

**Memorandum of Understanding
and Loan Agreement**

COVID-19 Bridge Loans for Contracting Community Health Centers

This Memorandum of Understanding and Loan Agreement ("MOU") is by and between the County Medical Services Program Governing Board ("Board") and the health care clinic provider listed on Exhibit A attached hereto ("Provider").

Recitals

A. Conditions of disaster or of extreme peril to the health and safety of persons and property have arisen both internationally and within the United States as a result of the introduction of the novel coronavirus ("COVID-19"), a novel communicable disease which led to California Governor Gavin Newsom, to proclaim a State of Emergency for California on March 4, 2020.

B. Provider is a County Medical Services Program ("CMSP") contracting provider, has executed a provider services agreement with the Board to provide health care services to CMSP members, and submits claims for medical services to Advanced Medical Management ("AMM"), the Board's contracted benefits administrator for Board's programs, including CMSP and the Path to Health Pilot Project.

C. As a result of the COVID-19 pandemic sweeping California and the nation, it is anticipated that Provider may experience difficulty in maintaining health care service operations for CMSP members and other publicly sponsored populations, including Medi-Cal members, due to either of the following: (1) a decline in patients seeking health care services as a result of statewide shelter in place orders established by Executive Orders of the Governor of the State of California; and/or (2) the absence of necessary medical and/or administrative personnel due to their illness, the illness of a family member, or their need to care for a child or family member as a result of school or other facility closures.

D. As a consequence of Provider not being able to maintain health care service operations, it is anticipated that Provider may experience issues in billing and receiving necessary payment for health care services provided to CMSP, Medi-Cal and other clients that may result in a cash flow decrease for some duration that threatens to undermine Provider's ongoing ability to provide medical services to these clients.

E. Board seeks to assist Provider in addressing interim cash flow decreases resulting from the impact of the COVID-19 pandemic on Provider's health care service operations by making available to Provider a short-term bridge loan for a period of time not to exceed twenty-four (24) months.

F. Provider desires to borrow from Board a short-term bridge loan to address any cash flow decrease anticipated as part of the impact of the COVID-19 pandemic.

NOW THEREFORE, the parties agree as follows:

1. Loan. Board shall loan to Provider, and Provider shall borrow from Board, on the terms and conditions set forth in this MOU, the amount set forth on Exhibit A (the "Loan").

2. Use of Proceeds. The proceeds of the Loan shall be used exclusively by Provider to maintain Provider's clinic operations so that Provider shall be able to maintain necessary health care service operations required to provide health care services to CMSP, Medi-Cal and other clients while the Loan is outstanding.

3. Conditions Precedent to Loan. Provider shall be eligible for the Loan only if the following conditions are satisfied prior to funding the Loan:

A. Provider shall have executed an agreement with the Board to provide health care services to CMSP clients;

B. Provider shall have executed and delivered to Board this MOU and a Promissory Note in the form of Exhibit B (the "Note") attached hereto; and

C. Provider meets the criteria for receipt of a Loan as determined by the Board or its delegate.

D. Provider shall have completed and executed the Loan Data Sheet in the form of Exhibit D ("Loan Data Sheet") attached hereto.

4. Payment of Loan. Within five (5) business days from Provider's satisfaction of the conditions set forth in Section 3, Board shall fund one (1) or more installments of the Loan by delivery of a check to Provider ("Initial Funding Date").

5. Loan Terms. The Loan shall be subject to all of the following terms:

A. Provider acknowledges and agrees that Board shall have the sole discretion whether or not to fund the Loan and may elect not to fund the Loan at any time. Within the sole discretion of the Board, the Loan may be funded in one (1) or more installments.

B. Provider shall repay the Loan in full within twenty-four (24) months after the Initial Funding Date. During this twenty-four (24) month period, interest on the Note shall not accrue for the first twelve (12) months. Interest on the Note shall accrue from three hundred and sixty-sixth (366) days after the Initial Funding Date to the end of the term of the Note, which shall be not greater than twenty-four (24) months from the Initial Funding Date, and until paid in full. Beginning with the three hundred and sixty-sixth (366th) day after the Initial Funding Date and until the Loan is paid in full, the rate of interest charged shall be rate of the Investment Pool Yield under the Sonoma County Investment Pool.

C. Board may, within its sole discretion, seek repayment of the Loan by clipping claims payable to Provider from CMSP commencing the three hundred and sixty-sixth

(366th) day after the Initial Funding Date until the Loan is paid in full, and Provider hereby consents to such action.

D. Provider will grant to Board a security interest in Provider's accounts, including accounts receivable as security for the Loan. Provider shall execute a security agreement substantially in the form of Exhibit C.

E. Board may, within its sole discretion, demand repayment of the Note should any of the information contained on the Loan Data Sheet not be true, correct or complete.

F. Board may, within its sole discretion, demand repayment of the Note should Provider fail to maintain Provider's clinic operations so that Provider is able to maintain necessary health care service operations required to provide health care services to CMSP, Medi-Cal and other clients while the Loan is outstanding.

6. Costs. If any legal action or arbitration or other proceeding is brought to enforce the terms of this MOU or because of an alleged dispute, breach or default in connection with any provision of this MOU, the successful or prevailing party shall be entitled to recover reasonable attorneys' fees and other costs incurred in that action, arbitration or proceeding in addition to any other relief to which it may be entitled.

7. Entire Agreement of the Parties. This MOU constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings of the parties.

8. Waiver. To be effective, the waiver of any provision or the waiver of the breach of any provision of this MOU must be set forth specifically in writing and signed by the giving party. Any such waiver shall not operate or be deemed to be a waiver of any prior or future breach of such provision or of any other provision.

9. No Third-Party Beneficiaries. The obligations created by this MOU shall be enforceable only by the parties hereto, and no provision of this MOU is intended to, nor shall it be construed to, create any rights for the benefit of or be enforceable by any third party, including but not limited to any CMSP client.

10. Notices. Notices or other communications affecting the terms of this MOU shall be in writing and shall be served personally or transmitted by first-class mail, postage prepaid. Notices shall be deemed received at the earlier of actual receipt or if mailed in accordance herewith, on the third (3rd) business day after mailing. Notice shall be directed to the parties at the addresses listed on Exhibit A, but each party may change its address by written notice given in accordance with this Section.

11. Amendment. All amendments must be agreed to in writing by Board and Provider.

12. Assignment. This MOU shall be binding upon and shall inure to the benefit of the parties to it and their respective successors and assigns. Notwithstanding the foregoing, Provider

may not assign any rights or delegate any duties hereunder without receiving the prior written consent of Board.

13. Governing Law. The validity, interpretation and performance of this MOU shall be governed by and construed by the laws of the State of California.

14. Counterparts. This MOU may be executed in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Dated effective _____, 2020

COUNTY MEDICAL SERVICES
PROGRAM GOVERNING BOARD

PROVIDER

By: _____
Kari Brownstein
Administrative Officer

By: _____
Name: _____
Title: _____

Exhibit A

- 1. Provider: _____
- 2. Date of Agreement with Board: _____
- 3. Date of MOU: _____
- 4. Loan Amount: _____
- 5. Initial Funding Date: _____
- 6. Second Funding Date (if appropriate): _____
- 7. Notices:

Board:

Kari Brownstein, Administrative Officer
County Medical Services Program Governing Board
1545 River Park Drive, Suite 435
Sacramento, CA 95815

Provider:

(Insert Provider's name, address, contact person, phone and fax numbers)

Exhibit B

PROMISSORY NOTE

\$ _____

Sacramento, California
_____, 2020

For value received and pursuant to that certain Memorandum of Understanding and Loan Agreement between County Medical Services Program Governing Board ("Board") and _____, a [California nonprofit public benefit corporation or other entity type] ("Borrower"), dated as of _____, 2020 (the "MOU"), Borrower promises to pay to Board, or order, the sum of _____ Dollars (\$_____).

Principal payment of this Note may be demanded at any time by the Board after the Initial Funding Date as set forth in the MOU and shall be due and payable in full on such demand, provided that the Board has given Provider ten (10) days' notice in writing.

No Interest shall accrue on the unpaid principal balance for three hundred and sixty-five (365) days after the Initial Funding Date. Thereafter, interest shall accrue on the unpaid principal balance at a rate equal to the then current rate of the Investment Pool Yield under the Sonoma County Investment Pool until the Loan is repaid in full. For illustrative purposes, the Investment Pool Yield under the Sonoma County Investment Pool for the quarter ending March 31, 2020, is _____ (%).

All or part of the principal may be prepaid at any time without penalty.

Should default be made in the payment of any installment when due, then, or at any time during such default, the entire amount of unpaid principal and interest shall, at the election of the Board, become immediately due and payable without notice.

Provider promises to pay the following costs, expenses and attorneys' fees paid by the Board of this Note or adjudged by a court: reasonable costs of collection, costs and expenses and attorneys' fees paid or incurred in connection with the collection or enforcement of this Note, whether or not suit is filed.

This Note is secured by a Security Agreement between Board and Borrower dated _____, 2020.

PROVIDER

By _____
Name: _____
Title _____

Exhibit C

SECURITY AGREEMENT

This Security Agreement ("Agreement") is made by and between _____ ("Debtor") and County Medical Services Program Governing Board ("Secured Party"), and is dated as of _____, 2020.

1. Grant of Security Interest. Debtor does hereby grant a continuing security interest to Secured Party in all Accounts (the "Collateral"), all proceeds of the Collateral regardless of whether the proceeds were generated by a voluntary or an involuntary disposition of that property and all property of the same character as the Collateral which Debtor may acquire at any time hereafter until the termination of this security interest, which security interest shall attach immediately upon execution of this Agreement.

2. Obligations Secured. The Collateral secures and will secure the payment and performance of Debtor's obligations to Secured Party arising under that certain Memorandum of Understanding and Loan Agreement dated _____, 2020, including the promissory note related thereto.

3. Perfection of Security Interest. Debtor authorizes Secured Party to file a financing statement describing the Collateral. Until Debtor's obligations to Secured Party are paid in full, Debtor agrees that it will, at the request of Secured Party, execute and join in executing such other documents and do such other acts as Secured Party may request to evidence or perfect the security interest granted herein, to maintain the priority of the security interest in the Collateral or to effectuate the rights granted to Secured Party herein.

4. Assignment. This Agreement shall be binding on, and shall inure to the benefit of the parties to it and their respective heirs, legal representatives, successors and assigns and shall bind all persons who become bound as a debtor to this Agreement. Secured Party does not consent to any assignment by Debtor.

5. Charges Incurred Under Agreement. All advances, charges, costs and expenses, including attorneys' fees, incurred or paid by Secured Party in exercising any right, power or remedy conferred by this Agreement or in the enforcement thereof shall become part of the obligations secured hereunder.

6. Waiver by Secured Party. No delay or omission by Secured Party to exercise any right or remedy accruing to Secured Party hereunder shall: (a) impair any right or remedy, (b) waive any default or operate as an acquiescence to the event of default, or (c) affect any subsequent default of the same or of a different nature.

7. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but, if any provision of this Agreement shall be prohibited or invalid under applicable law, such provision shall be

ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such or the remaining provisions of this Agreement.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of California (exclusive of its laws regarding the conflict of laws). The term "Accounts" is defined as set forth in the California Uniform Commercial Code – Secured Transactions Section 9102(a)(2).

9. Integration and Modification. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter contained herein and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by both parties.

10. Notices. All notices required to be given to Secured Party or Debtor under this Agreement shall be delivered personally or be deposited in the United States mail, postage prepaid, addressed to Secured Party or Debtor at the party's principal place of business, or at such other address as may have been furnished to Secured Party or Debtor in writing for this purpose.

DEBTOR:

[Insert Provider Name]

By: _____
Name: _____
Title: _____

SECURED PARTY:

COUNTY MEDICAL SERVICES PROGRAM
GOVERNING BOARD

By: _____
Kari Brownstein, Administrative Officer

Exhibit D

COUNTY MEDICAL SERVICES PROGRAM GOVERNING BOARD

COVID-19 BRIDGE LOANS FOR CONTRACTING COMMUNITY HEALTH CENTERS

LOAN DATA SHEET

Please complete this form to apply for a bridge loan from the County Medical Services Program Governing Board.

Clinic's Full Name:	
Clinic's Address: (List all locations and business office(s))	
Clinic's Executive Director/CEO: (Name and Title)	
Clinic's Phone Number:	
Clinic's Fax Number:	
Clinic's Type of Entity: (List Nonprofit, For Profit Or Public)	
Clinic is one of the following: Federally Qualified Health Center Rural Health Center Tribal Health Program	
Clinic ownership if For Profit (If Clinic is a For Profit Entity, List all owner(s) name, entity, address and ownership interest)	
Date of Provider Agreement with County Medical Services Program Governing Board	
Amount of Loan requested:	
If Clinic wants the Loan funded in installments, list desired installments and amounts:	
Clinic's preferred Initial Funding Date:	

<p>Will Clinic's accounts be available for security for repayment of Loan? (Specify if accounts are currently security for another purpose) (If not available, what is available for alternative security?)</p>	
<p>Clinic's Tax Id# [EIN]:</p>	
<p>Clinic's CMSP Provider Number:</p>	
<p>Is there any other information that Clinic would like County Medical Services Program Governing Board to consider in determining eligibility for Loan?</p>	
<p>Clinic's Signature Block: (Attach to form)</p>	

I declare that I am an authorized representative of the Clinic described in this Form. I further declare under penalty of perjury under the laws of the State of California that the information set forth in this Form is true and correct.

[Insert Signature Block]