Exhibit B
Budget Detail and Payment Provisions

1. Term of the Agreement

The term of this agreement shall be from July 1, 2014 to June 30, 2017.

2. Invoicing and Payment

A. The CDPH shall make quarterly prospective payments to the LLA to provide services and deliverables pursuant to Exhibit A, paragraph 1.A.

B. The CDPH will provide the quarterly prospective payment invoice to the LLA. The LLA is to sign the invoice and submit to:

California Department of Public Health
CDIC/California Tobacco Control Program
MS 7206
P.O. Box 997377
Sacramento, CA 95899-7377

C. Invoices submitted by the LLA and paid by the CDPH, shall not be deemed evidence of allowable agreement costs. Costs and/or expenses deemed unallowable are subject to provision 8 entitled, "Recovery of Overpayments" that appears in this exhibit.

D. The LLA agrees to submit semi-annual progress and cost reports. The cost reports will specify actual expenditures for tobacco education services provided by the LLA. The progress and cost reports shall be submitted in a form, format, and schedule prescribed by the CDPH. The LLA agrees that subsequent quarterly prospective payments shall be contingent upon the CDPH's receipt and approval of progress and cost reports. The LLA agrees that if the CDPH determines that all or a portion of the allocated funds have been expended inappropriately during the period covered by the progress or cost report, in accordance with the services identified in the LLA's approved Plan, the CDPH may offset the value of the inappropriate expenditures against current and/or future quarterly prospective payments. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.

E.. The CDPH total reimbursement via cost reports for each line item identified in the budget is the maximum amount reimbursable for that line item during the agreement term. The CDPH, at its option, may return disputed cost reports to the LLA for correction and resubmission or the CDPH may disallow expenses claimed which are not in accordance with the SOW, the budget or which cannot be verified as project expenses by the LLA.

3. Funding or Funding Reduction in Subsequent Fiscal Years

A. Funds are presently not available for performance under this agreement beyond June 30, 2014. The CDPH's obligation for performance of this agreement beyond that date is contingent upon the availability of appropriated funds by the Legislature from which payment for this agreement can be made. No legal liability on the part of the CDPH for any payment may arise for performance under this agreement beyond June 30, 2014 until funds are made available to the CDPH for performance and until the LLA receives notice of availability, to be confirmed in writing by the CDPH.

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B. If funding for any fiscal year is reduced or deleted by the Legislature or the Department of Finance for purposes of this program, the CDPH shall have the option to either:

1) Terminate this agreement pursuant to provision 3 of Exhibit C, the 30-day termination clause.

2) Offer a revision to the LLA to reflect the reduced funding for this agreement.

C. If statutory authority for programs funded under Health and Safety Code Section 104350 expires, or this agreement is terminated, the unexpended agreement funds and accumulated interest pursuant to provision 9 of this exhibit shall be identified in a manner prescribed by the CDPH and returned to the CDPH within ninety (90) days of the expiration date to the address specified in provision 2.B of this exhibit. The words "Unexpended Tobacco Control Program Funds" and the agreement number shall be written on the face of the check or warrant that the LLA has issued to return unexpended funds.

4. Prompt Payment Clause

Payment will be made in accordance with, and within the time specified in, Government Code Chapter 4.5, commencing with Section 927.

5. Amounts Payable

A. The maximum amount to be allocated under this agreement is reflected in the CDPH 2012-2013 LLA Allocation Table, Appendix: 2012-2013 LLA Allocation Table of the Plan Guidelines.

B. Funds allocated from each fiscal year may be expended or encumbered without regard to fiscal year pursuant to each year's budget authority.

C. Any requirement of performance by the CDPH and the LLA for the period subsequent to June 30, 2014 will be dependent upon the availability of future appropriations.

6. Payment for Performance of Deliverables

The LLA understands and agrees that all deliverables as specified in this agreement must be fully and satisfactorily performed in order to receive the maximum amount payable identified in Paragraph 5.A., above. The LLA agrees that if CDPH determines that any deliverable is not performed, only partially performed, or not completed satisfactorily, CDPH may reduce the maximum amount payable under this agreement as follows:

A. Where a deliverable is not performed:

CDPH shall calculate the pro rata share of the nonperformed deliverable by utilizing the percentage values specified in the Scope of Work for each deliverable and reduce the maximum amount payable by deducting the percentage value of the deliverable from any sum due the LLA to the degree that the sum due the LLA meets or exceeds the reduction. If the reduction exceeds the sum due the LLA, the LLA shall pay such amount back to CDPH upon its demand. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.

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B. Where a deliverable is only partially performed:

CDPH shall ascertain what percentage of the deliverable was performed. CDPH shall calculate the pro rata share of the partially performed portion by utilizing the percentage values specified in the Scope of Work for each deliverable and reducing the maximum amount payable by deducting the percentage value of the nonperformed portion of the deliverable from any sum due the LLA. If the reduction exceeds the sum due the LLA, the LLA shall pay such amount back to CDPH upon demand. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.

C. Where a deliverable is not performed at a level of quality/satisfaction:

CDPH shall determine whether standard deliverable requirements were satisfactorily met in accordance with the activities, timelines and tracking measures as detailed in the scope of work, the terms, conditions and exhibits of this agreement; and "Tell Your Story: Guidelines for Preparing a Complete, High Quality Final Evaluation Report." If requirements are not met, CDPH shall ascertain what percentage of the deliverable was not performed satisfactorily, calculate the pro rata share of that portion by utilizing the percentage values specified in the Scope of Work for each deliverable and reduce the maximum amount payable by deducting the percentage value of that portion from any sum due the LLA to the degree that the sum due the LLA meets or exceeds the reduction. If the reduction exceeds the sum due the LLA, the LLA shall pay such amount back to CDPH upon demand. The LLA agrees that such deductions to sums due to the LLA are offsets and no further amount shall be due to the LLA.

7. Trust Account and Expenditure Provisions

A. The annual allocation to the LLA shall be deposited into an interest-bearing, insured trust account.

B. The annual allocation and any interest earned on the allocation funds from the Tobacco Control Program funds shall be retained in the LLA's Tobacco Control Program trust account and shall be spent only to accomplish the goals and objectives outlined and identified in the approved Plan. The LLA shall not divert these funds to cover costs or expenses not specifically included in the Plan.

C. The LLA shall not divert, freeze, restrict, or prevent the use of these funds, in whole or in part, for purposes other than conducting the activities described in the approved Plan.

8. Recovery of Overpayments

A. LLA agrees that cost reports based upon a contractual agreement or an audit finding and/or an audit finding that is appealed and upheld, will be recovered by the CDPH by one of the following options:

1) LLA's remittance to the CDPH of the full amount of the audit exception within 30 days following the CDPH's request for repayment;
2) A repayment schedule which is agreeable to both the CDPH and the LLA.

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B. The CDPH reserves the right to select which option will be employed and the LLA will be notified by the CDPH in writing of the claim procedure to be utilized.

C. Interest on the unpaid balance of the audit finding or debt will accrue at a rate equal to the monthly average of the rate received on investments in the Pooled Money Investment Fund commencing on the date that an audit or examination finding is mailed to the LLA, beginning 30 days after LLA's receipt of the CDPH's demand for payment.

D. If the LLA has filed a valid appeal regarding the report of audit findings, recovery of the overpayments will be deferred until a final administrative decision on the appeal has been reached. If the LLA loses the final administrative appeal, LLA shall repay, to the CDPH, the over-claimed or disallowed expenses, plus accrued interest. Interest accrues from the LLA's first receipt of the CDPH's notice requesting reimbursement of questioned audit costs or disallowed expenses.

9. Interest Earned

A. Interest accruing from prospective payments shall be utilized by the LLA for activities approved by the CDPH and shall be used only to meet the goals and objectives identified in the LLA's approved Plan, to defray costs incurred by the program, to measurably expand the program, or to improve the quality of services above the level of services already funded under this agreement.

B. The LLA shall maintain adequate documentation of the receipt and use of such interest, and shall provide this documentation to the CDPH in the biannual Cost Reports. The LLA agrees to return to the CDPH any unexpended interest remaining in the account, if funding authority for this program expires, or the agreement is terminated, to the address specified in provision 2.b above, within ninety (90) days from the expiration date.

C. The words "Unexpended Tobacco Control Program Interest" and the agreement number shall be written on the face of the check or warrant that the LLA has issued to return unexpended interest.