

**California Mental Health Services Authority**  
**FINANCE COMMITTEE TELECONFERENCE**  
**AGENDA**

February 27, 2017  
3:00 p.m. – 4:00 p.m.

Dial-in Number: 916-233-1968  
Access Code: 3043



**CalMHSa**

3043 Gold Canal Drive, Suite 200  
Rancho Cordova, CA 95670

**Sonoma County**  
3322 Chanate Road  
Santa Rosa, CA 95404

**Los Angeles County**  
550 S. Vermont Ave.  
Los Angeles, CA 90020

**Colusa County**  
162 E. Carson Street, Suite A  
Colusa, CA 95932

**Kern County Behavioral Health and  
Recovery Services**  
2001 28<sup>th</sup> Street  
Bakersfield, CA 93301

**Madera County**  
209 E. 7<sup>th</sup> Street  
Madera, CA 93639

**Riverside County**  
4095 County Circle Drive, MS #3790  
Riverside, CA 92503

*In compliance with the Americans with Disabilities Act, if you are a disabled person and you need a disability-related modification or accommodation to participate in this meeting, please contact Laura Li at (916) 859-4818 (telephone) or (916) 859-4805 (facsimile). Requests must be made as early as possible, and at least one full business day before the start of the meeting.*

*Materials relating to an item on this agenda submitted to this Board after distribution of the agenda packet are available for public inspection at 3043 Gold Canal Drive, Suite 200, Rancho Cordova, CA, 95670, during normal business hours.*

**FINANCE COMMITTEE MEETING**

**1. CALL TO ORDER**

**2. ROLL CALL AND PUBLIC COMMENT INSTRUCTION**

The Committee welcomes and encourages public participation in its meetings. This time is reserved for members of the public (including stakeholders) to address the Committee concerning matters on the agenda. Items not on the agenda are reserved for the end of the meeting. Comments will be limited to three minutes per person and 20 minutes total.

For agenda items, public comment will be invited at the time those items are addressed. Each interested party is to complete the Public Comment Card and provide it to CalMHSA staff prior to start of item. When it appears there are several members of the public wishing to address the Committee on a specific item, at the outset of the item, the Committee President may announce the maximum amount of time that will be allowed for presentation of testimony on that item. Comment cards will be retained as a matter of public record.

**3. CONSENT CALENDAR.....4**

A. Routine Matters

- a. Minutes from the January 23, 2017 Finance Committee Teleconference

B. Reports/Correspondence

- a. CalMHSA Revenue and Expenditure Report for Fiscal Year Ended June 30, 2016 – Report to California Department of Health Care Services (CDHCS)

***Recommendation: Approval of the consent calendar.***

**4. COMPLEXITIES RELATED TO NON PAYING COUNTIES.....**

A. Non Paying Counties

B. Statewide Impact Report 2015-2016

C. Fresno County Impact Report 2015-2016

D. LCG Fund Development

***Recommendation: Discuss and approve the proposed solutions for addressing the issue of member counties benefitting from certain CalMHSA managed programs, of which they do not financially contribute.***

**5. GEORGE HILLS COMPANY CONTRACT.....11**

A. George Hills Company Contract with CalMHSA

B. First Amendment to the Agreement for Administrative and Financial Services

C. Second Amendment to the Agreement for Administrative and Financial Services

D. Third Amendment to the Agreement for Administrative and Financial Services

***Recommendation: Finance Committee recommends approval of the Fourth Amendment to the George Hills Contract, to include additional funding per fiscal year, for PEI sustainability, which would be effective from July 1, 2017 to June 30, 2020.***

**6. EXECUTIVE DIRECTOR FINANCE REPORT.....38**

A. Strategic Development of 2016/2017 Revenue

B. Other Financial Matters

***Recommendation: None, information only.***

**7. PUBLIC COMMENT**

This time is reserved for members of the public to address the Committee relative to matters of CalMHSA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person and twenty minutes in total. The Committee may also limit public comment time regarding agenda items, if necessary, due to a lengthy agenda.

**8. CLOSING COMMENTS**

**9. ADJOURNMENT**

### **Agenda Item 3**

#### **SUBJECT: CONSENT CALENDAR**

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#### **ACTION FOR CONSIDERATION:**

Approval of the Consent Calendar.

#### **BACKGROUND AND STATUS:**

The Consent Calendar consists of items that require approval or acceptance but are self-explanatory and require no discussion. If the Finance Committee would like to discuss any item listed, it may be pulled from the Consent Calendar.

A. Routine Matters

- a. Minutes from the January 23, 2017 Finance Committee Teleconference

B. Reports/Correspondence

- a. CalMHSA Revenue and Expenditure Report for Fiscal Year Ended June 30, 2016 – Report to California Department of Health Care Services (CDHCS)

#### **FISCAL IMPACT:**

None.

#### **RECOMMENDATION:**

Approval of the Consent Calendar.

#### **TYPE OF VOTE REQUIRED:**

Majority vote.

#### **REFERENCE MATERIALS ATTACHED:**

- Minutes from the January 23, 2017 Finance Committee Teleconference
- CalMHSA Revenue and Expenditure Report for Fiscal Year Ended June 30, 2016 – Report to California Department of Health Care Services (CDHCS)



CalMHSAs Finance Committee

## **TELECONFERENCE MINUTES FROM JANUARY 23, 2017**

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### **Finance Committee Members**

#### **Present**

- Bill Walker, CalMHSAs Treasurer, Kern County
- Dr. William Arroyo, Los Angeles County
- Steve Steinberg, Riverside County

#### **Absent**

- Steve Steinberg, Riverside County
- Dennis P. Koch, Madera County
- Michael Lucid, Sonoma County

#### **CalMHSAs Staff**

- John Chaquica, Chief Operating Officer
- Kim Santin, Finance Director
- Ann Collentine, Program Director
- Laura Li, JPA Administrative Manager
- Theresa Ly, Program Manager
- Armando Bastida, Executive Assistant

1. **Call to Order**

The CalMHSA Finance Committee teleconference was called to order at 3:05 p.m. on January 23, 2017 by Finance Committee Chair Bill Walker, Kern County.

2. **Roll Call and Public Comment Instructions**

JPA Administrative Manager, Laura Li, CalMHSA, called roll and a quorum was not established. All participants were asked to introduce themselves. Treasurer, Bill Walker, Kern County, proceeded to review the public comment instructions, noting that items not on the agenda would be reserved for public comment at the end of the meeting.

3. **Consent Calendar**

Treasurer, Bill Walker asked the committee for any changes to the following items:

Routine Matters:

- Minutes from the December 5, 2016 Finance Committee Teleconference

Reports/Correspondence

- CalMHSA Revenue and Expenditure Report for Fiscal Year Ended June 30, 2016 – Report to California Department of Health Care Services (CDHCS)
- Treasurer’s Report as of December 2016

Kim Santin, Finance Director, gave an overview of the CalMHSA revenue and expenditure report to California Department of Health Care Services which will be distributed to Board members.

**Action: Approval of the consent calendar.**

**No action taken due to the lack of a quorum.**

Public comment was heard from the following individual(s):

*None*

4. **Cash Flow Management**

Treasurer, Bill Walker went over the staff report and the cash balance spreadsheet on page 16. The committee requested clarification on projected cash flow and Phase I obligations. Kim Santin, Finance Director, detailed the projected cash balance of \$3.4M as of June, which does not offset the \$5M minimum required to fund CalMHSA. Ms. Santin also noted that the Phase I, University of California contract has yet to be closed out as staff is waiting on submittal of supplemental documents supporting a \$297k invoice. Those funds are obligated and expected to be paid out within the next month or so.

**Action: For information and discussion.**

**No action taken due to the lack of a quorum.**

Public comment was heard from the following individual(s):

*None*

5. **CalMHSA Financial Statement for Quarter Ending December 31, 2016**

Treasurer, Bill Walker, did an overview of the financial statements and referred to pages 19-22 of the packet.

Staff provided clarity of actual balances and state hospital program funding. As a matter of background, staff provided the committee with an overview of the program, methodology used to develop the fees structure for county participation and actual fund balance to date.

**Action: Approval of the CalMHSA Financial Statement for the quarter ending December 31, 2016 for presentation at the next scheduled Board of Directors meeting.**

**No action taken due to the lack of a quorum.**

Public comment was heard from the following individual(s):

*None*

6. **Complexities Related to Non-paying Counties**

Treasurer, Bill Walker provided a review of the complexities related to non-paying counties, to include two recommendations as potential solutions. As discussion ensued, committee members expressed the concern for recommendation one (1) with putting counties in a position status of good standing or not. The alternative to recommendation one (1), led to confusion and asked it be removed. The members brainstormed on potential solutions and proceed to request that staff clarify the programs which are opt-in/out in an effort to determine who is considered non-paying in addition to outlining all CalMHSA programs and discern which one provide direct vs indirect benefit to the members.

Given the extensive discussion, the committee determined they were not prepared to move this item forward, therefore agreed to schedule a committee meeting in February to continue discussions.

**Action: Discuss and approve the proposed solutions for addressing the issue of member counties benefitting from certain CalMHSA managed programs, of which they do not financially contribute.**

**No action taken due to the lack of a quorum.**

Public comment was heard from the following individual(s):

*None*

7. **CalMHSA Executive Director Finance Report**

This item was not discussed.

**Action: None, information only.**

Public comment was heard from the following individual(s):

*None*

8. **General Public Comment**

This time is reserved for members of the public to address the Committee relative to matters of CalMHSA not on the agenda. No action may be taken on non-agenda items unless authorized by law. Comments will be limited to three minutes per person and twenty minutes in total. The Committee may also limit public comment time regarding agenda items, if necessary, due to a lengthy agenda.

Public comment was heard from the following individual(s):

*None*

9. **Closing Comments**

Treasurer, Bill Walker asked for any closing comments.

10. **Adjournment**

With no further comments, the meeting was adjourned at 4:18 p.m.

## Memo

December 20, 2016

To: Karen Baylor, California Department of Health Care Services (CDHCS)

From: Kim Santin, Finance Director, California Mental Health Services Authority

Re: CalMHSA Contract 09-79119-00 (DHCS #12-89125) Reporting for the Fiscal Year Ended June 30, 2016

On behalf of the California Mental Health Services Authority (CalMHSA), enclosed are the JPA's revenue and expenditure report as well as our financial audit for the year ended June 30, 2016. The attached report demonstrates CalMHSA's execution of the deliverables outlined in the April 29, 2010 contract:

- B. Commencing in FY 2010/2011 and each fiscal year thereafter, not later than December 31, the Contractor shall provide to CDHCS the following information for the previous fiscal year:
  - (1) An accounting of the funds administered by the Contractor in aggregate, to include:
    - a.) Amount at the beginning of the fiscal year in the account specified in item 5.B.
    - b.) Amounts received during the fiscal year.
    - c.) Amount disbursed throughout the fiscal year.
  - (2) An accounting of funds by County as specified in item 5.B.(6) to include:
    - a.) Amount at the beginning of the reporting term.
    - b.) Amount of funds received for each County.
    - c.) Amount of interest earned on funds by date posted to the account.
    - d.) Amount of funds remaining for each County at the end of the reporting term.
    - e.) A report on the total amount of encumbered and unencumbered funds.
- C. The Contractor shall prepare and distribute at its meetings quarterly reports of all of its revenues and expenditures.
- D. The Contractor shall keep such books and records of the operation of the programs and the Account, pursuant to generally accepted accounting principles for governmental entities, practices and applicable laws and regulations. CDHCS, or its representative, shall have the right to audit the programs and Account, at its expense, and upon reasonable notice to the Contractor.

Please contact me with any questions (916-859-4820, [kim.santin@calmhsa.org](mailto:kim.santin@calmhsa.org)).

**California Mental Health Service Authority (CalMHSA)  
Contract 09-79119-00 Reporting  
For the Fiscal Year Ended June 30, 2016**

Contract 09-79119-000

References:

County	County/Total Available Funds (Includes funding for 11/12 Fiscal Year)	5B(2)a	5B(2)b	5B(2)b	5B(2)b	5B(2)b	5B(2)b	Total PEI Funds recognized as Revenue by CalMHSA under GAAP Accounting	Less Disbursements of \$11,195,128	Interest Earned on PEI Funds \$50,634	GAAP Basis PEI Fund Balance as of June 30, 2016 Note (2)	Contract Basis PEI Fund Balance as of June 30, 2016	
		5B(1)a	5B(1)b	5B(1)b	5B(1)b	5B(1)b	5B(1)b						5B(1)c
	Amount at Beginning Fiscal Year	Phase I Funds Received During 2015/2016 Fiscal Year	Phase II-1 Funds Received During 2014/2015 Fiscal Year	Phase II-1 Funds Received During 2015/2016 Fiscal Year	Phase II-2 Funds Received During 2014/2015 Fiscal Year	Phase II-2 Funds Received During 2015/2016 Fiscal Year	Funds Receivable June 30, 2016						
Alameda		111,912		342,216				342,216	(297,921)	1,347	157,554	157,554	
Amador	\$126,400	10,273						-	(6,739)	30	3,564	3,564	
Butte	\$875,200	59,239		25,000				25,000	(55,263)	250	29,226	29,226	
Calaveras	\$165,200	11,141						-	(7,309)	33	3,865	3,865	
Colusa	\$100,000	9,624		11,414				11,414	(13,801)	62	7,299	7,299	
Contra Costa	\$3,668,800	229,821						-	(150,769)	682	79,734	79,734	
El Dorado	\$580,800	36,382					9,471	9,471	(30,081)	136	15,908	6,437	
Fresno	\$3,994,000	384,362		455,864				455,864	(551,213)	2,493	291,506	291,506	
Glenn	\$108,400	9,380	12,536			13,493	4,507	12,536	(14,378)	65	7,603	7,603	
Imperial	\$750,000	46,982		48,915				48,915	(62,911)	285	33,270	33,270	
Humboldt	\$502,800	33,909						8,198	(27,624)	125	14,609	6,410	
Imperial		14,397						-	(9,445)	43	4,995	4,995	
Inyo	\$100,000	6,637						-	(4,354)	20	2,303	2,303	
Kern	\$3,423,600	249,785		120,019			120,019	120,019	(242,603)	1,097	128,299	128,299	
Kings		14,397		48,373			48,373	48,373	(41,179)	186	21,777	21,777	
Lake	\$236,800	22,788						-	(14,950)	68	7,906	7,906	
Lassen	\$101,200	6,716						-	(4,406)	20	2,330	2,330	
Los Angeles	\$46,713,600	2,926,235						-	(1,919,697)	8,683	1,015,221	1,015,221	
Madera	\$649,600	40,692		12,200				12,200	(34,699)	157	18,350	18,350	
Marin	\$889,600	85,610		75,000				75,000	(105,365)	477	55,722	55,722	
Mariposa	\$100,000	9,996						-	(6,558)	30	3,468	3,468	
Mendocino	\$328,000	22,121		7,180				7,180	(19,222)	87	10,165	10,165	
Merced	\$1,132,800	82,734						-	(54,276)	245	28,703	28,703	
Modoc	\$100,000	8,184		6,522				6,522	(9,647)	44	5,102	5,102	
Mono	\$100,000	6,637						-	(4,354)	20	2,303	2,303	
Monterey	\$1,826,400	175,763		252,000				252,000	(280,625)	1,269	148,407	148,407	
Napa	\$484,400	35,254		9,391				9,391	(29,288)	132	15,489	15,489	
Nevada		1,472		5,000				5,000	(4,246)	19	2,245	2,245	
Orange	\$13,336,800	1,100,331		900,000				900,000	(1,312,276)	5,935	693,990	693,990	
Placer	\$1,096,400	116,360		162,000				162,000	(182,613)	826	96,574	96,574	
Plumas		5,886		25,000			25,000	25,000	(20,262)	92	10,716	10,716	
Riverside	\$8,856,000	696,900	11,742	516,058				527,800	(803,439)	3,634	424,895	424,895	
Sacramento	\$5,327,200	469,182		342,486				342,486	(532,478)	2,408	281,598	281,598	
San Benito	\$221,600	38,580		25,000				25,000	(41,710)	189	22,058	22,058	
San Bernardino	\$8,615,200	705,050		561,894				561,894	(831,152)	3,759	439,550	439,550	
San Diego	\$13,506,800	1,037,401		650,000				650,000	(1,106,985)	5,007	585,423	585,423	
San Francisco	\$3,020,400	226,137		100,000				100,000	(213,956)	968	113,149	113,149	
San Joaquin	\$250,000	67,998		174,663				174,663	(159,193)	720	84,188	84,188	
San Luis Obispo	\$1,032,000	84,457		67,308				67,308	(99,562)	450	52,653	52,653	
San Mateo	\$2,610,800	188,604		90,508				90,508	(183,106)	828	96,834	96,834	
Santa Barbara	\$1,808,800	113,307	19,724					19,724	(87,272)	395	46,153	46,153	
Santa Clara	\$7,707,600	630,774					400,000	400,000	(676,218)	3,058	357,614	(42,386)	
Santa Cruz	\$1,130,000	70,786						-	(46,437)	210	24,558	24,558	
Shasta		3,380		11,485				11,485	(9,752)	44	5,157	5,157	
Siskiyou	\$143,200	12,407						-	(8,139)	37	4,304	4,304	
Solano	\$1,604,400	120,652		53,930				53,930	(114,531)	518	60,569	60,569	
Sonoma	\$1,758,800	127,056		109,000				109,000	(154,860)	700	81,897	81,897	
Stanislaus	\$2,040,800	196,396		90,000				90,000	(187,884)	850	99,361	99,361	
Sutter/Yuba	\$600,800	49,914		39,185			39,185	39,185	(58,452)	264	30,912	30,912	
Tulare		9,254	31,443			31,443		31,443	(26,698)	121	14,119	14,119	
Tuolumne	\$193,200	17,458	16,715			16,715		16,715	(22,418)	101	11,856	11,856	
Tri Cities	\$817,200	58,157		14,852				14,852	(47,896)	217	25,330	25,330	
Trinity	\$100,000	8,184		10,000				10,000	(11,929)	54	6,309	6,309	
Ventura	\$3,339,200	225,362		52,500				52,500	(182,286)	824	96,401	96,401	
Yolo	\$832,800	72,771					35,000	35,000	(70,701)	320	37,390	2,390	
	\$147,007,600	11,105,184	\$31,466	\$60,694	\$5,414,963	\$61,651	\$237,084	\$452,669	\$5,959,792	(11,195,128)	50,634	5,920,482	5,467,813

Note (1) - The GAAP Basis Fund Balance of \$5,920,483 (\$5,467,813 + \$452,669) is \$452,669 more than the Contract Basis of PEI Fund Balance for Cash Basis recognition of Revenue.

Note (2) - The Fund Balance on the Audit includes all programs.

PEI programs	5,920,482
TTACB	203,272
WET program	148,470
SHB Program	1,347,307
Fiscal Modernization	169,915
SDR Conference	(50,116)
Wellness Center	620,938
Suicide Prevention Hotline	34,015
Community Response Plan	10,745
PNWE	7,576
Drug Medi-Cal	(4,797)
Orange County	2,862
Education Devel Ctr	2,968
Operations	326,459
<b>Total Fund Balance</b>	<b>8,740,096</b>

FY 2016	11,195,128.00
FY 2015	26,850,646.00
FY 2014	60,893,888.46
FY 2013	38,713,297.00
FY 2012	16,674,078.00
FY 2011	1,661,817.00
FY 2010	235,700.00

156,224,554.46

## Agenda Item 5

**SUBJECT: George Hills Company Contract with CalMHSA**

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### **ACTION FOR CONSIDERATION:**

Finance Committee recommends approval of the Fourth Amendment to the George Hills Contract, to include additional funding per fiscal year, for PEI sustainability, which would be effective from July 1, 2017 to June 30, 2020.

### **BACKGROUND AND STATUS:**

CalMHSA entered into contract originally on October 28, 2009. That contract was later amended upon the signing of the contract with, then Department of Mental Health on April 15, 2010. Subsequently the Finance Committee was asked to continually review the performance of the contract and the financial terms with George Hills Company, Incorporated (GHC) and report to the board. Subsequently a Task Force of the Finance Committee was formed to review and evaluate the GHC contract for purposes of contract extension, as the current contract is due to expire June 30, 2014.

On June 13, 2013 Board of Directors Meeting, Mr. Gruendl gave an update on the Finance Committee Task Force's review of the George Hills Company contract. That contract ended on June 30, 2014. The Task Force had two recommendations which would be considered for contract extension and action at a later date. The first would be based on CalMHSA administrative/indirect costs staying below 7.5% (they were 4.1% for FY 2013-2014). The second would be based on performance. Since then GHC was asked to present a proposed extension of contract terms.

On December 13, 2013 Board of Directors Meeting, action was taken to approve the amended contract with George Hills Company, with a term of July 1, 2014 through June 30, 2017 and removal of Sustainability Planning, column 5. The members confirmed the contract shall be renegotiated at a later date; once more information was available relative to Sustainability funding.

CalMHSA's Procurement Policy generally requires competitive selection processes but includes exceptions recognizing that noncompetitive contracting may better serve CalMHSA in some cases. The Procurement Policy lists factors that may justify sole source contracting, including the following: "Retaining professional services, such as but not limited to, an attorney, auditor, manager or administrator, to maintain expertise, continuity, consistency and knowledge of CalMHSA." (Underlining added.) In this case the extension of the GHC contract will allow continuation of the statewide PEI programs without disruption. GHC's involvement in CalMHSA's creation and operation of these programs has been instrumental and its knowledge and experience could not easily be replaced. This includes retention of essential staff, relationships with stakeholders and program partners, and connections with key people at relevant state agencies. In addition, the Finance Committee has found the cost of GHC's services as a percentage of program dollars has been well within standards.

The Procurement Policy requires that counsel must indicate whether the written justification for sole source procurement complies with the Policy. Counsel has concluded that the stated justification is in compliance with the Policy.

Since this time, GHC has continued to function as the Administrator performing all contractual obligations while keeping CalMHSA's indirect costs at or below 7.5%, as previously state.

**RECOMMENDATION:**

Finance Committee recommends approval of the Fourth Amendment to the George Hills Contract, to include additional funding per fiscal year, for PEI sustainability, which would be effective from July 1, 2017 to June 30, 2020.

**TYPE OF VOTE REQUIRED:**

Majority vote of the Board of Directors.

**REFERENCE MATERIALS ATTACHED:**

- George Hills Company Contract with CalMHSA
- First Amendment to the Agreement for Administrative and Financial Services
- Second Amendment to the Agreement for Administrative and Financial Services
- Third Amendment to the Agreement for Administrative and Financial Services

**AGREEMENT  
FOR  
ADMINISTRATIVE AND FINANCIAL SERVICES**

This Agreement is made and entered into this First day of July of the year 2009 by and between the California Mental Health Services Authority, hereinafter referred to as "CMHSA," and Optimum Risk Advisors, hereinafter referred to as "ORA", a division of George Hills Company, a California Corporation.

**I. SCOPE OF AGREEMENT**

CMHSA enters into this Agreement, with ORA for the purpose of having ORA conduct day-to-day management, operational, general administration, and financial affairs of CMHSA.

**II. INTENT OF THIS AGREEMENT**

It is the intent of both parties to provide all of the necessary services which may be required of CMHSA; however, the scope of this Agreement is to provide for those requirements which are known to the parties at the time this Agreement was prepared. The recital of duties and responsibilities are not necessarily all inclusive, and CMHSA reserves unto itself the authority to authorize any services which are not specifically set forth in this Agreement.

**III. AUTHORITY OF THIS AGREEMENT**

ORA shall have the authority to conduct the day-to-day operations and services of CMHSA, carrying out the programs authorized by the Board of Directors of CMHSA, hereinafter referred to as the Board.

**IV. APPOINTMENT AS AGENT OF CMHSA**

ORA shall be appointed as the principal agent for CMHSA. CMHSA shall notify all other agencies, members, and firms doing business with CMHSA of such appointment and that ORA is authorized to conduct CMHSA business and provide general supervision of CMHSA's administration and related financial programs.

**V. ORA Responsibilities**

The services listed in this section include activities which ORA staff members and subcontractors are authorized to perform for CMHSA. Any activities not specified in this agreement shall need prior approval from CMHSA.

**A. General Administration Responsibilities**

- 1) Maintain a business office in Sacramento County, in a location of ORA's choosing

- and pay all costs incidental to the occupancy and maintenance of the office;
- 2) Retain sufficient personnel to conduct the business affairs of CMHSA and to perform the services identified in this agreement. Such personnel shall possess the appropriate experience or be trained to do so; personnel retained by ORA shall not be considered employees of CMHSA;
  - 3) Ensure that the members of ORA's staff and subcontractors who are necessary for the efficient conduct of business, as determined by CMHSA, attend Board meetings;
  - 4) With pre-approval from CMHSA, will negotiate fees and other agreements on behalf of CMHSA to minimize costs and obtain the best services. ORA shall present all resolutions, agreements, and contracts for Services to the Board for approval;
  - 5) Prepare all reports, forms, books, and other documents under this Agreement in a form and content that is acceptable to the Board; and
  - 6) To the extent required, provide advice and assistance to members of the Board regarding service related issues within the scope of this agreement.
  - 7) To be truthful and honest with CMHSA in furnishing all information, whether oral or written.

B. Management Responsibilities

- 1) Provide oversight for other consultants and contractors who provide services for CMHSA;
- 2) Maintain CMHSA's Governing Documents;
- 3) At Board direction, maintain and carry out the Member Criteria for admitting proposed new members;
- 4) Keep CMHSA informed of the need for and timing of financial audits, state filings, and other similar forms of technical assistance;
- 5) Assist CMHSA in the selection of professionals who may from time to time be required to provide services to CMHSA;
- 6) Review alternatives for financially strengthening CMHSA and report on the status of such alternatives; Financial Strengthening strategies may include but is not limited to additional Counties becoming members, assisting in securing funds from the state for Statewide Projects, and new services or changes in procedure or service provided that achieves fiscal savings. All monies shall be invested by the executive committee under direction of the treasurer.
- 7) Act as filing officer to ensure compliance with the Conflict of Interest Code;
- 8) Monitor the status of CMHSA's programs and operations as they are intended and

defined in the Program MOU's and provide appropriate status reports pertaining thereto. Status reports shall be provided at intervals to be determined by CMHSA at a later date;

- 9) Develop and maintain record retention policy. Maintain all records and documents as required by such policy.

#### C. Recording Secretarial Responsibilities

- 1) Prepare and distribute descriptive agendas for meetings of the Board in accordance with CMHSA's Governing Documents;
- 2) Prepare and distribute minutes of all meetings;
- 3) Assist providers and the staff members of providers who respond to or enter into contracts with CMHSA to carry out the terms of this Agreement between ORA and CMHSA;
- 4) Prepare and obtain Board approval for all correspondence necessary to the operation of CMHSA;
- 5) Maintain a general file of all CMHSA documents including, but not limited to, correspondence, reports, insurance policies, notices, agendas, minutes, and CMHSA's Governing Documents;
- 6) Maintain administrative records and update as necessary;
- 7) When required, prepare and file updated California Secretary of State Statement of Facts form for CMHSA and comply with other reporting requirements of the State of California.

#### D. Financial Responsibilities

- 1) Annually prepare and submit a budget to the Board of CMHSA for approval;
- 2) Annual budget shall be submitted to the Board of CMHSA within 60 days following the conclusion of each fiscal year.
- 3) Maintain detailed records of all income, expenditures, deposits, and withdrawals;
- 4) Administer all accounts payable and accounts receivable. Accounts payable will require at least two signatures, at least one being from the Board. Accounts payable and receivable are subject to audit as specified in item 10 below;
- 5) Maintain necessary banking relationships and perform monthly bank reconciliations of CMHSA accounts;
- 6) Prepare quarterly financial statements in accordance with Generally Accepted Accounting Principles (GAAP), including Budget to Actual comparisons.

- 7) Prepare and submit to CMHSA's Treasurer for approval a Quarterly Treasurer's Report detailing all funds on hand, classified by depository.
- 8) Prepare and timely file updated California State Controllers Annual Report of Financial Transactions form, and comply with other reporting requirements of the State of California;
- 9) Prepare and monitor CMHSA policy on investments, in accordance with the applicable California Code of Regulations, and oversee the management of CMHSA funds;
- 10) Arrange and ensure an annual financial audit is completed by a CPA firm which has been selected by the Board, within 6 months of year end;
- 11) Respond to requests for confirmation of JPA participation made by the financial auditors of CMHSA's members;
- 12) Prepare and timely file Form 1099s with the Revenue Service for all necessary expenditure payments;
- 13) Maintain any additional financial or other records as may be necessary to the operation of CMHSA;
- 14) All financial statements must receive CMHSA Board approval before submission.

#### E. Support Services Responsibilities

- 1) Provide the support services required to satisfactorily conduct CMHSA's business, including administrative and clerical support. If support services are not conducted by ORA, then with CMHSA approval, ORA will locate and/or hire the necessary support;
- 2) Maintain up-to-date mailing lists of all CMHSA members, Board members, Executive Committee members, subcommittee members, service providers, and other related parties;
- 3) Arrange meeting facilities including accommodations, equipment, and meals, if desired, for Board meetings;
- 4) Maintain subscriptions to the professional periodicals required to carry out the purposes of this Agreement.

### VI. CMHSA Responsibilities

#### A. General Responsibilities

- 1) Appoint a membership committee and develop criteria to disapprove, approve, or approve with conditions, all applications for membership;

- 2) To require members to provide any information required by ORA in carrying out the duties pursuant to this Agreement;

B. Fiscal Responsibilities

- 1) To name ORA and members of ORA's staff, while working for or on behalf of CMHSA, as additional covered parties on CMHSA's General Liability coverage with the same coverage and limits of coverage provided any other officer of CMHSA; or if CMHSA is insured for these risks, at CMHSA's expense, provide this coverage for ORA and ORA's staff for occurrences where ORA is performing services on behalf of or is in the process of providing any service for CMHSA;
- 2) To pay annual CMHSA membership costs to relevant professional associations;
- 3) To pay all valid invoices for services performed by ORA in a timely fashion; and
- 4) To be truthful and honest with ORA in furnishing all relevant information, whether oral or written.

VII. TERM & TERMINATION OF AGREEMENT

A. Term of Agreement

- 1) This Agreement shall be in effective July 1, 2009 through and June 30, 2014, but is subject to earlier termination as outlined below in Paragraph B, Termination.
- 2) This Agreement may be extended for one-year periods upon written agreement of both parties, unless terminated earlier as outlined below in Paragraph B, Termination.

B. Termination

- 1) This Agreement may be terminated prior to the expiration of the term specified in Paragraph A, Term of Agreement, above in any one of the following ways:
  - (a) By mutual agreement of the parties, expressed in writing.
  - (b) By either party, without cause, by providing the other party not less than one ninety days (90) days written notice.
  - (c) By either party at any time, for good cause, by providing the other party not less than sixty days (60) days written notice. The party attempting to terminate this Agreement for good cause shall specifically outline in writing the factual bases for the allegations of good cause as defined herein, and shall give the other party thirty (30) days after receiving the written notice of termination for good cause to cure the alleged cause for termination. The terminating party shall not unreasonably refuse to accept the proposed cure offered by the other party.

- (d) If CMHSA determines that ORA is abusing or defrauding, or has abused or defrauded CMHSA or others in relation to this Agreement, CMHSA may immediately terminate this Agreement upon verbal notice to ORA to be followed by written notice.
  - (e) If, during the term of this Agreement, State funds appropriated for the purpose of this Agreement are reduced or eliminated, CMHSA may immediately terminate this Agreement upon written notice to ORA.
- 2) The parties agree that any party attempting to terminate this Agreement for good cause shall be objectively fair, reasonable, and honest regarding the factual reasons for the termination, and acknowledge that this Agreement contains a covenant of good faith and fair dealing. Each party agrees not to terminate this Agreement for reasons that are trivial, arbitrary, capricious, pretextual, or unrelated to the legitimate business purposes or goals of either party.
  - 3) "Good cause" is defined as:
    - (a) A substantial and material failure to comply with the obligations in this Agreement that causes an adverse and material financial loss to the other party; or
    - (b) One that affords a material legal excuse to terminate this Agreement, including the inability to meet its financial obligations to the other party; or
    - (c) Actions or omissions constituting gross negligence or willful misconduct in the performance of the obligations in this Agreement that causes an adverse and material financial loss to the other party.
  - 4) In the event of termination, ORA shall deliver to CMHSA, or its designated recipient, all files, reports, and documents, and other work performed by ORA under this Agreement, and upon receipt thereof, CMHSA shall pay ORA, pursuant to the terms of this Agreement, for services performed and authorized reimbursable expenses incurred to the date of termination. ORA shall receive a prorated payment for the month of termination based on the date of termination. Said amount will be paid to ORA within no more than thirty (30) calendar days from the date of receipt of the items listed above.
  - 5) ORA will only be reimbursed for costs and uncancelable obligations incurred prior to the date of termination. ORA will not be reimbursed for costs incurred after the date of termination.
  - 6) The CMHSA Board of Directors is empowered to terminate this Agreement on behalf of CMHSA.

### C. Suspension of Services

- 1) In the event CMHSA is unable to obtain funding, subject to negotiations, this contract

maybe suspended until funding acquired and/or terminated as outlined above in Paragraph B, Termination.

## VIII. COST OF SERVICES

The following fees represent the total compensation for the services described in Article V, ORA Responsibilities. To the extent the services provided to CMHSA under this Agreement should substantially increase because of the demand for additional services, the parties agree to negotiate in good faith the cost of such additional services.

### A. Fees

- 1) Formation Fees – time spent in consultation prior to the official start (July 1, 2009) of CMHSA - \$10,000.
- 2) The initial Service fees, beginning July 1, 2009, are FIVE THOUSAND DOLLARS (\$5,000) to be paid per month. Accrual of these fees will begin on the first day CMHSA begins operations with ORA. This amount shall continue until CMHSA secures program revenues.
- 3) Upon the first Program transaction, CMHSA agrees to pay ORA an Annual Contract Price prorated for the number of months remaining in the fiscal year in which the first program transaction occurs. The Fiscal Year contract fees are increased to \$7,500 per month.

### B. Fee Adjustments

Due to the fact that the growth and rate of growth is unknown, fees beyond the term of this Agreement shall be subject to mutual agreement based on scope and size of service. Factors determining fee adjustment shall include but not limited to:

- Number of members
- Number of Programs
- Complexity of Programs
- Meeting frequency
- Change in scope of service

- 1) In the event that additional services or extra work not covered by this Agreement are desired by CMHSA, such services will be billed on a time and materials basis at the standard hourly rates ORA charges its other clients or on an agreed upon flat rate basis. Prior to commencing any additional services or extra work, ORA shall prepare a task order describing the scope of work and the costs for the extra services. CMHSA shall have no obligation to pay for extra services by ORA until after the approval of the task order by the President or the Board, as appropriate.
- 2) All valid and approved invoices are due and payable within 30 days of receipt and shall be considered delinquent if not paid in this time period. All delinquent invoices shall accrue interest at the rate of 2% per annum from the due date until payment is

received by ORA.

C. Payment

- 1) During the term of this Agreement, payments shall be made by CMHSA to ORA in arrears on a monthly basis;
- 2) ORA shall bill CMHSA monthly in arrears for services provided by ORA;
- 3) Claims received by CMHSA will be paid by in arrears, on a monthly basis with 30 days of receipt of claim.

IX. PROPERTY RIGHTS

A. Ownership of Records

For the purposes of this section, "public records" shall mean public records as defined by the Public Records Act (Govt. Code Section 6250 et seq.), in its current form and as may be amended during the term of this Agreement.

All public records relating to the operations, administration, activities, and finances of CMHSA and its programs shall at all times be and remain the property of CMHSA. ORA shall make them available to the public pursuant to the Public Records Act. Except as provided below, all computer hardware and equipment and computer software programs shall at all times be and remain the property of ORA.

All records relating to the operations, administration, activities, and finances of CMHSA shall at all times be and remain the property of CMHSA. At the termination of this Agreement, all such materials shall be returned to CMHSA. ORA may, at its sole cost and expense, and with the permission of CMHSA, make and maintain copies of any CMHSA records (but not including confidential or privileged records) for use and retention both during and after the termination of this Agreement. The copies may be made on paper, computer disk, or any other format or media deemed desirable by ORA.

B. Client Intellectual Property

All data, information, documents, books and records, processes, business methods, equipment, software (in source and object code form), data, or other materials supplied or purchased from vendors outside this agreement, by CMHSA relating to, or for use in, the provision of the Services to CMHSA, and all intellectual property rights therein, will be and remain the sole property of CMHSA. ORA shall have no rights or interest in the property described in this section.

C. ORA Intellectual Property

All software and other intellectual property (a) owned by ORA prior to the Effective Date which is used in connection with the Services, or (b) of which ORA acquires

ownership after the Effective Date and which is used in connection with the Services, or (c) developed by or on behalf of ORA for use by CMHSA after the Effective Date will be and remain the exclusive property of ORA, hereafter "ORA and CMHSA will have no rights or interests in the ORA IP except as described in this Section.

#### D. Copyrights and Trademarks

Any proprietary work including materials that may be copyrighted and names used with respect to products and services provided by ORA in the performance of this Agreement are also the property of ORA, whether formally copyrighted or registered as a servicemark. All rights of use, if any, provided to CMHSA, are subject to ORA's right to terminate use of such materials and names and upon termination are not subject to further use by CMHSA. In the event that such materials have been registered by copyright or trademark, CMHSA as part of this Agreement as to any materials provided to the Board, members affiliates, agents, successors and assigns, agrees to use the appropriate designations; TM, SM, as appropriate and when so advised by ORA.

### X. EMPLOYMENT RELATIONSHIP OF ORA

#### A. Status

- 1) ORA is and at all times shall remain an independent contractor. Neither CMHSA nor any of its agents shall have control over, nor vicarious liability for, the conduct of ORA employees or subcontractors.
- 2) During the term of this Agreement and for twelve (12) months following termination of this Agreement, CMHSA agrees that it will not approach, solicit, attempt to hire, hire, or cause another entity or person to hire any ORA employee without the prior express written permission of ORA.

### XI. INDEMNIFICATION

ORA agrees to indemnify, protect, defend, and hold harmless CMHSA and its officers, employees, and agents, from any and all liability claims for damages by reason of any injury to person or persons, including, but not limited to, ORA, its associates or employees, or property damage claims of any kind whatsoever and to whomsoever belonging, including, but not limited to, ORA, its associates, and employees from any cause or causes whatsoever arising out of the negligent performance or failure to perform of ORA, its associates, or employees pursuant to its obligations under the terms of this Agreement; provided, however, that ORA shall not be liable to indemnify CMHSA for any injury to persons or property which may result from the action or non-action of CMHSA, or its directors, officers, agents, or employees (but not including ORA or its employees). ORA shall also hold CMHSA harmless against any liability which the Authority may incur toward ORA's employees, specifically including liability for the payment of workers' compensation benefits.

## **XII. INSURANCE REQUIREMENTS**

ORA shall at all times maintain in full force and effect workers' compensation insurance covering all employees of ORA in an amount required by the laws of the State of California. ORA hereby declares that said employees are the employees of ORA and at no time shall said employees be deemed to be in the employ of CMHSA. ORA shall hold CMHSA harmless against any liability which it may incur toward said employees, specifically including liability for the payment of workers' compensation benefits.

ORA shall maintain Commercial General Liability (CGL), general liability and automobile (vehicles owned or leased by ORA) liability insurance in an amount no less than \$1,000,000 per occurrence.

ORA shall maintain Professional Liability insurance in an amount of not less than \$1,000,000 per occurrence with a deductible of not more than \$25,000.

ORA shall maintain premises property insurance which shall include a provision to provide reimbursement for the expense of reproduction of papers which may be lost due to a fire.

## **XIII. ASSIGNMENT**

CMHSA and ORA each binds itself, its principals, successors, assigns, and legal representatives to the other party to this Agreement and to the principals, successors, assigns, and legal representatives of such other party with respect to all covenants of this Agreement. Neither CMHSA nor ORA shall assign, sublet, or transfer its interest in this Agreement without the written consent of the other.

## **XIV. ASSURANCES & DISCLAIMERS**

### **A. Conflicts of Interest**

ORA hereby certifies, to the best of its knowledge, that it has no conflict of interest in carrying out the provisions of this Agreement. Should any conflict, apparent or real, occur in the future, all parties to this Agreement shall be notified immediately in writing.

### **B. Disclaimer of Guarantee**

ORA has made no promise or guarantee to CMHSA about the outcome of CMHSA's matters, and nothing in this Agreement shall be construed as such a promise or guarantee.

### **C. Non-Discrimination**

ORA agrees that it will not discriminate in any way in the providing of these services on the basis of any characteristic or condition that is illegal or prohibited by law.

D. Further Assurances

Each party agrees to execute any additional documents and to perform any further acts which may be reasonably necessary to effect the purposes of this Agreement.

XV. NOTICES

Except as may otherwise be required by law, any notice to be given shall be in writing and shall be personally delivered, sent by facsimile transmission or sent by first class mail, postage pre-paid and addressed as follows:

CMHSA:

ORA:

John E. Chaquica

Optimum Risk Advisors

3043 Gold Canal Drive, Suite 200  
Rancho Cordova CA 95670

Notice delivered personally or successfully sent by facsimile transmission is deemed to be received upon receipt. Notice sent by first-class mail shall be deemed received on the fourth day after the date of mailing. Either party may change the address to which notice is to be given by providing written notice pursuant to this section.

XVI. DISPUTES CONFLICT RESOLUTION

A. Arbitration

If any dispute, controversy, or claim arises out of or relates to the enforcement, or interpretation of this Agreement or any part thereof, the parties agree to submit the dispute, controversy, or claim to binding arbitration. Such arbitration shall be conducted by a single arbitrator. If, within twenty (20) days from the receipt of a request to arbitrate (or such longer period mutually agreed to by the parties), the parties are unable to agree on an arbitrator, then a single arbitrator shall be appointed pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as provided in Section V, each party shall bear its own costs and expenses of any arbitration. Each party shall pay one-half of the costs of the arbitrator.

Any arbitration under this section shall be conducted in the County of Sacramento, unless otherwise agreed to by both parties.

The prevailing party in any arbitration, mediation, court trial, jury trial or appeal to enforce or interpret any provision of this Agreement shall be entitled to reasonable attorneys' fees and costs.

B. Waiver

The waiver by either party of a breach by the other party of any provision of this Agreement shall not constitute a continuing waiver or a waiver of any subsequent breach of either the same or a different provision of this Agreement.

C. Severability

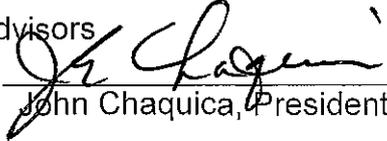
If any section or provision of this Agreement is held to be void, invalid or unenforceable, the remaining sections and provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.

D. Interpretation, Terms, and Conditions

- 1) This Agreement shall be governed by and interpreted under the laws of the State of California.
- 2) This Agreement integrates all terms and conditions mentioned herein or incidental hereto, and supersedes all oral negotiations and prior writings with respect to the matter hereof. In the event of conflict between terms, conditions or provisions of this Agreement and such document or instrument, the terms and conditions of the Agreement shall prevail.

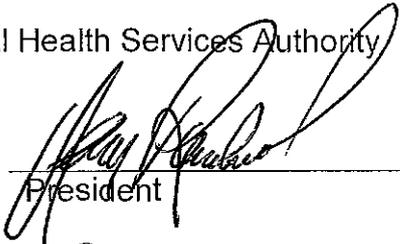
IN WITNESS HEREOF, the parties hereto have executed this Agreement the day and year first above written.

Optimum Risk Advisors

  
\_\_\_\_\_  
John Chaquica, President

October 28<sup>th</sup> 2009  
Dated

California Mental Health Services Authority

  
\_\_\_\_\_  
President

OCTOBER 21, 2009  
Dated

California Corporations Code section 313 requires that contracts with a corporation shall be signed by the (1) chairman of the board, the president or any vice-president and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer; unless the contract is also accompanied by a certified copy of the Board of Directors resolution authorizing the execution of the contract.

Optimum Risk Advisors is the DBA for George Hills Company, Inc,

Federal Employer Identification Number 94-2546177.

**FIRST AMENDMENT TO THE AGREEMENT  
FOR  
ADMINISTRATIVE AND FINANCIAL SERVICES**

This FIRST Amendment to the Agreement for Administrative and Financial Services (the "First Amended Agreement") is made and is effective as of the 15<sup>th</sup> day of April, 2010, by and between the California Mental Health Services Authority, hereinafter referred to as "CalMHSA", and Optimum Risk Advisors, hereinafter referred to as "ORA", a division of George Hills Company, a California Corporation.

In consideration of the covenants and conditions hereinafter provided, CalMHSA and ORA do hereby covenant and agree that the Agreement is amended in the following respects:

1. The First Amended Agreement hereby amends several items on the original agreement.
2. Section I, "Scope of Agreement", is hereby amended by adding, thereto, to read as follows:

CalMHSA enters into this Agreement, with ORA for the purpose of having ORA conduct day-to-day management, operational, general and program administration, and financial affairs of CalMHSA.

3. Section V, "ORA Responsibilities", is amended by adding, thereto, a new subsection "F", to read as follows:

F. Mental Health Program Services

- A. Represent CalMHSA in all federal, state or county discussions relating to CalMHSA activities.
- B. Represent CalMHSA on all state level committee and task forces that relate to CalMHSA concerns.
- C. Assist in the development of CalMHSA goals, objectives, priorities, and policy direction for consideration by the CalMHSA Board of Directors and committees.

- D. Work in close collaboration with CalMHSA partners, such as the State Department of Mental Health, the Mental Health Services and Oversight and Accountability Commission (MHSOAC), and the County Mental Health Directors Association to assure alignment as needed.
  - E. Participate in CalMHSA Board and other meetings, leading all discussions for mental health programs.
  - F. Represents CalMHSA in all contract activities related to revenue and expenditure for services.
  - G. Direct and lead all mental health programs.
  - H. Manage and lead all staff in support of mental health programs.
  - I. Conduct consumer meetings to develop and maintain collaborative working relationships with stakeholders.
  - J. Consult with organizations or individuals who may have policy, programmatic or business interest with CalMHSA
4. Section E, "Support Services Responsibilities", is amended by adding, thereto, a new subsection "5", to read as follows:
- E. General Marketing Activities
    - A. Web site maintenance and hosting.
    - B. Design and produce CalMHSA marketing materials; 1). Brochures; 2). Business Cards; and 3). Mailers.
    - C. Identify and evaluate CalMHSA expenses related to conference attendance for presentation of program.
    - D. Preparation and design of materials and presentation for conference materials.
    - E. Assist CalMHSA in the preparation of press releases.
    - F. Design program to brand CalMHSA.
    - G. Develop and execute plan for stakeholder strategic partner communications, such as, community information sharing using monthly e-newsletter, social networking tools, and member only login area on web site.

5. Section VI, "CalMHSA Responsibilities", is amended by adding, thereto, a new subsection "C", to read as follows:
  - C. Program Director
    - A. CalMHSA, or the acting committee, shall have direct input for the selection of the Program Director. This staff member will be an employee/independent contractor of ORA and will be subject to the annual performance review process.
6. As a result of a dynamic environment as noted in the original contract, and that exists as of the date of this amended contract, the following shall be added, thereto, to create a new Section, "Range of Fees", to read as follows:
  - A. A range of fees shall be approved by the Board to acknowledge the dynamic nature and need to react expediently.
  - B. The fees payable under this contract shall be limited to five percent (5%) of the annual program dollars received by CalMHSA, subject to provision 6 of this section.
  - C. Until such time that CalMHSA program dollars have been approved and have been received, and the JPA has reached annual revenue of \$15,600,000, fees shall be paid upon the following events and by such amounts:
    - A. When the contract between CalMHSA and the Department of Mental Health (DMH) is executed, the monthly contract fee will increase to \$25,000 per month.
    - B. Upon hiring, and/or contracting with, a Program Director and an additional support person to perform services pursuant to this Agreement, the monthly contract fee will increase to \$45,000 per month.
    - C. As program funds become available, and there are twenty (20) members of CalMHSA (or members whose population aggregates to at least 25% of the population of the State of California), additional accounting support and a Program Analyst will be required. When these membership levels are reached, the monthly contract fee will increase to \$65,000 per month.

7. Upon hiring such staff (or when the above triggers take place), the fees shall then be based on a percentage of revenue, when program funding reaches annual projections of \$15,600,000. ORA's compensation will be based on, and limited to, a fixed percentage of total revenue ranges. This amount will be calculated monthly on projected annual revenue as follows:
- A. Fees are calculated monthly on monthly accrued revenue and will be equal to 5%, from \$15,600,000 to \$30,000,000.
  - B. Fees are calculated monthly on accrued revenue, and will be equal to 4.5%, for revenues greater than or equal to, \$30,000,000.
  - C. Fees are calculated monthly on accrued revenue, and will equal 4%, for revenues greater than or equal to, \$40,000,000.
  - D. Fees are capped on accrued revenue. Monthly contract fees will be equal to 3%, for revenues greater than or equal to \$50,000,000, and beyond.

<u>Fee %</u>	<u>Annual Program Revenue</u>		
5%	\$15.6M	-	\$30M
4.5%	\$30M	-	\$40M
4%	\$40M	-	\$50M
3%	>	-	\$50M

IN WITNESS HEREOF, the parties hereto have executed this Agreement the day and year first above written.

Optimum Risk Advisors

  
\_\_\_\_\_  
John Chaquica, President  
4 20 2010  
\_\_\_\_\_  
Dated

California Mental Health Services Authority

  
\_\_\_\_\_  
Allan Rawland, President  
4/23/2010  
\_\_\_\_\_  
Dated

California Corporations Code section 313 requires that contracts with a corporation shall be signed by the (1) chairman of the board, the president or any vice-president and (2) the secretary, any assistant secretary, the chief financial officer, or any assistant treasurer; unless the contract is also accompanied by a certified copy of the Board of Directors resolution authorizing the execution of the contract.

Optimum Risk Advisors is the DBA for George Hills Company, Inc.

Federal Employer Identification Number 94-2546177.

**SECOND AMENDMENT TO THE AGREEMENT  
FOR  
ADMINISTRATIVE AND FINANCIAL SERVICES**

This SECOND Amendment to the Agreement for Administrative and Financial Services (which, as modified, may be referred to as the "Second Amended Agreement") is made and is effective as of the 1<sup>st</sup> day of July, 2014, by and between the California Mental Health Services Authority, hereinafter referred to as "CalMHSA", and Optimum Risk Advisors, hereinafter referred to as "ORA", a division of George Hills Company, a California Corporation. The provisions of the First Amended Agreement shall continue to apply until July 1, 2014.

In consideration of the covenants and conditions hereinafter provided, CalMHSA and ORA do hereby covenant and agree that the First Amended Agreement is amended in the following respects:

1. **The Second Amendment hereby amends the First Amended Agreement as stated below.**
2. **Section V, "ORA Responsibilities", is amended as follows:**

Section V, is amended by adding, thereto, a new subsection "G", to read as follows:

**G. Other Projects (as requested)**

These services and planning programs that are or are anticipated to be supported by a Participation Agreement between CalMHSA and individual participating counties which among other things will specify the separate additional fees to be paid to ORA for administration.

1. Training Technical Assistance and Capacity Building (TTACB) Program.
2. Workforce Education Training (WET) Program
3. Contract for State Hospital Beds as authorized under Welfare and Institutions Code §4330 et seq.
4. Implementation of various authorized mental health services governed under Division 5 of the Welfare and Institutions Code (including but not limited to §5600 et seq., §5800 et seq., §5840 et seq. and §5850 et seq.)
5. Administration of programs, services, or activities including the Drug Medi-Cal Treatment Program (§30029.7) as authorized under

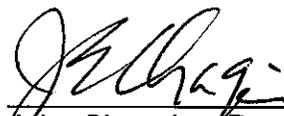
Chapter 6.3 of Division 3 of Title 3 of the Government Code.

6. Implementation of managed mental health care for Medi-Cal beneficiaries and joint county delivery of specialty mental health services, as authorized under Division 9 of the Welfare and Institutions Code (including but not limited to WIC§14712).
  7. Development of statewide program risk pools for mental health plan (MHP) services, as authorized under Division 9 of the Welfare and Institutions Code (including but not limited to WIC §14718).
  8. Any other activity allowed by the Joint Exercise of Powers Agreement and requested by CalMHSA's Board.
3. **Section VII, "Term and Termination of Agreement," Sub Section A, "Term of Agreement," Item 1, is hereby amended by extending the Term of Agreement, to June 30, 2017.**
  4. **Section VIII, "Cost of Services," and Sections 6 and 7 of the First Amended Agreement are replaced as follows:**

For the services described in Section V, ORA Responsibilities,, Subsections A through F, total annual compensation will be as specified in Attachment 1, which shall be paid monthly in arrears. This compensation schedule is based on the assumption that existing PEI Statewide Programs are being concluded within the time specified in Exhibit 1 and is exclusive of services in Subsection G. It is understood that the parties will renegotiate ORA's compensation in the event that PEI Statewide Programs are sustained or extended by addition of funds and/or alteration of existing programs and/or extension of current timelines. Compensation for services under Section V, ORA Responsibilities, Subsection G, shall be separate and as stated in each applicable Participation Agreement.

IN WITNESS HEREOF, the parties hereto have executed this Agreement on December 12, 2013.

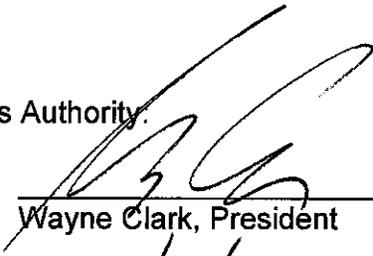
Optimum Risk Advisors:

  
\_\_\_\_\_  
John Chaquica, President

5/12/2014  
\_\_\_\_\_  
Dated

Second Amendment to the Agreement  
Between ORA and CMHSA  
Effective July 1, 2014

California Mental Health Services Authority.

  
\_\_\_\_\_  
Wayne Clark, President  
\_\_\_\_\_  
Dated 5/7/15

Optimum Risk Advisors is the DBA for George Hills Company, Inc.  
Federal Employer Identification Number 94-2546177.

ATTACHMENT 1

Current Contract and Extension to Run out Programs								
	Column 1		Column 2		Column 3			
	FY 2014-15		FY 2015-16		FY 2016-17			
Section V, Item(s) A-F	Fees for Administration Services	Contract Amount	\$1,444,444	Contract Amount	\$606,666	Contract Amount	\$224,467	
		Percent	Dollars	Percent	Dollars	Percent	Dollars	
	<i>JPA Administration</i>							
	<b>Total</b>	<b>23%</b>	<b>\$332,222</b>	<b>20%</b>	<b>\$121,333</b>	<b>48%</b>	<b>\$107,744</b>	
	<i>Fiscal</i>							
	<b>Total</b>	<b>24%</b>	<b>\$346,667</b>	<b>47%</b>	<b>\$285,133</b>	<b>52%</b>	<b>\$116,723</b>	
	<i>Program</i>							
	<b>Total</b>	<b>53%</b>	<b>\$765,555</b>	<b>33%</b>	<b>\$200,200</b>			
	<i>Program Specific **</i>							
	Section V, Item(s) G	State Hospital Beds						
		Tech Asst./Capacity Building						
Workforce Education Program								
<b>Total</b>		<b>100%</b>	<b>\$1,444,444</b>	<b>100%</b>	<b>\$606,666</b>	<b>100%</b>	<b>\$224,467</b>	

- Column 1 (fiscal year 2014-15)**—reflects the run out process beginning with current contracts beginning to close throughout the fiscal year. It is projected that many contracts are to receive no-cost extensions with final close-out beginning January 2015.
- Column 2 (fiscal year 2015-16)**—reflects CalMHSA in full run out with only JPA management and Evaluation in operations.
- Column 3 (fiscal year 2016-17)**—reflects the final year of CalMHSA with completion of Evaluation, close-out of books, and final audit.

**\*\* Special Programs** - These services are provided to certain members upon request and such services and fees agreed to in a Participation Agreement.

**THIRD AMENDMENT TO THE AGREEMENT  
FOR  
ADMINISTRATIVE AND FINANCIAL SERVICES**

This THIRD Amendment to the Agreement for Administrative and Financial Services (which, as modified, may be referred to as the “Third Amended Agreement”) is made and is effective as of the 1<sup>st</sup> day of July, 2014, by and between the California Mental Health Services Authority, hereinafter referred to as “CalMHSA”, and Optimum Risk Advisors, hereinafter referred to as “ORA”, a division of George Hills Company, a California Corporation. The provisions of the Second Amended Agreement shall continue to apply until July 1, 2014.

In consideration of the covenants and conditions hereinafter provided, CalMHSA and ORA do hereby covenant and agree that the First Amended Agreement is amended in the following respects:

- 1. The Third Amendment hereby amends the Second Amended Agreement to reflect an updated Attachment I which includes a new column 4, sustainability funding.**

IN WITNESS HEREOF, the parties hereto have executed this Agreement on June 12, 2014.

Optimum Risk Advisors:

\_\_\_\_\_  
John Chaquica, President

\_\_\_\_\_  
Dated

California Mental Health Services Authority:

\_\_\_\_\_  
Maureen F. Bauman, LCWS, MPA, President

\_\_\_\_\_  
Dated

Optimum Risk Advisors is the DBA for George Hills Company, Inc.  
Federal Employer Identification Number 94-2546177.

ATTACHMENT 1

Current Contract and Extension to Run out Programs									
									New Contract Sustainability Plan
Section V, Item(s) A-F		Column 1		Column 2		Column 3		Column 4	
		FY 2014-15		FY 2015-16		FY 2016-17		Per Fiscal Year <sup>1</sup>	
	Fees for Administration Services	Contract Amount	\$1,444,444	Contract Amount	\$606,666	Contract Amount	\$224,467	Contract Amount	\$2,000,000
		Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars
	<i>JPA Administration</i>								
	<b>Total</b>	<b>23%</b>	<b>\$332,222</b>	<b>20%</b>	<b>\$121,333</b>	<b>48%</b>	<b>\$107,744</b>	<b>20%</b>	<b>\$400,000</b>
	<i>Fiscal</i>								
	<b>Total</b>	<b>24%</b>	<b>\$346,667</b>	<b>47%</b>	<b>\$285,133</b>	<b>52%</b>	<b>\$116,723</b>	<b>17%</b>	<b>\$340,000</b>
	<i>Program</i>								
	<b>Total</b>	<b>53%</b>	<b>\$765,555</b>	<b>33%</b>	<b>\$200,200</b>			<b>63%</b>	<b>\$1,260,000</b>

<sup>1</sup> If approved this funding amount replaces funding identified in columns 1-3.

	<b>Program Specific **</b>								
<b>Section V, Item(s) G</b>	State Hospital Beds								
	Tech Asst/Capacity Building								
	Workforce Education Program								
	<b>Total</b>	<b>100%</b>	<b>\$1,444,444</b>	<b>100%</b>	<b>\$606,666</b>	<b>100%</b>	<b>\$224,467</b>	<b>100%</b>	<b>\$2,000,000</b>

- Column 1 (fiscal year 2014-15)**—reflects the run out process beginning with current contracts beginning to close throughout the fiscal year. It is projected that many contracts are to receive no-cost extensions with final close-out beginning January 2015.
- Column 2 (fiscal year 2015-16)**—reflects CalMHSA in full run out with only JPA management and Evaluation in operations.
- Column 3 (fiscal year 2016-17)**—reflects the final year of CalMHSA with completion of Evaluation, close-out of books, and final audit.
- Column 4**—Represents the anticipated staffing needed on an on-going basis with the infusion of new funds. The contract analysis is based on the fact the driver of costs and resources is predicated on the number of programs and contracts. The analysis is based on an infusion of \$20m to \$60m annually. Included in this amount are the costs to manage the JPA as an entity, program management, and planning and development for projects requested by the Board. This is a fixed fee for FY 2014-15, FY 2015-16, and 3% inflation increase for 2016-17 (subject to funding availability). The contract shall also reflect, as addendum, amounts for special programs where less than a majority of the members participate, but does not include any program that is later approved that significantly expands scope of work.

**\*\* Special Programs** - These services are provided to certain members upon request and such services and fees agreed to in a Participation Agreement.

**Agenda Item 6**

**SUBJECT: EXECUTIVE DIRECTOR FINANCE REPORT**

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**ACTION FOR CONSIDERATION:**

None, Information only.

**BACKGROUND AND STATUS:**

CalMHSA Executive Director, Wayne Clark, will report on CalMHSA finance topics. The following topics may be discussed:

- Strategic Development of 2016/2017 Revenue
- Other Financial Matters

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

None, Information only.

**TYPE OF VOTE REQUIRED:**

Majority vote.

**REFERENCE MATERIAL(S) ATTACHED:**

- None.