

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**FACT SHEET**

**APPROVAL OF TERMINATION OF THE AGREEMENT WITH  
EDUCATIONAL RESOURCE AND SERVICES CENTER, INC.**

**AND**

**APPROVAL OF NEW AGREEMENT WITH THE  
EXCEPTIONAL CHILDREN'S FOUNDATION**

**(SUPERVISORIAL DISTRICT 2)**

**(3 VOTES)**

**REQUEST**

1. Authorize the Director of Mental Health or his designee to terminate the Department of Mental Health's (DMH) Legal Entity Agreement (LE Agreement) No. MH120214 with Educational Resource and Services Center, Inc., dba Kayne-Eras Center, contingent upon implementation of a mutually agreed upon merger by and between Educational Resource and Services Center, Inc. and Exceptional Children's Foundation, anticipated by February 1, 2008.
2. Approve and instruct the Director of Mental Health or his designee to prepare, sign, and execute a new DMH LE Agreement with Exceptional Children's Foundation for the provision of outpatient mental health services to children, attending the Kayne-Eras Center's non-public school, grades K-12, located in Supervisorial District 2, effective contingent upon the merger, but no sooner than February 1, 2008. The term will include two automatic one-year renewal periods for Fiscal Years (FY's) 2008-09 and 2009-10. The Maximum Contract Amount (MCA) for FY 2007-08 will be pro-rated for five months at \$337,917, based on the annualized MCA of \$811,000 for FYs 2008-09 and 2009-10, which will be requested through DMH's annual budget process.
3. Delegate authority to the Director of Mental Health or his designee to prepare, sign, and execute future amendments to the LE Agreement with Exceptional Children's Foundation and establish as a new MCA the aggregate of the original Agreement and all amendments, provided that: the aggregate of all amendment increases for each fiscal year do not exceed an increase of 20% from the applicable MCA.

**PURPOSE/JUSTIFICATION**

The recommended actions will terminate the Educational Resource and Services Center, Inc.'s DMH LE Agreement No. MH120214 and establish a new LE Agreement with the new entity Exceptional Children's Foundation.

## Fact Sheet

Educational Resource and Services Center, Inc. -

Exceptional Children's Foundation Merger

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Educational Resource and Services Center Inc. will cease to exist as a separate entity and will be merged with the new entity, Exceptional Children's Foundation. It is understood that the merger, as set forth herein, will not diminish the quantity and quality of services previously provided by Educational Resource and Services Center, Inc., and that Exceptional Children's Foundation will be fiscally responsible for all of Educational Resource and Services Center, Inc.'s obligations, past, present, and future. In particular, and without in any way limiting the scope of the financial obligations assumed, Exceptional Children's Foundation understands and agrees: (1) that it will be entirely responsible for any and all audit exceptions applied at any time against the previous entity, Educational Resource and Services Center, Inc., through any of its agreements with County or any Department thereof, whether assessed by Federal, State, or County audit(s); and (2) that these audit exceptions may arise and become payable before and/or after the effective date of the merger and the cessation of existence of Educational Resource and Services Center, Inc. The parties agree that all applicable review and dispute resolution procedures under the existing contract at issue shall apply.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

Educational Resource and Services Center, Inc., through its current contract with DMH, provides an array of mental health care to children attending the Kayne Eras Center's non-public school, grades K-12 located Supervisorial District 3 since 1980. The service delivery site will remain at 5350 Machado Road, Culver City, CA 90230, where Exceptional Children's Foundation will continue to provide the services that Educational Resource and Services Center, Inc currently provides under contract with DMH.

The treatment components offered by Educational Resource and Services Center, Inc. under the DMH contract include:

- targeted case management services
- outpatient mental health services
- medication support

Exceptional Children's Foundation headquarters remains the same at 8740 Washington Boulevard, Culver City in Los Angeles County. Exceptional Children's Foundation is one of the largest charities in California serving children and adults with developmental disabilities and delays dating back to 1946. Clients include people with mental retardation, cerebral palsy, autism, epilepsy, acquired brain injuries and global delays. Exceptional Children's Foundation provides a broad range of services in 12 different

program sites. Exceptional Children's Foundation also has a residential services program which offers group home, independent living and intermediate care services.

The proposed merger of Educational Resource and Services Center, Inc. with Exceptional Children's Foundation will result in administrative and service delivery efficiencies that will benefit the communities and clients currently being served by Educational Resource and Services Center, Inc.,. The consolidation of administrative functions will include streamlining of tasks and elimination of redundant administrative positions that result from this proposed merger. This streamlining of administrative overhead and elimination of redundancy will result in a shift of available resources to increase service delivery capacity without additional net County cost.

The proposed actions have been approved by the Chief Executive Officer (CEO) and County Counsel.

### **CONTRACTING PROCESS**

To comply with your Board's policy on Contractor Mergers/Acquisitions adopted on December 13, 2005, DMH worked closely with: 1) Educational Resource and Services Center, Inc., 2) Exceptional Children's Foundation, 3) County Counsel, and 4) CEO to utilize the criteria established in the policy in the review and analysis of the proposed merger between Educational Resource and Services Center, Inc. and Exceptional Children's Foundation and its impact upon the contractual relationship with the County of Los Angeles.

### **DMH Contact:**

Carlotta Childs-Seagle, Acting Deputy Director  
Telephone Number: (213) 738-4851  
Email Address: [CChildsSeagle@dmh.lacounty.gov](mailto:CChildsSeagle@dmh.lacounty.gov)