as the motor vehicle is returned to DHS.

(d) The Contractor and/or Subcontractor agree to provide, at least thirty (30) days prior to the expiration date of said insurance coverage, a copy of a new certificate of insurance evidencing continued coverage, as indicated herein, for not less than the remainder of the term of this agreement, the term of any extension or continuation thereof, or for a period of not less than one (1) year.

(e) The Contractor and/or Subcontractor, if not a self-insured government and/or public entity, must provide evidence, that any required certificates of insurance contain the following provisions:

[1] The insurer will not cancel the insured's coverage without giving thirty (30) calendar days prior written notice to the State (California Department of Health Services).

[2] The State of California, its officers, agents, employees, and servants are included as additional insureds, but only with respect to work performed for the State under this agreement and any extension or continuation of this agreement.

[3] The insurance carrier shall notify the State of California Department of Health Services, in writing, of the Contractor's failure to pay premiums; its cancellation of such policies; or any other substantial change, including, but not limited to, the status, coverage, or scope of the required insurance. Such notices shall contain a reference to the agreement number for which the insurance was obtained.

(f) The Contractor and/or Subcontractor is hereby advised that copies of certificates of insurance may be subject to review and approval by the Department of General Services (DGS), Office of Risk and Insurance Management. The Contractor shall be notified by DHS, in writing, if this provision is applicable to this agreement. If DGS approval of the certificate of insurance is required, the Contractor agrees that no work or services shall be performed prior to obtaining said approval.

(g) In the event the Contractor and/or Subcontractor fails to keep insurance coverage, as required herein, in effect at all times during vehicle possession, DHS may, in addition to any other remedies it may have, terminate this agreement upon the occurrence of such event.

5. Subcontract Requirements

(Applicable to agreements under which services are to be performed by subcontractors including independent consultants.)

a. Prior written authorization will be required before the Contractor enters into or is reimbursed for any subcontract for services costing $5,000 or more. Except as indicated in Paragraph a(3) herein, when securing subcontracts for services exceeding $5,000, the Contractor shall obtain at least three bids or justify a sole source award.

(1) The Contractor must provide in its request for authorization, all particulars necessary for evaluating the necessity or desirability of incurring such cost.

(2) The State may identify the information needed to fulfill this requirement.

(3) Subcontracts performed by the following entities or for the service types listed below are exempt from the bidding and sole source justification requirements:

(a) A local governmental entity or the federal government,
(b) A State college or university from any State,
(c) A Joint Powers Authority,
(d) An auxiliary organization of a California State University or a California community college,
(e) A foundation organized to support the Board of Governors of the California Community Colleges,
(f) An auxiliary organization of the Student Aid Commission established under Education Code § 69522,
(g) Entities of any type that will provide subvention aid or direct services to the public,
(h) Entities and/or service types identified as exempt from advertising in State Administrative Manual Section 1233, subsection 3. View this publication at the following Internet address: http://www.sam.dgs.ca.gov.

(4) Unless otherwise mandated by the funding agency (i.e., federal government), DHS may only pay the Contractor's overhead charges or indirect costs on the first $25,000 of each subcontract.

b. DHS reserves the right to approve or disapprove the selection of subcontractors and with advance written notice, require the substitution of subcontractors and require the Contractor to terminate subcontracts entered into in support of this agreement.

(1) Upon receipt of a written notice from DHS requiring the substitution and/or termination of a subcontract, the Contractor shall take steps to ensure the completion of any work in progress and select a replacement, if applicable, within 30 calendar days, unless a longer period is agreed to by DHS.

c. Actual subcontracts (i.e., written agreement between the Contractor and a subcontractor) of $5,000 or more are subject to the prior review and written approval of DHS. DHS may, at its discretion, elect to waive this right. All such waivers shall be confirmed in writing by DHS.

d. Contractor shall maintain a copy of each subcontract entered into in support of this agreement and shall, upon request by DHS, make said copies available for approval, inspection, or audit.

e. Sole responsibility rests with the Contractor to ensure that subcontractors, used in performance of this agreement, are paid in a timely manner. The timeliness of said payments may be affected by the timeliness of payments issued by DHS to the Contractor.

f. The Contractor is responsible for all performance requirements under this agreement even though performance may be carried out through a subcontract.

g. The Contractor shall ensure that all subcontracts for services include provision(s) requiring compliance with applicable terms and conditions specified in this agreement.

h. The Contractor agrees to include the following clause, relevant to record retention, in all subcontracts for services:

"(*Subcontractor Name*) agrees to maintain and preserve, until three years after termination of (*Agreement Number*) and final payment from DHS, to permit DHS or any duly authorized representative, to have access to, examine or audit any pertinent books, documents, papers and records related to this subcontract and to allow interviews of any employees who might reasonably have information related to such records."

i. Unless otherwise stipulated in writing by DHS, the Contractor shall be the subcontractor's sole point of contact for all matters related to performance and payment under this agreement.

j. Contractor shall, as applicable, advise all subcontractors of their obligations pursuant to the following numbered provisions of this Exhibit: 1, 2, 3, 4, 5, 6, 7, 8, 10, 11, 12, 13, 14, 17, 19, 20, 24, and 32.

6. Income Restrictions

Unless otherwise stipulated in this agreement, the Contractor agrees that any refunds, rebates, credits, or other amounts (including any interest thereon) accruing to or received by the Contractor under this agreement shall be paid by the Contractor to DHS, to the extent that they are properly allocable to costs for which the Contractor has been reimbursed by DHS under this agreement.

7. Audit and Record Retention

(Applicable to agreements in excess of $10,000.)

a. The Contractor and/or Subcontractor shall maintain books, records, documents, and other evidence, accounting procedures and practices, sufficient to properly reflect all direct and indirect costs of whatever nature claimed to have been incurred in the performance of this agreement, including any matching costs and expenses. The foregoing constitutes "records" for the purpose of this provision.

b. The Contractor's and/or subcontractor's facility or office or such part thereof as may be engaged in the performance of this agreement and his/her records shall be subject at all reasonable times to inspection, audit, and reproduction.

c. Contractor agrees that DHS, the Department of General Services, the Bureau of State Audits, or their designated representatives including the Comptroller General of the United States shall have the right to review and to copy any records and supporting documentation pertaining to the performance of this agreement. Contractor agrees to allow the auditor(s) access to such records during normal business hours and to allow interviews of any employees who might reasonably have information related to such records. Further, the Contractor agrees to include a similar right of the State to audit records and interview staff in any subcontract related to performance of this agreement. (GC 8546.7, CCR Title 2, Section 1896).

d. The Contractor and/or Subcontractor shall preserve and make available his/her records (1) for a period of three years from the date of final payment under this agreement, and (2) for such longer period, if any, as is required by applicable statute, by any other provision of this agreement, or by subparagraphs (1) or (2) below.

   (1) If this agreement is completely or partially terminated, the records relating to the work terminated shall be preserved and made available for a period of three years from the date of any resulting final settlement.

   (2) If any litigation, claim, negotiation, audit, or other action involving the records has been started before the expiration of the three-year period, the records shall be retained until completion of the action and resolution of all issues which arise from it, or until the end of the regular three-year period, whichever is later.

e. The Contractor and/or Subcontractor shall comply with the above requirements and be aware of the penalties for violations of fraud and for obstruction of investigation as set forth in Public Contract Code § 10115.10, if applicable.

f. The Contractor and/or Subcontractor may, at its discretion, following receipt of final payment under this agreement, reduce its accounts, books and records related to this agreement to microfilm, computer disk, CD ROM, or other data storage medium. Upon request by an authorized representative to inspect, audit or obtain copies of said records, the Contractor and/or Subcontractor must supply or make available applicable devices, hardware, and/or software necessary to view, copy and/or print said records. Applicable devices may include, but are not limited to, microfilm readers and microfilm printers, etc.

8. Site Inspection

The State, through any authorized representatives, has the right at all reasonable times to inspect or otherwise evaluate the work performed or being performed hereunder including subcontract supported activities and the premises in which it is being performed. If any inspection or evaluation is made of the premises of the Contractor or Subcontractor, the Contractor shall provide and shall require Subcontractors to provide all reasonable facilities and assistance for the safety and convenience of the authorized representatives in the performance of their duties. All inspections and evaluations shall be performed in such a manner as will not unduly delay the work.

9. Federal Contract Funds

(Applicable only to that portion of an agreement funded in part or whole with federal funds.)

a. It is mutually understood between the parties that this agreement may have been written before ascertaining the availability of congressional appropriation of funds, for the mutual benefit of both parties, in order to avoid program and fiscal delays which would occur if the agreement were executed after that determination was made.

b. This agreement is valid and enforceable only if sufficient funds are made available to the State by the United States Government for the fiscal years covered by the term of this agreement. In addition, this agreement is subject to any additional restrictions, limitations, or conditions enacted by the Congress or any statute enacted by the Congress which may affect the provisions, terms or funding of this agreement in any manner.

c. It is mutually agreed that if the Congress does not appropriate sufficient funds for the program, this agreement shall be amended to reflect any reduction in funds.

d. DHS has the option to void or cancel the agreement with 30-days advance written notice or to amend the agreement to reflect any reduction in funds.

10. Intellectual Property Rights

a. Ownership

(1) Except where DHS has agreed in a signed writing to accept a license, DHS shall be and remain, without additional compensation, the sole owner of any and all rights, title and interest in all Intellectual Property, from the moment of creation, whether or not jointly conceived, that are made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement.

(2) For the purposes of this agreement, Intellectual Property means recognized protectable rights and interest such as: patents, (whether or not issued) copyrights, trademarks, service marks, applications for any of the foregoing, inventions, trade secrets, trade dress, logos, insignia, color combinations, slogans, moral rights, right of publicity, author's rights, contract and licensing rights, works, mask works, industrial design rights, rights of priority, know how, design flows, methodologies, devices, business processes, developments, innovations, good will and all other legal rights protecting intangible proprietary information as may exist now and/or here after come into existence, and all renewals and extensions, regardless of whether those rights arise under the laws of the United States, or any other state, country or jurisdiction.

(a) For the purposes of the definition of Intellectual Property, "works" means all literary works, writings and printed matter including the medium by which they are recorded or reproduced, photographs, art work, pictorial and graphic representations and works of a similar nature, film, motion pictures, digital images, animation cells, and other audiovisual works including positives and negatives thereof, sound recordings, tapes, educational materials, interactive videos and any other materials or products created, produced, conceptualized and fixed in a tangible medium of expression. It includes preliminary and final products and any materials and information developed for the purposes of producing

those final products. Works does not include articles submitted to peer review or reference journals or independent research projects.

(3) In the performance of this agreement, Contractor will exercise and utilize certain of its Intellectual Property in existence prior to the effective date of this agreement. In addition, under this agreement, Contractor may access and utilize certain of DHS' Intellectual Property in existence prior to the effective date of this agreement. Except as otherwise set forth herein, Contractor shall not use any of DHS' Intellectual Property now existing or hereafter existing for any purposes without the prior written permission of DHS. **Except as otherwise set forth herein, neither the Contractor nor DHS shall give any ownership interest in or rights to its Intellectual Property to the other Party.** If during the term of this agreement, Contractor accesses any third-party Intellectual Property that is licensed to DHS, Contractor agrees to abide by all license and confidentiality restrictions applicable to DHS in the third-party's license agreement.

(4) Contractor agrees to cooperate with DHS in establishing or maintaining DHS' exclusive rights in the Intellectual Property, and in assuring DHS' sole rights against third parties with respect to the Intellectual Property. If the Contractor enters into any agreements or subcontracts with other parties in order to perform this agreement, Contractor shall require the terms of the agreement(s) to include all Intellectual Property provisions. Such terms must include, but are not limited to, the subcontractor assigning and agreeing to assign to DHS all rights, title and interest in Intellectual Property made, conceived, derived from, or reduced to practice by the subcontractor, Contractor or DHS and which result directly or indirectly from this agreement or any subcontract.

(5) Contractor further agrees to assist and cooperate with DHS in all reasonable respects, and execute all documents and, subject to reasonable availability, give testimony and take all further acts reasonably necessary to acquire, transfer, maintain, and enforce DHS' Intellectual Property rights and interests.

b. Retained Rights / License Rights

(1) Except for Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement, Contractor shall retain title to all of its Intellectual Property to the extent such Intellectual Property is in existence prior to the effective date of this agreement. Contractor hereby grants to DHS, without additional compensation, a permanent, non-exclusive, royalty free, paid-up, worldwide, irrevocable, perpetual, non-terminable license to use, reproduce, manufacture, sell, offer to sell, import, export, modify, publicly and privately display/perform, distribute, and dispose Contractor's Intellectual Property with the right to sublicense through multiple layers, for any purpose whatsoever, to the extent it is incorporated in the Intellectual Property resulting from this agreement, unless Contractor assigns all rights, title and interest in the Intellectual Property as set forth herein.

(2) Nothing in this provision shall restrict, limit, or otherwise prevent Contractor from using any ideas, concepts, know-how, methodology or techniques related to its performance under this agreement, provided that Contractor's use does not infringe the patent, copyright, trademark rights, license or other Intellectual Property rights of DHS or third party, or result in a breach or default of any provisions of this Exhibit or result in a breach of any provisions of law relating to confidentiality.

c. Copyright

(1) Contractor agrees that for purposes of copyright law, all works [as defined in Section a, subparagraph (2)(a) of this provision] of authorship made by or on behalf of Contractor in connection with Contractor's performance of this agreement shall be deemed "works made for hire". Contractor further agrees that the work of each person utilized by Contractor in connection with the performance of this agreement will be a "work made for hire," whether that person is an employee of Contractor or that person has entered into an agreement with Contractor to perform the work. Contractor shall enter into a written agreement with any such

person that: (i) all work performed for Contractor shall be deemed a "work made for hire" under the Copyright Act and (ii) that person shall assign all right, title, and interest to DHS to any work product made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement.

(2) All materials, including, but not limited to, visual works or text, reproduced or distributed pursuant to this agreement that include Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement, shall include DHS' notice of copyright, which shall read in 3mm or larger typeface: "© 2001, State of California, Department of Health Services. This material may not be reproduced or disseminated without prior written permission from the Department of Health Services." This notice should be placed prominently on the materials and set apart from other matter on the page where it appears. Audio productions shall contain a similar audio notice of copyright.

d. Patent Rights

With respect to inventions made by Contractor in the performance of this agreement, which did not result from research and development specifically included in the agreement's scope of work, Contractor hereby grants to DHS a license as described under Section b of this provision for devices or material incorporating, or made through the use of such inventions. If such inventions result from research and development work specifically included within the agreement's scope of work, then Contractor agrees to assign to DHS, without additional compensation, all its right, title and interest in and to such inventions and to assist DHS in securing United States and foreign patents with respect thereto.

e. Third-Party Intellectual Property

Except as provided herein, Contractor agrees that its performance of this agreement shall not be dependent upon or include any Intellectual Property of Contractor or third party without first: (i) obtaining DHS' prior written approval; and (ii) granting to or obtaining for DHS, without additional compensation, a license, as described in Section b of this provision, for any of Contractor's or third-party's Intellectual Property in existence prior to the effective date of this agreement. If such a license upon the these terms is unattainable, and DHS determines that the Intellectual Property should be included in or is required for Contractor's performance of this agreement, Contractor shall obtain a license under terms acceptable to DHS.

f. Warranties

(1) Contractor represents and warrants that:

(a) It is free to enter into and fully perform this agreement.

(b) It has secured and will secure all rights and licenses necessary for its performance of this agreement.

(c) Neither Contractor's performance of this agreement, nor the exercise by either Party of the rights granted in this agreement, nor any use, reproduction, manufacture, sale, offer to sell, import, export, modification, public and private display/performance, distribution, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement will infringe upon or violate any Intellectual Property right, non-disclosure obligation, or other proprietary right or interest of any third-party or entity now existing under the laws of, or hereafter existing or issued by, any state, the United States, or any foreign country. There is currently no actual or threatened claim by any such third party based on an alleged violation of any such right by Contractor.

(d) Neither Contractor's performance nor any part of its performance will violate the right of privacy of, or constitute a libel or slander against any person or entity.

(e) It has secured and will secure all rights and licenses necessary for Intellectual Property including, but not limited to, consents, waivers or releases from all authors of music or performances used, and talent (radio, television and motion picture talent), owners of any interest in and to real estate, sites, locations, property or props that may be used or shown.

(f) It has not granted and shall not grant to any person or entity any right that would or might derogate, encumber, or interfere with any of the rights granted to DHS in this agreement.

(g) It has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

(h) It has no knowledge of any outstanding claims, licenses or other charges, liens, or encumbrances of any kind or nature whatsoever that could affect in any way Contractor's performance of this agreement.

(2) DHS MAKES NO WARRANTY THAT THE INTELLECTUAL PROPERTY RESULTING FROM THIS AGREEMENT DOES NOT INFRINGE UPON ANY PATENT, TRADEMARK, COPYRIGHT OR THE LIKE, NOW EXISTING OR SUBSEQUENTLY ISSUED.

g. Intellectual Property Indemnity

(1) Contractor shall indemnify, defend and hold harmless DHS and its licensees and assignees, and its officers, directors, employees, agents, representatives, successors, and users of its products, ("Indemnitees") from and against all claims, actions, damages, losses, liabilities (or actions or proceedings with respect to any thereof), whether or not rightful, arising from any and all actions or claims by any third party or expenses related thereto (including, but not limited to, all legal expenses, court costs, and attorney's fees incurred in investigating, preparing, serving as a witness in, or defending against, any such claim, action, or proceeding, commenced or threatened) to which any of the Indemnitees may be subject, whether or not Contractor is a party to any pending or threatened litigation, which arise out of or are related to (i) the incorrectness or breach of any of the representations, warranties, covenants or agreements of Contractor pertaining to Intellectual Property; or (ii) any Intellectual Property infringement, or any other type of actual or alleged infringement claim, arising out of DHS' use, reproduction, manufacture, sale, offer to sell, distribution, import, export, modification, public and private performance/display, license, and disposition of the Intellectual Property made, conceived, derived from, or reduced to practice by Contractor or DHS and which result directly or indirectly from this agreement. This indemnity obligation shall apply irrespective of whether the infringement claim is based on a patent, trademark or copyright registration that issued after the effective date of this agreement. DHS reserves the right to participate in and/or control, at Contractor's expense, any such infringement action brought against DHS.

(2) Should any Intellectual Property licensed by the Contractor to DHS under this agreement become the subject of an Intellectual Property infringement claim, Contractor will exercise its authority reasonably and in good faith to preserve DHS' right to use the licensed Intellectual Property in accordance with this agreement at no expense to DHS. DHS shall have the right to monitor and appear through its own counsel (at Contractor's expense) in any such claim or action. In the defense or settlement of the claim, Contractor may obtain the right for DHS to continue using the licensed Intellectual Property; or, replace or modify the licensed Intellectual Property so that the replaced or modified Intellectual Property becomes non-infringing provided that such replacement or modification is functionally equivalent to the original licensed Intellectual Property. If such remedies are not reasonably available, DHS shall be entitled to a refund of all monies paid under this agreement, without restriction or limitation of any other rights and remedies available at law or in equity.

(3) Contractor agrees that damages alone would be inadequate to compensate DHS for breach of any term of this Intellectual Property Exhibit by Contractor. Contractor acknowledges DHS would suffer irreparable harm in the event of such breach and agrees DHS shall be entitled to

obtain equitable relief, including without limitation an injunction, from a court of competent jurisdiction, without restriction or limitation of any other rights and remedies available at law or in equity.

h. Federal Funding

In any agreement funded in whole or in part by the federal government, DHS may acquire and maintain the Intellectual Property rights, title, and ownership, which results directly or indirectly from the agreement; except as provided in 37 Code of Federal Regulations part 401.14; however, the federal government shall have a non-exclusive, nontransferable, irrevocable, paid-up license throughout the world to use, duplicate, or dispose of such Intellectual Property throughout the world in any manner for governmental purposes and to have and permit others to do so.

i. Survival

The provisions set forth herein shall survive any termination or expiration of this agreement or any project schedule.

11. Air or Water Pollution Requirements

Any federally funded agreement and/or subcontract in excess of $100,000 must comply with the following provisions unless said agreement is exempt under 40 CFR 15.5.

a. Government contractors agree to comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act [42 U.S.C. 1857(h)], section 508 of the Clean Water Act (33 U.S.C. 1368), Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15).

b. Institutions of higher education, hospitals, nonprofit organizations and commercial businesses agree to comply with all applicable standards, orders, or requirements issued under the Clean Air Act (42 U.S.C. 7401 et seq.), as amended, and the Federal Water Pollution Control Act (33 U.S.C. 1251 et seq.), as amended.

12. Prior Approval of Training Seminars, Workshops or Conferences

Contractor shall obtain prior DHS approval of the location, costs, dates, agenda, instructors, instructional materials, and attendees at any reimbursable training seminar, workshop, or conference conducted pursuant to this contract and of any reimbursable publicity or educational materials to be made available for distribution. The Contractor shall acknowledge the support of the State whenever publicizing the work under this agreement in any media. This provision does not apply to necessary staff meetings or training sessions held for the staff of the Contractor or Subcontractor to conduct routine business matters.

13. Confidentiality of Information

a. The Contractor and its employees, agents, or subcontractors shall protect from unauthorized disclosure names and other identifying information concerning persons either receiving services pursuant to this agreement or persons whose names or identifying information become available or are disclosed to the Contractor, its employees, agents, or subcontractors as a result of services performed under this agreement, except for statistical information not identifying any such person.

b. The Contractor and its employees, agents, or subcontractors shall not use such identifying information for any purpose other than carrying out the Contractor's obligations under this agreement.

c. The Contractor and its employees, agents, or subcontractors shall promptly transmit to the DHS program contract manager all requests for disclosure of such identifying information not emanating from the client or person.

d. The Contractor shall not disclose, except as otherwise specifically permitted by this agreement or authorized by the client, any such identifying information to anyone other than DHS without prior written authorization from the DHS program contract manager.

e. For purposes of this provision, identity shall include, but not be limited to name, identifying number, symbol, or other identifying particular assigned to the individual, such as finger or voice print or a photograph.

14. Documents, Publications and Written Reports

(Applicable to agreements over $5,000 under which publications, written reports and documents are developed or produced. Government Code Section 7550.)

Any document, publication or written report (excluding progress reports, financial reports and normal contract communications) prepared as a requirement of this agreement shall contain, in a separate section preceding the main body of the document, the number and dollar amounts of all contracts and subcontracts relating to the preparation of such document or report, if the total cost for work by nonemployees of the State exceeds $5,000.

15. Dispute Resolution Process

a. A Contractor grievance exists whenever the Contract believes there is a dispute arising from DHS' action in the administration of an agreement. If the Contractor believes there is a dispute or grievance between the Contractor and DHS, both parties shall follow the procedure outlined below.

(1) The Contractor should first discuss the problem informally with the DHS program contract manager. If the problem cannot be resolved at this stage, the Contractor shall direct its grievance together with any evidence, in writing, to the program Branch Chief. The grievance shall state the issues in dispute, the legal authority or other basis for the Contractor's position and the remedy sought. The Branch Chief shall make a determination on the problem within ten (10) working days after receipt of the written communication from the Contractor. The Branch Chief shall respond in writing to the Contractor indicating the decision and reasons therefore. Should the Contractor disagree with the Branch Chief's decision, the Contractor may appeal to the second level.

(2) The Contractor must prepare a letter indicating the reasons for disagreement with Branch Chief's decision. The Contractor shall include with the letter a copy of the Contractor's original statement of dispute with any supporting documents and a copy of the Branch Chief's response. This letter shall be sent to the Deputy Director of the division in which the branch is organized within ten (10) working days from receipt of the Branch Chief's decision. The Deputy Director of the division funding this agreement or his/her designee shall meet with the Contractor to review the issues raised. A written decision signed by the Deputy Director of the division funding this agreement or his/her designee shall be returned to the Contractor within twenty (20) working days of receipt of the Contractor's letter.

b. If the Contractor wishes to appeal the decision of the Deputy Director of the division funding this agreement or his/her designee, the Contractor shall follow the procedures set forth in Division 25.1 (commencing with Section 38050) of the Health and Safety Code and the regulations adopted thereunder. (Title 1, Subchapter 2.5, commencing with Section 251, California Code of Regulations.)

c. Disputes arising out of an audit, examination of an agreement or other action not covered by subdivision (a) of Section 20204, of Chapter 2.1, Title 22, of the California Code of Regulations, and for which no procedures for appeal are provided in statute, regulation or the agreement, shall be handled in accordance with the procedures identified in Sections 51016 through 51047, Title 22, California Code of Regulations.

d. Unless otherwise stipulated by DHS, dispute, grievance and/or appeal correspondence shall be directed to the DHS program contract manager.

16. Financial and Compliance Audit Requirements

a. The definitions used in this provision are contained in Section 38040 of the Health and Safety Code, which by this reference is made a part hereof.

b. Direct service contract means a contract for services contained in local assistance or subvention programs or both (see Health and Safety [H&S] Code section 38020). Direct service contracts shall not include contracts, grants, or subventions to other governmental agencies or units of government nor contracts with regional centers or area agencies on aging (H&S Code section 38030).

c. The Contractor, as indicated below, agrees to obtain one of the following audits:

(1) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives **$25,000 or more** from any State agency under a direct service contract; the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit. Said audit shall be conducted according to Generally Accepted Auditing Standards. This audit does not fulfill the audit requirements of Paragraph c(3) below. **or**

(2) If the Contractor is a nonprofit organization (as defined in H&S Code section 38040) and receives **less than $25,000** per year from any State agency under a direct service contract, the Contractor agrees to obtain a biennial single, organization wide financial and compliance audit, unless there is evidence of fraud or other violation of state law in connection with this agreement. This audit does not fulfill the audit requirements of Paragraph c(3) below. **or**

(3) If the Contractor is a State or Local Government entity or Nonprofit organization (as defined by the Federal Office of Management and Budget [OMB] Circular A-133) and expends $300,000 or more in Federal awards, the Contractor agrees to obtain an annual single, organization wide, financial and compliance audit according to the requirements specified in OMB Circular A-133 entitled "Audits of States, Local Governments, and Non-Profit Organizations". An audit conducted pursuant to this provision will fulfill the audit requirements outlined in Paragraphs c(1) and c(2) above. The requirements of this provision apply if:

(a) The Contractor is a recipient expending Federal awards received directly from Federal awarding agencies, or

(b) The Contractor is a subrecipient expending Federal awards received from a pass-through entity such as the State, County or community based organization.

d. The audit shall be completed by the 15th day of the fifth month following the end of the Contractor's fiscal year. Two copies of the audit report shall be delivered to the DHS program funding this agreement. The audit report must identify the Contractor's legal name and the number assigned to this agreement. The report shall be due within 30 days after the completion of the audit. Upon receipt of said audit report, the DHS program contract manager shall forward the audit report to DHS' Audits and Investigations Unit.

e. The cost of the audits described herein may be included in the funding for this agreement up to the proportionate amount this agreement represents of the Contractor's total revenue. The DHS program funding this agreement must provide advance written approval of the specific amount allowed for said audit expenses.

f. The State or its authorized designee, including the Bureau of State Audits, is responsible for conducting agreement performance audits which are not financial and compliance audits. Performance audits are defined by Generally Accepted Government Auditing Standards.

g. Nothing in this agreement limits the State's responsibility or authority to enforce State law or regulations, procedures, or reporting requirements arising thereto.

h. Nothing in this provision limits the authority of the State to make audits of this agreement, provided however, that if independent audits arranged for by the Contractor meet Generally Accepted Governmental Auditing Standards, the State shall rely on those audits and any additional audit work and shall build upon the work already done.

i. The State may, at its option, direct its own auditors to perform either of the audits described above. The Contractor will be given advance written notification, if the State chooses to exercise its option to perform said audits.

j. The Contractor shall include a clause in any agreement the Contractor enters into with the audit firm doing the single organization wide audit to provide access by the State or Federal Government to the working papers of the independent auditor who prepares the single organization wide audit for the Contractor.

k. Federal or state auditors shall have "expanded scope auditing" authority to conduct specific program audits during the same period in which a single organization wide audit is being performed, but the audit report has not been issued. The federal or state auditors shall review and have access to the current audit work being conducted and will not apply any testing or review procedures which have not been satisfied by previous audit work that has been completed.

The term "expanded scope auditing" is applied and defined in the U.S. General Accounting Office (GAO) issued Standards for *Audit of Government Organizations, Programs, Activities and Functions*, better known as the "yellow book".

17. Human Subjects Use Requirements

(Applicable only to federally funded agreements/grants in which performance, directly or through a subcontract/subaward, includes any tests or examination of materials derived from the human body.)

By signing this agreement, Contractor agrees that if any performance under this agreement or any subcontract or subagreement includes any tests or examination of materials derived from the human body for the purpose of providing information, diagnosis, prevention, treatment or assessment of disease, impairment, or health of a human being, all locations at which such examinations are performed shall meet the requirements of 42 U.S.C. Section 263a (CLIA) and the regulations thereunder.

18. Novation Requirements

If the Contractor proposes any novation agreement, DHS shall act upon the proposal within 60 days after receipt of the written proposal. DHS may review and consider the proposal, consult and negotiate with the Contractor, and accept or reject all or part of the proposal. Acceptance or rejection of the proposal may be made orally within the 60-day period and confirmed in writing within five days of said decision. Upon written acceptance of the proposal, DHS will initiate an amendment to this agreement to formally implement the approved proposal.

19. Debarment and Suspension Certification

(Applicable to all agreements funded in part or whole with federal funds.)

a. By signing this agreement, the Contractor/Grantee agrees to comply with applicable federal suspension and debarment regulations including, but not limited to 7 CFR Part 3017, 45 CFR 76, 40 CFR 32 or 34 CFR 85.

b. By signing this agreement, the Contractor certifies to the best of its knowledge and belief, that it and its principals:

(1) Are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded by any federal department or agency;

(2) Have not within a three-year period preceding this application/proposal/agreement been convicted of or had a civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public (Federal, State or local) transaction or contract under a public transaction; violation of Federal or State antitrust statutes or commission of embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property;

(3) Are not presently indicted for or otherwise criminally or civilly charged by a governmental entity (Federal, State or local) with commission of any of the offenses enumerated in Paragraph b(2) herein; and

(4) Have not within a three-year period preceding this application/proposal/agreement had one or more public transactions (Federal, State or local) terminated for cause or default.

(5) Shall not knowingly enter into any lower tier covered transaction with a person who is proposed for debarment under federal regulations (i.e., 48 CFR part 9, subpart 9.4), debarred, suspended, declared ineligible, or voluntarily excluded from participation in such transaction, unless authorized by the State.

(6) Will include a clause entitled, "Debarment and Suspension Certification" that essentially sets forth the provisions herein, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.

c. If the Contractor is unable to certify to any of the statements in this certification, the Contractor shall submit an explanation to the DHS program funding this contract.

d. The terms and definitions herein have the meanings set out in the Definitions and Coverage sections of the rules implementing Federal Executive Order 12549.

e. If the Contractor knowingly violates this certification, in addition to other remedies available to the Federal Government, the DHS may terminate this agreement for cause or default.

20. Smoke-Free Workplace Certification

(Applicable to federally funded agreements/grants and subcontracts/subawards, that provide health, day care, early childhood development services, education or library services to children under 18 directly or through local governments.)

a. Public Law 103-227, also known as the Pro-children Act of 1994 (Act), requires that smoking not be permitted in any portion of any indoor facility owned or leased or contracted for by an entity and used routinely or regularly for the provision of health, day care, early childhood development services, education or library services to children under the age of 18, if the services are funded by federal programs either directly or through state or local governments, by federal grant, contract, loan, or loan guarantee. The law also applies to children's services that are provided in indoor facilities that are constructed, operated, or maintained with such federal funds. The law does not apply to children's services provided in private residences; portions of facilities used for inpatient drug or alcohol treatment; service providers whose sole source of applicable federal funds is Medicare or Medicaid; or facilities where WIC coupons are redeemed.

b. Failure to comply with the provisions of the law may result in the imposition of a civil monetary penalty of up to $1,000 for each violation and/or the imposition of an administrative compliance order on the responsible party.

c. By signing this agreement, Contractor or Grantee certifies that it will comply with the requirements of the Act and will not allow smoking within any portion of any indoor facility used for the provision of services for children as defined by the Act. The prohibitions herein are effective December 26, 1994.

d. Contractor or Grantee further agrees that it will insert this certification into any subawards (subcontracts or subgrants) entered into that provide for children's services as described in the Act.

21. Covenant Against Contingent Fees

(Applicable only to federally funded agreements.)

The Contractor warrants that no person or selling agency has been employed or retained to solicit/secure this agreement upon an agreement of understanding for a commission, percentage, brokerage, or contingent fee, except *bona fide* employees or *bona fide* established commercial or selling agencies retained by the Contractor for the purpose of securing business. For breach or violation of this warranty, DHS shall have the right to annul this agreement without liability or in its discretion to deduct from the agreement price or consideration, or otherwise recover, the full amount of such commission, percentage, and brokerage or contingent fee.

22. Payment Withholds

(Applicable only if a final report is required by this agreement. Not applicable to government entities.)

Unless waived or otherwise stipulated in this contract, DHS may, at its discretion, withhold 10 percent (10%) of the face amount of the agreement, 50 percent (50%) of the final invoice, or $3,000 whichever is greater, until DHS receives a final report that meets the terms, conditions and/or scope of work requirements of this agreement.

23. Performance Evaluation

(Not applicable to grant agreements.)

DHS may, at its discretion, evaluate the performance of the Contractor at the conclusion of this agreement. If performance is evaluated, the evaluation shall not be a public record and shall remain on file with DHS. Negative performance evaluations may be considered by DHS prior to making future contract awards.

24. Officials Not to Benefit

No members of or delegate of Congress or the State Legislature shall be admitted to any share or part of this agreement, or to any benefit that may arise therefrom. This provision shall not be construed to extend to this agreement if made with a corporation for its general benefits.

25. Year 2000 Compliance

(Applicable to agreements in which Information Technology (IT) services are provided to DHS or if IT equipment is procured.)

The Contractor warrants and represents that the goods or services sold, leased, or licensed to the State of California, its agencies, or its political subdivisions, pursuant to this agreement are "Year 2000 Compliant." For the purposes of this agreement, a good or services is Year 2000 compliant if it will continue to fully function before, at, and after the Year 2000 without interruption and, if applicable, with full ability to accurately and unambiguously process, display, compare, calculate, manipulate, and otherwise utilize date information. This warranty and representation supersedes all warranty disclaimers and limitations and all limitations on liability provided by or through the Contractor.

26. Prohibited Use of State Funds for Software

(Applicable to agreements in which computer software is used in performance of the work.)

Contractor certifies that it has appropriate systems and controls in place to ensure that state funds will not be used in the performance of this agreement for the acquisition, operation or maintenance of computer software in violation of copyright laws.

27. University of California Mutual Indemnification

(Applicable only to agreements entered with the Regents of the University of California or a University of California campus under its jurisdiction.)

a. The State and the Regents of the University of California shall mutually defend, indemnify and hold each other and their respective agencies, officers, employees, and agents harmless from and against any and all liability, loss, expense, attorneys' fees, or claims for injury or damages arising out of the performance of this contract but only in proportion to and to the extent such liability, loss, expense, attorneys' fees, or claims for injury or damages are caused by or result from the negligent or intentional acts or omissions of either the State or the Regents of the University of California.

b. It should be expressly understood that the obligations hereunder shall be conditioned upon this contract being one that falls within the purview of Section 895 of the Government Code.

28. Use of Small, Minority Owned and Women's Businesses

(Applicable to that portion of an agreement that is federally funded and entered into with institutions of higher education, hospitals, nonprofit organizations or commercial businesses.)

Positive efforts shall be made to use small businesses, minority-owned firms and women's business enterprises, whenever possible (i.e., procurement of goods and/or services). Contractors shall take all of the following steps to further this goal.

(1) Ensure that small businesses, minority-owned firms, and women's business enterprises are used to the fullest extent practicable.

(2) Make information on forthcoming purchasing and contracting opportunities available and arrange time frames for purchases and contracts to encourage and facilitate participation by small businesses, minority-owned firms, and women's business enterprises.

(3) Consider in the contract process whether firms competing for larger contracts intend to subcontract with small businesses, minority-owned firms, and women's business enterprises.

(4) Encourage contracting with consortiums of small businesses, minority-owned firms and women's business enterprises when a contract is too large for one of these firms to handle individually.

(5) Use the services and assistance, as appropriate, of such organizations as the Federal Small Business Administration and the U.S. Department of Commerce's Minority Business Development Agency in the solicitation and utilization of small businesses, minority-owned firms and women's business enterprises.

29. Alien Ineligibility Certification

(Applicable to sole proprietors entering federally funded agreements.)

By signing this agreement, the Contractor certifies that he/she is not an alien that is ineligible for state and local benefits, as defined in Subtitle B of the Personal Responsibility and Work Opportunity Act. (8 U.S.C. 1601, et seq.)

30. Union Organizing

(Applicable only to grant agreements.)

Grantee, by signing this agreement, hereby acknowledges the applicability of Government Code 16645 through 16649 to this agreement. Furthermore, Grantee, by signing this agreement, hereby certifies that:

a. No state funds disbursed by this grant will be used to assist, promote or deter union organizing.

b. Grantee shall account for state funds disbursed for a specific expenditure by this grant, to show those funds were allocated to that expenditure.

c. Grantee shall, where state funds are not designated as described in 2 above, allocate, on a pro-rata basis, all disbursements that support the grant program.

d. If Grantee makes expenditures to assist, promote or deter union organizing, Grantee will maintain records sufficient to show that no state funds were used for those expenditures, and that Grantee shall provide those records to the Attorney General upon request.

31. Contract Uniformity (Fringe Benefit Allowability)

(Applicable only to nonprofit organizations.)

Pursuant to the provisions of Article 7 (commencing with Section 100525) of Chapter 3 of Part 1 of Division 101 of the Health and Safety Code, DHS sets forth the following policies, procedures, and guidelines regarding the reimbursement of fringe benefits.

a. As used herein fringe benefits shall mean an employment benefit given by one's employer to an employee in addition to one's regular or normal wages or salary.

b. As used herein, fringe benefits do not include:

(1) Compensation for personal services paid currently or accrued by the Contractor for services of employees rendered during the term of this agreement, which is identified as regular or normal salaries and wages, annual leave, vacation, sick leave, holidays, jury duty and/or military leave/training.
(2) Director's and executive committee member's fees.
(3) Incentive awards and/or bonus incentive pay.
(4) Allowances for off-site pay.
(5) Location allowances.
(6) Hardship pay.
(7) Cost-of-living differentials

c. Specific allowable fringe benefits include:

(1) Fringe benefits in the form of employer contributions for the employer's portion of payroll taxes (i.e., FICA, SUI, SDI), employee health plans (i.e., health, dental and vision), unemployment insurance, worker's compensation insurance, and the employer's share of pension/retirement plans, provided they are granted in accordance with established written organization policies and meet all legal and Internal Revenue Service requirements.

d. To be an allowable fringe benefit, the cost must meet the following criteria:

(1) Be necessary and reasonable for the performance of the agreement.
(2) Be determined in accordance with generally accepted accounting principles.
(3) Be consistent with policies that apply uniformly to all activities of the Contractor.

e. Contractor agrees that all fringe benefits shall be at actual cost.

f. Earned/Accrued Compensation

(1) Compensation for vacation, sick leave and holidays is limited to that amount earned/accrued within the agreement term. Unused vacation, sick leave and holidays earned from periods prior to the agreement term cannot be claimed as allowable costs. See Provision f (3)(a) for an example.

(2) For multiple year contracts, vacation and sick leave compensation, which is earned/accrued but not paid, due to employee(s) not taking time off may be carried over and claimed within the overall term of the multiple years of the agreement. Holidays cannot be carried over from one contract year to the next. See Provision f (3)(b) for an example.

(3) For single year agreements, vacation, sick leave and holiday compensation that is earned/accrued but not paid, due to employee(s) not taking time off within the term of the agreement, cannot be claimed as an allowable cost. See Provision f (3)(c) for an example.

(a) **Example No. 1:**

If an employee, John Doe, earns/accrues three weeks of vacation and twelve days of sick leave each year, then that is the maximum amount that may be claimed during a contract period of one year. If John Doe has five weeks of vacation and eighteen days of sick leave at the beginning of the agreement, the Contractor during a one-year agreement term may only claim up to three weeks of vacation and twelve days of sick leave actually used by the employee. Amounts earned/accrued in periods prior to the beginning of the agreement are not an allowable cost.

(b) **Example No. 2:**

If during a three-year (multiple year) agreement, John Doe does not use his three weeks of vacation in year one, or his three weeks in year two, but he does actually use nine weeks in year three; the Contractor would be allowed to claim all nine weeks paid for in year three. The total compensation over the three-year period cannot exceed 156 weeks (3 x 52 weeks).

(c) **Example No. 3:**

If during a single year agreement, John Doe works fifty weeks and used one week of vacation and one week of sick leave and all fifty-two weeks have been billed to DHS, the remaining unused two weeks of vacation and seven days of sick leave may not be claimed as an allowable cost.

32. Lobbying Restrictions and Disclosure Certification

(Applicable to federally funded contracts in excess of $100,000 per Section 1352 of the 31, U.S.C.)

a. Certification and Disclosure Requirements

(1) Each person (or recipient) who requests or receives a contract, subcontract, grant, or subgrant, which is subject to Section 1352 of the 31, U.S.C., and which exceeds $100,000 at any tier, shall file a certification (in the form set forth in Attachment 1, consisting of one page, entitled "Certification Regarding Lobbying") that the recipient has not made, and will not make, any payment prohibited by Paragraph b of this provision.

(2) Each recipient shall file a disclosure (in the form set forth in Attachment 2, entitled "Standard Form-LLL 'disclosure of Lobbying Activities'") if such recipient has made or has agreed to make any payment using nonappropriated funds (to include profits from any covered federal action) in connection with a contract or grant or any extension or amendment of that contract or grant, which would be prohibited under Paragraph b of this provision if paid for with appropriated funds.

(3) Each recipient shall file a disclosure form at the end of each calendar quarter in which there occurs any event that requires disclosure or that materially affect the accuracy of the information contained in any disclosure form previously filed by such person under Paragraph a(2) herein. An event that materially affects the accuracy of the information reported includes:

(a) A cumulative increase of $25,000 or more in the amount paid or expected to be paid for influencing or attempting to influence a covered federal action;

(b) A change in the person(s) or individuals(s) influencing or attempting to influence a covered federal action; or

(c) A change in the officer(s), employee(s), or member(s) contacted for the purpose of influencing or attempting to influence a covered federal action.

(4) Each person (or recipient) who requests or receives from a person referred to in Paragraph a(1) of this provision a contract, subcontract, grant or subgrant exceeding $100,000 at any tier under a contract or grant shall file a certification, and a disclosure form, if required, to the next tier above.

(5) All disclosure forms (but not certifications) shall be forwarded from tier to tier until received by the person referred to in Paragraph a(1) of this provision. That person shall forward all disclosure forms to DHS program contract manager.

b. Prohibition

Section 1352 of Title 31, U.S.C., provides in part that no appropriated funds may be expended by the recipient of a federal contract, grant, loan, or cooperative agreement to pay any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with any of the following covered federal actions: the awarding of any federal contract, the making of any federal grant, the making of any federal loan, entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any federal contract, grant, loan, or cooperative agreement.

STATE OF CALIFORNIA
DEPARTMENT OF HEALTH SERVICES

CERTIFICATION REGARDING LOBBYING

The undersigned certifies, to the best of his or her knowledge and belief, that:

(1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of an agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the making, awarding or entering into of this Federal contract, Federal grant, or cooperative agreement, and the extension, continuation, renewal, amendment, or modification of this Federal contract, grant, or cooperative agreement.

(2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency of the United States Government, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, or cooperative agreement, the undersigned shall complete and submit Standard Form LLL, "Disclosure of Lobbying Activities" in accordance with its instructions.

(3) The undersigned shall require that the language of this certification be included in the award documents for all subawards at all tiers (including subcontractors, subgrants, and contracts under grants and cooperative agreements) of $100,000 or more, and that all subrecipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by Section 1352, Title 31, U.S.C., any person who fails to file the required certification shall be subject to a civil penalty of not less than $10,000 and not more than $100,000 for each such failure.

Name of Contractor	Printed Name of Person Signing for Contractor
Contract / Grant Number	Signature of Person Signing for Contractor
Date	Title

After execution by or on behalf of Contractor, please return to:

Department of Health Services
(Name of the DHS program providing the funds)
P.O. Box 942732
714 P Street
Sacramento, CA 94234-7320

CERTIFICATION REGARDING LOBBYING

Approved by OMB
0348-0046

Complete this form to disclose lobbying activities pursuant to 31 U.S.C. 1352
(See reverse for public burden disclosure)

1. Type of Federal Action:	2. Status of Federal Action:	3. Report Type:
☐ a. contract b. grant c. cooperative agreement d. loan e. loan guarantee f. loan insurance	☐ a. bid/offer/application b. initial award c. post-award	☐ a. initial filing b. material change For Material Change Only: Year _____ quarter_____ date of last report_____

4. Name and Address of Reporting Entity:	5. If Reporting Entity in No. 4 is Subawardee, Enter Name and Address of Prime:
☐ Prime ☐ Subawardee Tier _____, if known: Congressional District, If known:	Congressional District, If known:
6. Federal Department/Agency:	7. Federal Program Name/Description: CDFA Number, if applicable: _____
8. Federal Action Number, if known:	9. Award Amount, if known:
10. a. Name and Address of Lobbying Entity (If individual, last name, first name, MI):	b. Name and Address of Lobbying Entity (If individual, last name, first name, MI):

(attach Continuation Sheets(s) SF-LLL-A, If necessary)

11. Amount of Payment (check all that apply):	13. Type of Payment (check all that apply):
$_____ ☐ actual ☐ planned	☐ a. retainer ☐ b. one-time fee ☐ c. commission ☐ d. contingent fee ☐ e. deferred ☐ f. other, specify: _____
12. Form of Payment (check all that apply): ☐ a. cash ☐ b. in-kind, specify: Nature_____ Value _____	

14. Brief Description of Services Performed or to be Performed and Dates(s) of Service, including Officer(s), Employee(s), or Member(s) Contracted for Payment indicated in item 11:

(Attach Continuation Sheet(s) SF-LLL-A, If necessary)

15. Continuation Sheet(s) SF-LLL-A Attached: ☐ Yes ☐ No

16. Information requested through this form is authorized by Title 31, U.S.C., Section 1352. This disclosure of lobbying activities is a material representation of fact upon which reliance was placed by the tier above when this transaction was made or entered into. This disclosure is required pursuant to Title 31, U.S.C., Section 1352. This information will be reported to the Congress semiannually and will be available for public inspection. Any person who fails to file the required disclosure shall be subject to a civil penalty of not less than $19,000 and not more than $100,000 for each such failure.	Signature: _____ Print Name: _____ Title: _____ Telephone No.: _____ Date: _____

Federal Use Only	Authorized for Local Reproduction Standard Form-LLL

INSTRUCTIONS FOR COMPLETION OF SF-LLL, DISCLOSURE OF LOBBYING ACTIVITIES

This disclosure form shall be completed by the reporting entity, whether subawardee or prime federal recipients at the initiation or receipt of a covered federal action, or a material change to a previous filing, pursuant to Title 31, U.S.C., Section 1352. The filing of a form is required for each payment or agreement to make payment to any lobbying entity for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with a covered federal action. Use the SF - LLL-A Continuation Sheet for additional information if the space on the form is inadequate. Complete all items that apply for both the initial filing and material change report. Refer to the implementing guidance published by the Office of Management and Budget for additional information.

1. Identify the type of covered federal action for which lobbying activity is and/or has been secured to influence the outcome of a covered federal action.

2. Identify the status of the covered federal action.

3. Identify the appropriate classification of this report. If this is a follow-up report caused by a material change to the information previously reported, enter the year and quarter in which the change occurred. Enter the date of the last previously submitted report by this reporting entity for this covered federal action.

4. Enter the full name, address, city, state, and ZIP code of the reporting entity. Include Congressional District, if known. Check the appropriate classification of the reporting entity that designates if it is, or expects to be, a prime or subaward recipient. Identify the tier of the subawardee, e.g., the first subawardee of the prime is the 1st tier. Subawards include but are not limited to subcontracts, subgrants, and contract awards under grants.

5. If the organization filing the report in Item 4 checks "Subawardee," then enter the full name, address, city, state, and ZIP code of the prime federal recipient. Include Congressional District, if known.

6. Enter the name of the federal agency making the award or loan commitment. Include at least one organizational level below agency name, if known. For example, Department of Transportation United States Coast Guard.

7. Enter the federal program name or description for the covered federal action (Item 1). If known, enter the full Catalog of Federal Domestic Assistance (CDFA) number for grants, cooperative agreements, loans, and loan commitments.

8. Enter the most appropriate federal identifying number available for the federal action identified in Item 1 (e.g., Request for Proposal (RFP) number; Invitation for Bid (IFB) number; grant announcement number; the contract grant, or loan award number; the application/proposal control number assigned by the federal agency). Include prefixes, e.g., "RFP-DE-90401."

9. For a covered federal action where there has been an award or loan commitment by the federal agency, enter the federal amount of the award/loan commitment for the prime entity identified in Item 4 or 5.

10. (a) Enter the full name, address, city, state, and ZIP code of the lobbying entity engaged by the reporting entity identified in Item 4 to influence the covered federal action.

10. (b) Enter the full names of the Individual(s) performing services and include full address if different from 10.(a). Enter last name, first name, and middle initial (MI).

11. Enter the amount of compensation paid or reasonably expected to be paid by the reporting entity (Item 4) to the lobbying entity (Item 10). Indicate whether the payment has been made (actual) or will be made (planned). Check all boxes that apply. If this is a material change report, enter the cumulative amount of payment made or planned to be made.

12. Check the appropriate box(es). Check all boxes that apply. If payment is made through an in-kind contribution, specify the nature and value of the in-kind payment.

13. Check the appropriate box(es). Check all boxes that apply. If other, specify nature.

14. Provide a specific and detailed description of the services that the lobbyist has performed, or will be expected to perform, and the date(s) of any services rendered. Include all preparatory and related activity, not just time spent in actual contact with federal officials, identify the federal official(s) or employee(s) contacted or the officer(s), employee(s), or Member(s) of Congress that were contacted.

15. Check whether or not a SF-LLL-A Continuation Sheet(s) is attached.

16. The certifying official shall sign and date the form, print his/her name, title, and telephone number.

Public reporting burden for this collection of information is estimated to average 30 minutes per response, including time for reviewing instruction, searching existing data sources, gathering and maintaining the data needed, and completing and renewing the collection of information. Send comments regarding the burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden to the Office of Management and Budget, Paperwork Reduction Project, (0348-0046), Washington, DC 20503.

Exhibit E
Additional Provisions

WITNESSETH: That the Contractor for and in consideration of the covenants, conditions, agreements, and stipulations of the State hereinafter expressed, does hereby agree to furnish to the State services and materials as follows: *(Set forth service to be rendered by Contractor, amount to be paid Contractor, time for performance or completion, and attach plans and specifications, if any.)*

WHEREAS, The Department of Health Services, is the single agency responsible for administering the California Medi-Cal Assistance Program (hereinafter referred to as Medi-Cal) which is authorized by Title 42, United States Code (U.S.C.), Section 1396 et seq. and Welfare and Institutions (W&I) Code, Division 9, Part 3, Chapter 7 (commencing with Section 14000) and Chapter 8 (commencing with section 14200);

WHEREAS, the federal Social Security Act mandates cooperative arrangements between the single state agency and participating local government agency (**County of Los Angeles,** hereinafter referred to as Local Governmental Agency (LGA)) responsible for providing health related administrative activities;

WHEREAS, the California W&I Code, Section 14113, requires the State to enter into cooperative arrangements with other State agencies or departments responsible for health services to ensure the appropriate utilization of such services;

WHEREAS, the California W&I Code, Section 14132.47, provides the LGA's the option to claim federal Medicaid matching funds for assisting the STATE in the proper and efficient administration of the Medi-Cal Program;

NOW THEREFORE, the STATE and the LGA enter into the following contract:

ARTICLE I – MUTUAL OBJECTIVES

Both parties to the Contract agree:

A. To ensure that Medi-Cal potentially eligible individuals, and their families where appropriate, served by the LGA are informed of the Medi-Cal Program, how to access it, and assisted in accessing the Medi-Cal program, if needed.

B. To ensure that assistance is provided to Medi-Cal eligible individuals, and their families where appropriate, in facilitating their receipt of services and activities in the Medi-Cal program.

C. That this contract is governed by 42 U.S.C., Section 1396 et seq., 42 Code of Federal Regulations (CFR) Part 400 et seq., and 45 CFR Part 95, California Welfare and Institutions Code, Division 9, Part 3, Chapter 7 (commencing with Section 14000) and Chapter 8 (commencing with Section 14200), and Title 22 California Code of Regulations (CCR), Division 3 (commencing with Section 50000), all as periodically amended; State issued policy directives; and by Federal Office of Management and Budget (OMB) Circular A-87, as periodically amended.

D. Retain all necessary records for a minimum of three (3) years after the end of the quarter in which the expenditures were incurred for Medi-Cal Administrative Activities (MAA) and, if an audit is in progress, all records relevant to the audit shall be retained until the completion of the audit or the final resolution of all audit exceptions, deferrals and/or disallowances, whichever is later. The records shall fully disclose the type and extent of administrative activities performed by appropriate staff. The LGA shall furnish said documentation, and any other information regarding payments for performing MAA, upon request, to the State and the Federal Government.

E. Be responsible to the State for all requirements under this Contract even though the requirements are carried out pursuant to a subcontract. All subcontracts shall include provisions requiring compliance with the terms and conditions of this Contract. All non-governmental entities performing MAA pursuant to the provisions of this Contract shall be deemed true subcontractors of the LGA.

F. Enter into Interagency Agreements or Memoranda of Understanding with all departments/entities performing MAA in support of the LGA claiming administrative reimbursement. The LGA shall have available for State and/or Federal review, any Interagency Agreement or Memoranda of Understanding to perform administrative activities under the auspices of the Medi-Cal Program.

Exhibit E
Additional Provisions

ARTICLE II - STATE RESPONSIBILITIES

A. Review, approve and process LGA claims for reimbursement of the allowable actual costs of providing administrative activities necessary for the proper and efficient administration of the Medi-Cal Program. The costs may include the expenses of staff and the operating expenses and equipment costs necessary to collect data, disseminate information, and carry out the staff activities outlined in this Contract. Reimbursement shall be made subsequent to the quarter for which a claim for MAA is made. Any claim that cannot be approved shall be returned to the LGA with a written explanation of the basis for disapproval.

1. The maximum rate of Federal reimbursement for compensation (salary and benefits), of activities qualifying under Federal regulations applying to "skilled professional medical personnel" of a public agency and their "directly supporting staff" shall be 75 percent of such costs for activities identified as "enhanced." The maximum rate of reimbursement for allowable costs of activities identified as "non-enhanced", performed by Skilled Professional Medical Personnel (SPMP) and their directly supporting staff, shall be 50 percent. The maximum rate of reimbursement for all allowable costs other than compensation applicable to SPMPs and their directly supporting staff, shall be 50 percent.

2. An SPMP is defined as an employee of the LGA who has completed a 2-year or longer program leading to an academic degree or certification in a medically-related profession and who performs duties and responsibilities requiring professional medical knowledge and skills. Directly supporting staff are also employees of the LGA. They are secretarial, stenographic, copy, file, or record clerks who are directly supervised by the SPMP, and who provide clerical services necessary for carrying out the professional medical responsibilities and administrative activities of the SPMP.

3. The rate of federal reimbursement is 50 percent Federal Financial Participation (FFP) for all costs of non-SPMPs and all costs of subcontractors (non-governmental entities) performing allowable administrative activities as defined in Exhibit A, Article I, LGA Responsibilities, Section A.

4. The maximum rate of reimbursement for all non-public subcontractors to the LGA shall be 50 percent for all categories of cost.

B. Provide the LGA with a standardized format for the **Summary Invoice, Detailed Invoice** and **Claiming Plan** which will be disseminated through policy directives issued by the State.

C. Review claiming plans and LGA initiated amendment(s) to the claiming plan. Any amendment that cannot be approved shall be returned to the LGA with a written explanation of the basis for disapproval.

D. Submit State approved claiming plans and amendments to the Centers for Medicare and Medicaid Services (CMS) for review and approval.

E. Make available to LGAs, training and technical support on proper administrative activities to be claimed, identifying costs related to these activities, and billing procedures.

F. Designate a liaison with the LGA for issues regarding this Contract. All such issues shall be directed to:

State Department of Health Services
Chief, Administrative Claiming Operations Unit
Medi-Cal Benefits Branch
714 P Street, Room 1640
Sacramento, CA 95814

Exhibit E
Additional Provisions

ARTICLE III - JOINT RESPONSIBILITIES

A. The State and the LGA hereby agree to comply with all applicable laws governing the confidentiality of client information for Medi-Cal clients served by the LGA, or subcontractor, under this Contract. Applicable laws include, but are not limited to, 42 U.S.C. Section 1396a(a)7, 42 CFR Section 431.300, Welfare and Institutions Code, Section 14100.2, and 22 California Code of Regulations Section 51009.

B. Both parties accept and agree to comply with the applicable standards set forth in Exhibits D (F) and F entitled, "Special Terms and Conditions" notwithstanding provisions which are superceded by Article IV D and "Contractor's Release" which are incorporated by reference and made part of this contract as though fully set forth herein.

ARTICLE IV - GENERAL PROVISIONS

A. This Contract constitutes the entire contract between the parties. Any condition, provision, agreement or understanding not stated in this Contract shall not affect any rights, duties or privileges in connection with this Contract.

B. The State shall have the right to access, examine, monitor and audit all records, documents, conditions and activities of the LGA and their subcontractors related to the programs funded by this Contract.

C. The term "days" as used in this Contract shall mean calendar days unless specified otherwise.

D. Should any disagreement arise between the State and the LGA on any provisions of this Contract, the parties agree that the same shall be submitted in writing to each other and be the subject of discussion between the State liaison and LGA liaison herewith designated, and in a good faith effort to achieve resolution. If mutual agreement cannot be reached within 30 days after receipt of the written issue of dispute, the LGA may request a meeting with the Director, or his or her designee, to present its concerns. If the Director or his or her designee cannot meet, the State shall respond in writing to the LGA, with the State's position. Thereafter, the decision of the Director shall be final. The date of "receipt" shall be the date the written disagreement is postmarked.

E. None of the provisions of this Contract are or shall be construed as for the benefit of, or enforceable by, any person not a party to this Contract.

F. No covenant, condition, duty, obligation, or undertaking continued or made a part of this Contract shall be waived except by Contract amendment by the parties hereto, and forbearance or indulgence in any other form or manner by either party in any regard whatsoever shall not constitute a waiver of the covenant, condition, duty, obligation, or undertaking to be kept, performed or discharged by the party to which the same may apply; and, until performance or satisfaction of all covenants, conditions, duties, obligations, or undertakings is complete, the other party shall have the right to invoke any remedy available under this Contract, or under law, notwithstanding such forbearance or indulgence.

G. The LGA is responsible for the acts or omissions of its employees and/or subcontractors.

Submission of a falsified Summary Invoice or Detailed Invoice by an LGA shall constitute a breach of contract. Submission of a Summary Invoice or Detailed Invoice for which there is no supporting documentation by an LGA may constitute a breach of contract.

The conviction of an employee or subcontractor of the LGA, or of an employee of a subcontractor, of any felony or of a misdemeanor involving fraud, abuse of any Medi-Cal applicant or beneficiary, or abuse of the Medi-Cal Program, shall result in the exclusion of that employee or subcontractor, or employee of a subcontractor, from participation in the Medi-Cal Administrative Claiming process. Failure of an LGA to exclude a convicted individual from participation in the Medi-Cal Administrative Claiming process, shall constitute a breach of contract.

Exhibit E
Additional Provisions

Exclusion after conviction shall result regardless of any subsequent order under Section 1203.4 of the Penal Code allowing a person to withdraw his or her plea of guilty and to enter a plea of not guilty, or setting aside the verdict of guilty, or dismissing the accusation, information, or indictment.

Suspension or exclusion of an employee or subcontractor, or of an employee of a subcontractor, from participation in the Medi-Cal Program, the Medicaid Program, or the Medicare Program, shall result in the exclusion of that employee or subcontractor, or employee of a subcontractor, from participation in the Medi-Cal Administrative Claiming process. Failure of an LGA to exclude a suspended or excluded individual from participation in the Medi-Cal Administrative Claiming process shall constitute a breach of contract.

Revocation, suspension, or restriction of the license, certificate, or registration of any employee, subcontractor, or employee of a subcontractor, shall result in exclusion from the Medi-Cal Administrative Claiming process, when such license, certificate, or registration is required for the performance of Medi-Cal administrative activities. Failure of an LGA to exclude an individual whose license, certificate, or registration has been revoked, suspended, or restricted, from participation in the Medi-Cal Administrative Claiming process, may constitute a breach of contract.

Exhibit F

Contractor's Release

Instructions to Contractor:

With final invoice(s) submit one (1) original and two (2) copies. The original must bear the original signature of a person authorized to bind the Contractor. The additional copies may bear photocopied signatures.

Submission of Final Invoice

Pursuant to **contract number** 02-25869 entered into between the State of California Department of Health hereby Services and the Contractor (identified below), the Contractor does acknowledge that final payment has been requested via **invoice number(s)** _____, in the **amount(s) of $** _____ and **dated** _____.
If necessary, enter "See Attached" in the appropriate blocks and attach a list of invoice numbers, dollar amounts and invoice dates.

Release of all Obligations

By signing this form, and upon receipt of the amount specified in the invoice number(s) referenced above, the Contractor does hereby release and discharge the State, its officers, agents and employees of and from any and all liabilities, obligations, claims, and demands whatsoever arising from the above referenced contract.

Repayments Due to Audit Exceptions / Record Retention

By signing this form, Contractor acknowledges that expenses authorized for reimbursement does not guarantee final allowability of said expenses. Contractor agrees that the amount of any sustained audit exceptions resulting from any subsequent audit made after final payment, will be refunded to the State.

All expense and accounting records related to the above referenced contract must be maintained for audit purposes for no less than three years beyond the date of final payment, unless a longer term is stated in said contract.

Recycled Product Use Certification

By signing this form, Contractor certifies under penalty of perjury that a percentage (0% to 100%) of the materials, goods, supplies or products offered or used in the performance of the above referenced contract meets or exceeds the minimum percentage of recycled material, as defined in Public Contract Code Sections 12161 and 12200.

Reminder to Return State Equipment/Property (If Applicable)

(Applies only if equipment was provided by DHS or purchased with or reimbursed by contract funds)

Unless DHS has approved the continued use and possession of State equipment (as defined in the above referenced contract) for use in connection with another DHS agreement, Contractor agrees to promptly initiate arrangements to account for and return said equipment to DHS, at DHS's expense, if said equipment has not passed its useful life expectancy as defined in the above referenced contract.

Patents / Other Issues

By signing this form, Contractor further agrees, in connection with patent matters and with any claims that are not specifically released as set forth above, that it will comply with all of the provisions contained in the above referenced contract, including, but not limited to, those provisions relating to notification to the State and related to the defense or prosecution of litigation.

Contractor's Legal Name (As on contract): County of Los Angeles

Signature of Contractor or Official Designee: _____ Date: _____

Printed Name/Title of Person Signing: _____

DHS Distribution: Accounting (Original) Program CMU contract file

STATE OF CALIFORNIA
STANDARD AGREEMENT
STD 213 (Rev 09/01)

AGREEMENT NUMBER
02-25869

1. This Agreement is entered into between the State Agency and the Contractor named below:

STATE AGENCY'S NAME
California Department of Health Services

CONTRACTOR'S NAME
County of Los Angeles

2. The term of this Agreement is: July 1, 2002 through June 30, 2003

3. The maximum amount of this Agreement is: $40,000,000.00 Forty Million Dallars.

4. The parties agree to comply with the terms and conditions of the following exhibits, which are by this reference made a part of this Agreement.

Exhibit A – Scope of Work	7 pages
Exhibit B – Budget Detail and Payment Provisions	4 pages
Exhibit B, Attachment I – Certification of Non-Federal Maching Funds for Medi-Cal Administrative Activities	1 page
Exhibit B, Attachment II – Claiming Overhead Costs	1 page
Exhibit B, Attachment III – Requirements of Enhanced Federal Financial Participation	1 page
Exhibit C * – General Terms and Conditions	GTC 201 dated 2/20/01
Exhibit D(F) – Special Terms and Conditions	26 pages
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See Exhibit E, Provision 1 for additional incorporated exhibits.

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These documents can be viewed at http://www.dgs.ca.gov/contracts.

IN WITNESS WHEREOF, this Agreement has been executed by the parties hereto.

CONTRACTOR

CONTRACTOR'S NAME *(if other than an individual, state whether a corporation, partnership, etc.)*
Los Angeles County

BY *(Authorized Signature)* ✍ | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING

ADDRESS

STATE OF CALIFORNIA

AGENCY NAME
California Department of Health Services

BY *(Authorized Signature)* ✍ | DATE SIGNED *(Do not type)*

PRINTED NAME AND TITLE OF PERSON SIGNING
Edward Stahlberg, Chief, Program Support Branch

ADDRESS
1800 3rd. Street, Rm. 455, P.O. Box 942732, Sacramento, CA 94234-7320

California Department of General Services Use Only

☐ Exempt per:

Exhibit B
ATTACHMENT I

CERTIFICATION OF NON-FEDERAL MATCHING FUNDS FOR MEDI-CAL ADMINISTRATIVE ACTIVITIES

This is to certify that **County of Los Angeles** will expend one hundred percent (100%) of the non-federal share of the cost of performing Medi-Cal Administrative Activities. The funds will expend for this purpose shall be from the local governmental agency's general fund or from any other funds allowable under federal law and regulation.

By: _____
Authorized Representative (Signature) Date

_____
Authorized Representative (Print)

_____
Title

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STD 213 (Rev 09/01)

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By: _____
Authorized Representative (Signature) Date

_____
Authorized Representative (Print)

_____
Title

STATE OF CALIFORNIA

PAYEE DATA RECORD

(Required in lieu of IRS W-9 when doing business with the State of California)

STD. 204 (REV. 2-2000)

NOTE: Governmental entities, federal, state, and local (including school districts) are not required to submit this form.

SECTION 1 must be completed by the requesting state agency before forwarding to the payee

1

PLEASE RETURN TO:

DEPARTMENT/OFFICE: HEALTH SERVICES/ACOU

STREET ADDRESS: 714 P Street, Room 1640

CITY, STATE, ZIP CODE: Sacramento, CA 95814

TELEPHONE NUMBER: (916) 653-6339

PURPOSE: Information contained in this form will be used by state agencies to prepare information Returns (Form 1099) and for withholding on payments to nonresident payees. Prompt return of this fully completed form will prevent delays when processing payments.

(See Privacy Statement on reverse)

2 PAYEE'S BUSINESS NAME

MAILING ADDRESS *(Number and Street or P. O. Box Number)*

(City, State and Zip Code)

3 VENDOR ENTITY INFORMATION

CHECK ONE BOX ONLY

- ☐ LEGAL CORPORATION
- ☐ PARTNERSHIP
- ☐ MEDICAL CORPORATION
- ☐ ESTATE OR TRUST
- ☐ EXEMPT CORPORATION
- ☐ ALL OTHER CORPORATIONS

FEDERAL EMPLOYERS IDENTIFICATION NUMBER (FEIN) - -

- ☐ INDIVIDUALOR SOLE PROPRIETOR

SOCIAL SECURITY NUMBER OF OWNER - - OWNER'S FULL NAME *(Print)*

NOTE: State and local governmental entities, including school districts are not required to submit this form.

NOTE: Payment will not be processed without an accompanying taxpayer I.D. number.

4 PAYEE RESIDENCY STATUS

CHECK APPROPRIATE BOX(ES)

- ☐ California Resident - Qualified to do business in CA or a permanent place of business in CA
- ☐ Nonresident *(See Reverse)* Payments to nonresidents for services may be subject to state withholding
  - ☐ WAIVER OF STATE WITHHOLDING FROM FRANCHISE TAX BOARD ATTACHED
  - ☐ SERVICES PERFORMED OUTSIDE OF CALIFORNIA/ GOODS ONLY SOLD TO CALIFORNIA

NOTE:
a. An estate is a resident if decedent was a California resident at time of death.
b. A trust is a resident if at least one trustee is a California resident *(See reverse)*

5 CERTIFYING SIGNATURE

I hereby certify under penalty of perjury that the information provided on this document is true and correct. If my residency status should change, I will promptly inform you.

AUTHORIZED PAYEE REPRESENTATIVE'S NAME *(Type or Print)*

TITLE

SIGNATURE

DATE

TELEPHONE NUMBER

STATE OF CALIFORNIA
PAYEE DATA RECORD
STD. 204 (REV. 2-2000) (REVERSE)

ARE YOU A RESIDENT OR A NONRESIDENT?

Each corporation, individual/sole proprietor, partnership, estate or trust doing business with the State of California must indicate their residency status along with their taxpayer identification number.

A **corporation** will be considered a "resident" if it has a permanent place of business in California. The corporation has a permanent place of business in California if it is organized and existing under the laws of this state or, if a foreign corporation has qualified to transact intrastate business. A corporation that has not qualified to transact intrastate business (e.g., a corporation engaged exclusively in interstate commerce) will be considered as having a permanent place of business in this state only if it maintains a permanent office in this state that is permanently staffed by its employees.

For **individuals/sole proprietors**, the term "resident" includes every individual who is in California for other than a temporary or transitory purpose and any individual domiciled in California who is absent for a temporary or transitory purpose. Generally, an individual who comes to California for a purpose which will extend over a long or indefinite period will be considered a resident. However, an individual who comes to perform a particular contract of short duration will be considered a nonresident.

For withholding purposes, a **partnership** is considered a resident partnership if it has a permanent place of business in California. An estate is considered a California estate if the decedent was a California resident at the time of death and a trust is considered a California trust if at least one trustee is a California resident.

More information on residency status can be obtained by calling the Franchise Tax Board at the numbers listed below:

From within the United States, call.....1-800-852-5711
From outside the United States, call.....1-916-845-6500
For hearing impaired with TDD, call....1-800-822-6268

ARE YOU SUBJECT TO NONRESIDENT WITHHOLDING?

Payments made to nonresident payees, including corporations, individuals, partnerships, estates and trusts, are subject to withholding. Nonresident payees performing services in California or receiving rent, lease or royalty payments from property (real or personal) located in California will have 7% of their total payments withheld for state income taxes. However, no withholding is required if total payments to the payee are $1500 or less for the calendar year.

A nonresident payee may request that income taxes be withheld at a lower rate or waived by sending a completed form FTB 588 to the address below. A waiver will generally be granted when a payee has a history of filing California returns and making timely estimated payments. If the payee activity is carried on outside of California or partially outside of California, a waiver or reduced withholding rate may be granted. For more information, contact:

Franchise Tax Board
Nonresident Withholding Section
Attention: State Agency Withholding Coordinator
P.O. Box 651 Sacramento, CA 95812-0651
Telephone: (916) 845-4900
FAX: (916) 845-4831

If a reduced rate of withholding or waiver has been authorized by the Franchise Tax Board, attach a copy to this form.

PRIVACY STATEMENT

Section 7(b) of the Privacy Act of 1974 (Public Law 93-5791) requires that any federal, state, or local governmental agency which requests an individual to disclose his social security account number shall inform that individual whether that disclosure is mandatory or voluntary, by which statutory or other authority such number is solicited, and what uses will be made of it.

The State of California requires that all parties entering into business transactions that may lead to payment(s) from the State must provide their Taxpayer Identification Number (TIN) as required by the State Revenue and Taxation Code, Section 18646 to facilitate tax compliance enforcement activities and to facilitate the preparation of Form 1099 and other information returns as required by the Internal Revenue Code, Section 6109(a). The TIN for individual and sole proprietorships is the Social Security Number (SSN).

It is mandatory to furnish the information requested. Federal law requires that payments for which the requested information is not provided be subject to a 31% withholding and state law imposes noncompliance penalties of up to $20,000.

You have the right to access records containing your personal information, such as your SSN. To exercise that right, please contact the business services unit or the accounts payable unit of the state agency(ies) with which you transact that business.

Please call the Department of Finance, Fiscal Systems and Consulting Unit at (916) 324-0385 if you have any questions regarding this Privacy Statement. Questions related to residency or withholding should be referred to the telephone numbers listed above. All other questions should be referred to the requesting agency listed in Section 1.

AGREEMENT
between the
COUNTY OF BUTTE
and the
COUNTY OF LOS ANGELES

COUNTY OF BUTTE
R 40373
CONTRACT NO.

THIS AGREEMENT is made and entered into by and between the COUNTY OF LOS ANGELES, a political subdivision of the State of California, hereinafter referred to as "LOCAL GOVERNMENTAL AGENCY (LGA)" and the COUNTY OF BUTTE, hereinafter referred to as "HOST ENTITY."

WITNESSETH:

WHEREAS, LGA desires to extend health services to local residents, through the provision of Medi-Cal Administrative Activities (MAA) and/or Targeted Case Management (TCM), by contracting with HOST ENTITY; and

WHEREAS, LGA is prepared to provide such services under the terms and conditions set forth in this AGREEMENT and Exhibit A which is part of this AGREEMENT; and

WHEREAS, HOST ENTITY was selected by LGA Consortium to collect and disburse LGA participation fees; and

WHEREAS, the Butte County Board of Supervisors has authorized entering into this AGREEMENT as HOST ENTITY; and

WHEREAS, the authorizing entity of the LGA has authorized entering into this AGREEMENT;

NOW, THEREFORE, IT IS MUTUALY AGREED AS FOLLOWS:

I. HOST ENTITY Responsibilities; HOST ENTITY shall perform duties listed in attached Exhibit A.

II. LGA Responsibilities: LGA shall perform duties listed in attached Exhibit A.

III. HOST ENTITY is the "host entity" only in regards to collecting and disbursing funds for the Medi-Cal Administrative Activities (MAA) and Targeted Case Management (TCM) trust fund. In return for this host entity responsibility, HOST ENTITY will receive a total annual compensation in accordance with the Consortium's Bylaws, to be paid from the MAA/TCM trust fund.

IV. With the exception of Butte County claims, HOST ENTITY will not be responsible for producing claims, gathering data or providing other materials related to LGA as needed by the State to process LGA MAA or TCM claims. Additionally, HOST ENTITY will not be financially responsible for paying any participation fee or other costs for any LGA which has failed to pay the total amount of its fee in a timely manner.

V. With the exception of audit exceptions arising from Butte County claims, HOST ENTITY will not be financially responsible for any audit exceptions.

In collecting and disbursing funds for the MAA and TCM trust fund pursuant to the terms of this Agreement, the HOST ENTITY will comply with all applicable laws and regulations governing the use of such funds and governing the use of public funds generally.

VI. Insurance and Indemnification: Each of the parties to this Agreement is an entity, which is self-insured and/or carries liability insurance. Each party will provide liability coverage to cover its acts and duties under this Agreement.

The parties hereto shall indemnify and hold one another, their officers, agents and employees harmless from and against any and all claims, losses, liabilities, damages, demands and actions (all collectively referred to as "liability" herein) arising out of each parties' respective performance of this Agreement, but only in proportion to and to the extent such liability is caused by or results from the negligent or intentional act or omission of the indemnifying party, its officers, agents or employees.

VII. Termination: Either LGA or HOST ENTITY may terminate this AGREEMENT upon thirty (30) days written notice.

VIII. Effective Date of AGREEMENT: This AGREEMENT will be effective upon Execution by HOST ENTITY and LGA and covers the period July 1, 2001 through June 30, 2003.

IX. Extent of Contractual Documents: This AGREEMENT shall consist of this basic document and Exhibit A – "Agreement Concerning Medi-Cal Administrative Activities/Targeted Case Management," attached hereto and incorporated into this AGREEMENT.

"HOST ENTITY"
Duly Authorized

COUNTY OF BUTTE

By _____ 12-10-01
Cyndi Mann, Deputy Administrative Officer
Butte County Administration

APPROVED AS TO FORM

By _____
Butte County Counsel 12/5/01

APPROVED AS TO BUDGETARY AND FISCAL CONTROL

By _____
Butte County Auditor

"LGA"
Duly Authorized

COUNTY OF LOS ANGELES

By _____
Name Marvin J. Southard, D.S.W.
Title Director of Mental Health
Address 550 South Vermont Ave.
Los Angeles, CA 90020

Approved as to form – LGA

By _____
Deputy County Counsel
1-11-02

EXHIBIT A

AGREEMENT CONCERNING MEDI-CAL ADMINISTRATIVE ACTIVITES/ TARGETED CASE MANAGEMENT

HOST ENTITY will:

1. Prepare and transmit Host Entity/LGA AGREEMENT and invoice to LGA in the amount identified in the sliding participation fee scale approved by the LGA Consortium, due and payable no later than February 28, 2002 for fiscal year 2001/2002 and February 28, 2003 for fiscal year 2002/2003.

2. Maintain Medi-Cal Administrative Activities (MAA) Targeted Case Management (TCM) Trust Fund solely to hold funds received from LGA participation fees.

3. Enter into a separate agreement with the State Department of Health Services to coordinate administration of the MAA/TCM programs for the LGA.

4. Pay the California State Department of Health Services (DHS) for FY 2001-2002 and FY 2002-2003 MAA/TCM administrative costs as agreed to by the LGA, within sixty (60) days of approval of the State's invoice for reimbursement of documented costs incurred by DHS.

5. Pay the California State Association of Counties (CSAC) for FY 2001-2002 and FY 2002-2003 costs as agreed to by the LGA, within forty-five (45) days of approval of invoices for reimbursement of documented costs incurred by CSAC.

6. Pay the LGA MAA/TCM Consultant for FY 2001-2002 and FY 2002-2003 costs as agreed to by LGA, within twenty-one (21) days of approval of invoices submitted by the LGA MAA/TMC Consultant.

LGA will:

1. Pay HOST ENTITY $2,722.00 by February 28, 2002 for FY 2001-2002, upon receipt of invoice for MAA/TCM participation fee.

2. Pay HOST ENTITY $2,722.00 by February 28, 2003 for FY 2002-2003, upon receipt of invoice for MAA/TCM participation fee.

3. Be financially responsible for all MAA/TCM claims of LGA, including any audit exceptions.