

FUNDING AGREEMENT BETWEEN
COUNTY OF MONTEREY,
ON BEHALF OF NATIVIDAD MEDICAL CENTER
AND
SUN STREETS CENTERS

This Funding Agreement (“Agreement”) is made and entered into as of September 1, 2017 (“Effective Date”), by and between the County of Monterey (“County”), a political subdivision of the State of California, on behalf of Natividad Medical Center (“Natividad”), an acute care facility owned and operated by County, and Sun Street Centers (“SSC”), a California corporation (herein referred to collectively as the “Parties”), to provide funding to support the renovation of SSC’s residential detoxification facility located 8 Sun Street, Salinas, California 93901 (“RDF” or “Salinas RDF”).

This Agreement is made with reference to the following facts:

- A. For fifty years, SSC has operated a Men’s Residential Program, a state-licensed men’s residential social model program for recovery from substance use disorders. The program operates out of SSC’s Salinas, California, facility.
- B. As part of SSC’s Men’s Residential Program, individuals undergo an initial 72 hour period of detoxification from alcohol or drugs in the RDF, a specifically designated area of SSC’s Salinas facility. The RDF is separate from other treatment areas of the SSC and consists of rooms with a total of eight beds and a separate breakroom/living room.
- C. Each year, SSC serves approximately 260 residents at the RDF. Most of SSC’s residents are referred to SSC by Monterey County Health Department, Behavioral Health Services, Monterey County Probation Department, and Natividad.
- D. Because of the lack of medical services at SSC, individuals must be medically cleared before transfer to SSC, a process that can take several hours and often in Natividad’s Emergency Room. This last year, Natividad had 144 patient referrals from the hospital to SSC for social model detoxification services following medical clearance at NMC.
- E. As a result of Medicaid Expansion in California, SSC now has the opportunity to implement a hybrid social model/medical model of recovery for its Men’s Residential Program, blending SSC’s traditional social model recovery components and Medi-Cal approved withdrawal management/detoxification services determined to be medically necessary by either a medical director or other licensed clinician. These Medi-Cal approved services include the performance on a resident’s intake of a physical examination and laboratory testing, clinical observation of a resident’s health status during withdrawal/detoxification, the provision to a resident of mental health services, and the prescription and administration of medication for the resident.

- F. County has determined and established the existence in Monterey County of a need for a hybrid social model/medical model withdrawal management and detoxification services for Monterey County residents.
- G. To comply with licensing requirements of the State Department of Health Care Services for the operation of a residential recovery program with medical model withdrawal management and detoxification services, SSC has determined it must renovate its Salinas RDF (“RDF renovation”). SSC has determined that \$45,000 will be required for the RDF renovation, specifically, for obtaining permits, demolition of the existing RDF, and remodeling of the RDF for the provision of medical and mental health services during a resident’s withdrawal/detoxification. \$5,000 has been raised through fundraising.
- H. NMC desires to provide funds to SSC for the renovation of the RDF and to facilitate the provision of a hybrid social model/medical model withdrawal management and detoxification services to persons living in Monterey County (the “Funding”).

NOW, THEREFORE, it is agreed between the Parties as follows:

- 1. Incorporation of Recitals. The foregoing recitals are hereby incorporated and made part of the Agreement.
- 2. SSC’s Responsibilities. SSC agrees
 - A. To serve as fiscal agent for the RDF renovation, and
 - B. To provide oversight responsibility for the fiscal administration of the RDF renovation and to monitor the RDF’s adherence to any federal, state, and local laws and regulations governing fiscal accountability.
- 3. Purpose of Funding. The purpose of the Funding by County to SSC is to provide funding for SSC’s use in meeting the direct costs of the RDF renovation at SSC’s Salinas, California location. The Funding may be used for the following specific purposes:
 - A. To fund the cost of obtaining necessary permits, demolition and renovation of RDF facility to comply with federal, state, and local laws.
 - B. In addition, to fund administrative costs of the RDF renovation, as described in Section 7, Special Fund Account, below.The Funding may not be used for any other purpose without prior written approval from County.
- 4. Amount of Funding. The Funding from County that is available to SSC under this Agreement for the Term (as defined in Section 11 below) is in the amount of Forty Thousand Dollars (\$40,000). The Funding shall be made available in accordance with the terms set forth herein.

5. Payment of Funding. The SSC Accounting Department shall generate an invoice to County in the amount of \$40,000 no later than 30 days after this Agreement has been fully executed. The invoice shall set forth the amounts claimed by SSC, together with an itemized basis for the amounts claimed, and such other information pertinent to the invoice. The County shall certify the invoice, either in the requested amount or in such other amount as the County approves in conformity with this Agreement, and shall promptly submit such invoice to the County Auditor-Controller for payment. The County Auditor-Controller shall pay the amount certified within 30 days of receiving the certified invoice.
6. Special Fund Account. The Funding shall be maintained in a Special Fund Account established specifically for the RDF renovation. Interest accruing in the Special Use Fund shall be used to offset administrative costs incurred by SSC.
7. Accounting of Expenditures of the Funding. Every three months during the Term of this Agreement, SSC shall submit to County for its review (at the NMC contact and address shown in Section 17, below) a detailed accounting of expenditures of the Funding provided to SSC (as described in Section 5 above) for the RDF renovation, showing how the Funding is used and distributed. SSC acknowledges and agrees that all distributions and uses of the Funding are at all times subject to the ultimate approval of County and its Board of Supervisors.
8. Return of Unused or Improperly Used Funds. Upon the expiration or earlier termination of this Agreement, if there are any funds paid by County to SSC that have not been used or are not committed for a specific use, such funds shall be returned to County. In addition, to the extent SSC has used Funding for purposes not specifically intended by this Agreement, and not otherwise specifically approved by County (in advance of such use, and in writing), SSC shall refund such amounts to County.
9. Other Available Funding. SSC shall immediately report to County any funds received by SSC from other parties to support the same items of the RDF renovation as are financially supported by County hereunder. The Parties agree that if an additional hospital is added to the MRP collaboration at any time during the Term of this Agreement, this Agreement shall be amended to reduce County's funding contribution accordingly.
10. Term of Agreement. The Term of this Agreement shall commence on the Effective Date and continue for a period through and including August 31, 2018 ("Term").
11. Termination by Notice. During the Term of this Agreement, County may terminate the Agreement for any reason by giving written notice of termination to SSC at least thirty (30) days prior to the effective date of termination. Such notice shall set forth the effective date of termination. In the event of such termination, the amount payable under this Agreement shall be reduced in proportion to the services provided prior to the date of termination.
12. Immediate Termination.

- A. Termination in Response to Non-Compliance with Reimbursement or Payor Programs. If any party determines in good faith that the performance of any provision of this Agreement should jeopardize any licensure of a party, its participation in any reimbursement or payment programs, any accreditation by any state or nationally recognized accreditation organization, or if for any other reason said performance should be in violation of law or be deemed illegal by any recognized body, agency, or association in the hospital or respite care fields, that party may at its option terminate this Agreement immediately upon written notice. Effective upon such termination, SSC shall repay all Funding to the extent County determines, in its sole discretion, that such repayment is required to avoid or mitigate any of the foregoing jeopardy events.
- B. Termination in Response to Non-Appropriation of County Funding. Notwithstanding any other provision of this Agreement, County shall not be obligated for SSC's performance hereunder or by any provision of this Agreement during any of County's future fiscal years unless and until the Monterey County Board of Supervisors appropriates funds for this Agreement in County's Budget for each such future fiscal year. In the event that funds are not appropriated for this Agreement, then this Agreement shall terminate as of June 30 of the last fiscal year for which funds were appropriated. County shall notify SSC in writing of any such non-allocation of funds at the earliest possible date.

13. Indemnification.

- A. By County. County shall defend, indemnify and hold SSC, their officers, employees and agents harmless from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by County, its officers, employees, or agents, excepting only loss, injury or damage caused by the negligence or willful misconduct of SSC, their officers, employees, agents, or sub-contractors. It is the intent of the parties to this Agreement to provide the broadest possible coverage for SSC. County shall reimburse SSC for all costs, attorneys' fees, expenses, and liabilities incurred with respect to any litigation in which County is obligated to indemnify, defend and hold harmless SSC under this Agreement.
- B. By SSC. SSC shall defend, indemnify and hold County, its officers, employees, and agents harmless from any claim, liability, loss, injury or damage arising out of, or in connection with, performance of this Agreement by SSC, its officers, employees, agents, or sub-contractors, excepting only loss, injury or damage caused by the negligence or willful misconduct of County, its officers, employees, or agents. It is the intent of the parties to this Agreement to provide the broadest possible coverage for County. SSC shall reimburse County for all costs, attorneys' fees, expenses, and liabilities incurred with respect to any litigation in which SSC is obligated to indemnify, defend and hold harmless County under this Agreement.

14. Prohibition Against Discrimination. During the performance of this Agreement, SSC shall not unlawfully discriminate against any person because of sex, race, color, religion,

ancestry, national origin, disability, medical condition, marital status, or sexual orientation as provided by law, either in SSC's employment practices or in the furnishing of services to recipients. The provision of services primarily or exclusively to such target population as may be designated in this Agreement shall not be deemed to be prohibited discrimination.

15. Cooperation in Disposition of Claims. The Parties mutually agree to cooperate with each other in the timely investigation and disposition of audits, disciplinary actions and third-party liability claims that arise out of any and all activities encompassed by this Agreement, or in the operation of the Funding. The Parties shall notify one another as soon as possible of any issue that may result in liability to the other party. Cooperation between the Parties may include, but is not limited to, timely notice, joint investigation, defense, disposition of third party claims arising with respect to this Agreement, and making witnesses available.
16. Notice. Any notice required or permitted under this Agreement to any party shall be deemed sufficiently made and given if personally delivered, sent by overnight delivery service, return receipt requested, or deposited in the United States mail, postage paid (certified mail, return receipt requested), as follows:

If to COUNTY:

Daniel Leon
Chief Financial Officer
Natividad Medical Center
1441 Constitution Blvd.
Salinas, CA. 93906
Phone: 831.783.2561

If to SSC:

Anna Foglia
Chief Executive Officer
Sun Street Centers
11 Peach Drive
Salinas, CA 93901
Phone: 831.753.5135

17. Amendment. This Agreement may be amended only in writing signed by the authorized representatives of the Parties.
18. Governing Laws. The laws of the State of California shall govern this Agreement.
19. Entire Agreement. This document constitutes the entirety of the Agreement between the Parties and supersedes all prior agreements and understandings regarding the subject matter hereof.
20. Compliance with Law. The Parties acknowledge and agree that nothing in this Agreement shall be construed to require or permit any activity that would constitute a violation of any applicable law or regulation.
21. Disputes; Mediation; General Reference. The Parties hereto agree that any controversy, claim, action or dispute arising out of or relating to this Agreement, shall be heard by a general referee pursuant to the provision of Code of Civil Procedure §§ 638 through

645.1, inclusive, in Monterey County, California, according to the following procedures; provided however, that any controversy, claim, action or dispute arising out of or relating to this Agreement, shall first be the subject of non-binding mediation in Salinas, California. The Parties shall promptly and diligently cooperate with one another and the referee, and shall perform such acts as may be necessary to obtain a prompt and expeditious resolution of the dispute or controversy in accordance with the terms hereof.

22. Severability. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under present or future laws or regulations effective during the term hereof, such provision shall be fully severable. This Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never been a part of the Agreement, and the remaining provisions shall remain in full force and effect unaffected by such severance.
23. Waiver. Waiver by Party of any breach of any provision of this Agreement or warranty or representation herein set forth shall not be construed as a waiver of any subsequent breach of the same or any other provision. The failure to exercise any right hereunder shall not operate as a waiver of such right. All rights and remedies provided for herein are cumulative.
24. Counterparts. This Agreement may be executed in separate counterparts, none of which need contain the signatures of both parties, and each of which, when so executed, shall be deemed to be an original, and such counterparts shall together constitute and be one and the same instrument.

Signature page to follow

IN WITNESS WHEREOF, the parties hereto are in agreement with this Agreement on the basis set forth in this document and have executed this Agreement on the day and year set forth herein.

County of Monterey on behalf of
Natividad Medical Center

By: _____

Gary R. Gray, DO, CEO

Date: _____

Approved as to Legal Provisions:

By: _____

Monterey County Deputy County-Counsel

Date: _____

Approved as to Fiscal Provisions:

By: _____

Monterey County Deputy Auditor-Controller

Date: _____

Sun Street Centers

By:  _____

Anna Foglia, CEO

Date: 8-14-17

By: Sun Street Centers

Name: Anna Foglia

Title: CEO

Date: 8-14-17

County of Monterey Signature Instructions:

If CONTRACTOR is a corporation, including limited liability and non-profit corporations, the full legal name of the corporation shall be set forth above together with the signatures of two specified officers (two signatures required).

If CONTRACTOR is a partnership, the name of the partnership shall be set forth above together with the signature of a partner who has authority to execute this Agreement on behalf of the partnership (two signatures required).

If CONTRACTOR is contracting in and individual capacity, the individual shall set forth the name of the business, if any and shall personally sign the Agreement (one signature required)

IN WITNESS WHEREOF, the parties hereto are in agreement with this Agreement on the basis set forth in this document and have executed this Agreement on the day and year set forth herein.

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Natividad Medical Center**

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Gary R. Gray, DO, CEO

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Approved as to Legal Provisions:

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Monterey County Deputy County-Counsel

Date: 8-14-17

Approved as to Fiscal Provisions:

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Monterey County Deputy Auditor-Controller

Date: _____

Sun Street Centers

By: _____

Anna Foglia, CEO

Date: _____

By: _____

Name: _____

Title: _____

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