

ADMINISTRATIVE SERVICES AGREEMENT

This Agreement is made effective as of the 1st day of July, 1996 by and between the City of Cambridge (the "City") and The Cambridge Public Health Commission (the "Commission"), a body politic and corporate created under Chapter 147 of the Acts and Resolves of 1996 (the "Act"), to set forth the terms for an orderly transition of administrative and support services for The Cambridge Hospital Community Health Network (the "Network") from the City to the Commission.

Now, therefore, the parties agree as follows:

1. Agreement as to Principles and Payments.

The parties hereto acknowledge that it is necessary for the Commission to have made available to it certain administrative services and support functions currently provided by the City to the Network. The services provided under this Agreement will be provided by the City to the Commission hereunder free of charge, except as otherwise provided below, from July 1, 1996 until June 30, 1997 or until this Agreement is terminated by the parties hereto. The parties hereto acknowledge and agree that the continuity of such services is critical for the Commission to continue to provide health care services for patients of the Network and the residents of Cambridge.

The parties further acknowledge that, notwithstanding any other provision of this Agreement, the first payments under this Agreement shall be due and payable ten days after the date this Agreement is executed, and shall cover all amounts due hereunder for the period of July 1, 1996 through March 31, 1997. Thereafter, except as set forth in Section 4 an estimated payment shall be made on June 15, 1997 for the period of April 1, 1997 through July 1, 1997. A final statement of the actual amount due for the April 1, 1997 - July 1, 1997 period shall be agreed upon by July 15, 1997 and the net adjustment required thereunder shall be paid on October 1, 1997. The parties shall determine the amounts of such payments on or before ten days prior to the date the payments are due.

2. Services.

The following services will be provided by the City to the Commission in the same manner and to the same extent as currently provided except as otherwise agreed to by the parties hereto:

2.1 Traffic and Parking.

a. From and after February 1, 1997, the Commission will maintain and operate the parking lots used by the Commission located on Camelia Avenue and Line Street (the "Parking Lots") and will

control the use thereof and the rates for parking. Maintenance will include without limitation, paving, sweeping, line painting, salting, sanding, snow plowing, and snow removal. Prior to February 1, 1997, the City shall maintain and operate the parking lots.

b. The City will change the billing address for electricity for the Parking Lots to the Commission effective February 1, 1997.

c. The Commission will reimburse the City \$33,334 for rent paid by the City under its lease with Continental Realty Trust for the Line Street Parking Lot. The Commission will be responsible for securing a new lease for the Line Street Parking Lot for after July 1, 1997.

d. On February 1, 1997 the City shall transfer to the Commission all parking control equipment and ticket stock for the Parking Lots.

e. The City will retain all revenue generated from use of the Parking Lots through January 31, 1997. All revenues collected after January 31, 1997 shall belong and be paid to the Commission.

f. The City shall be responsible for the payment of all Somerville real estate and property taxes for the Line Street Parking Lot for the period through February 1, 1997. The Commission will be responsible for all Somerville real estate and property taxes therefor for the period after February 1, 1997.

g. The Commission shall pay the salary of one City employee currently operating the Parking Lots for the period of February 1, 1997 through June 30, 1997. Thereafter said employee shall, absent cause based on his or her conduct, be offered a position with the Commission at a comparable salary and benefit level. Should said employee not become an employee of the Commission but remain employed by the City, the Commission shall reimburse the City for said employee's salary and benefits while he is an employee of the City and performing such function. The City shall remain responsible for all benefits due and payable to or for the benefit of the employee upon his termination of employment with the City.

h. When the Commission assumes such services, it will be permitted thereafter to retain all parking ticket and other revenues for such facilities.

2.2 105 Windsor Street. The City will perform ordinary and necessary maintenance for the building and land located at 105 Windsor Street, Cambridge. Maintenance will include all services currently provided including, but not limited to, custodial services, utilities, snow removal and plowing, security, general maintenance and pest control. Maintenance will not include material structural repairs or material capital expenditures.

2.3 Print Shop. The City shall provide printing services as currently provided for the Network facilities, provided that the Network shall reimburse the City for the cost of paper consumed in connection with its printing requirements.

2.4 Water and Sewer. The City will be responsible for the water and sewer charges for the Network's facilities. The Commission and the City will work together to ensure installation or replacement of water meters capable of measuring water usage specific to the Network by July 1, 1997. The Commission shall pay for said installation or replacement. The Commission shall be responsible for payment of its own water and sewer charges from and after July 1, 1997 and shall be treated in the same manner as any other commercial customer of the City's water department.

2.5 Fiberoptic Cable. The Cambridge Hospital main campus shall be connected to and integrated so that it may fully utilize the City's fiberoptic cable system. The City may, but shall not be obligated to, connect and integrate the Commission's neighborhood health centers in Cambridge to said system unless such connection is shown on the master plan for such system in which case such connection and integration shall be made by the City. The Commission shall be responsible for the costs of the wiring and cable within its buildings. The City will provide annual maintenance of the system it owns and installs for the Commission and the City will provide the Commission with all user manuals, specifications, support and training made available to other City offices and agencies.

2.6 Snow Removal, Plowing and Fuel. The City shall provide snow plowing and snow removal as currently provided for the Network's facilities until the earlier of June 30, 1997 or such date as the Commission agrees to assume responsibility therefor, except as specified in Section 2.1. Commission vehicles shall be permitted to use the City's fueling facilities at the Commission's expense.

2.7 Purchasing. The Commission and the City may jointly bid on specific contracts, such as fuel, as and when agreed. If the Commission and the City elect to make a joint bid, the Commission will abide by the City's purchasing procedures and specifications.

2.8 Permits. The City will not require the Commission to pay for any permits and approvals required for the construction and modification of the Commission facilities at 119 Windsor Street, the replacement East Cambridge Neighborhood Health Center and to contract and complete the upgrading project known as the Hospital Master Plan Project as revised through the Memorandum of Understanding dated May 14, 1993, as amended, its checkpoint reports and the order of the City Council passed June 7, 1993, as amended.

2.9 Telephone System. The Commission and the City will continue to maintain the connection of their telephone systems with each being responsible for the costs of its own system and connecting lines.

2.10 Electrical Services. The City will provide all back up electrical services as currently provided for the Network's facilities until the earlier of June 30, 1997 or such date as the Commission decides to obtain such services elsewhere. The Commission will continue to employ the two electricians who provide such services to the Network.

2.11 General Ground Maintenance. The City's Department of Public Works shall provide general ground maintenance as currently provided at the Network's facilities, including, without limitation, paving in certain areas and gardening services. Ground maintenance for property under construction for the REACH project will not be the responsibility of the City.

3. Pension Transfer and Services.

Sections 6(f), 6(g), and 6(i) of the Act provides for the transition of certain employees from the City to the Commission. The Commission shall pay over to the City, in connection with the Cambridge Retirement System, a total of \$3,588,110 for the fiscal year 1997 pension expense. For fiscal years after 1997, the Commission's fiscal year 1997 pension expense shall serve as the base amount due and the Commission's annual pension expense shall increase or decrease in an amount equal to the percentage increase or decrease called for in the most recent Cambridge Retirement System funding schedule approved by the Commonwealth of Massachusetts' Public Employee Retirement Administration Commission.

The Commission's annual pension expense shall also include the Commission's prorated share of (i) any operating and legal expenses of the Cambridge Retirement Board and (ii) any supplemental payments to the Cambridge Retirement System approved by the City's City Council. Except as provided in Section 1 with respect to payments for 1997, payments of the Commission's annual pension expense for each fiscal year shall be made to the City in four equal consecutive quarterly installments, each due on the first day of each fiscal quarter and each equal to one-quarter of the total amount due for the fiscal year. The City shall notify the Commission at least ninety (90) days in advance of each fiscal year of the full amount that will be due hereunder in that fiscal year as provided thereunder. No later than seven (7) years from the execution of this Agreement the City and the Commission will conduct a review, including if necessary an actuarial analysis, of the previously described pension expense allocation plan so as to ensure that it remains actuarially equitable.

4. Debt Service.

The City is the issuer of the City of Cambridge General Obligation Bonds, with the Network's obligation with respect to such bonds being \$5,890,000 as of June 30, 1996 (the "Debt Obligations"). The City and the Commission agree that a portion of such Debt Obligations is allocable to the Cambridge Hospital Network, as defined under the Act. Therefore, the Commission agrees to pay to

the City the designated amounts five (5) business days prior to the Payment Date indicated below until the Debt Obligations have been repaid. In the event of a prepayment or refinancing of the Debt Obligations, the City and the Commission may appropriately adjust the payment schedule in mutually satisfactory manner.

<u>Payment Date</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
December 15, 1996	\$184,551.22		\$ 184,551.22
June 15, 1997	184,551.22	1,635,000.00	1,819,551.22
December 15, 1997	133,288.75		133,288.75
June 15, 1998	133,288.75	1,485,000.00	1,618,288.75
December 15, 1998	86,301.25		86,301.25
June 15, 1999	86,301.25	1,485,000.00	1,571,301.25
December 15, 1999	39,030.00		39,030.00
June 15, 2000	39,030.00	985,000.00	1,024,030.00
December 15, 2000	7,725.00		7,725.00
June 15, 2001	7,725.00	150,000.00	157,725.00
December 15, 2001	3,900.00		3,900.00
June 15, 2002	3,900.00	150,000.00	153,900.00

5. Legal Services. Except as otherwise agreed to by the City and the Commission, the City will continue at its expense to control and defend all cases being managed by the City's legal department employees as of June 30, 1996 until such cases are resolved. The Commission will reimburse the City for any and all judgments, settlements, and costs paid by the City in connection with such cases. The Commission shall assume the control and expense of all cases involving the Network if outside legal counsel has been retained to defend or pursue such cases, although the City's legal department may continue to participate in the management of such cases.

6. Benefits Administration Services. The following services related to the administration of employee benefits will be provided by the City in the same manner and to the same extent as currently provided except as otherwise agreed to by the parties hereto:

6.1 Employee Health Plans. The City will provide health coverage for employees of the Commission and will retain all risk for any claims made under the self-insured health plan options.

6.1.1. Payments. The Commission shall pay the City \$6,384,675 for the health coverage provided to the employees and COBRA qualified beneficiaries, with seventy five percent of the total to be paid within ten (10) days of the execution of this Agreement and the balance on June 15, 1997. Each payment from the Commission to the City will be accompanied by a list of the participants in each health plan option, sorted by plan option, and sorted alphabetically within each plan option.

6.1.2. Enrollments/Changes. To process any new enrollments or changes in any of the health plans, the employees of

the Commission must complete and submit the appropriate documentation. The City will then process all enrollments and changes directly with the individual health plan vendors.

6.1.3. Utilization Data. The City will request all health vendors to track utilization data separately for Commission employees and COBRA qualified beneficiaries and will forward copies of utilization reports from each health plan vendor to the Commission.

6.1.4. COBRA. The City will administer COBRA for all Commission employees and dependents who have qualifying events prior to July 1, 1996. The Commission will administer COBRA for all Commission employees and dependents who have qualifying events on or after July 1, 1996.

6.2 Retirement, Health and Life Insurance Plans. Any retiree who retired prior to July 1, 1996 and who immediately prior to retirement was an employee of the Cambridge Hospital, the Cambridge Health Department or the Neville Manor is considered a retiree of the Commission for purposes of health benefits for him or herself, eligible dependents or surviving spouse, and for purposes of life insurance for him or herself. The Commission will provide all health coverage and health benefits for these retirees, their eligible dependents and/or surviving spouse as may be required by Massachusetts law, and life insurance benefits for those retirees as may be required by applicable agreements, on and after July 1, 1997. The City will provide their health and life insurance benefits prior to July 1, 1997. Any employee who retires from employment with the Commission on or after July 1, 1996 will be considered a retiree of the Commission and the Commission shall be responsible for the health coverage of the retiree as well as that of eligible dependents and/or surviving spouse and shall be responsible for the life insurance benefits of the retiree from the date of retirement forward.

The Commission will administer its health and life insurance benefits, including arranging for all claims management services.

6.3 Medical and Dependent Care Assistance Plan ("DCAP") Flexible Spending Accounts ("FSAs"). The City will provide the medical and DCAP FSA programs to the employees of the Commission until the earlier of June 30, 1997 or such date as the Commission enters into its own agreement with Sentinel Benefits Group ("Sentinel") or a different plan administrator for the provision of such programs.

6.3.1. Payments. Prior to the time that the Commission enters into the agreement with Sentinel, the Commission shall reimburse the City for those payments made by the City to Sentinel in satisfaction of Sentinel's administrative fees and the employee contributions with respect to the Commission's participants, all on the schedule as set forth in Section 1.

6.4 Group Term Life Insurance. The City will provide a group term life insurance plan to the employees of the Commission until the

earlier of June 30, 1997 or such date as the Commission establishes a plan.

6.4.1. Payments. Prior to the time that the Commission establishes a separate life insurance plan, the Commission shall reimburse the City for the full cost of providing coverage under the life insurance plan. The Commission will make payments to the City for such life insurance plan calculated based on the number of participants in the group term life insurance plan, all on the schedule as set forth in Section 1. Each payment from the Commission to the City will be accompanied by a list of all plan participants, sorted by participants in the basic plan and those in the optional plan, and sorted alphabetically within each plan. The report will also list the total premium due for each plan and the total amount of the coverage.

6.4.2. Enrollments/Changes. The Commission will send all enrollment cards to the City so that it may process claims. When the Commission establishes its own plan, the City will return all enrollment cards to the Commission so that it may process the claims.

6.4.3. Death Claims. The City will process all death claims for the Commission until the Commission establishes its own plan. The Commission will, however, have all direct contact with the families of deceased employees.

6.5 Employee Assistance Program. The City will provide an employee assistance program ("EAP") to the employees of the Commission until the earlier of June 30, 1997 or such date as the Commission enters into a separate agreement with a vendor for the provision of such a program.

6.5.1. Payments. Prior to the time that the Commission establishes a separate EAP, the Commission shall reimburse the City for the cost of providing the EAP to the Network. The Commission will make payments to the City on the schedule as set forth in Section 1 calculated based on the total number of covered employees as of each payment date multiplied by the fee charged by PPC, Inc.. Each payment from the Commission to the City will be accompanied by a list of all covered employees, sorted alphabetically.

6.6 Request for Information. The City will provide copies of any employee records and/or reports necessary to respond to governmental and other requests for information, including, but not limited to, requests from the Department of Labor, employment verifications and mortgage verifications and to comply with legal requirements imposed on benefits plans.

6.7 Workers' Compensation. The City will manage the Commission's workers compensation administration services until June 30, 1997. Thereafter, unless the Commission and the City agree that the City will continue such management and agree to the terms and fees for such management, the Commission will procure its own workers compensation insurance or coverage. The City will continue to

provide the Commission with access to the workers' compensation experience data maintained by the City on the Commission's employees to assist the Commission to obtain workers compensation insurance or alternative coverage arrangements.

The Commission will continue to provide, without charge to the City, workers' compensation related healthcare services for the City's employees in the same manner as currently provided until the earlier of June 30, 1997 or such other date as the Commission and City agree.

7. Transition Planning.

The parties hereto agree that the transition of the Network from the City to the Commission will involve other administrative and operating services and matters that need to be provided by the City to the Commission. The parties agree that the Task Force established under the Lease for certain real estate between the City and the Commission entered into contemporaneously herewith shall meet as needed or requested to facilitate the provision or transition of such services and the allocation of costs therefor. The terms for such additional services and the payment terms therefore shall be set forth in separate addenda to this Agreement. In addition, the Commission shall notify the City at least sixty (60) days in advance if it intends to have third parties assume the provision of services to be provided by the City hereunder.

8. Defaults and Remedies.

8.1 General. The occurrence and continuation of any material breach by either party of any of its material obligations under this Agreement is a default (a "Default") under this Agreement.

8.2 Procedures for Default. Either party may notify the other party if it believes the other party is in Default under this Agreement (a "Default Notice"). The Default Notice must describe the default in reasonable detail and set forth any requirements for cure of the Default. Upon receipt of a Default Notice, the defaulting party will have 90 days to cure the Default. If the Default is not cured within that period, the non-defaulting party may terminate this Agreement by notifying the defaulting party of its intent to terminate, which termination will be effective immediately or at such subsequent time as stated in the notice. However, if the Default is susceptible of cure and cannot be reasonably cured within 90 days and if the defaulting party has promptly undertaken and continues at all times diligently to pursue cure of the Default, then the period for cure will be extended for a reasonable period to permit its completion.

8.3 Rights Cumulative. The rights of the parties under this Section 8 are in addition to all other rights under this Agreement and may be exercised concurrently with any other right, including the right to dispute resolution and injunctive relief.

8.4 Continuity of Patient Care. In the exercise by the City of its rights under this Section 8, the City agrees to use reasonable efforts to maintain the continuity of care provided to patients of the Cambridge Hospital Network.

8.5 Effect of Termination. Upon the termination of this Agreement, neither party will have any further liability or obligation to the other except for any obligations or liabilities required by the Act or other except for any obligations or liabilities required by the Act or other applicable law, and the obligations under Sections 3, 4, and 5 above.

9. Dispute Resolution.

9.1 General. Except as otherwise provided in this Section 9, no party may initiate litigation to resolve any claim, controversy or dispute under this Agreement or relating to the interpretation or breach of this Agreement (each, a "Dispute") without first attempting to resolve the Dispute pursuant to the procedures described in this Section 9.

9.2 Senior Level Negotiations. The parties will attempt to resolve the Dispute through direct meetings between the City Manager, or his designee, and the Commission's Chief Executive Officer, or his designee. Either party may initiate this process whenever it believes that the parties will be unable to resolve the Dispute in the ordinary course of business after good faith attempts to do so. If the parties are unable for thirty (30) days to resolve the Dispute by such meetings, they may refer the dispute to a mutually acceptable mediator or otherwise pursue their rights hereunder in any manner permitted by law.

9.3 Injunctive and Other Relief Not Prohibited. The procedures set forth in this Section 9 are the sole and exclusive procedures for resolving any Dispute involving this Agreement, provided that this section does not limit the right of any party to initiate litigation to obtain any injunctive relief, specific performance or other equitable remedies where necessary to prevent irreparable injury or preserve the status quo before, during or after the pendency of any dispute resolution procedures. All applicable statutes of limitations will be tolled pending the completion of these procedures.

9.4 Disclosure of Information. Each party will honor all reasonable requests for information from the other party, the Task Force or the mediator, as applicable, in connection with the resolution of any Dispute.

9.5 Effect on Default Remedies. The procedures set forth in this Section 9 do not affect the right of either party to pursue the default remedies in paragraph 9.2. However, if either party invokes the dispute resolution procedures during any cure period set forth in paragraph 9.2, the period for cure will be extended until the Dispute is resolved pursuant to the dispute resolution procedures of this

Agreement. The extension of the cure period during dispute resolution does not affect the defaulting party's obligation to diligently pursue cure of the Default.

10. General Provisions.

10.1 City Manager. Any action by, or consent or agreement of, the City Manager shall pursuant to the Act bind the City under this Agreement.

10.2 Defined Terms. Terms will have the meanings, if any, set forth in the Act, unless otherwise defined in this Agreement.

10.3 Business Day. If any day set forth in this Agreement on which a specific action is to take place does not fall on a business day, then such action will take place on the next succeeding business day. For purposes of this Agreement, a business day is any day other than a Saturday, a Sunday or a day on which the public offices of the city of Cambridge are authorized or obligated by law, executive order or governmental decree to be closed.

10.4 Further Assurances. At all times during the term of this Agreement, each party will cooperate in good faith and will take all appropriate action and execute any agreement, instrument, certificate or other writing of any kind that is reasonably necessary or advisable to carry out and confirm the provisions of this Agreement or as otherwise reasonably requested by either party.

10.5 Notices. Unless otherwise stated in this Agreement, all notices or other communications required or permitted under this Agreement must be in writing and addressed to the parties at the following addresses or at such other address as either party may designate by notice:

If to the City:	Address
	Attention: City Manager

If to the Commission:	Address
	Attention: Chief Executive Officer

Notices are deemed to be given at the time of receipt.

10.6 Entire Agreement. This Agreement and the Act represents the entire understanding between the parties regarding to the services to be provided hereunder. Any prior agreement, promises, representations and negotiations either oral or written, express or implied, relating to the subject matter of this Agreement that are not expressly set forth in this Agreement are superseded hereby and of no force or effect.

10.7 Amendment. This Agreement may be amended by the mutual agreement of both parties consistent with the provisions of the Act. All amendments must be in writing and signed by the City Manager on .

behalf of the City and the Chief Executive Officer on behalf of the Commission to be effective.

10.8 Consents. Any consent given by either party under this Agreement must be in writing and signed by the party giving its consent to be effective.

10.9 Assignment. This Agreement may not be assigned by either party without the prior consent of the other party.

10.10 Binding Effect. This Agreement is binding upon the City and the commission and their respective successors and permitted assigns.

10.11 Governing Law. This Agreement is governed by the laws of the Commonwealth of Massachusetts as are now in effect or as may be later amended or modified.

10.12 Headings. The headings in this Agreement are for reference purposes only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

10.13 Independent Contractors. The relationship between the City and the Commission under this Agreement is that of independent contractors. Neither party is authorized to act as an agent, representative or employee of the other party or to bind the other party in any respect.

10.14 No Third-Party Benefit. This Agreement is for the benefit of the City and the Commission and is not intended and may not be construed to confer any rights, privileges or benefits of any other person or entity, including any resident or employee of the City or the Commission or any patient of the Cambridge Hospital Network.

10.15 Severability. No provision of this Agreement is dependent on the validity of any other provision. If any provision of this Agreement is found by a court of competent jurisdiction to be invalid or unenforceable, such finding will not affect any other provision and all other provisions will remain in full force and effect.

10.16 Waiver; Rights Cumulative. The waiver by either party of any breach of any provision of this Agreement must be in writing to be effective and any such waiver does not waive any subsequent breach of the same or any other provision. The failure to exercise any right or remedy under this Agreement does not operate as a waiver of such right or remedy. All rights and remedies provided for under this Agreement are cumulative.

10.17 Counterparts. This Agreement may be executed in any number of counterparts, each of which is regarded as an original and all of which constitute one and the same document.

In witness whereof this Agreement has been entered into as an instrument under seal as of the date first set forth above.

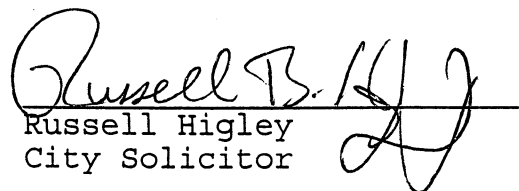
EXECUTED as of May 6th, 1997.

CITY OF CAMBRIDGE

By:


Robert W. Healy
City Manager

APPROVED AS TO FORM:

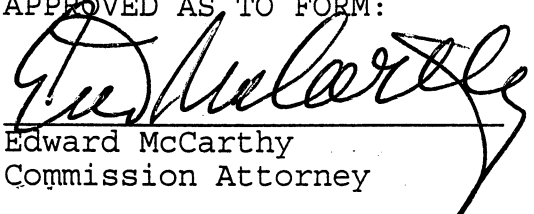

Russell Higley
City Solicitor

CAMBRIDGE PUBLIC HEALTH COMMISSION

By:


John G. O'Brien
Chief Executive Officer

APPROVED AS TO FORM:


Edward McCarthy
Commission Attorney

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**Administrative Service Agreement
between the City of Cambridge
and the Cambridge Public Health
Commission.**

May 6, 1997