

PROPOSITION 36
IMPLEMENTATION OF BEHAVIORAL HEALTH REQUIREMENTS
SUBRECIPIENT AGREEMENT

This Subrecipient Agreement (the “Agreement”) is made and entered into as of **March 1, 2026** (the “Effective Date”) by and between Sierra Health Foundation: Center for Health Program Management (“The Center”) and **Tehama County Health Services Agency-BH, a Government Entity** (“Subrecipient”).

In consideration of the mutual covenants set forth herein, the parties agree as follows:

1. SERVICES TO BE PERFORMED BY SUBRECIPIENT

1.01. Prime Contract. The Center and the California Department of Health Care Services (DHCS) (the “Funder”) entered into that certain Standard Agreement (#25-50425) dated November 1, 2025 (the “Prime Contract”), for the fiscal administration of Proposition 36 funds designated for counties whereby The Center agreed to provide fiscal administration to the counties for the implementation of Proposition 36 behavioral health requirements (the “Project”).

The Center hereby engages Subrecipient, as an independent contractor, to render the Services defined in Section 2 in connection with the services to be performed under the Prime Contract and Subrecipient is willing to perform such Services subject to the terms and conditions set forth in this Agreement. Subrecipient has been provided with the opportunity to review the terms of the Prime Contract, a copy of which is available through the following [Prime Contract Link](#). The terms of the Prime Contract are hereby incorporated into this Agreement by reference, in their entirety. Subrecipient shall be bound and obligated by the Prime Contract, and to The Center, in the same manner and to the same extent as The Center is bound to the Funder under the Prime Contract, including providing all information required by the Prime Contract, to the extent that the terms of the Prime Contract relate in any way, directly or indirectly, to the Services to be performed under this Agreement. Notwithstanding the foregoing or any contrary provision of this Agreement, nothing in this Agreement shall be construed as bestowing any rights or privileges on Subrecipient beyond what is provided for in the Agreement. Moreover, nothing in this Agreement shall be construed as limiting any rights or privileges of The Center otherwise allowed or provided for by the Agreement or the Prime Contract. In the event of any conflict, ambiguity, or inconsistency between or among the provisions, terms or conditions of this Agreement, including the attachments hereto or any documents referred to herein, or between or among the provisions, terms or conditions of this Agreement and the Prime Contract, the provision, term or condition requiring the greater quantity or higher quality, or placing the greater burden on Subrecipient, shall govern and control.

1.02. Status of Subrecipient. Subrecipient enters into this Agreement, and will remain throughout the Term, as an independent contractor. Subrecipient agrees that Subrecipient does not and will not have any authority to act for, represent, obligate, or bind The Center in any way, nor in any way be deemed an agent, partner, joint venturer, employee, or in any other capacity a representative of The Center. Subrecipient agrees that Subrecipient is not entitled to the rights or benefits afforded to The Center’s employees, including but not limited to disability or unemployment insurance, workers’ compensation, medical insurance, sick leave, or any other employment benefit. Subrecipient is responsible for providing, at its own expense, disability insurance, unemployment insurance, workers’ compensation insurance, and any other insurance, training, permits, and licenses for itself and for its employees and subcontractors of any tier.

1.03. Method of Performing Services. Subrecipient will perform the services described in the Scope of Services attached hereto as the **Scope of Services Attachment** and incorporated herein by reference (the “Services”). By signing this Agreement, Subrecipient agrees to perform the Services in accordance with any applications submitted by Subrecipient and approved by The Center and in accordance with this Agreement including the attachments. Subrecipient further certifies that it meets all eligibility requirements for performance and payment for the Services including as agreed based on the application submitted by Subrecipient. Subrecipient will furnish all equipment, materials, tools, and supplies used in connection with performance of the Services. Subject to the terms of this Agreement, Subrecipient will determine the method, details, and means of performing the Services hereunder. The

Center reserves the right in its sole discretion to determine the amount and allocation of work assigned to Subrecipient at all times during the Term.

1.04. Term. The term of the Agreement period will commence on **March 1, 2026**, and will continue thereafter until **March 31, 2028** (the “Expiration Date”) or earlier termination in accordance with the terms of this Agreement (the “Term”).

1.05. Employees. Subrecipient shall not hire employees of The Center or any organization related to The Center to perform any portion of the Services or any work arising in connection with the Services, including, without limitation, secretarial, clerical, and similar incidental or nonincidental services.

1.06. Payment of Taxes. Subrecipient is responsible for paying when due all taxes, including penalties and interest, incurred in connection with Subrecipient’s performance of the Services including, without limitation, income taxes, self-employment taxes, and other taxes, including estimated taxes, incurred as a result of any Compensation paid by The Center to Subrecipient for the Services rendered hereunder. Subrecipient will not be treated as an employee for purposes of disability income, Social Security taxes and benefits, federal unemployment compensation taxes, state unemployment insurance benefits, state wage and hour laws, and federal income tax withholding at sources. Subrecipient agrees to defend and indemnify The Center for any claims, costs, losses, fees, penalties, interest, or damages incurred by The Center resulting from Subrecipient’s failure to comply with this Section. Subrecipient further agrees that in the event and to the extent Subrecipient is determined, by a court or agency with jurisdiction, to be an employee for purposes of a California Wage Order due to application of the “ABC” test set forth in the California Supreme Court case *Dynamex Operations West, Inc. v. Superior Court*, 4 Cal.5th 903 (2018), Subrecipient will still be considered an independent contractor for purposes of this Agreement and all other laws.

1.07. Compliance with Laws. Subrecipient, in the course of performance of the Services, shall comply with all applicable federal, state, and local laws, ordinances, rules and regulations (including without limitation all applicable labor, employment, immigration, and anti-discrimination laws, rules and regulations).

1.08. Americans with Disabilities Act. Subrecipient agrees to ensure that deliverables developed and produced, pursuant to this Agreement must comply with the accessibility requirements of Section 508 of the Rehabilitation Act of 1973 as amended (29 U.S.C. § 794d), the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101, et seq.), and the implementing regulations, including 36 C.F.R. Part 1194 and 28 C.F.R. Part 36, as applicable.

1.09. Executive Order N-6-22 – Russia Sanctions. On March 4, 2022, Governor Gavin Newsom issued Executive Order N-6-22 (the EO) regarding Economic Sanctions against Russia and Russian entities and individuals. “Economic Sanctions” refers to sanctions imposed by the U.S. government in response to Russia’s actions in Ukraine, as well as any sanctions imposed under state law. The EO directs state agencies to terminate contracts with, and to refrain from entering any new contracts with, individuals or entities that are determined to be a target of Economic Sanctions. Accordingly, should the State determine Contractor is a target of Economic Sanctions or is conducting prohibited transactions with sanctioned individuals or entities, that will be grounds for termination of this Agreement. The State must provide Contractor advance written notice of such termination, allowing Contractor at least 30 calendar days to provide a written response. Termination will be at the sole discretion of the State.

1.10. Record Retention/Audit. Subrecipient agrees to maintain and preserve records related to this Agreement until three (3) years following (a) termination of this Agreement or (b) final payment to Subrecipient hereunder. Subrecipient further agrees to permit The Center or Funder (through their respective designated representatives) to have access to, examine, and audit any books, documents, papers, and records related to this Agreement and to allow interviews of any employees who might reasonably have information related to such books, documents, papers, or records.

Subrecipient agrees that The Center and Funder (through their respective designated representatives) will have the right at any time during the Term, during Subrecipient's normal business hours, to conduct monitoring activities including but not limited to on-site visits and desk reviews, with respect to the Services (including deliverables) being provided by Subrecipient hereunder and Subrecipient's compliance with this Section. Subrecipient further

agrees to comply with all audit and record retention requirements of the Prime Contract. The provisions of this Section shall survive the termination of this Agreement.

2. COMPENSATION

2.01. Total Award Amount to Subrecipient. Total payments by The Center to Subrecipient in connection with the performance of Services under this Agreement, including fees, reimbursements, costs, travel, and any other payments made for services rendered, material provided, or other expenses (collectively, "Compensation"), whether paid pursuant to the procedure described in Section 2.02 below, shall not exceed \$330,282.54 ("Total Award Amount to Subrecipient").

a. Advance Payment. Upon execution of this Agreement and after all insurance requirements in the **Insurance Requirements Attachment** are met, Subrecipient shall receive an advance payment in the amount of \$330,282.54 to be applied against the Compensation payable in accordance with Section 2.02 below.

2.02. Compensation. In consideration for the Services provided in accordance with this Agreement, The Center will compensate Subrecipient pursuant to the Budget set forth in the **Budget Attachment**, attached hereto, and incorporated herein by reference, subject to the not-to-exceed Total Award Amount to Subrecipient. Subrecipient will submit three (3) financial expenditure reports pursuant to the Deliverables and Reporting Timeline set forth in the **Scope of Services Attachment**. If The Center determines that an expense is unallowable or inadequately documented, The Center will formally notify Subrecipient of the disallowed cost. Subrecipient assumes full financial liability for any disallowed costs and must promptly cure the deficiency by reallocating the unallowable expense to an alternative, non-grant funding source. Subrecipient shall accurately reflect this correction in all subsequent financial expenditure reports. Any disallowed costs that remain uncured at the conclusion of the Agreement term shall be subject to final financial reconciliation and immediate repayment to The Center.

Notwithstanding the foregoing or any contrary provision of the Agreement, The Center will have no obligation to pay Subrecipient until The Center has received funds for such payment from the Funder.

2.03. Unauthorized Services. Any services not authorized under the terms of this Agreement shall be at the sole cost and expense of Subrecipient and will not be compensated by The Center or Funder and may in the sole and absolute discretion of The Center be deemed a material breach of this Agreement, and in no event shall an extension in the Term be granted on account of such unauthorized services.

2.04. Financial Expenditure Report Instructions. The agreement number must be identified on the financial expenditure report and submitted as set forth in the **Scope of Services Attachment**. The financial expenditure report must include the following language: "By signing this financial expenditure report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the funds received are for the purposes and objectives set forth in the terms and conditions of the Agreement with The Center. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims or otherwise. (U.S. Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812)."

2.05. Timely Submission of Final Financial Expenditure Report. A final financial expenditure report shall be submitted no more than thirty (30) calendar days following the expiration or termination date of this Agreement. Said financial expenditure report should be clearly marked "Final Financial Expenditure Report," indicating that all payment obligations of The Center under this Agreement have ceased.

3. REPRESENTATIONS, WARRANTIES, AND COVENANTS OF SUBRECIPIENT

3.01. Non-Exclusive Relationship. Except as expressly provided otherwise herein, this Agreement does not create an exclusive relationship between the parties. Subrecipient may in its discretion perform services for and contract with additional clients, persons, or companies during the Term. The Center may, in its sole discretion, engage other contractors to perform the same or similar work that Subrecipient will perform under this Agreement before, during, or after the Term.

3.02. Conflict of Interest. Notwithstanding the foregoing Section 3.01, Subrecipient represents and covenants that it has no interest, direct or indirect, and shall have no such interest during the Term, that conflicts or would conflict in any manner with its relationship with The Center, performance of the Services under this Agreement, or any monetary or business interest of The Center or the Funder. The terms of this Section 3.02 shall bind Subrecipient and its employees, agents, subcontractors of any tier, and third parties performing services or providing materials in connection with performance of the Services.

Subrecipient certifies that it is in compliance with Government Code §1090 and §87100 et seq., and that no conflict of interest exists or will arise during the performance of this Agreement.

3.03. All Licenses. Subrecipient represents, warrants, and covenants that Subrecipient maintains, and will maintain at all times during the Term, all licenses, permits, and other governmental approvals and authorizations required by state, local, and federal laws to perform the Services, and will promptly provide copies of any such licenses, permits, and any other governmental approvals and authorizations to The Center upon request.

3.04. Subcontractors. Subrecipient represents, warrants and covenants to The Center that (a) except with The Center's express prior written consent, this Agreement, including but not limited to Proposition 36 exclusivity requirements, data collection, and AB 102 reporting mandates, shall be incorporated by reference in its entirety into all subcontracts of any tier, and (b) Subrecipient shall remain solely responsible for subcontractors' performance and adherence to the terms of this Agreement.

3.05. Performance; Industry Standards and Practices. Subrecipient warrants and covenants that the Services to be provided under this Agreement will be performed in a professional manner conforming to generally accepted industry standards and practices. The Center shall have the right to assess the quality and progress of the Services performed by Subrecipient at any time and without advance notice to Subrecipient, including, without limitation, by progress and performance reports that Subrecipient shall provide in a form and frequency as may be required by The Center in its sole discretion. Notwithstanding any prior approval of financial expenditure reports pursuant to Section 2.02, The Center reserves the right to withhold payment, nullify and obtain reimbursement from Subrecipient for any payment made, terminate this Agreement, and/or take any other action to which it is entitled by law or this Agreement, as to any Services that The Center in its sole and absolute discretion determines to be incomplete, not satisfactory, or noncompliant with the Scope of Services or any other provision of this Agreement. Further, The Center may recover overpayments that The Center determines, in its sole and absolute discretion, by audit or otherwise, should not have been made to Subrecipient. Subrecipient agrees to reimburse any amounts, and/or return any overpayments, to The Center in accordance with this Section 3.05 within fifteen (15) days of demand by The Center.

3.06. Copyright; Proprietary Rights. Subrecipient represents and warrants that the materials, if any, produced by Subrecipient under this Agreement are and will be original and do not and will not infringe upon any intellectual property rights of The Center or any third party.

3.07. Title to Property and Equipment. Consistent with the intent of Proposition 36 to permanently expand local behavioral health infrastructure and capacity, title to all physical property, equipment, capital improvements, and supplies purchased or reimbursed with funds under this Agreement shall vest in the Subrecipient upon acquisition. Upon the natural expiration of this Agreement, Subrecipient shall not be required to return such property to The Center, provided it was acquired and utilized in accordance with the approved Scope of Work and Budget. However, in the event this Agreement is terminated prior to its expiration due to Subrecipient's material breach, financial impropriety, or unallowable use of funds, The Center reserves the right to require the reimbursement of the property's fair market value or, where applicable, its physical return.

3.08. Return of Property to The Center. Upon the expiration or earlier termination of this Agreement, Subrecipient will return to The Center, documentation, records, intellectual property, and Confidential Information (defined in Section 7.01(a), below) that is the property of The Center.

4. INSURANCE/INDEMNITY

4.01. Insurance. Without limiting Subrecipient's duty of indemnification as set forth in Section 4.02 below, Subrecipient will obtain and maintain in force at all times during the Term insurance in accordance with the

provisions of the **Insurance Requirements Attachment**, attached hereto and incorporated herein by reference, and in accordance with the provisions of the Prime Contract, (the "Insurance"), with insurers reasonably acceptable to The Center.

4.02. Indemnification. To the fullest extent permitted by law, Subrecipient agrees to indemnify, defend, and hold The Center, the Funder, Sierra Health Foundation, and their respective officers, directors, agents, representatives, constituent entities, affiliates, volunteers, officials, parents, subsidiaries, governing boards, and employees (collectively, "Indemnitees") free and harmless from all claims, demands, losses, costs, expenses, obligations, liabilities, damages, recoveries, and deficiencies (including, without limitation, interest, penalties, attorneys' fees, and costs) arising out of or connected with: (a) any breach by Subrecipient of any representation, warranty, covenant, or other obligation contained in this Agreement; (b) the performance by Subrecipient of the Services; or (c) any act or omission of any subcontractor of any tier, suppliers, laborers, or any other person, firm, or corporation furnishing or supplying work, services, materials, or supplies in connection with the performance of the Services. Subrecipient's duty of indemnity under this Article 4 shall not be limited by the types or amounts of Insurance maintained by Subrecipient or Subrecipient's subcontractors of any tier. Subrecipient acknowledges and agrees that The Center may offset the amount of any indemnification payment due pursuant to this Article 4 against any amounts otherwise due and payable to Subrecipient in connection with this Agreement including but not limited to amounts otherwise due and payable under Section 2.02. The provisions of this Article 4 shall survive the expiration or earlier termination of this Agreement.

5. NONDISCRIMINATION

5.01. Subrecipient agrees that Subrecipient and its employees, agents, and subcontractors of any tier, if any, shall comply with all applicable federal, state, and local anti-discrimination laws, regulations, and ordinances, and shall not unlawfully discriminate, harass, or allow harassment against any of its employees or applicants for employment, any employees or agents of The Center, or any recipient of Services contemplated to be provided or provided under this Agreement, based on race, ancestry, marital status, color, religious creed, political belief, national origin, ethnic group identification, gender, sexual orientation, age, medical condition (including HIV and AIDS), or physical or mental disability. Subrecipient shall ensure that the evaluation and treatment of employees and applicants for employment, The Center employees and agents, and recipients of Services are free from such discrimination and harassment. Subrecipient represents that is in compliance with and covenants that it will continue to comply with the Americans with Disabilities Act of 1990 (42 U.S.C. § 12101 *et seq.*), the Fair Employment and Housing Act (Government Code § 12900 *et seq.*), Title VII of the Civil Rights Act of 1964 as amended, The Rehabilitation Act of 1973 (29 U.S.C. § 701 *et seq.*), including but not limited to Sections 503 and 504 and regulations and guidelines issued pursuant thereto.

5.02. Subrecipient agrees to compile data, maintain records, post required notices, and submit reports, to evidence compliance with or permit effective enforcement of laws and this Article 5, and shall upon request by The Center provide evidence of compliance with this Article 5. Subrecipient shall include the complete terms of this Article 5 in all subcontracts of any tier arising out of or related to this Agreement.

6. TERMINATION OF AGREEMENT

6.01. Termination for Convenience. The Center may, upon ten (10) days' prior written notice to Subrecipient, terminate this Agreement for any reason or for no reason. The Center will incur no liability to Subrecipient by reason of termination pursuant to this Section 6.01; provided, however, that Subrecipient may be paid, in accordance with the payment procedures and requirements of this Agreement for Services satisfactorily performed prior to the termination date and approved by The Center. In the event of termination under this Section 6.01, Subrecipient shall not be entitled to payment, including any overhead and/or profit, for Services not performed.

6.02. Termination on Occurrence of Stated Events. This Agreement will terminate automatically on the occurrence of any of the following events:

- (a) Default under Section 6.03; or
- (b) Disability or death of Subrecipient; or
- (c) Expiration or earlier termination of the Prime Contract.

Notwithstanding any contrary provision in this Agreement, if The Center determines that it has not received or will not receive any portion of anticipated funding for this Agreement, then The Center may in its sole discretion, upon five (5) business days' prior notice to Subrecipient and without any liability to Subrecipient (a) revise the scope of the Services, or (b) terminate this Agreement.

6.03. Termination for Default.

(a) Subrecipient Default. If Subrecipient defaults in the performance of any of its obligations under this Agreement or materially breaches any provision of the Agreement, The Center may terminate this Agreement, after providing to Subrecipient five (5) business days' notice of the default or breach and Subrecipient's failure to completely cure the default or breach within such five (5)-business daytime period.

Termination will take effect upon communication of the notice of termination in accordance with Section 8.04.

(b) The Center Default. If The Center defaults in its obligation to pay any approved amount due to Subrecipient under Section 2.02 within thirty (30) days following the date such payment is due, Subrecipient may terminate this Agreement by fifteen (15) days' prior written notice to The Center; provided, however, that if The Center pays the amount due within such fifteen (15)-day period, the Agreement shall continue in full force and effect as if no such default had occurred.

7. CONFIDENTIALITY, DATA SHARING, AND PRIVACY

7.01. Definitions. For purposes of this Agreement:

(a) "Confidential Information" means all non-public or proprietary information disclosed before, on, or after the Effective Date, by The Center to Subrecipient, or deliverables provided by Subrecipient to The Center hereunder, whether disclosed orally or disclosed or accessed in written, electronic, or other form or media, and whether or not marked, designated, or otherwise identified as "confidential," including, without limitation: research, plans, or other information regarding The Center's or Subrecipient's program and operations, lists of Affiliates (defined in Section 7.01(b) below), identities of Affiliates, software, developments, inventions, processes, formulas, technology, designs, drawings, marketing, finances, or other business information; and

(b) "Affiliates" means, for purposes of this Article 7 and with respect to The Center, any partners, investors, donors, or third-party providers of goods or services to The Center, or any third parties to whom The Center provides goods or services.

7.02. Confidentiality Obligations. At all times during the Term and thereafter, Subrecipient will: (a) use best efforts to protect and safeguard the confidentiality of all Confidential Information, (b) not access or use any Confidential Information, or cause or permit Confidential Information to be accessed or used, for any purpose other than in connection with compliance with this Agreement, (c) not disclose or cause or permit Confidential Information to be disclosed in any manner (except as may be required by law or pursuant to court order, provided that such disclosure does not exceed the extent of disclosure required by such law or court order), directly or indirectly, to any third person or entity, (d) immediately notify The Center of any breach of this Section 7.02 including without limitation unauthorized disclosure of Confidential Information, and (e) fully cooperate in any effort undertaken by The Center to enforce its rights under this Section 7.02. On the expiration or earlier termination of this Agreement, Subrecipient will promptly return to The Center all Confidential Information in its possession.

7.03. Data Reporting. Subrecipient shall provide required AB 102 programmatic and demographic data to The Center on an aggregate basis to the extent that such information is reasonably accessible to and maintained by the County Behavioral Health Department. All data shared under this section shall be de-identified in accordance with the Health Insurance Portability and Accountability Act (HIPAA), 42 CFR Part 2, and the California Information Practices Act. Please refer to the **Business Associate Addendum (HIPAA) Attachment**.

7.04. Data Integrity and Public Reporting. The Center acknowledges its responsibility to safeguard all aggregate data received from the Subrecipient. The Center shall ensure that any data included in public-facing reports or shared with external stakeholders remains in an aggregate format that prevents the identification of any individual.

7.05. Subrecipients. The Center's right to retain and utilize the data collected under this Agreement for the Funder's evaluation purposes shall survive the expiration or termination of this Agreement. The terms of this Article 7 shall extend to and bind Subrecipient's employees, agents, subcontractors of any tier, and partners.

8. GENERAL PROVISIONS

8.01. Survival. The terms and conditions of Section 1.02 (Status of Subrecipient), Section 1.06 (Payment of Taxes), Article 3 (Representations, Warranties, and Covenants of Subrecipient), Article 4 (Indemnity), Article 7 (Confidentiality), and this Article 8 (General Provisions), will survive the expiration or earlier termination of this Agreement.

8.02. Assignment. Subrecipient may not assign any of its rights, or delegate or subcontract any of its obligations, under this Agreement without the prior written consent of The Center. Any assignment or delegation in violation of the foregoing will be deemed null and void. Subject to the limitations contained in this Section 8.02, this Agreement will inure to the benefit of, be binding on, and be enforceable against each of the parties and their respective successors and permitted assigns.

8.03. Force Majeure. Notwithstanding any provision of this Agreement to the contrary, in the event that performance by either party of any obligation under this Agreement is prevented, restricted, delayed, or interrupted by reason of any circumstance beyond the reasonable control and without the fault or negligence of the party affected, and which circumstance could not have been reasonably foreseen by said party, then upon prompt notice to the other party the affected party will be excused from performance to the extent and for the duration of such prevention, restriction, delay, or interruption. For avoidance of doubt, such circumstances shall not include the following (this is not intended to be a complete list): economic hardship; inability to obtain or delayed availability of sufficient labor or materials, unless due to an industry-wide materials shortage or labor strike; changes in market conditions; or non-catastrophic climatic conditions and geological events.

8.04. Notices. Any notices, consents, waivers, and other communications hereunder must be in a writing and may be effected by: (a) personal delivery, (b) mail, registered or certified, postage prepaid with return receipt requested, or (c) electronic transmission ("e-mail") that provides for proof of receipt, to the parties at the addresses appearing below the parties' signature blocks to this Agreement. Either party may change such addresses by giving written notice to the other party in accordance with this Section 8.04. Notices delivered personally will be deemed communicated upon receipt; mailed notices will be deemed communicated as of the earlier of the day of receipt or the third (3rd) day after mailing; and e-mailed notices will be deemed communicated as of the time shown on the proof of receipt.

8.05. Amendments. No amendment to or modification of this Agreement will be effective unless it is in writing, identified as an amendment to or modification of this Agreement, and signed by the parties hereto.

8.06. Entire Agreement of the Parties. This Agreement, together with the attachments hereto, constitutes the sole and entire agreement of the parties with respect to the subject matter hereof and supersedes any and all prior and contemporaneous understandings, agreements, representations, and warranties, whether oral or written, with respect to such subject matter.

8.07. Partial Invalidity. If any provision of this Agreement is held by a court of competent jurisdiction or arbitrator to be invalid, void, or unenforceable, the remaining provisions will continue in full force and effect without being impaired or invalidated in any way.

8.08. Attorneys' Fees. If any action at law or in equity, including an action for declaratory relief, is brought to enforce or interpret the provisions of this Agreement, the prevailing party will be entitled to reasonable attorneys' fees, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which that party may be entitled.

8.09. Personnel and Work Rules. Subrecipient shall employ only competent, skilled, and properly trained personnel to perform the Services, and shall remove any Subrecipient personnel determined to be unfit for duty or to be acting in violation of any provision of this Agreement or the Prime Contract. In the event any Subrecipient personnel is removed pursuant to this provision, Subrecipient shall promptly replace such individual with another who is fully competent, skilled, and properly trained to perform the Services.

8.10. Wage and Hour Regulations. At its sole cost and expense, Subrecipient shall comply with all wage and hour laws, rules, and regulations applicable to the Services. Upon request by The Center, Subrecipient shall provide all records and certifications to verify Subrecipient's compliance with this Section and applicable law.

8.11. Licenses, Registration, Representations and Certifications. At all times, Subrecipient shall be properly registered and licensed to conduct business in the jurisdiction where the Services are to be performed and shall, upon request by The Center, demonstrate that it is not subject to any debarment lists and is registered through the System for Award Management (SAM.gov) portal, and shall at its sole expense provide to The Center upon request any necessary representations and certifications, including, without limitation, as requested by The Center, to demonstrate compliance with this Section.

8.12. Further Assurances. Upon request by The Center at any time, Subrecipient shall provide further assurances including documentation, certification, or other writing requested by The Center, confirming its compliance with applicable laws, rules, and regulations, the Prime Contract, and this Agreement.

8.13. Safety. Subrecipient will obtain and utilize all safety equipment required by law or reasonably necessary for the provision of the Services, including without limitation personal protective equipment, the expense of which safety equipment shall be borne by Subrecipient. Subrecipient will comply with all applicable provisions of OSHA regulations and industry standards. Additionally, Subrecipient and Subrecipient employees shall comply with The Center's safety rules, plans, and procedures applicable to performance of the Services. Subrecipient will provide to The Center a safety plan ("Safety Plan") upon demand by the Center. The Safety Plan will include the following: safety training required for Subrecipient's employees; emergency training required for Subrecipient's employees; procedures for reporting and mitigating hazards and accidents in the Services work area; experience modification rate; the North American Industrial Classification System (NAICS) code of Subrecipient, as well as the NAICS national average rate for incidents in the code of Subrecipient, Subrecipient's OSHA recordable incident rate, including total case incident rate and lost day rate; and acknowledgement that Subrecipient and/or Subrecipient's employee may be removed at The Center's discretion for violation of The Center's safety policies and procedures.

8.14. Governing Law, Jurisdiction, and Venue. This Agreement will be governed by and construed in accordance with the laws of the State of California, without giving effect to any conflict of laws provisions thereof to the extent such principles or rules would require or permit the application of the laws of any other jurisdiction than the State of California. Subject to the Dispute Resolution Provisions set forth in the **Dispute Resolution Provisions Attachment**, any action or proceeding by either of the parties to enforce this Agreement shall be brought only in any state or federal court located in the City and County of Sacramento, California. The parties irrevocably submit to the exclusive jurisdiction of such courts and waive the defense of inconvenient forum to the maintenance of any action or proceeding in such venue.

8.15. Dispute Resolution. Any claim, dispute, or other matter arising out of or related to this Agreement (a "Dispute") shall be subject to resolution pursuant to the Dispute Resolution Provisions set forth in the **Dispute Resolution Provisions Attachment** attached hereto and incorporated herein.

8.16. Counterparts. This Agreement may be executed in counterparts, each of which will be deemed an original (including copies sent to a party by facsimile or email transmission) as against the party signing such counterpart, but which together will constitute one and the same instrument.

8.17. Headings. The section headings contained in this Agreement are for convenience only and shall not in any way be deemed to limit, construe, alter, or otherwise affect the meaning or interpretation of any section.

8.18. Attachments. The following attachments hereto are incorporated by reference into the Agreement (“Attachments”):

- Attachment:** Scope of Services
- Attachment:** Reporting Requirements
- Attachment:** Budget
- Attachment:** Proposition 36 Special Terms and Conditions
- Attachment:** Special Terms and Conditions from Prime Contract
- Attachment:** Business Associate Addendum (HIPAA)
- Attachment:** Dispute Resolution Provisions
- Attachment:** Insurance Requirements

(Signature page follows)

IN WITNESS WHEREOF, the undersigned have executed this Subrecipient Agreement as of the Effective Date.

The Center:

Subrecipient:

BY :

Kaying Hang
President

BY:

Authorized Signer

DATE:

DATE:

The Center

Contract Manager:

Shelley Jones
Managing Director
1321 Garden Highway, Suite 210
Sacramento, CA 95833

Subrecipient Name and Address:

Tehama County Health Services Agency-BH
Michelle Schmidt
Interim County Health Services Agency Director
1860 Walnut St
Red Bluff, 96080 CA

Subrecipient Contact Information:

michelle.schmidt@tchsa.net
(530) 527-8491

Subrecipient Tax ID:

94-6000543

Contract Number:

CA26PRP23818

ATTACHMENT

SCOPE OF SERVICES

The purpose of this Scope of Services is to define the responsibilities of the County Behavioral Health Department in implementing the behavioral health requirements of Proposition 36. Proposition 36 establishes a treatment-mandated felony process that allows individuals with repeated drug possession offenses to receive court-ordered substance use and mental health treatment in place of traditional sentencing, with potential dismissal of charges upon successful completion. Subrecipients (contracted Counties) are required to conduct assessments, coordinate with justice partners, and provide or arrange treatment services. AB 102 provides one-time funding to support these activities. The County Behavioral Health Department will conduct all behavioral health functions necessary to meet these obligations.

The Center, serving as the Fiscal Administrative Intermediary under contract with the Department of Health Care Services (DHCS), is responsible for facilitating communication, facilitating payments, collecting, and compiling statewide program and financial data, monitoring deliverables, and supporting DHCS in meeting statutory and contractual reporting obligations.

Subrecipients will use allocated funds to:

1. Build infrastructure and capacity to support Proposition 36 workflows.
2. Conduct substance use disorder (SUD) and mental health evaluations.
3. Provide or coordinate treatment services (where applicable).
4. Collect and report required data, outcomes, and financial information.
5. Collaborate with The Center, DHCS, and local Superior Court, Probation, and other required systems.

I. Subrecipient Responsibilities

Subrecipients will fulfill the following responsibilities in support of Proposition 36 behavioral health implementation.

a. Planning and Capacity Building

• Use at least 50% of allocated funds for planning and capacity-building activities.
• Hire and train staff.
• Develop policies and procedures.
• Enhance IT systems for data collection and case tracking.
• Establish or expand treatment capacity, including recovery housing.
• Strengthen coordination with courts and justice partners.

b. Treatment Services (If Applicable)

• Provide or coordinate SUD treatment, mental health treatment, or both.
• Ensure AB 102 funds are used only for non-reimbursable services.
• Meet the required 25% local match for treatment expenditures.

c. Collaboration Requirements

• Maintain active collaboration with Superior Court, Probation, and other community and justice partners.
• Participate in at least bi-annual meetings and technical assistance training led by The Center effective March 2026 through March 31, 2028.

- Ensure timely responses to data/financial requests and technical assistance needs.

d. Data and Reporting Compliance

• Collect and report the number of individuals receiving court-ordered SUD and mental health evaluations.
• Report the number entering SUD treatment, mental health treatment, or both.
• Track and report program outcomes (engagement, completion, discharge).
• Collect demographic data (race, gender, age, housing status at entry).
• Report expenditure data aligned with statutory categories.
• Ensure all data excludes PHI and complies with HIPAA, state privacy laws, and confidentiality requirements.

II. Data Privacy and HIPAA Compliance

- Subrecipient will ensure all shared data excludes Protected Health Information (PHI).
- Subrecipient will comply with HIPAA, state privacy laws, and all applicable confidentiality requirements.
- The Center will not collect, store, or maintain PHI.

III. Deliverables and Reporting Timeline

Deliverable	Details	Due Date
Contracting & Disbursement	Upon receipt of a complete submission, The Center processes contract, confirms insurance compliance and issues funding as a single lump-sum payment. Activity begins immediately after contract execution.	Rolling basis upon county submission starting March 1, 2026
Contract End Date	All county-funded activities must be completed and all services concluded by this date.	Wednesday, March 31, 2028
Financial Report #1	Subrecipients submit the first required financial expenditure report covering the initial implementation period 3/31/2026 – 6/30/2026.	Submit financial expenditure report to The Center by December 11, 2026
Financial Report #2	Second required expenditure report for the subsequent fiscal reporting period 7/1/2026 – 6/30/2027.	Submit financial expenditure report to The Center by September 30, 2027
Financial Report #3	Final financial expenditure report for the period 7/1/2027 – 3/31/2028 due near Project closeout.	Submit final, comprehensive financial expenditure report to The Center by April 30, 2028
Annual Data Reporting	Subrecipients submit all required annual data, including program outcomes, demographics, and statutory metrics. Reports are due in November of each reporting year.	November 2026 and November 2027

Technical Assistance Calls	Subrecipients will participate in occasional technical assistance calls with The Center, DHCS and/or other third-party contractors hired by The Center for purposes of strengthening program quality, data and financial reporting support or other emergent needs.	Ongoing through the life of the contract.
Final Program Report	Summary of outcomes, data, and implementation progress due before statewide legislative reporting.	March 2028

IV. Proposition 36 Workbook

In addition to the above, please refer to the Scope of Work in Subrecipient's Proposition 36 Workbook

[Link to Proposition 36 Workbook](#)

ATTACHMENT

REPORTING REQUIREMENTS

Reporting Requirements

Subrecipients will submit regular progress reports responding to the indicators in statute, as well as financial reports describing actual expenditures of funding. Additionally, a final report will be submitted at the end of the subcontract period. The following reports will be submitted. Reporting requirements are subject to change.

Financial Report

This report will include budget to actual expenditure and detailed expenditure listing for the reporting period.

Annual Data Reports

Subrecipients are asked to submit available aggregate data for the reporting measure listed below in their annual progress reports.

Final Report

This is a cumulative report on indicators and measures tracked throughout the funding period. The measures and indicators are to be reported in the aggregate.

Reporting measure may include the following if available:

Reporting Measure
a. The number of cases charged that included a violation of a treatment-mandated felony pursuant.
b. The number of cases described in which it is alleged that the defendant had previously been charged with a violation of a treatment-mandated felony.
c. The number of cases described in which the alleged defendant did not agree to participate in a treatment program and was convicted of a treatment-mandated felony.
d. The number of cases which the defendant agreed to participate in a treatment program, and: - successfully completed the treatment program and had the charge dismissed. - participated in a treatment program at the time they allegedly committed a treatment-mandated felony pursuant.
e. The number of cases described in which the defendant elected treatment by pleading guilty or no contest to a violation agreeing to participate in, and complete, a detailed treatment program developed by a drug addiction expert and approved by the court.
f. The number of cases described in which the court ordered a drug addiction expert to conduct a substance abuse and mental health evaluation of the defendant.
g. The number of cases in which an expert submitted a report of the evaluation to the court and the involved parties.
h. The number of cases described in the court ordered that a case worker or other qualified individual determine whether the defendant was eligible

	to receive Medi-Cal, Medicare, or any other relevant benefits for any programs or evaluations.
i.	The number of cases described in which the defendant entered drug treatment but not mental health treatment.
j.	The number of cases described in which the defendant entered mental health treatment but not drug treatment.
k.	The number of cases described in which the defendant entered drug treatment and mental health treatment.
l.	The number of cases described in which the defendant was ordered to receive job training.
m.	The number of cases described in which the defendant successfully completed the treatment program and received the positive recommendation of the treatment program.
n.	The number of cases described in which the defendant successfully completed the treatment program received the positive recommendation of the treatment program, and the court subsequently dismissed the charge pursuant.
o.	The number of cases described in which the defendant is currently undergoing treatment at the time data is submitted to the Judicial Council.
p.	The number of cases described in which the prosecuting attorney, the court, or the probation department moves for entry of judgment and sentencing and whether that motion was based on the defendant performing: • Unsatisfactorily in the program • Not benefiting from treatment • Not being amenable to treatment, refusing treatment, or having been convicted of a crime
q.	The number of cases for which judgment was imposed and the defendant sentenced because the court found true one or more of the foregoing circumstances.
r.	Demographic data as available including, at a minimum: race, gender, age, and housing status for reporting pursuit for each a through q.

ATTACHMENT

BUDGET

I. Budget

Please refer to the Budget Subrecipient's Proposition 36 Workbook

[Link to Proposition 36 Workbook](#)

Budget Period: March 1, 2026 through March 31, 2028.

II. Allowable Activities

Category 1: Implementation & Capacity

- a. Workforce: Hiring staff, training, and policy development.
- b. Infrastructure: IT upgrades, Electronic Health Records (EHR) updates.
- c. Facilities: Housing support and treatment facility improvements.
- d. Coordination: Costs to collaborate with Courts, Probation, and Public Defenders.

Category 2: Treatment Services

- a. Court-mandated behavioral health evaluations.
- b. Treatment services NOT reimbursable by Medi-Cal or commercial insurance.
- c. Wraparound services for the target population.

III. Key Fiscal Restrictions

- a. Treatment Expenditure: No more than 50% of funding allocation can be spent on treatment-related costs.
- b. Non-Supplantation: Funds cannot replace existing state, federal, or local funding for current services. They must supplement, not supplant.
- c. Payor of Last Resort: Proposition 36 funds can only be used for treatment *after* maximizing all other revenue sources (e.g., Medi-Cal, private insurance).
- d. Audit Ready: Counties must maintain distinct accounting to track these specific funds separately from other funding streams and be prepared to report on them if asked.

ATTACHMENT

PROPOSITION 36 SPECIAL TERMS AND CONDITIONS

Subrecipient's approved Proposition 36 Workplan and associated Budget officially commence on the Effective Date of this Agreement, March 1, 2026. Accordingly, funds under this Agreement are intended to cover eligible project expenses incurred, services rendered, and personnel time worked starting on or after March 1, 2026.

1. Pursuant to legislative requirements, Subrecipient acknowledges that under no circumstances may more than fifty percent (50%) of the total awarded funds be utilized for direct Treatment services. Subrecipient may not request, nor will The Center approve, any budget modifications or line-item shifts that cause the Treatment services budget to exceed fifty percent (50%) of the total expended Agreement value.
2. Subrecipient acknowledges that Proposition 36 funds are intended to serve as the payer of last resort. Subrecipient is responsible for accurately tracking and documenting the required twenty-five percent (25%) local match for Medi-Cal reimbursable treatment services, where applicable. Subrecipient acknowledges they may be held financially responsible during state fiscal audits if they fail to meet or adequately document the required twenty-five percent (25%) match for applicable billable services.
3. Any equipment (including IT hardware and software), capital improvements, facility renovations, or expansion of recovery housing and residential beds funded by this Agreement must be utilized exclusively for Proposition 36 implementation and eligible participants. Subrecipient must maintain adequate documentation to demonstrate this exclusive or strictly proportionate use throughout the active term of this Agreement. If equipment or physical spaces are utilized for non-Proposition 36 activities during the Agreement term, costs must be proportionally allocated and documented.
4. Subrecipient agrees to adhere to all mandatory data collection, evaluation, and reporting timelines established by DHCS, The Center, and Assembly Bill 102 (AB 102). Subrecipient acknowledges that timely submission of required outcome and system-level data is a condition of this funding. Subrecipient acknowledges that the timely submission of available outcome data is a key component of the Project. In the event that statutory reporting deadlines cannot be met, The Center and Subrecipient will engage in technical assistance to identify reporting barriers and ensure that available data is effectively captured prior to statewide reporting deadlines.
5. Subrecipient acknowledges that the funds provided under this Agreement are disbursed as an upfront advance. Subrecipient agrees to track any interest earned on these advanced funds. All interest earned must be reinvested into the Subrecipient's approved Proposition 36 implementation program or returned to The Center at the conclusion of the Agreement, in accordance with applicable DHCS and state directives.
6. If Subrecipient utilizes any portion of these funds to execute subcontracts with third-party vendors, providers, or Community Based Organizations, Subrecipient shall ensure that all applicable terms of this Agreement, including but not limited to Proposition 36 exclusivity requirements, data collection, and AB 102 reporting mandates, are explicitly included in those lower-tier agreements.
7. Upon the expiration or termination of this Agreement, Subrecipient must complete a final financial reconciliation. Any advanced funds that remain unexpended or unobligated by the conclusion of the Agreement term must be returned to The Center within forty-five (45) days of the final invoice and reporting period.
8. The Center recognizes that local needs may evolve during the implementation of Proposition 36. Subrecipient is granted the flexibility to adjust line-item spending within their approved Implementation or Treatment budgets at their own discretion to best achieve their program objectives. All such routine variances should be documented and reconciled in the Subrecipient's periodic financial reports.

However, formal, prior written approval from The Center is required if the Subrecipient intends to: (a) fundamentally alter the core objectives of their approved Scope of Work; (b) shift funds between the Implementation and Treatment categories; or (c) establish a new Treatment budget where none previously existed. In no event will The Center approve modifications that cause the direct Treatment budget to exceed the statutory maximum of fifty percent (50%) of the total awarded funds.

9. Subrecipient acknowledges that the funds under this Agreement are being provided as an upfront disbursement to facilitate the immediate and unencumbered implementation of Proposition 36 requirements. Subrecipient is expected to actively manage, monitor, and deploy these funds to fully execute the deliverables outlined in their approved Scope of Work. Subrecipient agrees to implement timely, necessary programmatic or budgetary adjustments to ensure the maximum allowable funds are effectively utilized in service of the Project prior to the expiration of the Agreement term. Any advanced funds that remain unexpended or unliquidated at the conclusion of the term must be returned to The Center in accordance with final financial reconciliation procedures.

ATTACHMENT

SPECIAL TERMS AND CONDITIONS FROM PRIME CONTRACT

Section 2: Travel and Per Diem Reimbursement

Section 3: Procurement Rules

Section 4: Equipment / Property Ownership / Inventory / Disposition

Section 5: Subcontract Requirements

Section 6: Income Restrictions

Section 7: Audit and Record Retention

Section 8: Site Inspection

Section 11: Intellectual Property Rights

Section 13: Prior Approval of Training Seminars, Workshops or Conferences

Section 14: Confidentiality of Information

Section 15: Documents, Publications, and Written Reports

Section 21: Drug Free Workplace Act of 1988

Section 26: Officials Not to Benefit

Section 27: Prohibited Use of State Funds for Software

Section 33: Contract Uniformity (Fringe Benefit Allowability)

Section 34: Suspension or Stop Work Notification

Section 35: Public Communications

Section 36: Legal Services Contract Requirements

Section 37: Compliance with Statutes and Regulations

ATTACHMENT

BUSINESS ASSOCIATE ADDENDUM (HIPAA)

[Link to Business Associate Addendum \(HIPAA\) from Prime Contract](#)

ATTACHMENT

DISPUTE RESOLUTION PROVISIONS

Any Dispute directly or indirectly involving the Funder shall be subject to resolution pursuant to the dispute resolution provisions of the Prime Contract. In addition, Disputes between The Center and Subrecipient that involve other third parties shall be governed, at the sole option of The Center, by the dispute resolution provisions applicable to the dispute as between The Center and such third parties. In the event of a Dispute between the parties to this Agreement that does not directly or indirectly involve the Funder, or such other third parties as to which The Center elects not to so employ the dispute resolution provisions unique to such third-party disputes, the following provisions of this Attachment shall govern resolution of the Dispute.

a) Meet and Confer. In the event of any Dispute, a party shall first send written notice of the Dispute to the other party (a "Dispute Notice"). The parties shall first attempt to meet and confer in good faith to resolve by negotiation and consultation any Dispute set forth in the Dispute Notice. If a Dispute is not resolved within fifteen (15) business days after one party delivers the Dispute Notice to the other party, whether or not the parties (and/or their authorized representatives) meet and confer, either party may proceed pursuant to the procedures set forth below in this Attachment.

b) Procedure. The Dispute shall be decided by general reference procedures pursuant to Code of Civil Procedure Section 638, as modified by the provisions of this Attachment, and any subsequent provisions mutually agreed upon in writing by the parties. Any variations from the statutory reference procedures set forth herein shall be deemed to be a stipulation by the parties to such revised procedures. Should any court or referee determine that the procedures set forth herein violate any statute, case law, rule or regulation, the terms of such statute, case law, rule, or regulation shall control and govern.

c) Commencement. The general reference proceeding shall be commenced by a request or a motion filed with the Presiding Judge of the Superior Court of the County of Sacramento, State of California ("Court"). Except to the extent modified herein, the reference shall be conducted in accordance with California law, including, but not limited to, the Code of Civil Procedure and the Evidence Code.

d) Referee. The referee appointed by the Court shall be a retired judge who has served at least five (5) years in the courts of the State of California. The Court shall appoint only one referee. Subject to the award of fees and costs to the prevailing party in the general reference, The Center on the one hand, and Subrecipient, on the other hand, shall pay one-half (1/2) of the expenses of the general reference at the rate set by the Court pursuant to Code of Civil Procedure Sections 645.1 and 1023. In no event shall either The Center or Subrecipient be liable to the other for consequential, speculative, or punitive damages, and the referee shall not have the power to award such damages. The referee shall not have the right to convene a jury to be the trier of fact of any controversy hereunder. TO THE EXTENT PERMITTED BY LAW ALL PARTIES HERETO HEREBY WAIVE A JURY TRIAL OR PROCEEDING IN CONNECTION WITH ANY DISPUTE ARISING OUT OF THIS AGREEMENT.

e) Location of References. All general reference proceedings hereunder shall, unless all parties hereto otherwise agree, be conducted in a mutually agreeable location in the County of Sacramento, State of California.

f) Provisional Relief. Any party may, without waiving the right to general reference, prior to the time a referee is appointed by the Court, apply directly to the Court for provisional relief including, but not limited to, the filing of a complaint for the purpose of recording a lis pendens, attachment, receivership, injunction, and motions to expunge a lis pendens. At such time as the Court has appointed a referee, the Court may transfer any such proceeding for provisional relief to the referee for disposition.

g) Discovery. Within twenty (20) days after appointment of the referee, each of The Center and Subrecipient shall serve on the other party all documents relevant to the Dispute and all documents that the party intends to offer as evidence during the reference proceedings. Each party shall be entitled to take one discovery deposition of each other party, to take three non-party depositions, and to propound twenty-five (25) special interrogatories pursuant to Code of Civil Procedure Section 2030.030. The parties shall provide to the referee and to all other parties, within forty-five (45) days after appointment of the referee, a list of expert witnesses who will

provide opinion testimony. The parties shall be entitled to depose any designated expert prior to the commencement of the hearing. The referee shall resolve any discovery disputes between the parties. The general reference hearing must commence within three (3) months after appointment of the referee. The referee shall report his or her findings to the Court in the form of a statement of decision within twenty (20) days after the close of testimony, pursuant to Code of Civil Procedure Section 643. The Court shall enter judgment based upon the statement of decision.

h) Costs and Expenses. The referee shall be authorized to award costs of the general reference, including, without limitation, attorneys' fees, expert fees, and fees assessed by the referee, to the prevailing party. The referee shall also be authorized to order other provisional and equitable remedies.

i) Notwithstanding any dispute, the Subrecipient shall diligently continue performance of the Agreement (including matters subject to dispute to the maximum extent possible),

NOTICE: BY INITIALING IN THE SPACE BELOW, YOU ARE AGREEING TO HAVE ANY DISPUTE SUBJECT TO THE GENERAL REFERENCE PROCEEDING PROVISIONS SET FORTH IN THIS ATTACHMENT HEARD BEFORE A REFEREE AND NOT A JUDGE, AND YOU ARE GIVING UP ANY RIGHTS YOU MIGHT POSSESS TO HAVE THE DISPUTE LITIGATED IN A COURT OR BEFORE A JURY. BY INITIALING IN THE SPACE BELOW, YOU ARE GIVING UP SOME OF YOUR RIGHTS TO DISCOVERY BUT WILL RETAIN YOUR RIGHTS OF APPEAL. IF YOU REFUSE TO SUBMIT TO GENERAL REFERENCE PROCEEDING AFTER AGREEING TO THIS PROVISION, YOU MAY BE COMPELLED TO PARTICIPATE IN THE GENERAL REFERENCE PROCEEDING UNDER THE AUTHORITY OF THE CALIFORNIA CODE OF CIVIL PROCEDURE. YOUR AGREEMENT TO THIS GENERAL REFERENCE PROVISION IS VOLUNTARY.

WE HAVE READ AND UNDERSTAND THE FOREGOING PROVISION AND VOLUNTARILY AGREE TO SUBMIT DISPUTES, OTHER THAN THOSE EXPRESSLY EXCLUDED ABOVE, TO A GENERAL REFERENCE PROCEEDING BEFORE A REFEREE, RATHER THAN A COURT OR JURY PROCEEDING.

The Center

Subrecipient

By: _____

By: _____

ATTACHMENT

INSURANCE REQUIREMENTS

INSURANCE. Subrecipient shall, at Subrecipient's sole cost and expense and with insurers reasonably approved by The Center with respect to any policy required hereunder, maintain in full force and effect for the entire term of this Agreement the following types of insurance:

- a. Commercial General Liability Insurance.** Subrecipient shall procure and maintain Commercial General Liability insurance written on an occurrence basis (Insurance Services Office, Form CG 00 01 or equivalent), limits of at least \$1,000,000 per occurrence and at least \$2,000,000 products/completed operations with a \$2,000,000 general aggregate limit. Subrecipient shall not provide general liability insurance under any Claims Made General Liability form and will require The Center's approval if Subrecipient's General Liability policy contains a deductible greater than \$25,000. The General Liability Insurance policy must expressly cover, without limitation, all liability to third parties arising out of or related to Subrecipient's services or other activities associated with this Agreement, including, without limitation, Subrecipient's obligations under the Indemnification section set forth in Article 4 of this Agreement.
- b. Additional Insureds added to General Liability Policy.** Sierra Health Foundation: Center for Health Program Management, the Funder, Sierra Health Foundation, and their respective officers, directors, agents, representatives, constituent entities, affiliates, volunteers, officials, parents, subsidiaries, governing boards, and employees shall be added as Insureds ("Additional Insureds") under each commercial general liability policy identified in the preceding paragraph above. Specifically, the policy shall include a combination of ISO forms CG2010 10/04 and CG 2037 10/04 or is equivalent. Furthermore, the policy shall apply as primary insurance and that any other insurance coverage carried by or otherwise available to an "Additional Insured" will be excess only and will not contribute with this insurance.
- c. Professional E&O Insurance.** Subrecipient shall procure and maintain, for a period of five (5) years following completion of this Agreement, errors, and omissions liability insurance appropriate to their profession. Such insurance shall be in an amount not less than \$1,000,000 per claim,\$2,000,000 aggregate. Coverage shall be sufficiently broad to respond to the duties and obligations as is undertaken by Subrecipient in this Agreement.
- d. Workers Compensation Insurance.** Subrecipient shall procure and maintain Workers Compensation Insurance with minimum limits of \$1,000,000 each for bodily injury by accident (per accident per person), bodily injury by disease (policy limit) and bodily injury by disease (each employee). Subrecipient must maintain such a policy and provide The Center with a certificate of insurance that includes a waiver of subrogation endorsement.
- e. Automobile Insurance.** Subrecipient shall procure and maintain Automobile Liability Insurance, including liability for all owned, hired, and non-owned vehicles, with minimum limits of \$1,000,000 combined single limit per occurrence; such coverage must be for (A) "any auto" or (B) "all owned autos, hired autos and non-owned autos". Furthermore, in the event that ten or more passengers are to be transported in any one such motor vehicle, the operator will also hold a State of California Class B driver's license and the Subrecipient must possess automobile liability insurance in the amount of \$5,000,000 per occurrence for bodily injury and property damage combined. Said insurance must be obtained and made effective upon the delivery date of any motor vehicle reimbursed with grant funds made available under this Agreement. Such insurance shall cover liability arising out of a motor vehicle including owned, hired, and non-owned vehicles. Subrecipient agrees to include an Additional Insured Endorsement naming Sierra Health Foundation: Center for Health Program Management, the Funder, Sierra Health Foundation, and their respective officers, directors, agents, representatives, constituent entities, affiliates, volunteers, officials, parents, subsidiaries, governing boards, and employees as additional insureds under ISO form CA 2048 or equivalent. Subrecipient will, as soon as practicable, furnish a copy of the certificate of insurance to The Center. The certificate of insurance will identify The Center contract number referenced on the signature page hereto.
- f. Crime Insurance.** Subrecipient must maintain Employee Dishonesty and theft, Forgery, or alteration, and when applicable, Inside/Outside Money and Securities coverage for state-owned property in the care, custody, and/or

control of the Subrecipient. Coverage limits must not be less than value of items in care, custody, and control of Subrecipient. A Clients' Property endorsement as broad as CR 04 01 08 13 must be endorsed to this policy and notated on the certificate of insurance. The policy must include The Center and the State of California as loss payee.

- g. Cyber Liability Insurance.** Cyber liability insurance including first-party costs, due to an electronic breach that compromises Subrecipient's confidential data shall have a minimum limit per occurrence of \$2,000,000 and \$4,000,000 aggregate. Claims made coverage is acceptable. Such coverage must include:

- Defense, indemnity, and legal costs associated with regulatory breach (including HIPAA), negligence, or breach of contract.
- Administrative expenses for forensic expenses and legal services.
- Crisis management expenses for printing, advertising, mailing of materials and travel costs of crisis management firm, including notification expenses.
- Identify event service expenses for identity theft education, mailing of materials, credit file monitoring to mitigate effects of personal identity event, post event services.

The date of the inception of the policy must be no later than the first date of the anticipated work under this Agreement. It shall provide coverage for the duration of this Agreement and shall be maintained twenty-four (24) months after expiration of this Agreement. The policy must name The Center and the State of California and their respective officers, agents, and employees as additional insured with respect to work performed under this Agreement.

- h. General Insurance Provisions.** Subrecipient will provide evidence of such Insurance to The Center within five (5) business days after the Effective Date. The Certificate of Insurance must include the name of the Project. It is understood and agreed that The Center shall not pay any sum to Subrecipient under this Agreement unless all Insurance required by this Agreement is in force at the time that Services subject to such payment are rendered and Subrecipient has delivered evidence of same to The Center. Subrecipient agrees to provide, at least thirty (30) days prior to the expiration date of said insurance coverage, a copy of a new certificate of insurance evidencing continued coverage on an annual basis. Subrecipient's general liability, auto liability and Professional insurance must be issued by responsible insurance companies, maintaining an A.M. Best's Rating of A-VI or better. Upon failure of Subrecipient to furnish, deliver and maintain such insurance as above provided, this contract, at the election of The Center, may be suspended, discontinued, or terminated. Failure of Subrecipient to purchase and/or maintain any required insurance shall not relieve Subrecipient from any liability or indemnification under the Agreement.
- i. Self-Insurance.** In lieu of the commercial insurance requirements above, Subrecipient may provide evidence of self-insurance or membership in a public Joint Powers Authority acceptable to The Center.