

Meeting Date: 5/28/2013

Report Type: Consent

Report ID: 2013-00456

Title: Agreement: Transition of the Sacramento Covered Program (formerly Cover the Kids) to Healthy Community Forum

Location: Citywide

Issue: Implementation of the Affordable Care Act at the federal and state level that presents an opportunity to transfer delivery of expanded goals, services and geographic reach from the City's Sacramento Covered program to an existing nonprofit organization serving the region's four healthcare systems.

Recommendation: Pass a Resolution : 1) authorizing the City Manager or his designee to enter into a Transition and Assignment Agreement with Healthy Community Forum (a 501c3 charitable nonprofit organization); 2) authorizing the City Manager or his designee to execute fund transfers to Healthy Community Forum (HCF) as outlined in the Agreement; 3) authorizing the City Manager or his designee to adjust staffing, positions, and revenue and expenditure budgets for Fiscal Years 2012/13 and 2013/14 in the Parks and Recreation Department to implement the transfer of the Sacramento Covered Program to HCF; and 4) Authorize the City Manager or his designee to enter into assignment and assumption agreements to transfer existing Sacramento Covered contracts to HCF.

Contact: Kelly Wooford Bennett, Manager, (916) 808-3800, Sacramento Covered Program

Department: Parks & Recreation Department

Division: Cover The Kids

Dept ID: 19001751

Attachments:

- 1-Description/Analysis
- 2-Background
- 3-Resolution
- 4-HCF City Agreement

City Attorney Review

Approved as to Form
Sheryl Patterson
5/20/2013 10:17:54 AM

City Treasurer Review

Reviewed for Impact on Cash and Debt
Russell Fehr
5/10/2013 11:45:08 AM

Approvals/Acknowledgements

Department Director or Designee: Jim Combs - 5/16/2013 12:09:45 PM

Description/Analysis

Issue: With the implementation of the Affordable Care Act (ACA) at the federal and state levels, staff recommends the Sacramento Covered Program (formerly “Cover the Kids”), managed by the Department of Parks and Recreation, be transitioned to a separate, 501(c) 3 charitable nonprofit organization. The ACA expansion will be the largest expansion of coverage in the United States since the Medicare program was launched in the 1960’s. Planning efforts are underway to create a countywide system of care and coverage that maximizes all the opportunities of the federal act to improve these services for low income residents. A recent study by Sierra Health Foundation estimates that, after January 1, 2014, 220,000 residents in the regional area will be newly eligible for coverage through ACA implementation at the state level.

Since 1999, Sacramento Covered (SC) has coordinated health insurance coverage outreach, enrollment (application assistance), retention, and utilization services focused on local children. Health care reform will expand services to include adults. There is an existing nonprofit organization, Healthy Community Forum (HCF), which has agreed to undertake operations on behalf of the Sacramento regional area. The current Board represents the area’s major hospital systems and has served in an advisory capacity to SC since the program’s inception. The benefits of a transition in serving the regional community are as follows:

Funding

SC will have new opportunities for private and public funding sources and can expand services to serve adults as well as children in the Sacramento regional area. Private funding partners often prefer contributing to nonprofit organizations. The program’s leadership agrees the program will have a broader appeal to existing and new funding partners, once structured as a non-profit organization.

Operations and Staffing

While SC has focused on serving children at the local level, services will need to be flexible, nimble and swift in responding to the rapidly changing health care environment. The organization will need to expand to focus more on navigation services to decrease usage of emergency rooms for primary care services.

Advocacy

Program staff, stakeholders and supporters will advocate at the state and local level on health care issues that impact low income consumers. A non-profit structure and oversight from a board of directors with health care expertise will help the program achieve these goals.

Subject Matter Expertise

Establishing a non-profit board governance structure for the program will ensure the decision making process addressing sustainability, adherence to funding requirements

and successful implementation of expansion efforts are undertaken by a board of directors that are selected for their expertise in health care and social services.

Sacramento County and the First 5 Commission are major partners and have a policy requiring another local government agency (i.e. the City of Sacramento) receive pass through public funds and validate public/private matching funds. HCF leadership is requesting the County and First 5 change their policy and operate directly with the nonprofit. Should this not occur, the City of Sacramento can retain an administrative fee on these funds for ongoing fiscal pass through and accounting and auditing services. This is addressed in the Transition and Assignment Agreement.

The Transition and Assignment Agreement provides for the transfer of program funds and other assets (e.g., office equipment), the obligation of HCF to use these assets to continue program services and comply with the terms of existing program contracts until expiration, the planned assignment of other contracts including the office lease, the transfer of client records and intellectual property (e.g., the program name and any trademarks), the payment for continued City support for grant management and close out and transition services, and the City's obligation for employee matters after the program is transferred with a July 1st target date.

Policy Considerations: Transitioning the Sacramento Covered program to a nonprofit organization with leadership expertise in social services and healthcare will better serve residents in the Sacramento regional area.

Economic Impacts: None

Environmental Considerations:

California Environmental Quality Act (CEQA): This report concerns administrative activities that will not have any significant effect on the environment and that do not constitute a "project," as defined by CEQA Guidelines sections 15061(b)(3), 15378(b)(2).

Sustainability: Not Applicable

Commission/Committee Action: On December 6, 2012, the Parks and Recreation Commission was given an overview of the program, changes in health care, and the proposed transition to a separate nonprofit organization.

Rationale for Recommendation: In preparation of major changes in healthcare, approval of this agreement will allow SC to transition to a charitable nonprofit organization to better serve residents in the Sacramento area.

Financial Considerations: SC is funded entirely with outside funds and has no General Fund support. To address startup operations and cash flow, \$750,000 in grant funds would be transferred to HCF approximately 30 days after the effective date of the transfer agreement.

A remaining \$250,000 will be retained by the City for SC expenses through FY 2012/13 year end close. Remaining funds would be transferred once the transition is complete and the City of Sacramento has no further financial or programmatic requirements.

Emerging Small Business Development (ESBD): There are no ESBD considerations with this report.

Background

Staffed and supported by the City of Sacramento since 1999, Sacramento Covered (formerly Cover the Kids and the Mayor's Commission on Our Children's Health) is a broad-based collaborative partnership comprised of representatives from local hospitals, county health service agencies, community clinics, and community-based organizations, all focused on achieving significant improvements in the system of health coverage and health services for low-income children in the City, County and Sacramento region. The program is represented by a community advisory board comprised of health care and children's advocates and is co-chaired by Jay Schenirer, City Councilmember, District 5 and Bonnie Ferreira, CEO of American Leadership Forum. Support is provided by the City of Sacramento (no General Fund allocation), First 5 Sacramento Commission, County of Sacramento, Dignity Health (formerly Mercy), Kaiser Permanente, Sutter Medical Center, Sacramento, UC Davis Health System, and The California Endowment.

Sacramento Covered (SC) is operated through the City of Sacramento's Department of Parks and Recreation, and represents both public and private entities that have been coordinating health insurance coverage outreach, enrollment (application assistance), retention, and utilization services for fourteen years, that has resulted in increased health coverage and services for over 50,000 local children.

Currently SC staff is managing 11 grants from public and private sources. Sixteen City employees work in the SC unit within the Department of Parks and Recreation. For a successful transition, the Healthy Community Forum Board of Directors will offer positions to employees by June 30, 2013. Two employees have the right to transfer back to Recreation services and will do so. It is anticipated that, due to vacancies, the transfer will not cause layoffs. The remaining 14 staff do not have transfer rights; however, it is anticipated that most or all will be given job offers.

RESOLUTION NO. 2013-

Adopted by the Sacramento City Council

APPROVING THE TRANSITION AND ASSIGNMENT AGREEMENT FOR THE SACRAMENTO COVERED PROGRAM

- A. Sacramento Covered (SC), formerly known as Cover the Kids, is operated by the City of Sacramento's Department of Parks and Recreation, with financial support provided by other public and private entities, which provides coordinated health insurance outreach and assistance with enrollment, retention, and utilization services since late 1998.
- B. SC was initiated in conjunction with the four major healthcare systems in the Sacramento region, U.C. Davis Health System, Kaiser Permanente, Sutter Health and Dignity Health, to assist uninsured low income children by providing outreach and assistance to families. Between 1998 and 2011, SC assisted over 50,000 children residing in El Dorado, Placer, Colusa, Yuba and Sacramento counties.
- C. The implementation of the federal Affordable Care Act has provided the opportunity to expand SC's goals, services, and geographic reach to provide affordable health insurance to all members of low income families, in-line with the recently established California Covered program. The desired expansion of SC is better suited to be operated by a non-profit organization rather than the City.
- D. Healthy Community Forum (HCF) is a nonprofit, 501(c)(3) organization that was formed in 1995 by the Sacramento region's four healthcare systems to foster collaboration among health providers. One of its purposes, as set forth in its Articles of Incorporation, is to provide "health and human services to at-risk families and neighborhoods for the betterment of the Sacramento community".
- E. SC's advisory board has recommended that it is in the best interest of the families currently served by SC to be transitioned to and operated by HCF.

BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL RESOLVES AS FOLLOWS:

- Section 1. The City Manager or his designee is authorized to enter into the Transition and Assignment Agreement (Agreement) with HCF for the Sacramento Covered program.
- Section 2. As set forth in the Agreement, all program funds and assets currently held by the City and receivables under current contracts for the Sacramento

Covered program, minus City expenses, are to be paid to HCF in consideration of HCF's commitment to use such funds and assets to continue providing program services. The total amount of funds expected to be paid by the City to HCF is \$750,000. City is withholding \$250,000 to pay for City's costs for accrued employee benefits and transition support services until December 31, 2013. Any excess funds will be remitted to HCF by that date.

Section 3. Current City contracts and grants for the Sacramento Covered program, as listed in the Agreement, are to be assigned to HCF as of July 1, 2013, subject to obtaining approval of the contracting parties. The City Manager, or the City Manager's designee, is authorized to enter into assignment and assumption agreements to effectuate the transfer of such contracts and grants from the City to HCF.

Section 4. As of July 1, 2013, the City will no longer operate the SC program. The City Manager, or the City Manager's designee, is authorized to adjust staffing, positions, and revenue and expenditure budgets for Fiscal Years 2012/13 and 2013/14 for the Parks and Recreation Department to implement the transfer of Sacramento Covered program to HCF.

Exhibit A — City of Sacramento and HCF Transition and Assignment Agreement

**Transition and Assignment Agreement
Between
The City of Sacramento
And
Healthy Community Forum For The Greater Sacramento Region
For the Sacramento Covered Program**

THIS TRANSITION AND ASSIGNMENT AGREEMENT (“**Agreement**”) is entered into effective as of May 28, 2013 (“**Effective Date**”), by and between the City of Sacramento, a municipal corporation (“**City**”), and Healthy Community Forum for the Greater Sacramento Region, a California nonprofit public benefit corporation (“**HCF**”).

RECITALS

WHEREAS, since 1998, City, through its Department of Parks and Recreation (“**Department**”), has operated Sacramento Covered (formerly known as Cover the Kids), which is a broad-based collaborative partnership between public and private entities whose purpose is to coordinate health insurance coverage outreach, enrollment, retention, and utilization for children whose family income is 300% below the federal poverty rate (“**Program**”); and

WHEREAS, the Program was originally initiated in conjunction with the four major healthcare systems in the Sacramento region, U.C. Davis Health System, Kaiser Permanente, Sutter Health and Dignity Health, to assist uninsured children by providing outreach and assistance to families with the goal of enrolling eligible children in existing health programs, and between 1998 and 2011 the Program assisted over 50,000 children; and

WHEREAS, the Program had been operated in conjunction with a non-profit organization, and has received funding from the major healthcare systems operating in the Sacramento region and from other organizations in order to supplement the City’s contributions to the Program; and

WHEREAS, the implementation of the federal Affordable Care Act has provided the opportunity to expand the Program’s goals, services, and geographic reach to provide affordable health insurance to families in line with the recently established California Covered, and the desired expansion of the Program is better suited to be operated by a non-profit organization rather than the City; and

WHEREAS, as a result, the Program’s advisory board has determined it to be in the best interests of the Program participants for the Program to be transitioned to and operated by a private charitable non-profit organization; and

WHEREAS, HCF is a nonprofit, 501(c)(3) organization that was formed in 1995 by the Sacramento region’s four local health systems to foster collaboration among the health systems and one of its purposes as set forth in its Articles of Incorporation is to provide “health and human services to at-risk families and neighborhoods for the betterment of the Sacramento community”; and

WHEREAS, the board of directors of HCF has determined that the Program fits within HCF's existing mission and purposes; and

WHEREAS, City and HCF have determined it to be in their mutual best interests for the Program to be transitioned by the City to HCF, so as to allow for HCF to continue the existing Program services and to allow for the expansion of the Program in the coming years.

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth herein and for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

AGREEMENT

1. **Donation of Program Assets.**

1.1 Donation. In consideration of HCF's agreement to conduct the Program and its assumption of the Assumed Contracts, City shall donate, convey, transfer, assign, and deliver to HCF, and HCF shall accept from City as provided in Section 3 below, all of City's rights, title, and interest in and to certain assets and property owned by City and which had been used by City or are receivables for the services provided in the operation of the Program, as more particularly described below in this Section 1.1 (collectively, "**Program Assets**"):

(a) Fixed Assets. The items of tangible personal property, inventory, and supplies listed on Schedule 1.1(a) hereto ("**Fixed Assets**").

(b) Program Cash. Cash held by the City as of the Transfer Date (as defined in Section 3.1 below) which was paid to the City as reimbursement for Program activities under its various Program grants and contracts ("**Program Cash**") in the amount and in accordance with the payment schedule set forth in Section 3.2, subject to receipt of any consents as may be needed by the organizations which provided the grant funding of this Program transfer to HCF.

(c) Future Receipts. Cash received by City after the Transfer Date for services rendered by City for Program Services prior to the Transfer Date ("**Future Program Cash**") pursuant to the Assumed Contracts, Retained Contracts, gifts or other sources.

(d) Contracts, Grants, and Agreements. All of City's interest in and to, and all of City's rights under, the contracts, grants, and agreements listed on Schedule 1.1(d) hereto (collectively, "**Assumed Contracts**"), including, without limitation, all outstanding receivables and other rights to payment with respect to the Assumed Contracts. If the parties inadvertently fail to include an existing Program contract under Schedule 1.1(d) attached, by mutual written consent of the parties this Schedule may be amended to add such missing contracts. The assignment of the Assumed Contracts is conditioned on

the contractor's consent to the assignment, if required, as well as the contractor's release of City for any liabilities after the Transfer Date. If such consent and release is not obtained, when required, then the provisions of Section 4 below shall apply

(e) Warranties. To the extent assignable, all rights in all warranties of any manufacturer or vendor in connection with the Fixed Assets.

(f) Program Intellectual Property. All City's rights, title, and interest in and to the intellectual property owned by City associated with or necessary for the operation of the Program as currently conducted including, without limitation, all copyright, trademark, trade secret material (collectively, "**Program IP**"), including, without limitation, the names "Sacramento Covered" and "Cover the Kids" ("**Names**") and the logos associated therewith ("**Logos**"). Notwithstanding the foregoing or anything to the contrary in this Agreement, the Program IP shall not include the name "City of Sacramento" or any logo or other marks associated with "City of Sacramento" or any other unrelated program or activity of the City.

(g) Program Records. All documents, records, correspondence, files, work papers, and other materials, whether stored in electronic media, on paper, or otherwise, relating to the Fixed Assets, the Assumed Contracts, or otherwise relating to the Program or the operation of the Program (collectively, "**Program Records**"), including, without limitation, all records containing information with respect to Program participants ("**Participant Records**"). The transfer to and use of the Participant Records by HCF shall be subject to HCF's covenant to comply with all applicable federal and a state laws and regulations with regards to protecting the confidentiality of any Program participants' medical records and personal information (including, without limitation, the Health Insurance Portability and Accountability Act of 1996).

1.2 Continuation of Program Services. Upon acceptance of the Program Assets, HCF shall use good faith and commercially reasonable efforts to continue to utilize Program Assets in furtherance of the goals and purposes of the Program ("**Program Services**"). HCF commits to using good faith and commercially reasonable efforts to continue providing Program Services to children in low income households on an on-going basis subject to its receipt of sufficient grants and other funds to pay for such on-going Program costs. HCF shall have full discretion to use the Program Assets in furtherance of its charitable purposes and shall not be restricted from undertaking non-Program Services or activities, expanding Program Services, or modifying how the Program Services are provided, and HCF does not guarantee that the Program will continue indefinitely.

2. **Liabilities.**

2.1 Assumed Liabilities. As of the Transfer Date (as defined below in Section 3.1), HCF shall assume and agree to discharge the obligations and liabilities of City under the Assumed Contracts, but only to the extent that such obligations and liabilities arise with respect to events, periods, or the operation of the Program after the Transfer Date (collectively, “**Assumed Liabilities**”). The Assumed Liabilities include, without limitation, the obligation to defend, indemnify and hold the City harmless for obligations and liabilities which arise from any actions or inactions of HCF under the Assumed Contracts after the date such contract has been assumed by HCF and City has been released from liability.

2.2 Excluded Liabilities. The parties expressly agree and acknowledge that HCF will not assume or have any responsibility with respect to any debt, obligation, expense, claim, or liability of City that is not expressly assumed pursuant to this Agreement, and that City shall remain liable and responsible for any and all of City’s debts, obligations, expenses, claims, and liabilities not expressly assumed by HCF pursuant to this Agreement, whether in existence prior to or arising after the Transfer Date, including, but not limited to, all liabilities arising out of the operations of City or the Program prior to the Transfer Date including, without limitation, liabilities arising out of City’s filing of, or failure to file, reports or other required submissions under the Assumed Contracts prior to the Transfer Date. The foregoing excluded liabilities include any obligations to City employees who were assigned by City to provide Program Services prior to the Transfer Date. City shall be obligated to defend, indemnify and hold HCF harmless from any obligations and liabilities which arise from or relate to City’s conduct of the Program prior to the Transfer Date, or City’s conduct or continued operation of the Program under any Retained Contracts or Future Contracts, including, without limitation, any obligations or liabilities to City employees which are assigned to or associated with the Program after the Transfer Date and remain employed by City , including, without limitation, payment for any accrued benefits, unemployment compensation, workers compensation, and retirement benefits.

3. **Transfer of Program Assets.**

3.1 Non-Cash Program Assets. On or before July 1, 2013 (“**Transfer Date**”), City shall transfer good and marketable title to all Program Assets other than the Program Cash to HCF. All Program Assets shall be transferred to HCF free and clear of restrictions on or conditions to transfer, mortgages, liens, encumbrances, claims and restrictions, except for the Assumed Liabilities under the Assumed Contracts.

3.2 Program Cash. The Program Cash shall be transferred by City to HCF as follows:

- (a) Within thirty (30) days from the Effective Date to allow for coverage of HCF’s start-up costs and other HCF operating expenses, Seven Hundred and Fifty Thousand Dollars (\$750,000.00) shall be transferred to HCF;

(b) No later than December 31, 2013, the remaining Program Cash held by City less the Administrative Expense (as defined below) shall be transferred to HCF (“**Final Payment**”).

(c) No later than thirty (30) days after receipt, City shall pay HCF all Future Program Cash.

3.3 Administrative Expense. The City may retain from the Program Cash Two Hundred and Fifty Thousand Dollars (\$250,000.00) as payment and reimbursement in full for the following costs: (a) expenses incurred by the City for the transfer of the Program Assets and other obligations of the City in performance of its Program Services prior to the Transfer Date, and (b) payment for cash-out of accrued benefits of City Program employees whose employment will be terminated as of the Transfer Date due to the assignment of the Program to HCF (collectively, “**Administrative Expense**”). Within thirty (30) days after the Transfer Date, City shall provide HCF a detailed accounting of all Administrative Expenses incurred as provided for in this Section 3.3 (a) and (b). City shall make no other deductions or withholdings from Program Cash, Future Program Cash or Program Funds (as defined below in Section 6.8). City’s costs for continued support services after the Transfer Date as requested by HCF to allow time for HCF to establish support services needed for continued Program Services, such as computer, telephone, internet and utilities, and any City accounting or staff services will be funded either under Retained Contracts or Future Contracts as set forth in Section 4, or under a separate agreement.

4. Continued City Program Support.

4.1 Retained Contracts. If a party to Assigned Contract is unwilling to allow for HCF to assume the contract and release City as of the Transfer Date (“**Retained Contracts**”), in that event City shall continue as the contracting party until the expiration date of that contract, and City and HCF shall enter into a separate agreement (“**Support Agreement**”) which shall cover such matters as the terms and obligations of the Retained Contracts to be performed by HCF, the amounts, if any, to be paid by HCF to City for obligations under the Retained Contract, the amount of funding received by City under the Retained Contract that is to be transferred to HCF (“**Future Receivables**”), and the amount and payment mechanism for any administrative expense actually incurred by the City in the administration of the Retained Contract.

4.2 Future Contracts. If a Program grant or other funding opportunity requires a municipal government to serve as the grantee or contractor (“**Future Contracts**”), City will cooperate with HCF to accept such grant and enter into such contract and to transmit the funds to HCF in order to provide the Program Services as required under such grant or contract pursuant to the terms of mutually acceptable written agreement between City and HCF (“**Future Contracts Agreement**”). If City is to perform any services to implement the Future Contract which can’t be delegated to and performed by HCF, then City shall be entitled to be reimbursed for its actual expenses in accordance with the terms of the Future Contracts Agreement.

5. Representations and Warranties.

5.1 Representations and Warranties of HCF. HCF represents and warrants to City that as of the Effective Date and as of the Transfer Date:

(a) Organization and Authority. HCF is a nonprofit corporation duly incorporated, validly existing, and in good standing under the laws of California and is duly qualified to own its properties and carry on its business as now conducted. HCF has all requisite power and authority to enter into and perform its obligations under this Agreement. HCF is a charitable organization described in Section 501(c)(3) of the Internal Revenue Code.

(b) Authorization. This Agreement has been duly authorized, executed, and delivered by HCF. This Agreement constitutes the legal, valid, and binding obligation of HCF enforceable against HCF in accordance with its terms.

(c) No Violation. None of the execution, delivery, or performance by HCF of this Agreement or the consummation by HCF of any of the transactions contemplated hereby or thereby, will contravene in any material respect any applicable law binding on HCF or any of HCF's property, or any provision of the articles of incorporation or bylaws of HCF, or will result in a breach of, or constitute a default under, or contravene any provision of, any order, judgment, or decree or arbitral award or material agreement or instrument to which HCF is a party or by which HCF or its property is bound.

5.2 Representations, Warranties and Agreements of City. City represents and warrants to HCF that as of the Effective Date and as of the Transfer Date:

(a) Organization and Authority. City is a municipal corporation in good standing under the laws of California and is duly qualified to own its properties and carry on its business as now conducted. City has all requisite power and authority to enter into and perform its obligations under this Agreement.

(b) Authorization. This Agreement has been duly authorized, executed, and delivered by City. This Agreement constitutes the legal, valid, and binding obligation of City enforceable against City in accordance with its terms.

(c) No Violation. None of the execution, delivery, or performance by City of this Agreement or the consummation by City of any of the transactions contemplated hereby or thereby, will contravene in any material respect any applicable law binding on City or any of City's property, or any provision of the governing charter of City, or will result in a breach of, or constitute a default under, or contravene any provision of, any order, judgment, or decree or arbitral award or material agreement or instrument to which City is a

party or by which City or its property is bound, except for Assigned Contracts for which HCF's assumption was not approved by the other party as described in Section 4.

(d) Liabilities. Except for liabilities and obligations under the Assumed Contracts and for Program employee accrued benefits, the Program does not have any liability or obligation of any kind or nature (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due).

(e) Compliance with Laws. With respect to the conduct of the Program and all Program Assets, City has duly complied with: (i) all applicable laws, rules, regulations, ordinances; (ii) all judgments, orders, rulings, and decrees of all federal, state and local governmental authorities; and (iii) all obligations and conditions of all grants and contracts (collectively, "Laws"). City has not received notification of any asserted present or past failure to so comply with any Laws. City is not aware of any proposed laws, ordinances or regulations, or any pending or threatened legal or administrative proceedings or investigations, which, if determined adversely to City, would materially affect the ability of City to perform its obligations hereunder.

(f) No Material Litigation. There are no pending or, to the knowledge of City, threatened suits or proceedings against City or affecting City or its Program Assets, which are reasonably likely to materially adversely affect the consummation of the transactions contemplated by, or performance by City of, this Agreement.

(g) Title to Assets. With the exception of the software licenses set forth in Schedule 1.1(a), City is the sole and exclusive legal and equitable owner of all right, title, and interest in, and has good and marketable title to, all of the Program Assets, free and clear of any Liens or restrictions on transfer. For purposes of this Agreement, "Lien" shall mean any mortgage, pledge, lien, encumbrance, charge, or other security interest.

5.3 Survival. The representations and warranties of City and HCF set forth in this Section 5 shall survive the Effective Date.

6. **Continuing Covenants**. From and after the Effective Date, the parties make the following agreements with respect to operational matters related to the Program:

6.1 HCF Information. HCF shall furnish or cause to be furnished to City and its representatives all documents and information concerning the business, finances, and properties of HCF as may be reasonably requested. HCF shall further, and shall cause HCF's employees and independent contractors to, cooperate with City and City's representatives in any action reasonably necessary to carry out the transactions contemplated by this Agreement and to transition the Program to HCF. Such cooperation

may include, without limitation, working collaboratively with City to contact Program participants and the parties to Assigned Contracts to notify them of the transition of the Program to HCF.

6.2 City Information. City shall furnish or cause to be furnished to HCF and its representatives all documents and information concerning the operation of the Program as may be reasonably requested. City shall further, and shall cause City's employees and independent contractors to, cooperate with HCF and HCF's representatives in any action reasonably necessary to carry out the transactions contemplated by this Agreement and to transition the Program to HCF. Such cooperation may include, without limitation, working collaboratively with HCF to contact Program participants and the parties to Assigned Contracts to notify them of the transition of the Program to HCF.

6.3 Insurance. Until all Program Assets have been transferred to HCF and HCF has assumed all Program responsibilities, City shall continue to maintain all current insurance coverages with respect to the Program Assets, the Program, and its operations.

6.4 City Obligations Regarding the Program. After the Effective Date and until the transfer of all Program Assets, City shall, except as otherwise approved in writing by HCF:

(a) Not enter into any contract, commitment, or transaction with respect to the Program with any third party that is not (1) in the usual and ordinary course of business, and (2) consistent with City's past practices in operating the Program. The foregoing does not apply to Future Contracts as described in Section 4.

(b) Not enter into any agreement that may have a material effect on the Program Assets or the operation of the Program, including but not limited to those for (1) the transfer, sale, or other disposal of any Program Asset material to the operation of Program, or (2) the creation of or agreement to any Lien on any Program Asset.

(c) Work in good faith with HCF in the transfer of the Program and Program Assets to HCF including, without limitation obtaining consent for all Assigned Contracts.

(d) Promptly notify HCF of any lawsuits, claims, proceedings, or investigations regarding the Program or any Program Asset which after the Effective Date are threatened or commenced against City.

(e) Retain responsibility for, and pay when due, all the costs and expenses incurred by City in the conduct of the Program.

6.5 Assigned Contracts. As soon as reasonably practical after the Effective Date and in any event on or before the Transfer Date, City shall request the written consent of third parties as may be required to effectuate the transactions contemplated by

this Agreement, including, without limitation, consent for the assignment to HCF and release of City for the Assigned Contracts, and shall furnish to HCF executed copies of those consents.

6.6 Program IP. City shall license to HCF, on an exclusive basis, the use of the Names and Logos for the period commencing on the Effective Date and ending on the Transfer Date (on which date, subject to the terms and conditions of this Agreement, all City's rights, title, and interest in and to the Program IP shall vest in HCF), for the purpose of facilitating the transition of the Program from City to HCF.

6.7 Access to Information. Each party agrees to take commercially reasonable measures to maintain all books, contracts, financial records, documents and other papers relating to the Program or Program Services (including, without limitation, Program Records) or as required under any Assumed Contract, Retained Contract or Future Contract (collectively, "**Books and Records**"). Each party understands Books and Records may need to be provided to the other party in order for that party to comply with its obligations under an Assumed Contract, Retained Contract, Future Contract or other legal or audit obligation resulting from its conduct of the Program ("**Compliance Obligation**"). Upon reasonable written request of a party (the "**Requesting Party**"), the other party (the "**Responding Party**") shall, and shall cause its representatives to: (1) provide reasonable assistance so that the Requesting Party can meet its Compliance Obligations, and (2) provide to the Requesting Party and its representatives reasonable access to all Books and Records in order to allow the Requesting Party to comply with its Compliance Obligations. This obligation shall survive the Transfer Date and the termination of this Agreement.

6.8 Delivery of Funds. In the event that after the Transfer Date the City receives payments under the Assigned Contracts or any other Program contracts or grants, or otherwise comes into possession of funds which are payments or reimbursement for Program which should otherwise have been transferred to HCF under the terms of this Agreement ("**Program Funds**"), City shall promptly forward and pay over to HCF all Program Funds, in their entirety. This provision shall not apply to any funds received by City that are subject to the terms and conditions of any Support Agreement or Future Contracts Agreement.

7. **Employee Matters**. HCF may, in its sole discretion and without obligation, make offers to certain City employees providing Program services prior to the Effective Date with respect to the employment by HCF after the Transfer Date, although such employees may commence their employment with HCF prior to the Transfer Date.

8. **Termination**. This Agreement may only be terminated and the transactions contemplated hereby may only be abandoned as follows: (a) by the mutual written agreement of City and HCF; or (b) by either party upon thirty (30) days' prior written notice if the other party is in material breach of its obligations hereunder and such breach has not been cured by the breaching party within the thirty (30) days after receiving such notice. Once the term of all Assigned Contracts, Retained Contract, Support Agreements and Future Contract Agreement have expired or terminated in accordance with their

terms, and all Program Cash, Future Program Cash, and Future Receivables has been paid by City to HCF as set forth herein and all Program Assets have been fully transferred to HCF, then this Agreement shall terminate, provided, however, provisions set forth in Sections 2.1 (Assumed Liabilities), 2.2 (Excluded Liabilities), 5 (Representations and Warranties), 6 (Continuing Covenants), and 9 (General Provisions) shall survive such termination.

9. General Provisions.

9.1 Necessary Acts and Further Documents. The parties shall at their own cost and expense execute and deliver such further documents and instruments and shall take such other actions as may be reasonably required or appropriate to evidence or effectuate the transactions contemplated by this Agreement. City shall timely file any applicable forms, schedules, or affidavits required to be filed as a result of the transactions contemplated by this Agreement. The provisions of this paragraph shall survive the Transfer Date.

9.2 Compliance with Laws. Each party shall be separately responsible for compliance with all laws, rules, and regulations which may be applicable to its respective activities, including, without limitation, compliance with all laws, rules, and regulations applicable to the transfer and possession of the Participant Records.

9.3 Transaction Costs. Except for Administrative Expenses, each party hereto agrees to pay all of its respective costs, expenses, and fees incurred by it in connection with this Agreement and the transactions contemplated hereby and thereby.

9.4 Publicity. The parties hereto will consult with each other regarding press releases or other public announcements related to this Agreement and the transactions contemplated hereby or thereby, and no party shall issue any such press release or announcement or otherwise disclose the terms set forth herein without the prior written consent of the other, except as otherwise required by applicable law.

9.5 Nonassignability. This Agreement shall not be assigned or otherwise transferred, either voluntarily or by operation of law, by either party without the prior written consent of the other party, which consent may be given or withheld in such party's sole and absolute discretion.

9.6 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns.

9.7 Entire Agreement; Amendment. This Agreement and the other exhibits, schedules, documents and agreements referenced herein constitute the entire understanding and agreement of the parties regarding the transactions contemplated hereunder, and supersede any prior oral or written agreements, representations, understandings, or discussions between the parties with regard to the transactions contemplated hereunder. This Agreement may be modified or amended only by the mutual written agreement of the parties' duly authorized representatives.

9.8 Exhibits and Schedules. The exhibits and schedules attached to this Agreement constitute a part of this Agreement and are incorporated herein by reference as if set forth in full in the main body of this Agreement.

9.9 Severability. If any provision of this Agreement is held by a court or arbitrator of competent jurisdiction to be invalid, illegal, or unenforceable, in whole or in part, for any reason, the remainder of the Agreement which can be given effect without the invalid provision shall continue in full force and effect and shall in no way be impaired or invalidated.

9.10 Waiver. Any provision of this Agreement may be waived in writing by the party entitled to the benefit thereof, but no such waiver will constitute a waiver of any other provision, nor will it constitute a continuing waiver.

9.11 No Third Party Beneficiaries. No provision of this Agreement is intended to confer any benefit upon any third party and no third party will have the right to enforce any of the provisions of the Agreement.

9.12 Notices. All notices, demands, or other communications given hereunder will be in writing and will be sufficiently given if personally delivered, delivered by overnight delivery service, or sent by registered or certified mail, first class, postage prepaid, addressed to the respective parties at the addresses provided below, or such other address with respect to any party hereto as such party may from time to time notify to the other party hereto in accordance with the terms of this paragraph:

If to HCF: President
Healthy Community Forum for the Greater Sacramento Region
1331 Garden Highway
Sacramento, CA 95833

with copy to: Christopher Delfino, Esq.
Downey Brand LLP
621 Capitol Mall, 18th Floor
Sacramento, CA 95814

If to City: Director
City of Sacramento Department of Parks and Recreation
915 I Street, 5th Floor
Sacramento, CA 95814

with copy to: Sheryl Patterson, Esq.
Office of the City Attorney
915 I Street, 4th Floor
Sacramento, CA 95814

Any such notice, demand, or communication will be deemed to have been given: (a) if mailed as provided above, as of the close of the third (3rd) business day following the date so mailed; and (b) if personally delivered or sent by overnight delivery, on the date delivered.

9.13 Governing Law. The Agreement, and any dispute arising from the relationship between the parties, will be construed and enforced in accordance with the laws of the State of California, exclusive of its choice of law provisions.

9.14 Captions. Captions and section headings are for convenience only and are not a part of this Agreement and will not be used in construing it.

9.15 Counterparts. This Agreement may be executed in several counterparts, each of which shall constitute an original and all of which, when taken together, shall constitute one agreement.

9.16 Survival. The obligations contained in those portions of this Agreement subject to completion after the Effective shall survive after the Effective Date.

9.17 Acknowledgment of Legal Representation. Each party to this Agreement acknowledges that it has retained, or has had adequate opportunity to retain, separate counsel to (i) help it in evaluating this Agreement, and (ii) assist it in determining whether the provisions contained herein are in its best interests and consistent with its objectives.

[Signatures immediately follow on next page]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the Effective Date and do each hereby warrant and represent that their respective signatory whose signature appears below has been and is on the date of this Agreement duly authorized by all necessary and appropriate corporate action to execute this Agreement.

HEALTHY COMMUNITY FORUM FOR
THE GREATER SACRAMENTO
REGION, a California nonprofit public
benefit corporation

By: Keri Thomas
Keri Thomas
Board President

CITY OF SACRAMENTO, a municipal
corporation

By: _____
John F. Shirey
City Manager

APPROVED AS TO FORM:

Sheryl Patterson, Deputy City Attorney

ATTEST:

City Clerk

Schedule 1.1(a)

Fixed Assets

All of the furniture, inventory, supplies and equipment located at Sacramento Covered's current office location at 1331 Garden Highway, Sacramento CA

Schedule 1.1(d)

Assumed Contracts as of July 1, 2013

1. Memorandum of Understanding between City of Sacramento and Redwood Community Health Organization for the State Department of Public Health's CalFresh Outreach Program 2013-14, dated October 29, 2012 (City Contract No. 2012-0935), with an expiration date of September 30, 2014.
2. The Restricted Project Grant Agreement between The California Endowment and Gifts to Share dated May 23, 2012, for outreach services, with an expiration date of November 14, 2013, which was assigned by Gifts to Share to the City of Sacramento by an Assignment and Assumption Agreement dated December 18, 2012 (City Contract No. 2012-1032).
3. Capitol Community Health Network Services Agreement between Capitol Community Health Network and the City of Sacramento dated February 1, 2012 (City Contract No. 2012-0290), with an expiration date of August 17, 2013.
4. Northern California Region Community Benefit Program Grant between Kaiser Foundation Hospitals and Gifts to Share dated October 19, 2012, which was assigned by Gifts to Share to the City of Sacramento, with an expiration date of October 1, 2013.
5. Service Agreement between Paradigm HealthCare Services, LLC and the City of Sacramento dated July 1, 2012, with an expiration date of June 30, 2015.
6. Standard Form Office Lease between Sierra Health Foundation and the City of Sacramento for the office space in the Sierra Health Foundation Center located at 1331 Garden Highway dated November 26, 2008 (City Agreement No. 2008-1088), as amended under the Second Amendment dated August 11, 2011 to reduce the square footage of the premises and adjust the rent accordingly, with an expiration date of December 31, 2014.