STATE OF TEXAS §

COUNTY OF TRAVIS §

CONTRACT RI131 FOR SECURE RESIDENTIAL SPECIALIZED PROGRAM SERVICES

This contract effective July 15, 2013, and is by and between the **Texas Juvenile Justice Department**, hereinafter **TJJD**, and **Cornerstone Programs Corporation**, Texas Vendor ID: 18414749756, hereinafter referred to as **Service Provider**, for the provision of secure residential specialized program services, located at Garza County Regional Juvenile Center, 800 North Avenue F, Post, Texas 79356. This contract number **RI131**, will expire on August 31, 2017 unless renewed per Section IV, Article 10.

This contract is entered into under the authority of §242.053, Human Resources Code, for the mutual considerations described in this contract.

This Agreement is composed of the following documents:

1. This Contract, including all attachments;
2. Service Provider's Best and Final Offer (BAFO) dated June 10, 2013 (to be attached as **Exhibit A of Contract**);
3. Service Provider's Historically Underutilized Business (HUB) Subcontracting Plan (to be attached as **Exhibit B of Contract**);
4. Service Provider's Statement of Work (to be attached as **Exhibit C of Contract**);
5. Service Provider's proposal dated January 21, 2013 (to be attached as **Exhibit E of Contract**); and
6. RFP #644-3-12112;
7. Residential Contract Program Case Management Requirements listed as **Exhibit F of RFP;**
8. Contract Care Safety & Security Check List (to be attached as **Attachment A**).

In the event there is conflict between the Agreement documents, the order of precedence shall be the order listed above.

I. SERVICE PROVIDER

For and in consideration of the payment of fees for providing residential services in accordance with this Agreement, Service Provider will:

A. Prior to referral of youth, submit to a Contract Care Safety and Security Inspection. This will be done by TJJD staff, attached as **Attachment A**. All deficiencies will be corrected and inspection successfully completed before the placement of youth. Future inspections may be conducted happen up to but not limited to every 90 days for the life of the contract.

B. Appoint members to a Youth Placement Committee that will be established. This committee will consist of members from TJJD and Service Provider. The committee will review youth for placement into the proposed Secure Residential Specialized Services Program. Youth may begin transitioning to the Secure Residential Specialized Services Program at the rates listed in the table below starting 45 days from the effective date of this contract.

Rate Schedule		
Rate (Per Youth, Per Day)	Number of Beds	
	Minimum #	Maximum #
$146.00	37	40
$152.00	25	36
$158.00	0	24

C. Obtain and maintain a license or certification listed in the RFP, prior to TJJD youth being referred to Service Provider.

D. Comply with all applicable laws, including TJJD rules found in Texas Administrative Code, Title 37, Part II related to the listed services and treatment provided to youth being served under this contract. Any amendments made to applicable TJJD rules during the term of this contract apply to the Service Provider as of the effective date of the amendments.

E. Comply with Service Provider's Statement of Work Outline and Service Provider's Statement of Work Narrative and Budget, attached as **Exhibit C**, except to the extent it is in conflict with TJJD rules found in Texas Administrative Code, Title 37, Code II and Statement of Work Outline, which take precedence over Service Provider's Statement of Work Narrative.

F. Service Provider has agreed to provide all specialized treatment service options listed in their proposal upon the approval by TJJD staff.

G. Maintain a "meets standards" overall performance and monitoring measure rating.

H. Implement and maintain a program for providing health care services.

1. For youth not eligible for Medicaid or other assistance programs for health care, obtain authorization and secure an encumbrance number from the TJJD Primary Service Worker prior to incurring expenses. These requirements do not apply in the case of a bona fide emergency, in which case notification will be given no later than the next working day after the emergency. Private insurance and governmental assistance programs will be utilized for health care when possible. Promptly send bills to the TJJD District Office no later than five (5) days after receipt of the invoice. Costs incurred that do not meet these requirements are the responsibility of the Service Provider.

I. Notify the TJJD Director of Business Operations and Contracts in writing of all revenue sources and reimbursements from third parties for any and all costs or services associated exclusively with a youth served under this contract. Billing more than one revenue source for the same costs or services provided a single youth is prohibited and shall be recouped or administrative error sanctions shall be imposed as set forth herein. Neither a youth nor his/her parents or guardians will be required to pay for the support of the youth in the program, unless otherwise ordered.

J. Submit claims to the TJJD Claims Division, 11209 Metric Boulevard Building H, Austin, TX 78758, on invoices bearing Service Provider's name and address no later than five (5) work-days from the last day of the month for which payment is requested. Invoices must contain names of youth, TJJD numbers and the dates present in the program. The youth is present for payment purposes when he/she is present until 12:01 a.m. or is authorized by the TJJD Contract Care Case Management Supervisor to be away.

K. Afford TJJD access to TJJD youth and all records and/or information on TJJD youth at all times.

L. Forward copies of all audits, monitoring, and investigative reports completed by any entity to the TJJD Youth Services Contracts Manager within five (5) work days of receipt.

M. Allow TJJD/designee to perform monitoring, performance evaluations, investigations, or audits.

1. Provide access, inspection, and reproduction to all records related to services rendered under this contract that are necessary to facilitate monitoring, performance evaluations, investigations or audits.
2. Records include, but are not limited to, contracts, notes, real property documents, accounting/financial records, written policies and procedures, correspondence, performance evaluation data and reports, and any other information pertinent to revenues, costs, expenses, and performance of services provided under this contract belonging to either the Service Provider, its subsidiaries, parent and/or affiliate(s), including subconsultants, subcontractors, employees, and any and all related parties to the contract. Related Party is defined below.
3. Upon request by TJJD, provide facilities to TJJD/designee to perform any of the functions listed in this subsection, as well as adequate and appropriate workspace and copier.

N. Maintain all financial records in accordance with generally accepted accounting principles. Follow TJJD fiscal management policies and procedures in submitting timely billing and maintaining financial records, programmatic and supporting documents, statistical records or any other records required to be kept under this contract.

O. Maintain and retain records for a minimum of three (3) years and 90 calendar days after the termination of the contract period, or for three (3) years after the end of the federal fiscal year in which services were provided, whichever is longer. If any litigation, claims, disputes, or audit involving these records begins before the three (3) years and 90 calendar days period expires, the Service Provider will keep the records and documents until all litigation, claims, disputes, or audit findings are resolved. Resolution is when a final order is issued in litigation, or a written agreement is entered into between TJJD and the Service Provider. Contract period means the beginning date through the ending date specified in the original contract or any amendments.

P. Disclose in writing to the TJJD Director of Contracts, Procurement and Support Services any transactions with related parties providing goods or services to the Service Provider, the cost of which is included in the rate per day paid by TJJD.

1. A related party always includes a family member by blood or marriage, (i.e., spouse, parents, grandparents, child(ren), grandchild(ren), aunt, uncle, niece, nephew, first cousins). In addition, a related party is defined as any person or entity involved with the Service Provider in any manner that would result in the ability of either party to significantly influence the management or operation of the other. Examples of related parties include, but are not limited to, parent companies, subsidiaries, as well as, principle investors, owners, or managers and their relatives listed above.
2. Service Provider must report to TJJD any transaction with a related party that could result in excessive profits from its relationship with the related party. If excessive profits are found to have occurred, administrative error sanctions may be imposed.
3. Any violation of this section can be considered a breach and could result in administrative error sanctions or contract termination.

Q. Comply with the Residential Contract Program Case Management Requirements, listed as **Exhibit F of RFP** and incorporated into this contract as if set forth therein. Service Provider agrees that any amendment(s) made to the Requirements in Exhibit F during the term of the contract apply to the Service Provider as of the effective date of the said amendment(s).

R. Require any of Service Provider's employees or employees of subcontractors to cooperate with or testify in judicial proceedings, youth disciplinary hearings, legislative and administrative hearings or investigations, at the request of TJJD. Service Provider will provide required documentation in a timely manner and provide office space and a telephone for youth disciplinary hearings, upon request.

S. Obtain an independent audit according to the following requirements:

1. If the Service Provider has contracted with a subcontractor to perform its primary management responsibilities, the independent audit shall be performed for the subcontractor's financial statements. Otherwise, the independent audit shall be performed for the Service Provider's financial statements.
2. If more than $400,000 is received annually under this contract, an annual independent audit must be obtained; otherwise a biannual independent audit must be obtained.
3. The audited financial statements, notes, opinions, and, if applicable, the schedule of findings and questioned costs shall be submitted to the TJJD Youth Services Contracts Manager no later than 30 days after receipt from the independent auditor. However, audited financial statements must be submitted no later than 10 months following the reporting period to the TJJD Youth Services Contracts Manager.
4. Independent audits must be performed according to Generally Accepted Auditing Standards and any other standards that apply to the Service Provider or subcontractor.
5. The independent audit must be performed by a Certified Public Accountant or firm licensed to practice public accountancy in the state in which the audit is performed.
6. The independent audit must comply with the Single Audit Act of 1984 if the Service Provider or subcontractor is a local government or non-profit organization.

T. Ensure a computer setup with at least the following: Microsoft© Office 2003 (for Word documents and Excel spreadsheets), local Internet service provider (ISP) and an e-mail account.

U. Notify TJJD if Service Provider is or becomes a covered entity under the Health Insurance Portability and Accountability Act (HIPPA). Service Provider is to secure any HIPPA consent or authorization necessary to provide to or obtain from TJJD protected health information.

V. To the extent required by law, take any actions necessary to comply with any Plan TJJD develops requiring contracted residential service providers to become certified by the American Correctional Association. TJJD will provide advance notice of any Plan impacting Service Provider and will provide not less than 90 (ninety) days notice before obligations under this Section begin.

W. Allow TJJD education and treatment staff to review documents related to those services as provided to youth at any time.

II. TJJD

For and in consideration of the services provided to TJJD youth in placement by Service Provider, TJJD will:

A. Determine which youth are eligible for referral to Service Provider's program and make appropriate referrals. TJJD will appoint members to the Youth Placement Committee referenced in Section I - A.

B. Pay for services rendered by Service Provider at the rates listed in Section I - B. This includes up to five (5) days that youth may be authorized to be away from the program. This authorization may be granted and the limit extended for unusual circumstances by the TJJD Contract Care Case Management Supervisor.

C. Pay for a placement for a youth up to three (3) days following an escape, only if the Service Provider agrees that the youth can return to the program.

D. Terms of payment shall be in accordance with Chapter 2251, Texas Government Code and Texas Government Code 403.055(h) that "payment owing to the contractor under this contract will be applied toward elimination of the contractor's indebtedness to the state, delinquency in payment of taxes to the state, or delinquency in payment of taxes that the Comptroller administers or collects until the indebtedness or delinquency is paid in full."

E. Pay health care bills authorized by the designated TJJD Staff. Encourage the use of vendors who use the current Maximum Affordable Payment Schedule (MAPS) established by the Texas Department of Assistive and Rehabilitative Services. Provide assistance to the Service Provider on Medicaid procedures.

F. Complete monitoring of Service Provider's program according to the formal monitoring schedule and standards developed by Central Office Contract Administration.

G. Remove youth from the program within ten (10) days when Service Provider determines that the youth can no longer remain in the program due to treatment or behavioral issues.

H. Remove TJJD youth from Service Provider's program when conditions exist that threaten the health, safety and welfare of TJJD youth in the program.

I. Provide all required information for each youth referred to Service Provider.

J. Designate TJJD staff for quality assurance and monitoring visits.

K. Provide amended TJJD General Administrative Policies and amended Residential Contract Program Case Management Requirements to the Service Provider in a timely manner.

L. Provide access to TJJD applications and information resources via web as needed.

III. CERTIFICATIONS

ARTICLE 1: EQUAL OPPORTUNITY

Service Provider certifies compliance with all terms, provisions, and requirements of Titles VI and VII, Civil Rights Act of 1964, the Americans with Disabilities Act of 1990, and any other Federal, state, local or other anti-discriminatory act, law, statute or regulation, along with all amendments and revisions of the acts, laws, statutes or regulations, in the performance of this contract, and will not discriminate against any child or youth, client, employee, or applicant for employment because of race, creed or religion, age, sex, color, national or ethnic origin, handicap, or any other illegal discriminatory basis or criteria.

ARTICLE 2: UNFAIR BUSINESS PRACTICES

Service Provider certifies that it or its officers have not been found guilty in a judicial or state administrative agency proceeding of unfair business practices as set out in the Texas Business and Commerce Code and that no officer of Service Provider has served as an officer of another company which has been found guilty in a judicial or state administrative agency proceeding of unfair business practices. If the above certifications are false, this contract is void.

ARTICLE 3: FRANCHISE TAXES

Section 1: Service Provider certifies that should Service Provider be subject to payment of Texas franchise taxes, all franchise taxes are current. If such certification is false this contract may be terminated at the option of TJJD or other administrative error sanctions may be taken.

Section 2: If Service Provider is exempt from payment of Texas franchise taxes, Service Provider shall so indicate by attachment to this contract.

Section 3: If Service Provider's payment of Texas franchise taxes becomes delinquent during the term of this contract, Service Provider will notify TJJD within 24 hours. If such delinquency cannot be cured within 24 hours and a copy of the Certification of Account Status proving payment of delinquent taxes cannot be provided to TJJD, this contract may be terminated at the option of TJJD or other administrative error sanctions may be taken under the provisions of the contract.

ARTICLE 4: ASBESTOS REGULATION COMPLIANCE

Service Provider certifies compliance with the Asbestos Hazard Emergency Response Act of 1986 (AHERA) by having on file with the Texas Department of State Health Services (DSHS) a copy of Service Provider's AHERA Management Plan for each facility the Service Provider owns, leases, or otherwise uses as a school or is part of a school, grades kindergarten through 12, inclusive where applicable. Prior to the initiation of services under this contract, Service Provider shall provide to TJJD a certification of an asbestos-free environment or a copy of the DSHS acceptance and approval for the Service Provider's AHERA Asbestos Management Plan(s). Service Provider shall comply with the approved Management Plan during the term of this contract and any renewals; failure to do so shall be grounds for termination of the contract. Should DSHS approve a revised or modified Management Plan, a copy of the DSHS acceptance and approval of the revised or modified Management Plan shall be furnished to TJJD.

ARTICLE 5: HUMAN IMMUNODEFICIENCY VIRUS SERVICES ACT COMPLIANCE

Section 1: Service Provider certifies compliance with the HIV Services Act, [Vernon's Texas Code Annotated (VTCA); Health and Safety Code, Section 85.001, et seq] requirements for maintenance of confidentiality regarding HIV and its related conditions, including Acquired Immunodeficiency Syndrome (AIDS).

Section 2: Service Provider further certifies that workplace guidelines are developed and implemented. Service Provider may elect to use workplace guidelines developed and implemented by TJJD. Should Service Provider not elect to use workplace guidelines developed and implemented by TJJD, Service Provider agrees its workplace guidelines shall be similar to TJJD's as required by §85.113, Texas Health & Safety Code.

Section 3: In the absence of confidentiality guidelines, Service Provider is not eligible to receive state funds, and Service Provider agrees to refund to the state any state funds Service Provider receives while ineligible.

ARTICLE 6: COMMUNICABLE DISEASE PREVENTION & CONTROL ACT COMPLIANCE

Service Provider certifies compliance with the applicable provisions of the Communicable Disease Prevention and Control Act, [Vernon's Texas Code Annotated (VTCA); Health & Safety Code, Section 81.001 et seq].

ARTICLE 7: FEDERAL CONFIDENTIALITY COMPLIANCE

Any program that specializes, in whole or in part, in providing treatment, counseling, and/or assessment and referral services for youth with alcohol or other drug problems must comply with the Federal confidentiality regulations. Said regulations apply only to programs that are federally assisted either directly or indirectly. Service Provider certifies compliance with these Federal requirements for confidentiality [42 USC Section 290 dd-2; 42 CFR Part 2] and agrees to comply with said requirements for so long as this contract is in force.

ARTICLE 8: EDUCATIONAL REQUIREMENT

Service Provider is responsible for implementing and ensuring that youth placed in their program are provided with the appropriate educational services as required by state and federal law.

ARTICLE 9: RESTRICTION ON POSSESSION OF WEAPONS

Service Provider agrees that Service Provider or any associates providing services on behalf of Service Provider, shall not carry or possess any type of firearm or other weapon as defined by Texas Penal Code Section 46.02 while rendering services to TJJD youth under this contract. This prohibition includes the carrying of a concealed handgun licensed under the authority of Chapter 411, Subchapter H, Texas Government Code. Service Provider shall be under an affirmative duty to keep weapons out of the possession of TJJD youth in Service Provider's care.

ARTICLE 10: REQUIRED DISCLOSURE OF LOBBYIST ACTIVITY

Service Provider agrees that if any person who is an employee of, director of, subconsultant, or subcontractor for Service Provider is required to register as a lobbyist under Chapter 305, Texas Government Code at any time during the term of this contract. Service Provider shall notify TJJD Youth Services Contracts Manager and provide timely copies of all reports filed with the Texas Ethics Commission as required by Chapter 305, Texas Government Code.

ARTICLE 11: NOTIFICATION TO TJJD OF SUBCONSULTANTS & SUBCONTRACTORS

Section 1: TJJD shall be notified of the selection and/or use of all subcontractors, or subconsultants regularly used by the Service Provider in performing or assessing the performance of Service Provider's duties under this contract if paid or anticipated to be paid an amount exceeding $5,000.00 during the term of this contract, and they are subject to the approval of TJJD; said approval will not be unreasonably withheld.

Section 2: No contractual relationship will exist between Service Provider's subconsultants or subcontractors and TJJD. TJJD shall have no responsibility whatsoever for the conduct, actions, or commissions (active or passive) of any subconsultants or subcontractors in the performance of their duties under this contract.

Section 3: Service Provider shall be solely responsible for the management of any subconsultants or subcontractors in the performance of their duties under this contract.

Section 4: If the Service Provider has contracted with a subcontractor to perform its primary management responsibilities, the independent audit shall be performed for the subcontractor's financial statements. Otherwise, the independent audit shall be performed for the Service Provider's financial statements.

Section 5: If more than $400,000 is received annually under this contract, an annual independent audit must be obtained; otherwise a biannual independent audit must be obtained. The audited

financial statements, notes, opinions, and, if applicable, the schedule of findings and questioned costs shall be submitted to the TJJD Senior Director of State Programs & Facilities no later than 30 days after receipt from the independent auditor. However, audited financial statements must be submitted no later than 10 months following the reporting period to the TJJD Director of Business Operations and Contracts.

Section 6: Independent audits must be performed according to Generally Accepted Auditing Standards and any other standards that apply to the Service Provider or subcontractor. The independent audit must be performed by a Certified Public Accountant or firm licensed to practice public accountancy in the state in which the audit is performed. The independent audit must comply with the Single Audit Act of 1984 if the Service Provider or subcontractor is a local government or non-profit organization.

ARTICLE 12: COMPLIANCE WITH CHILD SUPPORT, §231.006, FAMILY CODE

"Under §231.006, Family Code, the vendor or applicant certifies that the individual or business entity named in this contract or bid is not ineligible to receive the specified grant, loan, or payment and acknowledges that this contract may be terminated and payment may be withheld if his certification is inaccurate."

Governmental entities and any business entity, including a non-profit corporation, that does not have a majority shareholder who is a natural person capable of being a child support obligor, are not subject to Section 231.006.

Check **ONE**:

☐ Offeror DOES NOT have a sole proprietor, majority stockholder or substantial owner who is a natural person capable of being a child support obligor therefore IS NOT subject to Section 231.006.

☐ Offeror DOES have a sole proprietor, majority stockholder or substantial owner who is a natural person capable of being a child support obligor therefore IS subject to Section 231.006.

SERVICE PROVIDER MUST PROVIDE, IN THE SPACE BELOW, THE NAME AND SOCIAL SECURITY NUMBER OF AN INDIVIDUAL OWNER, A SOLE PROPRIETOR AND ALL PARTNERS, SHAREHOLDERS, OR OWNERS WITH AN OWNERSHIP INTEREST OF AT LEAST TWENTY-FIVE (25) PERCENT OF THE BUSINESS ENTITY ENTERING INTO THIS CONTRACT.

For nonprofit corporations with no identifiable owner of twenty-five percent (25%) or more of the corporation, indicate with "none" on the first line below.

_____
Name, Social Security Number, Percent (%)

_____
Name, Social Security Number, Percent (%)

_____
Name, Social Security Number, Percent (%)

_____
Name, Social Security Number, Percent (%)

ARTICLE 13: COMPLIANCE WITH §572.054, TEXAS GOVERNMENT CODE, FORMER OFFICER OR EMPLOYEE OF TJJD

Service Provider certifies compliance with §572.054, Texas Government Code. Service Provider has not employed a former officer or employee of TJJD to perform services on Service Provider's behalf, to secure this contract or to represent Service Provider in any manner prohibited by the referenced statute. A false certification could result in termination of this contract.

ARTICLE 14: SIGNATORY AUTHORITY

The undersigned signatory certifies by his/her signature that he/she has the authority to bind the Service Provider to the contract provisions stated herein.

ARTICLE 15: COMPLIANCE WITH §2252.901, TEXAS GOVERNMENT CODE, FORMER OR RETIRED EMPLOYEE OF THE AGENCY

Service Provider certifies compliance with §2252.901, Texas Government Code, which provides "A state agency may not enter into an employment contract, a professional services contract under chapter 2254, or a consulting services contract under Chapter 2254 with a former or retired employee of the agency before the first anniversary of the last date on which the individual was employed by the agency, if appropriated money will be used to make payments under the contract. This section does not prohibit an agency from entering into a professional services contract with a corporation, firm, or other business entity that employs a former or retired employee of the agency within one year of the employee's leaving the agency, provided the former or retired employee does not perform services on projects for the corporation, firm or other business entity that the employee worked on while employed by the agency." Service provider certifies that he/she is not prohibited from entering into this contract because of any prior employment with TJJD.

ARTICLE 16: SPECIALLY DESIGNATED NATIONALS AND BLOCKED PERSONS LIST

Service Provider certifies that it is not on the list of Specially Designated Nationals and Blocked Persons maintained by the Office of Foreign Assets Control.

ARTICLE 17: COMPLIANCE WITH §2161.253, TEXAS GOVERNMENT CODE, GOOD FAITH COMPLIANCE WITH HISTORICALLY UNDERUTILIZED BUSINESS (HUB) SUBCONTRACTING PLAN

Service Provider certifies compliance with §2161.253, Texas Government Code. Service Provider agrees to make good faith efforts to implement the HUB subcontracting Plan. Service Provider agrees to submit to TJJD monthly compliance reports (HUB Subcontracting Plan Contractor Progress Assessment Report) for the term of the contract. The Progress Assessment Report should be submitted to the following address: TJJD, 11209 Metric Boulevard, Bldg. H, Austin, Texas 78758, ATTN: TJJD HUB Coordinator.

ARTICLE 18: FINGER PRINT AND CRIMINAL BACKGROUND CHECKS

Service Provider will:

As directed, provide information regarding persons providing services under this Agreement and personnel access for a criminal background check including, but not limited to, fingerprinting check, criminal records check, sex offender registration records check, and drug test. Criminal background checks shall be conducted at Service Provider's expense but conducted through TJJD or TJJD's contract providers for each of the Service Provider's employees, agents, consultants, subcontractors, subcontractor's employees, and volunteer workers. Any Service Provider employee, agent, consultant, subcontractor, subcontractor's employee, or volunteer worker who is unwilling to provide or who does not provide required information will not be allowed to work under this agreement. Any Service Provider employee, agent, consultant, subcontractor, subcontractor's employee, or volunteer worker shall not work under this agreement until the criminal background check is completed and approval is obtained from TJJD's Director of Human Resources.

Notify TJJD's Director of Human Resources of any employee, agent, consultant, subcontractor, subcontractor's employee, or volunteer worker who works with TJJD youth and who is arrested, indicted, or charged with a criminal offense or who resigns while under investigation for inappropriate conduct or policy violations. Such employee, agent, consultant, subcontractor, subcontractor's employee, or volunteer worker shall be immediately suspended from working under this agreement unless authorized by TJJD's Director of Human Resources.

TJJD will approve any Service Provider employee, agent, consultant, subcontractor, subcontractor's employee, or volunteer worker in accordance with TJJD policies and procedures. TJJD's designated contact for criminal background checks is the Director of Human Resources (512) 490-7130.

ARTICLE 19: VIOLATION OF FEDERAL LAW RELATING TO RECONSTRUCTION EFFORTS AS A RESULT OF HURRICANES RITA, KATRINA OR ANY OTHER DISASTER AFTER SEPTEMBER 24, 2005

Under Section 2155.006(b) of the Texas Government Code, a state agency may not accept a bid or award a contract, including a contract for which purchasing authority is delegated to a state agency, that includes proposed financial participation by a person who, during the five-year period preceding the date of the bid or award, has been: (1) convicted of violating a federal law in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005; or (2) assessed a penalty in a federal civil or administrative enforcement action in connection with a contract awarded by the federal government for relief, recovery, or reconstruction efforts as a result of Hurricane Rita, as defined by Section 39.459, Utilities Code, Hurricane Katrina, or any other disaster occurring after September 24, 2005. Under Section 2155.006 of the Texas Government Code, the bidder certifies that the individual or business entity named in this bid is not ineligible to receive the specified contract and acknowledges that any contract resulting may be terminated and payment withheld if this certification is inaccurate.

IV. GENERAL TERMS AND CONDITIONS

ARTICLE 1: RELATIONSHIP OF PARTIES – Independent Contractor

The Service Provider is acting as an independent contractor and is wholly responsible in providing the services under this RFP and for the day-to-day operations of its programs and employees; no joint venture, partnership, or agency exists nor shall be implied by the terms of this contract. No employee of Service Provider shall become an employee of TJJD by virtue of this contract. Should Service Provider subcontract any of the services required in this RFP, Service Provider expressly understands and acknowledges that in entering into such subcontract(s), TJJD is in no manner liable to any subcontractor(s) of Service Provider. In no event shall this provision relieve bidder of the responsibility for ensuring that the services rendered under all subcontracts are rendered in compliance with this RFP.

ARTICLE 2: INDEMNITY

SERVICE PROVIDER AGREES TO BE LIABLE FOR, AND HEREBY DOES INDEMNIFY AND HOLD HARMLESS TJJD AND ITS OFFICERS, DIRECTORS, AGENTS, EMPLOYEES AND REPRESENTATIVES FROM AND AGAINST ANY AND ALL LIABILITY FOR ANY AND ALL CLAIMS, SUITS, DEMANDS, CAUSES OF ACTION, AND/OR DAMAGES, (INCLUDING COSTS OF COURT AND REASONABLE ATTORNEYS' FEES) ARISING FROM OR BASED UPON MISCONDUCT, INTENTIONAL OR NEGLIGENT ACTS OR OMISSIONS ON THE PART OF SERVICE PROVIDER, ITS OFFICERS, DIRECTORS, AGENTS, REPRESENTATIVES, EMPLOYEES, OR VISITORS WHICH MAY ARISE OUT OF OR COULD RESULT FROM THIS CONTRACT.

FOR THE PURPOSES OF THIS CONTRACT, THE TERM "WORK" IS DEFINED AS ALL REPORTS, STATISTICAL ANALYSES, WORK PAPERS, WORK PRODUCTS, MATERIALS, APPROACHES, DESIGNS, SPECIFICATIONS, SYSTEMS, DOCUMENTATION, METHODOLOGIES, CONCEPTS, RESEARCH MATERIALS, INTELLECTUAL PROPERTY OR OTHER PROPERTY DEVELOPED, PRODUCED, OR GENERATED IN CONNECTION WITH THIS CONTRACT. ALL WORK PERFORMED PURSUANT TO THIS CONTRACT IS MADE THE EXCLUSIVE PROPERTY OF TJJD. ALL RIGHT, TITLE AND INTEREST IN AND TO SAID PROPERTY SHALL VEST IN TJJD UPON CREATION AND SHALL BE DEEMED TO BE A WORK FOR HIRE AND MADE IN THE COURSE OF THE SERVICES RENDERED PURSUANT TO THIS CONTRACT. TO THE EXTENT THAT TITLE TO ANY SUCH WORK MAY NOT, BY

OPERATION OF LAW, VEST IN TJJD, OR SUCH WORK MAY NOT BE CONSIDERED A WORK MADE FOR HIRE, ALL RIGHTS, TITLE AND INTEREST THEREIN ARE HEREBY IRREVOCABLY ASSIGNED TO TJJD. TJJD SHALL HAVE THE RIGHT TO OBTAIN AND TO HOLD IN ITS NAME ANY AND ALL PATENTS, COPYRIGHTS, REGISTRATIONS OR SUCH OTHER PROTECTION AS MAY BE APPROPRIATE TO THE SUBJECT MATTER, AND ANY EXTENSIONS AND RENEWALS THEREOF.

CONTRACTOR MUST GIVE TJJD AND/OR THE STATE OF TEXAS, AS WELL AS ANY PERSON DESIGNATED BY TJJD AND/OR THE STATE OF TEXAS, ALL ASSISTANCE REQUIRED TO PERFECT THE RIGHTS DEFINED HEREIN WITHOUT ANY CHARGE OR EXPENSE BEYOND THOSE AMOUNTS PAYABLE TO CONTRACTOR FOR THE SERVICES RENDERED UNDER THIS CONTRACT.

ARTICLE 3: LIABILITY INSURANCE

Section 1: Contractor represents and warrants that it will, within five (5) business days of executing this Contract, provide TJJD with current certificates of insurance or other proof acceptable to TJJD of the following insurance coverage: Standards Workers Compensation Insurance, covering all personnel who will provide services under this Contract; Commercial General Liability Insurance, personal injury and advertising injury with, at a minimum, the following limits: $500,000.00 minimum each occurrence; $1,000,000.00 per general aggregate. The insurance must cover injury to a youth that occurs when the youth is in Service Provider's care, custody or control.

Section 2: Service Provider shall provide proof of insurance documents to the TJJD Youth Services Contracts Manager, upon request.

Section 3: The required insurance coverage must be maintained during the term of this contract in the above stated amount. Failure to maintain the required insurance coverage may result in termination of this contract or any other administrative error sanctions.

ARTICLE 4: CONFIDENTIALITY AND SECURITY

Section 1: Service Provider agrees that all its employees will comply with state and federal law and with TJJD policies regarding the confidentiality of youth records and identifying information.

Section 2: Service Provider agrees that all information regarding TJJD and/or its youth that is gathered, produced, or otherwise derived from this contract shall remain confidential subject to release only by permission of TJJD.

Section 3: Service Provider's employees who visit any TJJD facility will comply with that facility's security regulations.

Section 4: Identifying pictures, appearances, films, or reports of TJJD youth may not be disclosed by Service Provider without the written consent of the youth and, if under age 18, of his or her parents, guardian, or managing conservator.

ARTICLE 5: ADMINISTRATIVE ERROR SANCTIONS

Section 1: TJJD, based on information from monitoring or other verifiable sources, may terminate this contract for the reasons set forth in the article dealing with termination below, or take other actions including, but not limited to:

a. Require the Service Provider to take specific corrective actions in order to remain in compliance with the terms of this contract; and/or
b. Recoup payment made to Service Provider; and/or
c. Impose recommendations from audit or investigative findings, and minor or major sanctions; and/or

d. Assess liquidated damages for each instance of non-compliance with the terms of this contract equal to $150 multiplied by the average daily population of TJJD youth placed with the Service Provider in the preceding month; and/or

e. Suspend, place into abeyance, or remove any contractual rights including, but not limited to, withholding payment, moratorium on placements, population limitations and/or removal of all youth presently in the program.

Section 2: Service Provider shall cooperate fully with TJJD and its authorized representative in carrying out corrective action plans.

ARTICLE 6: TERMINATION

Section 1: Service Provider may terminate its obligations under this contract by giving ninety (90) days notice and assisting in relocating youth in the program to other placements.

Section 2: TJJD may terminate for convenience its obligations under this contract by giving thirty (30) days notice, or immediately in the event youth are removed from the program when conditions exist that threaten the health, safety or welfare of TJJD youth in the program, or in the event of breach of contract by Service Provider.

Section 3: TJJD may terminate its obligations under this contract with the Service Provider for failing to complete the corrective action specified and no extenuating circumstances exist; or is non-compliant with any area of the contract; or is below average in any single TJJD performance measure; or is below standards in overall performance measure rating.

Section 4: TJJD shall terminate this contract in the event that TJJD is not granted funding to pay for the herein described services or in the event that funding is lost due to either a reduction in the budget or a reallocation of budgeted funds.

ARTICLE 7: WAIVER

No waiver by either party of any breach or default of the other under this contract shall operate as a waiver of any future or other breach or default, whether of a like or different character or nature.

ARTICLE 8: SEVERABILITY

If any part of this contract is contrary to any federal, state, or local law, it is not applicable and such invalidity shall not affect the other provisions or applications of this agreement which can be given effect without the invalid provision or application and to that end the provisions of this contract are declared to be severable.

ARTICLE 9: CONTRACT AMENDMENT

No other agreements, oral or written, shall constitute a part of this contract unless such be made in writing, executed by the parties hereto or their successors, and expressly made a part thereof.

ARTICLE 10: CONTRACT RENEWAL

The duration of this contract will be for a four (4) year initial service period with an option to renew for two (2) additional 24 month contract periods contingent on satisfactory contract performance, annual legislative appropriations, and by written mutual agreement of both parties. This contract shall become effective upon its execution.

ARTICLE 11: NOTICE OF CHANGES

Section 1: Service Provider shall notify TJJD immediately in writing in advance of any significant change affecting the Service Provider, including but not limited to change of Service Provider's name or identity, location of services, ownership or control, operating entity, governing board membership, key personnel, payee identification number, and other significant changes including residential, educational or clinical services/programming that may affect the delivery of services under the terms of this contract.

Section 2: Service Provider shall refrain from transferring or assigning this contract or from entering into any subcontract for the services under this contract without prior written approval from TJJD.

Section 3: Service Provider shall not relocate the services provided under this contract from the location stated in the preamble without prior written approval from TJJD and a certification that the location to which services are to be relocated is in compliance with Chapter 224, Local Government Code.

ARTICLE 12: NOTICE

Required notices will be provided to the Contract Specialist at **11209 Metric Boulevard, Bldg. H, Austin, Texas 78758, phone number (512) 490-7265** and to the Service Provider at: **9085 East Mineral Circle, Suite 235, Centennial, Colorado 80112, phone number (806) 495-0266.**

ARTICLE 13: VENUE

In any legal action arising under this contract, the laws of the State of Texas shall apply and venue will be in Travis County, Texas.

ARTICLE 14: PROBLEM SOLVING IN THE ORDINARY COURSE OF BUSINESS

Section 1: The parties to this contract shall use the procedures contained in this article for routine problem solving including claims for breach of contract. Should these procedures not resolve claims for breach of contract, the procedures contained in Article 15 shall be followed thereafter.

Section 2: Informal Resolution: Contract Service Providers and TJJD staff will communicate regularly and engage in informal problem solving efforts as a routine measure, thus preventing differences from becoming major problems. When routine measures have been exhausted, TJJD staff are encouraged to utilize the following mechanism to resolve problems.

Section 3: Formal Resolution:

a. Contract Service Providers or TJJD staff who wish to submit problems for resolution may do so in writing, including all relevant information and a recommended resolution.

b. The statement of problem will be submitted to the TJJD Youth Services Contracts Manager unless the problem specifically involves the TJJD Youth Services Contracts Manager, in which case, it will be submitted to the Senior Director of State Programs & Facilities.

c. Problems are resolved within ten working days; written responses will be sent to the individual or program that submitted it, TJJD Youth Services Contracts Manager and Senior Director of State Programs & Facilities.

Section 4: **Appeal:** Service Provider desiring to appeal the decision may do so within ten days by writing all pertinent information relevant to the appeal to the TJJD Youth Services Contracts Manager or Senior Director of State Programs & Facilities if the problem wasn't resolved by the Youth Services Contracts Manager. When appealed, the problem shall be resolved within 14 working days; responses will be sent to the individual or program who submitted it; TJJD Youth Services Contracts Manager.

ARTICLE 15: CLAIMS FOR BREACH OF CONTRACT

Section 1: The dispute resolution process provided for in Chapter 2260 of the Texas Government Code must be used, as further described herein, by the Texas Juvenile Justice Department and Service Provider to attempt to resolve any claim for breach of contract made by the Service Provider.

a. Service Provider's claim for breach of this contract that the parties cannot resolve in the ordinary course of business shall be submitted to the negotiation process

provided in Chapter 2260, Subchapter B, of the Government Code. To initiate the process, the Service Provider shall submit written notice, as required by Subchapter B, to the Executive Director. Said notice shall specifically state that the provisions of Chapter 2260, Subchapter B, are being invoked. A copy of the notice shall also be given to all other representatives of the Texas Juvenile Justice Department and the Service Provider otherwise entitled to notice under the parties' contract. Compliance by the Service Provider with Subchapter B is a condition precedent to the filing of a contested case proceeding under Chapter 2260, Subchapter C, of the Government Code.

b. The contested case process provided in Chapter 2260, Subchapter C, of the Government Code is the Service Provider's sole and exclusive process for seeking a remedy for any and all alleged breaches of contract by the Texas Juvenile Justice Department if the parties are unable to resolve their disputes under subparagraph A. of this paragraph.

c. Compliance with the contested case process provided in subchapter C is a condition precedent to seeking consent to sue from the Legislature under Chapter 107 of the Civil Practices and Remedies Code. Neither the execution of this contract by the Texas Juvenile Justice Department nor any other conduct of any representative of the Texas Juvenile Justice Department relating to the contract shall be considered a waiver of sovereign immunity to suit.

Section 2: The submission, processing and resolution of the Service Provider's claim is governed by the published rules adopted by the Texas Juvenile Justice Department pursuant to Chapter 2260, as currently effective, hereafter enacted or subsequently amended.

Section 3: Neither the occurrence of an event nor the pendency of a claim constitute grounds for the suspension of performance by the Service Provider, in whole or in part.

ARTICLE 16: NO THIRD PARTY BENEFICIARIES

The terms of the Agreement are for the sole benefit of the parties to the Agreement and will not be construed to confer any rights on any other person.

ARTICLE 17: RIGHT TO AUDIT

Contractor understands that acceptance of funds under this contract acts as acceptance of the authority of the State Auditor's Office, TJJD or any successor agency, to conduct an audit or investigation in connection with those funds. Contractor further agrees to cooperate fully with the above parties in the conduct of the audit or investigation, including providing all records requested. Contractor shall ensure that this clause concerning the authority to audit funds received indirectly by subcontractors through the contractor and the requirement to cooperate is included in any subcontract it awards.

Contractor shall maintain and retain supporting fiscal documents adequate to ensure that claims for contract funds are in accordance with TJJD and State of Texas requirements. Contractor shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the date of submission of the final invoices or until a resolution of all billing questions, whichever is later. Contractor shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the State's property, such as work papers, reports, books, data, files, software, records, and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by TJJD, the State of Texas or their authorized representatives. Contractor shall cooperate with auditors and other authorized TJJD and State of Texas representatives and shall provide them with prompt access to all of such State's property as requested by TJJD or the State of Texas. By example and not as an exclusion to other breaches or failures, Contractor's failure to comply with this Section shall constitute a material breach of this Agreement and shall authorize TJJD to immediately assess the liquidated damages for such failure. For purposes of this Section, the "State's property" includes, but is not limited to, "Work" as defined in the RFO. TJJD may require, at Contractor's sole cost and expense, independent audits by a qualified certified public accounting firm of Contractor's books and records or the State's property. The independent auditor shall provide TJJD with a copy of such audit at the same time it is provided to Contractor. TJJD retains the right to issue a request for proposals for the services of an independent certified public accounting firm under this Agreement. In addition to and without limitation on the other audit provisions of this

Agreement, pursuant to Section 2262.003, Tex Government Code, the State Auditor may conduct an audit or investigation of the Contractor or any other entity or person receiving funds from the state directly under this Agreement or indirectly through a subcontract under this Agreement. The acceptance of funds by the Contractor or any other entity or person directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. This Agreement may be amended unilaterally by TJJD to comply with any rules and procedures of the State Auditor in the implementation and enforcement of Section 2262.003. Under procedures provided by the State Auditor on September 5, 2003, in addition to the above, (1) the Contractor understands that the acceptance of funds under this Agreement acts as acceptance of the authority of the State Auditor to conduct an audit or investigation in connection with those funds; (2) the Contractor further agrees to cooperate fully with the State Auditor in the conduct of the audit or investigation, including providing all records requested; and (3) the Contractor shall ensure that this paragraph concerning the authority to audit funds received indirectly by subcontractors through the Contractor and the requirement to cooperate is included in any subcontract it awards.

ARTICLE 18: PAYMENTS

Prior to authorizing payment to Contractor, TJJD shall evaluate Contractor's performance using the performance standards set forth in all documents constituting this Contract. Contractor shall provide invoices to TJJD for Services performed. Invoices must be submitted not later than the 15th day of the month after the Services are completed. No payment whatsoever shall be made under this contract without the prior submission of detailed, correct invoices. Subject to the foregoing, TJJD must make all payments in accordance with the Texas Prompt Payment Act, Gov't Code, Chapter 2251. Payments under this Contract are subject to the availability of appropriated funds. Contractor acknowledges and agrees that payments for services provided under this Contract are contingent upon TJJD's receipt of funds appropriated by the Texas Legislature.

Contractor shall invoice Owner for work performed by vendor identification number, building, and purchase order number. Invoices must include the Contract number, the number of employees that worked on the job and the number of hours.

ARTICLE 19: ASSIGNMENTS

Without the prior written consent of TJJD, Contractor may not assign this Contract, in whole or in part, and may not assign any right or duty required under it.

ARTICLE 20: APPLICABLE LAW AND CONFORMING AMENDMENTS

Contractor must comply with all laws, regulations, requirements and guidelines applicable to a Contractor providing services to the State of Texas as these laws, regulations, requirements and guidelines currently exist and as they are amended throughout the term of this Contract. TJJD reserves the right, in its sole discretion, to unilaterally amend this Contract throughout its term to incorporate any modifications necessary for TJJD's or Contractor's compliance with all applicable State and federal laws, and regulations.

ARTICLE 21: AMENDMENTS

Except as provided in this Contract, this Contract may be amended only upon written agreement between TJJD and Contractor; however, any amendment of this Contract that conflicts with the laws of the State of Texas shall be void.

ARTICLE 22: DECEPTIVE TRADE PRACTICES; UNFAIR BUSINESS PRACTICES

Contractor represents and warrants that it has not been the subject of allegations of Deceptive Trade Practices violations under Tex. Bus. & Com. Code, Chapter 17, or allegations of any unfair business practice in any administrative hearing or court suit and that Contractor has not been found to be liable for such practices in such proceedings. Contractor certifies that it has no officers who have served as officers of other entities who have been the subject allegations of Deceptive Trade Practices violations or allegations of any unfair business

practices in an administrative hearing or court suit and that such officers have not been found to be liable for such practices in such proceedings.

ARTICLE 23: EQUAL OPPORTUNITY

Contractor represents and warrants that it shall not discriminate against any person on the basis of race, color, national origin, creed, religion, political belief, sex, sexual orientation, age, and disability in the performance of this Contract.

ARTICLE 24: ANTITRUST

Contractor represents and warrants that neither Contractor nor any firm, corporation, partnership, or institution represented by Contractor, or anyone acting for such firm, corporation or institution has (1) violated the antitrust laws of the State of Texas under Tex. Bus. & Com. Code, Chapter 15, or the federal antitrust laws; or (2) communicated directly or indirectly the Proposal to any competitor or any other person engaged in such line of business during the procurement process for this Contract.

ARTICLE 25: NO CONFLICTS

Contractor represents and warrants that Contractor has no actual or potential conflicts of interest in providing services to the State of Texas under this Contract and that Contractor's provision of services under this Contract would not reasonably create an appearance of impropriety.

ARTICLE 26: FINANCIAL INTERESTS; GIFTS

Contractor represents and warrants that neither Contractor nor any person or entity that will participate financially in this Contract has received compensation from TJJD or any agency of the State of Texas for participation in preparation of specifications for this Contract. Contractor represents and warrants that it has not given, offered to give, and does not intend to give at any time hereafter, any economic opportunity, future employment, gift, loan, gratuity, special discount, trip, favor or service to any public servant or employee in connection with this Contract.

ARTICLE 27: FELONY CRIMINAL CONVICTIONS

Contractor represents and warrants that Contractor has not and Contractor's employees have not been convicted of a felony criminal offense, or that, if such a conviction has occurred, Contractor has fully advised TJJD as to the facts and circumstances surrounding the conviction.

ARTICLE 28: FALSE STATEMENTS; BREACH OF REPRESENTATIONS

By signature to this Contract, Contractor makes all the representations, warranties, guarantees, certifications and affirmations included in this Contract. If Contractor signed its Proposal with a false statement or signs this Contract with a false statement or it is subsequently determined that Contractor has violated any of the representations, warranties, guarantees, certifications or affirmations included in this Contract, Contractor shall be in default under this Contract and TJJD may terminate or void this Contract for cause and pursue other remedies available to TJJD under this Contract and applicable law.

ARTICLE 29: FORCE MAJEURE

Except as otherwise provided, neither Contractor nor TJJD nor any agency of the State of Texas, shall be liable to the other for any delay in, or failure of performance, of a requirement contained in this Contract caused by force majeure. The existence of such causes of delay or failure shall extend the period of performance until after the causes of delay or failure have been removed provided the non-performing party exercises all reasonable due diligence to perform. Force majeure is defined as acts of God, war, strike, fires, explosions, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each party must inform the other in writing with proof of receipt within three (3) business days of the existence of such force majeure or otherwise waive this right as a defense.

ARTICLE 30: DEBTS OR DELINQUENCIES TO STATE

The Comptroller is prohibited from issuing any payment to a person or entity that has been reported as having an indebtedness or delinquency to the state. Contractor agrees that, to the extent Contractor owes any debt or delinquent taxes to the State of Texas, any payments or other amounts Contractor is otherwise owed under this Contract shall be applied toward the debt or delinquent taxes until the debt or delinquent taxes are paid in full. Contractor agrees to comply with all applicable laws regarding satisfaction of debts or delinquencies to the State of Texas.

ARTICLE 31: BUY TEXAS

In accordance with Gov't Code, Section 2155.4441, the State of Texas requires that during the performance of a contract for services, Contractor shall purchase products and materials produced in the State of Texas when available at a price and time comparable to products and materials produced outside the state.

ARTICLE 32: RECORDS RETENTION

Upon award, TJJD will provide a copy of the General Administrative Policy regarding the State of Texas Records Retention Schedule.

ARTICLE 33: ABANDONMENT OR DEFAULT

If Contractor is found to be in default under any provision of this Contract, TJJD may cancel the Contract without notice and either re-solicit or award the contract to the next best responsive and responsible Respondent. In the event of abandonment or default, Contractor will be responsible for paying damages to TJJD including but not limited to re-procurement costs, and any consequential damages to the State of Texas or TJJD resulting from Contractor's non-performance. The defaulting Contractor will not be considered in the resolicitation and may not be considered in future solicitations for the same type of work, unless the specification or scope of work is significantly changed.

ARTICLE 34: FUNDING OUT CLAUSE

This contract is subject to cancellation, without penalty, either in whole or in part if funds are not appropriated by the Texas Legislature.

ARTICLE 35: MERGER

This Contract contains the entire agreement between Contractor and TJJD and supersedes any prior understandings or oral or written agreements between TJJD and Contractor on the matters contained herein. No modification, alteration, or waiver of any term, covenant, or condition of this Contract and any attachments shall be valid unless in writing and executed by TJJD and Contractor.

ARTICLE 36: RECYCLED/REMANUFACTURED/ENVIRONMENTALLY SENSITIVE PRODUCTS

Texas State law requires that a purchasing preference be given to any product made from recycled material if the product meets written specifications as to quality and quantity. If a product proposed contains recycled material, please identify the item number and report the percent of all recycled material in the product and the percent of post-consumer material used in the product. "Post-consumer" means material that has been recycled after sale to a consumer as opposed to reuse of manufacturing waste material prior to sale. In addition, identify any products that meet the criteria of "environmentally sensitive."

ARTICLE 37: PROPRIETARY OR CONFIDENTIAL INFORMATION

Responses may include proprietary or confidential information. TJJD will take reasonable precautions in protecting such information provided that it is clearly identified as proprietary or confidential on the page on which it appears.

ARTICLE 38: PUBLIC DISCLOSURE

No public disclosures or news releases pertaining to this RFP/Contract shall be made without prior written approval of the TJJD.

ARTICLE 39: RIGHT OF OFFSET

In the event the TJJD determines that Contractor owes money to the TJJD under any contract or purchase order, the TJJD, upon providing Contractor with written notice of its intent to offset, shall have the right to withhold monies due Contractor with respect to this Contract or purchase order or with respect to any contract or purchase order with the TJJD and apply such monies to the money due to the TJJD.

ARTICLE 40: FEDERAL, STATE, AND LOCAL REQUIREMENTS

Contractor shall demonstrate on-site compliance with the Federal Tax Reform Act of 1986, Section 1706, amending Section 530 of the Revenue Act of 1978, dealing with issuance of Form W-2's to common law employees. Contractor is responsible for both federal and State unemployment insurance coverage and standard Worker's Compensation Insurance coverage. Contractor shall comply with all federal and State tax laws and withholding requirements. The State of Texas shall not be liable to Contractor or its employees for any Unemployment or Workers' Compensation coverage, or federal or State withholding requirements. Contractor shall indemnify the State of Texas and shall pay all costs, penalties, or losses resulting from Contractor's omission or breach of this Section.

ARTICLE 41: COMPLIANCE WITH APPLICABLE RULES, REGULATIONS, POLICIES, PROCEDURES, AND LAWS

A. Contractor shall provide services to TJJD that are in compliance with all applicable local, state, and federal laws, rules and regulations now in effect or that become effective during the term hereof including but not limited to, Civil Rights Act of 1964; Title VII of the Civil Rights Act of 1964; Section 504 of the Rehabilitation Act of 1973; the Age of Discrimination in Employment Act; the Immigration Act of 1990 and the Illegal Immigration Reform and Immigrant Responsibility Act of 1996 (IMRIRA) enacted on September 30, 1996; Code of Federal Regulations, Title 42, Part 2 (regarding information about drug and alcohol abuse offenders); Environmental Protection Agency (EPA) Rules and Regulations; Texas Code of Criminal Procedure; Texas Health and Safety Code, Chapters 85, 595, 611; Texas Administrative Code, Title 25, Chapter 403, Subchapter K (regarding offender identifying information); the Americans with Disabilities Act of 1990; the Civil Rights Act of 1991; Occupational Safety and Health Act (OSHA) of 1970; Section 231.006, Texas Family Code; Texas Government Code, Chapter 508, 783, 2254, 2259, and 2260; Local Government Code, Chapter 244; and any and all relevant federal and state financial cost principles and audit requirements; and any and all rules, policies and procedures established from time to time by the TJJD.

B. When differences between applicable standards exist, the higher standard, as defined by the TJJD, will prevail.

ARTICLE 42: PATENT, TRADEMARK, COPYRIGHT AND OTHER INFRINGEMENT CLAIMS

Contractor shall indemnify, save and hold harmless the State of Texas from and against claims of patent, trademark, copyright, trade secret or other proprietary rights, violations or infringements arising from the State's or Contractor's use of or acquisition of any services or other items provided to the State of Texas by

Contractor or otherwise to which the State of Texas has access as a result of Contractor's performance under this Contract, provided that the State shall notify Contractor of any such claim within a reasonable time of the State's receiving notice of any such claim. If Contractor is notified of any claim subject to this section, Contractor shall notify TJJD of such claim within five (5) business days of such notice. No settlement of any such claim shall be made by Contractor without TJJD's prior written approval.

Contractor shall reimburse the State of Texas for any claims, damages, losses, costs, expenses, judgments or any other amounts, including, but not limited to, attorneys' fees and court costs, arising from any such claim. Contractor shall pay all reasonable costs of the State's counsel and shall also pay costs of multiple counsel, if required to avoid conflicts of interest. Contractor represents that it has determined what licenses, patents and permits are required under this Contract and has acquired all such licenses, patents and permits.

ARTICLE 43: NO LIABILITY UPON TERMINATION

If this Contract is terminated for any reason, TJJD and the State of Texas shall not be liable to Contractor for any damages, claims, losses, or any other amounts arising from or related to any such termination. However, Contractor may be entitled to the remedies provided in Government Code, Chapter 2260.

ARTICLE 44: LIMITATION ON AUTHORITY; NO OTHER OBLIGATIONS

Contractor shall have no authority to act for or on behalf of TJJD or the State of Texas except as expressly provided for in this Contract; no other authority, power or use is granted or implied. Contractor may not incur any debts, obligations, expenses, or liabilities of any kind on behalf of the State of Texas or the TJJD.

ARTICLE 45: REDACTION CLAUSE

Redacted Electronic Copy: Under House Bill 3430, 80th Texas Legislature, (transferring §2177.052, Tex. Gov't Code, to Chapter 322, Tex. Gov't Code and redesignating it as §322.020) and as per the following requirements, no later than two (2) business days after Awarded Vendor's receipt of notice from Texas Juvenile Justice Department of Awarded Vendor's tentative contract award, the Awarded Vendor (and no other vendors) must deliver to Texas Juvenile Justice Department two (2) electronic copies of its complete proposal. Awarded Vendor shall deliver these electronic copies to Texas Juvenile Justice Department via overnight delivery in compliance with all of the following requirements:

Two (2) CDs, each containing a copy of Awarded Vendor's Proposal, in searchable pdf format, which has excised, blacked out, or otherwise redacted information from its Proposal that Awarded Vendor reasonably considers to be confidential and exempt from public disclosure under the Texas Public Information Act, Chapter 552 of the Texas Government Code (this should be a de minimis portion, if any, of Awarded Vendor's Proposal, such as social security numbers). Each CD shall also contain an Appendix for Awarded Vendor's Proposal which provides a cross reference for the location of all information redacted by Awarded Vendor and a general description of the redacted information. These two (2) identical CDs should be entitled "For Public Release: Redacted Version of [Name of Awarded Vendor]'s Proposal and Exhibits: Texas Juvenile Justice Department's RFP No. 644-3-12112."

The Texas Legislative Budget Board has now implemented this contracts database. For information regarding the LBB website, go to http://www.statutes.legis.state.tx.us/SOTWDocs/GV/htm/GV.322.htm#322.020

See the LBB website at www.lbb.state.tx.us <http://www.lbb.state.tx.us/>. Texas Juvenile Justice Department shall upload to the LBB's contracts database the text of the complete contract (with limited redaction and appendix) no later than ten (10) days after date of contract award. In submitting a Proposal in response to this RFP, Vendors acknowledge that they understand and accept this requirement."

ARTICLE 46: SPECIFICATIONS

The services performed shall be in accordance with the purchase specifications herein. TJJD will determine the answers to all questions that may arise as to the interpretation of the specifications and the quality or acceptability of work performed. TJJD will decide the rate of progress of the work and the acceptable fulfillment of the service on the part of the contractor.

ARTICLE 47: ELECTRONIC AND INFORMATION RESOURCES ACCESSIBILITY, STANDARDS, AS REQUIRED BY 1 TAC CHAPTER 213

1) Effective September 1, 2006 state agencies and institutions of higher education shall procure products which comply with the State of Texas Accessibility requirements for Electronic and Information Resources specified in 1 TAC Chapter 213 when such products are available in the commercial marketplace or when such products are developed in response to a procurement solicitation. 2) Vendor shall provide DIR with the URL to its Voluntary Product Accessibility Template (VPAT) for reviewing compliance with the State of Texas Accessibility requirements (based on the federal standards established under Section 508 of the Rehabilitation Act), or indicate that the product/service accessibility information is available from the General Services Administration "Buy Accessible Wizard"
(http://www.buyaccessible.gov). Vendors not listed with the "Buy Accessible Wizard" or supplying a URL to their VPAT must provide DIR with a report that addresses the same accessibility criteria in substantively the same format.
Additional information regarding the "Buy Accessible Wizard"
or obtaining a copy of the VPAT is located at http://www.section508.gov/.

ARTICLE 48: NOTICE

It is good practice to designate who receives formal notices and the acceptable manner for the delivery of such notice in a contract. Examples of notice provisions include:

Delivery of Notices. Any notice required or permitted to be given under this contract by one party to the other party shall be in writing and shall be given and deemed to have been given immediately if delivered in person to the recipient's address set forth in this section or on the date of certified receipt if placed in the United States mail, postage pre-paid by registered or certified mail with return receipt requested, addressed to the receiving party at the address hereinafter specified.

Contractor's Mailing Address. The mailing address of the Contractor for all purposes under this contract and for all notices hereunder will be: Cornerstone Programs Corporation, 9085 East Mineral Circle, Suite 235, Centennial, Colorado 80112.

Texas Juvenile Justice Department Mailing Address
The address for all purposes under this contract and for all notices hereunder shall be sent by registered or certified mail with return receipt to: Texas Juvenile Justice Department, P. O. Box 12757, Austin, Texas 78711, Attn: Patrick McReynolds, Contract Specialist.

ARTICLE 49: SUBSTITUTIONS

Substitutions are not permitted without the written approval of the Texas Juvenile Justice Department.

ARTICLE 50: TAXES

Purchases made for state uses are exempt from Texas State Sales Tax and Federal Excise Tax. An Excise Tax Exemption Certificate will be furnished upon written request to the Texas Juvenile Justice Department.

ARTICLE 51: PAST PERFORMANCE

A Respondent's past performance will be measured based upon pass/fail criteria, in compliance with applicable provisions of §§2155.074, 2155.075, 2156.007, 2157.003, and 2157.125, Gov't Code. Respondents may fail this selection criterion for any of the following conditions:
- A score of less than 90% in the Vendor Performance System,
- Currently under a Corrective Action Plan through the CPA,
- Having repeated negative Vendor Performance Reports for the same reason,
- Having purchase orders that have been cancelled in the previous 12 months for non-performance (i.e. late delivery, etc.). Contractor performance information is located on the CPA web site at:

http://www.window.state.tx.us/procurement/prog/contractor_performance/
CPA may conduct reference checks with other entities regarding past performance. In addition to evaluating performance through the Vendor Performance Tracking System (as authorized by 34 Texas Administrative Code §20.108), CPA may examine other sources of vendor performance including, but not limited to, notices of termination, cure notices, assessments of liquidated damages, litigation, audit reports, and non-renewals of contracts. Any such investigations shall be at the sole discretion of CPA, and any negative findings, as determined by CPA, may result in non-award to the Respondent.

ARTICLE 52: FEDERAL STATUTE incorporated by Reference

Drug Free Workplace Act of 1988 41 USC 701

ARTICLE 53: USE OF CONTRACT BY LOCAL GOVERNMENT AND STATE AGENCIES:

This Contract is available for use by local governments and state agencies also known as "Customer", provided there are no conflicts with any applicable statutes, rules, policies or procedures.

This Contract was competitively solicited, negotiated and awarded in accordance with applicable State of Texas purchasing statutes, rules, policies and procedures. State agencies and local governments may use the prices shown in this Contract to issue their own contract. Arrangements for delivery of services described herein outside the original geographic area are contingent upon mutual agreement of the Customer and the Contractor. The Customer's contract shall reference the Department's contract number and be sent directly to the Contractor.

The terms and conditions set forth herein shall govern all transactions by Customers under this Contract. Customers shall not have the authority to modify the terms of this Contract, except as to receive better terms or pricing than those set forth herein. In such event, Contractor shall furnish a copy of such better offerings to the Department. Any savings or rate reductions offered to the other local governments and state agencies as a result of those local governments and state agencies using this contract will be offered to TJJD. TJJD shall have the right to modify the original contract to reflect those cost savings and rate reductions.

No additional term or condition of a contract issued by a Customer can modify a term or condition of this Contract unless approved in advance by the Department. In the event of a conflict between a Customer's purchase order or contract and this Contract, this Contract shall prevail. The Customer shall operate residential programs and services as per the requirements, terms and conditions of the established contract. The Customer may not deviate from the material requirements of this Contract, as Contractor is not obligated to perform other than as stated within this Contract. Terms may be modified only upon the prior written approval of the Department as agreed to with the Contractor.

The Customer shall use this contract exclusively while identified as an authorized user. If the Customer procures services from another provider, Customer's status as an authorized user will be terminated.

The Customer shall request service directly from Contractor.

The Customer shall receive and reconcile invoices and client participation reports independent from the Department.

The Customer shall work directly with the Contractor in resolving all issues, including by litigation, as they relate to the Contract.

The Customer shall be billed directly by the Contractor and make monthly payments from local funds as per the rates in Section I. Service Provider, Paragraph B (Rate Schedule) of the Contract. The Department shall have no obligation to pay Contractor for monies the Customer may owe Contractor.

The Customer agrees to indemnify and hold the Department harmless from any and all of the following, whether the same be actual or alleged: all loss, damage, claims, suits, taxes, liens, penalties, fines, liability and expense (including attorneys' fees) howsoever arising or incurred as a result of this contract including, but not limited to, damages or injuries or death to persons, or injury to or destruction of property.

ARTICLE 54: COMPLIANCE WITH PRISON RAPE ELIMINATION ACT (PREA)

Contractor shall comply with the Final Rule of the Prison Rape Elimination Act (PREA) of June 20, 2012 (Federal Law 42 U.S.C. 15601) and with all applicable PREA standards and TJJD policies related to PREA. Contractor shall make itself familiar with and at all times shall observe and comply with all PREA regulations which in any manner affect performance under this Contract. Contractor acknowledges that in addition to "self-monitoring requirement" TJJD will conduct announced or unannounced compliance monitoring visits including "on-site" monitoring. Contractor will be subject to a Department of Justice (DOJ) PREA Audit every three (3) years beginning August 20, 2013. Contractor shall be solely responsible for paying for a PREA Audit as required by its contract with TJJD. During the non-audit period, TJJD will perform an audit at no cost to Contractor to ensure continued compliance with the PREA. Failure to comply with PREA standards and related TJJD policies may result in termination of the contract.

For the Texas Juvenile Justice Department:

Mike Griffiths, Executive Director — Date: 7-18-13

For the Service Provider:

Signature — Daniel Maldonado (Printed Name) — CEO (Title) — Date: 7/13/13

Approved as to form:

TJJD Attorney — Date: 7/9/13