

Execution Version

PAY FOR SUCCESS CONTRACT

AMONG

CUYAHOGA COUNTY, OHIO,

MENTAL HEALTH SERVICES FOR HOMELESS

PERSONS, INC. dba FRONTLINE SERVICE

AND

CUYAHOGA PFS, LLC

DATED

October 28, 2014

PAY FOR SUCCESS CONTRACT

ARTICLE 1 INTRODUCTION

Section 1.01 Description of the Pay for Success Contract. This Pay for Success Contract (the “**Contract**”) dated October 28, 2014 (the “**Execution Date**”) is among THE COUNTY OF CUYAHOGA, OHIO, a body corporate and politic and a political subdivision of the State of Ohio organized and existing under the Charter of Cuyahoga County effective January 1, 2010, as same may have been amended, modified, and supplemented to the effective date hereof (the “**County**”), MENTAL HEALTH SERVICES FOR HOMELESS PERSONS, INC. dba FRONTLINE SERVICE, an Ohio non-profit corporation (“**FrontLine**”), and CUYAHOGA PFS, LLC, a Maryland limited liability company (“**SPV**”). The County, FrontLine, and SPV are referred to collectively herein as the “**Parties.**”

WHEREAS, on July 22, 2014, Cuyahoga County Council (“**County Council**”) enacted Ordinance Number 02014-0018, which authorized the County to enter into pay for success contracts and created the “Social Impact Financing Fund” to be held on the books of the County, to be administered by the County’s Fiscal Office (“**CCFO**”), and to be used to make payments under pay for success contracts (the “**Enabling Act**”); and

WHEREAS, the Department of Children and Family Services within the Cuyahoga County Office of Health and Human Services (“**DCFS**”) is the child welfare agency of the County charged with the mission of stabilizing and reuniting families that have been weakened through poverty, illness or crisis, resulting in neglect or abuse to children; and

WHEREAS, DCFS accomplishes this mission through interventions that build knowledge, develop skills and change the behavior of the youth in its care; and

WHEREAS, while the County has made significant progress in reducing the number of children in foster care, it still has a significant challenge in providing support for families entering the child welfare system who struggle with homelessness, and as a consequence, a significant percentage of such families have an increased length of stay in foster care; and

WHEREAS, FrontLine is an experienced social service provider that is entering into this Contract in order to undertake an innovative and experimental program to further reduce the caseload of children in foster care by expanding the reach of its services to assist homeless families who have an open case in the child welfare system by assisting them with finding and maintaining housing and providing other intensive evidence-based “wrap-around” services; and

WHEREAS, SPV is a limited liability company that was created to manage this Contract and to serve as the finance and information intermediary among the Lenders and Grantors (as defined below) (collectively, as described herein, the “**Funders**”), the County and FrontLine, all as set forth in this Contract;

WHEREAS, SPV shall contract with Enterprise Community Partners, Inc., a Maryland nonstock, nonprofit corporation to serve as Project Manager and Fiscal Agent in connection with

the Contract, as described in greater detail below; and

WHEREAS, pay for success contracts create incentives for improved performance and reduced costs, allow for more rapid learning about which programs work and which do not, and accelerate the adoption of new, more effective social service programs by providing funding to service providers to attempt innovative and experimental service delivery methods with the goal of achieving successes not otherwise being achieved through traditional means; and

WHEREAS, pay for success contracts provide a mechanism to bring financial support from the private and non-profit sectors to innovative social programs, allowing them the opportunity to create the operational set of services needed to create social service programs, with the goal of better social outcomes for the targeted population, and savings to the government through a reduction in the amount of expenses tied to the targeted population; and

WHEREAS, “success payments” by the County pursuant to this Contract will only be made based on the achievement of a specific, measurable goal; and

WHEREAS, support for all of FrontLine’s and SPV’s operational costs related to the intervention programs and services to be provided under this Contract as well as support for all of the costs of Independent Evaluator, Project Manager and Fiscal Agent (as each term is defined below) will come from funds provided by the Funders in the form of loans, grants or other transfers or pledges of monies to be made to SPV, the terms of which will be finalized after the date of this Contract and the proposed essential terms of which are currently summarized in Appendix B; and

WHEREAS, Appendix B further contains an anticipated funding schedule for the Contract describing payments to be received from the Funders in support of this Contract, as set forth in the Funding Plan included under the heading “Quarterly Funder Drawdown Schedule” (the “**Funding Schedule**”). The Funding Schedule and the project budget included within Appendix B set forth the anticipated sources and uses of funds in accordance with this Contract; and

WHEREAS, to the extent the intervention program contemplated under this Contract results in the reduction of the length of stay of children in foster care within the target population, as determined by the Independent Evaluator under the Evaluation Plan, the County will make certain “Success Payments” under the terms set forth herein and the Lenders’ loans and any recoverable grants by Grantors will be repaid by the SPV from the Success Payments on the terms set forth in the loan agreements and other documentation between SPV and the applicable Funders, which will be executed subsequent to the date hereinabove (the “**Loan Agreements**” and any funding provided by Funders to SPV thereunder, (the “**Loans**”) and any Funder making a Loan to the SPV, a “**Lender**”) and documentation evidencing any grant funding from the applicable Funders and documentation evidencing any recoverable grants by Grantors as described under Section 4.04(f) below (the “**Grant Agreements**” and any grant funding provided to SPV, directly or indirectly, by Funders thereunder, (the “**Grants**”) and any Funder providing Grants to the SPV, a “**Grantor**”); and

WHEREAS, to the extent the intervention program contemplated under this Contract does not result in the reduction of the length of stay of children in foster care within the target

population to a certain level set forth herein such that the County does not make Success Payments to the SPV Operating Account (as defined under Section 4.03 and Section 4.01 below, respectively) in a sufficient amount for SPV to repay all amounts due under the Loans and Grants, any resulting shortfall of amounts due on the Loans and Grants will be forgiven and SPV will have no obligation to pay any such shortfall on the Loans and Grants, as applicable, except from amounts already deposited to and held within the SPV Operating Account and FrontLine will have no obligation to the SPV, the County or the Funders to pay any amounts due on the Loans and Grants, as applicable.

NOW, THEREFORE, the Parties intend to enter into this Contract with the goals of reducing the length of stay of children in foster care by reducing the incidence of homelessness through housing stability and providing other intensive evidence-based services.

ARTICLE 2

TERM

Section 2.01 Obligations Commencing on the Execution Date. Beginning upon the Execution Date, the Parties shall start performing their duties and obligations regarding the Program Launch (defined below) in accordance with the terms and conditions set forth in Section 11.02. If the Program Launch does not occur on or before July 31, 2015, this Contract shall automatically terminate.

Section 2.02 Effective Date. Except as set forth in Section 2.01, all other rights and obligations of the Parties will become effective on, and the FrontLine Services (defined below) will commence upon the Program Launch (defined below) (the “**Effective Date**”). For purposes of this Contract, each “**Quarter**” shall coincide with the calendar quarters (beginning on January 1st, April 1st, July 1st, or October 1st); provided, however, if the Effective Date does not coincide with the start date of a calendar quarter (January 1st, April 1st, July 1st, or October 1st), then the first Quarter shall be the period from the Effective Date until the end of the calendar quarter in which the Effective Date occurs and the last Quarter shall be a partial calendar quarter ending on the day prior to the day the “stub period” began in the first Quarter.

Section 2.03 Termination.

(a) The term of this Contract shall commence upon the Effective Date and unless terminated earlier or extended pursuant to the terms of this Contract, shall terminate on the date (the “**Expected Termination Date**”) that is forty-five days after the end of the twenty-first Quarter following the Effective Date. Except as otherwise set forth in this Contract, all rights and obligations of the Parties shall remain in effect until the Success Payments due from the County are paid in accordance with Section 9.02 of this Contract and SPV distributes all services payments due to FrontLine and Success Payments due to the Lenders pursuant to Sections 4.04 and 4.03, respectively.

(b) FrontLine’s obligation to provide FrontLine Services commences with the Effective Date and ends after the provision of FrontLine Services for 16 complete quarters, unless terminated earlier pursuant to the terms of this Contract, or extended at the request of FrontLine with the Approval of the Governance Committee (defined under Section 5.02(h) below). For purposes of

example only, if the Effective Date is February 1st, then FrontLine Services would end on January 31st of the 17th Quarter.

ARTICLE 3

FRONTLINE PROGRAM; PERFORMANCE TARGETS

Section 3.01 Overview of FrontLine's Program. FrontLine's Partnering for Family Success Program (the "**FrontLine Program**") is a 12 to 15 month intervention plan addressing basic needs, housing placement, trauma therapy and family reunification services. The FrontLine Program strives to shorten the period of homelessness for child-welfare involved families, assist families with seeking and securing affordable and stable housing, add practical assistance during critical transition periods, provide trauma intervention and enhance family preservation services. The FrontLine Program seeks to serve homeless parents who have been determined by DCFS to have children placed in foster care. Each such homeless parent who is referred to and enrolled in the FrontLine Program shall be referred to herein as a "**Client.**" The services to be provided under the FrontLine Program are referred to herein as the "**FrontLine Services.**" Through the FrontLine Program, FrontLine will (1) identify and report circumstances and behaviors that threaten harm to children; (2) support the DCFS case plan for each family; (3) formulate, execute, and monitor the effectiveness of the FrontLine Program; (4) collaborate with DCFS to develop the Client's housing plan, trauma action plan, safety plan, and linkages to ongoing County services. On a monthly basis, FrontLine will provide Project Manager a summary of such plans and on a quarterly basis (i.e., commencing in the calendar quarter in which Program Launch takes place) a summary of Client's achieved goals. The FrontLine Program provides housing placement alongside evidence-based Critical Time Intervention ("**CTI**") case management, a family trauma assessment and a resulting trauma treatment plan.

Section 3.02 Description of FrontLine's Services. The FrontLine Program provides assistance for Clients transitioning from homelessness to housing, individual Client and child trauma treatment, ongoing coordination with DCFS to support family cohesion and child permanency goals, and family-based trauma treatment post reunification. The FrontLine Program will be customized to the needs of each Client and her family and as such, the time required for each component of the Frontline Program may deviate from the standard timeline described herein.

(a) Housing Stabilization. The first phase of the FrontLine Program will assist Clients in successfully transitioning from homelessness to housing with the provision of Critical Time Intervention ("**CTI**"). CTI is an evidence-based, time-limited model for assisting vulnerable populations through major life transitions, such as transitioning from homelessness to housing. CTI provides emotional and practical support during the critical transitions by strengthening long-term ties to local community services, family and friends. CTI involves the four main Phases: the Engagement phase (known as "**Pre-CTI**"), the Transition to Community phase, (known as "**Phase 1**"), the Try-Out phase (known as "**Phase 2**"), and the Transfer of Care phase (known as "**Phase 3**"). In the FrontLine Program, CTI is provided to all Clients, for nine (9) to twelve (12) months, within the homeless or domestic violence shelter, the Client's temporary housing environment and the Client's permanent housing environment by the FrontLine CTI caseworker (the "**FrontLine CTI caseworker**"). The caseload for each FrontLine CTI caseworker is a maximum of ten (10) families.

(i) Pre-CTI Phase. During this phase, the CTI case manager conducts outreach to the client and engages them into FrontLine treatment. During the first week of engagement, a varied combination of the FrontLine CTI caseworker, FrontLine Program Manager and FrontLine PFS Director will liaise with DCFS to discuss the Client's DCFS case plan and identify areas of success and challenge for the Client and ensure that appropriate linkages to community resources are available to the Client for successful achievement of her DCFS case plan. An assessment will be completed by the CTI case manager and an integrated plan will be developed (the "**FrontLine Treatment Plan**"), which will consist of housing strategies, other stabilizing strategies and CTI-related plans. For Clients referred into the FrontLine Program through the DVCAC referral source, the FrontLine CTI caseworker will communicate with DVCAC to ensure that the Client's and child(ren)'s safety plans related to their domestic violence circumstances are integrated into the Client's FrontLine Treatment Plan. During the first thirty (30) days of engagement, the FrontLine CTI caseworker will assist the Client in further developing housing goals that address their unique strengths, needs, and housing preferences. Pursuant to the FrontLine Treatment Plan, the CTI caseworker will support the Client in accessing appropriate housing resources, in the form of units, subsidies and/or vouchers from the Continuum of Care, Cuyahoga Metropolitan Housing Authority ("**CMHA**"), Famicos Foundation ("**Famicos**"), The Emerald Development and Economic Network ("**EDEN**"), or other housing providers. After housing that is appropriate and available has been identified for the Client, the FrontLine team will support the family's transition to stable housing via the provision of CTI.

(ii) Phase 1. During the Transition to Community Phase, the CTI case manager focuses on providing intensive support and helping the Client successfully access the local community resources available for the Client to reach her housing, trauma and child permanency goals. After the Client has moved into housing, the FrontLine CTI caseworker maintains a high level of contact with the Client, DCFS and her family, through active home visiting and mobile communications, to maintain housing stability and focus on achieving her family reunification goals. The CTI caseworker brings together the Client, family members and related providers to enhance communication and detail procedures to ensure successful housing placement. After 30 days in housing, the Trauma Therapist will conduct a Diagnostic Assessment and begin Trauma Therapy as clinically indicated.

(iii) Phase 2. During the Try-Out phase, the CTI case manager tests and modifies the support linkages that have been developed during Phase 1. By now, the Client has been introduced to various community providers, and the FrontLine CTI caseworker works to bolster these linkages among the family, the new housing environment, psychiatric and substance abuse treatment providers, schools, academic certification and job training programs, medical professionals, employers, extended family, and others. During this phase, the FrontLine CTI case manager meets with the Client less frequently but maintains regular contact to observe the success of the Treatment Plan and intervenes if a crisis arises.

(iv) Phase 3. During the Transfer of Care phase, the FrontLine CTI case manager focuses on completing the transfer of the Client's care to long-term providers and support. Throughout Phase 1 and Phase 2, the CTI case manager has gradually reduced his or her role, and in this Phase, the FrontLine CTI caseworker solidifies the Client's housing resource with timely and effective advocacy, outreach, communication, and coordination among this web of community linkages. The FrontLine CTI worker ensures that the most

significant components of the Client's support system are coordinated and effective and the Client is ready to take on increasing responsibilities and tasks of daily living.

(b) Trauma Therapy. The FrontLine Program will utilize evidence-based interventions designed to treat trauma that are based on principles of cognitive behavioral therapy ("CBT") and are designed for children, adults, and families. Common features of CBT treatments include an emphasis on the client's present condition; the therapist taking a directive role; a set, structured, and brief course of therapy, and a focus on alleviating symptoms. CBT trauma treatments also involve psycho-education about trauma and its effects, instruction on relaxation and anger management techniques, processing and diffusing intense emotions, and the modification of problematic behaviors. The caseload for each FrontLine trauma therapist is limited to a maximum of fifteen (15) families. A detailed description of the service delivery timeline is found below:

(i) Individual Trauma Services Provided Prior to Family Re-Unification

Depending on the results of the FrontLine Diagnostic Assessment conducted with the Client and child(ren), individual trauma therapy may be incorporated into the FrontLine Treatment plans to address the Client's and/or child(ren)'s trauma symptoms and support family permanency goals. Approximately sixty (60) days following engagement, the FrontLine Trauma therapist will review the results of the assessments with the Client, child(ren), DCFS worker, the FrontLine CTI caseworker, and the DVCAC designated staff, where appropriate. FrontLine will provide individual trauma therapy at the home of the Client and at the temporary housing placement of the child(ren). The caseload for each FrontLine trauma therapist is limited to a maximum of fifteen (15) families. These evidence-based trauma interventions include the following:

a. Trauma-Focused Cognitive Behavioral Treatment (TF-CBT)

FrontLine Trauma therapists will use evidence-based TF-CBT to treat children as prescribed by the Diagnostic Assessment performed in Phase 1 of CTI. TF-CBT is an evidence-based conjoint child and parent psychotherapy intervention for children from 4 to 18 years old who are experiencing emotional and behavioral difficulties related to complex trauma. TF-CBT was developed as a short-term treatment that can be used with children and adolescents residing in parental homes, foster care, kinship care, group homes, or residential settings. Pursuant to the Diagnostic Assessment, FrontLine trauma therapists will treat the Clients' child(ren) with TF-CBT, in their foster care setting, for six (6) to eighteen (18) face-to-face sessions.

b. Cognitive Behavioral Treatment (CBT) FrontLine Trauma therapists will use evidence-based CBT to treat Clients as prescribed by the Diagnostic Assessment performed in Phase 1 of CTI. CBT treats complex trauma by addressing problematic emotions, dysfunctional behaviors and trauma-rooted cognitions and processes through goal-directed and systematic methods. CBT therapists help individuals substitute dysfunctional behaviors, thoughts, and feelings with more functional ones by challenging their thought processes and ways of responding to stimuli. Depending on the clinical assessment, The FrontLine Program will treat Clients with CBT, in their home, for six (6) to eighteen (18) face-to-face sessions.

(c) Post Re-Unification.

(i) Family-Based Trauma Services. Depending on the level of need and the age of the children affected, FrontLine may provide additional interventions to address trauma and solidify family stability to the Client and her family. Approximately thirty (30) days following reunification of the children with the Client, the FrontLine Trauma therapist will complete the Family Assessment of Needs and Strengths-Trauma Exposure and Adaptation assessment (“**FANS-TEA**”) with the Client, her child(ren), and other important family members. The FrontLine Trauma therapist will complete the FANS-TEA to identify whether there is a need for an evidence-based intervention to address family-based trauma and to guide the selection of the appropriate intervention for her family. Once the FANS-TEA results are available, the FrontLine Trauma therapist will develop the FrontLine Trauma Action Plan in collaboration with the Client, her family, the FrontLine Pay for Success team, the DCFS caseworker and the DVCAC designated staff, where appropriate. The FrontLine trauma services are provided at the home of the Clients and with all relevant family members. These evidence-based trauma interventions include the following:

a. *Trauma-Adapted Family Connections* (“**TA-FC**”): TA-FC is targeted at preventing child neglect and abuse, addressing family trauma and strengthening the family unit. Core components of this family therapy intervention include psycho-education on trauma symptomology, focus on building safety within the home and community, trauma informed parenting practices, and enhanced communication skills (Collins et al., 2011). TA-FC may also incorporate Trauma Focused-Cognitive Behavioral Treatment (“**TF-CBT**”) strategies, depending on the needs of the family. Depending on the assessment, the FrontLine Program will treat Clients’ families with TA-FC, in their home, for three (3) to six (6) months.

b. *Child Parent Psychotherapy* (“**CPP**”): CPP was developed to create a more nurturing and secure parent-child relationship after trauma for children from 0 to 6 years old. Over several months, CPP helps the parent-child relationship by creating safety, managing emotions and helping the parent and child move past the trauma and return to a healthy course of development. Contingent on the clinical need, The FrontLine Program will treat parent and child(ren) with CPP, in their home, for approximately (9) months.

d. Supporting DCFS Permanency Goals. The ultimate goal of the FrontLine Program is to collaborate with DCFS to shorten temporary out of home placement days and achieve permanence for the Client’s child(ren). As a result, FrontLine will offer all Clients services to support their child(ren)’s permanency goals. The permanency goals may focus on family reunification, legalization of the youth’s placement with their current caregivers through adoptions or legal custody, or reconnecting and/or establishing relationships and ties with extended family members or other appropriate adults. FrontLine will embed these services throughout the duration of treatment.

To support family reunification goals, FrontLine CTI caseworkers and FrontLine Trauma therapists provide services such as transporting the Client to DCFS child visitations and DCFS case conferences, providing psycho-education, facilitating

acquisition of increased parenting skills, supporting more effective utilization of community resources, and collaborating with the DCFS worker to assist the mother with meeting the objectives of her DCFS case plan. The assigned CTI worker and Therapist will partner with DCFS throughout the provision of services, however during the first six (6) months of engagement, the FrontLine CTI caseworker is the primary DCFS and DVCAC liaison. After the six-month point, the FrontLine Trauma therapist transitions into the primary DCFS and DVCAC liaison. During the entirety of the Client's treatment period, The FrontLine liaison will attend DCFS internal meetings related to the Client's case plan and family reunification decisions.

(e) For the provision of CTI, in addition to accessing the flexible funds allocated to each family enrolled in the FrontLine Program, as set forth in the FrontLine Budget enclosed under Appendix F, FrontLine agrees to use reasonable efforts to access and utilize all available public funding sources, including, but not limited to, the County's Prevention, Retention and Contingency Program ("**PRC funds**") or DCFS Emergency Assistance funding ("**DCFS funds**"). The County and FrontLine agree to collaborate in locating and accessing potential available public funding sources applicable to pay for the costs incurred for the services provided under the FrontLine Program.

Section 3.03 Referral Population.

(a) Target Population. As set forth in the Evaluation Plan, the target population is limited to mothers who (1) have been identified as being homeless, as defined by the County's Office of Homeless Services within the Department of Health and Human Services ("**OHS**"), (2) have a child in DCFS Out of Home Placement, and (3) meet eligibility criteria as described in the Evaluation Plan (the "**Target Population**"). For purposes of this Contract, "**Out of Home Placement**" means the DCFS removal of a child from a custodial parent due to the identification of neglect or safety concerns and the subsequent placement into DCFS temporary custody, together with the provision of family stabilization and reunification services.

(b) Identification of Eligible Referrals from Target Population. As set forth in the Evaluation Plan, DCFS and the Independent Evaluator (as defined herein) will identify and screen the Target Population for eligibility (the "**Eligible Referrals**") under the criteria set forth in the Evaluation Plan (the "**Eligibility Criteria**"). As set forth in the Evaluation Plan, the Independent Evaluator will randomly assign the Eligible Referrals to a control group that will receive the existing DCFS services and a treatment group that will receive services under the FrontLine Program in addition to the existing DCFS services. FrontLine will obtain consent from all Eligible Referrals for participation in FrontLine Services prior to the commencement of such services.

Section 3.04 Performance Measurement. In accordance with the Evaluation Plan, the County shall calculate Success Payments (defined below) based on the "**Total Out-of-Home Placement Days Avoided Per All Children Served**" (defined below), calculated by the Independent Evaluator by comparing the total number of foster care days avoided by children intended to be enrolled in the FrontLine Program with that of the children placed in a control group. Reference is made to the attached Evaluation Plan for a detailed description of the evaluation criteria and performance measurement criteria. For the avoidance of doubt, should there be a difference between this Section 3.04 and the Evaluation Plan, the Evaluation Plan shall

govern.

Section 3.05 Evaluation Roles. At the direction of the County, SPV has entered into a contract with Case Western Reserve University (the “**Independent Evaluator Agreement**”) to serve as the Independent Evaluator (the “**Independent Evaluator**”). The Independent Evaluator will be responsible for determining the Eligible Referrals, all in accordance with Section 3.03(b) of this Contract and with the Evaluation Plan, verifying the number of Clients served by FrontLine through the FrontLine Program, applying the evaluation criteria, performance measurement criteria and evaluation methodology set forth in the Evaluation Plan, and performing such other functions as are set forth in the Evaluation Plan. Pursuant to the Independent Evaluator Agreement, Independent Evaluator shall provide that Dr. David Crampton, or his successor approved by the Parties and his approved designee as approved by the Governance Committee (the “**Lead Evaluator**”), shall supervise all of the Independent Evaluator’s obligations under the Evaluation Plan. SPV shall not replace the Independent Evaluator nor consent to the replacement of the Lead Evaluator except as directed by the Governance Committee.

Section 3.06 Provision of Information. Each of the Parties hereby agrees to provide such information as is required pursuant to this Contract, including the Evaluation Plan (a copy of which is attached hereto as Appendix A), to each other and the Independent Evaluator, as is necessary for each party to carry out its respective evaluation and other responsibilities in accordance with this Contract and the Evaluation Plan and in accordance with Section 7.09(b) below. Each of the Parties acknowledge that it is bound by publicity provisions included as Appendix D hereto.

ARTICLE 4 **FUNDING AND PAYMENTS**

Section 4.01 SPV Operating Account; Funding Plan.

(a) SPV shall maintain a deposit account (the “**SPV Operating Account**”) within a financial institution that is approved by the Funders and all monies received by SPV from the Funders pursuant to the Loan Documents and Grant Agreements shall be deposited into the SPV Operating Account and any interest earned on such monies shall be held within the SPV Operating Account and any monies within the SPV Operating Account may only be transferred from the SPV Operating Account to (i) pay the project related expenses set forth in Appendix B hereto under the heading “Project Costs”; (ii) make payments to FrontLine as set forth in this Contract; (iii) make payments required under the Loan Documents and Grant Agreements; and (iv) at Quarter 21 after Program Launch, disburse any funds remaining in the SPV Operating Account in a manner that is consistent with the Loan Documents and Grant Agreements, and (v) in the event of a Termination Event, disseminate any funds remaining in the SPV Operating Account as described under the heading “Wind-Up in Event of Early Termination” in Appendix B hereto. It is acknowledged that the SPV Operating Account will be collaterally pledged to certain Funders pursuant to a pledge agreement that will be negotiated and signed subsequent to the date of this Contract. Prior to the date of the first payment that is due to be transferred into the SPV Operating Account from the CCFO pursuant to this Contract, SPV shall give notice to the County and Funders of the account number and wire transfer instructions to be used for all transfers of amounts payable into the SPV Operating Account pursuant to this Contract. After

such notice is given, no change in such account number or wire transfer instructions shall be made without further notice to Funders and County.

(b) Prior to executing any Loan Document or Grant Agreement or amendment thereto (“**Proposed Funding Agreement**”), SPV shall provide a copy of each such Proposed Funding Agreement to FrontLine and the County. SPV shall not execute any Proposed Funding Agreement unless the SPV obtains the written consent (by electronic mail) of FrontLine and of the County confirming that FrontLine and the County, respectively, consents to the SPV’s execution of such Proposed Funding Agreement. Consent may be withheld by FrontLine or the County, respectively, only to the extent that such Party identifies that a provision of the Proposed Funding Agreement impacts the rights, responsibilities, or obligations of such Party in a manner that is inconsistent with this Contract. For the avoidance of doubt, however, SPV reserves sole discretion in determining whether a Proposed Funding Agreement is in acceptable form, after it receives consent from FrontLine and County as described in this Section 4.01(b).

Section 4.02 Success Payments Determination and Representations.

(a) The maximum amount of Success Payments (as defined under Section 4.03(c)) that can be made by the County pursuant to this Contract is \$5,000,000, subject to the provisions of this Contract.

(b) The County hereby represents that this Contract meets the requirements for a pay for success contract under the Enabling Act in that:

(i) All of the Success Payments under this Contract are contingent on the achievement of specific outcomes as further defined and provided in this Contract and the Evaluation Plan (collectively, the “**Performance Measures**”);

(ii) This Contract provides for the Independent Evaluator to confirm that the Performance Measures have been met;

(iii) This Contract provides for the County to calculate the amount of Success Payments to be paid by the County if the Performance Measures are met;

(iv) This Contract provides for a sinking fund requirement under which the CCFO will request an appropriation from County Council for each fiscal year that the Contract is in effect in an amount equal to \$1,000,000 each year, which, if appropriated, will be used by the County to pay its contractual obligations, conditioned upon the achievement of the Performance Measures; and

(v) The CCFO hereby determines that this Contract will result in significant performance improvements and budgetary savings for the County if the Performance Measures are achieved.

(c) The CCFO shall request an appropriation of \$1,000,000 for Fiscal Year 2015 and shall request an appropriation of \$1,000,000 for each fiscal year thereafter that this Contract is in effect. If appropriated, such amounts shall be deposited to the Social Impact Financing Fund, shall be annually encumbered by the County to this Contract, and shall not be

obligated for any purpose other than the payment of Success Payments contemplated hereunder.

Section 4.03 Success Payments Calculation and Payment.

(a) As detailed in the Evaluation Plan, Independent Evaluator will implement a randomized control trial (“**RCT**”) to measure the specific outcomes for purpose of calculating Success Payments. The RCT approach compares the total number of foster care days avoided by the “**FrontLine Treatment Children**,” defined as those children intended to be enrolled in the FrontLine Program and whose mothers are receiving FrontLine Services, with “**Control Children**” defined as those children placed in the control group and consequently not enrolled in the FrontLine Program, as defined and set forth in the Evaluation Plan.

(b) **Success Payment.** The SPV shall be entitled to receive outcome-based payments in an amount not to exceed \$5,000,000 (the “**Success Payment**” or “**Success Payments**”) to be paid by the County in accordance with this Contract.

(c) Consistent with the Evaluation Plan, in Quarter 21 after Program Launch, the County shall calculate the Success Payment based on the “**Total Out-of-Home Placement Days Avoided Per All Children Served**” provided by the Independent Evaluator using the following procedure for each FrontLine Treatment Child and Control Child:

1. “**Out-of-Home Placement Measurement Period**” shall mean the period beginning the first day that a FrontLine Treatment Child or Control Child is removed from the home and commences an out-of-home placement spell as captured in DCFS’ Statewide Automated Child Welfare Information System (“**SACWIS**”) during an episode in which his or her caregiver commenced a homeless spell as captures in the Homeless Management Information System (“**HMIS**”) and ending on the last day of Quarter 20 after Program Launch. Beginning the first day that the Cuyahoga County PFS Program Coordinator confirms that a caregiver is eligible for the FrontLine Program and the caregiver is randomly assigned to treatment or control groups by CWRU, each control and treatment family will be measured for 20 quarters. The measurement of out of home placement days for both treatment and control groups ends when the child’s placement spell ends. If a child placement spell re-commences during the observation period, those days are counted and added to the previous placement spell count. All children will be traced until the last day of Quarter 20 after Program Launch. If children have not been observed for a full 20 quarters at that point, CWRU will impute the remaining days, as described in Appendix B of the Evaluation Plan.
2. The Independent Evaluator shall estimate the “**Actual Out-of-Home Placement Days Avoided Per Child Served**” due to the PFS intervention during the “**Out-of-Home Placement Measurement Period**” using the estimated instrumental variables treatment effect described in section III B. of the Evaluation Plan.

3. The Independent Evaluator shall track the “**Total Out-of- Home Placement Days Avoided Per Child Served**” by adjusting upward the “**Actual Out of Home Placement Days Avoided Per Child**” for a five-year period for each cohort. Given that only the first cohort will have five full years of actual observations, a conservative forecast or imputing of non-observed days will be obtained by adjusting upward the estimated “**Actual Out of Home Placement Days Avoided Per Child**” based on the historic pre-intervention ratio of five-year placement days to shorter-term placement days as set forth in the Evaluation Plan section III B. Days will be imputed for approximately 1 year for the second cohort and 2 years for the third cohort. An alternative forecast for 2016 and 2017 cases will be obtained using distributional patterns of the post intervention performance of the first cohort (2015). The forecasting method selected will be the one with the highest predictive accuracy provided, however, the calculation method of the projection with respect to FrontLine Treatment Children will be the same as the calculation method of the projection with respect to the Control Children.
4. The Independent Evaluator shall summate the “Total Out-of-Home Placement Days Avoided Per Child Served” for all children in the FrontLine Treatment group and for all children in the Control Group. The Independent Evaluator will adjust the summation of days for the full FrontLine Treatment group and full Control children group using Intent to Treat (“ITT”) estimate, defined as the subtracted difference between the average outcomes of those referred to the treatment group and those in the control group as described in the Evaluation Plan. This ITT estimate be the “**Total Out-of -Home Placement Days Avoided Per All Children Served.**”
5. The “**Success Payment**” shall be equal to the greater of (a) \$0 and (b) the product of the “**Total Out-of -Home Placement Days Avoided Per All Children Served**” multiplied by \$75.00 (the, “**County Per Diem Success Payment**”). For the purposes of this calculation, the “Total Out-of-Home Placement Days Avoided Per All Children Served” shall be rounded to the nearest hundredth of a placement day.

(d) Payment by the County. Within 45 calendar days after the beginning of Quarter 21 after Program Launch, the Success Payment, if any, shall be wire transferred by the County’s Fiscal Officer from funds available in the Social Impact Financing Fund into the SPV Operating Account. In the event there are insufficient funds in the Social Impact Financing Fund, the County shall, as soon as practicable, appropriate additional funds in order to make the Success Payment and shall make the required payment by wire transfer into the SPV Operating Account promptly upon such appropriation. The County’s obligation to appropriate funds into the Social

Impact Financing Fund for the purposes of this Contract terminates after remitting the Success Payment calculated based on the success payment calculation in Section 4.03(c) above.

(e) Payment by the SPV. Within ten (10) business days after receiving the Success Payment from the County, the SPV shall disburse the funds to FrontLine and the Funders pursuant to the Loan Agreements and Grant Agreements.

(f) Balance in the SPV Operating Account. In the event that the following conditions are met:

- 1) Frontline is paid less than the budgeted amount for "FrontLine Service Fees," as set forth under Appendix B hereto, which, as of the Execution Date, is \$2,327,500 due to FrontLine delivering its services under budget and not as a result of an early Termination Event or FrontLine's Material Breach under this Contract,
- 2) The SPV has paid all other Project Costs required under this Contract,
- 3) County informs SPV that the reduction in the Total Out-of-Home Placement Days Avoided Per All Children Served is such that the County shall make the maximum Success Payments in the amount of \$5,000,000; and
- 4) County makes Success Payments to SPV in the amount of \$5,000,000,

Then to the extent permitted under the Loan Agreements and Grant Agreements and subject to SPV's obligations under the Loan Agreements and Grant Agreements, the SPV shall:

- 1) Disburse funds from the SPV Operating Account as set forth in the Loan Agreements and Grant Agreements in amounts calculated as though FrontLine had been paid the full amount of FrontLine Service Fees as reflected in Appendix B; and
- 2) Disburse the balance of funds within the SPV Operating Account to the County. County shall use such monies to fund services for homeless families with children in out of home placement that are served under the County's Continuum of Care.

In the event the Loan Agreements and Grant Agreements do not permit SPV to make payments as described in this Section 4.03(f), SPV will not make payments as described in this Section 4.03(f) and neither FrontLine nor County shall have any claim against SPV for SPV's failure to do so. Furthermore, in the event SPV makes payments as described in this Section 4.03(f), SPV is under no obligation to monitor County's expenditures or to verify that County uses funds as stated herein.

Section 4.04 Payment to FrontLine.

(a) Provided FrontLine is not in Material Breach of its obligations under this Contract, SPV will disburse service payments to FrontLine on a quarterly basis, in accordance with the process set forth in this Section 4.04 and the budget included under Appendix F (the "**FrontLine Budget**"). FrontLine may modify any line item in the FrontLine Budget by an amount of up to fifteen percent (15%) of the budgeted amount for the entire program for that line item without the Approval of the Governance Committee, provided that such modification is offset by corresponding modifications to other line items and the total amount of payments to FrontLine in the FrontLine Budget does not change. FrontLine agrees to explain the reasons for any such modification in the FrontLine Report (as defined below) and submit all pertinent supporting documentation as required paragraph (b) below. FrontLine shall obtain Approval of the Governance Committee (subject to Lender Consent) prior to making any modification to a budget line item in excess of fifteen percent (15%) of the budgeted amount for the entire program for that

line item or for any modification that requires an adjustment to the total amount of payments reflected in the FrontLine Budget. Notwithstanding anything herein to the contrary, without Approval of the Governance Committee (by a majority of its members) and Lender Consent, FrontLine shall not submit disbursement requests that exceed the budgeted amounts by more than five percent (5%) for any two consecutive Quarters.

(b) FrontLine will submit a funding disbursement request to SPV by the 15th day of each Quarter (or upon the Approval of the Governance Committee as required under subsection (a) above). Subject to Section 4.04(a) above, SPV will use its reasonable best efforts to wire within five (5) business days, but in no event later than ten (10) business days, after its receipt of such disbursement request, funds in the amount of the requested payment pursuant to the disbursement request to FrontLine in accordance with the wiring instructions FrontLine provides to SPV in writing. A sample draw-down request form is included under **Appendix E** hereunder. The disbursement request will include payroll documentation and a general ledger detailing non-personnel costs to serve as back-up documentation regarding FrontLine's anticipated overhead and staffing expenditures and projected service delivery for the particular Quarter, as well as any other documentation that SPV shall reasonably request. The disbursement request shall furthermore specify (i) the amount of funds previously drawn down to date, (ii) the amount of funds actually expended to date, (iii) the amount of funds estimated to be needed for the upcoming quarter and (iv) the amount of funds requested for the upcoming disbursement (which will include a reconciliation against expenditures in the previous Quarter, specifically (x) any additional amount needed to pay FrontLine for expenditures in excess of amounts disbursed to FrontLine in the previous Quarter, or (y) any excess funds that were not expended during the previous quarter which would be applied against the requested funds in the upcoming Quarter).

(c) Should SPV , determine that FrontLine's disbursement request and back-up documentation do not support a payment of the requested amount, SPV shall nonetheless make the payment of the requested amount and provide notice to FrontLine describing its reasoning and the amount and nature of the deficiency of the disbursement request. FrontLine shall provide additional information and documentation to respond to the notice of deficiency from SPV. FrontLine and SPV shall attempt to resolve such purported deficiency of the disbursement request in good faith. In the event that FrontLine and SPV are unable to resolve such issue within 10 business days' of the notice of deficiency from the SPV, either FrontLine or SPV shall notify the Governance Committee and the Governance Committee shall make a determination within ten (10) business days, subject to Lender Consent in accordance with Section 5.02 below. The final resolution of the purported deficiency of a disbursement request and any resulting determination of a change in the appropriate amount of such disbursement will be an adjustment to the amount of the disbursement in the following Quarter.

(d) Payments to FrontLine shall be made throughout the term of the Contract from the SPV Operating Account at the times provided in this Section 4.04(b). In the event that (i) SPV fails to pay FrontLine a requested payment when due under Section 4.04(b), and (ii) there are sufficient funds available in the SPV Operating Account to make such payment and SPV's access to such funds has not been restricted or prevented due to any liens on the SPV Operating Account in favor of a third party or for any other reason, including County or any Funder, then SPV's failure to make such payment shall be a Material Breach under this Agreement.

(e) As set forth in the FrontLine Budget, FrontLine expects that its services will be funded in part through Medicaid reimbursements. FrontLine is solely responsible for submitting the information necessary to procure Medicaid payments required to fund its services and for administering funds it receives through Medicaid. In the event that FrontLine does not receive the amount of Medicaid reimbursements identified in the FrontLine Budget through no fault of FrontLine (i.e. due to a change in allowable reimbursements under Medicaid), FrontLine shall notify the Governance Committee. The Governance Committee shall explore alternate funding or program modifications to accommodate such loss in funding. FrontLine is not obligated to provide funding for any shortfall due to failure to receive Medicaid payments. Upon reasonable request, FrontLine shall provide information to the County and SPV regarding all payments received from Medicaid to offset costs incurred by FrontLine for providing services required by this Contract. Unless approved by the Governance Committee with Lender Consent, SPV is not responsible for disbursing proceeds from the SPV Operating Account to cover any shortfalls in the FrontLine Budget resulting from a loss of Medicaid funding.

(f) As of the Execution Date, it is the expectation that (i) one or more agreements will be entered into under which a Funder will require that \$150,000 be remitted to FrontLine in the event that Funder's expected portion of Success Payments are remitted to it, and (ii) FrontLine will be considered for any additional revolving or "recyclable" grants that may be offered by the Funders.

Section 4.05 Payment of SPV Project Costs.

(a) Subject to the terms set forth herein, amounts in the SPV Operating Account will be applied by SPV first to pay "Project Costs" as set forth in the Funding Plan attached as Appendix B to this Contract, and as otherwise permitted under Section 4.01. In the event there are insufficient funds in the SPV Operating Account to pay all Project Costs, SPV shall disburse funds available within the account for Project Costs on a pari passu basis to the parties entitled to such payments.

(b) On a Quarterly basis, beginning one Quarter after the Effective Date of this Contract (i.e., the beginning the calendar quarter following the quarter in which the Effective Date takes place), SPV will provide a statement to the Operating Committee, reconciling its actual expenditures to the anticipated expenditures set forth in the Funding Plan attached as Appendix B.

ARTICLE 5

OVERSIGHT AND REPORTING

Section 5.01 Operating Committee Meetings.

An operating committee comprised of the parties identified under Section 5.01(b) and 5.01(c) below (the "**Operating Committee**") shall be established for the purpose of facilitating successful outcomes under this Contract. In particular, the Operating Committee shall focus on the enrollment and referral process of Clients into FrontLine's Program, the housing resources available to the Target Population, identifying and monitoring program trends, and monitoring the progress of the Target Population under this Contract.

(a) The Operating Committee shall hold regular meetings (“**Operational Meetings**”) at least twice per month commencing on the Program Launch date until six (6) months thereafter, and after such time, at least once a month for the remainder of the term of this Contract.

(b) As of the Effective Date, the Operating Committee’s membership will include representatives from FrontLine, Enterprise Community Partners, Inc. (“**Enterprise**” or “**Project Manager**”), the County, and Independent Evaluator (collectively, the “**Original OC Members**”). FrontLine will be represented by its Executive Director, Chief Operating Officer and/or its Pay for Success Director. Enterprise will be represented by the Director of its Ohio office and/or a senior program director designated by Enterprise, until such time that Enterprise hires and trains staff to carry out tasks delegated to Enterprise as Project Manager, at which time such staff person will serve as Enterprise’s representative. The County will be represented by the Director of DCFS and/or the Pay for Success DCFS/OHS Coordinator. The Independent Evaluator will be represented by the Lead Evaluator. Except for the death, disability or termination of employment of any such member representatives, no Original OC Member may replace its representative without unanimous consent of the other members and upon 30 days’ notice, such consent not to be unreasonably withheld, provided, however, that each member representative may appoint a qualified designee that is authorized to make decisions on such Original OC Member’s behalf to represent such representative in his or her stead at an Operational Meeting. The Original OC Members shall notify each other regarding their selection of any designee approved to represent it at Operational Meetings in advance of such meetings and if the Original OC Members do not dispute such selection within five (5) business days from notice thereof, such designee(s) shall be deemed approved.

(c) The Original OC Members may invite other organizations to serve as members of the Operating Committee. It is anticipated that such other members may include representatives from Cuyahoga County Office of Homeless Services (“**OHS**”), Cuyahoga County Office of Job and Family Services (“**JFS**”), the Domestic Violence and Child Advocacy Center (“**DVCAC**”), Cuyahoga Metropolitan Housing Authority (“**CMHA**”), the Emerald Development and Economic Network (“**EDEN**”), and such other organizations as determined by the Original OC Members:

- i. OHS will be represented by the Director of OHS and/or the Pay for Success DCFS/OHS Coordinator;
- ii. JFS will be represented by the Director of OJFS;
- iii. DVCAC will be represented by the Director of DVCAC and/or its Shelter Operations Manager;
- iv. CMHA will be represented by its Chief Executive Officer and/or its Director of Development
- v. EDEN will be represented by its Chief Executive Officer and/or its Chief Operating Officer
- vi. Additional representatives may be invited to join the Operating Committee by the Original OC Members from time to time throughout the term of the Contract.

(d) Each Lender and Grantor may request to attend any Operational Meeting by sending a written request to the Project Manager at least five (5) Business Days prior to such scheduled Operational Meeting. The Project Manager shall promptly notify, by electronic mail or telephone, all other members of the Operating Committee of such request. Each member of the Operating

Committee shall have two (2) Business Days to object to the attendance of the requesting Lender(s) and Grantor(s) at the Operational Meeting for any reason or no reason, in their sole discretion, in which case the requesting Lender(s) and Grantor(s) shall not be permitted to attend. Notwithstanding the foregoing, any Lender and/or Grantor shall be permitted to attend any Operational Meeting during the continuance of a default under the Loan Documents or Grant Agreements.

(e) Any member of the Operating Committee may request the attendance of Third Sector Capital Partners, Inc. (the “**Pay for Success Advisor**”) at an Operational Meeting, and with reasonable notice of the request, the Pay for Success Advisor shall attend such Operational Meeting.

(f) The Project Manager is responsible for raising agenda items and facilitating group discussions at the Operational Meetings. The Project Manager shall prepare an agenda and circulate the agenda and the most recent FrontLine Report to all members of the Operating Committee at least two (2) Business Days in advance of any Operational Meeting. The agenda for an Operational Meeting may include the following items:

- i. A discussion of the most recent FrontLine Report (a form of which is enclosed under **Appendix C**) and the most recent monthly report of the Independent Evaluator, to the extent it has not been discussed at an earlier monthly meeting;
- ii. A description of any significant changes to the FrontLine Services that are being considered or implemented;
- iii. A discussion of the DCFS/DVC referral process and any changes that should be or are being considered or implemented;
- iv. A discussion of the housing resources available to families enrolled in FrontLine’s Services and access and placement process with CMHA, Famicos, EDEN and the Continuum of Care and any changes that should be or are being considered or implemented;
- v. A discussion of the engagement of Clients into the FrontLine Program and any changes that should be or are being considered or implemented;
- vi. A discussion of the retention levels of Clients into FrontLine Services and any changes that should be or are being considered or implemented;
- vii. A discussion of the implementation and operation of the RCT and any changes that should be or are being considered or implemented;
- viii. A discussion of the FrontLine participation in DCFS case conference and performance during team decision meetings and any changes that should be or are being considered or implemented;
- ix. A discussion of any critical incidents involving Clients over the past month and related County communications planning;
- x. A discussion of any changes to the anticipated funding needs of FrontLine or SPV in connection with their performance under this Contract;
- xi. A discussion of issues related to systemic barriers to family reunification;
- xii. A discussion of issues related to income and benefits as related to Clients and access thereto; and
- xiii. A discussion of the evaluation of Clients to date.

(g) The Project Manager shall prepare and circulate, by electronic mail, minutes of all Operational Meetings within five (5) Business Days after the meeting to all Original OC Members and any additional Operational Meeting participants. Minutes shall be deemed approved within two (2) Business Days if no objections have been submitted to the Project Manager by any of the recipients.

(h) No later than the fifteenth (15th) day of each month, FrontLine shall submit a monthly report (the “**FrontLine Report**,” a form of which is included under Appendix C hereto) to Project Manager, and the Independent Evaluator shall submit a monthly report to Project Manager in accordance with the terms of the Independent Evaluator Agreement and Project Manager shall submit such reports by electronic mail to the Operating Committee for the Operating Committee’s review and discussion. Any failure by FrontLine to provide the FrontLine Reports in a timely manner, subject to a ten (10) day cure period commencing upon receipt by FrontLine’s Executive Director, Chief Financial Officer, Chief Operating Officer, and Pay for Success Director of notice by electronic mail from Project Manager shall be a Material Breach under this Contract.

(i) Any of the Original OC Members may call for a special meeting of the Operating Committee upon one Business Days’ notice to discuss an urgent matter. The notice for the special meeting of the Operating Committee shall include the agenda and reason for the special meeting.

(j) All Operational Meetings may be held in person or by phone or similar communication medium.

(k) The Operating Committee will serve as an advisory committee to facilitate programmatic adjustments in the interest of improving the provision of services and/or the efficiency of the project and will not have any authority to bind the Parties in any way under this Contract.

Section 5.02. Governance Committee Meetings.

(a) A governance committee consisting of the parties identified below (the “**Governance Committee**”) shall be established for the purpose of resolving disputes and making certain determinations as outlined below.

(b) The Governance Committee’s membership will consist of representatives from FrontLine, Project Manager, and the County (the Executive Office). FrontLine will be represented by its Executive Director, its Chief Financial Officer, its Chief Operating Officer and/or its Pay for Success Director. Project Manager will be represented by the Director of its Ohio Office or a senior program director designated by Enterprise. The County will be represented by the Director of the Department of Health and Human Services and the County Executive Office, as designated by the Cuyahoga County Executive. Except for the death, disability or termination of employment of any such member representatives, no member of the Governance Committee may replace their respective representatives without unanimous consent of the other members upon thirty (30) days’ notice, such consent not to be unreasonably withheld, provided, however, that each member representative may appoint a qualified designee authorized to represent and vote on behalf of such member to attend a meeting in his or her stead. The Governance Committee members shall notify each other regarding their selection of any designee approved to represent it at Governance

Committee meetings in advance of such meetings and if the other members do not dispute such selection within five (5) business days from notice thereof, such designee(s) shall be deemed approved. Failure of any Governance Committee member or its qualified designee to attend more than two (2) meetings in any calendar year shall constitute a Material Breach under this Contract.

Each Lender and Grantor may request to attend any Governance Committee meeting by sending a written request to the Project Manager at least five (5) Business Days prior to such scheduled Governance Committee Meeting. The Project Manager shall promptly notify the remaining members of the Governance Committee of such request. Each member of the Governance Committee shall have two (2) Business Days to object to the attendance of the requesting Lender(s) and Grantor(s) at the Governance Committee meeting for any reason or no reason, in their sole discretion, in which case the requesting Lender(s) and Grantor(s) shall not be permitted to attend. Notwithstanding the foregoing, any Lender and/or Grantor shall be permitted to attend any Governance Committee meeting during the continuance of a default under the Loan Documents or Grant Agreements.

(c) Governance Committee meetings shall be held once per Quarter. Any of the Governance Committee members may call for a special Governance Committee meeting upon two (2) Business Days' notice to discuss an urgent matter. The notice for the special Governance Committee meeting shall include the agenda and reason for the special meeting.

(d) The Project Manager shall work with the Governance Committee members to prepare an agenda and circulate the agenda and most recent FrontLine Report and report of the Independent Evaluator, by electronic mail, to all members of the Governance Committee, as well as all Lenders and Grantors at least five (5) Business Days in advance of any Governance Committee meeting, except in the case of a special Governance Committee meeting, in which case Project Manager will distribute an agenda as soon as reasonably practicable.

(e) All Governance Committee meetings may be held in person or by phone or similar communication medium.

(f) The Project Manager shall prepare and circulate minutes of all Governance Committee Meetings within five (5) Business Days after the Governance Committee meeting to all Governance Committee members. Meeting participants shall have two (2) Business Days to comment on the draft minutes after which the minutes will be deemed approved.

(g) The Governance Committee shall have the right and obligation to consider and vote on the following matters (collectively, "**Exclusive GC Issues**"):

- (i) Approving any amendments to the Contract in accordance with Section 12.01;
- (ii) Approving any amendments to the Funding Plan, the FrontLine Budget (only as required under Section 4.04(a)) or the Evaluation Plan;
- (iii) Approving the termination of Independent Evaluator or any successor thereto;
- (iv) Approving the termination of SPV, Fiscal Agent or Project Manager and approving any successors thereto. The Governance Committee shall approve any such actions by approval of a majority of its members, provided, however, that SPV or Enterprise may terminate the Fiscal Agent Contract or the Project Manager Contract, as applicable, in accordance with their terms;

- (v) Determining whether a Termination Event exists, except as otherwise set forth under Section 10.01 below;
 - (vi) Determining whether the Program Launch criteria (as set forth under Section 11.01) have been met;
 - (vii) Determining whether a Material Breach exists and the sufficiency of any cure to a Material Breach. The Governance Committee shall make such determination by approval of a majority of its members; and
 - (viii) Review and approval of any financial reports prepared by SPV pursuant to Section 9.04. The Governance Committee shall approve such reports by approval of a majority of its members;
- (i) Additionally, the Governance Committee may consider and vote on the following: Resolving disputes among the Parties. The Governance Committee shall make a recommendation in connection therewith by approval of a majority of its members; and
 - (ii) Resolving disputes of the Operating Committee that do not constitute Exclusive GC Issues as described under Section 5.01(g) above. The Governance Committee shall make a recommendation in connection therewith by approval of a majority of its members.

(h) Except as otherwise set forth under this Contract, any decision over which Governance Committee approval is required shall be made by unanimous consent of the Governance Committee's members (such approval is referred to from time to time as "**Approval of the Governance Committee**"). For matters that require unanimous consent of the Governance Committee's members, each of the County, FrontLine and Project Manager shall have one (1) vote on any matter brought before the Governance Committee. For matters over which approval by a majority of the Governance Committee's members is permitted, Project Manager shall have one (1) vote and FrontLine and County shall each have one (1) vote only to the extent both FrontLine and County exercise their respective voting rights. In the event either FrontLine or County do not exercise their respective voting rights as described in the prior sentence, then the Governance Committee member exercising its vote will have two (2) votes and Project Manager shall have one (1) vote. The purpose of the voting mechanism described in the prior two sentences is to ensure that Project Manager has minority voting rights on the Governance Committee. The Governance Committee, in considering the matter at issue, may seek input from any member of the Operating Committee or any other person or entity it deems useful. For purposes of this Contract, "**Lender Consent**" means approval by two-thirds of the Funders. Project Manager shall notify the Funders regarding any matter for which Lender Consent is required, by providing the Funders with a copy of the agenda for the subject Governance Committee meeting or other description of the matter submitted for Lender Consent, and the Funders shall have five (5) Business Days from the date of receipt of the agenda or other notice (by electronic mail) to notify Project Manager in writing of their decisions regarding such matter. Lender Consent shall be deemed given due to any failure by the Funders to notify the Project Manager within the timeframe mentioned in the prior sentence, provided, however that the Funders will be provided with ten (10) business days' notice and must provide affirmative consent in order for Program Launch to take place or for this Contract to terminate as a result of a Termination Event, except as otherwise set forth under Section 10.01.

(i) The Parties agree that the SPV shall secure Lender Consent in the following circumstances: (i) approving amendments to Appendix B of this Contract (provided that

amendments that are ministerial in nature or that are necessary to correct obvious mistakes will be subject to approval by the Governance Committee, only), (ii) approving amendments to the FrontLine Budget (only as required under Section 4.04(a)), (iii) approving amendments to the Evaluation Plan, (iv) except as otherwise set forth under Section 10.01, determining the existence of a Termination Event and the sufficiency of any cure related thereto, (v) determining whether the Program Launch criteria set forth under Section 11.01 below have been met, (vi) approving any change to the FrontLine Program or amendment to the Contract which impacts the timing or amount of Success Payments or payments to be made to SPV or by SPV under this Contract and (vii) approving decisions that are reasonably likely to have a material economic impact on operation of the FrontLine Program, except as otherwise set forth under Section 10.01.

ARTICLE 6

REPRESENTATIONS, WARRANTIES AND COVENANTS OF FRONTLINE

FrontLine hereby represents and warrants to the County and SPV, as of the date hereof and as of the date of each disbursement of funds by the SPV to FrontLine pursuant to this Contract as follows:

Section 6.01 Organization, Good Standing and Qualification. FrontLine represents and warrants that it is a nonprofit corporation duly organized, validly existing and in good standing under the laws of the State of Ohio and has all requisite corporate power and authority to own, operate and lease its properties and assets, to carry on its business as currently conducted, to provide the FrontLine Services, and to enter into and perform its obligations under this Contract. FrontLine represents and warrants that it has all valid licenses and qualifications to provide the FrontLine Services.

Section 6.02 Authorization; Enforceability. FrontLine has all requisite corporate power and authority to enter into, execute and deliver this Contract and perform its obligations hereunder. The execution and delivery of this Contract, and the performance hereunder have been duly authorized by all necessary corporate action on the part of FrontLine and no other corporate proceedings or actions on the part of FrontLine are necessary to authorize the execution and delivery of this Contract. This Contract has been duly and validly executed and delivered by FrontLine and constitutes a valid and binding obligation of FrontLine, enforceable in accordance with its terms, except as enforcement may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights generally, or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

Section 6.03 Non-Contravention. The execution and delivery of this Contract by FrontLine does not, and the performance by FrontLine of its obligations hereunder and the consummation of the transactions contemplated hereby shall not: (a) conflict with, result in any violation of, constitute (with or without notice or lapse of time or both) a default under, result in or give to any person or another party a right of termination, cancellation or acceleration of any obligation or result in a loss of a benefit or an increase in a cost or liability under: (i) any provision of the certificate of incorporation, bylaws or other applicable organizational documents of FrontLine; (ii) any contract, lease, agreement or instrument by which FrontLine is bound or to which FrontLine's assets or properties are subject; or (iii) any law or governmental order

applicable to or binding on FrontLine or any of FrontLine's assets and properties (except in each of (i), (ii) or (iii), where such conflict, violation, default, termination, cancellation, acceleration or loss would not reasonably be expected to have a material adverse effect on FrontLine or its ability to perform the FrontLine Services).

Section 6.04 Governmental Consents. No consent, approval, authorization, license, governmental order or permit of, or declaration, filing or registration with, or notification to, any governmental authority is required to be made or obtained, and no consent or approval of any other person is required by FrontLine in connection with the execution, delivery and performance of this Contract or the consummation of the transactions contemplated hereby.

Section 6.05 Compliance with Laws; Litigation.

(a) To the knowledge of FrontLine, FrontLine is in material compliance with all applicable laws, including, without limitation, laws that are applicable to its properties and assets, the conduct of its operations and the performance of its services.

(b) There is no action of any nature pending or, to the knowledge of FrontLine, threatened against, relating to or affecting FrontLine or any of its properties or assets, or that challenges or seeks to prevent, enjoin or delay the transactions contemplated in this Contract, nor, to the knowledge of FrontLine, is there any reasonable basis therefor or any facts, threats, claims or allegations that would reasonably be expected to result in any such action.

(c) To FrontLine's knowledge, none of its current officers or directors has been convicted of, or pled guilty to or entered a plea of no contest to, any felony.

(d) FrontLine represents and warrants that FrontLine and its directors, officers, members and managers are not currently excluded, debarred or otherwise ineligible to participate in the Federal health care programs or in Federal procurement or non-procurement programs ("Ineligible"), and have not been convicted of a criminal offense that could result in the convicted party's becoming Ineligible. FrontLine shall not knowingly employ or contract with any individual or entity listed as Ineligible. If at any time during the term of this Contract, (i) FrontLine becomes Ineligible or is charged with a criminal offense that could result in FrontLine becoming Ineligible, or (ii) has notice that any director, officer, member or manager of FrontLine has become Ineligible or has been charged with a criminal offense that could result in such individual becoming Ineligible, FrontLine shall immediately notify the Governance Committee which will then proceed with wind-up and termination of this Contract.

(e) By entering into this agreement FrontLine shall specifically comply with all applicable laws, rules and regulations as they may relate to or encompass (i) the Federal Anti-Kickback Statute (42 U.S.C. 1320a-7(b) and the related safe harbor regulations; and as appropriate (ii) the limitation of certain physician referrals, also referred to as the "Stark Law" (42 U.S.C. 1395nn). Accordingly, no part of any consideration paid to FrontLine hereunder is a prohibited payment for the recommending or arranging for the referral of business or the ordering of items or services, nor are the payments intended to induce illegal referrals of business

Section 6.06 Financial Statements.

(a) FrontLine has provided SPV and the County with true, correct and complete copies of: (i) the audited balance sheets and related audited statements of operations and cash flows of FrontLine for most recent fiscal year and for the fiscal years ended June 30, 2011, June 30, 2012 and June 30, 2013 and the opinion of FrontLine's independent auditor thereon (collectively, the "**Financial Statements**"). The Financial Statements were prepared from the books and records of FrontLine and in accordance with generally accepted accounting principles in the United States, consistently applied during the periods involved and consistent with each other, except as otherwise noted therein and will include a "clean opinion" from the auditor. The Financial Statements fairly present in all material respects the financial position, results of operations and cash flows of FrontLine of the respective dates thereof and for the respective periods covered thereby. Throughout the term of this Contract, FrontLine shall provide SPV and County with true, correct and complete financial statements for FrontLine's subsequent fiscal years as soon as such statements are available and as of the date of each disbursement pursuant to this Contract, the representations set forth under this Section 6.06(a) shall apply to FrontLine's most recent financial statements.

(b) FrontLine has in place systems and processes that are customary for a non-profit corporation and that are designed to: (i) provide reasonable assurances regarding the reliability of the Financial Statements and (ii) in a timely manner accumulate and communicate to FrontLine's principal executive officer and principal financial officer the type of information that is required to be disclosed in the Financial Statements.

(c) Neither FrontLine, nor, to the knowledge of FrontLine, any of its affiliates, employees, auditors, accountants or representatives has received or otherwise obtained knowledge of any complaint, allegation, assertion or claim, whether written or oral, regarding the adequacy of such systems and processes or the accuracy or integrity of the Financial Statements. To the knowledge of FrontLine, no employee has provided or threatened to provide information to any governmental authority regarding the commission of any crime or the violation of any law applicable to FrontLine or any part of its operations.

Section 6.07 Disclosure. None of the representations or warranties of FrontLine contained herein, and none of the other reports or documents furnished or to be furnished to the County or SPV or any of their representatives by FrontLine on or prior to the Effective Date, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements or facts contained herein and therein not misleading in light of the circumstances under which they were made.

Section 6.08 Covenants. FrontLine hereby covenants from and after the Effective Date that FrontLine shall and shall cause its officers, employees, auditors and agents to afford the officers, employees and authorized agents and representatives of the County and SPV reasonable access, during normal business hours and upon a minimum of five Business Days' notice, to its books and records directly related to this Contract. Furthermore, FrontLine shall make its management, employees, officers, directors, accountants and auditors available to County or SPV representatives as the County or SPV may from time-to-time reasonably request, with a minimum of five Business Days' notice, provided that if FrontLine is not performing in accordance with this Contract, and such concerns have been raised by the Governance Committee, then FrontLine will have to provide the access described in this Section 6.08 on one Business Day's notice.

ARTICLE 7
REPRESENTATIONS, WARRANTIES AND COVENANTS OF SPV

SPV hereby represents and warrants to the County and FrontLine as of the date hereof and on the date of each disbursement pursuant to this Contract as follows:

Section 7.01 Organization, Good Standing and Qualification. SPV represents and warrants that it is a limited liability company duly organized, validly existing and in good standing under the laws of the State of Maryland, is qualified to do business in the State of Ohio as a foreign entity, and has all requisite corporate power and authority to own, operate and lease its properties and assets, to carry on its business as currently conducted, to provide services in accordance with this Contract, and to enter into and perform its obligations under this Contract.

Section 7.02 Authorization; Enforceability. SPV has all requisite corporate power and authority to enter into, execute and deliver this Contract and perform its obligations hereunder. The execution and delivery of this Contract and the performance hereunder have been duly authorized by all necessary corporate action on the part of SPV, and no other corporate proceedings or actions on the part of SPV are necessary to authorize the execution and delivery of this Contract by SPV. This Contract has been duly and validly executed and delivered by SPV and constitutes the valid and binding obligation of SPV, enforceable in accordance with its terms, except as enforcement may be limited by (i) bankruptcy, insolvency, reorganization, moratorium or other laws of general application affecting enforcement of creditors' rights generally, or (ii) laws relating to the availability of specific performance, injunctive relief or other equitable remedies.

Section 7.03 Non-Contravention. The execution and delivery of this Contract by SPV does not, and the performance by SPV of its obligations hereunder and the consummation of the transactions contemplated hereby shall not: (a) conflict with, result in any violation of, constitute (with or without notice or lapse of time or both) a default under, result in or give to any person or another party a right of termination, cancellation or acceleration of any obligation or result in a loss of a benefit or an increase in a cost or liability under: (i) any provision of the articles of organization, operating agreement or other applicable organizational documents of SPV; (ii) any contract, lease, agreement or instrument by which SPV is bound or to which SPV's assets or properties are subject or (iii) any law or governmental order applicable to or binding on SPV or any of SPV's assets and properties (except in each of (i), (ii) or (iii), where such conflict, violation, default, termination, cancellation, acceleration or loss would not reasonably be expected to have a material adverse effect on SPV or its ability to perform under this Contract).

Section 7.04 Governmental Consents. No consent, approval, authorization, license, governmental order or permit of, or declaration, filing or registration with, or notification to, any governmental authority is required to be made or obtained, and no consent or approval of any other person is required by SPV in connection with the execution, delivery and performance of this Contract or the consummation of the transactions contemplated hereby.

Section 7.05 Compliance with Laws; Litigation.

(a) To the knowledge of SPV, SPV is in material compliance with all applicable laws, including, without limitation, laws that are applicable to its properties and assets, the conduct of its operations and the performance of its services.

(b) There is no action of any nature pending or, to the knowledge of SPV, threatened, relating to or affecting SPV or any of its properties or assets, or that challenges or seeks to prevent, enjoin or delay the transactions contemplated in this Contract, nor, to the knowledge of SPV, is there any reasonable basis therefor or any facts, threats, claims or allegations that would reasonably be expected to result in any such action.

(c) To the knowledge of SPV, none of its current officers or directors has been convicted of, or pleaded guilty to or entered a plea of no contest to, any felony.

Section 7.06 Financial Statements.

(a) Prior to accepting any funds, SPV will have in place systems and processes that are customary for a single-member limited liability company formed under the laws of the State of Maryland, which may include entering into an agreement with a third party to provide such services to SPV, and that are designed to: (i) provide reasonable assurances regarding the reliability of its financial statements and (ii) in a timely manner accumulate and communicate to SPV's principal officers the type of information that is required to be disclosed in its financial statements.

(b) Neither SPV, nor, to the knowledge of SPV, any of its affiliates, employees, if any, auditors, accountants or representatives has received or otherwise obtained knowledge of any complaint, allegation, assertion or claim, whether written or oral, regarding the adequacy of the accounting systems and processes described under Section 7.06(a) or the accuracy or integrity of its financial and accounting systems. To the knowledge of SPV, no employee, if any, has provided or threatened to provide information to any governmental authority regarding the commission of any crime or the violation of any law applicable to SPV or any part of its operations.

Section 7.07 Disclosure. None of the representations or warranties of SPV contained herein, and none of the other information or documents furnished or to be furnished to the County or FrontLine or any of their representatives by SPV on or prior to the Effective Date, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements or facts contained herein and therein not misleading in light of the circumstances under which they were made.

Section 7.08 Use of Proceeds. SPV will use the amounts deposited in the SPV Operating Account in the manner specified in Article 4 and Appendix B of this Contract as shall be further set forth in the Loan Agreements and Grant Agreements. In the event of a conflict between the terms of this Contract and the Loan Agreements and Grant Agreements, the terms of the Loan Agreements and Grant Agreements shall control.

Section 7.09 Covenants. SPV hereby covenants from and after the Effective Date, as follows:

(a) Access to Information. SPV's books and records shall be maintained at its principal place of business at the address set forth under Section 10.04. SPV shall and shall cause its officers, employees, auditors and agents to afford the officers, employees and authorized agents and representatives of the County, FrontLine and Funders reasonable access, during normal business hours and upon a minimum of five Business Days' notice, to its books and records directly related to this Contract. Furthermore, Enterprise shall make its management, employees, officers, directors, accountants and auditors available to County representatives as the County may from time-to-time reasonably request, during normal business hours and upon a minimum of five Business Days' notice; provided that if SPV is not performing in accordance with this Contract, and such concerns have been raised by the Governance Committee, then SPV and Enterprise, as applicable will provide the access as described in this Section 7.09(a) on one Business Days' notice.

(b) Confidentiality and Non-Disclosure. SPV hereby agrees to be bound by any applicable confidentiality and non-disclosure terms and conditions of County, and in accordance therewith, shall adhere to the requirements and protocols relating to the protection, use and disclosure of data and information related to the FrontLine Services and the Referral Population, although the Parties do not anticipate that SPV or Program Manager will receive personally identifiable information under this Contract.

(c) SPV Activities. SPV's obligations under this Contract are limited to the express requirements of this Contract and SPV shall have no obligation to perform any other services or engage in any other activities not set forth herein.

ARTICLE 8

REPRESENTATIONS AND WARRANTIES OF THE COUNTY

County hereby represents and warrants to the SPV and FrontLine as of the date hereof and on the date of each disbursement pursuant to this Contract as follows:

Section 8.01 Powers as to Contract. The County is duly authorized under the Enabling Act and all applicable laws to enter into this Contract.

Section 8.02 Covenants as to Social Impact Financing Fund.

(a) The County covenants and agrees that it will request appropriations in accordance with this Contract, including the Funding Plan, for deposit to the Social Impact Financing Fund.

(b) The County covenants and agrees to provide Notice to the Parties in the event funds necessary under this Contract are not appropriated and approved by the County.

(c) The County covenants and agrees that the funds annually appropriated by County Council and deposited in the Social Impact Financing Fund for the purposes identified in this Contract shall be encumbered each contract year and the aggregate amount

of funds appropriated to this Contract shall be encumbered before the completion of Quarter 20 following Program Launch for making Success Payments owing under this Contract in accordance with Section 4.03 above. The County agrees not to encumber such funds in favor of any other party or for any purpose other than the payment of Success Payments contemplated hereunder. The County shall provide notice within ten (10) business days to FrontLine and SPV in the event County pledges or encumbers funds appropriated under this Contract for any purpose other than the making of Success Payments.

ARTICLE 9

PERFORMANCE THRESHOLDS AND REMEDIES

Section 9.01 County Performance.

(a) **Number of and Quality of Referrals.** The Cuyahoga County PFS Program Coordinator (the “**Coordinator**”) shall be responsible for reviewing the Homelessness Management Information System (“**HMIS**”) and Ohio’s Statewide Automated Child Welfare Information System (“**SACWIS**”) databases to seek eligible participants. The names of the women found in both databases and who meet all other eligibility requirements set forth in the evaluation plan shall be sent to the Independent Evaluator for randomization. A second referral source will be the Domestic Violence and Child Advocacy Center (DVCAC) Shelter. The Independent Evaluator will then create and send the Treatment Lists” to FrontLine. The number of referrals will be made according to the Evaluation Plan.

(b) **Timeliness and Quality of Data-Sharing.** Pursuant to the Evaluation Plan, the Coordinator will review the HMIS and SACWIS databases each business day for potential eligible participants and will forward these names to the Independent Evaluator on a daily basis.

(c) **County Payment Obligations Subject to Annual Appropriations.** All of the County’s obligations under this Contract are contingent upon the County Council’s appropriating the funds on an annual basis necessary for the continuation of this Contract in any contract year. In the event the funds necessary for the continuation of this Contract are not appropriated or approved on an annual basis, the County will notify the other Parties within ten (10) business days of such occurrence in writing. This Contract shall thereafter terminate on the last day of the last fiscal period for which appropriations were made. Such termination is made pursuant to and in accordance with the terms of this Contract and shall not be considered to be a breach or default on the part of the County, and, except as otherwise set forth herein, shall not result in the County having liability to the other Parties or any third party for any penalty, liability or any other expense.

Section 9.02 Timeliness of Success Payments.

(a) Beginning in Quarter 21 after Program Launch, the County shall have 45 days to make any payment required of the County under this Contract based on the information received from the Independent Evaluator in accordance with Section 4.03 of this Contract. As set forth in the SPV’s contract with Independent Evaluator, SPV may withhold payments from Independent Evaluator in the event that the Independent Evaluator is in default of its obligations under such contract, which includes a failure to submit any reports

required of Independent Evaluator in a timely manner.

(b) Provided neither the SPV nor FrontLine are in Material Breach under this Contract and a Termination Event has not otherwise taken place, if the County fails to make any payment required by this Contract within such 45-day period, SPV will provide notice to the County of such failure (and if SPV fails to give such notice, any Lender may give such notice to the County), and the County will have an additional 30 days after the giving of such notice to make such payment. The SPV shall not be liable under this Contract or to the Funders for any failure on SPV's part to provide notice as set forth under this Section 9.02.

(c) Unless the County has notified FrontLine or SPV in writing that either of them has failed to comply with the provisions of this Contract, and provided written notice of such default to all Parties with copies to the Lenders and Grantors, the County's continued failure to make such a payment after the additional 30 day period described in paragraph (b) above is a Termination Event, and FrontLine and SPV shall have the remedies set forth in Section 9.03 below. If the County has provided the notice of default described above and FrontLine or SPV, as applicable, has not cured such default, then failure to make such a payment is not a breach under this Contract.

Section 9.03 Remedies for Breach by the County.

(a) If the County is in breach of its obligations under this Contract as set forth in Sections 9.02(c) above, such breach shall be deemed a Material Breach for purposes of Article 10 of this Contract and SPV and/or FrontLine may, but are not required to, proceed to protect their rights hereunder and may seek to compel compliance by the County with the terms and provisions hereof by suit or suits in equity or at law, for the specific performance of any covenant, term or condition hereof, or in aid of the execution of any power herein granted, and may exercise any other right or remedy upon such breach as may be granted under any other applicable provisions of law. Neither SPV nor FrontLine shall have an obligation under this Contract to compel compliance by County on behalf of any other party, including, without limitation, any Funder, nor shall SPV or FrontLine have any obligation to file any suit in equity or at law on behalf of any other party.

(b) If the County has failed to make any payment required by this Contract as provided in Section 9.02 above or is in breach prior to the time that such payment is due or upon a Termination Event (as described under Section 10.01 below), then except for any payments that will be required under Section 10.02, SPV, County and FrontLine shall have no further obligations pursuant to this Contract or to the Funders pursuant to any Grant Agreements or Loan Agreements.

Section 9.04 SPV and Fiscal Services Provider Performance.

(a) SPV Operating Account – Reporting and Remedies. Within 15 days from the end of each Quarter, SPV will provide a report to the Governance Committee on the account balances, expenditures from, deposits to and all other activity with respect to each of the SPV Operating Account created by and held pursuant to this Contract by SPV.

(i) If the balances in the SPV Operating Account as of the end of each Quarter vary by more than 5% from the amounts assumed in the Funding Plan attached hereto as Appendix B, then SPV will provide a detailed report to the Operating Committee setting forth the reasons for such variance. The Operating Committee will recommend a plan for addressing such variance for Approval by the Governance Committee with Lender Consent. Any failure to approve such a plan is a Termination Event.

(ii) Evidence of fraud or misappropriation of funds by the SPV or any member, director, employee or affiliate thereof, will result in the termination and replacement of SPV pursuant to this Contract. SPV will be obligated to repay any such misappropriated funds.

(b) Performance of the Independent Evaluator. SPV will be responsible for enforcing the provisions of its contract with the Independent Evaluator, including ensuring the timing of the Independent Evaluator's reports, analyses, and other obligations under this Contract, including the Evaluation Plan, provided, however, that SPV's resources for enforcing such contract are limited to the assets within the SPV Operating Account. SPV is not required to file any suit in equity or at law to enforce Independent Evaluator's obligations. Such enforcement rights shall include the termination and replacement of the Independent Evaluator under the Independent Evaluator Agreement for failure to comply with its obligations hereunder or thereunder. Any such replacement is subject to Approval of the Governance Committee and Lender Consent, it being understood, however, that the SPV is under no obligation to identify and contract with a replacement independent evaluator. The Independent Evaluator will be permitted to terminate the Independent Evaluator Agreement in accordance with its terms.

(c) Performance of the Project Manager. By a separate contract between SPV and Enterprise that will be executed subsequent to the date hereinabove (the "Project Manager Contract"), SPV will be responsible for enforcing the provisions of its contract with Enterprise, in its capacity as Project Manager, provided, however, that SPV's resources for enforcing such contract are limited to the assets within the SPV Operating Account. Such enforcement rights shall include the termination and replacement of the Project Manager under its agreement for failure to comply with its obligations hereunder or thereunder, it being understood, however, that SPV is under no obligation to identify and contract with a replacement project manager. Project Manager will be permitted to terminate the Project Manager Contract only upon a Termination Event or in the event Project Manager's continued performance thereunder is impracticable, due, for example, to Enterprise shutting down its Cleveland Office.

(d) Performance of the Fiscal Agent. By a separate contract between SPV and Enterprise that will be executed subsequent to the date hereinabove (the "Fiscal Agent Contract"), SPV will be responsible for enforcing the provisions of its contract with Enterprise, as Fiscal Agent, provided, however, that SPV's resources for enforcing such contract are limited to the assets within the SPV Operating Account. Such enforcement rights shall include the termination and replacement of the Fiscal Agent under its agreement for failure to comply with its obligations thereunder and any termination of Fiscal Agent will result in an automatic termination of SPV. SPV is under no obligation to identify and

contract with a replacement fiscal agent. The Fiscal Agent will be permitted to terminate the Fiscal Agent Agreement only upon a Termination Event or in the event Fiscal Agent's continued performance thereunder is impracticable, due, for example, to Fiscal Agent's inability to perform the requisite services in accordance with its budgeted fees due to changes in accounting rules.

(e) Termination of SPV Services. If SPV fails to perform its obligations hereunder in any material respect, and does not cure such failure within thirty days after having received notice of such failure from the County or FrontLine (provided that if such default by nature cannot be reasonably cured with due diligence within thirty days, then SPV shall continue to diligently pursue a cure within sixty days of receiving notice), the County and FrontLine may by mutual consent terminate SPV's participation under this Contract and in such event SPV shall have no further obligations under this Contract and SPV shall be released from liability for all obligations owing under this Contract (except to the extent relating to an obligation that was incurred during such time the SPV was a party to this Contract). Furthermore, SPV shall not be in breach under this Contract in the event it fails to make a payment under this Contract as a result of insufficient funds in the SPV Operating Account and SPV did not misappropriate funds or as a result of SPV's inability to reach such funds due to a lien on the SPV Operating Account in favor of a third party, including County or a Funder, or for any other reason. If the Project Manager is in default of its obligations to SPV under the Project Manager Contract after the expiration of all applicable notice and cure provisions, the County and FrontLine may by mutual consent cause SPV to terminate the Project Manager under this Contract; provided, however, that when feasible, the County and FrontLine shall not cause the termination of the Project Manager's participation if Project Manager, under the Project Manager Contract enacts or causes the enactment of a corrective action plan approved by the County and FrontLine (such approval not to be unreasonably withheld). In the event the County and FrontLine cause the SPV to terminate the Project Manager Contract, SPV is under no obligation to replace the Project Manager.

(f) Enforcement of Rights. In the event SPV misappropriates funds hereunder or commits fraud with respect to the handling of funds in its custody, the County and FrontLine may proceed to protect their rights hereunder and may exercise any other right or remedy upon such default as may be granted under any other applicable provisions of law. County's and FrontLine's sole remedy against SPV under this Contract, in the absence of a misappropriation of funds or the SPV's commission of fraud, is to terminate SPV under this Contract. Neither County nor FrontLine shall have recourse to any assets of SPV except to the extent of misappropriation of funds or fraud in handling the funds entrusted to its custody.

Section 9.06 Enforcement of Rights. The County and SPV may proceed to protect their rights hereunder and may seek to compel compliance by FrontLine with the terms and provisions hereof by suit or suits in equity or at law, for the specific performance of any covenant, term or condition hereof, or in aid of the execution of any power herein granted, and may exercise any other right or remedy upon such default as may be granted under any other applicable provisions of law; provided, however, that FrontLine has no obligation to perform under this Contract to the extent SPV fails to provide the funds identified in the FrontLine Budget to FrontLine in accordance with the timeframes set forth herein, provided that such failure to fund is not a result of FrontLine's Material Breach under

this Contract. SPV shall have no obligation under this Contract to compel compliance by FrontLine on behalf of any other party, including, without limitation, any Funder, nor shall SPV have any obligation to file any suit in equity or at law on behalf of any other party.

Section 9.07. Limitation on Liability.

(a) Limited Recourse of County and FrontLine Against SPV.

All obligations of SPV under this Contract are subject to the SPV's obligations under the Loan Documents and Grant Agreements. The SPV shall not be obligated to take or omit to take any action which is in breach or inconsistent with the Loan Documents or Grant Agreements, as shall be determined by SPV in its sole discretion. SPV shall be liable under this Contract solely for SPV's misappropriation of funds under this Contract or commission of fraud with respect to the handling of funds in its custody. SPV may rely on the genuineness of all signatures on all documents delivered to SPV. SPV's obligations under this Contract do not benefit from any recourse whatsoever to any member, director or officer of SPV. Absent a misappropriation of funds or commission of fraud by SPV, County and FrontLine shall have access only to the funds within the SPV Operating Account, subject to the rights and claims of third parties. The other Parties' sole remedy against SPV under this Contract, in the absence of a misappropriation of funds or the SPV's commission of fraud in the handling of funds in its custody, is to terminate SPV under this Contract. In the event the SPV is found to have misappropriated funds under this Contract, the SPV's monetary liability shall be limited to the amount that is determined to have been so misappropriated.

(b) FrontLine may rely on the genuineness of all signatures on all documents delivered to FrontLine. FrontLine's obligations under this Contract do not benefit from any recourse whatsoever to any member, director or officer of FrontLine. The parties hereto understand, acknowledge and agree that the services to be provided to the Target Population under the FrontLine Program are innovative, unproven and experimental in nature, and FrontLine makes no representations, warranties or guarantees with respect to the results of such program under this Contract, and FrontLine has no obligation to repay any funds provided hereunder or any other obligation or liability to the SPV, the County, the Funders or any other third party, in the event FrontLine Program does not achieve results necessary for the Success Payments to be made.

ARTICLE 10

TERMINATION OF

AGREEMENT

Section 10.01 Termination Rights. This Contract shall be terminated upon the occurrence of any of the events below (and with Approval of the Governance Committee and Lender Consent, except as otherwise set forth in this Section 10.01) (each, a "**Termination Event**").

(a) Upon the occurrence of the following events set forth under this Section 10.01(a), a Termination Event will be deemed to have taken place with Approval of the Governance Committee and Lender Consent, except as otherwise set forth in this

Section 10.01(a).

i. Termination of SPV. Termination of SPV's services or removal or withdrawal of SPV as described under Section 9.01(f). The Governance Committee shall determine whether this event has taken place by majority approval.

ii. Independent Evaluator Removal or Withdrawal. The voluntary withdrawal by Independent Evaluator under the Independent Evaluator Agreement or the termination of Independent Evaluator as a result of Independent Evaluator's uncured default under such agreement.

iii. Bankruptcy. Termination of the PFS Contract shall take place automatically as to any Party upon the filing of a petition in bankruptcy or insolvency against such Party. The occurrence of a bankruptcy event shall be deemed an automatic Termination Event, without any action required of the Governance Committee or the Funders.

iv. Appropriations Failure. An Appropriations Failure means that the County enacted a budget for any fiscal year that the Contract is in effect that does not contain \$1,000,000 in appropriations by December 21st of each of those fiscal years or in the event County fails to certify amounts deposited into the Social Impact Financing Fund that were originally allocated to the Contract. The occurrence of an Appropriations Failure shall result in an automatic Termination Event, without any action required of the Governance Committee or the Funders.

v. Failure of Program Launch. Failure of the Program Launch to occur by July 31, 2015 shall result in an automatic Termination Event, without any action required of the Governance Committee or the Funders.

vii. Project Manager Removal or Withdrawal. The termination of Project Manager. The Governance Committee shall determine whether this event has taken place by majority approval, provided, however, that SPV and Enterprise reserve the right to terminate the Project Manager Contract in accordance with its terms without Approval of the Governance Committee;

vii. Mutual Consent. A Termination Event will be automatic upon the mutual written consent of the Parties, without any action required by the Funders.

(b) The occurrence of any of the events listed below will be deemed a Termination Event, upon Approval of the Governance Committee with Lender Consent (except as otherwise set forth in this Section 10.01(b) below), provided that the Parties hereto shall have a

period of thirty (30) days to remediate the conditions underlying such event (although the Governance Committee may agree to a shorter timeframe as needed and depending on the circumstances) and if such conditions cannot be remediated with due diligence within thirty (30) days, the Parties shall have a period sixty (60) days to remediate the conditions that have given rise to such event (or such longer timeframe as the Governance Committee deems necessary). The term of this Contract will toll during the pendency of any cure period that results in a suspension of FrontLine Services, provided, that the term shall not extend beyond the Expected Termination Date:

- i. Material Breach. The occurrence of a Material Breach under this Contract. A “Material Breach” means a breach of this Contract (including any exhibits hereto) by a Party, as determined by majority approval of the Governance Committee, that would either (i) reasonably be expected to materially adversely impact payment by the Funders or the Success Payments or (ii) be a material violation of applicable law.
- ii. Insufficient Referrals. DCFS does not make a sufficient number of Eligible Referrals from the Target Population to FrontLine, as determined in accordance with the Evaluation Plan, which failure is reasonably likely to jeopardize timely payment of Success Payments.
- iii. Unavailability of Housing Resources. In the event that in addition to the housing that are or will be assigned to the first forty-five (45) families engaged through the FrontLine Program during the first year of operations, the housing resources are unavailable in sufficient number such that forty-five (45) units of housing are not available by the first day of the tenth (10th) month following the Effective Date and an additional forty-five (45) units of housing are not available by the first day of the twenty-second (22nd) month following the Effective Date.

Insufficient Enrollment. A sufficient number of Eligible Referrals are not enrolled in the FrontLine Program or a sufficient number of cases are not closed-out, as determined in accordance with the Evaluation Plan, which events are reasonably likely to jeopardize timely payment of Success Payments.
- iv. Failure to Fund under Loan Agreements or Grant Agreements. A failure to fund or an “event of default” by any Funder under terms of the applicable Loan Agreements or Grant Agreements, after the expiration of any applicable notice and cure periods or the occurrence of an event. SPV shall determine, in its sole discretion, whether an event of default or any other failure to fund takes place under the Loan Agreements or Grant Agreements.
- vi. Force Majeure. Upon the occurrence of any event which is outside the reasonable control of the Party concerned and is not attributable to any act or failure to take preventative action by that Party, including acts of God or any other disaster natural or man-made, acts of terrorism or similar cause beyond the reasonable control of the Party affected thereby, fluctuations in market forces (including labor markets) and union strikes, and political developments which prevent the Parties’, Governance

Committee's or Independent Evaluator's access to data or federal funding, or any event which prevents a Party from performing its material obligations under this Contract for a period in excess of three (3) months. The Governance Committee shall determine whether this event has taken place by majority approval.

- vii. Failure of Initial Enrollment. In the event forty-five (45) Eligible Referrals have not been enrolled and retained in the FrontLine Program by the end of the fifteenth (15th) month following the Program Launch (defined under Section 11.01 below).
 - viii. Medicaid Downsizing or Termination. FrontLine does not receive Medicaid income (as described in section 4.04(e) above) as reflected in the FrontLine Budget in a timely manner and in a sufficient amount to enable FrontLine to perform its services under the Contract. The Governance Committee shall determine whether this event has taken place by majority approval.
 - ix. Budget Reconciliation. In the event the Governance Committee and applicable Funders are unable to agree on a plan to reconcile variances in the SPV Operating Account as described under Sections 9.04(a) above.
 - x. Increase in Labor Costs. A change in the labor market which is outside the control of any Party which increases the costs of personnel as set forth in the FrontLine Budget and would have a material adverse effect on the timely payment of Success Payments. The Governance Committee shall determine whether this event has taken place by majority approval.
- (c) Failure to Make Payments to FrontLine. In the event that SPV fails to make any payment in full to FrontLine forty-five (45) days after requested hereunder, FrontLine, in its sole discretion, may immediately terminate this Contract after the lapse of such forty-five (45) day period, unless such failure is due to FrontLine's Material Breach. Such Termination Event shall be automatic, without any action required of the Governance Committee or the Funders.

Section 10.02 Effect of Termination.

- a. Upon a Termination Event, the Parties shall cooperate in winding down the activities contemplated under this Contract. SPV shall distribute assets within the SPV Operating Account in the order of priority as set forth under Appendix B under "Wind-Up in Event of Early Termination." In the event of a Termination Event under Section 10.01(a)(iv) above, the County shall transfer all funds in the Social Impact Financing Fund appropriated to this Contract to the SPV Operating Account for distribution by SPV as set forth herein.

- b. Except as otherwise set forth above, after such time the SPV disburses all funds from the SPV Operating Account and FrontLine has completed a wind-down of its services under this Contract, the Contract shall be of no further force and effect and the Parties shall have no liability in connection, except as otherwise expressly stated herein.
- c. As soon as reasonably practicable after a Termination Event, each Party shall return any and all confidential information in its possession to the other remaining Parties, as applicable.

Section 10.03. For purposes of this Article 10, any Party, member of the Operating Committee or Funder may request a determination from the Governance Committee regarding whether a Termination Event has taken place.

Section 10.04. For the purposes of this Article 10 and this Contract generally, “cure” means, with respect to a particular set of facts and circumstances constituting a Termination Event, that Party has taken actions such that there is no longer a Termination Event, including by implementing or modifying appropriate procedures.

ARTICLE 11

PROGRAM LAUNCH

Section 11.01 Pilot. FrontLine, Independent Evaluator and Enterprise entered into that certain Pay for Success Pilot Agreement, dated as of June 12, 2014 (the “**Pilot Agreement**”), pursuant to which FrontLine began providing services related to its intervention model (the “**Pilot**”) which services are funded through a grant agreement between FrontLine and Laura and John Arnold Foundation (the “**LJAF Foundation**”) dated June 11, 2014 (the “**LJAF Grant Agreement**”). The clients FrontLine is serving under the Pilot Agreement will not be considered Clients for purposes of this Contract. The Parties agree that FrontLine shall commence providing the services contemplated by this Contract (the “**Program Launch**”) upon the occurrence of all of the following events subject to Approval of the Governance Committee and Lender Consent:

- i. Housing resources are secured for the first forty-five (45) Clients that will be participating in the FrontLine Program;
- ii. Loan Agreement(s) and Grant Agreement(s) are duly executed and are acceptable to SPV in its sole discretion (provided that SPV has obtained FrontLine’s and County’s consent, as set forth under Section 4.01(b)), and provide sufficient funding to fund the project contemplated hereunder;
- iii. Funders shall have disbursed all payments required for the first Quarter of program operations, as required under Appendix B;
- iv. County has provided its consent for Program Launch;
- v. FrontLine has hired an appropriate number of staff and has adequate facilities and working relationships to administer its

- intervention model and required services, as determined by FrontLine in its sole discretion;
- vi. Twenty-eight (28) clients have been enrolled in the Pilot as determined by the Operating Committee and Governance Committee;
 - vii. The Parties agree that the assumptions underlying the Funding Plan and Evaluation Plan remain valid and do not require significant modification, or, if modification is required, the Parties execute an amendment hereto reflecting such modifications;
 - viii. The Pilot Agreement has not been terminated by any of the parties thereto due to non-performance or a material breach of another party;
 - ix. LJAF Foundation has not terminated the LJAF Grant Agreement due to non-performance or breach; and
 - x. County shall have obtained an appropriation of \$1,000,000 for Fiscal Year 2015 for purposes of Success Payments under the Contract.

Section 11.02 Delay. If the milestones described under Section 11.01 above are not achieved by January 1, 2015, the Governance Committee will determine whether the Program Launch criteria have been met on a biweekly basis (it being understood, however, that the Governance Committee will not be responsible for or have authority to determine whether criteria that are subject to SPV's sole discretion or FrontLine's sole discretion, respectively, have been met), no later than of the second Friday and the last Friday of each month. Any such Governance Committee meetings will be subject to the requirements of Section 5.02 above. In the event the Program Launch does not take place on or prior to July 31, 2015, however, this Contract shall automatically terminate and have no further force or effect and no Party, or any of their respective affiliates or any of their members, managers, officers or directors will have any liability of any nature whatsoever under this Contract.

ARTICLE 12
AMENDMENT;
MISCELLANEOUS

Section 12.01 Amendment. This Contract may be amended by the Parties for any reason in writing, including, but, not limited to substitution of one or more of the appendices hereto, or to extend the term of this Contract, and with respect to any amendments that could affect the amount or timing of the Success Payments or disbursements to or from SPV, with the Approval of the Governance Committee and Lender Consent.

Section 12.02 Successors and Assigns. Neither SPV nor FrontLine shall assign their rights, duties and obligations under this Contract without the consent of the other Parties, Approval of the Governance Committee and Lender Consent. The rights and obligations of SPV and FrontLine shall inure to and be binding upon their respective successors and assigns.

Section 12.03 Notices. Any request, authorization, direction, notice, consent, waiver or other document provided by this Contract shall be in writing and shall be deemed sufficiently given when mailed by registered or certified mail, postage prepaid, or sent by electronic mail, subject to recognition or delivered during business hours as follows:

To the County at:

Cuyahoga County, Ohio
2079 East 9th Street – 8th Floor
Cleveland, Ohio 44115
Attention: County Executive

With a copy to:

Cuyahoga County Law Department
2079 East 9th Street – 7th Floor
Cleveland, Ohio 44115
Attention: Law Director

To FrontLine at:

FrontLine Service
1744 Payne Avenue
Cleveland, Ohio 44114
Attention: Susan Neth, Executive Director

With a copy to:

Kutak Rock LLP

1101 Connecticut Avenue, NW
Suite 1000
Washington, DC 20036
Attention: Hilary Jackler and David Lu

With a copy to:

Brouse McDowell
388 South Main St., Suite 500
Akron, Ohio 44311
Attention: David Schweighoefer

To SPV at:

c/o Enterprise Ownership, Inc.
11000 Broken Land Parkway, Suite 700
Columbia, MD 21044
Attention: Sally Hebner, Senior Vice President

With a copy to:

Enterprise Community Partners, Inc.
One Whitehall Street, 11th Floor
New York, New York 10004
Attention: Gail Bayarin, Senior Staff Attorney

And to:

Enterprise Community Partners, Inc.
1360 East 9th Street, Suite 510
Cleveland, Ohio 44114
Attention: Mark McDermott, Vice President

As to all of the foregoing, to such other address as the addressee shall have given in writing to the one giving notice. Notice hereunder may be waived prospectively or retroactively by the Person entitled to the notice, but no waiver shall affect any notice requirement as to other Persons.

Section 12.04 Agreement Not for the Benefit of Other Parties.

(a) Except as set forth in clause (b) of this Section 12.04, this Contract is not intended for the benefit of and shall not be construed to create rights in parties other than the County, SPV and FrontLine.

(b) The County acknowledges that SPV may collaterally assign the right to payment set forth in this Contract to its Lenders in accordance with a collateral assignment that may be executed subsequent to the date hereinabove (together with their successors and assigns, the “Assignees”) as collateral for the obligations of SPV to the Assignees, and the County hereby consents to such collateral assignment. The County agrees that no amendment to the payment provisions of this Contract and no consent or waiver to the payment provisions by SPV hereunder shall be valid without the prior written consent of each Assignee. Each Assignee shall be a third party beneficiary of the payment provisions of this Contract and shall be entitled to enforce the payment provisions hereof.

Section 12.05 Severability. In case any provision of this Contract shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby, provided that the allocation of benefits and burdens under this Contract shall not thereby be materially altered.

Section 12.06 Counterparts. This Contract may be executed and delivered in any number of counterparts, each of which shall be deemed to be an original, but such counterparts together shall constitute one and the same instrument.

Section 12.07 Captions. The captions and table of contents of this Contract are for convenience only and shall not affect the construction hereof.

Section 12.08 Governing Law. All issues concerning this Contract shall be governed by and construed in accordance with the laws of the County without giving effect to any choice of law or conflict of law provision or rule (whether of the County or any other jurisdiction) that would cause the application of the law of any jurisdiction other than the County.

Section 12.9 Waiver of Jury Trial. EACH PARTY TO THIS CONTRACT HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO TRIAL BY JURY OF ANY CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION (A) ARISING UNDER THIS CONTRACT OR (B) IN ANY WAY CONNECTED WITH OR RELATED OR INCIDENTAL TO THE DEALINGS OF THE PARTIES HERETO IN RESPECT OF THIS CONTRACT OR ANY OF THE TRANSACTIONS RELATED HERETO, IN EACH CASE WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER IN CONTRACT, TORT, EQUITY, OR OTHERWISE. EACH PARTY TO THIS CONTRACT HEREBY AGREES AND CONSENTS THAT ANY SUCH CLAIM, DEMAND, ACTION, OR CAUSE OF ACTION SHALL BE DECIDED BY COURT TRIAL WITHOUT A JURY AND

THAT THE PARTIES TO THIS CONTRACT MAY FILE AN ORIGINAL COUNTERPART OR A COPY OF THIS CONTRACT WITH ANY COURT AS WRITTEN EVIDENCE OF THE CONSENT OF THE PARTIES HERETO TO THE WAIVER OF THEIR RIGHT TO TRIAL BY JURY.

Section 12.10 Dispute Resolution. If a dispute arises under this Contract, the Party raising the dispute shall provide written notice to the other Parties of such dispute. The Parties shall use good faith efforts to resolve such dispute. If the Parties are unable to resolve the dispute within twenty-one (21) days of receipt of the written statement of dispute, the Parties may pursue whatever remedies they may have at law or equity, except as otherwise set forth under this Contract.

Section 12.11 Indemnification.

(a) FrontLine shall indemnify, defend, and hold harmless the County and SPV and their respective officers, directors, agents, members, affiliates and employees from and against any and all demands, claims, damages to persons or property, losses and liabilities, including reasonable attorneys' fees (collectively, "**FrontLine Claims**"), arising out of or caused by FrontLine's negligent acts or omissions in connection with the FrontLine Services. This indemnification provision shall survive the termination of this Contract.

(b) SPV shall indemnify, defend, and hold harmless the County and Frontline and their respective officers, directors, agents, and employees from and against any and all demands, claims, damages to persons or property, losses and liabilities, including reasonable attorneys' fees (collectively, "**SPV Claims**"), arising out of or caused by SPV's misappropriation of funds or commission of fraud in the handling of funds under this Contract. This indemnification provision shall survive the termination of this Contract. SPV's liability for misappropriation of funds or fraud is limited to the amount of any funds misappropriated.

(c) FrontLine and SPV acknowledge that, as a political subdivision of the State of Ohio, the County does not indemnify any person or entity. FrontLine and SPV agree that no provision of this Contract or any other contract or agreement between the County and FrontLine or SPV may be interpreted to obligate the County to indemnify or defend FrontLine or SPV or any other party.

(d) Enterprise Community Partners, Inc. ("**Enterprise**"), as an affiliate of SPV, hereby agrees to indemnify, defend and hold harmless the County and its officers, directors, agents, members and employees (the "**County Parties**") and FrontLine and its officers, directors, agents, members and employees (the "**FrontLine Parties**") from and against any and all demands, claims, damages to persons or property, losses and liabilities, including reasonable attorneys' fees (collectively, "**Enterprise Claims**") incurred or imposed on the County Parties or FrontLine Parties, as applicable, arising out of or caused by SPV's misappropriation of funds or SPV's commission of fraud in the handling of funds under this Contract or to the extent arising out of Enterprise's gross negligence or willful misconduct in its performance as Project Manager or Fiscal Agent.

Section 12.12 Insurance. Each of FrontLine and SPV, on behalf of the Project Manager and the Fiscal Agent (by being included on Enterprise's existing insurance coverage)

shall procure, maintain, and pay premiums for the following forms of insurance:

(a) Worker's Compensation Insurance as required by the State of Ohio. Such insurance requirement may be met by either purchasing coverage from the Ohio State Insurance Fund or by maintaining Qualified Self-Insurer status as granted by the Ohio Bureau of Workers Compensation (BWC).

For Contractors with employees working outside of Ohio, Worker's Compensation Insurance as required by the various state and Federal laws as applicable including Employers' Liability coverage with limits of liability not less than:

\$1,000,000 each accident for bodily injury by accident;
\$1,000,000 each employee for bodily injury by disease;
\$1,000,000 policy limit for bodily injury by disease.

Such insurance shall be written on the National Council on Compensation Insurance (NCCI) form or its equivalent.

(b) Commercial General Liability Insurance with limits of liability not less than:

\$1,000,000 each occurrence bodily injury & property damage;
\$1,000,000 personal & advertising injury;
\$2,000,000 general aggregate;
\$2,000,000 products/completed operations aggregate.

Such insurance shall be written on an occurrence basis on the Insurance Services Office (ISO) form or its equivalent.

(c) Business Automobile Liability Insurance covering all owned, non-owned, hired, and leased vehicles. Such insurance shall provide a limit of not less than \$1,000,000 combined single limit (bodily injury & property damage) each accident;

Such insurance shall be written on an occurrence basis on the Insurance Services Office (ISO) form or its equivalent.

(d) Professional Liability Insurance providing coverage for claims arising out of the provision of professional services with a limit of liability not less than:

\$1,000,000 per claim;
\$1,000,000 aggregate.

Such insurance may be written on either an occurrence or claims-made basis. However, if written on a claims-made basis, the claims-made retroactive date on the policy shall be prior to the commencement of any professional activity related to this Contract.

(e) In addition to the foregoing, SPV, as an affiliate of Enterprise, shall procure, maintain and pay premiums for fidelity insurance with a limit of liability not less than:

\$1,000,000 per claim;
\$1,000,000 aggregate.

(f) In addition to the foregoing, FrontLine shall procure, maintain and pay premiums for fidelity insurance with a limit of liability not less than:

(g)
\$1,000,000 per claim;
\$1,000,000 aggregate

Requirements for All Insurance Coverage

1. The insurance policies required for this contract, with the exception of the Professional Liability Insurance, shall each name (a) the "County of Cuyahoga, Ohio and its employees" and (b) Cuyahoga PFS, LLC, Enterprise Ownership, Inc., Enterprise Community Investment, Inc., and Enterprise Community Partners, Inc. as Additional Insureds and shall contain the following provisions:
 - i) Thirty (30) days prior notice of cancellation or material change, except 10 days' notice for non-payment of premium. Notice of cancellation to be provided to the Parties prior to cancellation of any of such policies;
 - ii) A waiver of subrogation wherein the insurer(s) waives all rights of recovery against the County and Cuyahoga PFS, LLC, Enterprise Ownership, Inc., Enterprise Community Investment, Inc., and Enterprise Community Partners, Inc..
2. The insurance required for this contract shall be provided by insurance carrier(s) licensed to transact business and write insurance in the state(s) where operations are performed and shall carry a minimum A.M. Best's rating of A- VII or above.
3. These insurance provisions shall not affect or limit the liability of FrontLine, SPV or Enterprise stated elsewhere in this Contract or as provided by law, except that such parties shall first seek recourse for any claim or liability through insurance proceeds.
4. FrontLine and SPV shall require any and all of its subcontractors to procure, maintain, and pay premiums for the insurance coverages and limits of liability outlined above with respect to products, services, work and/or operations performed in connection with this Contract.
5. Prior to Program Launch, each of FrontLine and SPV shall furnish a Worker's Compensation Certificate and Certificate of Insurance evidencing the insurance coverages required herein are in full force and effect. Acceptance of a non-conforming certificate of insurance by the County shall not constitute a waiver of any rights of the parties under this Contract.

Section 12.13 Extension. Any extensions of this Contract must be approved by the Parties, with Approval of the Governance Committee and Lender Consent.

Section 12.14 Merger; Entire Agreement. The Parties understand and agree that their entire agreement is contained herein and in the documents, exhibits, schedules and plans referenced herein, attached hereto or entered into pursuant hereto. It is further understood and agreed that all prior understandings and agreements heretofore had between the parties are merged in this Contract which alone fully and completely expresses their agreement and that the same is entered into after full investigation, neither party relying on any statement or representation not explicitly set forth in this Contract.

Section 12.15 Electronic Signature. **THE PARTIES AGREE ON BEHALF OF THEMSELVES AND THEIR RESPECTIVE OFFICERS, EMPLOYEES, SUBCONTRACTORS, SUBGRANTEES, AGENTS OR ASSIGNS, THAT ALL CONTRACT DOCUMENTS REQUIRING COUNTY SIGNATURES MAY BE EXECUTED BY ELECTRONIC MEANS, AND THAT THE ELECTRONIC SIGNATURES AFFIXED BY THE COUNTY TO SAID DOCUMENTS SHALL HAVE THE SAME LEGAL EFFECT AS IF THAT SIGNATURE WAS MANUALLY AFFIXED TO A PAPER VERSION OF THE DOCUMENT. THE PARTIES ALSO AGREE ON BEHALF OF THE AFOREMENTIONED ENTITY AND PERSONS, TO BE BOUND BY THE PROVISIONS OF CHAPTERS 304 AND 1306 OF THE OHIO REVISED CODE AS THEY PERTAIN TO ELECTRONIC TRANSACTIONS, AND TO COMPLY WITH THE ELECTRONIC SIGNATURE POLICY OF CUYAHOGA COUNTY.**

Section 12.16 Access to Books and Records. In the event this Contract is found to be subject to 42 C.F.R. § 420, the Parties agree that during the term of this Contract and continuing until the expiration of four (4) years after the furnishings of any services pursuant to this Contract, upon a written request by the Secretary of Health and Human Services in compliance with 42 C.F.R. § 420(D), the Parties will provide to the Secretary of Health and Human Services, the Comptroller General, or duly authorized representative, access to this Contract and all books, documents, and records which are necessary to verify the nature and extent of the costs of the services provided under this Contract. The Parties further agree that any subcontract or series of subcontracts it enters into with a cost or value of Ten Thousand Dollars (\$10,000) or more in a twelve month period, shall contain a clause providing, during the term of the subcontract and continuing until the expiration of four (4) years after the furnishings of any services pursuant to the subcontract, that upon request by the Secretary of Health and Human Services in compliance with 42 C.F.R. § 420 (D), the subcontractor shall provide to the Secretary of Health and Human Services, the Controller General, or duly authorized representative access to the subcontract and all books, documents, and records necessary to verify the nature and extent of the costs of services provided under such subcontract or agreement.

Section 12.17. Non-Discrimination. No party to this Contract shall discriminate because of race, color, religion, sex, sexual orientation or gender change, age, national origin, known handicap or status as a Vietnam era veteran or disabled veteran, and as further defined and prohibited by applicable Federal and State government laws, in any facet of the operation of this Contract. The parties further agree to comply with the provisions of the Americans with Disabilities Act.

THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the Parties have caused this Contract to be duly executed as an instrument under seal, all as of the date first above written.

The legal form and correctness of this Agreement is hereby approved:

COUNTY OF CUYAHOGA, OHIO

Cuyahoga County Law Department
Majced G. Makhlouf, Director of Law

By: Auko M. Deniz

Date: 12/1/2014

By: Edward FitzGerald
Edward FitzGerald, County Executive

MENTAL HEALTH SERVICES FOR
HOMELESS PERSONS, INC. dba
FRONTLINE SERVICE

By: Susan Neth
Name: Susan Neth
Title: Executive Director

CUYAHOGA PFS, LLC

By: _____
Name: Bruce Rothschild
Title: President

signatures continued on following page

IN WITNESS WHEREOF, the Parties have caused this Contract to be duly executed as an instrument under seal, all as of the date first above written.

The legal form and correctness of this Agreement is hereby approved:

COUNTY OF CUYAHOGA, OHIO

Cuyahoga County Law Department
Majeed G. Makhlouf, Director of Law

By: _____

By: _____

Edward FitzGerald, County Executive

Date: _____


**MENTAL HEALTH SERVICES FOR
HOMELESS PERSONS, INC. dba
FRONTLINE SERVICE**

By: _____

Name: Susan Neth

Title: Executive Director

CUYAHOGA PFS, LLC

By:  _____


Name: Bruce Rothschild

Title: President

signatures continued on following page

The undersigned acknowledges and consents to the provisions applicable to it as set forth under Sections 7.09(a), 12.11 and 12.12 of this Contract.

ENTERPRISE COMMUNITY PARTNERS INC.

By: 
Name: Laurel Blatchford
Title: Senior Vice President

**APPENDIX A
EVALUATION PLAN**

[To be prepared by Case Western]

CUYAHOGA PAY FOR SUCCESS EVALUATION PLAN

September 15, 2014

Strengthening Homeless and Child Welfare-Involved Families through Pay for Success

Description: This proposal describes an evaluation plan which includes the referral, randomization, and analysis procedures for the Cuyahoga County Pay for Success (PFS) Initiative. The success of the PFS program will be evaluated for payment purposes on a reduction in the number of days children are in out-of-home- placement.

I. Context of the Evaluation Plan Design

When the Cuyahoga County Division of Children and Family Services (DCFS) places a child in out-of-home placement, the DCFS case manager develops a reunification plan for the caregiver from whom they were removed, which includes tasks that must be completed by the caregiver and home conditions that must improve before the child can be returned to the caregiver. If that reunification plan proves to be unattainable, then an alternative plan is developed. This alternative plan may include the option to permanently terminate the parental rights of the caregiver. This alternative plan process takes more time than reunification, especially if DCFS decides to terminate parental rights, because termination can be a lengthy legal process and the child remains in out-of-home placement while every effort is made to be sure that reunification is not possible.

Our analysis, at the Mandel School of Social Science at Case Western Reserve University, demonstrates that out-of-home placement children of caregivers who have been homeless are in out-of-home placement longer than children of caregivers who have not been in homeless services because their reunifications take longer to achieve and because a larger portion of their caregivers ultimately have their parental rights terminated. These two outcome differentials contribute to a difference in average out-of-home placement days accrued per child of at least 30 percent, comparing families involved in homeless services with those that are not in homeless services. *Our analysis indicates that a key element of the extended time is that the presence of housing instability hinders a caregivers' ability to complete DCFS-mandated case plans in a timely manner.* Based on this analysis, it is expected that the PFS intervention will improve the system at two levels. First, it should be able to identify sooner and more precisely the best decision for each case: reunification or permanent separation. Second –conditional on the appropriate decision being made- the intervention should result in a reduction in the time spent in out-of-home placement after the intervention has been initiated.

When children are removed from their caregivers, they are placed in out-of-home placement. The goal of this project is to reduce the time the children spend in temporary care of any type by



returning them to their caregiver or finding them another permanent home. Thus, we will use the term “**out-of home placement**” throughout this plan to indicate any nonpermanent out-of-home living arrangement.

II. Summary of the Evaluation Methodology for Determining the Reduction in Out of Home Placement Days

The evaluation will determine if the PFS intervention reduces the number of days children are in out-of-home placement using a randomized controlled trial. Over a 12 Quarter period after Program Launch, eligible families will be identified and then randomly assigned to a treatment or control group. Once enrolled in the study, the children’s days in out-of-home placement will be counted or “tracked” for both groups for a five year period. Families enrolled between Quarter 1 and Quarter 12 will be tracked until the last day of Quarter 20, which means that the first cohort will be observed for five years, the second for four years and the third for three years. Using statistical methods described below, the evaluators will impute non-observed days for both treatment and control families (one year for the second cohort, and two years for the third). *In Quarter 21, the evaluators will calculate the difference in total out of home placement days between the treatment and control groups and that difference will be used to determine success payments.* As described in greater detail in the evaluation plan, the following key terms indicate components of the methodology to determine success payments and are also referenced in the Pay for Success contract:

“**Out-of-Home Placement Measurement Period**” shall mean the period beginning the first day a FrontLine Treatment Child or Control Child is removed from the home and commences an out-of-home placement spell as captured in DCFS’ Statewide Automated Child Welfare Information System (“**SACWIS**”) during an episode in which his or her caregiver commenced a homeless spell as captures in the Homeless Management Information System (“**HMIS**”) and ended on the last day of Quarter 20 after Program Launch. Beginning the first day that the Cuyahoga County PFS Program Coordinator confirms that a caregiver is eligible for the FrontLine Program and the caregiver is randomly assigned to treatment or control groups by CWRU, each control and treatment family will be measured for 20 quarters. The measurement of out of home placement days for both treatment and control groups ends when the child’s placement spell ends. If a child placement spell re-commences during the observation period, those days are counted and added to the previous placement spell count.. All children will be traced until the last day of Quarter 20 after Program Launch. If children have not been observed for a full 20 quarters at that point, CWRU will impute the remaining days based on the description in Appendix B of the evaluation plan.

The Independent Evaluator shall estimate the “**Actual Out-of- Home Placement Days Avoided per Child Served**” due to the PFS intervention using the estimated instrumental variables treatment effect described in section III B. of the Evaluation Plan.



The Independent Evaluator shall track the **“Total Out-of- Home Placement Days Avoided per Child Served”** for a five-year period for each cohort. Given that only the first cohort will have five full years of actual observations, a conservative forecast or imputing of non-observed days will be obtained by adjusting upward the estimated **“Actual Out of Home Placement Days Avoided Per Child”** based on the historic pre-intervention ratio of five-year placement days to shorter-term placement days as set forth in the Evaluation Plan section III B. Days will be imputed for approximately 1 year for the second cohort and 2 years for the third cohort. An alternative forecast for the second cohort and the third cohort will be obtained using distributional patterns of the post intervention performance of the first cohort (see for example Frandsen, 2014).

The forecasting method selected will be the one with the highest predictive accuracy provided, however, the calculation method of the projection with respect to treatment group children will be the same as the calculation method of the projection with respect to the control group children.

The Independent Evaluator shall summate the **“Total Out-of-Home Placement Days Avoided Per Child Served”** for all children in the FrontLine Treatment group and for all children in the Control Group. The Independent Evaluator will adjust the summation of days for the full FrontLine Treatment group and full Control children group using Intent to Treat (**“ITT”**) estimate, defined as the subtracted difference between the average outcomes of those referred to the treatment group and those in the control group as described in the Evaluation Plan. This ITT estimate be the **“Total Out-of -Home Placement Days Avoided Per All Children Served.”**

The **“Success Payment”** shall be equal to the greater of (a) \$0 and (b) a product of the **“Total Out-of -Home Placement Days Avoided** multiplied by \$75.00 (the **“County Per Diem Success Payment”**). For the purposes of this calculation, the **Total Out-of-Home Placement Days Avoided Per Child Served** shall be rounded to the nearest hundredth of a placement day.

A. How the Program will reduce Out of Home Placement Days

Pay for Success will provide resources to create a partnership between child welfare and housing service providers that will improve housing stability for a randomly selected group of caregivers who have children in out-of-home placement and are homeless. The primary service provider is FrontLine Services, Inc. and they will deliver the Partnering for Family Success Program (the **“FrontLine Program”**). Our evaluation will examine whether a combination of mental health and housing services provided by FrontLine with targeted housing resources provided by the Cuyahoga Metropolitan Housing Authority, Famicos Foundation and Emerald Development and Economic Network (EDEN) will reduce out of home placement days for the targeted families by

speeding up reunification or the decision to pursue an alternative to reunification. The FrontLine Program provides Critical Time Intervention (CTI) case management, a family trauma assessment and a resulting service plan. For each family, the service plan dictates the appropriate intervention including Trauma-Adapted Family Connections and/or traditional family reunification services.

In addition to improving housing stability, the FrontLine program will address other factors that have been empirically linked to a reduction in out of home placement days. Research shows that children who have more frequent visits with their caregivers spend less time in out-of-home placement (Landsverk, Davis, Ganger and Newton, 1996). The FrontLine program will provide evidence-based and trauma informed services that will contribute to increased visitation and more targeted relationship building between caregivers and their children. Research also shows that children from families who participate in DCFS case conferences and family meetings with high levels of attendance and engagement also spend less time in out-of-home placement (Crampton, Usher, Wildfire, Webster and Cuddaro-Alamin, 2011). The evaluation will examine whether the FrontLine program improves all three of these domains (housing stability, visitation, family meetings) and whether improvements in these factors reduces total amount of out of home placement days for the targeted families.

B. Description of the PFS Impact and Implementation Evaluations

The Center on Urban Poverty and Community Development at the Jack, Joseph and Morton Mandel School of Applied Social Sciences at Case Western Reserve University (CWRU) will provide an evaluation that will include both FrontLine intervention implementation assessment and impact measurement of the Pay for Success program.¹ CWRU's impact evaluation of the PFS project will measure the reductions in out of home placement days for the five-year Pay for Success project.

The Pay for Success project evaluation is conceived in two parts.

- The primary goal of CWRU's evaluation for the PFS contract is an outcome evaluation that will focus on the measurement of the key dependent variable (out of home placement days) in the treated and comparison populations. The goal of this component is to reliably detect differences in out of home placement days within each group and between them, for the purpose of judging whether the FrontLine program was effective on this outcome. The sole question to be answered is: **Do children in families assigned to the PFS intervention experience fewer days in out of home placement compared to a**

¹ A four-month Pay for Success pilot period described in Appendix A will allow for the development, testing and refinement of the referral, randomization and evaluation procedures. An anticipated separate evaluation of FrontLine's Housing First pilot will also inform the Pay for Success pilot and evaluation.



comparable population? The outcome evaluation will span the full five years of the PFS program implementation, and inform calculations of PFS payments at the end of the project.

- Additionally, CWRU will conduct a two-year implementation evaluation that will focus on linking the components of the PFS program to the outcome of interest. This study will measure the delivery of program services over the first two years of project implementation for the purpose of understanding how services relate to the achievement of fewer out of home placement days. While the outcome evaluation will address whether the program worked, the implementation study will address the question of how and why the program worked. The implementation evaluation results can inform efforts to improve program implementation. This understanding is crucial for service providers as they explore program modification, expansion and replication. In addition, if we can demonstrate that the program improved implementation measures and that implementation improvements are linked to reductions in out of home placement days, then we increase our confidence that the program reduced out of home placement days. The question addressed by the implementation study is: **How does receipt of PFS services relate to the reduction in out of home placement days in the served population?** The implementation study will be conducted in years 1 and 2 of PFS program implementation and will identify a minimum set of service data to be monitored by FrontLine for the remaining three years.

III. Pay for Success Five-Year Impact Evaluation

As a primary goal of the PFS contract, CWRU will identify eligible caregivers for the FrontLine intervention, randomize those that will receive the FrontLine treatment, and track the out of home placement days for the children of both treatment and comparison groups over a five year period. CWRU will measure the impact of the intervention by comparing the total number of out of home placement days for those who were treated by FrontLine compared to those who were not.

Based on CWRU analysis of historical data (described below), the County anticipates that 270 caregivers will be eligible for FrontLine's treatment over the project's 3-year enrollment period. Because a randomized controlled trial (RCT) will be used to evaluate the outcomes of the project, 50% of eligible caregivers will be enrolled, with the balance serving as a control group. Assuming that the intake rate is constant over the three-year period, 45 caregivers will be eligible annually and 135 caregivers will be eligible in total between Q1 and Q12 after Program Launch.

Participants will be recruited at two intake points: (a) the County's Homeless Management Information System (HMIS) (60 families per year) and (b) the Domestic Violence and Child Advocacy Center Emergency Shelter (DVCAC) (30 families per year). Families will be deemed



eligible if a female caregiver who is at least 18 years old, entered either HMIS or the domestic violence shelter within the past three months and has at least one child placed in non-permanent custody with the Cuyahoga County Division of Children and Family Services (DCFS).

Permanent custody means the parental rights of the child have been terminated and the child cannot be returned to their parent. Since the goal of the program is to return children to their caregivers, children in permanent custody are not eligible for the program.

The eligibility, referral and enrollment process for these two intake points is described in greater detail below:

A. HMIS Referral, Consent and Enrollment Process

On a daily basis, the Cuyahoga County PFS Coordinator will review new entries into HMIS (about 15 names a day; between 5-20 caregivers depending on season). The Department of Children and Family Services/Office of Homeless Services (DCFS/OHS) Pay for Success Coordinator will match the caregivers that presented in HMIS to their families in DCFS's Statewide Automated Child Welfare Information System (SACWIS) to see if the caregiver has any children in nonpermanent custody, and will create a "HMIS Master List" made up of all eligible HMIS caregivers who have a child in out-of-home placement. The PFS Coordinator will send the "HMIS Master List" to CWRU, who will then randomize the list into control and treatment groups. CWRU will then create and send the "HMIS Treatment List" to FrontLine. Once a caregiver is placed on the FrontLine Treatment List, the FrontLine PFS Director and FrontLine CTI caseworker will then go to where the family is receiving homeless services to consent and enroll the caregiver and her children in the FrontLine program.

B. DVCAC Referral, Consent and Enrollment Process

A second referral source will be the Domestic Violence and Child Advocacy Center (DVCAC) Shelter. On a weekly basis, the DVCAC PFS Coordinator will obtain consent from eligible caregivers to participate in the study, known as the "DVCAC Referral List." The DVCAC PFS Coordinator will then send the "DVCAC Referral List" along with release of information authorization from each eligible caregiver to the DCFS/OHSPFS Coordinator. The PFS Coordinator will match both the DV shelter and SACWIS, and will create a "DVCAC Master List" made up of all eligible DVCAC caregivers who have a child in out-of-home placement. The PFS Coordinator will send the "DVCAC Master List" to CWRU, who will be in charge on randomizing the list into control and treatment groups. CWRU will then send the "DV Treatment List" to FrontLine. Once a caregiver is placed on the FrontLine Treatment List, the FrontLine PFS Director and FrontLine CTI caseworker will meet with DVCAC PFS Coordinator at the DV shelter to enroll the caregiver and her children in the FrontLine program.

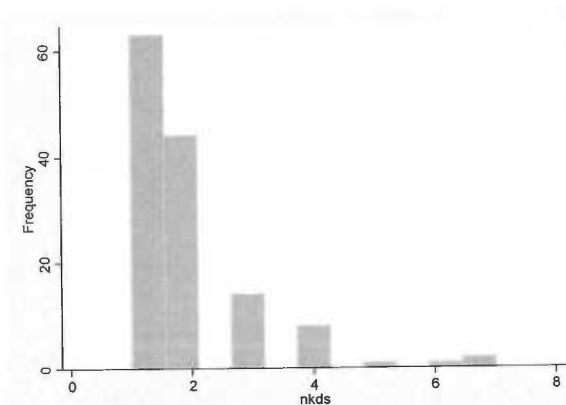
C. Randomization of HMIS and DVCAC Master Lists



As children enter out-of-home placement, their caregivers' names will be checked to see if they were in HMIS or the Domestic Violence shelter over the last three months. Eligible families will be randomly assigned to the PFS treatment condition, the treatment group, or a Usual Services condition, the control group. Randomization procedures will be blinded to FrontLine and controlled by the CWRU study team. If the family is randomly assigned to the treatment group, FrontLine will approach the caregiver to seek enrollment for all families (and enrollment and consent for HMIS referred families). The samples will be stratified so HMIS families are compared with other HMIS families and DVCAC families compared with other DVCAC families. Differences in out-of-home days will be calculated separately for each group.

Stratifying the random assignment may be necessary when there is a subpopulation of substantive interest (Solomon, Cavanaugh & Draine, 2008). For example, we have decided to stratify the randomization of families separately between HMIS and DVCAC families. We feel the differences between these two groups are likely to be significant. We also considered stratifying by sibling group size, but have decided at this point not to stratify by sibling size.

Below is a distribution of the sib groups for HMIS-out-of-home placement children from 2010-2012. Most children are in sibling groups of 3 or less, but there are some (~23 percent) in larger sib groups.



It is possible that the effectiveness of the FrontLine program is very different between families who have three or less children and those who have more than three (or perhaps there is another break point). If the impact difference is large, that would suggest we should consider randomizing by family size. During the pilot period, CWRU will work with the Operating Committee to review this issue as families of varying sizes are served in the pilot. If a change is recommended in the randomization process, it will be brought to the Governance Committee for approval.

The CWRU impact evaluation will have sufficient resources to include overall direction from Dr. David Crampton and consultation with Dr. Robert Fischer. A CWRU data manager will oversee

the randomization process and draw quarterly measures of treatment and control group out of home placement days. A CWRU statistician will review the results, checking for effective randomization and calculating the differences in out of home placement days.

D. Determining Eligibility and Size of the Target Population

As described above, the population eligible for the program is:

Female caregivers, over the age of 18, who appear in the Homeless Management Information System (HMIS) or spend at least one day in the Domestic Violence Shelter and within three months of appearing in either system have at least one child in out-of-home placement who is not in permanent custody at time of identification. The County's PFS Coordinator may determine that some families are not promising candidates for the program (e.g. children will be reunified soon) and screen them out prior to randomization.

Due to challenges with finding housing for the following groups, four additional exclusionary criteria include:

- Caregiver is subject to a lifetime registration as a sex offender under any State registration program.
- Caregiver has been convicted of methamphetamine production on premises of any federally assisted/insured housing project
- Caregiver has committed fraud in connection with any HUD-funded program.
- Caregiver has failed to provide certification of US citizenship or documentation to support eligible alien status .

According to Cuyahoga County homeless service providers, these exclusionary criteria are rare in the entire homeless family population so we presume they will be rare in the subset of the homeless families population who will be targeted for Pay for Success.

CWRU has conducted extensive historical data matching to estimate the number of families involved in homeless services (HMIS) with a child in out of home placement. We recently updated this analysis through 2013. This updated analysis includes new eligible caregivers each year, with a three month overlap window of HMIS and out of home placement using a file of HMIS from January 2010 through December 2013. The following table presents historical counts in two ways. The first column starts in 2010 and selects families for four years. The second column starts in 2011 and selects families for three years. The second column mimics the three years of enrollment of the Pay for Success project. The analysis suggests that Pay for Success should be able to identify at least 180 families who meet the program criteria over a three year period.

Historical Estimates of Families in HMIS with children in nonpermanent custody*

	New entries for Four Years	New entries for Three Years
2010	72	
2011	76	120**
2012	53	54
2013	55	56

*Caregivers who had a child in placement within a three month period and were in HMIS any time in that same three month period. Please note that the numbers drop over time because caregivers are counted only once in the analysis, e.g. 2011 caregivers did not appear in 2010; 2012 not in 2010 or 2011.

**41 of the 120 are eligible at the beginning of 2011 and most of them were eligible in 2010 so they are “pent up demand” for the program. Once we draw a list of eligible families in the first year of the program and no longer count those who enter again, we should see similar numbers.

Estimates from the Domestic Violence and Child Advocacy Center:

In a survey of women in the shelter, 25% mothers reported that their children were in out of home placement, which is approximately 30 families per year. The shelter has not tracked how many families have had children in out of home placement in the past, but through the pilot we will obtain informed consent from all women so that we can check the extent of their children’s recent involvement with DCFS.

Consent Process

Following a research protocol used in similar studies, we will not obtain consent from the control group. Since we are only tracking administrative data for the control group (HMIS and DCFS), we do not need to contact the families about the study. For all caregivers in the domestic violence shelter, they will be asked to consent to be in the study. When a caregiver consents, her name will be forwarded on to county program coordinator to check to see if she has a child in nonpermanent custody. CWRU will develop and implement a computer program for randomly assigning families selected from both HMIS and the Domestic Violence shelter to the treatment and control groups. All referral, randomization and consent processes will be approved by the CWRU Instructional Review Board.

E. Methodology for Success Payment Calculation

Overview

The County will pay Success Payments based on the differential in out of home placement days avoided between the treatment group and the control group. The economic model developed by Third Sector Capital Partners, Inc. (Third Sector) based on assumptions mutually agreed upon by the parties was based on a targeted base-impact level of a 25% reduction in days avoided per



family (typically a caregiver and approximately two children) over the entire time the children are in out of home placement from when they first entered out-of-home placement until they exit through reunification or another permanent placement².

The methodology behind the 25 percent impact level was developed as follows. CWRU estimated the total average length of out of home placement stay for HMIS involved families as 858 days or 28 months. Twenty-five percent of that number is 214 days or seven months. However, we also found that on average, children are in out-of-home placement 282 days prior to their families entering HMIS which is nine months, so the post HMIS length of stay days average is 576 days or 19 months. If we look at potential out of home placement days reductions beginning with HMIS entry, the FrontLine program will need to reduce the out-of-home placement average days by seven months but over a 19 month period. Calculated this way, a seven month impact over nineteen months requires a 37 percent impact.

With either method of calculation, the FrontLine program and other PFS partners will need to determine how to resolve each case (reunify or not) within 8 months so there is resolution within 12 months on average. If this can be done, on average, total length of stay is cut from 28 months to 21 months or 25 percent and post HMIS time is cut from 19 months to 12 months or 37 percent.

To quantify impact, CWRU will evaluate the three annual cohorts of caregivers (enrolled in between Q1 and Q12 after Program Launch). CWRU will track the first cohort for a full 5 years, the second cohort for 4 years and the third cohort for 3 years. For each cohort enrolled through one of the two referral sources described above, CWRU will track caregivers over five years, defining the observation window as the time between enrollment and five years that is actually observed during the PFS contract.

Addressing differences between five-year tracking period and shorter observation windows

The project intends to make payments based on a five-year reduction in out of home placement days. However, not all children will have been observed for the full five years from their random assignment at the time of final payments. As explained in endnotes three and four, three years may be enough time to calculate the differences in days for a majority of treatment and control families,³⁴ but in some cases the children's permanent living arrangement will not be

² Information was obtained from "140909_Cuyahoga 5 Year Pay for Success Shared Model."

³ In most cases, three years of observation should be sufficient to observe the program impact on out-of-home placement days accrued in the treatment group. CWRU historical analysis shows that children have already spent on average 282 days (about nine months) in out-of-home placement when their caregiver enters HMIS. We also found that in over 80 percent of cases, children have spent 20 or less months in out of home placement before HMIS entry. The FrontLine program lasts 15 months or less which is approximately 456 days. Typically, we would expect to see a resolution in the out-of-home placement case by the time the FrontLine



determined by the end of the observation period for each cohort. In these instances, the difference between actual observed out-of-home placement days and the five year tracking period will be estimated as follow:

- If a child, in treatment or control, exits out-of-home placement by the end of their observation period, we will assume they remain out of care for the remainder of their five years following randomization.
- If a child, in treatment or control, is still in out-of-home placement at the end of the observation, their total out-of-home placement days will be estimated with a multiplier based on an analysis described below.

Predicting or “Imputing” non-observed out of home placement days for treatment and control

Because CWRU will not be able to observe five years of out of home placement days for each child, CWRU will impute or predict the difference between observed days and the tracking period for the second (1 year) and third (2 years) cohorts, using the following historical analysis as a basis for a predictive methodology:

- CWRU conducted historical imputation by selecting all 952 children who had an out-of-home placement spell beginning any time between January 1, 2008 and December 31,

program is completed because on average the children will have been in care 738 days and the caregiver will have received extensive help in addressing the concerns that required her children to go into out-of-home placement. In addition, the FrontLine program design assumes that the children are reunified before the FrontLine program ends so that the FrontLine therapist can continue to support improvements in the parent-child relationships when the family is reunited, thus we would expect reunification to occur within 12 months or less. Within the delivery of the FrontLine program or shortly thereafter, the county and the Juvenile Court should be able to decide whether reunification is feasible or another permanent option should be developed.

⁴ For the control group, in most cases, the minimum three years of observation (1,095 days) plus the average of 282 days already in care should be sufficient time to observe foster exits. We do not have data for HMIS involved out-of-home placement cases until 2010 thus we don't have the data to trace how long they have been in care historically. We have traced children whose caregivers entered HMIS in 2010 through December 2013 and found that 21 percent were still in care at that point (2-3 years after entering HMIS). We have also looked at all children who entered out-of-home placement in 2008 (not controlling for HMIS involvement) and traced them for five years. In looking at how many are censored or still in care at several data points, we found that 32 percent were still in care after two years, 21 percent after three, 13 percent after four and 10 percent after five. This suggests that we may have to impute out-of-home placement days for as much as 20-25 percent of the control group for the last cohort of the PFS project. Overall, we would expect to need to do very little imputing or forecasting of censored days for the treatment group because we expect to see resolution of those cases within three years of referral. Overall, we would expect to impute or forecast censored days for the total control group in about 15 percent of cases (10 percent first cohort, 13 percent second, and 21 percent third). The number of days added in each case will depend on the total observed days for each child and the method of imputation or forecasting.



2008, and observed that spell and any subsequent spells for 5 years from the beginning of the first spell (365.25 days per year). Note that 52 of 952 children (5%) were still in their first placement at the end of five years, but about 10 percent were in placement at that point because some children re-entered out-of-home placement before the end of the five year observation.

- The number of out of home placement (OHP) days were calculated for each child after 12 months of observation, 24 months, 36 months, 48 months, and 60 months. In addition, the average number of OHP days was calculated at each point in time, across all 952 children. Linear interpolation was used to fill in the remaining months. These values are shown in the table in Appendix B in the column “Avg. Historic OHP days.” Based on the study design, an estimated 7 children (84 per year) will be added to the study each month over 3 years, for a total of 252 children (If the study recruits 45 families per year, 2 kids per family, this would actually result in 270 children). These are the numbers in the column “Number of Children who will be observed.” This column shows the number of children projected to be observed for that exact number of months in the study. Since the study will recruit new children every month for three years, then continue to follow them for 2 additional years, all of the children will be observed for at least the last 2 years of the study. That is why the number of children observed for 24 months or less is set to zero.
- The 2008 data used for these calculations includes all children in out of home placement. To estimate the added length of stay of children in families who have received homeless services, a 2010 cohort (homeless) was compared to all others to find that the mean length of stay for children with families in homeless services is 30 percent longer, so a multiplier adjustment of 30 percent was applied. See Appendix B. Over the course of the project, this analysis could be repeated with other cohorts of data, depending on suggestions from the Operating Committee. Any changes in evaluation methods will be approved by the Governance Committee.

It is possible that in the course of the PFS project, as more data become available, we will be able to develop more sophisticated methods for modeling unobserved out of home placement days (for example, see Frandsen, 2014). As we have more post-intervention data available, we can use imputed historical data and forecasted estimates using current data and see which methods are best at predicting the results of observed cases (e.g. the first cohort). These methods of imputation and forecasting will be presented to the Operating Committee and any changes in the proposed calculating method will be approved by the Governance Committee.

Intent to Treat (ITT) Estimation to Calculate Success Payments



Random assignment is the most precise method for measuring program impact because randomization can ensure that the treatment and control groups differ only with respect to the interventions being compared. However, randomized controlled trials can be limited by noncompliance of treatment subjects and/or missing outcomes. In the PFS evaluation, we should have little missing data because DCFS will know the custody status of all the children in their care. However, it is possible that some treatment families will not complete treatment. One potential solution to this problem is a statistical concept called intention-to-treat (ITT) analysis. ITT analysis includes every subject who is randomized and ignores noncompliance, withdrawal, and anything else that happens after randomization. ITT estimate of treatment effect is generally conservative (Gupta, 2011). ITT analysis avoids overoptimistic estimates of the efficacy of an intervention resulting from the removal of subjects who did not complete treatment by accepting that noncompliance with treatment will likely occur in any implementation of the treatment. Thus, to understand the efficacy of a program “in the real world” the evaluation must account for noncompliance.

Once CWRU has a comparison of the out of home placement days for treatment and control groups over a five year tracking period for each of the PFS project’s three cohorts, it will conduct the final analysis of total out of home placement days avoided and resulting success payments using an ITT as described below. The “Intent to Treat” (ITT) estimate is an estimate of the causal effect of referring a family to Pay for Success on a study outcome, regardless of whether or not that individual enrolls in Pay for Success services.

The ITT estimate is defined as the difference between the average outcomes for those randomly assigned to the treatment group and those not randomly assigned to Pay for Success (the control group), adjusting for pre-randomization covariates. The ITT for an outcome would be measured using the equation below in which R is an indicator which is equal to 1 for children referred to Pay for Success and equal to 0 for children assigned to the non-referral group; X is a series of pre-randomization covariates; the parameter π is the estimate of the ITT effect on the outcome (Y), β is a vector of coefficients on the covariates, and ε is the regression error term.

$$Y = R\pi_v + X\beta + \varepsilon$$

The inclusion of the pre-randomization covariates is intended to improve the precision of the estimates. The proposed list of covariates to control for in the model are drawn from previous out-of-home placement research and include age of the child, gender, race, placement reason and sibling group size. The exact covariates will be finalized after reviewing the historical data.

The ITT estimate will be defined as the difference between the average outcomes of those referred to the treatment group and those in the control group:



$$ITT_Y = \hat{Y}_t - \hat{Y}_c$$

IV Estimation

In order to produce a “per-person served” estimate and to account for the fact that some families randomly assigned to the Pay for Success treatment group may not enroll, CWRU will calculate an Instrumental Variable (IV) estimate that scales up the ITT estimate by the difference between the treatment and control groups in the fraction enrolled in Pay for Success.

Conceptually, CWRU will estimate the effect of referring a child to Pay for Success on participation (i.e., enrollment), in exactly the same manner as calculating the ITT above except that the dependent variable in the model will be participation:

$$P = R\pi_p + X\beta + \varepsilon$$

The IV estimate is the ratio of the two estimates.

$$IV_{RCT} = \frac{\pi_y}{\pi_p}$$

In practice, the two equations will be estimated simultaneously using a two-stage least squares (TSLS) estimation procedure. Because of clustering of children within families, robust standard errors will be estimated and/or other statistical models that account for clustering will be used (e.g. Generalized Estimating Equation).

Since the payment schedule specifies the payment amount in “per person served” units, the IV estimate will be the basis for the performance-based outcome payments as it represents the per-participant served difference in mean days between the treatment and control group.⁵

F. Final Success Payment Calculations

⁵ *Subobjectives:* In addition to the ITT analysis, CWRU will employ Mohr’s (1995) method of subobjectives and causal proximity to further evaluate the impact of Pay for Success services on out of home placement days. In this method, the impact of a Treatment (T) on an outcome (Y) is theorized to work through a subobjective (S). Therefore, if we can demonstrate statistically a strong relationship between Pay for Success and housing stability (T-S) and housing stability and fewer out-of-home placement days (S-Y), we can increase our confidence that the treatment changed the outcome (T-Y). We plan to measure housing stability for treatment and control group using HMIS.



CWRU will finalize calculations during Quarter 21 after Project Launch and those calculations will inform whether and how much the County disburses in Success Payments. The County will pay a per-diem of \$75 for each day of out of home placement avoided.

As an example, projecting to the end of the project, at that point, we would have:

- 263 children served by FrontLine with 166,737 total days in out of home placement for those children
- 262 children in control group with 225,220 total days in out of home placement
(note that those in both treatment and control still in out of home placement at the end of observation periods less than five years are imputed using historical table –see Appendix B)
- This reflects a 26 percent unadjusted impact
- Adjusted ITT= 26.5, a little higher
- Adjusted saved days defined as the total control days avoided for the FrontLine Treatment Group and the Control Group = 59,683
- For cost savings estimation, that number *\$75/day = \$4,476,225

IV. Pay for Success Two-Year Implementation Evaluation Summary

During the first two years of the program, CWRU will work closely with PFS partners to assess program implementation and help the Operating Committee make any necessary adjustments to the program. Over this period, they will also develop the measures and methodology for measuring the flow of referrals into the program and service delivery. The CWRU implementation evaluation will have sufficient resources to include overall direction from Dr. David Crampton and consultation with Dr. Robert Fischer. Time from a CWRU integrated data analyst will be available to model new referrals based on potential modifications to the program. CWRU Research assistants will review case files and consult with program staff on how to best capture program data. The CWRU implementation evaluation will build the capacity for program monitoring so that at the end of year 2, FrontLine's Data Manager will be able to track measures determined to be most important for understanding program implementation, fidelity and effectiveness. The following measures will initially be collected by CWRU in collaboration with the PFS partners, but within two years, the FrontLine Data Manager will have the capacity to track all implementation measures

- Number of homeless caregivers who may have children in out-of-home placement
- Number of families with children placed in out-of-home placement
- Number families determined eligible for treatment



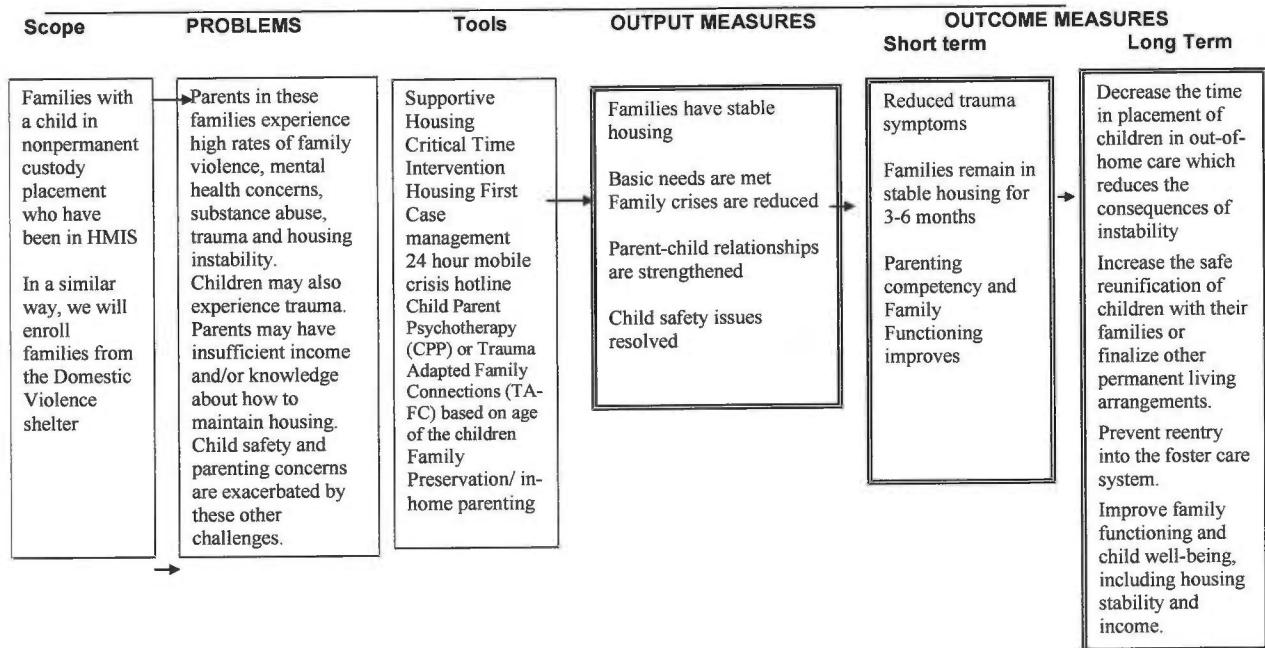
- Number of families excluded by PFS Program coordinator
- Number families referred to treatment, number in the control group
- Number of families approached for treatment
- Number of families enrolled in treatment
- Receipt of key FrontLine services (CTI, trauma treatment, etc.)
- Housing stability
- Caregiver-child interactions and relationship building
- Case progress reviewed through case conferences
- Number of families participating in PFS services and their stages in the PFS process
- Number of reunifications and other out-of-home placement exits to date
- Number of reunifications and other exits that were unsuccessful or “recidivated”
- Number of days in out-of-home placement experienced in control and treatment groups to date

The implementation study will draw on administrative records maintained by FrontLine Service on the service plans of enrolled families, the receipt of discrete services, and the completion of case plan goals according to the Critical Time Intervention (CTI) model. Since CTI has not been studied in its delivery to homeless families, this work will seek to ascertain more clearly how this model addresses the needs of these families. And the results will be used to improve the program in areas of concern.

In addition to tracking the decrease of time spent in placement, CWRU will track implementation measures of service completeness, timing and quality that are associated with fewer out-of-home placement days (housing stability, visitation, family meetings). Other program measures will be developed during the pilot and first year of implementation. However, Success Payments will be based only on reduced out-of-home placement days.

The implementation evaluation will be guided by a logic model. The current version of that model is below. The logic model will be revised as we develop more clarity about the specific theory of change of the intervention.

PAY FOR SUCCESS LOGIC MODEL



The methods for the implementation study will be dependent on the data system implemented by FrontLine to support the PFS project. The study will have three subcomponents.

- First, a descriptive analysis will be conducted to clarify what the model consists of in its implementation. This includes identifying and documenting key service points, and measuring such elements as the length of service episode, the order and frequency of services, and the connection of CTI services to actions by the Division of Children and Family Services related to these families. A focus of this descriptive work will be to develop an understanding of the intensity of the services (i.e., dose) received by families in the intervention.
- Second, a demographic analysis will examine how the characteristics of families relate to the receipt of services. Key characteristics to be explored include the age of the mother and child(ren), prior involvement of the family with DCFS, and other case characteristics of the family.
- Third, a correlational analysis will be conducted to examine the relationship between the receipt of PFS services and the initial outcomes of housing stability and out-of-home placement involvement. This analysis will test whether receipt of more of the intended program services is predictive of positive movement on the proximal outcomes identified in the program's theory of change.

The implementation study will rely on a collaborative relationship with the newly-appointed Cuyahoga County PFS Coordinator and FrontLine's Data Manager.

The product of the implementation study will be two-fold.

- First, an implementation report will be provided at the end of the second year documenting the analysis of all implementation data. Preliminary reports on this work will also be provided to the service providers in year 1 to inform program improvement.
- Second, the implementation study will identify a core set of service delivery factors that will be tracked for the remainder of the PFS period. These factors will allow for the monitoring of service delivery over time and permit basic analysis of implementation data for the full period.

V. Technical Methods for Analysis Underpinning Assumptions

A. Estimating Out-of-home placement Days Saved for Base-line Economic Model

CWRU estimated a Homeless Management Information System (HMIS) factor weighted five year historical average of 858 days for children in out-of-home placement who had a caregiver enter HMIS. Using a 25 percent impact, on average the program would need to reduce the average total length of stay to 643 days. However, on average, children are already in out-of-home placement 282 days when their caregivers enter HMIS. As explained above, when the observation period is measured as beginning with HMIS entry, the impact needed is 37 percent. The following power analysis suggests the sample size needed to detect impacts of 25 and 30 percent. An impact of 37 percent would require an even smaller sample size.

B. Estimating Effect Size of 25% for Base-line Economic Model

The array of services provided through Pay for Success have never been tested together, but we can obtain a sense of their potential impact by reviewing out-of-home placement research in terms of the effects of homelessness on out-of-home placement and/or the effects of other program elements that improve reunification:

A Milwaukee study found that children whose caregivers reported a homeless episode within the previous year exited out-of-home placement to family reunification at a rate that was 46.3 percent lower than children whose caregiver did not report a recent episode of homelessness (Courtney, McMurtry, and Zinn 2004).

An Illinois study of families receiving child welfare and substance abuse services found that the odds of family reunification for children with matched housing services were 3.29 times greater than for children with unmatched housing services (Choi and Ryan, 2007).

A California study showed that maternal visitation at the recommended level was the strongest predictor of reunification among the five study variables included in the regression model, indicating that a child visited by the mother as recommended was approximately 10 times more likely to be reunified (Davis, Landsverk, Newton & Ganger, 1996).

A Utah RTC study of an intensive in-home reunification program found that the mean total days of DCFS supervision was 120.5 for the treatment group compared with 427 days for the control group, a difference of 72 percent (Walton, 1998).

A national study of Team Decisionmaking (TDM) (that included data from Cuyahoga County) examined the relationship between parental involvement and other key TDM elements and the combined impact of these on reunification and exit to relatives. They found that children whose parents attended a TDM meeting are between 67% more likely to twice as likely to exit as children having a meeting with no parents attending (Crampton, Usher, Wildfire, Webster, & Cuccaro-Alamin, 2011).

The FrontLine program is hypothesized to improve services in these domains by increasing housing stability, enhancing service coordination and visitation and strengthening the TDM process for those families receiving FrontLine services.

C. Power Analysis of 25% and 30% Impact

To evaluate statistical power, a 2010 file of children with parents in HMIS and those without parents in HIMS was used with a log-rank test to compare survival times. The power and sample size estimation is based on the log-rank test. Nonparametric in nature, this test is appropriate when the distribution of outcome is unknown or is not normally distributed. The analysis was performed by using the sample size estimation package in SAS known as PROC power. ICC (Intra-class correlation) required an adjustment for clustering, estimated by using R package (i.e., ICC).

A common challenge in child welfare research is that we are studying children who are often in sibling groups. The trajectories of sibling groups can be the same, for example they enter out-of-home placement at the same time and/or leave at the same time. This autocorrelation can violate statistical assumptions that assume each child is an independent observation. The ICC was estimated by using variance components generated from one-way ANOVA model. It measures the proportion of total variation in bed days that is between families. It assesses variability of bed days of the family in relation to total variation across all bed days of all siblings and all families (e.g., to examine how similar bed days within a family are, relative to bed days in other families).



Assumptions: Based on information obtained from children who entered out-of-home placement in 2010, median number of days in out-of-home placement in 3 years was estimated to be 501.5 days. The sample size was estimated under two scenarios: 25% or 30% reduction in median number of days in out-of-home placement. That is, the project aims to reduce median number of days by 125.4 (i.e., 25% reduction) or 150.5 (i.e., 30% reduction) in three years. These projections were selected by the project team based on existing research evidence and beliefs about the effectiveness of the PFS model.

- *Power calculation for a 25% impact*

For 5% level of significance (one sided test) and 0.8 power, sample size without adjusting for clustering = 354 children

ICC (Intra-class correlation) = 0.43

Average cluster size = 1.91 (2 approx.)

Design effect = $1 + (\text{average cluster size} - 1) * \text{Intra-class correlation}$
= 1.43

Sample size after adjusting for clustering = $354 * 1.43$

= 506 children (253 children each in treatment and control group)

- *Power calculation for a 30% impact*

For 5% level of significance (one sided test) and 0.8 power, sample size without adjusting for clustering = 228 children

Sample size after adjusting for clustering = $228 * 1.43$

= 326 children (163 children each in treatment and control group)

This analysis suggests that to evaluate an impact of:

25%- study will require 506 total children; 253 total families or 85 total families per year for three years

30%- study will require 326 total children; 163 total families or 55 total families per year for three years

Note that we can further strengthen our confidence in the estimate of out-of-home placement impact through the ITT and subobjectives analysis described above.

VI. Data Sharing Agreements



Specific data user agreements (DUAs) will be developed between CWRU, DCFS, DVCAC and FrontLine to support the evaluation protocols. The DUAs will establish the mechanisms for sharing data and maintaining data security so that the partners can exchange child welfare, housing and mental health services data with each other for service coordination and the evaluation.

VII. Human Research Subjects Protections and Data Security

The evaluations of the Housing First pilot, the Pay for Success pilot and the full Pay for Success project will all be reviewed by the CWRU Institutional Review Board (IRB). The IRB must approve all consent forms, data collection procedures and data storage protocols.

All of the data files associated with the study will be treated in a highly confidential manner. Data will be individually identifiable to permit linkage across data systems. Electronic files will be stored on a secure research server. Only individuals who have a need to work on the data will be given a password and authorization to access the files. Data management and analysis personnel will have signed oaths of confidentiality and be trained in procedures for handling confidential data. To the degree that there are print records or print outs with confidential data, they will be stored in locked filing cabinets in secure office space. Paper shredders will be used to dispose of these materials when they are no longer needed. Only authorized researchers will be able to use the study's files and they will never be released for any other purpose. Research reports and publications regarding the study's data will contain aggregate statistics. No identifiable information will be published in reports. All of the data in the data core are secondary data in the sense that it will have been collected for administrative or research purposes and then supplied to the core. Data will be maintained for 3 years after completion of the research.

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APPENDIX A

Pay for Success Pilot Evaluation Summary

The Cuyahoga County Housing First Initiative has shown effectiveness in reducing chronic homelessness among single adults through permanent supportive housing (Albanese, Feins, Fiore, and Holt, 2010). A new Housing First pilot launched in 2014 extends this work to homeless families and young adults. The Housing First pilot includes 30 families. The Pay for Success pilot includes providing additional services to 18 of the 30 families in the Housing First pilot who have cases open with the Cuyahoga County Division of Children and Family. The evaluation of the experiences of these 18 families will help us learn how the housing and other FrontLine services can improve outcomes for families with both child welfare and housing challenges. The selection criteria for the 18 families have not yet been finalized.

The PFS pilot evaluation will include the 18 families from the Housing First pilot plus 15 new randomly selected families from (a) the Homeless Management Information System (HMIS) (10 families) and (b) the Domestic Violence and Child Advocacy Center Emergency Shelter (5 families). The 18 Housing First pilot families will be compared to a statistically matched comparison group identified from administrative data. The 15 new families will be compared with control groups drawn randomly from the two systems. The samples will be stratified so HMIS families are compared with HMIS families and DVCAC families compared with other DVCAC families. The purpose of this pilot is to develop, operationalize and test the referral and randomization process that will be used in the full Pay for Success project set to launch January 2015. For the pilot clients, CWRU will pull data from FrontLine's other case information including their housing barrier assessments, the Multi-Agency Community Services Information System (MACSIS), which is an automated payment and management information system for mental health services, the Adult Mobile Crisis Team database, progress notes and other case notes. The FrontLine Data Manager will work with CWRU to assess implementation by tracking HMIS and DCFS service information for the treatment and control groups such as housing stability, visitation, and case management services. CWRU will use this pilot period to identify which case information is most useful for understanding the effectiveness of PFS services and develop a methodology for tracking the amount of services received by each family.

APPENDIX B:

The number of out of home placement (OHP) days were calculated for each child after 12 months of observation, 24 months, 36 months, 48 months, and 60 months. In addition, the average number of OHP days was calculated at each point in time, across all 952 children. Linear interpolation was used to fill in the remaining months. These values are shown in the table in Appendix B in the column “Avg. Historic OHP days.” Based on the study design, an estimated 7 children (84 per year) will be added to the study each month over 3 years, for a total of 252 children (If the study recruits 45 families per year, 2 kids per family, this would actually result in 270 children). These are the numbers in the column “Number of Children who will be observed.” This column shows the number of children projected to be observed for that exact number of months in the study. Since the study will recruit new children every month for three years, then continue to follow them for 2 additional years, all of the children will be observed for at least the last 2 years of the study. That is why the number of children observed for 24 months or less is set to zero.

Months Observed	Number of children who will be observed (estimated based on PFS study design) A	Avg. historic OHP days by # Months in first column B	Total OHP days expected based on historic avg C=A*B	org number	number*1.3
<=12	0	384.4	0	295.7	384.41
13	0	402.3	0.0	309.5	402.3
14	0	420.2	0.0	323.2	420.2
15	0	438.1	0.0	337.0	438.1
16	0	456.0	0.0	350.7	456.0
17	0	473.8	0.0	364.5	473.8
18	0	491.7	0.0	378.3	491.7
19	0	509.6	0.0	392.0	509.6
20	0	527.5	0.0	405.8	527.5
21	0	545.4	0.0	419.5	545.4
22	0	563.3	0.0	433.3	563.3
23	0	581.2	0.0	447.0	581.2
24	0	599.0	0.0	460.8	599.0
25	7	609.3	4264.9	468.7	609.3
26	7	619.5	4336.5	476.5	619.5
27	7	629.7	4408.0	484.4	629.7
28	7	639.9	4479.6	492.3	639.9
29	7	650.2	4551.2	500.1	650.2



30	7	660.4	4622.8	508.0	660.4
31	7	670.6	4694.4	515.9	670.6
32	7	680.9	4766.0	523.7	680.9
33	7	691.1	4837.6	531.6	691.1
34	7	701.3	4909.1	539.5	701.3
35	7	711.5	4980.7	547.3	711.5
36	7	721.8	5052.3	555.2	721.8
37	7	728.6	5100.1	560.5	728.6
38	7	735.4	5147.9	565.7	735.4
39	7	742.2	5195.6	571.0	742.2
40	7	749.1	5243.4	576.2	749.1
41	7	755.9	5291.2	581.5	755.9
42	7	762.7	5339.0	586.7	762.7
43	7	769.5	5386.7	592.0	769.5
44	7	776.4	5434.5	597.2	776.4
45	7	783.2	5482.3	602.5	783.2
46	7	790.0	5530.1	607.7	790.0
47	7	796.8	5577.8	613.0	796.8
48	7	803.7	5625.6	618.2	803.7
49	7	808.2	5657.2	621.7	808.2
50	7	812.7	5688.7	625.1	812.7
51	7	817.2	5720.3	628.6	817.2
52	7	821.7	5751.8	632.1	821.7
53	7	826.2	5783.4	635.5	826.2
54	7	830.7	5814.9	639.0	830.7
55	7	835.2	5846.4	642.5	835.2
56	7	839.7	5878.0	645.9	839.7
57	7	844.2	5909.5	649.4	844.2
58	7	848.7	5941.1	652.9	848.7
59	7	853.2	5972.6	656.3	853.2
60	7	857.7	6004.2	659.8	857.7
Total OHP days expected based on historic avg (Sum Column C)				190225.5	
Total children observed (sum Column A)				252.0	
Weighted average (Total Historical OHP days/Total children)				754.9	
"Preset" estimated 60-month historic OHP days (Baseline)				857.7	
Multiplication Factor ("Preset" 60-month historic OHP days/weighted avg. historic OHP days)				1.136286	

APPENDIX B FUNDING PLAN

CUYAHOGA PAY FOR SUCCESS FUNDING SUMMARY¹

The Lenders' obligations to make the Loans described herein are subject to certain conditions, including, without limitation, the completion of diligence, model review, evaluation plan review, approval of terms and conditions by relevant investment committees and boards, the negotiation, execution and delivery by the applicable parties of the Senior Loan Agreement, Junior Loan Agreements, the Subordination and Intercreditor Agreement, the Security Agreement, and any other loan documents required thereby, in each case, in form and substance that is consistent with the terms described below and other terms agreed to by the Borrower and the Lenders, and that is otherwise agreed upon by each of the Lenders in all respects (collectively, "**the Loan Documents**") and the Grant Documents.

The Grantor's obligations to make the Grant described herein is subject to certain conditions, including, without limitation, the negotiation, execution and delivery by the applicable parties of the Sisters of Charity Foundation of Cleveland ("**SOC**") – Grant Agreement and any other grant documents required thereby, in each case, in form and substance that is consistent with the terms described below and is otherwise agreed upon by the Grantor in all respects (collectively, "**the Grant Documents**"), and the Loan Documents.

As used in this Appendix B, the following terms have the respective meanings below:

"**Success Payments**" means all payments defined in the Contract to which this Appendix is attached as "County Out-of-Home Placement Days Avoided PFS Payment,"

"**Pay for Success Contract**" means the Contract to which this Appendix is attached.

Borrower	Cuyahoga PFS, LLC (" Borrower "), a Maryland limited liability, in which Enterprise Ownership, Inc., a Maryland corporation, is Borrower's sole member. Borrower is affiliated with Enterprise Community Partners, Inc., a Maryland nonstock, nonprofit corporation (" Enterprise "). The Borrower agrees to disburse proceeds of the Senior Loan, Junior Loans and Philanthropic Funding in accordance with the terms of the Pay for Success Contract and will contract with Enterprise to serve as project manager and a fiscal agent in respect of the Project.
The Project	The Senior Lender (" Senior Lender ") will enter into a Senior Loan Agreement (the " Senior Loan Agreement ") pursuant to which the Senior Lender agrees to make a single draw loan in a principal amount of up to \$1.575mm to the Borrower in accordance with the terms described herein. The Borrower, the Lenders and the Grantor are each referred to herein individually as a " Party " and collectively as the " Parties ."

¹ The funding summary discussed herein captures funding sources and terms as discussed and understood as of September 16, 2014. Funders described herein have yet to obtain required board approval of their commitments. Each funder intends to obtain such board approval on or before December 19, 2014.

	<p>The George Gund Foundation (“Gund Foundation”), The Cleveland Foundation (“Cleveland Foundation”), Nonprofit Finance Fund (“NFF”), Living Cities (“Living Cities”) and Sisters of Charity Foundation (“SOC”) (each, a “Junior</p>
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	<p>Lender” and collectively, the “Junior Lenders”, and collectively with the Senior Lender, the “Lenders”) will enter into junior loan agreements (the “Junior Loan Agreements” and together with the Senior Loan Agreement, the “Lender Agreements”) pursuant to which each Junior Lender agrees to make a multiple draw junior term loan in an aggregate principal amount of up to \$2.275 mm (each a “Junior Loan”, collectively, the “Junior Loans”) to the Borrower in accordance with the terms described herein.</p> <p>To provide additional support of the implementation of the Project, Sisters of Charity Foundation of Cleveland (“SOC”) will provide a grant in the amount of \$0.15mm to Enterprise and Enterprise will remit such proceeds to Borrower (the “Philanthropic Funding”). The Senior and Junior Loans, together with the Philanthropic Funding, will fund the implementation of the Cuyahoga County Pay for Success Project (the “Project”).</p> <p>Pursuant to the Pay for Success Contract, the County will make payments based on the success of the Project (“Success Payments”). Pursuant to the Contract, the Borrower has engaged Enterprise to serve as a fiscal agent to disburse the Success Payments to (in order of priority): (a) pay Project Costs (as described below), (b) repay the Senior Loan and the Junior Loans and (c) pay Success Fees (defined below) with any funds remaining at the end of the project. An independent evaluator (“Evaluator”) will be engaged by the Borrower to evaluate the success of the Project pursuant to the Independent Evaluation Agreement. Case Western Reserve University, led by Dr. David Crampton, will be the initial Independent Evaluator.</p>
Loan Purpose	<p>The Borrower will disburse the funds provided by the Senior Lender, Junior Lenders and Grantor to pay agreed upon costs (the “Project Costs,” described below) required to implement the FrontLine Services (the “FrontLine Services”) over the term of the Pay for Success Project. The FrontLine Services, as defined by the PFS Contract, will provide families with stable housing, evidence-based wrap-around services and trauma services to help accelerate family reunification or path to alternative permanent family solutions. The Borrower will not be required to raise additional funds or utilize funds not available in the SPV Operating Account (as a result of an Appropriations Failure by County, a lien being placed on the account in favor of a third party or otherwise), absent a misappropriation of funds by the Borrower or commission of fraud by the Borrower in the handling of funds entrusted to its custody, as discussed in the “SPV Operating Account” section herein.</p> <p>The “SPV Operating Account” is a deposit account within a financial institution that is approved by the Funders. All monies received by Borrower from County in the form of Success Payments and all monies from the Funders pursuant to the Loan Documents and the Grant Agreements shall be deposited into the SPV Operating Account and all interest accrued on such monies shall be held within the SPV Operating Account. Monies from the SPV Operating Account may only be transferred therefrom to pay Project Costs (defined below), make payments required under the Loan Documents, make payments to recover the grant required under the Grant Documents, and make payments as required in accordance with the “Early Termination Wind-Up Plan” provisions below.</p>

Loan Timetable	<p>Subject to the closing conditions defined below, the Lender Agreements will be executed on or about December 19, 2014 (such date of execution, the “Execution Date”). Subject to the terms and conditions summarized herein, the date of the initial advance of the Loans (“Initial Advance Date”) is expected to be no later than July 31, 2015. The “Project Year” means each calendar year; provided that the first Project Year shall begin on January 1, 2015 or such later date in accordance with the Pay for Success Contract, which is deemed to be the date that FrontLine begins providing the FrontLine Services pursuant to the Pay for Success Contract (such date, the “Project Commencement Date”) and ends no later than October 15, 2020 (such date, the “Project Termination Date”). “Project Quarter” means each calendar quarter; provided that the first Project Quarter shall begin on the January 1, 2015 or such later date in accordance with the Pay for Success Contract.</p>
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Loan Terms	<p>The Senior Loan will bear a stated interest at a rate of 5% per annum (“Senior Interest”). There will be a single draw on the senior loan in Q5 of the Project. The Senior Interest will accrue from and including the Senior Lender’s initial advance date and will be due for each Project Quarter no later than the last day of the following Project Quarter until, but excluding, the date on which such advance is repaid. Senior Interest will be calculated on the basis of the actual number of days elapsed over an assumed year of 365 days and will not be compounded.</p> <p>Junior Loans from the Gund Foundation, Cleveland Foundation, NFF, Living Cities, and SOC will bear stated interest at a rate of 2% per annum (“Junior Two Percent Loans”). There will be two draws of the Junior Two Percent Loans, occurring in Q1 and Q9 of the Project. Interest will be calculated on the basis of the actual number of days elapsed over an assumed year of 365 days and will not be compounded. Junior Interest will accrue with respect to each advance of each Junior Loan from and including the date of the making of such advance until, but excluding, the date on which such advance is repaid and will be due for each Project Quarter no later than the last day of the following Project Quarter.</p> <p>A second Junior Loan from the Gund Foundation will bear stated interest at a rate of 0% per annum (“Junior Zero Interest Loans”). There will be one draw of the Junior Zero Interest Loan in Q1 of the Project.</p> <p>It is the expectation that (i) one or more agreements will be entered into under which a grantor will require that \$150,000 be remitted to FrontLine in the event that Success Payments are remitted to such grantor, and (ii) FrontLine will be considered for any additional revolving or “recyclable” grants that may be offered by the grantors.</p> <p>Junior Lenders will be entitled to receive certain success fees (“Success Fees”) that will be paid out of the Success Payment proceeds beyond project breakeven, defined as when the Lenders are paid back full base interest and principal and the Grantor’s grant is recovered and up to the County’s Success Payment Cap of \$5,000,000, as defined in the Pay for Success Contract. The Success Fees will be paid pari passu to the Junior Lenders.</p> <p>Provided that no event of project termination or default occurs, the term of the Senior Loan Agreement and the Junior Loan Agreements (each, a “Term”) will be from the Execution Date until the last business day of Project Quarter 21 (the “Maturity Date”) (i.e., a term of up to 5 years and 3 months).</p>
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<p>Subordination and Intercreditor Agreement</p>	<p>The Senior Lender, Junior Lenders, and the Borrower will enter into a subordination and intercreditor agreement (“Subordination and Intercreditor Agreement”) prescribed by the Senior Lender pursuant to which: (a) Junior Lenders will fully subordinate their rights, claims and liens in respect of the Junior Loans to the rights, claims and liens of the Senior Lender in respect of the Senior Loan Agreement; (b) Junior Lenders will agree that any collections by or for the account of the Borrower of any installments of the Success Payments that are available in the SPV Operating Account for application to the debt service obligations of the Borrower to any Lender will be applied, and Senior Lender will be authorized to cause such amounts to be applied, strictly in the order and priority described under the “Funding Plan” section.</p>
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SPV Operating
Account
Framework

Subject to further refinement and agreement by the Funders and the Borrower, the below characterizes the SPV Operating Account details as of September 16, 2014. The Borrower will deposit all funds provided by the Senior Lender, Junior Lenders and Grantor, including any interest earned on such monies, into the Special Purpose Vehicle Operating Account (the “**SPV Operating Account**”) within a financial institution that is approved by the Lenders. The Borrower’s liability is limited to the funds within the SPV Operating Account and available at any given time, provided that the Borrower does not misappropriate funds or commit fraud in handling the funds entrusted to its custody.

The Borrower may only transfer monies from the SPV Operating Account to (i) pay the Project Costs and (ii) at Quarter 21, disseminate any funds remaining in the SPV Operating Account and/or the Success Fees in a manner that is consistent with the Lender and Grant Agreements and as described under Section 10.02 in the PFS Contract (Effect of Termination). Except for certain modifications that FrontLine may make to the FrontLine Budget, as described under Section 4.04 of the PFS Contract, all changes to the Project Costs, including changes to the Project Costs set forth herein shall be subject to Lender Consent (defined below).

Prior to the date of the first Success Payment that is due to be transferred into the SPV Operating Account pursuant to the PFS Contract, the Borrower shall give notice to the County of the account number and wire transfer instructions to be used for all transfers of amounts payable into the SPV Operating Account pursuant to the PFS Contract with a copy to the Lenders and Grantor. After such notice is given, no change in such account number or wire transfer instructions shall be made without further notice to County, the Lenders and Grantor.

On the Loan Documents’ execution date, the Borrower will enter into a security agreement (the “**Security Agreement**”) granting to (i) Senior Lender a first priority lien and security interest in the SPV Operating Account and in the Borrower’s right to receive the Success Payments under the Pay for Success Contract to secure the Borrower’s obligations to the Senior Lender and (ii) each Junior Lender a second lien and security interest in the SPV Operating Account and in the Borrower’s right to receive the Success Payments under the Pay for Success Contract to secure the Borrower’s obligations to the Junior Lenders.

In the event that the County does not make Success Payments to the SPV Operating Account in a sufficient amount for the Borrower to repay the Senior Lender and the Junior Lenders, the Senior Loan and/or Junior Loans will be forgiven to the extent of any resulting shortfall of funds within the SPV Operating Account.

Absent a misappropriation of funds or the commission of fraud in handling the funds entrusted to its custody by Borrower, Borrower will have no obligation to repay the Lenders or Grantor except from Success Payments already deposited in the SPV Operating Account.

Funding Plan	<p>The Senior Loan and Junior Loan draws shall be provided with no less than 30 days' advance written notice (or, in the case of the Initial Advance Date, upon 21 days' advance written notice, which notice shall be provided on the Execution Date) (a "Borrowing Notice") to each Lender.</p> <p>The Contract includes the funding schedule below (the "Funding Plan") unless the Lenders decide to discontinue funding as described below. Any changes to the Funding Plan for the Project are subject to the approval of each Lender.</p> <p>The execution of the Senior Lender and Junior Loan Agreements will be conditioned on the conditions ("Closing Conditions") agreed to by the Borrower, the Senior Lender, Junior Lenders and Grantor to the reasonable satisfaction of the Senior Lender, Junior Lenders and Grantor including</p> <ul style="list-style-type: none"> (i) the execution and delivery by of the Lender and Grant Agreements, the Subordination and Intercreditor Agreement, the Security Agreement and any other loan documents required thereby (the "Loan Documents") and (ii) execution and delivery of all agreements to which Borrower is a party: the Pay for Success Contract, the Third Sector- Borrower Advisory Agreement, the Enterprise- Borrower Fiscal Services Contract, the Enterprise-Borrower Project Manager Contract, and the Grant Agreements and the Independent Evaluator Agreement; (iii) execution and delivery of agreements to which Borrower is not a party (it being understood that Borrower shall not be in default of its obligations to the Lenders or Grantor in the event Lenders or Grantor shall not receive duly executed copies of the following: the Pilot Agreement, the PFS Memorandum of Understanding and related addenda, the FrontLine-EDEN Housing Agreement, the FrontLine-Famicos Foundation Housing Agreement, the FrontLine-DVCAC Memorandum of Understanding (collectively with the documents referenced under subsection (ii) above, the "Core Agreements") and (iv) the conditions of timely Program Launch as described in Article 11 of the Pay for Success Contract.
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<p>Events of Loan Default</p>	<p>Events of Loan Default will include (i) Borrower's failure to pay interest or principal as set out herein, (ii) Borrower's breach of any affirmative covenant (such covenants to be determined by Borrower and Lenders under the Loan Agreements) and (iii) a Lender's failure to make Loan disbursements as required under the Loan Agreements. Borrower's obligations to Lenders and Grantors do not benefit from any recourse whatsoever to any member, director or officer of Borrower.</p> <p>The Pay for Success Contract sets forth certain termination events (and certain approval and consent rights of the Governance Committee and Lenders with respect to such termination events) which include, without limitation, an occurrence of material breach by any of the parties thereto, a removal or voluntary withdrawal of the Independent Evaluator, a removal or voluntary withdrawal of Enterprise in its capacity as Project Manager, insufficient referrals and enrollments in the FrontLine intervention program in accordance with the evaluation plan, a bankruptcy event of any of the parties to the Pay for Success Contract, force majeure, a County appropriations failure, failure of the Project to commence by July 31, 2015, unavailability of housing resources, Medicaid downsizing or termination, inability to reconcile certain budget variances, and mutual consent of the parties to the PFS Contract. A Termination Event (after expiration of applicable notice and cure periods) under the Pay for Success Contract will result in an Event of Default under the Loan Documents, provided that if Borrower has not misappropriated funds from Lenders or County nor committed fraud in the handling of funds in its custody, Lenders shall have no recourse against the assets of Borrower during the occurrence and continuance of an Event of Loan Default, except to the extent of funds within the SPV Operating Account.</p> <p>The Borrower shall notify each Lender within 48 hours of learning of any facts that may constitute a Termination Event and will not take a position in the Governance Committee regarding whether such facts constitute a Termination Event without the written consent of each Lender, such consent not to be unreasonably withheld.</p>
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<p>Wind-Up in Event of Early Termination</p>	<p>In the event that any of the Termination Events (after expiration of applicable notice and cure periods) as described in the Pay For Success Contract have taken place:</p> <p>The Borrower will use all liquid assets of the SPV Operating Account to make the following payments in the following order to the extent adequate funds exist (the “Early Termination Wind-Up Plan”):</p> <ol style="list-style-type: none"> 1. Payment of FrontLine Wind-Down Service Fees to cover services to be delivered over the two complete fiscal quarters following termination; 2. Payment of outstanding Project Costs to the Evaluator, FrontLine, the Project Manager, the Advisor, the Fiscal Services Provider or other third parties in connection with the Project; 3. Payment of outstanding interest under the Senior Loan Agreement; 4. Payment of outstanding interest under the Junior Loan Agreements on a <i>pro rata</i> basis. 5. Payment of outstanding principal under the Senior Loan Agreement; and 6. Payment of outstanding principal under the Junior Loan Agreements, on a <i>pro rata</i> basis
<p>Project Costs</p>	<p>The Borrower will use the funds provided by the Senior Lender, Junior Lenders and Grantor to pay agreed upon costs (the “Project Costs,” described below) required to implement the FrontLine Services (the “FrontLine Services”) over the term of the Pay for Success Project. Provided the any payee listed below is not in default under the PFS Contract or its obligations to SPV by separate agreement, as applicable, all Project Costs are payable regardless of whether the Performance Measures, defined in the Pay for Success Contract, are achieved, including upon the trigger of a Project Termination Event. The Borrower will use loan proceeds to pay various Project Fees, including:</p> <ol style="list-style-type: none"> 1. <u>FrontLine Costs</u>: Pursuant to the Pay for Success Contract, the Borrower shall pay FrontLine Services no more than \$2,327,500 between Project Quarters 1 and 16. 2. <u>Evaluation Fees</u>: Pursuant to the Independent Evaluator Agreement, Borrower shall pay the Evaluator \$425,000 between Project Quarters 1 and 21. 3. <u>Audit Fees</u>: This fee covers Borrower’s expenses for an external auditor to audit its financial statements. The Borrower shall pay the fiscal agent \$60,000 between Quarters 1 and 21 to cover the fees of such external auditor. 4. <u>Fiscal Services Provider Fees</u>: Pursuant to the Fiscal Services Agreement, the Borrower shall pay the hired Fiscal Service Provider \$110,000 between Quarters 1 and 21. 5. <u>Program Manager Fees</u>: Pursuant to the Project Manager Agreement, Borrower shall pay the hired Project Manager (i.e., Enterprise) \$402,500 between Quarters 1 and 21. 6. <u>Financial Pay for Success Closing Fees</u>: Pursuant to the Advisory Agreement, The Borrower shall pay Third Sector Capital Partners, Inc. \$200,000 in Quarter 1.

<p>Governance and Operating Meetings</p>	<p>The Project Manager shall notify all Lenders and Grantors of the date and location of all scheduled meetings of the Governance Committee. Each Lender and Grantor may request to attend any Governance Committee meeting by sending a written request to the Project Manager at least five (5) Business Days prior to such scheduled Governance Committee Meeting. The Project Manager shall promptly notify the remaining members of the Governance Committee of such request.</p> <p>Each member of the Governance Committee shall have two (2) Business Days to object to the attendance of the requesting Lender(s) and Grantor(s) at the Governance Committee meeting for any reason or no reason, in their sole discretion, in which case the requesting Lender(s) and Grantor(s) shall not be permitted to attend. Notwithstanding the foregoing, any Lender and/or Grantor shall be permitted to attend any Governance Committee meeting during the continuance of a default under the Loan Documents or Grant Agreements. The Project Manager shall circulate the agenda and most recent FrontLine Report (as defined in the Pay for Success Contract), by electronic mail, to all Lenders and Grantors at least five (5) Business Days in advance of any Governance Committee meeting, except in the case of a special Governance Committee meeting, in which case Project Manager will distribute an agenda as soon as reasonably practicable.</p> <p>Each Lender and Grantor may request to attend any Operational Meeting by sending a written request to the Project Manager at least five (5) Business Days prior to such scheduled Operational Meeting. The Project Manager shall promptly notify, by electronic mail or telephone, all other members of the Operating Committee of such request. Each member of the Operating Committee shall have two (2) Business Days to object to the attendance of the requesting Lender(s) and Grantor(s) at the Operational Meeting for any reason or no reason, in their sole discretion, in which case the requesting Lender(s) and Grantor(s) shall not be permitted to attend. Notwithstanding the foregoing, any Lender and/or Grantor shall be permitted to attend any Operational Meeting during the continuance of a default under the Loan Documents or Grant Agreements</p>
<p>Lender Consent</p>	<p>Consent of two-thirds of Lenders ("Lender Consent") shall be required for (i) approving amendments to the Funding Plan, (ii) approving amendments to the FrontLine Budget, (iii) approving amendments to the Evaluation Plan, (iv) determining the existence of a Termination Event and the sufficiency of any cure related thereto, except as otherwise set forth under Article 10 of the Pay for Success Contract, (v) determining whether the Program Launch criteria set forth under Article 11 of the Pay for Success Contract have been met (vi) and approving any change which impacts the timing or amount of Success Payments or payments to be made to Borrower or by Borrower under the Pay for Success Contract and (vii) approving decisions that are reasonably likely to have a material economic impact on operation of the Program, , except as otherwise set forth under Section 10.01. Lender Consent shall be deemed given due to any failure by the Funding Parties to notify the Project Manager within a reasonable timeframe provided in the PFS Contract, however that, except, as otherwise set forth under Article 10 of the Pay for Success Contract, each Lender must provide affirmative consent in order for Program Launch to take place or for this Contract to terminate as a result of a Termination Event.</p>

Reporting	<p>The Borrower will provide the Lenders and the Grantor with quarterly financials with reconciliation of actual payments (both FrontLine fees and Project Costs) within thirty days of the end of each quarter, annual audited financials within one hundred and twenty days of the end of each year, and any notice provided by a party under the Pay for Success Contract or provided by a party to the Pay for Success Contract of circumstances constituting a termination event. The Borrower must respond to any reasonable requests that do not require Borrower to incur additional expense or require significant time from Borrower from the Lenders or Grantor for any additional information, within a reasonable timeframe.</p>
Borrower limitation on liability	<p>For the avoidance of doubt, Borrower's obligations to make payments on the Loans or Grant proceeds, and to make payments under the Contract are limited to the assets of Borrower, which is expected to be comprised of the SPV Operating Account, and Borrower's access to such account. Borrower shall have no obligation to make any payments to the Lenders or Grantor to the extent of any shortfall in the SPV Operating Account or as a result of Borrower's inability to access funds within the account due to an appropriations failure or a lien in favor of a third party, absent Borrower's misappropriation of funds or commission of fraud in the handling of funds in its custody. In the event the Borrower is found to have misappropriated funds or committed fraud in handling funds under its custody under this Contract, the Borrower's monetary liability shall be limited to the amount that is determined to have been so misappropriated.</p>

Project Budget Inclusive of Debt Service on Senior and Junior Loans

		Year 1	Year 2	Year 3	Year 4	Year 5	Wind-up	Total
FrontLine Service Fees	\$	496,745	\$ 775,833	\$ 775,833	\$ 279,089	\$ -	\$ -	\$ 2,327,500
Debt Service	\$	15,000	\$ 79,063	\$ 113,750	\$ 118,750	\$ 118,750	\$ 29,687	\$ 475,000
Project Management	\$	120,000	\$ 120,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 12,500	\$ 402,500
Audit	\$	10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 10,000	\$ 60,000
Evaluation Support	\$	90,000	\$ 90,000	\$ 80,000	\$ 80,000	\$ 40,000	\$ 45,000	\$ 425,000
Fiscal Agent	\$	20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 20,000	\$ 10,000	\$ 110,000
Financial/PFS Advisory	\$	200,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 200,000
Total	\$	951,745	\$ 1,094,896	\$ 1,049,583	\$ 557,839	\$ 238,750	\$ 107,187	\$ 4,000,000

Quarterly SPV Cash Balance

	Q1	Q2	Q3	Q4	Q5	Q6	Q7
SPV Ending Balance	\$ 1,015,886	\$ 857,087	\$ 650,416	\$ 399,202	\$ 1,767,893	\$ 1,497,410	\$ 1,226,826
	Q8	Q9	Q10	Q11	Q12	Q13	Q14
SPV Ending Balance	\$ 956,140	\$ 1,675,353	\$ 1,419,835	\$ 1,164,222	\$ 908,512	\$ 674,321	\$ 520,108
	Q15	Q16	Q17	Q18	Q19	Q20	Q21
SPV Ending Balance	\$ 413,650	\$ 351,617	\$ 268,312	\$ 214,975	\$ 161,618	\$ 108,241	\$ -

Quarterly Funder Drawdown Schedule

	Funder Drawdown Schedule			
	Senior	2% Sub	0% Sub	Grant
Mix:	\$ 1.58	\$ 2.00	\$ 0.28	\$ 0.15
Q1	0%	50%	100%	50%
Q2	0%	0%	0%	0%
Q3	0%	0%	0%	0%
Q4	0%	0%	0%	0%
Q5	100%	0%	0%	50%
Q6	0%	0%	0%	0%
Q7	0%	0%	0%	0%
Q8	0%	0%	0%	0%
Q9	0%	50%	0%	0%
Q10	0%	0%	0%	0%
Q11	0%	0%	0%	0%
Q12	0%	0%	0%	0%
Q13	0%	0%	0%	0%
Q14	0%	0%	0%	0%
Q15	0%	0%	0%	0%
Q16	0%	0%	0%	0%
Q17	0%	0%	0%	0%
Q18	0%	0%	0%	0%
Q19	0%	0%	0%	0%
Q20	0%	0%	0%	0%
	100.00%	100.00%	100.00%	100.00%

APPENDIX C
FORM OF FRONTLINE
REPORT

- 1) Number of individuals referred to FrontLine by DCFS (HMIS and DVC, through Independent Evaluator)
- 2) Number of DCFS staffings attended by FrontLine in total and per individual family
- 3) Number of DCFS child visitations attended by FrontLine in total and per individual
- 4) Number of custody-related court dates attended by FrontLine in total and per individual
- 5) Reunification data: Number of Clients reunified with child/children; mean days between date of Clients' referral to pay for success to date of reunification with child/children
- 6) Resolution data: Number of Clients choosing not to pursue parental rights; mean days between date of referral to pay for success to date of Clients' choosing not to reunify with child/children
- 7) Attrition data: Number of Clients withdrawing after being enrolled
- 8) Number of Clients enrolled in pay for success; mean days from date of referral to date of enrollment
- 9) Total number of Clients engaged in pay for success programming (e.g., # seen in previous month)
- 10) Number of Clients approved for housing vouchers; mean days between date of referral to pay for success to date of approval for housing voucher
- 11) Number of Clients obtaining housing; mean days between date of approval for housing voucher to date of Client occupying housing
- 12) Number of family trauma assessments initiated with Clients; mean days between date of referral to pay for success to date of family trauma assessment
- 13) Number of action plans generated with Clients; mean days between date of referral to pay for success to date of action plan
- 14) Number of Clients enrolled in Trauma Adapted-Family Connections (TA-FC); mean days between date of referral to pay for success to date of enrollment in TA-FC
- 15) Number of Clients' enrolled in Child Parent Psychotherapy (CPP); mean days between date of referral to pay for success to date of enrollment in CPP

**APPENDIX D
PROVISION OF
INFORMATION**

*See
attached.*

Publicity Agreement

The County of Cuyahoga, Ohio (the “**County**”), Mental Health Services for Homeless Persons, Inc. dba FrontLine Service (“**FrontLine**”) and Cuyahoga PFS, LLC (“**SPV**”), known collectively as the (“**PFS Contract Parties**,”) agree that this Publicity Agreement dated as of September 16, 2014 is subject to negotiations among all Project Participants (“**Project Participants**”) as defined below. This Agreement shall not be amended without the prior written consent of each of the Project Participants. This Publicity Agreement shall also be included within the Project’s Loan Agreements, Grant Agreements, the Independent Evaluator Agreement, the DVCAC/FrontLine Memorandum of Understanding, EDEN/FrontLine Housing Agreement, Famicos Foundation/Housing Agreement, Advisory Agreement, the All-Party Memorandum of Understanding and other agreements (“**Core Agreements**”) as defined in the Pay for Success Contract that this is appended to. The transactions contemplated under that certain Pay for Success Contract dated October 28, 2014 among PFS Contract Parties (the “**PFS Contract**”) is hereinafter referred to as the “**Project**”.

The County and Third Sector Capital Partners, Inc. (“**Third Sector**”) will lead all Project Participants on the development of an all-Project Participant communications plan (the “**Communications Plan**”) for use in guiding communications of public project details and specifics as part of the launch, implementation and ongoing external presentation of the Project. The development of the Communications Plan will occur prior to the execution of the Project’s Loan Agreements and Grant Agreements on or around December 19th, 2014, defined as the (“**Funding Close Date**”).

In addition to PFS Contract Parties, Project Participants will also include the Senior Lender, Junior Lenders, and the Grantor as summarized in Appendix B of the Pay for Success Contract and specified in the Loan Agreements and Grant Agreements. Project Participants will also include the Cuyahoga Metropolitan Housing Authority (“**CMHA**”), Emerald Development and Economic Network, Inc. (“**EDEN**”) and Famicos Foundation (“**Famicos**”) known collectively as (the “**Housing Partners**”) the Domestic and Child Advocacy Center (“**DVCAC**”), the Evaluator, Case Western Reserve University (“**CWRU**”), and any third parties that contract with a Pay for Success Contract Party and will be engaged to provide services in respect of the Project through separate agreements, including but not limited to, Enterprise Community Partners, Inc. (“**Enterprise**”) as both Project Manager and Fiscal Agent and Third Sector as Advisor. An All-Party Publicity Protocol Agreement (the “**Publicity Protocol Agreement**”), including Project Participants as described above, shall be signed by the Funding Closing Date.

Communications Plan

The County and Third Sector will lead all Project Participants in the development of the Communications Plan and all Project Participants will agree to the following activities:

- i. An agreement by each Project Participant to give at least five business days' prior written notice to the other Project Participants before making a public presentation of or engaging in a public discussion about the Project before the Funding Close Date (or if five business days' prior written notice is not feasible, then as much prior written notice as is feasible)
- ii. The development and signing of an Publicity Protocol Agreement among all Project Participants, detailing activities concerning conferences, press opportunities, public forms, media and external publication opportunities, and academic publication opportunities related to the Project post the Funding Closing Date;
- iii. The development of a project fact sheet (the "**Fact Sheet**");
- iv. The development of a frequently asked questions document (the "**FAQ**");
- v. The development of any subsequent revisions to the Publicity Protocol Agreement, Fact Sheet and FAQ as necessary;
- vi. An agreement by all Project Participants to issue a joint Press Release (the "**Press Release**") after the Funding Close Date; including but not limited to a Press Release to be issued by the County;
- vii. An agreement by all Project Participants to participate in a joint announcement event to be led by the County and held in Cleveland post the Funding Close Date;

Confidentiality

- i. An agreement by all Project Participants that all Approved Promotional Materials documents are considered to be public information;
- ii. An agreement by all Project Participants that "***Approved Promotional Materials***" is defined as any promotional materials prepared by a Project Participant describing the Project, their role in the Project that consists solely of information set forth in the Fact Sheet, the FAQ, the Press Release and/or respective agreements. If the information is to be considered an Approved Promotional Material and is not set forth in the Fact Sheet, the FAQ and/or Press Release and its subsequent revisions, the information must be approved by all Project Participants in writing or by electronic mail prior to publication and use of the promotional material;
- iii. An agreement by all Project Participants that "***Public Information***" is defined as information (i) set forth in the Fact Sheet, FAQ and/or Press Release or other information approved by all Parties as an Approved Promotional Material, or (ii) that is publicly available or becomes publicly available other than by reason of improper disclosure by any Project Participant or (iii) constituting a copy of a agreement executed in connection with the Project except for the Loan Agreement and Grant Agreement;
- iv. An agreement that no Project Participant shall use any other Project Participant's logo, or those of their respective affiliates, in any electronic or

printed promotional materials without first obtaining the written consent of such other Project Participant;

- v. An agreement by all Project Participants that once the PFS Contract has been executed, it and all Core Agreements other than the Loan Documents and Grant Agreement will be publicly available;
- vi. An agreement by all Project Participants that public parties, such as the County and its agencies, shall comply with public records requests and subpoenas, depositions, civil investigative demands or other processes to disclose any information relating to the Project, and when possible, will provide notices of public records requests or other demands for information to other Parties prior to responding; and
- vii. Project Participants shall comply with all applicable laws and regulations protecting the privacy of recipients of social services. It is anticipated that neither SPV nor Enterprise will receive personally identifiable information in connection with the Project.

APPENDIX E

Form of FrontLine Disbursement Request

(Attached)

**FrontLine Service
Pay for Success
Funding Disbursement Request**

Request date: _____
Quarter ending: _____

	Funds Drawn To Date	Funds Expended To Date	Additonal (Excess) Funds	Budgeted Funding for Next Qtr	Funds Request
Direct Cost					
Salary & Fringe			-		-
3-Month Rental Subsidy			-		-
Flex Funds			-		-
Bus Passes			-		-
Furniture			-		-
Total Direct Cost	-	-	-	-	-
Indirect Cost					
Indirect Program Costs			-		-
Training Costs			-		-
Administrative Overhead			-		-
Total Indirect Cost	-	-	-	-	-
Total Gross Programmatic Cost	-	-	-	-	-
Less: Medicaid Income					-
UAF Caseworker Reimbursement					-
Net Project Cost	\$ -	\$ -	\$ -	\$ -	\$ -
Total Funding Request					\$ -

The undersigned affirms that the representations and warranties set forth under Article VI of the Pay for Success Contract dated September __, 2014 are true and accurate in all material respects.

Printed Name

Title

Signature

Date

APPENDIX F
FrontLine Budget

(Attached)

—

	2015	2016	2017	2018	2019	Wind-up	Total
<i>Direct Costs</i>							
Salaries and Fringe	\$ 292,747	\$ 586,415	\$ 549,356	\$ 253,351	\$ -	\$ -	\$ 1,681,870
Quarterly Rental Subsidy	\$ 35,280	\$ 35,986	\$ 36,705	\$ -	\$ -	\$ -	\$ 107,971
Flex Funds	\$ 33,075	\$ 33,737	\$ 34,411	\$ -	\$ -	\$ -	\$ 101,223
Bus Passes	\$ 27,057	\$ 43,104	\$ 43,966	\$ 16,132	\$ -	\$ -	\$ 130,260
Furniture	\$ 28,665	\$ 29,238	\$ 29,823	\$ -	\$ -	\$ -	\$ 87,726
Total Direct Cost	\$ 416,824	\$ 728,480	\$ 694,262	\$ 269,483	\$ -	\$ -	\$ 2,109,049
<i>Indirect Costs</i>							
Occupancy	\$ 48,600	\$ 49,572	\$ 50,563	\$ 25,787	\$ -	\$ -	\$ 174,523
Communication	\$ 1,200	\$ 4,284	\$ 3,745	\$ 1,353	\$ -	\$ -	\$ 10,582
Travel	\$ 4,116	\$ 16,793	\$ 14,682	\$ 5,304	\$ -	\$ -	\$ 40,895
Equipment	\$ 5,700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,700
On-call	\$ 1,500	\$ 6,120	\$ 6,242	\$ 3,184	\$ -	\$ -	\$ 17,046
Program Supplies	\$ 1,213	\$ 3,927	\$ 3,433	\$ 1,240	\$ -	\$ -	\$ 9,813
Training & Fidelity Reviews	\$ 2,500	\$ 10,200	\$ 9,885	\$ -	\$ -	\$ -	\$ 22,585
Admin Costs	\$ 51,851	\$ 102,422	\$ 97,852	\$ 38,294	\$ -	\$ -	\$ 290,419
Total Indirect Costs	\$ 116,679	\$ 193,318	\$ 186,403	\$ 75,162	\$ -	\$ -	\$ 571,563
<i>Cost Contingency (1%)</i>	\$ 5,335	\$ 9,218	\$ 8,807	\$ 3,446	\$ -	\$ -	\$ 26,806
<i>Medicaid Income</i>							
Therapy	\$ (49,140)	\$ (98,280)	\$ (78,624)	\$ (34,398)	\$ -	\$ -	\$ (260,442)
Household Assessment	\$ (17,198)	\$ (17,542)	\$ (17,892)	\$ -	\$ -	\$ -	\$ (52,632)
LJAF Reimbursement	\$ (66,845)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (66,845)
Total Medicaid Income	\$ (133,183)	\$ (115,822)	\$ (96,516)	\$ (34,398)	\$ -	\$ -	\$ (379,919)
Gross Programmatic Cost	\$ 538,839	\$ 931,016	\$ 889,472	\$ 348,092	\$ -	\$ -	\$ 2,707,419
Net Project Cost	\$ 405,656	\$ 815,194	\$ 792,956	\$ 313,694	\$ -	\$ -	\$ 2,327,500