

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

May 8, 2017  
3:00 p.m. – 4:00 p.m.  
Dial-in Number: 916-233-1968  
Access Code: 3043



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

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

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

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

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

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

**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 March 27, 2017 Finance Committee Teleconference

B. Reports / Correspondence

- a. Treasurer’s Report as of March 31, 2017

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

**4. CASH FLOW MANAGEMENT.....13**

A. Cash Balance as of April 30, 2017

B. Projected Cash Flow at April 30, 2017

***Recommendation: For information only.***

**5. CALMHSA FINANCIAL STATEMENT FOR QUARTER ENDING MARCH 31, 2017.....16**

A. CalMHSA Financial Statement for Quarter Ending March 31, 2017

***Recommendation: Approval of the CalMHSA Financial Statement for the Quarter ending March 31, 2017 for presentation at the next scheduled Board of Directors Meeting.***

**6. CALMHSA AGREEMENT FOR ADMINISTRATIVE AND FINANCIAL SERVICES WITH ORA (GEORGE HILLS COMPANY) .....21**

A. Initial Agreement between CalMHSA and George Hills Company

B. First Amendment to the Agreement between CalMHSA and George Hills Company

C. Second Amendment to the Agreement between CalMHSA and George Hills Company

D. Third Amendment to the Agreement between CalMHSA and George Hills Company

E. Proposed Fourth Amendment to the Agreement between CalMHSA and George Hills Company

F. CalMHSA Staffing Responsibilities

G. GHC as the Employer

***Recommendation: Approval of the Fourth Amendment to the George Hills Company contract, with one of the options presented and/or as directed.***

<b>7. CALMHSA ANNUAL PROPOSED REVENUE AND EXPENDITURE REPORT – JUNE 30, 2018.....</b>	<b>61</b>
A. CalMHSA Annual Revenue and Expenditure Report – Proposed Budget June 20, 2018	
<b><i>Recommendation: Approval of the CalMHSA Proposed Revenue and Expenditure Report – June 30, 2018</i></b>	
<b>8. FINANCE COMMITTEE ELECTIONS.....</b>	<b>66</b>
A. Charter for the CalMHSA Finance Committee – Adopted October 13, 2011	
<b><i>Recommendation: Discuss Finance Committee member expiring terms and vacancies for recommendation to the Board of Directors.</i></b>	
<b>9. FINANCE COMMITTEE TELECONFERENCE MEETING CALENDAR FOR FISCAL YEAR 2017-2018....</b>	<b>70</b>
<b><i>Recommendation: Approval of the proposed Finance Committee Teleconference Meeting Calendar for Fiscal Year 2017-2018.</i></b>	
<b>10. EXECUTIVE DIRECTOR FINANCE REPORT.....</b>	<b>72</b>
A. FY 17/18 CalMHSA Annual County Contribution letter sent	
B. Preparing FY 17/18 budget for release to members May 15, 2017	
C. Lester Consulting revenue shortfall in FY 16/17, unpaid counties including several large counties	
D. Suicide Prevention Planning Legislation	
E. Complexities Related to Non Paying Counties	
F. Other Financial Matters	
<b><i>Recommendation: None, information only.</i></b>	
<b>11. PUBLIC COMMENT</b>	
<p>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.</p>	
<b>12. CLOSING COMMENTS</b>	
<b>13. ADJOURNMENT</b>	

**Agenda Item 3**

**SUBJECT: CONSENT CALENDAR**

---

**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 March 27, 2017 Finance Committee Teleconference

B. Reports / Correspondence

- a. Treasurer's Report as of March 31, 2017

**FISCAL IMPACT:**

None.

**RECOMMENDATION:**

Approval of the Consent Calendar.

**TYPE OF VOTE REQUIRED:**

Majority vote.

**REFERENCE MATERIALS ATTACHED:**

- Minutes from the March 27, 2017 Finance Committee Teleconference
- Treasurer's Report as of March 31, 2017



## CalMHSAs Finance Committee

### TELECONFERENCE MINUTES FROM MARCH 27, 2017

---

#### Finance Committee Members

##### Present

- Bill Walker, CalMHSAs Treasurer, Kern County
- Terence M. Rooney, Colusa County
- Dennis P. Koch, Madera County
- Steve Steinberg, Riverside County
- Michael Lucid, Sonoma County

##### Absent

- Dr. William Arroyo, Los Angeles County

##### CalMHSAs Staff

- Wayne Clark, Executive Director
- 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

##### Public

- Becky Fein, Active Minds

1. **Call to Order**

The CalMHSA Finance Committee teleconference was called to order at 3:03 p.m. on February 27, 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 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 February 27, 2017 Finance Committee Teleconference

**Action: Approval of the consent calendar, with correction to the meeting minutes of January 23, 2017.**

**Motion: Colusa County – Terence M. Rooney**

**Second: Sonoma County – Michael Lucid**

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

*None*

4. **Cash Flow Management**

Treasurer, Bill Walker provided an overview of the current cash balance as of February 28, 2017. The cash flow at the end of the fiscal year is estimated to be \$4M.

**Action: For information and discussion.**

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

*None*

5. **George Hills Company Contract**

Wayne Clark, Executive Director, gave an overview of the staff report providing justification for the sole source contract with George Hills Company, for three years. Given the rationale for sole source the committee supported the recommendation for a three contract to be presented at the next Board meeting for approval.

**Action: None, information only.**

**Motion: Colusa County – Terence M. Rooney**

**Second: Riverside County – Steve Steinberg**

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

*None*

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

Treasurer, Bill Walker provided an overview of the complexities related to non-paying counties staff report and opened it up to members for input and comment. The clarity of the staff report and attachments satisfied the committee. The Committee agreed to take the item to the Board of Directors meeting in April, for consideration and approval.

**Action: The Finance Committee approved to send the solutions for addressing the issue of member counties benefitting from programs, for which they do not financially contribute to the next Board of Directors meeting.**

**Motion: Colusa County – Terence M. Rooney**

**Second: Madera County – Dennis Koch**

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

*None*

7. **CalMHSA Financial Audit Engagement**

Kim Santin, Finance Director, provided a brief explanation of reasons to continue with James Marta and Company. This item will be presented to the Board of Directors.

**Action: None, information only.**

**Motion: Sonoma County – Michael Lucid**





**Second: Colusa County – Terence M. Rooney**

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

*None*

8. **CalMHSA Executive Director Finance Report**

Wayne Clark, Executive Director, provided a state of the authority on the following topics:

-  Santa Clara plans to fund CalMHSA for FY 16-17
-  Three year plan with Los Angeles, expect funds in FY 17-18
-  Conversations with NIMH Director on potential funding
-  New case statement has been developed and we will be distributed to CEO's

**Action: None, information only.**

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

*None*

9. **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*

10. **Closing Comments**

Treasurer, Bill Walker asked for any closing comments.

11. **Adjournment**

With no further comments, the meeting was adjourned at 3:49 p.m.





"A George Hills Company Administered JPA"

## Treasurer's Report

As of March 31, 2017

	<b>Book Balance</b>	<b>Market Value</b>	<b>Effective Yield</b>
Local Agency Investment Fund	\$8,258,471	\$8,251,666	0.82%
Morgan Stanley – Money Trust	1,471	1,471	0.01%
Cash with California Bank & Trust	3,982	3,982	0.00%
<b>Total Cash and Investments</b>	<b>\$8,263,924</b>	<b>\$8,257,119</b>	<b>0.82%</b>

Attached are the Local Agency Investment Fund (LAIF) statements detailing all investment transactions.

The LAIF market value was derived by applying the March 2017 fair value factor of 0.999175951 to the book balance.

I certify that this report reflects all cash and investments and is in conformance with the Authority's Investment Policy. The investment program herein shown provides sufficient cash flow liquidity to meet the Authority's expenditures for the next six (6) months.

Respectfully submitted,

Accepted,

  
\_\_\_\_\_  
Kim Santin, Finance Director

\_\_\_\_\_  
William Walker, Treasurer

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)

February 01, 2017

CALIFORNIA MENTAL HEALTH SERVICES  
 AUTHORITY  
 STAFF  
 3043 GOLD CANAL DRIVE, SUITE 200  
 RANCHO CORDOVA, CA 95670

PMIA Average Monthly Yields

**Account Number:**

Tran Type Definitions

January 2017 Statement

Effective Date	Transaction Date	Tran Type	Tran Confirm Number	Authorized Caller	Amount
1/13/2017	1/12/2017	QRD	1526001	SYSTEM	17,481.18
1/20/2017	1/19/2017	RW	1527264	KIM SANTIN	-600,000.00

Account Summary

Total Deposit:	17,481.18	Beginning Balance:	9,515,990.15
Total Withdrawal:	-600,000.00	Ending Balance:	8,933,471.33

**Local Agency Investment Fund**  
**P.O. Box 942809**  
**Sacramento, CA 94209-0001**  
**(916) 653-3001**

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)

March 02, 2017

CALIFORNIA MENTAL HEALTH SERVICES  
 AUTHORITY  
 STAFF  
 3043 GOLD CANAL DRIVE, SUITE 200  
 RANCHO CORDOVA, CA 95670

PMIA Average Monthly Yields

**Account Number:**

Tran Type Definitions

February 2017 Statement

Effective Date	Transaction Date	Tran Type	Confirm Number	Authorized Caller	Amount
2/17/2017	2/17/2017	RW	1529283	KIM SANTIN	-675,000.00

**Account Summary**

Total Deposit:	0.00	Beginning Balance:	8,933,471.33
Total Withdrawal:	-675,000.00	Ending Balance:	8,258,471.33

Local Agency Investment Fund  
P.O. Box 942809  
Sacramento, CA 94209-0001  
(916) 653-3001

[www.treasurer.ca.gov/pmia-laif/laif.asp](http://www.treasurer.ca.gov/pmia-laif/laif.asp)

April 18, 2017

CALIFORNIA MENTAL HEALTH SERVICES  
AUTHORITY  
STAFF  
3043 GOLD CANAL DRIVE, SUITE 200  
RANCHO CORDOVA, CA 95670

PMIA Average Monthly Yields

Account Number:

[Tran Type Definitions](#)

March 2017 Statement

Account Summary

Total Deposit:	0.00	Beginning Balance:	8,258,471.33
Total Withdrawal:	0.00	Ending Balance:	8,258,471.33

## **Agenda Item 4**

### **SUBJECT: CASH FLOW MANAGEMENT**

---

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

For Information and discussion.

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

Historically, CalMHSA has held adequate balances of cash and investments. Cash balances are decreasing as we payout on the contract obligations. After the April cash disbursements, our cash balance is \$7.4 million. CalMHSA has currently received \$5.1 million for Phase II FY 16-17. Cash Management is now a priority for CalMHSA, therefore becoming a regular item in the agenda.

We received 100% of the Phase II Fiscal Year 2016-2017 LOA funding from counties by February 28, 2017.

#### **FISCAL IMPACT:**

None.

#### **RECOMMENDATION:**

For Information and discussion.

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

Majority vote.

#### **REFERENCE MATERIAL ATTACHED:**

- Cash Balance as of April 30, 2017
- Projected Cash Flow as of April 30, 2017

**CalMHSA**  
**Cash Balance**  
**As of April 30, 2017**

Cash Balance, 6/30/2016	7,709,093.70
Cash Received 07/01 to 04/30/2017	6,804,224.55
Cash Payments 07/01 to 4/30/2017	(7,031,317.52)
Cash Balance, 04/30/2017	7,482,000.73

<b>Cash Balance by Institution</b>	
California Bank & Trust	105,342.64
Morgan Stanley Smith Barney	1,471.09
Local Agency Investment Fund	7,375,187.00
<b>Cash Total 4/30/2017</b>	<b>7,482,000.73</b>

California Mental Health Services Authority  
 Projected Cash Flow  
 2016/2017

As of April 30, 2017

	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Totals
<b>Beginning Cash Balance</b>	7,709,094	9,648,712	11,342,521	11,095,582	10,609,287	10,094,743	9,582,663	8,951,200	8,519,210	8,263,966	7,482,001	5,843,990	7,709,094
<b>Cash Receipts:</b>													
Phase II -1- Sustainability 15-16	409,471	8,198		27,028	35,000								479,697
Phase II-2 - Sustainability 16-17	2,131,811	2,324,063	63,115	18,625	138,722	7,591		177,376					4,861,302
Suicide Prevention Hotline 16-17	15,063	30,451	109,235										154,749
State Hospital Beds 15-16	168,941	16,824	73,605						269,000		1,402		529,772
State Hospital Beds 16-17	86,924	44,864	89,728	4,206	5,608						161,138	161,138	553,606
Fiscal Modernization Project											4,427	4,427	8,854
Other Strategic Programs	18,500		3,000		8,000								29,500
Private Fund Develop - Member Fee					5,671	99,923	5,087	70,160	816	13,092	164,148	164,148	523,045
Other (LAIF Interest, etc.)	11,978	12,989		14,264		600	267,481			17,216			324,528
<b>Total Cash Receipts</b>	<b>2,842,687</b>	<b>2,437,389</b>	<b>338,683</b>	<b>64,123</b>	<b>193,001</b>	<b>108,114</b>	<b>272,568</b>	<b>247,536</b>	<b>269,816</b>	<b>30,308</b>	<b>331,115</b>	<b>329,713</b>	<b>7,465,052</b>
<b>Cash Expenses:</b>													
PEI/Phase I Obligations 2014/15	63,769	-	-	-	-	-	-	-	-	-	297,906	297,906	659,581
Phase II Obligations 2015/16 & 2016/17	559,871	344,159	318,925	189,327	514,061	374,679	652,557	454,257	276,640	444,200	1,143,947	1,143,947	6,416,569
Suicide Prevention Hotline	45,022	47,383	51,094	49,393	41,243	45,271	37,527	50,135		87,749	55,333	55,333	565,485
Plumas Wellness Center		116,061	43,116	92,305	436	47,286	69,147	6	49,438		27,172	27,172	472,137
Community Response Plan	3,848	2,250	8,923	90	3,441								18,552
TTACB Contract													132,036
State Hospital Beds	52,414	309	887	51,190	330	5,618	634		523	105,700	148,320	148,320	514,245
Fiscal Modernization Project	922	30,270		1,866	1,134		1,936	486	4,494	6,550	31,587	31,587	110,832
Drug Medi-Cal	1,604	1,554		388	1,359	1		18			11,504	11,504	27,932
PNWE													595
EDC	675	4,378	496		1,395								6,944
Orange County													-
Sutter									6,659	17,805	23,505	25,730	73,698
WET Program Expenditures											49,490	49,490	98,980
Research & Development													-
Private Fund Develop - Consulting					15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000	120,000
<b>Total Administrative Expenses</b>	<b>174,687</b>	<b>196,878</b>	<b>162,182</b>	<b>165,859</b>	<b>129,147</b>	<b>132,338</b>	<b>127,230</b>	<b>159,623</b>	<b>172,306</b>	<b>135,269</b>	<b>122,848</b>	<b>122,848</b>	<b>1,801,216</b>
<b>Total Cash Expenses</b>	<b>903,069</b>	<b>743,580</b>	<b>585,622</b>	<b>550,417</b>	<b>707,546</b>	<b>620,193</b>	<b>904,031</b>	<b>679,526</b>	<b>525,060</b>	<b>812,273</b>	<b>1,969,125</b>	<b>1,969,125</b>	<b>10,945,104</b>
<b>Ending Cash Balance</b>	<b>9,648,712</b>	<b>11,342,521</b>	<b>11,095,582</b>	<b>10,609,287</b>	<b>10,094,743</b>	<b>9,582,663</b>	<b>8,951,200</b>	<b>8,519,210</b>	<b>8,263,966</b>	<b>7,482,001</b>	<b>5,843,990</b>	<b>4,204,579</b>	<b>4,229,042</b>

## **Agenda Item 5**

### **SUBJECT: CALMHSA FINANCIAL STATEMENT FOR THE QUARTER ENDING MARCH 31, 2017**

---

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

Approval of the CalMHSA Financial Statement for the Quarter ending March 31, 2017 for presentation at the next scheduled Board of Directors Meeting.

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

The Finance Committee will review and discuss the financial statement for the quarter ending March 31, 2017. Upon committee approval, the financial statement will be presented at the next Board of Directors Meeting.

Some key items are noted in the financial statement cover memo.

#### **FISCAL IMPACT:**

None.

#### **RECOMMENDATION:**

Approval of the CalMHSA Financial Statement for the Quarter ending March 31, 2017 for presentation at the next scheduled Board of Directors Meeting.

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

Majority vote of the Finance Committee.

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

- CalMHSA Financial Statement Quarter Ending March 31, 2017



**SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL STATEMENTS  
FOR THE NINE MONTHS ENDED MARCH 31, 2017**

**BALANCE SHEET:**

**Cash and Cash Equivalents** – The total cash balance as of March 31, 2017 is \$8.3 million. This is a decrease of \$1.3 million compared to the \$9.6 million in cash as of December 31, 2016. The decrease in cash is due to expenses of \$2.1 million for the second quarter, offset by \$600 thousand of expenses which were payable at March 31, 2017.

**Receivables** – The balance in accounts receivable as of March 31, 2017, is \$678 thousand. The categories with the most significant balances are as follows:

• State Hospital Beds Program	\$ 322,276
• Public/Private Partnership Development	<u>341,388</u>
	\$ 663,664

**Accounts Payable** – The balance in accounts payable as of March 31, 2017, is approximately \$1.3 million. The payables are primarily for payments to program partners. The vendors with the most significant balances are as follows:

• George Hills Company/Each Mind Matters	\$ 171,690
• Runyon Saltzman & Einhorn, Inc.	141,574
• University of California	<u>595,813</u>
	\$ 909,077

**STATEMENT OF REVENUE AND CHANGES IN NET ASSETS:**

**Operating Revenue** – Total revenue for the nine months ended March 31, 2017 was \$7.1 million consisting primarily of revenue for Phase II Sustainability (\$5.2 million) and Public/Private Partnership Development Fee (\$500 thousand), as well as other strategic programs such as Wellness Center, Suicide Prevention Hotline, the Community Response Plan and the State Hospital Beds Program.

**Expenses** – Overall expenses for the nine months ended March 31, 2017 were \$6.0 million. Expenses consisted mainly of contract expenses for the Statewide Program (Phase II.)

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**UNAUDITED  
BALANCE SHEET**

	<u>March 31,</u> <u>2017</u>	<u>June 30,</u> <u>2016</u>
<b>ASSETS</b>		
Current Assets:		
Cash & Cash Equivalents	\$ 8,263,924	\$ 7,713,846
Investments - Current Portion		
Contractor Prepayments		60,000
Receivables:		
State Hospital Bed Funds	323,678	529,772
Public/Private Partnership Development	341,388	
Fiscal Modernization	13,281	13,281
Phase II Sustainability		452,669
Other		31,348
Interest	16,716	11,978
Prepaid Expense	15,000	
Total Current Assets	<u>8,973,987</u>	<u>8,812,894</u>
Noncurrent Assets:		
Investments		
Total Assets	<u>\$ 8,973,987</u>	<u>\$ 8,812,894</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 1,279,775	\$ 1,541,735
Deferred Revenue	23,040	780,361
Total Current Liabilities	<u>1,302,815</u>	<u>2,322,096</u>
Net Assets:		
Operations	611,680	776,518
Obligated Funds Under Contract:		
International SDR Conference	(50,116)	(50,116)
Tech Asst/Capacity Building	203,272	203,272
WET Program Funding	148,470	148,470
Fiscal Modernization	123,981	169,915
SHB Program Funding	1,734,111	1,347,307
Plumas Wellness Center	203,124	620,938
Suicide Prevention Hotline	260,594	34,015
Community Response Plan	1,041	10,745
PNWE	7,576	7,576
Drug Medi-Cal	(6,603)	(4,797)
Orange County	2,862	2,862
Education Development Center, Inc.	2,024	2,968
Sutter Health Systems	225,536	
Public/Private Partnership Development	350,005	
Statewide PEI Project	3,853,615	3,221,124
Total Net Assets	<u>7,671,172</u>	<u>6,490,798</u>
Total Liabilities and Net Assets	<u>\$ 8,973,987</u>	<u>\$ 8,812,894</u>

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**UNAUDITED  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS**

**For The Nine Months Ended March 31, 2017**

	<u>Operations</u>	<u>Strategic Programs</u>	<u>Statewide PEI Program</u>	<u>March 2017 Total</u>	<u>June 2016 Total</u>
<b>OPERATING REVENUES:</b>					
Program Funding Contributions		\$ 1,447,981	\$ 5,187,065	\$ 6,635,046	\$ 8,552,942
Private Fund Development Fee		500,005	-	500,005	
Conference Registration				-	(20,421)
Donations				-	-
License Royalty Fee	\$ 600			600	-
Application Fee				-	250
Total Operating Revenue	<u>600</u>	<u>1,947,986</u>	<u>5,187,065</u>	<u>7,135,651</u>	<u>8,532,771</u>
<b>PROGRAM EXPENSES:</b>					
SDR Conference		-		-	3,117
Program Contract		851,102	3,440,803	4,291,905	9,798,835
Program Mgmt. & Oversight		253,064	895,697	1,148,761	1,926,174
Other Contract Services		55,338	4,806	60,144	184,006
Private Fund Development Contract		60,000	-	60,000	
Legal	111,692	4,940	-	116,631	20,621
Marketing				-	1,396
Meeting and Other	13,449	10,821	4,286	28,556	78,994
Total Program Expense	<u>125,141</u>	<u>1,235,264</u>	<u>4,345,592</u>	<u>5,705,997</u>	<u>12,013,143</u>
<b>INDIRECT EXPENSES:</b>					
General Management			199,181	199,181	322,407
Other Contract Services	19,550		7,021	26,571	28,386
Legal Services	9,675		-	9,675	22,952
Insurance	29,920		-	29,920	29,203
Investment Management Fees	182		-	182	439
Dissemination Materials				-	64,263
Meeting and Other	24,680		2,781	27,461	16,512
Total General And Administrative	<u>84,007</u>	<u>-</u>	<u>208,982</u>	<u>292,988</u>	<u>484,161</u>
Total Expenses	<u>209,147</u>	<u>1,235,264</u>	<u>4,554,574</u>	<u>5,998,986</u>	<u>12,497,304</u>
Income/(Loss) from Operations	(208,547)	712,722	632,491	1,136,666	(3,964,533)
<b>NONOPERATING INCOME:</b>					
Investment Income	48,461			48,461	51,073
Change in Investment Value	(4,752)			(4,752)	(500)
Total Nonoperating Income	<u>43,709</u>			<u>43,709</u>	<u>50,573</u>
Change in Net Assets	(164,838)	712,722	632,491	1,180,375	(3,913,960)
Beginning Net Assets	<u>776,518</u>	<u>2,493,155</u>	<u>3,221,124</u>	<u>6,490,797</u>	<u>10,404,757</u>
Ending Net Assets	<u>\$ 611,680</u>	<u>\$ 3,205,877</u>	<u>\$ 3,853,615</u>	<u>\$ 7,671,172</u>	<u>\$ 6,490,797</u>

**CALIFORNIA MENTAL HEALTH SERVICES AUTHORITY**

**UNAUDITED  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS**

**For The Nine Months Ended March 31, 2017**

	Strategic Programs											June 2016 Total	
	Fiscal Modernization	SHB Program	Wellness Center	Suicide Prevention Hotline	Community Response Plan	PNWE	Drug Medi-Cal	Orange County	EDC	Sutter Health Systems	Public/Private Partnership Development		Total Strategic Programs
<b>OPERATING REVENUES:</b>													
Program Funding Contributions		\$ 553,606		\$ 636,375	\$ 5,000				\$ 3,000	\$ 250,000		\$ 1,447,981	\$ 2,593,150
Private Fund Development Fee											\$ 500,005	500,005	
Conference Registration												-	(20,421)
Total Operating Revenue	-	553,606	-	636,375	5,000	-	-	-	3,000	250,000	500,005	1,947,986	2,572,729
<b>PROGRAM EXPENSES:</b>													
SDR Conference												-	3,117
Program Contract			416,842	409,796						24,464		851,102	869,481
Program Mgmt. & Oversight	9,802	153,262									90,000	253,064	205,670
Other Contract Services	34,962				14,704		1,728		3,944			55,338	115,685
Private Fund Development Contract											60,000	60,000	
Legal		4,940										4,940	1,499
Meeting and Other	1,170	8,601	972				78					10,821	9,058
Total Program Expense	45,934	166,802	417,814	409,796	14,704	-	1,806	-	3,944	24,464	150,000	1,235,264	1,204,510
Change in Net Assets	(45,934)	386,804	(417,814)	226,579	(9,704)	-	(1,806)	-	(944)	225,536	350,005	712,722	1,368,219
Beginning Net Assets	169,915	1,347,307	620,938	34,015	10,745	7,576	(4,797)	2,862	2,968	-	-	2,493,155	1,124,936
Ending Net Assets	\$ 123,981	\$ 1,734,111	\$ 203,124	\$ 260,594	\$ 1,041	\$ 7,576	\$ (6,603)	\$ 2,862	\$ 2,024	\$ 225,536	\$ 350,005	\$ 3,205,877	\$ 2,493,155

## **Agenda Item 6**

**SUBJECT: CalMHSA Agreement for Administrative and Financial Services with  
ORA (George Hills Company)**

---

### **ACTION FOR CONSIDERATION:**

Approval of the Fourth Amendment to the George Hills Company contract, with one of the options presented and/or as directed.

### **BACKGROUND AND STATUS:**

CalMHSA entered into a formal contract on October 28, 2009, with Optimum Risk Advisors, "ORA", a division of George Hills Company (GH), to be the Administrative Company to manage CalMHSA. That contract was later amended upon the execution of the CalMHSA contract with the Department of Mental Health on April 15, 2010. Subsequently the CalMHSA Finance Committee was asked to continually review the performance of the contract and the financial terms with GH and report to the board. A Task Force of the Finance Committee was formed on October 13, 2011, to review and evaluate the GH contract for purposes of contract extension, since the amended contract was due to expire June 30, 2014.

At the June 13, 2013 Board of Directors Meeting, the CalMHSA Treasurer, gave an update on the Finance Committee Task Force's review of the GH contract then due to expire on June 30, 2014. The Task Force made two recommendations for contract extension and action to take place 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. As a result, GH was asked to present a proposed extension of contract terms.

At the December 13, 2013, Board of Directors Meeting, action was taken to approve the amended contract with GH, assuming the two conditions identified above were met, with a term of July 1, 2014 through June 30, 2017. The Board confirmed the contract would be renegotiated at a later date when more information was available relative to Sustainability funding. Today's action is to determine whether to (1) continue to contract with GH thru Sole Source criteria, or (2) send the contract out to bid thru an RFP process.

CalMHSA's Procurement Policy generally requires a 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." In this case the extension of the GH contract will allow for:

1. Special knowledge and expertise of vendor, in that the staff provided by GH are specialized in managing CalMHSA's various and programs and JPA's in general, which are vital to the services required of CalMHSA.
2. Continuity - Continuation of programs without disruption. Any other administrator would have to furnish space, and hire and train new staff. The current administrator keeps expenses low by utilizing some staff on a part-time basis while their remaining

time is dedicated to other GH related matters. This includes the JPA Administrative Manager, Finance Director and Chief Operations Officer, as well as IT, reception, and HR staff. Additionally, the contract has been able to retain certain subject matter expert staff at a reduced level (80%), which includes Program Manager and Program Director.

3. Comparability – The CalMHSA Finance Committee requested GH study comparable staffing and associated costs with two models: (1) another CSAC affiliated JPA (CSAC-EIA), and (2) a comparable county. In both cases, the cost per employee and associated costs exceed GH costs. Two sister BH County organizations that have structures to potentially achieve some fraction of CalMHSA’s functions are CBHDA and CIBHS, both with different purposes and IRS status. In the past the Finance Committee [or Board] has also looked at the JPA hiring, managing and housing its own staff, but due to economies mentioned below, that alternative has not been found to be cost effective.
4. Efficiency – CalMHSA is unique in that it is an entity that provides program, administrative and fiscal services in support of its members acting alone or in collaboration with other departments. CalMHSA includes an extensive list of program operations, including but not limited to, administration of PEI services, contract and negotiations with state and/or other providers, risk pools, group purchasing, contract management, research and development, data management and maintenance of a research depository.

GH’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. The contractual inability of a different administrator to employ current staff, other than the Executive Director, could result in a significant loss to CalMHSA’s institutional memory and effectiveness,<sup>1</sup>

In addition, the Finance Committee has found the cost of GH’s services as a percentage of program dollars has been well within standards.

Time is another factor that has been considered. It is estimated that an RFP process could take 6-9 months. The cost for conducting such a RFP is unknown, but would likely require use of personnel other than CalMHSA staff to avoid conflicts of interest, assuming GH chose to compete for the contract. The uncertainty during that process could lead to erosion of staff morale and the loss of key staff. Moreover, if a new vendor is selected, the start-up and transfer period could be another several months.

---

<sup>1</sup> *The 2009 Agreement California Mental Health Services Authority (CalMHSA) and Optimum Risk Advisors (ORA) contract, Section X. Employment Relationship of ORA, provides: “2) During the term of this Agreement and for twelve (12) months following termination of this Agreement, CalMHSA 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.” The contract for the Executive Director’s employment by GH is separate, and does not include this provision.*

Should the JPA determine that releasing an RFP is the preferred next step, the following is a draft summary of tasks for the JPA:

1. Prepare a timeline for the Board
2. Follow Procurement Policy for Contract for services for RFP management
3. Form a Board Committee for developing an RFP
4. Recruit Review Committee/Panel
5. Release RFP
6. Collect and prepare responses to RFP questions
7. Conduct Proposer's Question and Answer conference/webinar
8. Collect letters of intent
9. Develop a scoring tool and interview protocols
10. Select a review panel
11. Conduct training for Review Committee/Panel
12. Collect Proposals
13. Convene a Committee/Panel to review proposals and score
14. Notification to the Board of final selections
15. Obtain Board approval for contracting with final selection

**PROPOSED FOURTH AMENDMENT TO THE AGREEMENT BETWEEN CALMSHA AND ORA (George Hills Company)**

At the April 2017 CalMHSA Board and Strategic Planning Session, the members discussed a one year extension to allow them the opportunity to discuss. At the last Finance Committee meeting, this committee recommended a three year extension.

In consideration of Board discussion, the following should be addressed by the Finance Committee:

**Extension**

**Option 1** – Approval of the Fourth Amendment to the George Hills Company contract, which would be effective July 1, 2017 to June 30, 2020.

**Option 2** – One year extension and issuance of a Request for Interest (RFI) in the first year. If no response is received the extension continues for additional two years without an RFP.

George Hills has prepared proposed terms for extension as follows:

This extension allows for continued program funding and compensation. In addition the terms provided for changes in the event of CalMHSA funding decrease or increase adjustments.

In the event of increased programs or services, compensation shall increase to reflect the current hourly rate of \$99 per hour/per FTE. In the event of decreased program funding, George Hills Company shall make similar adjustments downward FTE reductions required to support the revised budget.

Upon full CalMHSA Board approval of an extension option, staff will move forward with finalizing and executing the Fourth Amendment to the Agreement.

**RECOMMENDATION:**

Approval of the Fourth Amendment to the George Hills Company contract, with one of the options presented and/or as directed.

**TYPE OF VOTE REQUIRED:**

Majority vote of the Board of Directors.

**REFERENCE MATERIALS ATTACHED:**

- Initial Agreement between CalMHSA and George Hills Company
  - First Amendment to the Agreement between CalMHSA and George Hills Company
  - Second Amendment to the Agreement between CalMHSA and George Hills Company
  - Third Amendment to the Agreement between CalMHSA and George Hills Company
- Proposed Fourth Amendment to the Agreement between CalMHSA and George Hills Company
- CalMHSA Staffing Responsibilities
- GHC as the Employer



# **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

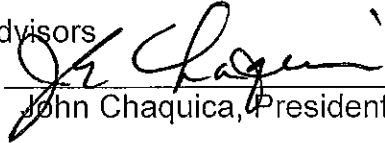
If any section or provision of this Agreement is held to be void, invalid or unenforceable, the remaining sections and provisions will nevertheless continue in full force and effect without being impaired or invalidated in any way.

D. Interpretation, Terms, and Conditions

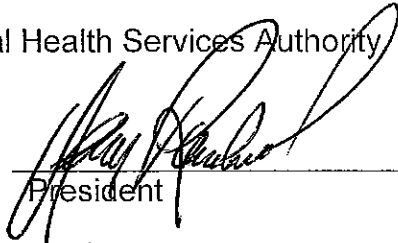
- 1) This Agreement shall be governed by and interpreted under the laws of the State of California.
- 2) This Agreement integrates all terms and conditions mentioned herein or incidental hereto, and supersedes all oral negotiations and prior writings with respect to the matter hereof. In the event of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

\_\_\_\_\_  
Dated

California Mental Health Services Authority:

\_\_\_\_\_  
Wayne Clark, 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

Current Contract and Extension to Run out Programs							
		Column 1		Column 2		Column 3	
		FY 2014-15		FY2015-16		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.

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		Column 5		
		FY 2013-14		FY 2014-15		FY2015-16		FY 2016-17		Per Fiscal Year		
	Fees for Administration Services	Contract Amount	\$1,943,892	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	Percent	Dollars	
	<i>JPA Administration</i>											
	<b>Total</b>	<b>20%</b>	<b>\$388,778</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>17%</b>	<b>\$323,000</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>63%</b>	<b>\$1,232,114</b>	<b>53%</b>	<b>\$765,555</b>	<b>33%</b>	<b>\$200,200</b>			<b>63%</b>	<b>\$1,260,000</b>		
<i>Program Specific **</i>												

<b>Section V, Item(s) G</b>	State Hospital Beds										
	Tech Asst/Capacity Building										
	Workforce Education Program										
	<b>Total</b>	<b>100%</b>	<b>\$1,943,892</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>

1. **Column 1 (fiscal year 2013-14)**—represents full and current staffing level required for the management of the JPA and performance of Program Management and continuation of current contracts.
2. **Column 2 (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.
3. **Column 3 (fiscal year 2015-16)**—reflects CalMHSA in full run out with only JPA management and Evaluation in operations.
4. **Column 4 (fiscal year 2016-17)**—reflects the final year of CalMHSA with completion of Evaluation, close-out of books, and final audit.
5. **Column 5**—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 three years. 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.



**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

6/27/14

\_\_\_\_\_  
Dated

California Mental Health Services Authority:

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

6/26/14  
\_\_\_\_\_  
Dated

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



Third Amendment to the Agreement  
Between ORA and CalMHSA  
Effective July 1, 2014

Section V, Item(s) G	Program Specific **								
	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. CalMHSA's Board shall review the contract at least annually to determine whether the funding level is appropriate. In the event that funding exceeds \$60m or falls below \$20m annually, the contract amount will be subject to review and revision by CalMHSA's Board.

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

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

This FOURTH Amendment to the Agreement for Administrative and Financial Services (which, as modified, may be referred to as the “Fourth Amended Agreement”) is made and is effective as of the 1<sup>st</sup> day of July, 2017, by and between the California Mental Health Services Authority, hereinafter referred to as “CalMHSA”, and George Hills Company, a California Corporation. The provisions of the Third Amended Agreement shall continue to apply until July 1, 20\_\_\_\_.

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 Fourth Amendment hereby amends the Third Amended Agreement to reflect the following:**
  - A. Term –**
  
  - B. Program Funding & Compensation -**
    - i. Program funding – The funding is anticipated to remain the same; however, in the event of funding decrease or increase, funding would be subject to adjustments as agreed by the parties.
    - ii. Compensation – Compensation is \_\_\_\_\_ (*see attached*). In the event of increased or decreased services required, George Hills Company shall make the necessary adjustment at the current hourly rate of \$99 per hour, per FTE.
    - iii. Annual adjustments to the above rate, for cost of living, shall be limited to 2% per annum.

IN WITNESS HEREOF, the parties hereto have executed this Agreement on June 14, 2017.

Optimum Risk Advisors:

\_\_\_\_\_  
John Chaquica, CEO

\_\_\_\_\_  
Dated

California Mental Health Services Authority:

---

Terence M. Rooney, PhD, President

---

Dated

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

		<b>6.8 FTE (8.3 less 1.5 for ED Contract 16/17 GHC Current Contract)</b>	<b>7.55 FTE (9.05 FTE less 1.5 ED Contract) 17/18 Proposed Budget \$6.9 Million CalMHSA Funding</b>	<b>9.25 FTE (10.75 FTE less ED Contract) 17/18 Target \$8.7 Million CalMHSA Funding</b>
<b>Contract Summary</b>		<b>\$96 Per Hour/Per FTE</b>	<b>\$99 Per Hour/Per FTE</b>	<b>\$99 Per Hour/Per FTE</b>
Staff Salaries & benefits	\$	897,535	1,024,461	1,313,408
Unemployment/Vacation Reserve		26,928	35,736	40,438
Audit & Tax Return		3,250	3,348	3,788
Insurance		18,171	18,716	21,179
Legal Fees - Retainer		30,500	31,415	35,549
Payroll Fees and Bank Fees		15,580	16,047	18,159
Staff Travel/ Meetings/Conference Exp		23,618	29,326	33,185
Information Technology Support		26,175	29,460	33,336
Technology Innovations Web/Do Mgmt		5,000	5,150	5,828
Office Expense		75,873	88,150	99,748
Equipment		7,675	11,405	12,906
Telephone & Copy Expenses		30,613	31,531	35,680
Staff Appreciation		19,978	21,577	24,416
Software License/Maintenance Fee		5,204	6,360	7,197
Staff Training		3,335	4,435	5,018
Taxes, Fees & Fines		52,500	54,075	61,190
Miscellaneous		614	632	716
Rent		59,016	64,349	72,816
Reserves		56,260	78,523	80,204
<b>Total Contract</b>	<b>\$</b>	<b>1,357,824</b>	<b>1,554,696</b>	<b>1,904,760</b>

	<u>FTE</u>			<u>FTE</u>			<u>FTE</u>		
Contract for Admin & Finance Services	6.8	\$	1,357,824	7.55	\$	1,554,696	9.25	\$	1,904,760
Contract for Exec Director -Estimated & Separate Contract	1.5		299,520	1.5		308,880	1.5		308,880
	8.3	\$	1,657,344	9.05	\$	1,863,576	10.75	\$	2,213,640

### STAFFING

Basic to the agreement between CalMHSA and Optimum Risk Advisors (ORA), a division of George Hills Company, executed July 1, 2009, is the provision of staff. The JPA does not have employees, therefore, George Hills provides the necessary staff to carry out the responsibilities surrounding the daily functions of operating the JPA. Managing all aspects of board approved activities, member services, as well as oversee and execute special projects. This minimizes liability to the JPA and its members while optimizing maximum operational flexibility for the JPA. George Hills has dedicated staff whose sole focus are the responsibilities noted, while providing additional staff on a shared basis so as CalMHSA not fully fiscally responsible. The contract with CalMHSA has been built on a contracted amount for core services defined and agree to, not matter what the effort and costs may be. Responsibilities include, but are not limited to the following:

### GENERAL ADMINISTRATION

#### MAINTAINING AND ADDRESS OF RECORDS FOR JPA FILINGS AND NOTICES

- Form 700
  - Management of reporting and tracking portal
  - Creation and distribution of reminders to delinquent members and staff
- Ralph M. Brown Act
  - Compliance with the Act
  - Posting of Agendas, Public Comment, etc.
- Recruit, hire, train, and supervise appropriate staff
- Staff the board meetings
- Negotiate fees and other agreements on behalf of CalMHSA to minimize costs and obtain the best services.
- Prepare reports, forms books, and other documents as deemed appropriate by the board.
- Provide assistance to members of the Board
- Minimize risk to all members

### MANAGEMENT RESPONSIBILITIES

- Programs/Projects
  - At the direction of the Board:
    - Plan
    - Research
    - Develop program proposals in response to competitive solicitations
    - Operationalize programs (SAMHSA for example)
    - Manage programs/projects that are of benefit to all counties.



## CALMHSA RESPONSIBILITIES

- Current projects include: PEI Statewide Programs, Plumas Wellness Centers, Central Valley SP Crisis Line, State Hospitals, Fiscal Modernization, Central Regional WET – Psychiatric Shortage, Small County Medical ODS.
- Procurement
  - RFP(s): including the following RFP functions
    - Creation, finalization, and posting of RFPs
    - Gathering RFP review panels from statewide pool of experts, stakeholders
    - Planning and facilitation of RFP review panels
    - Collection of review panels results and feedback
    - Creation of summaries and reports out to board of directors for recommendations
    - Management of responses to outside RFPs including oversight of proposal writers and submission of final proposals
  - Sole Source Contract(s) as necessary
  - Bid Process
- Contract Functions
  - Creation, negotiation, and finalization of contracts for vendors, partners, and consultants
  - Management of final contracts: oversight of deliverables, budgets, AP (ensure compliance with contractual obligations)
  - Collection, storage, and distribution of final deliverables and products
  - Manage and report from customized database
- Insurance Functions
  - Request and tracking of insurance documentation for vendors, consultants, program partners
  - Provision of insurance coverage for JPA and distribution of related certificates to vendors, members, and program partners, as needed
- Legal
  - Creation and review of governing documents
  - Review of all contracts: vendor, consultant, program partner
  - Participation at board and committee meetings
  - Address all matters at the request of Management staff and CalMHSA members
  - Regularly interact with assigned legal counsel
- Social Media Functions
  - Creation and maintenance of CalMHSA Website
  - Consult and manage contract with public relations agency
- Board and JPA Governance Functions
  - Member services, as requested
  - Creation and maintenance of board and committee rosters
  - Governing documents

## CALMHSA RESPONSIBILITIES

- Filing and tracking of JPA Agreements and subsequent amendments, as well as Participation Agreements
- Creation, presentation, finalization, filing of JPA resolutions
- Update of JPA's Statement of Facts to Secretary of State's office, as needed
- Create and maintain all board policies
- Maintain all official records of CalMHSA
- Board meetings
  - Planning of meetings: dates, facilities, AV equipment, catering
  - Creation, distribution, and posting of board packets
  - Tracking of RSVPs
  - Meeting and teleconference setup
  - Meeting minutes taken and written
  - Follow-up actions items managed
- Committee Functions
  - Creation and maintenance of committee charters
  - Oversight of committee member nominations and elections
  - Planning of committee meetings or teleconferences
  - Creation, distribution, and posting of committee agendas
  - Meeting minutes taken and written
  - Report outs created for board agenda packets
  - Follow-up action items managed

### **RECORDING SECRETARIAL RESPONSIBILITIES**

- Prepare and distribute meeting minutes
- Record Retention
  - Retain and maintain electronic and hardcopy records
  - Equipment
    - Develop, maintain and manage iPad Policies
    - Issue, track and collect member iPads
- State Reporting Requires
  - Statement of Facts

### **FINANCIAL RESPONSIBILITIES**

- Member Invoicing for Program Participation
- Accounts Payable: Contractors, Subcontractors, Consultants
- Preparation of monthly check processing packet
- Prepare quarterly Treasurers Report
- File annual report with CA State Controller's Office and Department of Health Care Services
- Prepare budgets
- Prepare quarterly financial statements in accordance with GAAP

## CALMHSA RESPONSIBILITIES

- Maintain records of income, expenditures, deposits and withdrawals
- Arrange for and respond to annual financial Audits
- Investment oversight and maintenance of Policy
- Maintain banking relationships and perform monthly bank reconciliations
- File all regulatory forms for IRS/FTB and other agencies
- Annual reporting for each member MHSA RER

### **SUPPORT SERVICES RESPONSIBILITIES**

- Public
  - Address inquiries from public and stakeholders
  - As it pertains to Public Records Act – Address and provide information in compliance with the act and as appropriate
- Database
  - Manage and maintain all listserv
  - Issue email blasts to Board, Committees, Public, Legislature, etc.
  - Manage contractor deliverables, invoices, reports etc. via online portal
- Meeting/Travel/Accommodations
  - Secure meeting venues and execute appropriate contracts
  - Prepare all travel accommodations to include, hotel, vehicle, meals, etc., for board meetings.
  - Maintain all subscriptions for professional periodicals, memberships, renewals, etc.

Through its contract with the California Mental Health Services Authority (CalMHSA), George Hills Company, Inc. (GHC) provides administrative services to the JPA as the Employer in contrast to the Board of CalMHSA acting as employer and holding fiduciary responsible for all facets and liabilities of personnel and operational management. Over the last seven years, GHC has fulfilled this role and the responsibilities listed in the agreement with the JPA as well as handling any other responsibilities above and beyond those outlined in the agreement that the role of JPA Administrator requires. The contract for basic services is a flat fee amount which is equivalent to a blended hourly rate of \$87 per hour in 2009 to \$96 per hour currently.

Below is a list of many of the responsibilities, as the “Employer,” GHC assumes for CalMHSA such that the JPA (the Board members and the members) would not be exposed to. Those responsibilities include, but are not limited to the following:

**A. Personnel Related**

*Hiring/Onboarding*  
*Assessments*  
*Benefits—Health/pension-401k administration/other*  
*Oversight of Staff*  
*Payroll*  
*Termination/Off Boarding*

**B. Network & Technology Management**

*Network - identify, interview, select and monitor third party provider*  
*Desktop - Evaluate need and inventory all equipment and software*

**C. Resources Management**

*Furniture*  
*Supplies*  
  
*Equipment Services*

**D. Facilities**

**E. Administration**

*Manage All Personnel Forms/Files*  
*Records*  
*Reporting*  
*Banking*  
*Insurance*  
*Legal*

**F. Other**

*Public Relations*

## **Agenda Item 7**

**SUBJECT: CALMHSA ANNUAL PROPOSED REVENUE AND EXPENDITURE REPORT – JUNE 30, 2018**

---

### **ACTION FOR CONSIDERATION:**

Approval of the CalMHSA Proposed Revenue and Expenditure Report – June 30, 2018

### **BACKGROUND AND STATUS:**

The CalMHSA Bylaws provide for a fiscal year of July 1 to June 30, and require the Board of Directors to adopt the annual budget by July 1 of the new fiscal year. The draft budget is to be presented to the Board at least 45 days prior. (Bylaws, §§ 4.1.3, 8.1, and 9.1.)

Ms. Kim Santin, CalMHSA Finance Director, will provide an oral overview of the timeline for Compilation of the Annual Revenue and Expenditure Report – Proposed Budget June 30, 2018, distributed as discussed above.

The Sustainability programs have the following key items for the finance committee's consideration

- CalMHSA Annual Revenue and Expenditure Report – Proposed Budget June 30, 2018.

Historically CalMHSA has allowed a certain number of counties who have chosen to not reimburse CalMHSA for state hospital bed contract management and negotiations, however this budget includes invoicing for those beds. The state department has taken the position that counties not having executed the DSH MOU for FY 14-15/FY 15-16, will be required to pay a higher rate.

As such, staff needs direction as to how to proceed with billing.

### **FISCAL IMPACT:**

None.

### **RECOMMENDATION:**

Approval of the CalMHSA Proposed Revenue and Expenditure Report – June 30, 2018

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

Majority vote.

### **REFERENCE MATERIALS ATTACHED:**

- CalMHSA Annual Revenue and Expenditure Report – Proposed Budget June 30, 2018

## SUMMARY OF SIGNIFICANT ASSUMPTIONS IN THE PROPOSED OPERATING BUDGET FOR FISCAL YEAR 2017/2018

### REVENUE:

Revenue has been estimated based on the Historical results of the fiscal year 2016/2017. The memo column is included for information purposes only.

### EXPENSES:

#### *Program Expenses Highlights (Details are on Page 2 of Budget Document)*

- Program Contracts have been estimated at \$4,209,100 for PEI Sustainability and Suicide Prevention Regional Programs.
- Program Staffing is \$1,269,742 and combined with the General & Administrative Staffing of \$593,834 is a Total Staffing of \$1,863,576. This amount is made of two contracts with George Hills Company: 1) CalMHSA Agreement for Administrative and Financial Services of \$1,357,824; and 2) CalMHSA Agreement for Executive Director Services of \$308,880.
- Program Staffing for 16/17 was a total of 8.3 FTE and this budget includes an additional .75 (3/4 of Year) FTE added for State Hospital Bed Specialist. See Page 3 to represent the total staffing of 9.05 FTE.
- Other Program Expenditures are related to Program Expenses for State Hospital Beds, WET Program, and Tech Asst/Capacity Building.

**California Mental Health Services Authority  
2017/2018 Proposed Operating Budget**

	Approved Budget 2016/2017	Projected Actuals 2016/2017	Proposed Budget 2017/2018	Memo Column Target Funding 2017/2018
<b>Revenues:</b>				
PEI Sustainability	6,423,162	5,187,065	5,160,037	7,010,037
Private Fund Development Fees	500,000	200,000	500,005	500,005
State Hospital Bed Program		553,606	627,912	627,912
Suicide Prevention Program		636,375	636,375	636,375
Sutter Health		250,000		
Other Programs		8,000		
Licence Royalty Fee		600	0	
<b>Total Revenues</b>	<b>6,923,162</b>	<b>6,835,646</b>	<b>6,924,329</b>	<b>8,774,329</b>
<b>Program Expenses:</b>				
Program Contracts	8,069,952	7,700,000	4,209,100	5,604,125
Program Management	1,072,399	1,072,399	1,269,742	1,541,558
Fundraising Counsel	200,000	105,000	200,000	200,000
Other Contracts			35,000	35,000
Legal	28,952	150,000	28,952	28,952
Travel & Meetings	35,000	35,000	70,000	85,000
Other Program Expenditures	821,246	900,000	774,970	821,246
<b>Total Program Expenses</b>	<b>10,227,549</b>	<b>9,962,399</b>	<b>6,587,764</b>	<b>8,315,881</b>
<b>General &amp; Administrative Expenses:</b>				
General & Administrative				
Staffing	584,945	584,945	593,834	672,082
Legal	10,000	11,000	10,000	10,000
Travel & Meetings	66,000	40,000	16,000	16,000
Other Contracts	45,000	35,000	10,000	10,000
Insurance	30,000	30,000	37,000	37,000
Financial Audit	15,000	15,000	15,000	15,000
<b>Total General &amp; Administrative Expenses</b>	<b>750,945</b>	<b>715,945</b>	<b>681,834</b>	<b>760,082</b>
<b>Total Expenditures</b>	<b>10,978,494</b>	<b>10,678,344</b>	<b>7,269,598</b>	<b>9,075,963</b>
<b>Net Increase/(Decrease) Unexpended Funds</b>	<b>(4,055,332)</b>	<b>(3,842,698)</b>	<b>(345,269)</b>	<b>(301,634)</b>
Prior Year Reserves	6,491,784	6,490,797	2,648,099	2,648,099
Projected Reserves as of June 30	2,436,452	2,648,099	2,302,830	2,346,465
Less: Obligated Reserves	(2,343,350)	(2,574,111)	(2,191,000)	(2,191,000)
<b>Total Available Reserves at June 30, 2018</b>	<b>93,102</b>	<b>73,988</b>	<b>111,830</b>	<b>155,465</b>

**California Mental Health Services Authority  
Administrative Expense Allocation  
2017/2018 Program Year  
Proposed Budget Expenses**

	Private Fund Development	Tech Asst/Capacity Building	WET Program Funding	Fiscal Modernization	State Hospital Bed Program	Plumas Wellness Center	Suicide Prevention - Regional Program	PEI - Sustainability	Totals
<b>Direct Expenses:</b>									
Program Contracts						-	509,100	3,700,000	4,209,100
Program Management	267,949	38,623		53,107	354,852	-	91,730	463,480	1,269,742
Fundraising Counsel	200,000								200,000
Other Contracts	15,000							20,000	35,000
Legal				500	5,000			23,452	28,952
Travel & Meetings	35,000				5,000			30,000	70,000
Other Program Expenditures		140,000	148,470	36,500	450,000				774,970
<b>Total Direct Expenses</b>	<b>517,949</b>	<b>178,623</b>	<b>148,470</b>	<b>90,107</b>	<b>814,852</b>	<b>-</b>	<b>600,830</b>	<b>4,236,932</b>	<b>6,587,764</b>
<b>General &amp; Administrative:</b>									
General & Administrative									
Staffing	40,041	18,498	-	11,282	157,806	-	23,714	342,493	593,834
Legal	674	312	-	190	2,657	-	399	5,767	10,000
Travel & Meetings	1,079	498	-	304	4,252	-	639	9,228	16,000
Other Contracts	674	312	-	190	2,657	-	399	5,767	10,000
Insurance	2,495	1,153	-	703	9,832	-	1,478	21,340	37,000
Financial Audit	1,011	467	-	285	3,986	-	599	8,651	15,000
<b>Total Indirect Expenses</b>	<b>45,975</b>	<b>21,239</b>	<b>-</b>	<b>12,954</b>	<b>181,191</b>	<b>-</b>	<b>27,229</b>	<b>393,246</b>	<b>681,834</b>
<b>Total Expenditures</b>	<b>563,924</b>	<b>199,862</b>	<b>148,470</b>	<b>103,061</b>	<b>996,043</b>	<b>-</b>	<b>628,059</b>	<b>4,630,178</b>	<b>7,269,598</b>

Note 1 The combined total of these amounts are the Contracts for staffing related to the Contract for Administrative and Fiscal Services and Contract for Executive Director with George Hills Company. The combined total is \$1,863,576 (1,269,742+593,834).



CalMHSA Staffing Allocations 17/18

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
Department/Position	Mid Level Staffing 15-16 FTE	Staffing 16-17 FTE	Based on PY Funding Level Staffing 17-18 FTE	Operations	Research and Development	Public/Private Partnership development	Tech Asst/ Capacity Building	Feasibility Study /Capitation Plan	State Hospital Bed Funding	Suicide Prevention	Plumas Wellness Center	PEI Programs	indirect	Total Percentage	\$99 per hour/Annual Hours per employee	Annual Staffing Cost	
<b>Administrative Services</b>																	
Chief Executive Officer *	1.00	1.00	1.00	0.03	0.38	0.35	0.01	0.05	0.05	0.03	-	0.10	-	1.00	99		
Chief Operating Officer	0.60	0.25	0.25	-	-	-	-	-	0.15	-	-	-	-	0.25			
Administrative Staff -	0.00	1.00	1.00	0.25	0.05	0.25	-	0.05	0.10	-	-	0.30	-	1.00			
Administrative Services Manager	1.00	0.90	0.90	0.25	-	0.25	-	-	0.35	-	-	0.05	-	0.90			
<b>SUBTOTAL</b>	<b>2.60</b>	<b>3.15</b>	<b>3.15</b>	<b>0.63</b>	<b>0.43</b>	<b>0.85</b>	<b>0.01</b>	<b>0.10</b>	<b>0.65</b>	<b>0.03</b>	<b>-</b>	<b>0.45</b>	<b>-</b>	<b>3.15</b>	<b>2080</b>	<b>648,648</b>	
<b>Program Services</b>																	
Program Director/Manager	1.00	0.80	0.80	0.20	0.15	0.05	0.05	0.05	-	-	-	0.30	-	0.80			
Senior Program Manager - Did not fill after SW	1.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-			
Program Manager	0.50	0.80	0.80	0.05	0.10	-	-	-	-	0.35	-	0.30	-	0.80			
State Hospital Bed Program Specialist			0.75	-	-	-	-	-	0.75	-	-	-	-	-			
Asst Program Manager		0.8	0.80	-	-	0.10	0.03	-	-	-	-	0.67	-	0.80			
Program Associate	1.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-			
Administrative Assistant -	1.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-			
Contract Services	0.10	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-			
Administrative Assistant	1.00	0.00	0.00	-	-	-	-	-	-	-	-	-	-	-			
<b>SUBTOTAL</b>	<b>5.60</b>	<b>2.40</b>	<b>3.15</b>	<b>0.25</b>	<b>0.25</b>	<b>0.15</b>	<b>0.08</b>	<b>0.05</b>	<b>0.75</b>	<b>0.35</b>	<b>-</b>	<b>1.27</b>	<b>-</b>	<b>3.15</b>	<b>2080</b>	<b>648,648</b>	
<b>Fiscal Services</b>																	
Finance Director	0.80	0.60	0.60	0.06	0.15	0.10	0.05	0.05	0.05	-	0.00	0.10	0.04	0.60			
Accountant	0.65	0.50	0.50	0.25	0.04	0.01	0.02	0.02	0.02	-	0.00	0.10	0.04	0.50			
Staff Accountant	0.40	0.40	0.40	0.00	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.40			
Staff Accountant	0.40	0.00	0.00	0.00	0.00	-	-	0.00	0.00	-	-	0.00	0.00	-			
<b>SUBTOTAL</b>	<b>2.25</b>	<b>1.50</b>	<b>1.50</b>	<b>0.71</b>	<b>0.19</b>	<b>0.11</b>	<b>0.07</b>	<b>0.07</b>	<b>0.07</b>	<b>0.00</b>	<b>0.00</b>	<b>0.20</b>	<b>0.08</b>	<b>1.50</b>	<b>2080</b>	<b>308,880</b>	
<b>Indirect Staff: IT, Corp Admin, HR, Admin Support</b>																	
	1.45	1.25	1.25	0.00	-	-	-	-	-	-	-	-	-	1.25	1.25	2080	257,400
<b>Total</b>	<b>11.90</b>	<b>8.30</b>	<b>9.05</b>	<b>1.59</b>	<b>0.87</b>	<b>1.11</b>	<b>0.16</b>	<b>0.22</b>	<b>1.47</b>	<b>0.38</b>	<b>0.00</b>	<b>1.92</b>	<b>1.33</b>	<b>9.05</b>	<b>2080</b>	<b>1,863,576</b>	
Annual Hours	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080	2,080			
	24,752	17,264	18,824	3,307	1,810	2,309	333	458	3,058	790	-	3,994	2,766	18,824			
All Inclusive Hourly Rate	\$ 93	\$ 96	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99	\$ 99		
Annual Compensation	2,301,936	1,667,344	1,863,576	327,413	179,150	228,571	32,947	45,302	302,702	78,250	-	395,366	273,874	1,863,576			
				20.60%	11.27%	14.38%	2.07%	2.85%	19.04%	4.92%	0.00%	24.87%		100%			
				56,407	30,864	39,378	5,676	7,805	52,150	13,481	0	68,114	273,874				Allocation of Indirect to Programs
				383,819	210,014	267,949	38,623	53,107	354,852	91,730	0	463,480		1,863,576			

**Agenda Item 8**

**SUBJECT: FINANCE COMMITTEE ELECTIONS**

---

**ACTION FOR CONSIDERATION:**

Discuss Finance Committee member expiring terms and vacancies for Recommendation to the Board of Directors.

**BACKGROUND AND STATUS:**

On July 14, 2011, the CalMHSA Board of Directors approved the standing Finance Committee. The Board adopted the charter at the October 13, 2011 Board Meeting. Key items in the Charter include:

- Chaired by the Treasurer of the CalMHSA Board of Directors, the Committee shall be composed of six (6) voting members, the CalMHSA Treasurer and a representative from each of the five (5) CMHDA regions. At least three (3) of the Committee members shall be CalMHSA Board Members, who shall be determined and appointed by the President and approved by the Board of Directors. Two (2) of the Committee members may be Chief Financial Officers of a County member of CalMHSA.
- The committee shall also include the President of the Board of Directors, who shall serve as a non-voting Ex Officio Member.
- Each committee member shall serve a two-year staggered term with renewal option upon recommendation of the Committee Chair and approval by the Board of Directors. New members (to fill vacancies or at the expiration of an existing member's term) shall be appointed by the Board President and approved by the Board of Directors.

The existing Committee and terms are below for discussion. Recommendations from this meeting to be presented to the Board at the June 15, 2017 board meeting.

<b>Position/Region</b>	<b>Nominee</b>	<b>Term</b>
Chair	William Walker, Kern County	July 1, 2016 – June 30, 2018**
Bay Area	Michael Lucid, Sonoma County	July 1, 2015 – June 30, 2018
*Central	Dennis Koch, Madera County	July 1, 2015 – June 30, 2017
*Los Angeles	William Arroyo, Los Angeles County	February 29, 2012 – June 30, 2017
*Superior	Terence Rooney, Colusa County	July 1, 2015 – June 30, 2017
Southern	Steve Steinberg, Riverside County	July 1, 2016 – June 30, 2018
Ex Officio	Terence Rooney, Colusa County	NA

\*Central, Los Angeles, Superior regions to be staggered per CalMHSA Bylaws: Section 6.3.4.

\*\*CalMHSA Bylaws: Section 5.3 - Terms of Office

5.3.1 The terms of office for the President, Vice President, Treasurer, and Secretary shall be for two years, commencing with the start of the fiscal years in each of the odd calendar years or until their successors are elected.

5.3.2 In accordance with Government Code § 53607 and CalMHSA Investment Policy, the Treasurer (an elected position) shall be appointed every year as the investment delegate by the President of the Board.

**FISCAL IMPACT:**

None.

**RECOMMENDATIONS:**

Discuss Finance Committee member expiring terms and vacancies for Recommendation to the Board of Directors.

**TYPE OF VOTE REQUIRED:**

Majority vote.

**REFERENCE MATERIAL(S) ATTACHED:**

- Charter for the CalMHSA Finance Committee – Adopted October 13, 2011



## **Charter for the CalMHSA Finance Committee**

Adopted October 13, 2011

### **I. Purpose**

The Finance Committee (the Committee) is a standing committee of the Board of Directors of the California Mental Health Services Authority (CalMHSA). The purpose of the Committee shall be to oversee, review, and provide direction to the CalMHSA Board of Directors regarding CalMHSA financial matters and investment programs.

### **II. Composition**

The Committee shall be composed of six (6) voting members, the CalMHSA Treasurer and a representative from each of the five (5) CMHDA regions. At least three (3) of the Committee members shall be CalMHSA Board Members, who shall be determined and appointed by the President and approved by the Board of Directors. Two (2) of the Committee members may be Chief Financial Officers of a County member of CalMHSA.

The committee shall also include the President of the Board of Directors, who shall serve as a non-voting Ex Officio Member.

### **III. Chair of Committee**

The Treasurer of the Board of Directors shall serve as the Committee Chair.

### **IV. Chair Term of Office**

Term is designated in the CalMHSA Bylaws for the Treasurer of the Board of Directors.

### **V. Member Term of Office**

Each committee member shall serve a two-year term with renewal option upon recommendation of the Committee Chair and approval by the Board of Directors. New members (to fill vacancies or at the expiration of an existing member's term) shall be appointed by the Board President and approved by the Board of Directors.

### **VI. Duties**

1. Review CalMHSA's financial policies and make recommendations for the Board's approval.

2. Review the proposed annual operating budget presented by the Executive Director. After any appropriate revisions, the committee will accept the budget. Then the committee chair will present the budget to the Board of Directors for approval.
3. Interview and recommend selection of the external auditor when directed by the Board of Directors.
4. Review audited financial statements and accept and file report.
5. Recommend guidelines and goals for the investment of CalMHSA's funds to the Board of Directors.
6. Review the status of CalMHSA's investments.
7. Review bids and select the investment manager/consultant when directed by the Board of Directors.
8. Other duties as authorized by the CalMHSA Board of Directors.

## **Agenda Item 9**

### **SUBJECT: FINANCE COMMITTEE TELECONFERENCE MEETING CALENDAR FOR FISCAL YEAR 2017-2018**

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

Approval of the Proposed Finance Committee Teleconference Calendar for Fiscal Year 2017 - 2018

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

Staff has created a committee calendar for fiscal year 2017-2018. Dates have been selected based upon the board of directors meeting schedule and items needing the committee's attention. Please review your calendars for participation in the meetings

#### **FISCAL IMPACT:**

None.

#### **RECOMMENDATION:**

Approval of the Proposed Finance Committee Teleconference Calendar for Fiscal Year 2017 - 2018

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

Majority vote.

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

- Finance Committee Teleconference Calendar for Fiscal Year 2017-2018



**FINANCE COMMITTEE CALENDAR of MEETINGS  
FISCAL YEAR 2017-2018**

<b><u>Date:</u></b>	<b><u>Time:</u></b>	<b><u>Location:</u></b>
July 24, 2017	3:00 pm – 4:00 pm	Teleconference <i>Financial Audit Engagement Letter State Hospital Beds</i>
September 18, 2017	3:00 pm – 4:00 pm	Teleconference Cash Flow Management
October 23, 2017	3:00 pm – 4:00 pm	Teleconference Cash Flow Management
December 4, 2017	3:00 pm – 4:00 pm	Teleconference <i>Review of Draft Financial Audit, June 30, 2017 Review of the first quarter financial statements for the period ending September 30, 2017</i>
January 22, 2018	3:00 pm – 4:00 pm	Teleconference Cash Flow Management
March 19, 2018	3:00 pm – 4:00 pm	Teleconference <i>Review of the second quarter financial statements for the period ending December 31, 2017</i>
May 7, 2018	3:00 pm – 4:00 pm	Teleconference <i>Review of the third quarter financial statements for the period ending March 31, 2018 Review of Annual Revenue and Expense Report – Proposed Budget, June 30, 2019 for presentation at next Board of Directors Meeting</i>

## **Agenda Item 10**

### **SUBJECT: EXECUTIVE DIRECTOR FINANCE REPORT**

---

#### **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:

- FY 17/18 CalMHSA Annual County Contribution letter sent
- Preparing FY 17/18 budget for release to members May 15, 2017
- Lester Consulting revenue shortfall in FY 16/17, unpaid counties including several large counties
- Suicide Prevention Planning Legislation
- Complexities Related to Non Paying Counties
- Other Financial Matters

#### **FISCAL IMPACT:**

None.

#### **RECOMMENDATION:**

None, Information only.

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

Majority vote.

#### **REFERENCE MATERIAL(S) ATTACHED:**

- None.