



Board of Supervisors Memorandum

August 5, 2014

Pay for Success Program

Introduction

On February 10, 2014 I sent the Board of Supervisors the attached memorandum regarding the Federal Reserve Bank of San Francisco's "Pay for Success" workshop. The workshop was highly successful. It was attended by over 60 people representing numerous private, government and non-governmental (NGO) agencies and other stakeholders in Pima County, many of whom expressed interest in assisting the County to proceed with a pilot Pay for Success program in Pima County.

As a keynote speaker at that workshop I emphasized the negative silo and short term contract effects that are inherent in our current service delivery systems. I also recognized the increasing importance of non-governmental organizations in service delivery; but I noted that we impose on them the same short term, silo requirements that inhibit more creative, effective and cost efficient service delivery.

Pay for Success (PFS) offers a new approach to contracting for government services, primarily social services. It brings to bear private sector, entrepreneurial expertise to focus on broader and better outcomes with longer-term accountability. It also brings private sector investment to provide the funding and assume the risk in testing new, entrepreneurial service delivery programs. Private sector funding is an important addition because increasingly local governments can expect little help from state or federal government to finance even the most critical of government services; and it is left to local governments alone to find the financial and creative resources needed to solve problems whether those problems concern construction and maintenance of roads, response to disasters, accelerating criminal justice costs, or responding to the problems of community physical and behavioral health issues.

This is why at the February conference I committed to take the lead in developing a pilot PFS program in Pima County.

Pay for Success, also known as Social Impact Bonds, is a method of privatizing both the creativity and some of the cost of delivering improvements in essential services. PFS programs contract with private providers for creative service approaches that promise improved service outcomes and potentially reduced costs over an extended, typically three to five year, delivery period. PFS contracts are funded by private investment, investment that is repaid by the government if, and only if, the provider achieves the improved outcomes that are promised in the program proposal and specified in the service contract.

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Implementing a PFS Pilot Program

The Federal Reserve experts stressed that the initial step in developing a successful PFS Program is a careful and very detailed analysis of the cost and results of existing County programs, from which analysis can be developed new and potentially more effective interventions. They strongly recommended that for this analysis we utilize an outside consultant that is both experienced in the Pay for Success data and a cost analysis model, as well as, independent of the existing County programs and services.

I accepted that expert advice; and we have proceeded with the initial steps to develop a pilot PFS Program. I appointed an oversight team with representatives from the County Attorney, the Finance Department and the County Administrator's office, as well as, representatives from the Community Development and Neighborhood Conservation Department (CDNC) and ACME, the community NGO group that co-sponsored the February conference. I selected criminal justice and behavioral health as the most appropriate service areas to study for a Pay for Success pilot program. I selected these areas because criminal justice is the broadest and most expensive of all county services, and therefore offers potential for greatest return from effective new approaches, and because behavioral health is intertwined with so many other social problems including the high cost of the criminal justice system and particularly with jail recidivism, which is the largest cost factor within the criminal justice system.

CDNC and the community NGO group, informally known as ACME, have been tremendously helpful. This is the group that first called my attention to the PFS contracting and funding model and that co-sponsored and organized the Federal Reserve conference. They continue to be in close contact with the Federal Reserve experts, as well as with other early implementer PFS communities. ACME was proactive on my February conference appeal for private sector assistance to plan and develop a pilot PFS program. They have successfully solicited a \$10,000 donation to Pima County from Unisource Energy to help pay for the planning consultant; and, on behalf of the County they prepared an application to the Kresge Foundation for additional consultant funding. I am happy to announce that application was successful; and the Kresge Foundation has awarded \$50,000 to Pima County to assist us in planning and implementing a pilot PFS program. Approval and acceptance of that Kresge Foundation grant will be scheduled on the Board of Supervisors August 5, 2014 agenda.

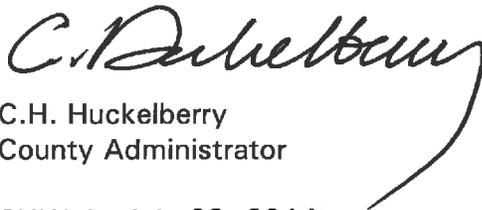
In anticipation of the outside funding we issued a Request for Proposal for an experienced PFS consultant. The solicitation period ends July 31, 2014 and review of the proposals and selection of a consultant will be completed in early August. I expect that a recommended contract will go to the Board of Supervisors for approval in early September.

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Recommendation

I recommend that the Board of Supervisors approve and accept the \$50,000 Kresge Foundation grant, as well as the \$10,000 donation from Unisource Energy and authorize the County Administrator and his staff to proceed with selection and prepare a contract for subsequent Board of Supervisors approval with an experienced PFS consultant to undertake the initial data and cost analysis and make a recommendation regarding an appropriate Pay for Success pilot program. In addition, I recommend the Board match the Kresge Foundation \$50,000 grant using carryover unspent 2013/14 contingency funds that were unused for attracting MLS soccer teams (\$280,000 authorized - \$195,000 spent).

Respectfully submitted,



C.H. Huckelberry
County Administrator

CHH/ dr-July 22, 2014

Attachments

- c: Hank Atha, Deputy County Administrator for Community and Economic Development
- Jan Leshar, Deputy County Administrator for Medical and Health Services
- Margaret Kish, Director, Community Development & Neighborhood Conservation Department
- Gary Bachman, Program Manager, Community Development & Neighborhood Conservation Department

February 10, 2014 Memorandum



MEMORANDUM

Date: February 10, 2014

To: The Honorable Chair and Members
Pima County Board of Supervisors

From: C.H. Huckelberry
County Administrator 

Re: Federal Reserve Bank of San Francisco's "Pay for Success" Workshop

Background

This week, the Federal Reserve Bank of San Francisco will host in Tucson a workshop designed to share an innovative new funding approach that has the potential to build successful programs by bringing effective preventive remedies to bear on longstanding social challenges, while engaging the private and public sectors in the solution.

"Pay for Success" flips the existing model, in which government pays social service providers to deliver services to address social needs, to one in which government pays only if the providers achieve agreed upon outcomes. For example, instead of tracking how many juvenile offenders go through diversion programs or how many unemployed workers take part in training programs, the models may demand a percentage reduction in recidivism or an uptick in the numbers of workers gainfully employed.

Private investors would provide the funding for startup and maintenance of the program. The government would reimburse those investors at the end of the program, with modest returns, if desired outcomes are met. The outcomes could include producing programmatic savings or showing proven interventions in addressing a high-priority social need. If outcomes are not met, the government would not reimburse the principal; or, depending on the model, would provide only partial reimbursement.

The idea, which has been dubbed "venture philanthropy," has been steadily gaining traction since the first project was launched in 2010 outside of London, which seeks a 7.5 percent reduction in recidivism to the Peterborough Prison over four years. Analysts are expected to share that outcome this calendar year.

Several projects now in process across the United States, including in New York and Massachusetts, which are both seeking to reduce recidivism in youthful offenders. Other states are exploring partnerships to address mental illness, homelessness, asthma prevention and school readiness.

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While this is still a new approach, with projects playing out over three to five years, the concept remains an unusual opportunity to marry the dedication and expertise of traditional nonprofit organizations with the entrepreneurial innovation of investors and philanthropists who are seeking more efficacy from their donations.

Important Considerations

The County understands this model does not apply to all programs that are currently funded. This is specialized. However, as we learn from the best practices associated with this new paradigm, there may be opportunities to increase the reliability of reporting outcomes from other types of funding that are for shorter duration.

The structure only works if certain key features are in place:

- The identification of a specific target population that can benefit from interventions;
- Clearly defined, rigorous and measurable outcomes;
- Robust access to reliable administrative data;
- Safeguards to protect the population in need against adverse reactions, while also ensuring investors are not working with the easiest within a given population; known as "cream-skimming" to increase the likelihood of reaching the agreed-upon target.

There are some other important features to keep in mind when exploring social impact bonds:

- Projects are fairly long in scope, with contracts typically lasting three to seven years;
- Projects may cost more than traditional social service contracts because of the stringent evaluation criteria;
- The intervention must be able to replicated on a sufficiently large scale to reach a sizable enough portion of the target population to demonstrate success;
- Mechanisms must be in place for an orderly transition if the outside organization determines it will not be able to meet the desired outcome and ceases to deliver the services before the end of the contract.

Pima County's Role

Pima County has a long history of public/private partnerships. The County has effectively turned to the private sector to meet the community's needs for care, particularly in the areas of hospitalization services and nursing homes. The County in 2013 contracted with

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the private sector to operate County landfills and transfer stations; and most recently, we contracted with a private firm to run one of our key wastewater reclamation facilities.

If preventive interventions can be proven, it also has the opportunity to help us avoid costly future capital investments, such as funding the expansion of detention facilities.

If private investors provide sufficient seed money to demonstrate interest in exploring this model further, I would recommend the Board of Supervisors consider embarking on a process in the coming months to evaluate specific areas of interest that can lead to future cost savings.

Although we are in the very early stages of considering this type of funding mechanism, this information is provided to keep the Board apprised of a potential opportunity to refine service delivery in areas of longstanding social problems with no risk to the taxpayer.

CHH/mjk

c: Hank Atha, Deputy County Administrator for Community & Economic Development
Jan Leshner, Deputy County Administrator for Medical & Health Services
Margaret Kish, Director, Community Services

February Remarks at Conference

I. WELCOME AND INTRODUCTION

On behalf of all of the community leaders who have been working to find innovative solutions to some of society's most difficult problems, I'd like to welcome you to this discussion today. I also would like to express my gratitude to the Federal Reserve for championing this concept and for hosting this conference.

Social Innovation Financing has been around for a few years, but it is just now starting to get traction in communities across the country. When I first heard about the concept, I immediately saw the potential for what could be a paradigm shift in service delivery to save taxpayer money, as well as achieve real, measurable outcomes.

II. TRADITIONAL SERVICE DELIVERY METHODS

A. Boxes and Silos

Generally, local, state and federal governments deliver services through a system of what I call “boxes and silos.” You have all heard the phrase “think outside the box.” Well, this is somewhat difficult to do. I’m reminded of a recent commercial where the manager is discussing a problem with his team. One dynamic individual, standing outside the box containing his team, seems to have the right answers. Another team member in the box decides it’s time to venture outside and starts to climb over but cannot get his foot on the ground and understands he’s safer back in the box. **That’s us. We are afraid to innovate for fear of failure.** Taxpayers accept perceived mediocrity in government services, but they usually punish failure. It is no wonder we have been trained to think inside the comfort and safety of the box.

Silos are another invention of and inhibitor to government performance. They are most prevalent in the criminal justice system, where we have been trained to compartmentalize components of the problem. In fact, trying to exchange information or ideas beyond erected silos is even punished as being unethical. We take a criminal defendant from the prosecutorial silo, through the defense silo, into the judicial silo,

and then we either say, never mind when they are deemed innocent or we send them off to the prison silo for 10 years at a cost of \$50,000 per year to those of us who now have the illusion we are safer.

Boxes and silos have worked so well over the last 50 years that we have resolved poverty, eliminated hunger, ended homelessness and achieved world peace. Not. They have failed us miserably.

B. An Added Dimension – NGOs

Recognizing our past failures a couple of decades ago, we added another dimension to solving these problems through the NGO – nongovernmental organization. We enlisted them to help us solve our problems; but, unfortunately, we imposed our boxes and silos on them through contracts where we care more about how efficiently and effectively they spent our money rather than whether they achieved real, measurable outcomes. We also confine NGOs to the world of nonprofit organizations because it would be terrible if someone actually made a profit while solving a problem we have been unable to solve ourselves.

C. Short-term Service Contracts

Here is how we solve problems today. Government recognizes a problem and contracts with an outside agency to deliver services. Oftentimes, that takes the form of grant funding, available over a fairly short term, which is, in most cases, only part of the total cost of the program. The agency receives very little, if any, administrative support; and government relies on the agency to determine the measures of a successful intervention. But it is all short term.

As a result, we might track how many people took advantage of job training or rehabilitation services, **but we may not drill down to how many of them actually ended up getting a job or staying out of jail or securing long-term housing.** In fact, the short-term nature of the funding may leave agencies reluctant to build long-term capacity and work toward wholesale systemic change, no matter how effective they may be.

III. PAY FOR SUCCESS – A NEW OPPORTUNITY

A. What is Pay for Success?

Pay for Success provides an opportunity to bring additional proven tools to that process, while improving performance and reducing costs to taxpayers. It keeps all of the social good, but brings to bear additional private sector entrepreneurial expertise to help us focus on better outcomes with long-term accountability, as well as metrics that will allow us to better measure and reward success. In short, a true innovative partnership between the public and private sectors.

In fact, **it is only if a program is successful** that private investors - who have committed to fronting the cost of programs that will meet very specific performance criteria – **will see a return on their investment.**

Think of it as “**venture philanthropy.**” And it’s an opportunity for everyone to win.

B. **Successful Outcomes – Our Shared Goal**

We all want the same thing - successful outcomes. Nonprofits want to meet the needs of their clients. For investors, if that comes with a

modest financial gain, even better. For taxpayers, when it ultimately leads to savings, it's perfect.

For investors, this is an opportunity to support good government and generate greater social value, while bringing to bear private sector ingenuity and inspiration and working toward a return on investment. Under this model, socially motivated investors may generate financial returns, and financially motivated investors may generate social returns. Either way, investors will be an integral part of the transformation.

Pima County has never shied away from doing things differently if it means gains in efficiency or saving resources and money. In fact, **we have long recognized that government in and of itself is not always the solution, although it can be a powerful partner for many social remedies.**

When we divested ourselves of direct health delivery, we did it because we knew there were others in the community better suited to run hospitals and nursing homes and health plans. And we were right.

From saving precious land to providing improved mental health care, it is evident **successful change is more likely to be sustained through strong partnerships rather than unilateral efforts.** It is through collaboration that interested parties can compare policy experiences and identify best practices by approaching a problem from different perspectives.

Because really, when we talk about some of the persistent problems that confront us – whether adult prison reentry, juvenile justice, services for the elderly, homelessness – the challenges are never simple, and they have roots that are both economic and social.

IV. PIMA COUNTY EXPERIENCES – SOME GOOD; SOME NOT

Let me give you a few examples of successes and failures.

A. Pima County Juvenile Detention Center, a Traditional Response

Let's start with a traditional response to a pressing problem that has made obsolete a \$45 million Juvenile Detention County capital investment. It's good that the capital facility is obsolete. It's bad that we could not have developed a different approach to the problem before the facility was built.

In 1997, we asked the voters of Pima County to approve a new \$45 million facility for juvenile detention. Faced with rising juvenile detention populations exceeding the capacity of the present facility and projecting that in the next few years, we would need as many as 300 beds for detained juveniles, we built a new facility for 350 juvenile detainees. Today, the facility houses, at most, 30 juvenile detainees.

The juvenile detention population was reduced by finally thinking outside the box and implementing an aggressive alternatives-to-detention program.

B. The University of Arizona Medical Center–South Campus, a New Approach

Another example of paying for success before we even knew it was paying for success, involves the transition of our Kino Community Hospital to The University of Arizona Medical Center–South Campus.

The last year we operated the hospital, 2003, we lost \$33 million and had only one specialty in residence – psychiatry. On average, we had 50 to 60 inpatient psychiatric beds occupied and between 5 and 10 medical/surgical beds occupied. Clearly, the hospital was one in name only and was not serving the community.

We transitioned management of the hospital to the UAMC by providing payments to the University and hospital system based on their successful delivery of medical services. Today, instead of losing \$33 million, we pay \$15 million to UAMC to operate a full-service hospital **where surgeries have increased 400 percent and outpatient clinic volume nears 160,000 visits per year. Overall, adjusted patient days indicate an increase in patient services of 119 percent. The now average occupancy of medical/ surgical beds is 49, instead of just 5.** There are now days when the hospital is full.

This is an example of paying for measurable, successful outcomes and **required the County to take the risk of turning over a large public asset in the belief that others could manage it better** and achieve the outcomes we originally desired for the hospital.

C. **Prisoner Detention and the Mental Health Crisis**

Today, we spend \$56 million operating the Pima County Adult Detention Center, or County Jail. We house over 2,000 individuals daily in this facility. We reviewed data for a recent 11-month period, which showed that **53 percent, or over 1,000 individuals in the jail, are maintained in a behavior health caseload and that as many as 200 of these individuals have a serious mental illness.** Clearly, we are not doing what we need to do to provide mental health services and are using our detention facilities as mental health treatment centers.

Of the 1,000 individuals in the County Jail with mental health issues, over half will return to the jail at least once. One individual has been booked 29 separate times and another on 22 occasions. The money used to place these individuals in the jail could be better spent providing mental

health services to prevent them from returning time and time again to our adult detention center.

D. Silos Threaten Successful Drug Treatment Alternative Program

Another example is already underway. Pima County offers a Drug Treatment Alternative to Prison program, which allows offenders to receive residential, therapeutic treatment and monitoring as an alternative to a prison sentence. Of 52 entrants participating in the program over a two-year period, the success rate was nearly 70 percent. It cost roughly \$15,100 for each participant – compared to about \$50,000 per person to send them to a State prison. In all, the program saw a savings of more than \$1 million for the two-year period. Good measurable outcomes for all. However, this program is now threatened by the “silo” effect. The County is expected to pay for the program, which financially benefits the State. This is not a successful model for the long-term implementation of this program.

V. PAY FOR SUCCESS: TODAY'S OPPORTUNITY TO LEARN MORE

There is a growing awareness that community development and economic development are inextricably linked. We already have a historical track record of the County and the private sector investing in human services. We need to build upon that success and bring new investment and new ideas into Pima County.

A. Pay for Success 101

Today you will learn more about nuts and bolts of pay for success models.

There will be questions as to how this model will work, even as they begin to unfurl across the nation and the globe. This doesn't mean we won't be funding grants. Immediate community needs must still be funded. It is not designed to replace other funding investment models, nor is it intended for every program or service because of the additional and fairly intense measurement and data collection that will be required along the way to demonstrate success.

There remains much work to be done. There is the **education required to engage the community to understand and value pay-for-success.**

Similarly, the foundation must be built, including securing investments, identifying the key areas of interest, building the measurement tools and analyzing the potential cost savings.

B. **Pima County Commits to Pay for Success Initiative**

The Federal Reserve is here today because they believe Pima County is ready to ask the questions, explore the opportunities and spearhead this effort within the State of Arizona. **They're right.**

We have bought into it because of the opportunity to bring the public and private sectors to the table with social service agencies to work for the good of the community.

Let's challenge ourselves to meet the potential.

Pima County will launch a new Pay for Success initiative -- the first program of this kind in Arizona. We will commit \$50,000 in seed money and are looking to investors to bring another \$150,000 to the initiative to begin a process that will:

- **prioritize specific areas** of interest in County service areas where new strategies can lead to **future cost savings**;
- **initiate a community planning process** in which service providers will be invited to **share innovative ideas**; and
- consider **evaluation models** that can be used to **conclusively demonstrate program success**.

This means we'll soon be looking for your ideas on areas in which, if the appropriate investment is made over time, a new program model can have a much more lasting impact for our community.

C. Nontraditional Strategies to Address Social Issues

We need to answer questions like:

- What **innovative practices** might be put into place to **reduce the demands for our jails?**
- What **innovative practices** might be developed to reduce pressures on our **healthcare system?**
- Are there **comprehensive strategies** that can yield **improved graduation rates, increased employment rates or improved wellbeing** that can reduce the numbers of people presenting to jail or experiencing a behavioral health crisis?

The challenge for all of us is to **encourage programs with a proven track record to move to a larger scale and demonstrate reliable measures of success over time.** The County looks forward to your ideas on how we can *all* lead the State in tapping into this exciting new potential.

We need real and sustainable programs to resolve longstanding social issues – **new concepts with proven partners are the best place to start.**

Kresge Grant Award Letter

THE KRESGE FOUNDATION

June 20, 2014

Mr. Chuck H. Huckelberry
County Administrator
Pima County Community Development & Neighborhood Conservation
130 W. Congress Street, 10th Floor
Tucson, AZ 85701

Dear Mr. Huckelberry:

Congratulations! I am pleased to inform you that The Kresge Foundation has approved a grant of \$50,000 to Pima County for the Pima County SIB/PFS Program Planning project for the period August 1, 2014 through July 31, 2015. Your grant has been assigned request number 249674. Our staff looks forward to continuing our communication with you as you are engaged in this important work.

Fred G. Karnas is the Program Department staff member assigned to your grant and will serve as your primary contact at the Foundation. In addition, staff of our Grants Management Department will be pleased to assist you should questions arise concerning your Kresge grant. Submit required grant reports (described in the "Reporting" section) to grantsmanagement@kresge.org. Please use the request number mentioned above when you send correspondence about this grant to the Foundation.

Grant Payments and Conditions

Upon our receipt of your signed acceptance of this Grant Agreement, we will pay your grant as follows:

- \$50,000 within 30 days of receipt.

We will make payments on the grant upon our receipt and approval of any required reports, provided your organization has maintained its U.S. Internal Revenue Status (IRS) tax status as a public charity or governmental agency.

We reserve the right to cancel, modify, or withhold any payments that might otherwise be due under the grant, to require a refund of any unexpended funds, or both, if in our judgment any of the following occur:

- Grant funds have been used for purposes other than those specified by this Agreement;
- Such action is necessary to comply with the requirements of any law or regulation affecting your organization's or our responsibilities under this grant or to avoid the imposition of penalties or excise taxes; or
- Your organization's performance under this grant has not been satisfactory.

Reporting

Our staff looks forward to learning about the progress of your work under this grant. Please remember that for accounting and financial reporting purposes, this grant is restricted to the period August 1, 2014 through July 31, 2015.

We require the following grant report(s) to be submitted:

- For the period ending January 31, 2015, a report is due February 28, 2015; and
- For the period ending July 31, 2015, a report is due August 31, 2015.

The reports must include both a narrative update and a financial report (as described below), which must be submitted together.

- Please provide a narrative report summarizing your progress toward achieving the goals of the project, including progress against the following objectives:
 - Status of hiring the consultant(s) for the project
 - The criteria that you will use to determine readiness.
 - Identification of the area of focus for the SIB/PFS initiative or progress toward identifying the focus area
 - Structure of the SIB/PFS initiative or progress toward developing the structure.
 - For final report:
 - Assessment of the County's readiness to engage in a SIB/PFS initiative or progress toward determining readiness
 - If the effort is going to move forward, please identify the next stages and the timing for implementation
 - If the effort is not going to move forward, please discuss the reasons why and the lessons learned from the process of considering a County SIB/PFS initiative.
- Please provide a financial report describing expenditures against the approved budget of \$215,000 submitted on May 19, 2014 (which may be greater than the amount of the Kresge grant). Your financial report must display the approved project budget, expenditures against each line item since the start of the grant, and balances remaining (or overruns) for each line item. If the approved budget covers multiple years, each submitted financial report should include cumulative expenditures since the beginning of the grant period. For the final report, we ask that you explain all overrun variances that exceed either \$1,000 or ten percent of the budgeted line item amount.

Grant Accounting Requirement

You are required to maintain financial records and supporting documentation for expenditures and receipts related to this grant for five years after the grant end date. You also are required to permit us to have reasonable access to your files, records, and personnel during the term of this grant and for five years thereafter.

Use of Grant and IRS Requirements

Under United States law, Kresge Foundation grant funds may be expended only for charitable, scientific, literary, religious, or educational purposes within the meaning of the Internal Revenue Code of 1986, as amended ("IRS Code"). This grant is to be expended solely in support of the objectives detailed in your proposal submitted on May 19, 2014, as amended or amplified during the review process. Foundation grant funds may not be used to carry on propaganda or any voter registration drive, or otherwise attempt to influence any legislation or election, within the meaning of the IRS Code.

By accepting this grant, you certify that, to the best of your knowledge, your organization, members of your governing body, your staff, and any consultants/contractor(s) for your project do not advocate, plan, sponsor, commit, threaten to commit, or support terrorism. By your acceptance of this grant, you agree to provide us with information required for us to comply with Executive Order 13224, the USA Patriot Act, and other applicable laws, administrative rules, and Executive Orders. By accepting this grant, you further agree that all funds, including sub-awards to sub-recipients, will be used in compliance with all applicable anti-terrorist financing and asset control laws, regulations, rules, and executive orders. You also agree to take reasonable steps to ensure that no person or entity expected to receive funds in connection with this grant is designated on (a) the Annex to Executive Order No. 13224, as amended or supplemented from time to time, or (b) the Lists of Specially Designated Nationals or Blocked Persons maintained by the Office of Foreign Assets Controls of the U.S. Department of the Treasury. Finally, you certify that you will not provide material support or resources to an individual or entity that you know, or have reason to know, is acting as an agent for any individual or entity that advocates, plans, sponsors, engages in, or has engaged in, terrorist activity, or that has been so designated, and will immediately cease such support if an entity is so designated after the date of this Grant Agreement.

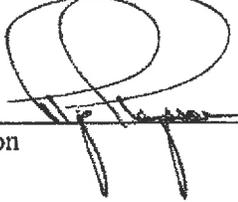
Acceptance

By signing and returning a copy of this Grant Agreement, you are agreeing to the grant conditions as stated in this Grant Agreement and confirming that the project dates and referenced budget are correct. You also confirm that the project funded by this grant is under your complete control. Your organization further confirms that it has and will exercise control over the process of selecting any secondary grantee or consultant, that the decision made or that will be made on any such selection is completely independent of us, and further, that there does not exist an agreement, written or oral, under which we have caused or may cause the selection of a secondary grantee or consultant. This letter contains the entire agreement between your organization and The Kresge Foundation, and there are no terms or conditions, oral or written, governing the use of the grant funds other than those contained in this letter. We may withdraw this grant if we do not receive your acceptance within 30 days of the date of this Grant Agreement.

Please sign this Grant Agreement in the space provided below and return one complete copy of the signed Grant Agreement. You may return to us an original signed copy, or a photocopy, facsimile, electronic copy, or other signed copy, which you agree will have the same effect for all purposes as the original. In countersigning this Grant Agreement, you represent to us that you have the authority to sign this Grant Agreement on your organization's behalf.

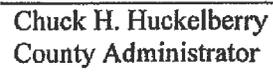
We look forward to working in partnership with you during the life of your grant and wish you much success in your work.

For The Kresge Foundation

A handwritten signature in black ink, appearing to read 'Rip Rapson', written over a horizontal line.

Rip Rapson
President

For Pima County

A handwritten signature in black ink, appearing to read 'Chuck H. Huckelberry', written over a horizontal line.

Chuck H. Huckelberry
County Administrator